

ANNUAL REPORT 2 0 2 0

D.M. INDUSTRIES LIMITED

(FORMERLY D.M. TEXTILE MILLS LIMITED)

Westridge, Industrial Area, Rawalpindi

Ph: 051-5181977-78, Fax: 051-5181979

E-mail: dmtm@dmtextile.com.pk








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







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63rd ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2020

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COMPANY'S INFORMATION

BOARD OF DIRECTORS

CHAIRMAN:	Mr. Shahid Hussain
CHIEF EXECUTIVE:	Mian Habib Ullah
DIRECTORS:	Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmad Ozgen Mr. Sami Ullah Mr. Amer Zeb Mr. Abrar Alam

AUDIT COMMITTEE

CHAIRMAN:	Mr. Hussain Ahmed Ozgen
MEMBER:	Mr. Shahid Aziz Mr. Abrar Alam

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Amer Zeb
MEMBERS:	Mr. Shahid Aziz Mr. Sami Ullah

ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Rao Khalid Pervaiz

BANKERS:

Faysal Bank Limited
Meezan Bank Ltd.
Habib Metropolitan Bank
MCB Bank Limited

AUDITORS:

M/s Riaz Ahmed & Company
Chartered Accountants
2-A, ATS Centre, 30-West,
Fazal ul Haq Road, Blue Area Islamabad.
Phone: 051-2274121, 2274122

LEGAL ADVISER:

M/s Hassan & Hassan Advocates
House CB-360, Lane-4, Quaid-e-Azam Colony,
Dhamial Road, Rawalpindi.

REGISTRAR:

Corplink (Pvt) Ltd.
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Phone: 042-35916714, 35916719
Fax: 042-35869037

REGISTERED OFFICE & MILLS AT:

Industrial Area Westridge, Rawalpindi
Telephone: 051-5181981, 5181977-78
Fax: 051-5181979
E-mail: dmtm@dmtextile.com.pk
E-mail: dmttextilemills@yahoo.com
Website: www.dmtextile.com.pk

VISION STATEMENT

We envision ourselves as a leading company known for its values, good business practices and optimum quality standards in diversified products & services with sustained growth.

MISSION STATEMENT

To provide quality products and services to our customers and to explore new era to achieve the highest level of success.



Chief Executive



Director



Chief Financial Officer

Rawalpindi Dated: October 05, 2020

STATEMENT OF ETHICS AND BUSINESS PRACTICES

D M Industries Limited has laid down the following Ethics and Business Practices , the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these Ethics and Business Practices is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. **Conflict of interest**

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a) In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
- b) The staff members should not engage in any outside business while serving the company.
- c) Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. **Confidentiality**

All staff members are required not to divulge any secrets / information's of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. **Kickbacks**

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. **Proper Books of Accounts**

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statements pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. **Relationship with Government officials, suppliers, buyers and agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult with the management.

6. **Health and Safety**

Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. **Environment**

To preserve and protect the environment, all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities and strive continuously to improve environmental awareness and protections.

8. **Alcohol and Drugs etc.**

All types of gambling and betting at the company's work place are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. **Coordination among staff members to maintain Discipline**

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work is carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. **Workplace harassment**

All members of the staff will provide an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.



Chief Executive



Director



Chief Financial Officer

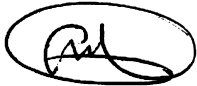
Rawalpindi Dated: October 05, 2020

CHAIRMAN'S REVIEW REPORT

The Company has been working on the visibility of undertaking new line of business. During the period, following the due procedures and regulations, the Company altered its object of Principal Line of Business and adopting new name of the Company.

The Management is continuously trying its level best to utilize the available resources to increase the income and repayment of Company's liabilities. Efforts of the Board & Management needs appreciation and hope for further improvement in future.

We eagerly look forward to better environment in the long run.



Shahid Hussain
Chairman of the Board of Directors

Rawalpindi: October 05, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of D.M. Industries Limited (formerly D.M. Textile Mills Limited)

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of D.M. Industries Limited (formerly D.M. Textile Mills Limited) (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of state of the Company's affairs as at 30 June 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

(i) As stated in Note 1 to the financial statements, board of directors of the Company, in its meeting held on 02 September 2020, resolved to change the principal line of business of the Company to manufacturing and trading of textile products. The execution of proposed business requires significant investment in property, plant and equipment and working capital and shall require arrangements of funds through sale of freehold land of the Company and / or debt arrangement. We were not provided with any workable business plan for sale of freehold land and / or arrangement of financing for development of manufacturing facilities as well as operational activities. The management of the Company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(ii) As more fully explained in Note 17 to the financial statements, the Company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the Company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the Company's account, by directors who are penalized under the order. The Chief Executive Officer (CEO) of the Company filed an appeal before the Lahore High Court (LHC), Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the Company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the CEO at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority (CDA), the property has already been transferred in the name of CEO through a court decree. The LHC, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court (IHC), Islamabad and on 03 May 2016, IHC, on submission of CEO, ordered to transfer the property in the name of the Company within sixty days. The CEO filed a petition before the IHC to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules / laws / procedures. The Company filed a suit before the court of Senior Civil Judge (West), Islamabad dated 17 October 2017 against the CEO while making SECP and CDA parties to the case for directions to transfer the property in the name of the Company, which is pending adjudication. Meanwhile, IHC, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the Company within the period of thirty days. The Company also filed an appeal before the LHC, Lahore Bench in May 2018 for detachment of the property, so the property can be transferred in the name of the Company, which is pending adjudication. The SECP filed an appeal before the IHC, Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to LHC, Lahore, for release of the property. The matter is pending adjudication. The Bank of Punjab filed an appeal before the IHC, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter is pending adjudication. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the *Basis for Adverse Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, we have concluded that the other information is materially misstated for the same reasons.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

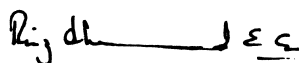
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the effects of the matters discussed in the *Basis for Adverse Opinion* section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the effects of the matters discussed in the *Basis for Adverse Opinion* section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) except for the effects of the matters discussed in the *Basis for Adverse Opinion* section of our report, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.



RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: October 05, 2020

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: D.M. Industries Ltd (formerly D.M. Textile Mills Ltd)
Year ending: 30 June 2020

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of Directors are 07 as per the following,

Male	07
Female	-

2. The composition of the Board is as follows:

Independent Directors	Mr. Shahid Hussain Mr. Hussain Ahmad Ozgen Mr. Amer Zeb
Non-Executive Directors	Mr. Shahid Aziz Mr. Abrar Alam
Executive Directors	Mr. Mian Habib Ullah Mr. Sami Ullah
Female Directors	-

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board could not arrange directors' training program due to COVID-19 pandemic;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below: -

Audit Committee

Name	Designation
Mr. Hussain Ahmad Ozgen	Chairman
Mr. Shahid Aziz	Member
Mr. Abrar Alam	Member

HR & Remuneration Committee

Name	Designation
Mr. Amer Zeb	Chairman
Mr. Shahid Aziz	Member
Mr. Sami Ullah	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,

a) Audit Committee

Four meetings were held during the financial year ended 30 June 2020.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2020.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

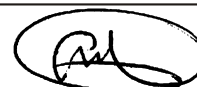
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with except Regulation 7, which will be complied with shortly.

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Directors' Training It is encouraged that by 30 June 2020 at least half of the directors on board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	The Board could not arrange directors' training program due to COVID-19 pandemic;	19
2	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee. The Board may consider to constitute nomination committee after next election of directors.	29
3	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and. The Board may consider to constitute risk management committee after next election of directors.	30
4	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board may consider posting such policies and synopsis on its website in near future.	35
5	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
6	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied.	10(1)



SHAHID HUSSAIN
Chairman

Rawalpindi.
05 October 2020

INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of D.M. Industries Limited (formerly D.M. Textile Mills Limited)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of D.M. Industries Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

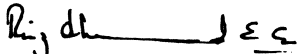
- i. The Board has not appointed whole-time Company Secretary and Chief Financial Officer since the resignation of the previous Company Secretary and Chief Financial Officer as required by the regulation 20 of the Regulations. Further, acting Company Secretary having additional charge of acting Chief Financial Officer does not fulfill the qualification criteria mentioned in regulation 22 of the Regulations;
- ii. No member of the Audit Committee is "financially literate" in contravention of regulation 27 [1(iii)] of the Regulations;

- iii. Head of Internal Audit does not fulfill the qualification criteria mentioned in regulation 23 of the Regulations;
- iv. The Company has not complied with the financial reporting and corporate compliance requirements of the Regulations. The financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
(i)	18	As stated in para 18, the Board did not comply with regulation 7 and no female director was appointed upon reconstitution of the Board.



RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: 05 October, 2020

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 63rd Annual General Meeting of the Company and present annual audited financial statements for the year ended June 30, 2020 along with Auditors' Report thereon.

Composition of the Board

Male	07
Female	-
Total Directors	07

Name of Directors

Independent Directors 03	Mr. Shahid Hussain (Chairman) Mr. Hussain Ahmad Ozgen Mr. Amer Zeb
Non-Executive Directors 02	Mr. Shahid Aziz (Nominee of NIT) *Mr. Abrar Alam
Executive Directors 02	Mr. Mian Habib Ullah, Chief Executive Officer Mr. Sami Ullah **Rao Khalid Pervaiz

* Mr. Abrar Alam was coopted on 28/11/2019* & then elected on 31/01/2020

** Rao Khalid Pervaiz resigned as Director on 19 November 2019

Committees of the Board

Audit Committee

Mr. Hussain Ahmad Ozgen	Chairman, Independent Director
Mr. Shahid Aziz	Member, Non-Executive Director
Mr. Abrar Alam	* Member, Non-Executive Director
Mr. Sami Ullah	* Member, Executive Director

* Mr. Abrar Alam replaced Mr. Sami Ullah on 28/11/2019

Human Resource & Remuneration Committee

Mr. Amer Zeb	Chairman, Independent Director
Mr. Shahid Aziz	Member, Non-Executive Director
Mr. Sami Ullah	* Member, Executive Director
Mr. Rao Khalid Pervaiz	* Member, Executive Director

* Mr. Sami Ullah replaced Mr. Rao Khalid Pervaiz on 28/11/2019

Performance: Net Profit/(Loss)

During the year Company had a net profit of Rs. 13.508 Million as compared to previous year net loss of Rs. (7.341) Million.

Comparative financial results are given below:

Year Ended on	Rupees	
	30-06-2020	30-06-2019 Restated
Revenues		
- Rental Income	27,635,802	24,044,003
- Gain on remeasurement of fair value of investment properties	19,164,051	-
Total Revenues	46,799,853	24,044,003
Administrative & General Expenses	(26,921,822)	(27,069,776)
Other Expenses	(22,692,854)	(1,059,335)
Other Income	21,875,577	827,365
Profit/(Loss) from operations	19,060,754	(3,257,743)
Finance Cost	(213,406)	(417,931)
Profit/(Loss) Before Taxation	18,847,348	(3,675,674)
Taxation	(5,338,714)	(3,665,638)
Profit/(Loss) after taxation	13,508,634	(7,341,312)
Earning/(Loss) per share Basic and diluted	4.43	(2.41)

Debt Servicing

As per Settlement Agreement with Faysal Bank Ltd, Company has satisfactorily paid-off its entire liabilities, registered charge on the assets of the Company has been released and sine die adjourned recovery suit has been withdrawn. Further, management is in process of negotiating with other debt providers/suppliers so as to further reduce the liabilities of the Company.

Dividend

The Directors have not recommended dividend. Profit declared in the Profit & Loss Statement is un-realized profit due to gain on account of waiver of accrued markup against entire settlement with Faysal Bank Ltd and gain from fair value adjustment on investment property.

Change in Accounting Policy

In terms of relevant laws & standards, the Board of Directors granted approval to adopt the required accounting policies and to make the necessary changes/adjustments where applicable.

Directors have granted specific approval for the following transactions / adjustments mentioned in the financial statements.

Rupees	
Operating fixed assets cost of deletions	1,299,000
Long outstanding liabilities written back	277,641
Accrued mark-up written back	20,767,825
Provisions against doubtful deposits:	
Long term deposits	15,293,000
Short term deposits	2,000,000
Provision against doubtful export rebate ad claims	134,667
Property, plant and equipment written off	2,767,745
Right-of-use assets written off	491,530
Loss due to theft	420,000
Related party transactions as disclosed in financial statements.	

Directors have also granted general approval for following transactions in the financial statements.

- a. Approval of expenditures including Capital expenditure.
- b. Advances as given in note 24

Statement on Compliance with the best practices of Corporate Governance.

- a) The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flow and changes in equity.
- b) Company has maintained proper books of accounts.
- c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments.
- d) International Accounting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.

- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key Operating and Financial Data for the last six years in summarized form is annexed to the Annual Report.
- i) There are no overdue taxes and levies as on June 30, 2020 except reported in notes under contingencies and commitments in the financial statements.
- j) Pattern of Shareholding and Additional information as required under CCG is also annexed to the Annual Report.

Except as disclosed in the Patron of Shareholding, during the year under review, there is no trading in shares of the company by Directors, Chief Executive, Chief Financial Officer / Company Secretary, their spouses and minor children.

- k) During the year, Four Board Meetings, five Audit Committee meetings and one HR and Remuneration committee meeting were held. The attendance of the Directors is as follow:

Name of Director	Number of Meetings Attended		
	Board Meeting	Audit Committee	HR & Remuneration Committee
Mr. Shahid Hussain	2	-	-
Mian Habib Ullah	7	-	-
Mr. Shahid Aziz	7	4	-
Mr. Hussain Ahmed Ozgen	4	4	-
Mr. Sami Ullah	6	3	1
Mr. Amer Zeb	4	-	1
* Mr. Abrar Alam	4	2	-
** Mr. Rao Khalid Pervaiz	2	-	-

* Mr. Abrar Alam was coopted on 28/11/2019 & then elected on 31/01/2020

** Rao Khalid Pervaiz resigned as Director on 19 November 2019

(Leave of absence was granted to the Directors who could not attend meeting(s) due to their pre-occupation)

- l) Messrs. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore are our share registrar under section 195 of the companies Act, 2017.

Future Prospects & Plans

Earlier 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".

Accordingly, Certificate of Incorporation on change of name has been issued by the Securities and Exchange Commission of Pakistan (SECP) to give effect to the change of name and certified true copy of altered memorandum of association of the Company has been issued by SECP. Now the Company is providing facilities for storage and for other purposes on rental basis.

Meanwhile, considering the post Corona pandemic and changes in ground realities, the Board of Directors in their meeting held on 02 September 2020 have unanimously decided that the Company may primarily focus on the textile industry business which is likely to show improvement and will be beneficial for the Company and its members. Existing resources are proposed to be used for the new proposed principal line of business and current line of business will also continue simultaneously till it is comparatively feasible. Further, the Board of Directors have also recommended that Company may re-adopt its historic name "D. M. Textile Mills Limited" to commensurate the new proposed principal line of business.

The management is trying its level best to utilize the available recourses & hopeful that accumulated losses will reduce in near future and current ratio will also improve. Further, the management has positive intention and capability to revive the company.

Auditors

The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment. As recommended by the Audit Committee, the Board recommended the appointment of M/s Riaz Ahmad & Co, Chartered Accountants, as external auditor for the next financial year.

Remarks on Auditors' Report & Review Report to the members:

1. As for as auditors opinion regarding non-conforming with the accounting and reporting standards is concerned, The Board of Directors is of the view that the company follows the approved accounting standards as applicable in Pakistan and the annual financial statements do give a true and fair view of the state of company's affairs as at 30 June 2020.

2. On auditors observations regarding change of principal line of business, as explained under the heading "Future Prospects & Plans" due to Corona pandemic and changes in ground realities, the Board of Directors have unanimously decided that the Company may primarily focus on the textile industry business which is likely to show improvement and will be beneficial for the Company and its members. Existing resources and/or financing from the banking institutions are proposed to be used for the new proposed principal line of business and current line of business will also continue simultaneously till it is comparatively feasible. Management has positive intention and capability and hopeful to revive the company. Also trying the level best to negotiate with other debt providers to settle amicably. Due to consistent income, settlement reached/to be reached with the debt providers and already initiated process for the revival of company, the Management has prepared the accounts on going concern basis and has no doubts on the Company's ability to continue as a going concern.

3. On auditors observation with regard to transfer of property in the name of the Company, it is clarified that as stated by the Auditors, the property could not be transferred in the name of the Company due to the want of completion of legal formalities. CEO filed an appeal before the Lahore High Court Rawalpindi Bench against the above mentioned SECP Order. The Honourable Court in its Order dated 26-10-2009 suspended the operation of the SECP Order. Keeping in view the financial position of the company and the legal formalities, the Board of Directors discussed this issue several times and finally decided to offer the first right of refusal to the CEO at fixed floor price of Rs.75 Million. As a result the company gained Rs.20.148 Million; and this long outstanding issue was resolved with approval of the members of the company. Later the case was transferred to Islamabad High Court Islamabad (IHC). The CEO, in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 submitted to transfer the property in the name of the Company within sixty days. The CEO moved an application before the IHC for placement of additional documents on the grounds that in the given circumstances he has surrendered subject property rights in favour of D.M. Textile Mills Ltd and same fact is approved by the Board of Directors and Members of the Company, but the property has been attached by the Lahore High Court Lahore in two different cases titled Bank of Punjab versus Bilal Fibres Limited and Bank of Punjab versus Bilal Textiles (Private) Limited. On 30-11-2016, IHC allowed the Application for placement of additional documents on record for the reasons stated therein. To complete the legal formalities, as per advise of our legal consultant(s), the Company has filed a civil suit before the Senior Civil Islamabad (West) for specific performance of Agreement to Sell and Surrender Deed and Permanent Injunction.

Islamabad High Court vide its Order dated 16 November 2017, decided the court case "D.M. Textile Mills Ltd Vs. Securities & Exchange Commission of Pakistan". As per opinion of our legal advisor, main operative points of the decision are as under:- (1) Penalty on 6 Directors has been reduced from Rs.100,000/= each to Rs.50,000/= each {has been paid by the concerned Directors} (2) Directors shall make efforts to release the property from both court cases at Lahore High Court

Lahore Bench titled Bilal Fibres Ltd Vs Bank of Punjab and Bilal Textiles (Pvt) Ltd Vs Bank of Punjab (3) After releasing the property, in terms of his statement before the Islamabad High Court, CEO will transfer the property into the name of the Company. In compliance of the Islamabad High Court Order, Objection Application has been filed before the Lahore High Court where Property is attached. Company has filed reply in Bank of Punjab application (CM Ind.89/2019) as well and outcome is awaited.

4. Regarding auditors observation on material misstatement, the Board of Directors is of the view that as explained above, there is no material misstatement.
5. Regarding non-appointment of whole time Company Secretary, Chief Financial Officer and Head of Internal Audit and their qualification criteria; it is clarified that the Company is making efforts to fulfill the requirements and also advertised in the Newspaper. However, professionals are not willing to join the Company due to closure of Mills and various reasons. The requirement will be fulfilled as soon as possible.
6. As regards observation about members of audit committee it is clarified that the Board is of the view that members of existing Audit Committee have relevant experience. One member is Area Incharge of the National Investment Trust and has long experience of financial matters. Other two members are also graduate and experienced. Compliance with Regulations will be made as soon as possible.

Corporate Social Responsibility

The company is aware of its corporate and social responsibilities and doing its best within the available resources.

Director's Remuneration Policy

The Company pays remuneration to two of its Executive Directors as disclosed in Notes of the financial statements. No remuneration is paid to the Non-Executive and Independent Directors other than meeting fees.


Board Evaluation

The Board has developed a mechanism for evaluation of performance of the Board of Directors.

Acknowledgement

The Directors wish to place on record their acknowledgement for the cooperation extended by the financial institutions. Appreciation is also due to the employees of the company for their hard work and devoted efforts for the betterment of the company.

For and behalf of the Board of Directors


Mian Habib Ullah
Chief Executive
Rawalpindi: October 05, 2020


Sami Ullah
Director

ڈائریکٹرز رپورٹ

معزز ممبران،

ہم آپ کو کمپنی کے تریسٹھویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں۔ 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی گوشوارے (آڈٹ شدہ) بمعہ آڈیٹرز رپورٹس پیش خدمت ہیں۔

بورڈ کی تشکیل

بورڈ کے ممبران کی کل تعداد سات ہے

7 مرد:

0 خاتون

7 کل

3 غیر جانبدار ڈائریکٹرز :

جناب شاہد حسین (چیرمین)

جناب حسین احمد آزگن

جناب امیر زیب

2 نان۔ ایگزیکٹو ڈائریکٹرز :

جناب شاہد عزیز

جناب ابرار عالم (28 نومبر 2019 کو نامزد ہوئے اور پھر 31 جنوری 2020 کو منتخب ہوئے)

2 ایگزیکٹو ڈائریکٹرز :

جناب میاں حبیب اللہ (چیف ایگزیکٹو آفیسر)

جناب سمیع اللہ

جناب راؤ خالد پرویز (19 نومبر 2019 کو بطور ڈائریکٹر مستعفی ہوئے)

ہیومن ریسورس اینڈ ریمزیشن کمیٹی

جناب امیر زیب

چیرمین (غیر جانبدار ڈائریکٹر)

جناب شاہد عزیز

ممبر (نان۔ ایگزیکٹو ڈائریکٹر)

جناب سمیع اللہ

ممبر (ایگزیکٹو ڈائریکٹر) 28 نومبر 2019 کو جناب راؤ خالد پرویز کی جگہ ممبر نامزد ہوئے۔

جناب راؤ خالد پرویز

ممبر (ایگزیکٹو ڈائریکٹر) 19 نومبر 2019 کو بطور ڈائریکٹر مستعفی ہوئے

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

چیئر مین (غیر جانبدار ڈائریکٹر)

جناب حسین احمد آزگن

ممبر (نان۔ ایگزیکٹو ڈائریکٹر)

جناب شاہد عزیز

ممبر (ایگزیکٹو ڈائریکٹر) 28 نومبر 2019 کو ان کی جگہ جناب ابرار عالم ممبر نامزد ہوئے۔

جناب سمیع اللہ

ممبر (نان۔ ایگزیکٹو ڈائریکٹر) 28 نومبر 2019 کو جناب سمیع اللہ کی جگہ ممبر نامزد ہوئے۔

جناب ابرار عالم

زیر نظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 13.508 ملین روپے کا نفع ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 7.341 ملین روپے کا خسارہ ہوا تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

روپے		تفصیل
2019 جون 30	2020 جون 30	
		ریونیو
24,044,003	27,635,802	ریٹیل انکم
-	19,164,051	Gain on remeasurement of fair value of investment properties
24,044,003	46,799,853	کل ریونیو/انکم
(27,069,776)	(26,921,822)	انتظامی اور جنرل اخراجات
(1,059,335)	(22,692,854)	دیگر اخراجات
827,365	21,875,577	دیگر آمدن
(3,257,743)	19,060,754	اپریشنز کا منافع/خسارہ
(417,931)	(213,406)	مالی اخراجات
(3,675,674)	18,847,348	منافع/خسارہ قبل از ٹیکس
(3,665,638)	(5,338,714)	ٹیکس
(7,341,312)	13,508,634	منافع/خسارہ بعد از ٹیکس
(2.41)	4.43	فی شیئر آمدن/خسارہ (روپے) (Basic & Diluted)

فیصل بینک کے ساتھ معاہدہ کے مطابق کمپنی نے مطمئن طریقے سے اپنے تمام واجبات ادا کر دیے ہیں، کمپنی کے اثاثہ جات پر رجسٹرڈ جارج ختم ہو گیا ہے اور بینک کا وصولی کے لئے زیر التوا مقدمہ واپس لے لیا گیا ہے۔ انتظامیہ دوسرے قرض داروں سے گفت و شنید کر رہی ہے تاکہ کمپنی کے مالی بوجھ کو مزید کم کیا جاسکے۔

ڈائریکٹرز نے ڈیویڈنڈ تجویز نہیں کیا ہے۔ ان رپورٹس میں دکھایا گیا منافع un-realized ہے جبکہ فیصل بینک کے ساتھ معاہدہ کے مطابق مکمل ادائیگی پر مارک۔ اپ کی معافی ہے اور gain from fair value adjustment on investment property ہے۔

اکاؤنٹنگ پالیسی میں تبدیلی

متعلقہ قوانین اور سٹینڈرڈز کی رو سے بورڈ نے منظوری دی کہ ان کو اپنایا جائے اور جہاں ضروری ہو تبدیلی/adjustment کی اجازت دی ہے۔

ڈائریکٹرز نے مندریہ ذیل ٹرانزیکشن/ایڈجسٹمنٹ جو کہ مالی گوشواروں میں دیئے گئے ہیں کی خصوصی منظوری دی ہے۔

روپے	
1,299,000	اپریٹنگ فلکسڈ اثاثے - کمی
277,641	طویل بقایا Liabilities ختم کیں
20,767,825	اکروڈ مارک اپ ختم کیا گیا
	مشکوک ڈپازٹ کے لئے پروویژن
15,293,000	طویل مدتی ڈپازٹس
2,000,000	مختصر مدتی ڈپازٹس
134,667	ایکسپورٹ ریٹ کلیم کے لئے پروویژن
2,767,745	پراپرٹی، پلانٹ اور equipment ختم کرنا
491,530	رائٹ آف یوز اثاثے ختم کرنا
420,000	چوری کا نقصان

متعلقہ پارٹی ٹرانزیکشنز جو گوشواروں میں دکھائی گئی ہیں

ڈائریکٹرز نے مالی گوشواروں میں دی گئی مندرجہ ذیل ٹرانزیکشنز کی عام منظوری بھی دی:

الف - خرچے بمعہ کیپیٹل خرچے

ب - ایڈوانسز جن کی تفصیل Notes میں دی گئی ہے۔

کارپوریٹ گورننس کی بہترین عملداری پر بیان

a - کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے کہ سرگرمیوں کے نتائج

رقم کی آمدورفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

b - کمپنی نے حسابداری کے مناسب رکھے ہیں

c - مالیاتی گوشواروں کی تیاری کے لیتیمو اتر مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے۔ حسابداری کے گوشوارے

ہمیشہ منصفی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

d - پاکستان میں لاگوانٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کو مالیاتی گوشواروں کی تیاری کے لئے بروئے کار لایا جاتا ہے اور ان میں

ہونے والی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے۔

e - اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے اور کسی

بھی کمزوری کو دور کیا جاتا ہے۔

f - کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہ ہے

g - لسٹنگ ریگولیشن میں دی گئے کارپوریٹ گورننس کے طریقہ کار سے انحراف نہیں گیا ہے۔

h - گذشتہ 6 سال کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

i - اس سال کی مالیاتی رپورٹ کے نوٹس contingencies میں دیئے گئے واجب الادا ٹیکسوں اور لیویز کے علاوہ اور

واجب الادا ٹیکس یا لیویز نہ ہیں۔

j - کوڈ آف کارپوریٹ گورننس کے تحت کمپنی کے حصص یافتگان کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ماسوائے پیٹرن

آف شیئر ہولڈنگ میں ظاہر کیا گیا ہے، کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویوں/بچوں نے

کمپنی کے شیئرز کا تجارتی لین دین نہیں کیا ہے

-k اس سال کے دوران بورڈ آف ڈائریکٹرز کے ساتھ اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔	
اجلاس میں شرکت کی تعداد	ڈائریکٹرز کے نام
2	جناب شاہد حسین
7	جناب میاں حبیب اللہ
7	جناب شاہد عزیز (نمائندہ NIT)
4	جناب حسین احمد آزرگن
6	جناب سمیع اللہ
4	جناب امیر زیب
2	جناب راؤ خالد پرویز (19 نومبر 2019 کو بطور ڈائریکٹر مستعفی ہوئے)
4	جناب ابرار عالم (28 نومبر 2019 کو نامزد ہوئے اور پھر 31 جنوری 2020 کو منتخب ہوئے) جو ڈائریکٹرز صاحبان بورڈ کی میٹنگ میں شریک نہ ہو سکے، تو آئندہ کے مطابق ان کے چھٹی منظور کی گئی۔
اس سال کے دوران آڈٹ کمیٹی کے پانچ اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔	
اجلاس میں شرکت کی تعداد	ڈائریکٹرز کے نام
4	جناب حسین احمد آزرگن
4	جناب شاہد عزیز
3	جناب سمیع اللہ (28 نومبر 2019 کو ان کی جگہ جناب ابرار عالم ممبر نامزد ہوئے)
2	جناب ابرار عالم (28 نومبر 2019 کو جناب سمیع اللہ کی جگہ ممبر نامزد ہوئے)
جو ڈائریکٹرز صاحبان آڈٹ کمیٹی کی میٹنگ میں شریک نہ ہو سکے، تو آئندہ کے مطابق ان کے چھٹی منظور کی گئی۔	
اس سال کے دوران ہیومن ریسورس اینڈ ریمزیشن کمیٹی کا ایک اجلاس ہوا جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔	
اجلاس میں شرکت کی تعداد	ڈائریکٹرز کے نام
1	جناب امیر زیب
1	جناب سمیع اللہ
0	جناب شاہد عزیز
جو ڈائریکٹرز صاحبان ہیومن ریسورس اینڈ ریمزیشن کمیٹی کی میٹنگ میں شریک نہ ہو سکے، تو آئندہ کے مطابق ان کے چھٹی منظور کی گئی۔	

کمپنیز ایکٹ کی شق 195 کے تحت میسرز کارپلنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمشل ماڈل ٹاؤن، لاہور، کمپنی کے شیئر رجسٹرار ہیں۔ پہلے کمپنی کاٹن، پولیسٹر، ولسکوز اور مگس دھاگہ بنانے اور ان کی تجارت کرتی تھی۔ کمپنی کے بورڈ آف ڈائریکٹرز اور حصص داران کی ملاقاتوں جو کہ بالترتیب 27 اپریل 2019 اور 31 مئی 2019 کو ہوئیں تھیں میں طے کیا گیا تھا کہ کمپنی کا بنیادی کاروبار سٹورج اور دیگر مقاصد کے لئے گودام بنانا، خود استعمال کرنا یا کرایہ پر دینا اور اس سے متعلقہ ہوگا۔ یہ بھی طے پایا تھا کہ کمپنی کا نیا نام ڈی۔ ایم۔ انڈسٹریز لمیٹڈ ہوگا۔ اس کے مطابق سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کمپنی کے نام کی تبدیلی کا انکار پوریشن ٹھٹھکیٹ جاری کر دیا۔ اور میمورینڈم آف اسوسی ایشن کی تبدیل شدہ کاپی جاری کر دی۔ اب کمپنی سٹورج اور دیگر مقاصد کے لئے کرایہ پر سہولیات مہیا کرتی ہے۔

اسی دوران کورونا کی عالمی وبا کی وجہ سے صورتحال یکسر تبدیل ہوئی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے 2 ستمبر 2020 کو ہونے والے اپنے اجلاس میں متفقہ طور پر طے کیا ہے کہ کمپنی کو بنیادی طور پر ٹیکسٹائل انڈسٹری کے کاروبار پر دھیان دینا چاہئے جس میں بہتری ہو رہی ہے اور یہ کاروبار کمپنی اور اس کے حصص داران کے لئے سود مند ہوگا۔ دستیاب وسائل کو نئے تجویز شدہ کاروبار کے لئے استعمال کرنے کی تجویز ہے اور موجودہ کاروبار کو بھی اس وقت تک جاری رکھنے کی تجویز ہے جب تک یہ مناسب سود مند ہو۔ مزید بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ کمپنی اپنے تاریخی نام ڈی۔ ایم۔ ٹیکسٹائل ملز لمیٹڈ کو اپنالے تاکہ اس کی نئے تجویز شدہ نام سے مطابقت ہو۔

انتظامیہ اپنے دستیاب وسائل کو بہترین انداز میں استعمال کرنے کی کوشش کر رہی ہے اور امید ہے کہ جاری خسارہ مستقبل قریب میں کم ہو جائے گا اور کرنٹ ریٹھو میں بہتری ہوگی۔ انتظامیہ کی نیت مثبت ہے اور کمپنی کو revive کرنے کی صلاحیت رکھتی ہے۔

ریٹائر ہونے والے آڈیٹرز میسرز ریاض احمد اینڈ کمپنی تعیناتی کے اہل ہیں اور انھوں نے اپنے آپ کو دوبارہ تعیناتی کے لئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز ان کی دوبارہ تعیناتی کی سفارش کرتا ہے۔

آڈیٹرز رپورٹ اور جائزہ پورٹ برائے ممبران پر بورڈ آف ڈائریکٹرز کا بیان:

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ کمپنی منظور شدہ اکاؤنٹنگ سٹینڈرڈز پر عمل کرتی ہے جو کہ پاکستان میں رائج ہیں۔ اور گوشوارے اوپر دیئے گئے حقائق کی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات برائے سال ختمہ 30 جون 2020 کو پیش کرتے ہیں۔

پرنسپل لائین آف بزنس کے بارے میں آڈیٹرز کی رائے: جیسا کہ اوپر تفصیل سے بیان کیا گیا ہے، کورونا کی عالمی وبا نے حالات کو یکسر بدل دیا ہے۔ بورڈ نے متفقہ فیصلہ کیا ہے کہ کمپنی کو بنیادی طور پر ٹیکسٹائل انڈسٹری پر فوکس کرنا چاہیے جس میں ممکنہ طور پر بہتری نظر آرہی ہے اور یہ کمپنی اور اس کے ممبران کے لئے مفید ہوگی۔ موجودہ وسائل اور ایفانٹنگ کو نئے تجویز کردہ کاروبار کے لئے استعمال کئے جانے کی تجویز

ہے اور موجودہ کاروبار بھی اس وقت تک جاری کو بھی اس وقت تک جاری رکھا جائے جب تک یہ سود مند ہو۔ انتظامیہ کی نیت مثبت ہے اور استطاعت رکھتی ہے اور کمپنی کو revive کرنے کی امید رکھتی ہے۔ مزید برآں انتظامیہ دیگر قرض داروں سے معاملات طے کرنے کے لئے پوری کوشش کر رہی ہے۔ مستقل آمدن، قرض داروں کے ساتھ طے شدہ معاملات اور دیگر قرض داروں کے ساتھ جو معاملات طے کئے جا رہے ہیں اور کمپنی کی revival کے لئے جاری پراسس کی وجہ سے انتظامیہ نے یہ حسابات قائم رہنے کی بنیاد پر تیار کئے ہیں۔ انتظامیہ کو کمپنی کے جاری نہ رہنے کے بارے میں کوئی شک نہیں ہے۔

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ اوپر دی گئی وضاحتوں کے بنا پر کوئی material misstatement نہیں ہے۔

جیسا کہ آڈیٹرز نے پراپرٹی کمپنی کے نام منتقلی کے بارے میں اپنی آبرزویشن میں بیان کیا، قانونی معاملات کی وجہ سے جائیداد کمپنی کے نام ٹرانسفر نہ ہو سکی۔ چیف ایگزیکٹو نے لاہور ہائی کورٹ راولپنڈی بینچ میں رٹ دائر کی جہاں سے SECP کے مندرجہ بالا حکم پر عمل درآمد کا stay order جاری ہوا۔ کمپنی کی مالی حالت اور قانونی ضرورتوں کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے کئی دفع اس معاملے پر بحث کی اور آخر میں فیصلہ کیا کہ چیف ایگزیکٹو کو ریفریٹل کا پہلا حق مبلغ 75 ملین جو کہ فکس فلور پر اس تھی آفر کیا جائے۔ اس کے نتیجے میں کمپنی کو مبلغ 20.148 ملین کا منافع ہوا اور یہ دیر سے اٹکا ہوا معاملہ ممبرز کی منظوری سے حل ہوا۔ بعد ازاں کیس اسلام آباد ہائی کورٹ منتقل ہو گیا۔ چیف ایگزیکٹو کے بیان پر اسلام آباد ہائی کورٹ نے 60 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا حکم دیا۔ چیف ایگزیکٹو نے اسلام آباد ہائی کورٹ میں ریلیف کی درخواست دائر کی اور مزید کاغذات پیش کرنے کی اجازت مانگی اور استدعا کی کہ موجودہ حالات میں وہ جائیداد میں حقوق سرنڈر کر چکے جس کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز اور ممبران دے چکے ہیں لیکن جائیداد پہلے ہی بحکم لاہور ہائی کورٹ لاہور دو مقدمات میں Attach ہو چکی ہے جو کہ بینک آف پنجاب بنام بلال فائبر لمیٹڈ اور بینک آف پنجاب بنام بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ ہیں جہاں چیف ایگزیکٹو ضامن تھا۔ معزز اسلام آباد ہائی کورٹ نے مورخہ 30 نومبر 2016 کو پیش کردہ وجوہات کی بنا پر اضافی کاغذات پیش کرنے کی درخواست کو منظور کیا۔ قانونی تقاضے پورے کرنے کے لئے، اپنے قانونی معاون کے مشورے سے، کمپنی نے سینئر سول جج اسلام آباد (مغربی) کو معاہدے اور سرنڈر ڈیڈ کی سپسیفک پرفارمنس اینڈ پرمیٹ پر مانت انجکشن کے لئے دعوہ دائر کیا ہے۔ اسلام آباد ہائی کورٹ نے اپنے حکم مورخہ 16 نومبر 2017 کو مقدمہ "ڈی ایم ٹیکسٹائل ملز لمیٹڈ بنام سکیورٹی اینڈ ایڈجسٹمنٹ آف پاکستان" کا فیصلہ کیا۔ ہمارے قانونی مشیر کی رائے کے مطابق فیصلے کے اہم operative نکات مندرجہ ذیل ہیں۔ (1) ڈائریکٹرز پر جرمانہ 100,000 روپے سے کم کر کے 50,000 روپے کر دیا گیا ہے۔ جو کہ متعلقہ ڈائریکٹرز نے ادا کر دیا ہے (2) ڈائریکٹرز لاہور ہائی کورٹ کے سامنے دونوں کیسوں "بینک آف پنجاب بنام بلال فائبر لمیٹڈ" اور بلال ٹیکسٹائلز (پرائیویٹ) لمیٹڈ نام بینک آف پنجاب" سے پراپرٹی کو واپس کرانے کی کوشش کریں (3) پراپرٹی واپس کرانے کے بعد، اپنے بیان

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at Company's Head Office, Westridge Industrial Area, Rawalpindi, **on Tuesday, October 27, 2020 at 03:00 PM** to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the Extra Ordinary Annual General Meeting held on 31-01-2020.
2. To receive, consider and adopt the audited Annual Financial Statements of the company for the year ended June 30, 2020 together with Chairman's review, directors', and auditors' reports thereon.
3. To appoint auditors till the next Annual General Meeting and fix their remuneration. Retiring auditors M/s. Riaz Ahmad & Company being eligible offer themselves for re-appointment. Audit Committee have recommended their re-appointment.

SPECIAL BUSINESS

4. Change of Name & Principal Line of Business:

Consider and if deemed fit, to pass the following resolution(s) as special resolution(s), with or without any modification in terms of section 183(3)(a) of the Companies Act, 2017 and to substitute object clause 1 accordingly .

RESOLUTION No.1

- i) Resolved that the principal line of business of the company shall be to erect, maintain, alter, extend and purchase plant and machinery for the purpose of ginning, preparing, combing, spinning, weaving, manufacturing, bleaching, dyeing, mercerizing, printing, or otherwise working any of the fabrics and materials; and to carry on the business of sizers, spinners, weavers; ginners, pressers, doublers and balers of cotton, jute, hems, silk, artificial silk, synthetic fibre, wool and any fibrous material used in textile and manufacturing thereof or ancillary thereto and the business of weaving or otherwise manufacturing, bleaching, printing, dyeing, finishing, calendaring, processing, whether textile, frebled, netted or looped and of importing, exporting, buying, selling and dealing in cotton, yarn, fabrics, wool and other raw materials and transact mercantile business that may be necessary or expedient and to purchase and sell raw materials and manufactured articles.

RESOLUTION No. 2

Resolved that name of the Company be changed to "D.M. Textile Mills Limited" so as to reflect its principal line of business.

Further Resolved that Chief Executive Officer, a Director and/or Acting Company Secretary of the Company be and are hereby severally and jointly authorized to take or cause to be taken any and all actions necessary in respect of resolution 1 and 2 and make necessary filings and complete legal/corporate formalities as may be required to implement these resolutions.

5. Revalidation of Approval for Sale of Land & Building

In order to revalidate shareholders approval for Sale of land and building, following resolution will be placed before the shareholders for approval, with or without modification, as ordinary resolution.

Resolved that, "Ordinary Resolution pertaining to sale of approx 07.19 Kanal land comprising open area and old worker quarters along with additional 24 Marla adjoining land as passed by the AGM held on 28 October 2019 be and is hereby revalidated for another one year from the date of passing of this resolution".

Further resolved that Board of Directors of the Company or their nominee(s) as the board of directors, may from time to time, specially designate for the purpose, be and are hereby severally authorized to take any or all actions necessary or conducive for fulfilling any requirement or in implementation thereof including, without limitation, to negotiate, finalize and execute as applicable any and all contracts, instruments, power of attorney, notices, certificates, documents (of whatever nature and description) for or in connection with the aforesaid, issue any notices seek any approvals, make any filings and do all such acts, deeds and things as they may deem necessary and / or expedient.

6. To transact any other business with the permission of the Chairman.

Statement of Material Facts under section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item 4 & 5 is attached.

Rawalpindi
Date: 06 October, 2020

By the order of the Board


RAO KHALID PERVAIZ
Acting Company Secretary

NOTES:

1. The members' register will remain closed from 20 October 2020 to 27 October 2020 (both days inclusive). Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on 20 October 2020 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
 - a. For attending the meeting
 - i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are

uploaded as per the regulations, shall authenticate his/her identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

- ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

B. For appointing proxies

a. For appointing proxies

- i). In case of individuals, the account holder of sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv). The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v). In case of corporate entity, the board of director's resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Financial Statements for the year ended 30-06-2020 are being uploaded on the website of the Company www.dmtextile.com.pk.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Change of Name & Principal Line of Business

Earlier name of the Company was changed to D. M. Industries Ltd to enable the Company to move into new line of business relating to construction and establishment of warehouses for providing facilities for storage and for other purposes on proprietary as well as rental basis and ancillary activities.

There has been great change in the business activities due to COVID-19 pandemic. The ground realities now do not favour to undertake the proposed new line of business. The Board of Directors have therefore unanimously decided that the Company may primarily focus on the textile industry business which is likely to show improvement and will be beneficial for the Company and its members. Existing resources are proposed to be used for the new proposed principal line of business and current line of business will also continue simultaneously till it is comparatively feasible. Further, the Board of Directors are of the opinion that new proposed line of business will not detrimental to the interest of the company or its members. For this, Board has also recommended that Company may re-adopt its historic name "D. M. Textile Mills Ltd" which will commensurate the new proposed principal line of business.

Following Special Resolutions will be placed before the Members for their approval.

1. RESOLUTION No. 1

Resolved that the principal line of business of the company shall be to erect, maintain, alter, extend and purchase plant and machinery for the purpose of ginning, preparing, combing, spinning, weaving, manufacturing, bleaching, dyeing, mercerizing, printing, or otherwise working any of the fabrics and materials; and to carry on the business of sizers, spinners, weavers; ginners, pressers, doublers and balers of cotton, jute, hems, silk, artificial silk, synthetic fibre, wool and any fibrous material used in textile and manufacturing thereof or ancillary thereto and the business of weaving or otherwise manufacturing, bleaching, printing, dyeing, finishing, calendaring, processing, whether textile, frebled, netted or looped and of importing, exporting, buying, selling and dealing in cotton, yarn, fabrics, wool and other raw materials and transact mercantile business that may be necessary or expedient and to purchase and sell raw materials and manufactured articles.

2. RESOLUTION No.2

Resolved that new proposed name of the Company will be "D.M. Textile Mills Limited" so as to reflect its principal line of business.

Further Resolved that Chief Executive Officer, a Director and/or Acting Company Secretary of the Company be and are hereby severally in respect of resolution No. 1 and 2 and jointly authorized to take or cause to be taken any and all actions necessary and make necessary filings and complete legal/corporate formalities as may be required to implement these resolutions.

Revalidation of Approval for Sale of Land & Building

The Shareholders in the last Annual General Meeting held on 28 October 2019 had approved the sale of land measuring 07.19 Kanal comprising of open area and old worker quarters along with additional 24 Marla adjoining land. Due to unfavourable market conditions due to Corona Pandemic, the Company could not implement shareholders' decision. The law specifically requires revalidation of such resolution which is not implemented within one year. Therefore, the members are being requested to revalidate the following Ordinary Resolution passed in Annual General Meeting held on 28 October 2019.

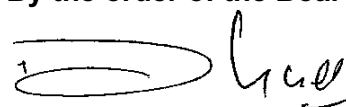
Resolved that Ordinary Resolution pertaining to sale of approx 07.19 Kanal land comprising open area and old worker quarters along with additional 24 Marla adjoining land as passed by the AGM held on 28 October 2019 be and is hereby revalidated for another one year from the date of passing of this resolution.

Further resolved that Board of Directors of the Company or their nominee(s) as the board of directors, may from time to time, specially designate for the purpose, be and are hereby severally authorized to take any or all actions necessary or conducive for fulfilling any requirement or in implementation thereof including, without limitation, to negotiate, finalize and Execute as applicable any and all contracts, instruments, power of attorney, notices, certificates, documents (of whatever nature and description) for or in connection with the aforesaid, issue any notices seek any approvals, make any filings and do all such acts, deeds and things as they may deem necessary and / or expedient.

The information required under Notification SRO No. 423(1)/2018 dated 03 April 2018 for Sale if assets being Sold is as follow:

Description	Owned/Leased Assets/Rupees
Detail of Assets to be sold	07.19 Kanal Land comprising open area and old worker quarters
Location	Factory premises, Westridge Industrial Area, Rawalpindi
Acquisition date of the Asset	1958
Cost of Land & building	Rs.4,721,085/=
Book Value	Rs.60,650,523/=
Revalued amount	Rs.39,559,100/=
Approximate current market price/ fair value	Rs. 33,625,235/= The above mentioned book value is based on consolidated average of the total land/building comprising front land and comparatively better building. Land proposed for sale is situated on extreme back end and being sold with independent narrow access from nearby Mohallah.
The proposed manner of disposal	Outright sale and/or through any other mean (advertisement for tenders, quotations, bids etc), to be sold in transparent manner.
Purpose of the disposal/sale & effects on operational capacity of the Company	To pay off the liabilities of the Company & to initiate business in new proposed line of business. It will have no impact on the operational capacity.
Quantitative and qualitative benefits expected to accrue to the members	The Sale proceeds will be used to decrease the financial liabilities/overdue payments & to initiate business in new proposed line of business
Nature and extent of interest, if any, of Directors	None of the Directors have any direct or indirect interest in the sale/disposal of the said assets except as shareholders of the Company
Availability of relevant documents	The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto 27 October 2020 during business hours and also at the time of meeting.

By the order of the Board



Rao Khalid Pervaiz

Acting Company Secretary

Date: 06 October 2020

Comparative Statement Pertaining to SUBSTITUTION OF OBJECT CLAUSE

The Law now requires that Principal Line of Business is to be stated as Object 1. As the Principal Line of Business of the Company will pertain to textile industry, it is proposed to adopt new Object Clause in place of existing one. Comparative statement pertaining to substitution of object clause 1 is given as under:

S.NO.	PRESENT CLAUSE	NEW CLAUSE
1.	The 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.	the principal line of business of the company shall be to erect, maintain, alter, extend and purchase plant and machinery for the purpose of ginning, preparing, combing, spinning, weaving, manufacturing, bleaching, dyeing, mercerizing, printing, or otherwise working any of the fabrics and materials; and to carry on the business of sizers, spinners, weavers; ginners, pressers, doublers and balers of cotton, jute, hems, silk, artificial silk, synthetic fibre, wool and any fibrous material used in textile and manufacturing thereof or ancillary thereto and the business of weaving or otherwise manufacturing, bleaching, printing, dyeing, finishing, calendaring, processing, whether textile, frebled, netted or looped and of importing, exporting, buying, selling and dealing in cotton, yarn, fabrics, wool and other raw materials and transact mercantile business that may be necessary or expedient and to purchase and sell raw materials and manufactured articles”

For D.M. Industries Ltd.



RAO KHALID PERVAIZ
Acting Company Secretary

STATEMENT OF FINANCIAL POSITION

	NOTE	2020 Rupees	2019 Restated Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 5,000,000 (2019: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital	3	30,524,290	30,524,290
Accumulated loss		(67,035,760)	(80,857,642)
Capital reserve - surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	4	574,874,668	569,362,149
Total equity		538,363,198	519,028,797
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	-
Liability against assets subject to finance lease	6	-	-
Lease liability	7	-	-
Employees' retirement benefit	8	3,816,593	3,355,644
Deferred income tax liability	9	4,517,107	5,396,730
		8,333,700	8,752,374
CURRENT LIABILITIES			
Trade and other payables	10	120,837,679	97,200,154
Accrued mark-up		-	20,767,825
Short term borrowings	11	765,478	4,803,735
Current portion of non-current liabilities	12	658,531	2,424,791
Unclaimed dividend		144,947	144,947
Taxation - net		8,055,998	3,550,367
		130,462,633	128,891,819
Total liabilities		138,796,333	137,644,193
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		677,159,531	656,672,990

The annexed notes form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR

AS AT 30 JUNE 2020

	NOTE	2020 Rupees	2019 Restated Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	224,568,053	230,300,506
Investment properties	15	353,301,030	334,136,979
Right-of-use-assets	16	-	-
Advance against property	17	-	-
Due from related party	18	-	-
Long term investment	19	7,357,987	6,924,048
Long term deposits	20	9,151,434	24,414,434
		<u>594,378,504</u>	<u>595,775,967</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	21	-	-
Stock-in-trade	22	-	-
Trade debts	23	-	-
Advances	24	53,000	15,000
Current portion of due from related party	18	17,619,962	17,619,962
Short term deposit	25	-	2,000,000
Other receivables	26	4,380,336	4,017,327
Short term investment	27	1,201,176	1,194,924
Cash and bank balances	28	18,382,451	822,625
		<u>41,636,925</u>	<u>25,669,838</u>
Non-current assets classified as held for sale	29	41,144,102	35,227,185
		<u>82,781,027</u>	<u>60,897,023</u>
TOTAL ASSETS		<u><u>677,159,531</u></u>	<u><u>656,672,990</u></u>

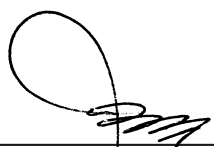


CHIEF EXECUTIVE OFFICER

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	NOTE	Rupees	Restated Rupees
REVENUE:			
- Rental income		27,635,802	24,044,003
- Gain on remeasurement of fair value of investment properties	15	19,164,051	-
		<u>46,799,853</u>	<u>24,044,003</u>
ADMINISTRATIVE AND GENERAL EXPENSES	30	(26,921,822)	(27,069,776)
OTHER EXPENSES	31	(22,692,854)	(1,059,335)
		<u>(49,614,676)</u>	<u>(28,129,111)</u>
		(2,814,823)	(4,085,108)
OTHER INCOME	32	21,875,577	827,365
PROFIT / (LOSS) FROM OPERATIONS		<u>19,060,754</u>	<u>(3,257,743)</u>
FINANCE COST	33	(213,406)	(417,931)
PROFIT / (LOSS) BEFORE TAXATION		18,847,348	(3,675,674)
TAXATION	34	(5,338,714)	(3,665,638)
PROFIT / (LOSS) AFTER TAXATION		<u>13,508,634</u>	<u>(7,341,312)</u>
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	35	<u>4.43</u>	<u>(2.41)</u>

The annexed notes form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR

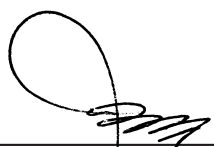


CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 Rupees	2019 Rupees
PROFIT / (LOSS) AFTER TAXATION	13,508,634	(7,341,312)
OTHER COMPREHENSIVE INCOME		
Items that		
Remeasurment Related	(139,031) 40,319 (98,712)	237,163 (68,777) 168,386
Surplus on Related	6,157,967 (233,488) 5,924,479	- - -
Items that		
Other comprehensive income for the year - net of tax	5,825,767	168,386
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	19,334,401	(7,172,926)

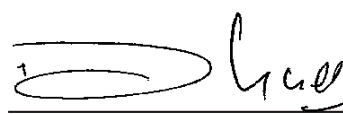
The annexed notes form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	25,835,064	8,679,569
Finance cost paid		(213,406)	(417,931)
Income tax paid		(1,905,875)	(2,326,451)
Gratuity paid		(900,000)	(199,600)
Net cash generated from operating activities		22,815,783	5,735,587
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		-	(900,000)
Long term deposits		(30,000)	-
Interest received		68,460	57,050
Proceeds from sale of property, plant and equipment		510,100	6,330,000
Net cash from investing activities		548,560	5,487,050
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,766,260)	(3,364,826)
Short term borrowings - net		(4,038,257)	(7,086,295)
Net cash used in financing activities		(5,804,517)	(10,451,121)
Net increase in cash and cash equivalents		17,559,826	771,516
Cash and cash equivalents at the beginning of the year		822,625	51,109
Cash and cash equivalents at the end of the year		18,382,451	822,625

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	SHARE CAPITAL	ACCUMULATED LOSS	CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	TOTAL EQUITY
	----- (Rupees) -----			
Balance as at 30 June 2018	30,524,290	(75,583,279)	571,260,712	526,201,723
Loss for the year - restated	-	(7,341,312)	-	(7,341,312)
Other comprehensive income for the year	-	168,386	-	168,386
Total comprehensive loss for the year ended 30 June 2019 - restated	-	(7,172,926)	-	(7,172,926)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4) - restated	-	1,898,563	(1,898,563)	-
Balance as at 30 June 2019 - restated	30,524,290	(80,857,642)	569,362,149	519,028,797
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4)	-	411,960	(411,960)	-
Profit for the year	-	13,508,634	-	13,508,634
Other comprehensive income for the year	-	(98,712)	5,924,479	5,825,767
Total comprehensive income for the year ended 30 June 2020	-	13,409,922	5,924,479	19,334,401
Balance as at 30 June 2020	<u>30,524,290</u>	<u>(67,035,760)</u>	<u>574,874,668</u>	<u>538,363,198</u>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. THE COMPANY AND ITS OPERATIONS

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 to change the principal line of business of the Company 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".

During the year ended 30 June 2020, certificate of incorporation on change of name has been issued by the Securities and Exchange Commission of Pakistan (SECP) to give effect to the change of name and certified true copy of altered memorandum of association of the Company has been issued by SECP.

Subsequent to the reporting period, the board of directors of the Company in its meeting held on 02 September 2020, resolved that principal line of business of the Company be again changed to erect, maintain, alter, extend and purchase plant and machinery for the purpose of ginning, preparing, combing, spinning, weaving, manufacturing, bleaching, dyeing, mercerizing, printing, or otherwise working any of the fabrics and materials; and to carry on the business of sizers, spinners, weavers; ginners, pressers, doublers and balers of cotton, jute, hems, silk, artificial silk, synthetic fibre, wool and any fibrous material used in textile and manufacturing thereof or ancillary thereto and the business of weaving or otherwise manufacturing, bleaching, printing, dyeing, finishing, calendaring, processing, whether textile, frebled, netted or looped and of importing, exporting, buying, selling and dealing in cotton, yarn, fabrics, wool and other raw materials and transact mercantile business that may be necessary or expedient and to purchase and sell raw materials and manufactured articles. Further, it was resolved by the directors to adopt new name i.e. "D.M. Textile Mills Limited". The management of the Company is in the process to get approval of shareholders in forthcoming annual general meeting.

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 up to 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. PSX vide Notice No. PSX/N-236 dated 16 March 2020, shifted the name of Company from defaulters' segment to normal counter, with effect from 17 March 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments which are carried at their fair values and defined benefit plan which is carried at present value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Defined benefit plan

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

d) Standard, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standard, **interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:**

IFRS 16 'Leases'

IFRS 9 (Amendments) 'Financial Instruments'

IFRIC 23 'Uncertainty over Income Tax Treatments'

IASB's Annual Improvements to IFRSs: 2015-2017 Cycle

The Company had to change its accounting policies and make certain adjustments **without** restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.9 to the financial statements. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore, not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). *The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.*

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: re-introduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits; this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or

loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for *annual* reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the *lender*, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

- g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates unfunded unapproved gratuity scheme for permanent employees of the Company, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.7 Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of profit or loss for the year in which it arises.

2.9 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Operating fixed assets (leased) decreased by	(1,353,655)
Right-of-use-assets increased by	1,353,655
Liability against assets subject to finance lease decreased by	658,531
Lease liability increased by	(658,531)

Right-of-use-assets

A right-of-use-asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.10 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

2.11 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.12 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

2.13 De-recognition of financial assets and financial liabilities**a) Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.14 Off-setting of financial instruments

Assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.15 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | |
|--|---|
| (i) For raw materials: | Weighted average basis.= |
| (ii) For work-in-process and finished goods: | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.16 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.17 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.18 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.19 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.21 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.22 Revenue from contracts with customers**i) Revenue recognition****Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfillment costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.23 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.24 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.25 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.26 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than continuous use. These are measured at lower of carrying amount and fair value less cost to sell.

2.27 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.28 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.29. Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.30 Prior period error

On 31 May 2019, shareholders of the Company 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, the Company was earning revenue from operating leases. However, the related property was not recognized as investment property in accordance with International Accounting Standard (IAS) 40 'Investment Property' in the financial statements of year ended 30 June 2019.

Now this error has been rectified in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of restatement is as follows:

30 June 2019		
As previously reported	Adjustment	Restated
.....Rupees.....		

Effect on the preceding audited annual published financial statements

Statement of financial position

Property, plant and equipment	564,203,898	(333,903,392)	230,300,506
Investment properties	-	334,136,979	334,136,979
Accumulated losses	80,917,235	(59,593)	80,857,642
Surplus on revaluation of property, plant and equipment	(569,238,613)	(123,536)	(569,362,149)
Deferred income tax liability	(5,346,272)	(50,458)	(5,396,730)

Statement of profit or loss

Administrative and general expense	27,303,363	(233,587)	27,069,776
Taxation	3,615,180	50,458	3,665,638

Effect on loss per share

Loss per share-basic and diluted	2.47	(0.06)	2.41
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There was no impact on financial statements for the year ended 30 June 2018 accordingly, third statement of financial position has not been presented. Further, there was no cash flow impact as a result of rectification of error.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 (Number of shares)	2019	NOTE	2020 Rupees	2019 Rupees
2,952,429	2,952,429		29,524,290	29,524,290
100,000	100,000		1,000,000	1,000,000
<u>3,052,429</u>	<u>3,052,429</u>		<u>30,524,290</u>	<u>30,524,290</u>

4 CAPITAL RESERVE-SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX

Opening balance		569,362,149	571,260,712
Surplus on revaluation of property, plant and equipment		6,157,967	-
Related deferred income tax liability	9.1	(233,488)	-
		5,924,479	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year		(580,226)	(2,674,032)
Related deferred income tax liability	9.1	168,266	775,469
		(411,960)	(1,898,563)
		<u>574,874,668</u>	<u>569,362,149</u>

5 LONG TERM FINANCING

Faysal Bank Limited - secured

Opening balance	5.1	1,766,260	5,131,086
Add: Effect of fair value adjustment		33,740	235,174
		1,800,000	5,366,260
Less: Repaid during the year		1,800,000	3,600,000
		-	1,766,260
Less: Current portion shown under current liabilities	12	-	1,766,260
Closing Balance		<u>-</u>	<u>-</u>

- 5.1 The Company entered into settlement agreement with Faysal Bank Limited. Pursuant to the agreement, short term borrowings including related accrued mark-up were reduced to Rupees 17.544 million. The Company paid down payment of Rupees 4.044 million. Remaining amount was interest free and was payable in 48 monthly installments (12 installments of Rupees 250,000, 12 installments of Rupees 275,000 and 24 installments of Rupees 300,000) commenced from January 2016 and ended on 25 October 2019.

During the year, upon completion of the aforesaid settlement agreement, accrued mark-up has been waived off by the Bank as per the terms of the settlement agreement. Accordingly, related accrued mark-up amounting to Rupees 20,767,825 has been written back and credited to other income. The bank issued no objection certificate (NOC) on 25 October 2019. Further, on request of Faysal Bank Limited to withdraw the case, the Banking Court Islamabad vide order dated 20 February 2020 disposed off the petition filed by the bank against the Company.

6 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments		-	658,531
Less: Unamortized finance charges		-	-
Present value of future minimum lease payments		-	658,531
Less: Current portion shown under current liabilities	12	-	658,531
		<u>-</u>	<u>-</u>

- 6.1 It represented last installment payable to the lessor under the settlement agreement. Taxes, repairs and insurance costs were to be borne by the Company. It was secured against charge on leased assets and personal guarantees of sponsor directors.
- 6.2 As on 01 July 2019, the Company has adopted IFRS 16, hence, liability against assets subject to finance lease has been classified as lease liability (Note 7 to these financial statements).

	NOTE	2020 Rupees	2019 Rupees
7 LEASE LIABILITY			
Total lease liability		658,531	-
Less: Current portion shown under current liabilities	12	<u>(658,531)</u>	<u>-</u>
		<u>-</u>	<u>-</u>
8 EMPLOYEES' RETIREMENT BENEFIT			
The latest actuarial valuation was carried out as at 30 June 2020, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:			
8.1 Liability recognized in the statement of financial position			
Present value of unfunded defined benefit obligation		10,817,900	10,808,751
Benefits due but not paid shown under current liabilities	10	<u>(7,001,307)</u>	<u>(7,453,107)</u>
		<u>3,816,593</u>	<u>3,355,644</u>
8.2 Movement in liability recognized in the statement of financial position			
At the beginning of the year		10,808,751	10,611,500
Charge for the year		770,118	634,014
Remeasurements recognized in other comprehensive income		139,031	(237,163)
Benefit paid during the year		<u>(900,000)</u>	<u>(199,600)</u>
		<u>10,817,900</u>	<u>10,808,751</u>
8.3 Movement in present value of defined benefit obligation			
At the beginning of the year		3,355,644	3,129,793
Benefits due but not paid		7,453,107	7,481,707
Service cost		378,675	360,028
Interest cost for the year		391,443	273,986
Benefit paid during the year		(900,000)	(199,600)
Charge to other comprehensive income		139,031	(237,163)
Benefits due but not paid		<u>(7,001,307)</u>	<u>(7,453,107)</u>
At the end of the year		<u>3,816,593</u>	<u>3,355,644</u>
8.4 Amounts recognized in statement of profit or loss			
Current service cost		378,675	360,028
Interest cost for the year		<u>391,443</u>	<u>273,986</u>
		<u>770,118</u>	<u>634,014</u>
8.5 Amount recognized in statement of comprehensive income			
Actuarial loss / (gain) due to experience adjustments		<u>139,031</u>	<u>(237,163)</u>
8.6 Allocation of charge for the year			
Administrative and general expenses	30.1	<u>770,118</u>	<u>634,014</u>
8.7 Principal actuarial assumptions used			
Discount rate		8.50%	12.50%
Expected rate of increase in salary		7.50%	11.50%
Average expected remaining working life of employees		8 Years	7 Year
Average duration of liability		8 Years	6 Years
8.8 Sensitivity analysis			
Discount rate + 1 %		3,504,089	3,088,928
Discount rate - 1 %		4,167,816	3,656,474
Salary growth rate + 1 %		4,167,816	3,656,474
Salary growth rate - 1 %		3,498,557	3,084,385

8.9 Amounts for the current and previous four years:

	2020	2019	2018	2017	2016
	----- R u p e e s -----				
Present value of defined benefit obligation	10,817,900	10,808,751	10,611,500	10,063,175	9,839,462
Benefits due but not paid shown under current liabilities	(7,001,307)	(7,453,107)	(7,481,707)	-	-
	<u>3,816,593</u>	<u>3,355,644</u>	<u>3,129,793</u>	<u>10,063,175</u>	<u>9,839,462</u>
Remeasurement loss / (gain) on obligation	139,031	(237,163)	392,424	317,861	(277,500)

8.10 The expected gratuity expense for next financial year is:

Current service cost	391,909
Interest cost for the year	286,160
	<u>678,069</u>

8.11 Risks associated with the gratuity scheme

The gratuity scheme is an unfunded scheme. There is no minimum funding requirement for a gratuity scheme which leads to relatively less secured gratuity benefit. The gratuity benefit liability reflected in the Company accounts provides a reasonable security of the accrued rights because it is likely that the accrued gratuity benefits could be considered as high priority debt in case of insolvency of the sponsor.

The gratuity scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increase.

9 DEFERRED INCOME TAX LIABILITY

This comprises of following:

Taxable temporary differences

	2020 Rupees	2019 Restated Rupees
Accelerated tax depreciation	3,906,417	1,536,825
Surplus on revaluation of property, plant and equipment and investment properties	9,159,498	9,094,276
	<u>13,065,915</u>	<u>10,631,101</u>

Deductible temporary differences

Provision for gratuity	(3,137,191)	(3,134,538)
Lease liability	(190,974)	(41,583)
Allowance for expected credit losses	(126,452)	(126,452)
Provision against doubtful advances	(40,168)	(40,168)
Provision against doubtful deposits:		
Long term deposits	(4,434,970)	-
Short term deposit	(580,000)	-
Provision against doubtful export rebate and claims	(39,053)	-
Provision against obsolete stores, spare parts and loose tools	-	(1,834,928)
Provision against obsolescence of raw material	-	(56,702)
	<u>(8,548,808)</u>	<u>(5,234,371)</u>
	<u>4,517,107</u>	<u>5,396,730</u>

	NOTE	2020 Rupees	2019 Restated Rupees
9.1 Movement in deferred tax balances is as follows:			
At beginning of the year		5,396,730	7,240,523
Recognized in statement of profit or loss:			
Accelerated tax depreciation on fixed assets		2,369,592	(1,005,410)
Surplus on revaluation of property, plant and equipment and investment properties	4	(168,266)	(775,469)
Lease liability		(149,391)	(5,711)
Provision for gratuity		37,666	(125,980)
Provision against doubtful deposits:			
Long term deposits		(4,434,970)	-
Short term deposit		(580,000)	-
Provision against doubtful export rebate and claims		(39,053)	-
Provision against obsolete stores, spare parts and loose tools		1,834,928	-
Provision against obsolescence of raw material		56,702	-
	34	(1,072,792)	(1,912,570)
Recognized in statement of comprehensive income:			
Remeasurement of defined benefit plan		(40,319)	68,777
Surplus on revaluation of property, plant and equipment and investment properties	4	233,488	-
		193,169	68,777
		<u>4,517,107</u>	<u>5,396,730</u>
9.2 Deferred income tax asset of Rupees 33.842 million (2019: Rupees 43.596 million) on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.			
10 TRADE AND OTHER PAYABLES			
Creditors - un-secured		45,200,717	46,583,857
Advance rental income		4,529,988	5,008,335
Advances from customers		1,743,024	1,743,024
Advance against non-current assets classified as held for sale		23,900,000	-
Accrued liabilities		25,527,140	24,008,676
Workers' welfare fund		384,640	-
Withholding income tax payable		5,831,463	5,775,355
Employees' retirement benefit due but not paid	8.1	7,001,307	7,453,107
Security deposits against rent	10.1	6,719,400	6,627,800
		<u>120,837,679</u>	<u>97,200,154</u>
10.1 This represents security deposits received from tenants of the Company. Tenants have given the Company a right to utilize deposits in ordinary course of business.			
11 SHORT TERM BORROWINGS			
Chief Executive Officer (C.E.O) - related party		765,478	3,803,735
Others		-	1,000,000
		<u>765,478</u>	<u>4,803,735</u>
11.1 These are interest free and unsecured loans obtained by the Company to meet day to day expenses. Repayment terms and other conditions of these loans are yet to be finalized.			
12 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	5	-	1,766,260
Liability against assets subject to finance lease - over due	6	-	658,531
Lease liability - over due	7	658,531	-
		<u>658,531</u>	<u>2,424,791</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- (a) On 01 February 2011, the Company filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. Pending the outcome of this case no provision has been made in these financial statements as the Company, based on advice of legal advisor, is hopeful for favorable outcome.
- (b) The Company filed an appeal on 04 April 2011, before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. No provision has been made in these financial statements as the Company is hopeful for favorable outcome.
- (c) For tax year 2014, assessment order dated 26 April 2016 was passed under section 122(1) read with section 122(9) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby the demand of tax amounting to Rupees 3.8 Million was created. The Company filed an appeal before CIR(A) and the case was decided against the Company through order dated 19 October 2016. However, the Company filed appeal against the decision of CIR(A) before the ATIR who annulled the order of CIR(A) through judgment dated 3 October 2017. Being aggrieved, the department filed a writ petition against the judgment of ATIR before the honorable Islamabad High Court, Islamabad. No provision has been made in these financial statements as the Company is hoping a favorable outcome.
- (d) On 26 January 2006, Collector of Customs (Appraisement) directed the Company to pay duties and taxes amounting to Rupees 19.41 million against import of textile machinery during 2001 to 2004. The Company applied to Member Legal, Federal Board of Revenue Islamabad to allow relief by payment of custom duty @ 5% of dutiable value of machinery amounting to Rupees 3.49 million under amnesty scheme announced by the Federal Government. Federal Board of Revenue allowed relief to the Company under the amnesty scheme. The Company paid Rupees 3.49 million to the Custom Department. However, being aggrieved, Collector of Custom filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal, which was decided in favor of the Company. Collector of Customs, Appraisement filed special custom reference before Sindh High Court, Karachi against the order of Customs, Excise and Sales Tax Appellate Tribunal where the case is still pending. No provision of the remaining amount of Rupees 15.92 million has been made in these financial statements as the Company is hopeful for favorable outcome.
- (e) Guarantee of Rupees 7.142 million (2019: Rupees 7.142 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

13.2 Commitments

2020	2019
Rupees	Rupees
Nil	Nil

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14 PROPERTY, PLANT AND EQUIPMENT

	Owned									Leased	Grand Total
	Freehold land	Buildings on freehold land	Non factory buildings	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	
Rupees											
At 30 June 2018											
Cost / revalued amount	518,451,661	97,994,338	38,444,553	191,071,375	25,896,452	15,082,293	2,744,965	9,174,528	898,860,165	2,933,674	901,793,839
Accumulated depreciation	-	(69,963,880)	(29,421,328)	(179,723,319)	(21,600,007)	(14,521,177)	(2,399,188)	(8,004,046)	(325,632,945)	(1,508,774)	(327,141,719)
Net book value	518,451,661	28,030,458	9,023,225	11,348,056	4,296,445	561,116	345,777	1,170,482	573,227,220	1,424,900	574,652,120
Year ended 30 June 2019											
Opening net book value	518,451,661	28,030,458	9,023,225	11,348,056	4,296,445	561,116	345,777	1,170,482	573,227,220	1,424,900	574,652,120
Additions	-	-	-	-	-	-	-	900,000	900,000	-	900,000
Disposals:											
Cost / revalued amount	-	-	-	(25,439,350)	-	-	-	-	(25,439,350)	-	(25,439,350)
Accumulated depreciation	-	-	-	18,585,015	-	-	-	-	18,585,015	-	18,585,015
	-	-	-	(6,854,335)	-	-	-	-	(6,854,335)	-	(6,854,335)
Depreciation charge (Note 30)	-	(2,803,046)	(451,161)	(369,127)	(429,645)	(56,112)	(34,578)	(278,973)	(4,422,842)	(71,245)	(4,493,887)
Closing net book value - as previously reported	518,451,661	25,227,412	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	562,850,243	1,353,655	564,203,898
Effect of restatement (Note 2.30):											
Reversal of depreciation charged	-	233,587	-	-	-	-	-	-	233,587	-	233,587
Transferred to investment properties (Note 15)											
Revalued amount	(308,675,980)	(97,994,338)	-	-	-	-	-	-	(406,670,318)	-	(406,670,318)
Accumulated depreciation	-	72,533,339	-	-	-	-	-	-	72,533,339	-	72,533,339
	(308,675,980)	(25,460,999)	-	-	-	-	-	-	(334,136,979)	-	(334,136,979)
Closing net book value - restated	209,775,681	-	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	228,946,851	1,353,655	230,300,506
At 30 June 2019											
Cost / revalued amount	209,775,681	-	38,444,553	165,632,025	25,896,452	15,082,293	2,744,965	10,074,528	467,650,497	2,933,674	470,584,171
Accumulated depreciation	-	-	(29,872,489)	(161,507,431)	(22,029,652)	(14,577,289)	(2,433,766)	(8,283,019)	(238,703,646)	(1,580,019)	(240,283,665)
Net book value - restated	209,775,681	-	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	228,946,851	1,353,655	230,300,506
Year ended 30 June 2020											
Opening net book value	209,775,681	-	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	228,946,851	1,353,655	230,300,506
Revaluation surplus	5,352,836	-	1,605,213	-	-	-	-	-	6,958,049	-	6,958,049
Transferred to right-of-use assets (Note 14.1 and Note 16)											
Revalued amount	-	-	-	-	-	-	-	-	-	(2,933,674)	(2,933,674)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	1,580,019	1,580,019
	-	-	-	-	-	-	-	-	-	(1,353,655)	(1,353,655)
Classified as held for sale:											
Revalued amount (Note 29)	(5,916,917)	-	-	-	-	-	-	-	(5,916,917)	-	(5,916,917)
Written off:											
Cost / revalued amount	-	-	-	(164,333,025)	-	-	-	-	(164,333,025)	-	(164,333,025)
Accumulated depreciation	-	-	-	161,565,280	-	-	-	-	161,565,280	-	161,565,280
	-	-	-	(2,767,745)	-	-	-	-	(2,767,745)	-	(2,767,745)
Disposals:											
Cost / revalued amount	-	-	-	(1,299,000)	-	-	-	-	(1,299,000)	-	(1,299,000)
Accumulated depreciation	-	-	-	136,128	-	-	-	-	136,128	-	136,128
	-	-	-	(1,162,872)	-	-	-	-	(1,162,872)	-	(1,162,872)
Depreciation charge (Note 30)	-	-	(468,734)	(193,977)	(386,680)	(50,500)	(31,120)	(358,302)	(1,489,313)	-	(1,489,313)
Closing net book value	209,211,600	-	9,708,543	-	3,480,120	454,504	280,079	1,433,207	224,568,053	-	224,568,053
At 30 June 2020											
Cost / revalued amount	209,211,600	-	40,049,766	-	25,896,452	15,082,293	2,744,965	10,074,528	303,059,604	-	303,059,604
Accumulated depreciation	-	-	(30,341,223)	-	(22,416,332)	(14,627,789)	(2,464,886)	(8,641,321)	(78,491,551)	-	(78,491,551)
Net book value	209,211,600	-	9,708,543	-	3,480,120	454,504	280,079	1,433,207	224,568,053	-	224,568,053
Annual rate of depreciation (%)	-	10	5	5	10	10	10	20	-	5	-

14.1 As on 01 July 2019, the Company has adopted IFRS 16, hence, leased assets have been classified as "Right-of-use assets".

- 14.2 The revaluation of plant and machinery, electric installations and factory equipment was carried out on 02 May 2018, while freehold land and buildings on freehold land were revalued on 30 June 2020 by an independent valuer Messrs. Danish Enterprises and Construction on the basis of depreciated replacement value method. Had there been no revaluation book value of revalued property, plant and equipment would have been as follows:

	2020 Rupees	Restated 2019 Rupees
Freehold land	36,819	36,819
Non factory buildings	2,042,480	2,149,979
Factory equipment	454,504	505,004
Electric installations	1,935,923	2,151,025
Furniture, fixtures and office equipment	248,065	275,628
Vehicles	1,411,506	1,764,383
	6,129,297	6,882,838

- 14.3 Forced sale value of property, plant and equipment is given below:

Description	Valuation date	Rupees
Freehold land	30 June 2020	177,829,860
Non factory buildings	30 June 2020	8,252,262
Plant and machinery	02 May 2018	-
Factory equipment	02 May 2018	181,802
Electric installations	02 May 2018	1,392,048
Plant and machinery - leased	02 May 2018	-

- 14.4 Particulars of immovable property (i.e. land & building) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (Marlas)	Covered Area (Sqr feet)
Westridge, Industrial Area, Rawalpindi	Residential and offices	213.26	58,007
Westridge, Industrial Area, Rawalpindi	Land	323.18	-

15 INVESTMENT PROPERTIES

	Land	Building	Total
	----- Rupees -----		
Year ended 30 June 2020			
Fair value as at 01 July 2019	308,675,980	25,460,999	334,136,979
Fair value gain	12,512,420	6,651,631	19,164,051
Fair value as at 30 June 2020	321,188,400	32,112,630	353,301,030
Year ended 30 June 2019			
Fair value as at 01 July 2018	-	-	-
Effect of restatement (Note 2.30)	308,675,980	25,460,999	334,136,979
Fair value as at 30 June 2019	308,675,980	25,460,999	334,136,979

- 15.1 The fair value of investment properties comprising land and buildings situated at Westridge, Industrial Area, Rawalpindi have been determined by an independent valuer, Danish Enterprises as at 30 June 2020.

Forced sale value of these properties as at 30 June 2020 was:

	Rupees
Land	273,010,140
Buildings	27,295,736
	300,305,876

- 15.2 Particulars of investment properties are as follows:

Description	Address	Covered Area (Sqr feet)	Total Area Marla
Land	Westridge, Industrial Area, Rawalpindi	-	131.56
Buildings	Westridge, Industrial Area, Rawalpindi	188,225	692.00
		188,225	823.56

	NOTE	2020 Rupees
16 RIGHT-OF-USE ASSETS		
Plant and machinery		
Net carrying amount as at 01 July 2019		1,353,655
Additions during the year		-
		1,353,655
Depreciation expense for the year @ 5%	30	(62,043)
Reversal of revaluation surplus		(800,082)
Written off	31	(491,530)
		-
Net carrying amount as at 30 June 2020		

17 ADVANCE AGAINST PROPERTY

An amount of Rupees 51.150 million was given by the Company as advance against purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the repealed Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer (C.E.O) of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the repealed Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under section 485 of the repealed Companies Ordinance, 1984 read with Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the Lahore High Court, Rawalpindi Bench where by stay order was granted to suspend the operation of above said impugned order. The Lahore High Court, Rawalpindi Bench, in its interim order dated 06 February 2015, granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company meanwhile. Further, the court, through its order dated 09 December 2015 transferred the case to Islamabad High Court, Islamabad.

The Board of Directors in the meeting held on 23 April 2014, after getting valuation at forced sale value of Rupees 72.007 million of said property from NAKMS Associates (Private) Limited, resolved that the right in property along with fixtures and fittings to be offered to the C.E.O on the basis of "first right of refusal" at the fixed floor price of Rupees 75.00 million. The Board further decided that an amount of Rupees 48.570 million be adjusted from interest free loan given by C.E.O and his close family members to the Company and the balance amount to be paid in three equal annual installments of Rupees 8.810 million commencing from 01 May 2015. Accordingly, agreement was made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

However, the C.E.O in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 has submitted to transfer the property in the name of the Company within sixty days there from. The C.E.O filed a petition before the Islamabad High Court to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the C.E.O was a guarantor. Meanwhile, the Board of directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to C.E.O, subject to completion of legal formalities and in accordance with rules / law / procedures.

The Company filed a suit before the court of Senior Civil Judge (west), Islamabad dated 17 October 2017 against the C.E.O. while making Securities and Exchange Commission of Pakistan and Capital Development Authority parties to the case for directions to transfer the property in the name of the Company, which is pending adjudication.

Meanwhile, the Islamabad High Court, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the Company within the period of thirty days.

The Company also filed an appeal before the Lahore High Court, Lahore Bench in May 2018 for detachment of the property, so that property can be transferred in the name of the Company, which is pending adjudication.

The Securities and Exchange Commission of Pakistan filed an appeal before the Islamabad High Court (IHC), Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any scheduled bank on daily product basis in the relevant period, and further requested the IHC to send notice to Lahore High Court, Lahore, for release of the property. The matter is pending adjudication.

The Bank of Punjab filed an appeal before the Islamabad High Court, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter is pending adjudication.

	2020 Rupees	2019 Rupees
18 DUE FROM RELATED PARTY		
Due from C.E.O	17,619,962	17,619,962
Less: Current portion shown under current assets	<u>(17,619,962)</u>	<u>(17,619,962)</u>
	<u>-</u>	<u>-</u>

It represents receivable from C.E.O against sale of property as more fully explained in Note 17. The maximum amount due from C.E.O at the end of any month during the year was Rupees 17.620 million (2019: Rupees 17.620 million).

19 LONG TERM INVESTMENT

Amortized cost

This represents term deposit receipts of Habib Metropolitan Bank Limited for the period of five years ending in February 2022, carrying effective interest at the rate of 6.25% (2019: 6.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

20 LONG TERM DEPOSITS

Long term deposits	20.1	24,444,434	24,414,434
Less: Provision against doubtful deposit	20.2	(15,293,000)	-
		<u>9,151,434</u>	<u>24,414,434</u>

20.1 This includes deposits with various utility companies, regulatory authorities and others.

20.2 Provision against doubtful deposit

Opening balance		-	-
Provision for the year	20.2.1 & 31	15,293,000	-
Closing balance		<u>15,293,000</u>	<u>-</u>

20.2.1 Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad rejected SNGPL claim for excessive billing vide order dated 18 December 2012. SNGPL filed appeal before Additional District and Session Judge, Islamabad. Additional District and Session Judge, Islamabad vide order dated 18 April 2018 rejected the plaint by stating that an alternate remedy is available to the Company to agitate its grievances before the Oil and Gas Regulatory Authority (OGRA) under section 11 of the OGRA Ordinance, 2002. The Company has decided to initiate proceedings against SNGPL before OGRA.

21 STORES, SPARE PARTS AND LOOSE TOOLS

Stores		-	495,402
Spare parts		-	5,792,648
Loose tools		-	39,287
		<u>-</u>	<u>6,327,337</u>
Less: Provision against obsolete stores, spare parts and loose tools	21.1	-	(6,327,337)
		<u>-</u>	<u>-</u>

21.1 Provision against obsolete stores, spare parts and loose tools

Opening balance		(6,327,337)	(6,327,337)
Written off during the year		6,327,337	-
Closing balance		<u>-</u>	<u>(6,327,337)</u>

22 STOCK-IN-TRADE

Raw material		-	195,525
Less: Provision against obsolescence of raw material	22.1	-	(195,525)
		<u>-</u>	<u>-</u>

	NOTE	2020 Rupees	2019 Rupees
22.1 Provision against obsolescence of raw material			
Opening balance		(195,525)	(195,525)
Written off during the year		195,525	-
Closing balance		<u>-</u>	<u>(195,525)</u>
23 TRADE DEBTS - Unsecured			
Considered doubtful		436,040	436,040
Less: Allowance for expected credit losses		<u>(436,040)</u>	<u>(436,040)</u>
		<u>-</u>	<u>-</u>
24 ADVANCES			
Unsecured			
Considered good:			
Employees - interest free		53,000	15,000
Considered doubtful:			
Employees - interest free		25,110	25,110
Suppliers		113,402	113,402
		138,512	138,512
Less: Provision against doubtful advances		<u>(138,512)</u>	<u>(138,512)</u>
		<u>53,000</u>	<u>15,000</u>
25 SHORT TERM DEPOSIT			
Short term deposit		2,000,000	2,000,000
Less: Provision against doubtful deposit	25.1	<u>(2,000,000)</u>	<u>-</u>
		<u>-</u>	<u>2,000,000</u>
25.1 Provision against doubtful deposit			
Opening balance		-	-
Provision for the year	25.1.1 & 31	2,000,000	-
Closing balance		<u>2,000,000</u>	<u>-</u>
25.1.1 It represents advance given to Messrs. Fauji Foundation for purchase of mill. The amount is considered good as the Court decided the case in favor of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable Lahore High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.			
26 OTHER RECEIVABLES			
Considered good:			
Sales tax refundable	26.1	3,697,951	3,849,160
Export rebate and claims		134,667	134,667
Less: Provision against doubtful export rebate and claims	26.2	<u>(134,667)</u>	<u>-</u>
		-	134,667
Others		695,885	33,500
Less: Written off during the year	31	<u>(13,500)</u>	<u>-</u>
		682,385	33,500
		<u>4,380,336</u>	<u>4,017,327</u>

26.1 The Company filed sales tax refund application with the Federal Board of Revenue. On scrutiny of the refund claims filed by the Company, discrepancies were found and a show cause notice dated 07 April 2015 was issued to the Company. Deputy Commissioner Inland Revenue (Refund) vide order dated 04 August 2015 rejected the reply of the Company and sales tax refunds claim amounting to Rupees 2.46 million were also rejected. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favorable outcome.

Tax authorities issued notice dated 30 September 2014 for an amount of Rupees 1.34 million alleging the Company for discrepancies of inadmissible input tax adjustments for the period from July 2009 to June 2012. The company filed an appeal before Commissioner Inland Revenue (Appeals-I) (CIR-(A)) and the case was decided against the Company through order dated 29 May 2015. However, the Company filed appeal against the decision of CIR-(A) before the Appellate Tribunal Inland Revenue (ATIR) who vide order dated 23 September 2019 decided the case in favor of the Company. Being aggrieved, the department filed a writ petition dated 31 December 2019 against the judgment of ATIR before the honorable Islamabad High Court. No provision has been made in these financial statements as the Company is hoping a favorable outcome.

	NOTE	2020 Rupees	2019 Rupees
26.2 Provision against doubtful export rebate and claims			
Opening balance		-	-
Provision for the year	31	<u>134,667</u>	<u>-</u>
Closing balance		<u>134,667</u>	<u>-</u>

27 SHORT TERM INVESTMENT

Amortized cost

This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year. Return on this certificate will be paid on maturity at the effective rate of 6.25% (2019: 6.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

28 CASH AND BANK BALANCES

Cash at bank:

On saving accounts	28.1	11,937	11,839
On current accounts		<u>17,931,551</u>	<u>82,709</u>
		17,943,488	94,548

Cash in hand

	438,963	728,077
	<u>18,382,451</u>	<u>822,625</u>

28.1 The balances in saving accounts carry interest at the rate of 5.50% to 10.25% (2019: 4.50% to 10.25%) per annum.

29 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Freehold land		34,666,917	28,750,000
Non-factory building		<u>6,477,185</u>	<u>6,477,185</u>
		<u>41,144,102</u>	<u>35,227,185</u>

29.1 These represent freehold land measuring approximately 167 (2019: 143.75) Marla comprising open area and old worker quarters having 31,877 square feet covered area, on the extreme back side of the mills situated at Westridge Industrial Area, Rawalpindi. On 22 October 2019, the Company entered into an agreement for the sale of 167 Marla property at a price of Rupees 42.5 million and earnest money of Rupees 5 million was received, and remaining sale consideration was agreed to be paid on or before 22 January 2020. However, due to Covid-19 pandemic, the buyer could not arrange total remaining sale consideration of Rupees 37.5 million. Title of the property will be transferred on receipt of entire transaction price.

Non-recurring fair value measurements

Freehold land and non-factory building classified as held for sale was measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of freehold land and non-factory buildings was determined by Danish Enterprises and Construction. This is a level 2 measurement as per the fair value hierarchy.

	NOTE	2020 Rupees	2019 Rupees
30 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and other benefits	30.1	11,421,886	8,777,452
Rent, rates and taxes		4,053,722	6,456,283
Printing and stationery		151,616	145,854
Fuel and power		1,820,553	1,970,570
Postage and telephone		358,850	324,760
Travelling and conveyance		2,701,680	438,825
Vehicles' running		1,832,528	1,527,621
Repair and maintenance		1,214,329	607,965
Entertainment		123,726	321,620
Advertisement		305,600	374,355
Legal and professional		198,000	285,600
Fees and subscription		608,831	562,838
Depreciation	14	1,489,313	4,260,300
Depreciation on right-of-use-assets	16	62,043	-
Miscellaneous		579,145	1,015,733
		<u>26,921,822</u>	<u>27,069,776</u>
30.1 This includes employees' retirement benefits of Rupees 770,118 (2019: Rupees 634,014).			
31 OTHER EXPENSES			
Operating fixed assets written off	14	2,767,745	-
Right-of-use assets written off	16	491,530	-
Provision against doubtful deposits:			
Long term deposits	20.2	15,293,000	-
Short term deposit	25.1	2,000,000	-
Long outstanding receivables written off	26	13,500	-
Provision against doubtful export rebate and claims	26.2	134,667	-
Auditor's remuneration	31.1	535,000	535,000
Workers' welfare fund		384,640	-
Loss on sale of property, plant and equipment		652,772	524,335
Loss due to theft		420,000	-
		<u>22,692,854</u>	<u>1,059,335</u>
31.1 Auditor's remuneration			
Audit fee		455,000	455,000
Half yearly review		55,000	55,000
Other certification		25,000	25,000
		<u>535,000</u>	<u>535,000</u>
32 OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		1,460	730
Return on investment		508,651	479,238
		<u>510,111</u>	<u>479,968</u>
Income from non-financial assets			
Scrap sale		320,000	-
Others			
Accrued mark-up written back	5.1	20,767,825	-
Long outstanding liabilities written back		277,641	347,397
		<u>21,045,466</u>	<u>347,397</u>
		<u>21,875,577</u>	<u>827,365</u>

		2020	2019 Restated
33 FINANCE COST			
Mark-up on long term financing		33,740	235,174
Bank charges and commission		<u>179,666</u>	<u>182,757</u>
		<u>213,406</u>	<u>417,931</u>
34 TAXATION			
Current - current year	34.1	6,411,506	5,578,208
Deferred	9.1	<u>(1,072,792)</u>	<u>(1,912,570)</u>
		<u>5,338,714</u>	<u>3,665,638</u>
34.1	Provision for current tax represents tax on rental income only because of gross loss for the year and in view of available tax losses of Rupees 116.697 million (2019: Rupees 150.330 million). Consequently, tax expense reconciliation is not being presented.		
35 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings / (loss) per share which is based on:			
Profit / (loss) attributable to ordinary shares	(Rupees)	<u>13,508,634</u>	<u>(7,341,312)</u>
Weighted average number of ordinary shares	(Numbers)	<u>3,052,429</u>	<u>3,052,429</u>
Earnings / (loss) per share	(Rupees)	<u>4.43</u>	<u>(2.41)</u>
36 CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		18,847,348	(3,675,674)
Adjustments for non-cash charges and other items:			
Depreciation		1,489,313	4,260,300
Depreciation on right-of-use-assets		62,043	-
Operating fixed assets written off		2,767,745	-
Right-of-use assets written off		491,530	-
Provision for gratuity		770,118	634,014
Provision against doubtful deposits:			
Long term deposits		15,293,000	-
Short term deposit		2,000,000	-
Provision against doubtful export rebate and claims		134,667	-
Loss on sale of property, plant and equipment		652,772	524,335
Gain from fair value adjustment on investment properties		(19,164,051)	-
Return on investment		(508,651)	(479,238)
Accrued mark-up written back		(20,767,825)	-
Finance cost		213,406	417,931
Long outstanding receivables written off		13,500	-
Long outstanding liabilities written back		(277,641)	(347,397)
Working capital changes	36.1	<u>23,817,790</u>	<u>7,345,298</u>
		<u>25,835,064</u>	<u>8,679,569</u>
36.1 Working capital changes			
Decrease / (increase) in current assets:			
Advances		(38,000)	36,001
Other receivables		<u>(511,176)</u>	<u>(205,188)</u>
		(549,176)	(169,187)
Increase in trade and other payables		<u>24,366,966</u>	<u>7,514,485</u>
		<u>23,817,790</u>	<u>7,345,298</u>

36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	2020			Total
	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	
	-----Rupees-----			
Balance as at 01 July 2019	1,766,260	4,803,735	144,947	6,714,942
Repayment of long term financing	(1,766,260)	-	-	(1,766,260)
Short term borrowings - net	-	(4,038,257)	-	(4,038,257)
Balance as at 30 June 2020	-	765,478	144,947	910,425

	2019			Total
	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	
	-----Rupees-----			
Balance as at 01 July 2018	5,131,086	11,890,030	144,947	17,166,063
Repayment of long term financing	(3,364,826)	-	-	(3,364,826)
Short term borrowings - net	-	(7,086,295)	-	(7,086,295)
Balance as at 30 June 2019	1,766,260	4,803,735	144,947	6,714,942

37 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2020	2019	2020	2019
	-----Rupees-----			
Managerial remuneration	2,310,000	2,400,000	2,463,300	496,800
Allowances				
Utilities	1,076,360	1,087,882	23,700	55,200
Travelling	-	-	1,983,400	-
Others	583,377	-	51,350	-
	3,969,737	3,487,882	4,521,750	552,000
Number of persons	1	1	2	1

37.1 Chief Executive Officer and 1 (2019: Nil) director is provided with the Company's maintained vehicles, personal and family's free medical facilities, personal and family's travelling, residential telephone facilities for both business and personal use and entertainment expenses at actual. Residence is provided to Nil (2019: 1) director.

37.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2019: 1) director was Rupees 20,000 (2019: Rupees 20,000).

37.3 No remuneration was paid to non-executive directors of the Company.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2020	2019
	Rupees	Rupees
Mr. Habib Ullah - C.E.O		
Loan obtained during the year	2,144,000	888,000
Adjustment / payment against outstanding balance	5,182,257	5,534,295
Mrs. Riffat Habib - Close family member of C.E.O.		
Payment against outstanding balance	-	1,400,000
Mr. Sami Ullah - Director		
Loan obtained during the year	2,300,000	65,000
Adjustment / payment against outstanding balance	2,300,000	2,105,000
Rental income	154,000	242,000

	2020	2019
39 NUMBER OF EMPLOYEES		
Number of employees as at 30 June	<u>26</u>	<u>26</u>
Average number of employees during the year	<u>26</u>	<u>26</u>

40 FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign currency.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets except term deposit receipts. The Company's interest rate risk arises from investments and bank balances in saving accounts. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Investments	8,559,163	8,118,972
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	11,937	11,839

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 119 (2019: Rupees 118) higher / lower, mainly as a result of higher / lower interest on saving accounts.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	Rupees	Rupees
Investments	8,559,163	8,118,972
Due from related party	17,619,962	17,619,962
Deposits	9,151,434	26,414,434
Advances	53,000	15,000
Other receivables	682,385	33,500
Bank balances	<u>17,943,488</u>	<u>94,548</u>
	<u>54,009,432</u>	<u>52,296,416</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2,822	2,822
Bank Alfalah Limited	A1+	AA+	PACRA	3,785	1,735
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,687	2,840
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,209,086	6,219
MCB Bank Limited	A1	A	PACRA	5,014	5,982
Silkbank Limited	A-2	A-	JCR-VIS	6,136	5,718
The Bank of Khyber	A-1	A	PACRA	2,150	2,150
Faysal Bank Limited	A1+	AA	PACRA	3,320	3,637
Askari Bank Limited	A1+	AA	PACRA	11,098	-
Meezan Bank Limited	A-1+	AA+	JCR-VIS	<u>15,696,390</u>	<u>63,445</u>
				<u>17,943,488</u>	<u>94,548</u>
Investment					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8,559,163	8,118,972
				<u>26,502,651</u>	<u>8,213,520</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through sponsors' support. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020.

	Carrying amount	Contractual cash flows	6 months or less
	----- Rupees -----		
Non-derivative financial liabilities:			
Lease liability	658,531	658,531	658,531
Trade and other payables	77,447,257	77,447,257	77,447,257
Unclaimed dividend	144,947	144,947	144,947
Short term borrowings	<u>765,478</u>	<u>765,478</u>	<u>765,478</u>
	<u>79,016,213</u>	<u>79,016,213</u>	<u>79,016,213</u>

Contractual maturities of financial liabilities as at 30 June 2019.

	Carrying amount	Contractual cash flows	6 months or less
----- Rupees -----			
Non-derivative financial liabilities:			
Long term financing	1,766,260	1,800,000	1,800,000
Liability against assets subject to finance lease	658,531	658,531	658,531
Trade and other payables	77,220,333	77,220,333	77,220,333
Unclaimed dividend	144,947	144,947	144,947
Short term borrowings	4,803,735	4,803,735	4,803,735
Accrued mark-up	20,767,825	20,767,825	20,767,825
	<u>105,361,631</u>	<u>105,395,371</u>	<u>105,395,371</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June.

40.2 Financial instruments by categories

	Amortized cost
	Rupees
As at 30 June 2020	
Assets as per statement of financial position	
Investments	8,559,163
Due from related party	17,619,962
Deposits	9,151,434
Advances	53,000
Other receivables	682,385
Cash and bank balances	<u>18,382,451</u>
	<u>54,448,395</u>
Financial liabilities at amortized cost	
----- Rupees -----	
Liabilities as per statement of financial position	
Lease liability	658,531
Short term borrowings	765,478
Unclaimed dividend	144,947
Trade and other payables	<u>77,447,257</u>
	<u>79,016,213</u>
Amortized cost	
Rupees	
As at 30 June 2019	
Assets as per statement of financial position	
Investments	8,118,972
Due from related party	17,619,962
Deposits	26,414,434
Advances	15,000
Other receivables	33,500
Cash and bank balances	<u>822,625</u>
	<u>53,024,493</u>
Financial liabilities at amortized cost	
Rupees	
Liabilities as per statement of financial position	
Long term financing	1,766,260
Liability against assets subject to finance lease	658,531
Accrued mark-up	20,767,825
Short term borrowings	4,803,735
Unclaimed dividend	144,947
Trade and other payables	<u>77,220,333</u>
	<u>105,361,631</u>

Offsetting financial assets and liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

40.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

41 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

42 RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2020	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	209,211,600	-	209,211,600
Non factory buildings	-	9,708,543	-	9,708,543
Electric installations	-	3,480,120	-	3,480,120
Factory equipment	-	454,504	-	454,504
Furniture, fixtures and office equipment	-	280,079	-	280,079
Vehicles	-	1,433,207	-	1,433,207
	-	224,568,053	-	224,568,053
Investment properties	-	353,301,030	-	353,301,030
Total non-financial assets	-	577,869,083	-	577,869,083

At 30 June 2019	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	209,775,681	-	209,775,681
Non factory buildings	-	8,572,064	-	8,572,064
Plant and machinery	-	4,124,594	-	4,124,594
Electric installations	-	3,866,800	-	3,866,800
Factory equipment	-	505,004	-	505,004
Furniture, fixtures and office equipment	-	311,199	-	311,199
Vehicles	-	1,791,509	-	1,791,509
Plant and machinery - leased	-	1,353,655	-	1,353,655
	-	230,300,506	-	230,300,506
Investment properties	-	334,136,979	-	334,136,979
Total non-financial assets	-	564,437,485	-	564,437,485

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its property, plant and equipment, right-of-use assets and investment properties after regular intervals. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction/ replacement value of the same building. The best evidence of fair value of plant and machinery and electric installations is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value/ new purchase of the same plant and machinery and electric installation.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's property, plant and equipment, right-of-use assets and investment properties after regular intervals. As at 02 May 2018, the fair values of the plant and machinery, electric installations and factory equipment have been determined by Danish Enterprises and Construction, while fair values of the freehold land, buildings on freehold land and non-factory buildings were determined by Danish Enterprises and Construction on 30 June 2020.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

43 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company remained closed from 23 March 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its activities and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- Expected credit losses under International Financial Reporting Standard 9, Financial Instruments; and
- The impairment of tangible assets under International Accounting Standard 36, Impairment of assets.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19, except for delay in receipt of sale consideration against non-current assets classified as held for sale, in these financial statements.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2020 by the Board of Directors of the Company.

45 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Restatement due to rectification of prior period error disclosed in Note 2.30. Rental income of Rupees 24.044 million was reclassified from other income to revenue for better presentation. No other reclassification / rearrangement of corresponding figures have been made.

46 GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended Particulars	30 June					
	2020	2019	2018	2017	2016	2015
Assets employed						
Fixed Assets	577,869	564,437	574,652	601,279	679,890	696,188
Advance against property	-	-	-	-	-	-
Due from related party	-	-	-	-	-	15,302
Long term deposits/investments	16,509	31,338	30,931	30,549	24,404	24,424
Current assets	82,781	60,897	59,941	62,146	26,124	16,913
Total assets employed	677,159	656,672	665,524	693,974	730,418	752,827
Financed by:						
Shareholder's equity	(67,036)	(80,857)	(75,583)	(61,826)	(61,485)	25,424
Surplus on revaluation of fixed assets	574,875	569,362	571,260	575,018	602,662	530,254
	507,839	488,505	495,677	513,192	541,177	555,678
Long Term Financing	-	-	1,766	5,131	8,137	-
Long term liabilities	3,817	3,356	3,130	10,063	9,839	9,951
Deferred liabilities	4,517	5,397	7,241	14,856	22,477	51,845
Current liabilities	130,463	128,892	127,186	120,209	118,264	135,353
Total funds invested	138,797	137,645	139,323	150,259	158,717	197,149
Profit & (Loss)						
Turn over	-	-	-	-	198	3,574
Gross profit/(Loss)	46,800	24,044	-	-	(8)	(19,779)
Operating profit/(loss)	19,061	(3,258)	(17,496)	(8,688)	(84,994)	86,496
Finance charges	(213)	(417)	(674)	(893)	(1,948)	(43,798)
Profit/(loss) before taxation	18,847	(3,676)	(18,171)	(9,582)	(86,941)	42,697
Profit/(loss) after taxation	13,509	(7,341)	(15,862)	(2,775)	(58,829)	53,478
Extra ordinary items	-	-	-	-	-	-
Net profit/(loss)	13,509	(7,341)	(15,862)	(2,775)	(58,829)	53,478
Actual production (M Kgs)	-	-	-	-	-	-
Converted into 20's (M Kgs)	-	-	-	-	-	-
Earning/(loss) per share	4.43	(2.41)	(5.20)	(0.91)	(19.27)	17.52
Spindles installed Nos.	-	-	2,064	2,064	11,400	16,200
Spindles worked Nos.	-	-	-	-	-	-
Shifts per day	-	-	-	-	-	-

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **D.M. INDUSTRIES LIMITED**2.1. Pattern of holding of the shares held by the shareholders as at **30/06/2020**

-----Shareholdings-----			
4. No. of Shareholders	From	To	Total Shares Held
162	1	100	7,856
78	101	500	22,146
27	501	1,000	22,450
24	1,001	5,000	50,247
11	5,001	10,000	82,239
1	10,001	15,000	11,558
2	15,001	20,000	34,600
3	20,001	25,000	69,400
1	25,001	30,000	25,169
3	30,001	35,000	93,975
2	40,001	45,000	86,000
1	60,001	65,000	63,173
1	75,001	80,000	77,700
1	80,001	85,000	80,500
1	85,001	90,000	85,950
2	95,001	100,000	197,530
1	100,001	105,000	100,715
1	130,001	135,000	130,124
2	135,001	140,000	275,652
1	150,001	155,000	150,016
1	175,001	180,000	177,648
1	260,001	265,000	263,508
1	265,001	270,000	269,614
1	670,001	675,000	674,659
329			3,052,429

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	1,286,621	42.1507%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	269,876	8.8414%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,474	0.0483%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	674,659	22.1024%
2.3.8 General Public		
a. Local	1,391,500	45.5866%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	7,930	0.2598%
- Pension Funds	30,775	1.0082%
- Others	64,253	2.1050%

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2020**

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail): - -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. HABIB ULLAH	263,508	8.6327
2	MR. ABRAR ALAM	108,200	3.5447
3	MR. SHAHID HUSSAIN	100	0.0033
4	MR. AMEER ZEB (CDC)	139,500	4.5701
5	MR. SAMI ULLAH	674,659	22.1024
6	MR. HUSSAIN AHMED OZGEN	654	0.0214
7	MR. SHAHID AZIZ (NIT NOMINEE)	--	--
8	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761

Executives: 177,648 5.8199

Public Sector Companies & Corporations: - -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds: 32,249 1.0565

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. SAMI ULLAH	674,659	22.1024
2	MR. HABIB ULLAH (CDC)	263,508	8.6327
3	CDC -TRUSTEE NATIONANAL INVESTMENT (UNIT) TRUST (CDC)	269,614	8.8328
4	RAO KHALID PERVAIZ	177,648	5.8199

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MR. HABIB ULLAH	372,892	-
2	MR. SAMI ULLAH	-	372,892

PROXY FORM

I/We _____
of _____
in the district _____ being a member of **D.M. Industries Limited**
and holder of _____ ordinary share as
(Number of Shares)
per share Register Folio No. _____ Here
appoint _____ of _____
another member of the company of failing him _____
of _____
another member of the Company as my / our proxy to vote of me / us on my / our behalf at the
Annual General Meeting of the Company to be held on Tuesday, October 27, 2020 at 3:00 PM hours
or at any adjournment thereof.

Signed this _____ day of _____ 2020

1. Witness:
Signature _____
Name _____
Address _____

Affix
Revenue
Stamps of
Rs. 5/-

2. Witness: _____
Signature _____ Signature of Member
Name _____ Shareholder's Folio No. _____
Address _____ CDC A/c No. _____

NIC No.

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Note:

1. Proxies, in order to be effective, must be received at the company's Registered Office, Westridge, Rawalpindi. not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders are requested to bring with them their National Identity Cards along with the Participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.