

DIAMOND INDUSTRIES LIMITED

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Brief History Of The Company

The company was incorporated under the Companies Ordinance, 1984 as a private limited company on June 18, 1989 in the name of Diamond Industries (Pvt.) Limited and converted into public limited Company on August 03, 1994 as Diamond Industries Limited. The shares of the Company are quoted on Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the company is situated at Industrial Estate Gadoon, Amazai, K.P.K Pakistan.

The principal activity of the company is to manufacture and sale polyurethane foam & allied foam products for house hold use and for industrial manufacturing.

The Company went for IPO on February 26, 1995 and the issue was oversubscribed by more than six times. This showed the confidence of investors and the popularity of our products in the market. The present authorized capital of the company was increased from Rs. 120,000,000 to Rs. 400,000,000 and **paid up capital is RS. 90,000,000.**

The company was given top 25 companies award for best performance by the Karachi Stock Exchange (G) Limited and ranked amongst top 25 companies announcing highest bonus shares and dividend of which detail has been given below:

Sr.	Year	Particulars
1	1995	50 % Bonus Shares
2	"	20 % Cash Dividend
3	"	30 % In Specie Dividend
4	2000	30 % Interim Cash Dividend
5	2007	20 % Cash Dividend

Further due to the pending litigations with Allied Bank and non-clearance of eCIB report, no financial institution was ready to finance our company for import of raw materials, the management in 2017-18, was forced by the situation to decide to rent out the factory with all its allied machineries with the intention that this short-term decision will generate rental income for company and will maintain its building & plant & machinery in good condition. It was further decided to resume its business activities upon the settlement of ABL cases and availability of financing facilities. The NOCs were issued in 2018, however in the meanwhile, the management of Diamond Tyres Ltd offered to import and supply the raw materials to DIL on credit terms until such time that the company is able to arrange financial facilities on its own. On 1st May 2021, the said lease agreement was terminated with mutual consent of the parties involved and the company commenced its commercial operations.

Regulatory non-Compliance(s) and reasons thereof

1. Suspension in trading of shares under clause 5.11.1 (e) of the PSX Regulations

Whenever the Annual Listing Fee (ALF) is due, the PSX have always been authorized by the company for adjustment of due ALF from our admitted and genuine claim towards the Exchange but instead of settling the matter, our company has been placed in the “Defaulters” Segment under clause 5.11.1 (e) of the Exchange w.e.f. March 24, 2017.

Rectification of default under clause 5.11.1 (e) of the PSX Regulations

After various controversial correspondence with PSX authorities and personal hearing of May 30, 2018 on subject matter, and to avoid wastage of time in further litigations, the actual liability of annual listing fee for the years 2002 to 2019 for Rs. 1,632,342/-, has been paid through cross cheques vide our letters No. DIL/ CS/003-2 of 31.08.2018 and 17.09.2018 wherein it was evident that the company has paid all its outstanding liabilities of the PSX on account of Annual Listing fees from the period 2002 to 2019 with the request to shift our company from default counter to normal trade counter.

2. Suspension in trading of shares under clause 5.11.1 (b) of the PSX Regulations

Due to pending litigations with ABL and non-clearance of eCIB reports, no financial institution was ready to finance our company for import of raw materials, it was very difficult for the company to continue its business operations and thus by forced at that situation and in the interest of its minority shareholders, the management of the company rented out the factory premises with all its plant and machinery (manufacturing operation of the company) to its related company M/s Diamond Tyres Limited w.e.f. 10.06.2018, who had substantial resources and banking facilities for import of raw materials and to successfully manage the business operations and thus default of clause 5.11.1 (b) was occurred which was not intentionally nor willing-fully.

Rectification of default of clause 5.11.1. (b) of PSX Regulations

As regard to default of aforesaid clause i.e. suspension of commercial production / business operations in the principle line of business, it is to inform you that due to the then pending litigation with the Allied Bank of Pakistan the company had decided to suspend its manufacturing operations and to temporarily lease out its manufacturing operations and business to Ms. Diamond Tyres Ltd. (DTL). Thereafter in the year 2018 the Company and ABL amicably settled their dispute out of court. The directors arranged huge personal loan of approximately 130 million to the Company in order to finance the settlement of liabilities of ABL. At the time it was thought that the Company would be able to start afresh and revive its manufacturing operations. However, during the meeting of BOD on 28th April, 2021, upon assurance of majority shareholders and the directors of the company, it has been decided that lease agreement with Diamond Tyres Ltd., be cancelled / revoked and company’s manufacturing and business operations be resumed w.e.f May 01, 2021 and accordingly material information has also been sent to PSX through PUCARS.

Measures taken to commence commercial operation and to ensure compliances

In the face of the circumstances as explained above, the directors thought it fit, in good faith and in the interest of its employees, its customers, creditors, business and the minority shareholders, to enter in a lease agreement with a related company whom the directors considered worthwhile and honoured to their commitment for handing over the assets of the company in the situation prevailing at that time. The decision of **temporarily** renting out the operations of the Company to a related Company which has substantial resources and banking facilities available to it for arranging the import of raw materials and to successfully manage the business operations without causing panic and thus avoid total liquidation of the business and the Company which otherwise would have resulted in a total chaos and destruction of the established business of the Company. **Thereafter in order to rectify the default**, the management has decided to revoke the lease agreement by giving one month notice to its tenant M/s Diamond Tyres Limited enabling to vacate the factory premises so that the company can restart its core manufacturing activities and thereafter manufacturing activities of the company has been resumed w.e.f May 01, 2021 to onwards.

Reasons for non-declaration of any corporate entitlement to its shareholders

As explained in brief facts narrated above, the company could not operate its manufacturing business activities and sustained heavy losses for last many years. Actually the company was struggling to survive thus was not in position to announce any corporate entitlement to its shareholders. However, keeping in view the future plan of the company, the management is in hope that in near future, the company will declare the sufficient dividend to mitigate the deficiency of non-declaration of any dividend in previous years as evident from projected financial statements attached herewith.

Brand Review

DIAMOND SUPREME FOAM

Profoundly devoted to the values of excellence and craftsmanship, Diamond Foam embodies a distinctively Pakistani form of elegance. Knowing that our days are defined by how we spend our nights, we researched the science behind sleep to set the international standards for comfort and sophistication.

Since 1974, we have been making your dream bed as we remember our promise to help you achieve your best life possible. Today, Supreme Foam and Dolce Vita - The King of Mattresses make Diamond Foam a byword for comfort and we stay matchless in bedding, furniture and healthcare industry.

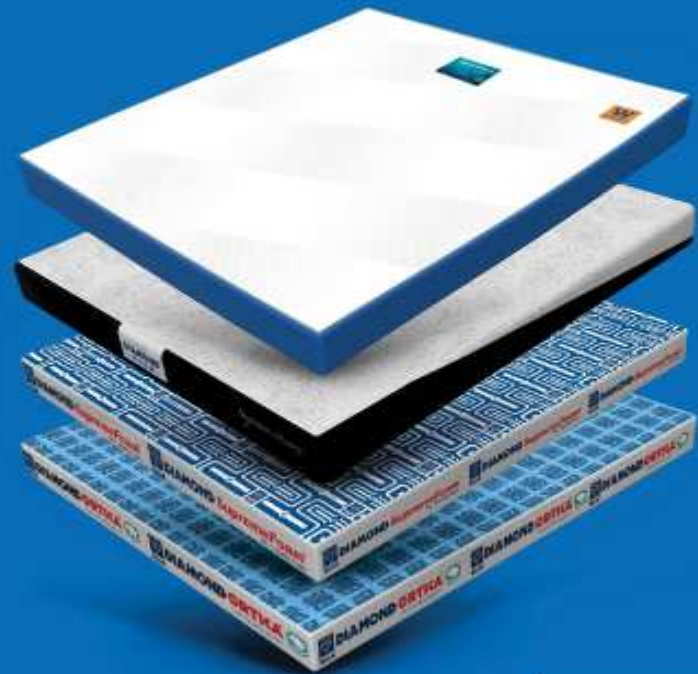
For more than 40 years, Diamond Foam has been making consistent investments into the highest quality and most innovative features to ensure that every Pakistani gets supreme sleep at night.

Diamond Foam is focused to provide superior quality mattresses and maintain highest customer service standards. We sleep better when you sleep better.

We proudly claim that We are the makers of Pakistan's No. 1 Quality Foam.



DIAMOND SUPREME FOAM



GLOBAL MATTRESS MARKET

Globally, the demand for mattresses is on the rise with increased focus on lifestyle improvement, urbanisation, interior design and associated home furnishing in different countries across the world. In last few decades, the Foam & Mattress Market has witnessed a drastic change; from a slow-growing sector to an innovative, stylish, and dynamic marketplace where a wide range of choices of foam & mattresses are available for customers. In addition, celebrity brand partnerships are available in the market to promote the market growth. The development of different types of foams such as latex foam, hybrid foam, memory foam and innerspring foam is attributed to factors such as rising incidence of sleep disorders and growing awareness regarding the same. In addition, lower prices and greater durability of foams are some of the other demand driving factors for Mattress Market globally.

The global mattress market was valued at USD 29.68 billion in 2018 and is predicted to register a compound annual growth rate (CAGR) of 3.8%, during 2018–2024 & is forecasted to attain the value of USD 43.43 billion by 2024. The market has been witnessing robust growth mainly due to the factors, such as growing disposable income, increasing population, rising migration from rural to urban areas & rise in purchasing power parity, increasing number of hotels and houses are expected to drive the growth of Foam Industry. Moreover, increasing tourism is expected to drive the growth of hotels worldwide, which would further support the market growth.

MARKET DYNAMICS

One of the key trends observed in the Mattress Market include innovation in Mattress manufacturing process. Consumers interest in healthy sleep habits have been increasing lately, exploding the demand for hybrid Mattresses. Hybrid Mattresses are made up of various types of components such as spring coils, polyurethane foam, thermal gel, layer of latex, each of which offers some benefit to the user. Several foam manufacturers are innovating by infusing materials such as copper and aluminum in the foam fillings.

Mattress Industrial Outlook

Diamond Group captures almost 33% share of the foam Market in Pakistan and Master Group is a major competitor for Diamond Group and is capturing ground 36% of the Mattress Market. Though Diamond Group is a well reputed brand and has gained customer loyalty and satisfaction by introducing reliable products and good customer service still Master Group had an edge in southern market of Pakistan as it has a manufacturing plant in Karachi ,however the group have established a new manufacturing plant at port qasim in 2019-2020.

INSIGHTS ON MARKET SEGMENTS

Based on product, the market has been categorized into inner spring , memory foam, latex and others, wherein 'others' include hybrid, gel- type,air-type and Odd sizes mattresses. The inner spring mattress is the most popular mattress type globally, accounting for over 33% of volume sales in the mattress market.

Furthermore, with growing awareness among consumers regarding health, mattresses such as memory & orthopedic foam, which conforms to the user's body and help s in relieving body stress an d muscle pain, the demand for memory & orthopedic foam mattress is expected to grow significantly, during the forecast period.

Based on end use, the mattress market has been classified into commercial users and residential users, out of which, commercial segment accounted for over 20% of revenue share in the global market in 2020. In the commercial segment, hotels and hospitals are the main end users of mattresses as they change the mattresses more frequently than the residential users. On an average, a residential user changes their mattresses in 9 -10 years, while the hotels change mattresses in around 5-6 years approximately.

MARKET SEGMENTATION BY PRODUCT

- **Innerspring**
- **Memory foam**
- **Latex**
- **Others (includes gel, hybrid, air and water)**

MARKET SEGMENTATION BY SIZE

- **Single size mattress**
- **Double size mattress**
- **Queen size mattress**
- **King size mattress**
- **Odd Sizes mattress**

Company Financial Outlook

Financial Highlights

Production Details:

Diamond Industries Limited (DIL)								
Plant Capacity / Production	2019	2020	2021	2022	2023	2024	2025	2026
Installed Capacity (MT)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Utilized Capacity (MT)	-	-	444	3,161	3,477	3,825	4,207	4,628
Operating Efficiency	-	-	4%	26%	29%	32%	35%	39%

Major Buyers / Suppliers:

S. No	Major Buyers	Country	Product / Service
1.	Zain Foam Center	Pakistan	Foam & Foam Products
2.	Englander Foam	Pakistan	Foam & Foam Products
3.	Arif Gul Foam Center	Pakistan	Foam & Foam Products
4.	Kamran Foam Center	Pakistan	Foam & Foam Products

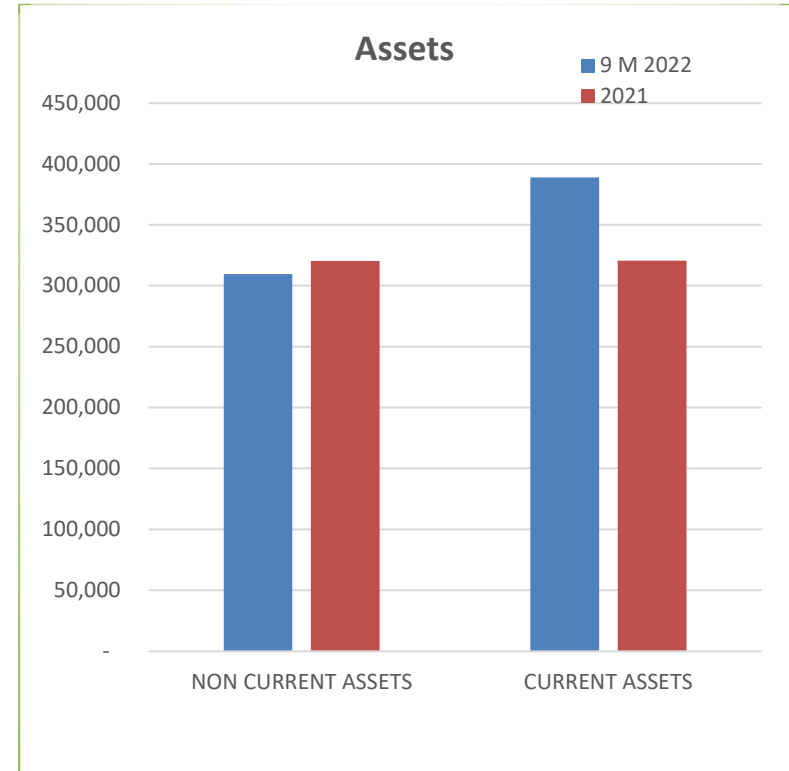
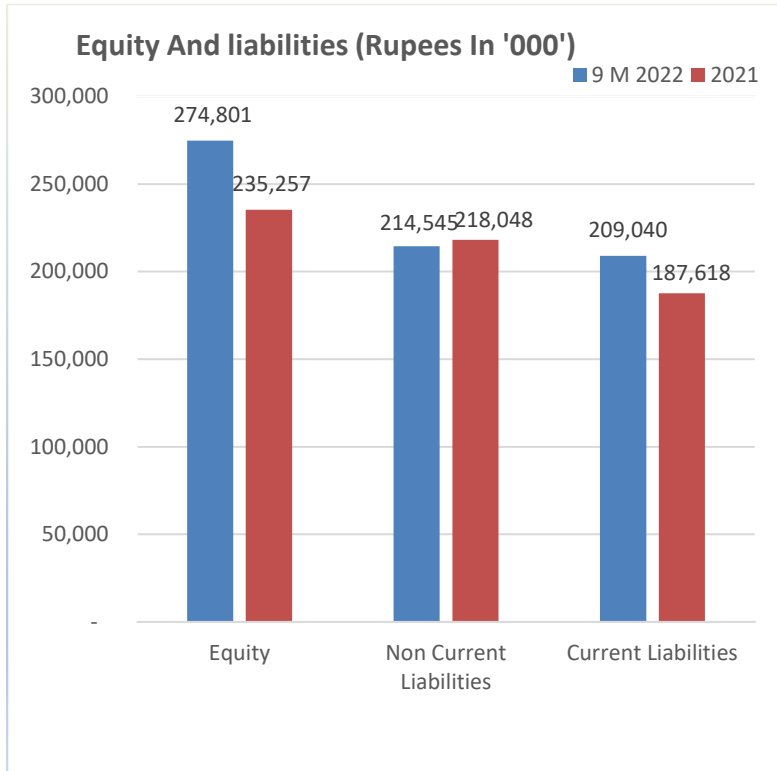
S. No	Major Suppliers	Country	Product / Service
1.	Diamond Tyres Ltd	Pakistan	All kinds foam and foam products, spring mattress, industrial chemicals etc.
2.	Diamond Home Textile Pvt Ltd	Pakistan	

Company Financial Performance Outlook

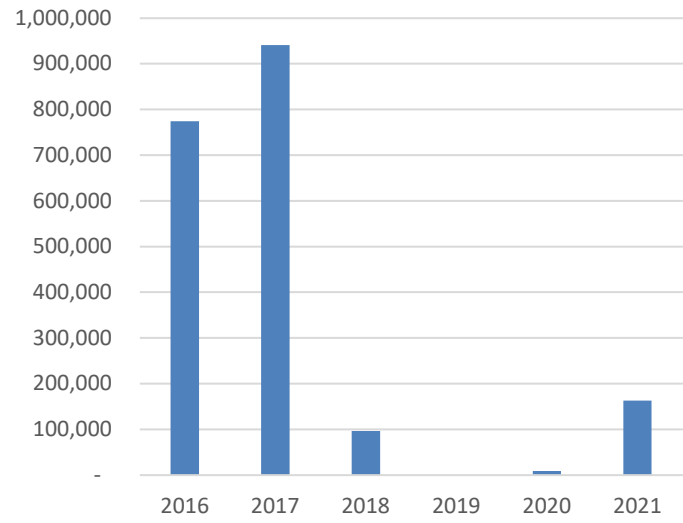
Diamond Group	DIL	
	FY 2021	9 M 2022
	(Audited)	(Un Audited)
Particulars (PKR in Million)		
Gross Sales	191.02	1,494.14
Gross Sales Growth	1617.80%	682%
less: sales tax	27.76	217.097
Net Sales	163.26	1,277.045
Net Sales Growth	1668.84%	682%
COGS	146.58	1,163.67
Gross Profit	16.69	113.37
Gross Profit Margin	10.22%	8.88%
Operating Profit	-4.46	58.74
Operating Profit Margin	-2.73%	4.60%
Financial Expenses	1.11	.013
Net Profit	33.52	43.523
Net Profit Margin	20.53%	3.41%
EBITDA	35.51	67.03

Paid up capital	90.00	90.00
Surplus on revaluation of FA	118.75	114.368
Reserves	26.51	70.432
Total Equity	235.26	274.80
Current Liabilities	187.62	209.04
Trade Creditors	155.94	165.60
Non Current Liabilities	218.05	214.55
Total Liabilities	405.67	423.58
Current Assets	320.57	388.96
Stock in trade	163.71	218.47
Trade Debts	81.62	124.78
Non Current Assets	320.35	309.42
Total Assets	640.92	698.38
Current Ratio	1.71	1.86
Interest Coverage Ratio	32.02	-
Leverage	0.58	0.50

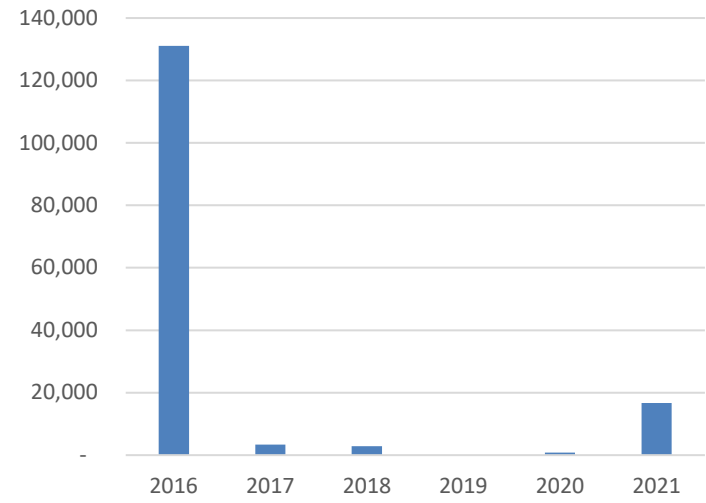
FINANCIAL HIGHLIGHTS

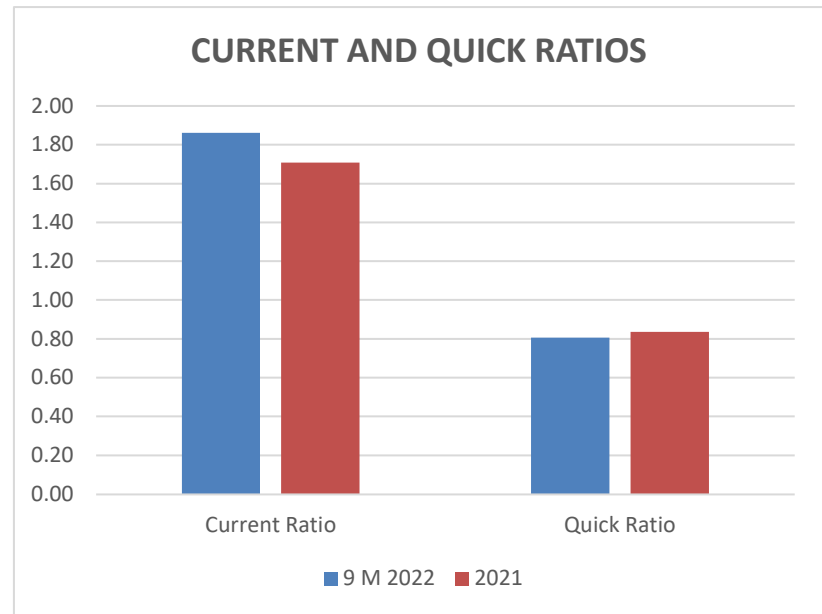
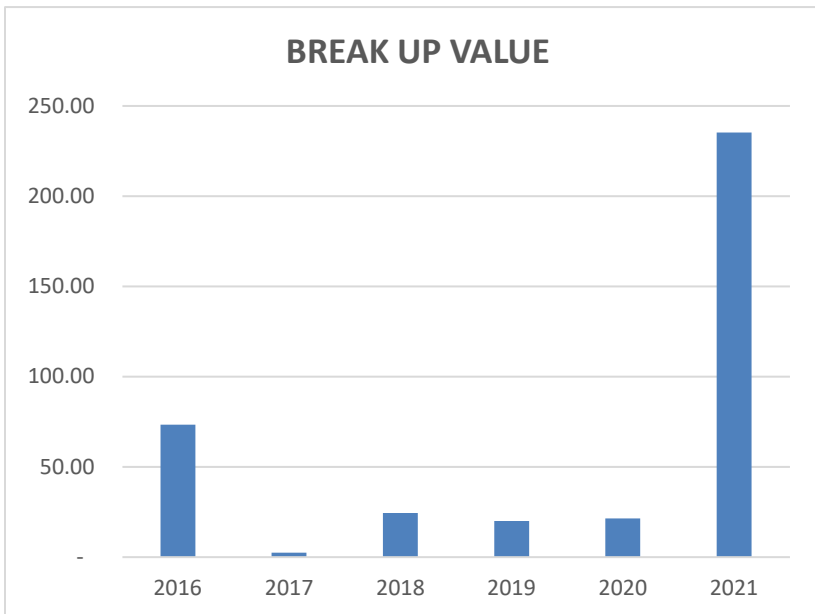
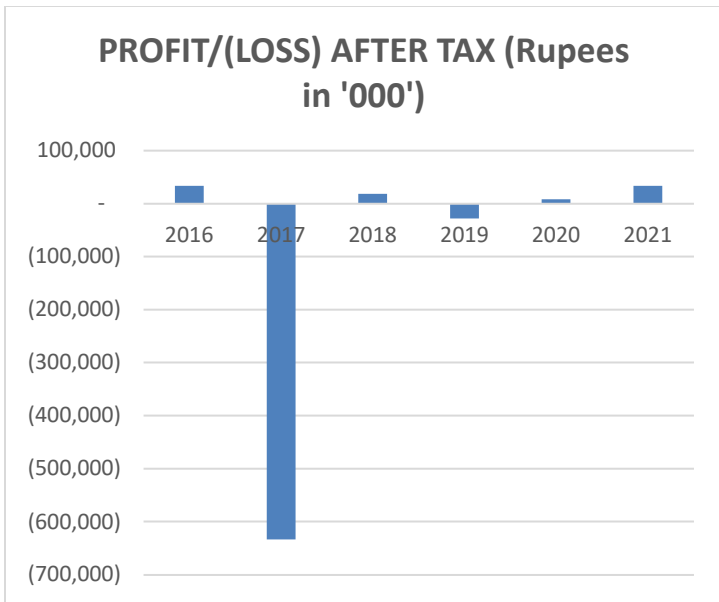


TURNOVER (Rupees in '000')



GROSS PROFIT (Rupees in '000')





Strategic / Financial Plans for the growth of the Company

PROJECTED FINANCIAL STATEMENTS

PROJECTED STATEMENT OF FINANCIAL POSITION

EQUITY & LIABILITIES	2021	2022	2023	2024	2025	2026
Authorized Capital						
40,000,000 (2021:12,000,000)/- Ordinary Shares of Rs.10/Each	120,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
Issued, Subscribed & Paid up Capital	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000
Surplus on revaluation of fixed assets	118,744,520	106,870,068	96,183,061	86,564,755	77,908,280	70,117,452
Retained Earnings	26,512,027	134,265,425	241,135,320	350,177,562	559,394,705	828,082,713
Share Holders Equity	235,256,547	331,135,493	427,318,381	526,742,317	727,302,984	988,200,165
NON CURRENT LIABILITIES						
Deferred Liabilities	80,750,339	99,605,885	103,915,486	113,659,578	125,265,760	140,438,358
	80,750,339	99,605,885	103,915,486	113,659,578	125,265,760	140,438,358
CURRENT LIABILITIES						
Short Term Borrowings	-	-	145,590,031	229,302,028	220,119,703	130,158,547
Creditor, Accrued & Other Payables	180,890,784	254,191,839	225,669,970	213,931,894	152,002,591	162,151,361
Due to related parties and others	137,297,971	163,179,212	-	-	-	-
Provision for Taxation	6,727,598	46,403,608	41,254,451	57,032,508	85,826,500	125,246,023
	324,916,353	463,774,659	412,514,452	500,266,429	457,948,794	417,555,930
TOTAL EQUITY & LIABILITIES	640,923,239	894,516,037	943,748,319	1,140,668,325	1,310,517,539	1,546,194,453

ASSETS	2021	2022	2023	2024	2025	2026
NON-CURRENT ASSETS						
Property, Plant & Equipments (at WDV)	168,822,355	159,002,261	150,052,879	143,652,097	135,853,889	128,773,887
Long Term Deposits	330,885	330,885	330,885	330,885	330,885	330,885
CURRENT ASSETS						
Stores, Spares & Loose Tools		2,320,221	4,000,000	5,500,000	10,909,946	16,364,919
Stock in Trade	163,706,000	314,584,727	346,853,225	437,599,110	523,309,039	645,412,449
Investments Under equity Method	67,215,399	65,871,091	75,751,755	87,114,518	100,181,696	115,208,950
Investments available for sale	83,984,722	92,383,194	97,002,354	101,852,471	112,037,718	123,241,490
Trade Receivables	81,619,252	182,661,880	174,316,020	245,202,553	275,299,821	326,156,354
Advance, Deposits & Prepayments	71,688,420	73,449,951	80,894,065	98,473,639	115,522,062	139,019,063
Cash & Bank Balance	3,556,206	3,911,827	14,547,136	20,943,053	37,072,483	51,686,458
	471,769,999	735,182,891	793,364,555	996,685,343	1,174,332,765	1,417,089,682
TOTAL ASSETS	640,923,239	894,516,037	943,748,318	1,140,668,324	1,310,517,539	1,546,194,454

DIAMOND INDUSTRIES LIMITED
PROJECTED STATEMENT OF PROFIT OR LOSS ACCOUNT

PARTICULARS	2021	2022	2023	2024	2025	2026
Net Sales	163,264,335	1,785,744,787	2,160,751,192	2,614,508,942	3,163,555,820	3,827,902,542
Cost of sales	(146,577,964)	(1,562,297,636)	(1,866,600,672)	(2,214,308,612)	(2,644,922,508)	(3,164,287,357)
Gross profit	16,686,371	223,447,151	294,150,520	400,200,330	518,633,312	663,615,185
Operating expenses						
Administrative expenses	18,024,049	36,198,332	39,272,540	43,079,027	46,677,655	50,644,858
Distribution cost	3,122,441	31,102,230	101,498,407	133,840,567	151,240,996	172,529,373
	21,146,490	67,300,562	140,770,947	176,919,594	197,918,651	223,174,231
Operating profit /(Loss)	(4,460,118)	156,146,588	153,379,573	223,280,736	320,714,660	440,440,954
Financial Expenses	1,108,568	1,167,363	27,682,093	43,249,259	42,297,148	26,370,760
Other income	33,431,912	899,291	989,220	1,088,142	1,196,956	1,316,652
Share of profit/(loss) of associated companies	1,426,972	(1,344,308)	9,880,664	11,362,763	13,067,178	15,027,254
Workers Profit Participation Fund	2,200,424	7,703,997	6,235,413	8,947,167	13,861,028	20,637,677
Profit/(Loss) before Taxation	27,089,774	146,830,212	130,331,951	183,535,215	278,820,619	409,776,423
Taxation						
Current	6,727,598	46,403,608	41,254,451	57,032,508	85,826,500	125,246,023
Deferred	(13,152,778)	12,946,129	(2,486,228)	1,928,889	2,618,699	4,836,991
	(6,425,180)	59,349,737	38,768,223	58,961,397	88,445,199	130,083,014
Profit/(Loss) after taxation	33,514,954	87,480,474	91,563,728	124,573,819	190,375,420	279,693,409
Dividend paid				(30,000,000)		(30,000,000)
Retained Earnings Balance B/F	(20,120,669)	26,512,027	134,265,425	241,135,320	350,177,562	559,394,705
OCI	13,117,742	20,272,924	15,306,166	14,468,424	18,841,723	18,994,600
Balance Carried to Balance Sheet	26,512,027	134,265,425	241,135,320	350,177,562	559,394,705	828,082,713
Basic /diluted earnings per share	3.72	9.72	10.17	13.84	21.15	31.08

FINANCIAL RATIOS

Ratios	2021	2022	2023	2024	2025	2026
T/R turnover (Days)	182	37	29	34	32	31
T/p turnover (Days)	450	59	44	35	21	19
Stock turnover (Days)	408	73.50	68	72	72	74
Current Ratio	1.45	1.59	1.92	1.99	2.56	3.39
Liquidity Ratio	0.95	0.90	1.07	1.11	1.40	1.81
Interest coverage	-6.0	127.2	5.3	5.0	7.3	15.9
Debt to equity ratio	0.00	0.00	0.34	0.44	0.30	0.13