

D.M. Industries Limited

(Formerly D.M. Textile Mills Limited)

March 13, 2020

Mr. Hafiz Maqsood Munshi
Manager Companies & Securities Compliance - RAD
Pakistan Stock Exchange Ltd,
Stock Exchange Building, Stock Exchange Road,
Karachi

RECTIFICATION OF NON-COMPLIANCES OF PSX REGULATIONS NO. 5.11.1.(b) & (i)

Dear Sir,

Reference Your letter # PSX/Gen-862 dated March 06, 2020 demanding submission of Certificate from Statutory Auditor confirming that as per the amended Memorandum and Articles of Association of the Company, source of revenue of the Company falls under principal line of business as defined under Section 27 of the Companies Act, 2017.

Kindly note that demand for submission of such certificate from our statutory auditor would have been logical, in case we would have reported you about the rectifications prior to filing of financial statements.

Half Yearly financial statements for the period ended 31 December 2019 along with independent auditor's review report have already been submitted to the Exchange on 29 February 2020. We hereby reproduce the relevant parts of the auditor's review report published on page-05 of the said financial statements.

"Quote" We draw attention to Note 1 to the condensed interim financial statements, which more fully explains that the Company has changed its principal line of business and steps taken for revival of business. The new principal line of business is to construct and to establish warehouses for providing facilities for storage and for other purposes on proprietary as well as rental basis and ancillary activities. These condensed interim financial statements have been prepared using going concern basis of accounting. Our conclusion is not qualified in respect of this matter. **"Unquote"**

Note 1 to the condensed interim financial statements is also reproduced as under:

"Quote" D.M. Industries Limited (formerly D.M. Textile Mills Limited) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). The registered office and head office is situated at Westridge, Industrial Area, Rawalpindi.

The Company was engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn. The Board of Directors and shareholders of the Company in their meetings held on 27 April 2019 and 31 May 2019 respectively, resolved that principal line of business of the Company will be to construct and to establish warehouses for providing facilities for storage and for other purposes on proprietary as well as rental basis and ancillary activities. Further, it was resolved to adopt new name i.e. "D.M. Industries Limited".

The Company has provided facilities for storage and for other purposes on rental basis, and earned a revenue of Rupees 13.866 million during the half year ended 31 December 2019 and entered into an agreement for sale of land classified as held for sale. Further, during the half year the Company also settled its long term financing with Faysal Bank Limited, consequently, accrued mark-up amounting to Rupees 20.767 million has been written back. Subsequent to the reporting date, the Company continued to earn revenue under its new principal line of business. The management is hopeful that accumulated losses will reduce in near future and current ratio will also improve.

D.M. Textile Mills, Westridge Industrial Area, Rawalpindi - Pakistan.

E-mail: dmtm@dmtextile.com.pk, dmttextilemills@yahoo.com

Website: www.dmtxtile.com.pk

NTN: 0698602 - 1, Sales Tax Registration No. 07-02-5202-007-19

16/3/20

D.M. Industries Limited

(Formerly D.M. Textile Mills Limited)

PSX vide Notice No. PSX/N-122 dated 06 February 2019 placed the Company on defaulters' segment with effect from 07 February 2019 due to non-compliance with PSX Regulations. PSX vide Notice No. PSX/N-966 dated 06 August 2019 granted extension upto 28 October 2019 to rectify the non-compliances. PSX vide Notice No. PSX/N-1363 dated 28 October 2019 informed that the Company shared its progress towards rectification, which is being assessed by PSX. Further, PSX vide letter No. PSX/Gen-533 dated 12 February 2020 required updated progress report. The management is confident that it is now in compliance with all requirements of PSX and notice shall be withdrawn. "Unquote"

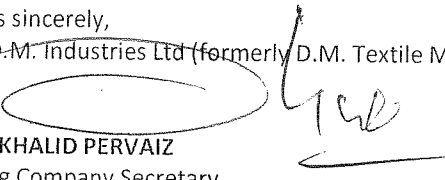
More importantly, our rental income which was previously being shown as "other income" has already been classified as "Revenue" which is itself a certificate.

Keeping in view of the facts stated above, we and our auditor are of the opinion that submission of the certificate from statutory auditor is not required. Accordingly, we request you to kindly remove our Company's name from Defaulters' Segment and also de-freeze the shares of our Directors.

Thanking you,

Yours sincerely,

For D.M. Industries Ltd (formerly D.M. Textile Mills Ltd)


RAO KHALID PERVAIZ
Acting Company Secretary

CC to: M/s. Riaz Ahmad & Company, Chartered Accountants, 2-A, ATS Centre, 30-West, Fazal-e-Haq Road, Blue Area, Islamabad