



D.M. Textile Mills Limited

Westridge, Rawalpindi - Pakistan.

E-mail: dmtm@dmtextile.com.pk Website: dmtextile.com.pk
dmtextilemills@yahoo.com

October 26, 2019

Mr. Abbas Mirza

Acting Chief Regulatory Officer,
Pakistan Stock Exchange Limited,
Stock Exchange Building, Stock Exchange Road,
Karachi.

D.M. TEXTILE MILLS LIMITED ("the Company")
NON-COMPLIANCES OF PSX REGULATIONS NO. 5.11.1.(b) & (i)
COMPLIANCE DEADLINE: ON OR BEFORE MONDAY, October 28, 2019

Dear Sir,

We refer to letter No. PSX/Gen-5252 and Notice No. PSX/N-1315 both dated 21 October 2019 on the captioned matter.

You would appreciate that the Company has taken all the required steps for compliance with PSX Regulations No. 5.11.1.(b) and (i). The compliances under reference shall be evident from interim financial statements of the Company for the half year ended 31 December 2019 to be reviewed by external auditors of the Company. The half yearly accounts of the Company are expected to be authorized for issue by the board of directors of the Company by 28 February 2020.

You would note that the members of the Company in their extra-ordinary general meeting held on 31 May 2019 have already resolved to change the principal line of business of the Company along with change of name of the Company. The new 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.

Although members' resolution has been unanimously carried out, you would appreciate that the process for alteration of memorandum of association of a company mandates no-objection certificates from secured lenders of the Company. We are pleased to report that the Company has settled entire outstanding liability of the Faysal Bank Limited and the Bank has today issued NOC for vacation of charge on assets of the Company to SECP. Hence, after vacation of charge of the Bank in the records of SECP, there shall remain no secured lenders with payable amounts. Hence, the Bank's NOC for name change and alteration of memorandum of association due to change in principal line of business shall no more be required. Earlier the Bank was not willing to issue NOC due to sub-judice matter.

Hence, the main pending submission before Company Registration Office (CRO), SECP for acceptance of our applications for alteration of memorandum of association of the Company and change of name shall be complied and all procedural formalities in this regard shall stand completed within a few weeks.



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You would appreciate that pursuant to completion of all procedural formalities with CRO, SECP concerning alteration of memorandum of association due to change in principal line of business, the Company shall be preparing its accounts based on the duly approved principal line of business. Hence, the rental income earned by the Company and currently being shown under the heading "other income" in periodic accounts of the Company shall stand classified as main income / revenue of the Company from its principal line of business in all accounts of the Company to be issued after completion of the aforesaid procedural formalities. Hence, even as of today, based on strength of members' resolution for change of principal line of business, there is no suspension of business operations in principal line of business of the Company.

The most important factor that you shall note from annual audited accounts of the Company is that the Company is already earning against the principal line of business, that it shall now onwards pursue. Hence, based on the strength of regulatory approval for change in principal line of business, reduction in liabilities of the Company through sale of surplus assets, etc. there shall exist no doubts upon the Company's ability to continue as a going concern. Hence, we are of the view that there shall be no qualification / adverse opinion on account of going concern by the auditors in their review report to the members on half yearly accounts of the Company for the period ended 31 December 2019.

We are confident that your honor, based on reading of the aforesaid, shall appreciate that the Company has taken all the required steps for compliance with PSX Regulations No. 5.11.1.(b) and (i). We once again reiterate that the compliances under reference shall be evident from interim financial statements of the Company for the half year ended 31 December 2019 to be reviewed by external auditors of the Company. The half yearly accounts of the Company are expected to be authorized for issue by the board of directors of the Company by 28 February 2020. Hence, we request for withdrawal of the Notice and letter under reference.

Thanking you,

Yours sincerely,
For D.M. Textile Mills Ltd

Mian Habib Ullah
Chief Executive