



Data Textiles
Limited

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road,
Karachi-74000

January 18, 2023/12

Subject: Material Information-Revival of Business

Dear Sir,

This is with reference to subject cited above.

The Board of Directors of the Company has approved the revival business plan of the company through resolution by circular on January 18, 2023. (Copy attached)

You may please inform the TRE Certificate holders of the Exchange accordingly.

For and on behalf of Data Textiles Limited

Inam Ullah
Company Secretary



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Revival Business Plan Data Textiles Limited

Situation Analysis

Data Textiles Limited (the Company) is a public listed company limited by shares, incorporated in Pakistan under the Companies Ordinance, 1984, which is listed on Pakistan Stock Exchange (PSX), having its registered office located at Office No. 505, 5th Floor, LSE Plaza, Khayaban-e-Aiwan-e-Iqbal, Lahore.

The main activity of the company had been the manufacturing and sale of yarn; however, the Company had ceased to conduct its business from 2008 onwards. Being a publicly listed Company on PSX, the Company has 897 shareholders/members of the investing public.

Due to stoppage of business/commercial operations and various other defaults the Listed Regulations of PSX, the shares of the Company had been placed on the defaulters trading counter by the Exchange (PSX). Subsequently, on the receipt of the winding up Show Cause notice to the Company from the SECP, the trading in the shares of the Company at PSX had been suspended on August 01, 2012.

Subsequent to the failure of the Company to defend the Show Cause notice of the SECP for the winding up of the Company, the Additional Registrar of the Companies, Company Registration Office (CRO), of the SECP, Lahore, filed an application (C.O. No.19/2017) in accordance with Section 305, read with Section 309 of the then Companies Ordinance 1984, together with all enabling provisions of the law, to the Honorable Court for the winding up of the Company, which has been allowed by the Honorable Lahore High Court on March 08, 2022. Upon this, the Honorable Court also appointed an Official Liquidator (Mr. Muhammad Faizan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company.

The Hon'ble Lahore High Court, Lahore, vide its order dated January 11, 2023, has disposed the winding up petition after recalling the winding up order dated March 08, 2022 in case titled as Additional Registrar SECP Vs. Data Textiles Limited and others bearing C.O. no. 19/2017 (certified copy of Court Order is attached).

With this Order, Board of Directors have resumed their powers from the Official Liquidators and presented the revival business plan of the Company that includes:



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1. Revival of trading activities permissible under Memorandum of Association of the Company;
2. Merger with the following unlisted operating entities;
 - a. LSE Propotech Limited
 - b. LSE Ventures Limited

The Scheme of compromises, arrangement and reconstruction for amalgamation/merger of Data Textiles Limited (and its members) with and into LSE Ventures Limited (and its members) and LSE Propotech Limited (and its members) is approved by the shareholders of the Company in their meeting held on August 10, 2022 duly convened under honorable Court's order.

The said Scheme is under approval process with the honorable Court. Sanction date of the Scheme is contingent of these approvals and admissions.

Company is in the process to implement the "Revival Business Plan" as outlined below. However, if the Scheme is approved in the meantime. The business and undertaking shall be transferred to the transferee entities as per the Scheme including trading business.

PSX Trading Symbol : DATM
Market Price : Rs. 0.50 per Share
Trading Status : Suspended

The Company's share (DATM) is placed on the defaulters' counter by PSX, and subsequently trading in the share was suspended, due to defaulting clauses under Regulations 5.11.1.(b)(c)(d)(e)(g)(l) of the PSX Rule Book that are impugned against the Company.

Financial Position

The Company's financial position is as under:

Data Textiles Limited
DATM

	<u>31-03-22</u>	<u>30-06-21</u>
Share Capital		
Issued, Subscribed and Paid-up Capital	99,096,160	99,096,160
Retained Earnings	(155,351,142)	(155,751,519)
	<u>(56,254,982)</u>	<u>(56,655,359)</u>
Long Term Finance	39,222,297	39,222,297



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Trade & Other Payables	20,144,078	19,544,078
Provision for Taxation	-	1,389,905
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	59,366,375	60,156,280
Equity & Liabilities	3,111,393	3,500,921
Property, Plant & Equipment	-	164,794
Tax Refunds	3,111,393	3,111,393
Cash and Bank Balances	-	224,734
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Total Assets	3,111,393	3,500,921

SWOT analysis of the Company is presented below:

SWOT Analysis

Strength

- Listed shell Company having capacity to raise funds from the Market.

Weaknesses

- Company has discontinued its operations since 2008 due to various issues.
- Low free float makes it difficult for the Company to raise funds from other than sponsors.
- Lack of collateral to generate funding from banks.
- Minority shareholders are stuck due to suspension of trading at PSX.

Opportunities

- Capital market can act as a catalyst to grow of the Company. Despite its "shell" status, the Company's listing status gives it the requisite fund-raising power to harness its future diversification plan, if any.
- Free float can be created by disposing off sponsors' shareholding in the market once shares trading are resumed.
- The Scheme of compromises, arrangement and reconstruction for amalgamation/merger under Section 279 to 283 of the Companies Act, 2017 is already in process.
- The continued listed status, instead of converting the Company into an unlisted Company, would be good for the market and the shareholders.

Threats

- The Company may not be able to get its suspension and default removed in time.
- The Scheme of Arrangement is delayed or not approved by the honourable Lahore High Court.



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- Even upon revival, the intended business venture fails to materialize.
- The Company may face some contingent liabilities due to ongoing cases.

Financial Structure

The Company is being rehabilitated under the arrangement of **Modaraba Al-Mali (MODAM)**, which is a specialized Islamic vehicle focusing on Islamic Venture Capital/Private Equity and Restructuring/Rehabilitation of companies having potential for revival. In this way, Data Textiles Limited (DATM) shall be revived through the market resource mobilization led by MODAM.

The authorized share capital of the Company is Rs. 120,000,000 divided into 12,000,000 of ordinary shares of Rs. 10 each out of which **9,909,616** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
9,909,616	Cash	99,096,160
-	Consideration other than Cash	-
-	Bonus Shares	-
9,909,616		99,096,160

The Pattern of Shareholding of the Shares held by the Shareholders is as follows:

Shareholders	No of Shares	% Held
Sponsors	6,575,416	66.36%
NBP (Trustee) NI(U)T Fund	618,595	6.24%
Public & Others	2,715,605	27.40%
Total	9,909,616	100.00%

Note: Some share transfer requests have been pending at the end of the Company/Share Registrar, which shall be subject to transfer upon the removal of suspension of the Company under PSX Rulebook.



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Since the Share Capital of the Company (DATM) will not be changed for Ordinary Shares under the Scheme. Short term funding requirements shall be met from financing (debt) from MODAM. Utilization of debt financing shall be for working capital requirements.

With regards to the measures to be adopted for the removal of the causes of suspension, the Company, on an immediate basis, is kick-starting an online/e-commerce trading business for the direct to consumers' sale of bedsheets and towels in association with some already existing online platforms.

Subsequently and possibly in the short to medium term, the company plans to merge its shares with LSE Ventures Limited (LVL) and LSE PropTech Limited (LPL). Upon approval from the Honorable High Court, each shareholder of DATM shall receive the shares of two companies, i.e. LVL and LPL, as per the swap ratio to be allowed by the Honorable Court. **With these measures operational/economic activities will be restored and going concern assumption while preparing the financial statements are withheld.**

Summary of the Plan

Implementing Entity

Data Textiles Limited

Project title

Trading of bedsheets and towels within the Country

Duration

Starting forthwith

Total Investment Size

PKRs. **50 million**

Overall goal

DATM is repositioning itself into Finished Textiles Products.

Others

Subsequently and possibly in the short to medium term, the company plans to merge its shares with LSE Ventures Limited (LVL) and LSE PropTech Limited (LPL).

Risk Factors

1. Increased competition from domestic and regional players may not result in sufficient business growth for the company.
2. Overall economic factors may not be conducive to the trading business.

Projected Financial Statements

Disclaimer:

The success of any investment depends on many factors some of which may be under the control of the management, but many of which rely on the markets and general business environment. The management of the Modaraba has made these projections on the best estimate basis. However, actual results and outcome may be different due to changed market and business environment and factors beyond the control and anticipation of the management.



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Effect of the Scheme is not taken in these projections.

**Data Textiles Limited
Profit and Loss Statement
For the Year Ending on June 30, ----**

	30-06-23	30-06-24	30-06-25	30-06-26	30-06-27
	Rs.	Rs.	Rs.	Rs.	Rs.
Net Sales	302,400,000	695,520,000	834,624,000	959,817,600	1,103,790,240
Cost of Sales	(226,800,000)	(452,088,000)	(534,159,360)	(604,685,088)	(684,349,949)
	75,600,000	243,432,000	300,464,640	355,132,512	419,440,291
Selling and Administrative	(45,360,000)	(118,238,400)	(150,232,320)	(182,365,344)	(209,720,146)
Other Expenses	(15,120,000)	(34,776,000)	(41,731,200)	(47,990,880)	(55,189,512)
Finance Costs	(9,000,000)	(7,200,000)	(5,400,000)	(3,600,000)	(1,800,000)
Taxation	(4,384,800)	(26,221,104)	(31,465,325)	(36,185,124)	(44,813,884)
Net Profit	1,735,200	56,996,496	71,635,795	84,991,164	107,916,750

**Data Textiles Limited
Statement of Financial Position**

	30-06-23	30-06-24	30-06-25	30-06-26	30-06-27
	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Current Assets					
Property, Plant & Equipment	20,000,000	28,000,000	33,600,000	38,640,000	50,232,000



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Inventory	18,641,096	24,771,945	29,269,006	33,133,429	37,498,627
Trade Debts	20,712,329	38,110,685	57,166,027	65,740,932	75,602,071
Advances, Prepayment and Advances	3,000,000	3,600,000	4,320,000	5,184,000	6,220,800
Tax Refunds	3,111,393	3,111,393	3,111,393	3,111,393	3,111,393
Cash and Bank Balances	3,087,123	27,655,214	68,035,622	132,301,575	215,265,846
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	68,551,941	125,249,237	195,502,049	278,111,329	387,930,738
Long Term Finance	39,222,297	39,222,297	39,222,297	39,222,297	39,222,297
Long Term Loan - MODAM	50,000,000	40,000,000	30,000,000	20,000,000	10,000,000
Trade & Other Payables	30,714,463	18,578,959	21,951,755	24,850,072	28,123,970
Provision for Taxation	4,384,800	26,221,104	31,465,325	36,185,124	44,813,884
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	124,321,560	124,022,360	122,639,376	120,257,493	122,160,151
Net Assets	(55,769,619)	1,226,877	72,862,672	157,853,837	265,770,587
Represented by					
Issued, Subscribed and Paid-up Capital	99,096,160	99,096,160	99,096,160	99,096,160	99,096,160
Reserves	-	-	-	-	-
Retained Earnings	(154,865,779)	(97,869,283)	(26,233,488)	58,757,677	166,674,427



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(55,769,619) 1,226,877 72,862,672 157,853,837 265,770,587

Ratio Analysis		30-06-23	30-06-24	30-06-25	30-06-26	30-06-27
EPS	Rs./Share	0.44	2.65	3.18	3.65	4.52
Book Value	Rs./Share	(5.63)	0.12	7.35	15.93	26.82
Gross Profit Margin	% of Sales	25.00%	35.00%	36.00%	37.00%	38.00%
Net Profit Margin	% of Sales	2.30%	23.41%	23.84%	23.93%	25.73%