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CORPORATE PROFILE

BOARD OF DIRECTORS

1.	Mr. Iftikhar Shaffi	Chief Executive	*(Executive)*	
2.	Mr. Qaiser Saleem Khan	Director	*(Independent)*	
3.	Mr. Imran Kabir	Director	*(Independent)*	
4.	Mrs. Seema Iftikhar	Director	*(Non-Executive)*	*(Chairman of Board)*
5.	Mr. Muhammad Sameer	Director	*(Non-Executive)*	
6.	Mr. Hashim Aslam Butt	Director	*(Non-Executive)*	
7.	Mr. Mohib Hussain	Director	*(Non-Executive)*	

COMPANY SECRETARY

- Mr. Zahoor Ahmad

CHIEF FINANCIAL OFFICER

- Mr. Munawar Hussain

AUDIT COMMITTEE

1.	Mr. Imran Kabir	Chairman	*(Independent Director)*
2.	Mr. Muhammad Sameer	Member	*(Non-Executive Director)*
3.	Mr. Hashim Aslam Butt	Member	*(Non-Executive Director)*

HUMAN RESOURCE & REMUNERATION COMMITTEE

1.	Mr. Imran Kabir	Chairman	*(Independent Director)*
2.	Mr. Muhammad Sameer	Member	*(Non-Executive Director)*
3.	Mr. Hashim Aslam Butt	Member	*(Non-Executive Director)*

LEGAL ADVISOR

A.K. Minhas Law Associates

AUDITORS

SARWARS Chartered Accountants
Office # 12-14, 2nd Floor, Lahore Centre, 77-D, Main Boulevard, Gulberg-III, Lahore`

BANKERS

- Allied Bank Limited
- Askari Commercial Bank Limited
- Bank Alfalah Limited
- Habib Metropolitan Bank Limited
- Silk Bank Limited
- Habib Bank Limited

REGISTERED OFFICE

- Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
  Tel: 0938-270597, 270297

FACTORY

- Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
  Tel: 0938-270597, 270297

PRINCIPLE OFFICE

- 23-Km, Multan Road, Mohlanwal, Lahore
  Tel: 042-37540336-7
  Fax: 042-37540335, 35300010
  E.mail: info@diamondfoam.com

SHARE REGISTRAR

- M/s Corplink (Pvt) Limited
  Wings Arcade, 1-K Commercial, Model Town, Lahore
  Tel: 042-35839182, 35887262
  Fax: 042-35869037

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Shareholders of Diamond Industries Limited will be held on Thursday 27th October, 2022 at 11:00 A.M. at Company's Registered Office at Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber-Pakhtoonkhwa to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 27th day of October, 2021.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2022 together with the Auditors' and Directors' Report thereon.

3. To appoint Auditors and to fix their remuneration for the next financial year ending June 30, 2023. The retiring auditors, being eligible have offered themselves for their reappointment. Audit Committee of the Board has also recommended for re-appointment of M/s SARWARS Chartered Accountants, office# 12-14, 2nd Floor, Lahore Centre, 77-D, Main Boulevard, Gulberg-III, Lahore, as Auditors of the company.

4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

ZAHOOR AHMAD
Company Secretary

Lahore: 04-10-2022

Notes:

1. The share transfer books of the Company will remain closed from October 20, 2022 to October 27, 2022 (both days inclusive). Transfers received at the office of the Company's Registrars, Messrs CORPLINK (PVT) LTD, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore by close of business on October 19, 2022, will be treated in time.

2. A member entitled to attend and vote at the Meeting, may appoint another member as his / her proxy to attend, speak and vote on his/her behalf. Proxies effective must be receive at the office of the company not less than 48 hours before holding of meeting.

3. A member, who has deposited his/her shares in Central Depository Company of Pakistan, must bring his/her Participant ID number and account/sub account number alongwith original CNIC or Passport at the time of attending the meeting.

4. In case of corporate entities, Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.

5. To ensure compliance with the SECP Notification SRO 831(1)2012 dated July 05, 2012 read with Notification SRO 19(1)2014 dated January 10, 2014, all members who have not yet submitted their valid CNIC/NTN, are hereby once again requested to submit the same without further delay.

6. Due to current COVID-19 situation, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

7. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical

location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, ____________________ of _____________, being a member of Diamond Industries Limited, holder of __________ ordinary share(s) as per Registered Folio No. ______ hereby opt for video conference facility at _____________."

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

Chairman's Review Report

It is my privilege to be serving as the Chairman of Board of Directors of Diamond Industries Limited (the Company). All the board members including leadership team of the Company are humbled by your overwhelming response and are determined to deliver as per your expectations soon. I would like to thank our esteemed shareholders for entrusting me with guiding direction of the Company and assure that all my efforts will continue to be aimed at steering the Company towards consistent qualitative and quantitative growth in future as well. We are committed towards fulfilling our mission for revival of business operations of the company. This commitment is reflected through the milestones we achieved in 2022. Your Company achieved its highest Financial Strength and testament to the excellent guidance of its Board of Directors and efforts put in by the entire Company. Performance of members of our Board remained excellent throughout the year and their collective contributions and efforts allowed the Company to not only achieve its targets but also maintain its excellent market reputation.

The Board has played a pivotal role in achieving the Company's objectives and safeguarding interests of the shareholders. The Directors have rich and varied experience in the fields of business, finance, and regulations. The Board provides strategic direction to the management and is available for guidance. The Board approves the budget and ensures that a competent and energetic team is in position to achieve the goals set in future. The Board ensures compliance of all regulatory requirements by the Management. The board committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on detailed review of financial statements and effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team. An important role of the Committee is succession planning.

In acknowledgment of the confidence and trust shown by our esteemed shareholders during suspension of business operations of the company, I would like to praise the management for its immense efforts in achieving wonderful results in 2022 and hope that the Company would continue its upward growth trajectory in future as well.

Seema

Seema Iftikhar
Chairman

DIRECTORS' REPORT

Dear Shareholders,
The Directors of **Diamond Industries Limited** feel pleasure to present before you the Directors' Report together with Audited Financial Statements of the company and Auditors' Report for the financial year ended June 30, 2022.

Financial Highlights	2022	2021
	(Rs. in Millions)	
Sales (Net)	1,785.557	163.264
Gross Profit	175.993	16.686
Operating Expenses	(107.383)	(21.146)
Other Operating Income	4.741	33.431
Profit from Operation	73.352	28.971
Other Expenses	(5.553)	(2.200)
Financial Cost	(0.015)	(1.108)
Share of Profit/(Loss) of Associated Coys.	(0.338)	1.426
Profit before Taxation	67.444	27.089
Taxation	(14.337)	6.425
Profit after Taxation	52.907	33.514

Year in Review:
The company has resumed its core manufacturing business operations since May 2021 and during the current financial year under review, despite of challenging business environment in the country, the company scored the sale revenue of Rs. 1,785 M, Gross Profit of Rs. 175.993 M and Profit from Operation is Rs. 73.352 M as against of Rs. 163.264 M, Gross Profit of Rs. 16.686 M and Profit from Operation is Rs. 28.971 M for the corresponding year ended June 30, 2021. Whereas after adjustment of other expenses, finance cost and share of profit/(loss) of associated companies amounting to Rs. 5.907 M, the net profit after tax is arrived at Rs. 52.907 M as compared to Rs. 33.514 M for the correspondence year ended June 30, 2021.

Vision and Mission:
The statement reflecting the Vision and Mission of the company is annexed to the report.

Earnings per Share:
Earnings per share for the year under review are Rs. 5.88 as compared to Rs. 3.72 for the immediate preceding year.

Pattern of Shareholding:
Pattern of shareholding is annexed to this report.

Board Meetings:
During the year under review five BOD meetings of the company were held and the attendance by each director in the meetings is as under:

S.no.	Name	Position	Attendance
1.	Mr Iftikhar Shaffi	Chief Executive	05
2.	Mr Muhammad Sameer	Director	05
3.	Mr Abdul Shakoor	Director	04
4.	Mr Hashim Aslam Butt	Director	05
5.	Mr. Mohib Hussain	Director	05
6.	Mr. Qaiser Saleem Khan	Director	05
7.	Mr. Imran Kabir	Director	05
8.	Mrs. Seema Iftikhar	Director	01

Board Audit Committee:

The Board Audit Committee of the Company is in place comprising of one independent director and two non-executive directors including the Chairman of the Board Audit Committee. Names of the members of audit committee are appended at corporate profile of this annual report. Five meetings of the committee were held during the year under review as required by the CCG for review of quarterly, half yearly & annual financial statements and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Human Resources & Remuneration Committee:

Human Resources & Remuneration Committee is also in place and comprises of one independent director and two non-executive directors including the Chairman of the Committee. Names of the members of this Committee are appended at corporate profile of this annual report. The Committee looks into the requirements of manpower engaged by the company along with their remuneration and regularize the safety measures and environmental stewardship. Committee also recommend the board for review, consider & approve the management policies, compensation matters (including retirement benefits) of COO, CFO, Company Secretary and head of internal audit and all such matters for key management position who report directly to CEO. The Committee ensures all elements of compensation and welfare of the employees and holds its meetings as and when required.

Transfer Pricing:

The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of stock exchanges.

Code of Conduct:

Our code is built on a set of shared values based on principles of honesty, integrity, diligence, truthfulness and honour.

Future Outlook:

As the company has restarted its core manufacturing operations since 1st day May 2021 and the Management of the company is planning to expand its business operations and is in process for arranging new financing facilities for the company and taking necessary measures for increase its market share by expanding its business operations and in order to maximize its shareholders' wealth. Further in order to cope with sharp devaluation of Pak Rupees vs US dollar price in the country and the sharp increase in the price of power and fuel has forced the company to square its profit margins in future.

Auditors:

M/s SARWARS Chartered Accountants are retiring at the conclusion of forthcoming AGM of the company and eligible to offer themselves for their re-appointment. The Audit Committee has also recommended for the appointment of M/s SARWARS, Chartered Accountants as the statutory auditors of the Company for the financial year ending June 30, 2023. The Board of Directors has endorsed this recommendation.

Corporate and Financial Reporting Framework:

Diamond Industries Limited, is committed to maintaining high standards of corporate governance without any exception. The Directors are pleased to state that the company is compliant with the provisions of the Code of Corporate Governance as required by SECP and formed as part of stock exchange listing regulations. Statement of Compliance with Code of Corporate Governance is as under.

The Directors confirm that:

a. The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.

b. Proper books of accounts of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.

d. International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored f) There are no significant doubts upon the company's ability to continue as a going concern

f. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations

g. Statements regarding the following are annexed or disclosed in the notes to the accounts:
- Key financial data for the last six years
- Pattern of shareholdings
- Number of Board meetings held during the year and attendance by each director

Acknowledgement:

The board joins me to thank all the staff members and management team for their concerted efforts and contribution.

For and on behalf of the Board

IFTIKHAR SHAFFI
Chief Executive

IMRAN KABIR
Director

Lahore:- 29th September, 2022

ڈائریکٹرز کی رپورٹ

پیارے شیئر ہولڈرز،

ڈائمنڈ انڈسٹریز لمیٹڈ کے ڈائریکٹرز آپ کے سامنے کمپنی کے آڈٹ شدہ مالیاتی بیانات اور 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے آڈیٹرز کی رپورٹ کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔-

مالیاتی جھلکیاں	2021 (ملین)	2022 (ملین)
سیلز	163.264	1,785.557
مجموعی منافع	16.686	175.993
آپریٹنگ خرچہ	(21.146)	(107.383)
دیگر آپریٹنگ آمدن	33.431	4.741
آپریٹنگ منافع	28.971	73.353
دیگر اخراجات	(2.2)	(5.553)
مالیاتی خرچہ	(1.108)	(0.015)
ایسوسی ایٹ کمپنی کے نفع/نقصان کا حصہ	1.426	(0.338)
نفع قبل از ٹیکس	27.089	67.444
ٹیکس	6.425	(14.337)
منافع بعد از ٹیکس	33.514	52.907

سال کا جائزہ:

کمپنی نے مئی 2021 سے اپنا بنیادی مینوفیکچرنگ کاروبار دوبارہ شروع کر دیا ہے اور زیر جائزہ موجودہ مالی سال کے دوران، ملک میں چیلنجنگ کاروباری ماحول کے باوجود، کمپنی نے 1,785 ملین روپے کی سیل ریونیو، 175.993 ملین روپے کا مجموعی منافع اور آپریشن سے منافع 73.352 ملین روپے حاصل کی ہے۔ جو کہ پچھلے سال 163.264 ملین روپے اسیل ریونیو کے 16.686 ملین مجموعی منافع اور آپریشن سے منافع 28.971 ملین روپے تھا۔ منافع بعد از ٹیکس 52.907 ملین روپے کے مقابلے میں 30 جون 2021 کو ختم ہونے والے خط و کتابت کے سال کے لیے 33.514 ملین رہا۔

نظریہ اور مقصد:

کمپنی کے وژن اور مشن کی عکاسی کرنے والا بیان رپورٹ کے ساتھ منسلک ہے۔

فی شیئر آمدنی:

زیر نظر سال کی فی حصص آمدنی 5.88 روپے کے مقابلے میں فوری پچھلے سال کے لیے 3.72 روپے ہے۔

شیئر ہولڈنگ کا نمونہ:

شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ کے اجلاس:

زیر جائزہ سال کے دوران کمپنی کے پانچ BOD اجلاس منعقد ہوئے اور اجلاسوں میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

حاضری	عہدہ	نام	نمبر شمار
05	چیف ایگزیکٹو	افتخار شفیع	1
05	ڈائریکٹر	محمد سمیر	2
05	ڈائریکٹر	ہاشم اسلم بٹ	3
05	ڈائریکٹر	محبّ حسین	4
04	ڈائریکٹر	عبدالشکور	5
05	ڈائریکٹر	قیصر سلیم خان	6
05	ڈائریکٹر	عمران کبیر	7
01	ڈائریکٹر	سیماء افتخار	8

بورڈ آڈٹ کمیٹی:

کمپنی کی بورڈ آڈٹ کمیٹی ایک آزاد ڈائریکٹر اور بورڈ آڈٹ کمیٹی کے چیئر مین سمیت دو نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ آڈٹ کمیٹی کے اراکین کے نام اس سالانہ رپورٹ کے کارپوریٹ پروفائل میں شامل کیے گئے ہیں۔ سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں اور دیگر متعلقہ معاملات کا جائزہ لینے کے لیے سی سی جی کی ضرورت کے مطابق سال کے دوران کمیٹی کے پانچ اجلاس منعقد کیے گئے۔ اجلاسوں میں سی ایف او، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز نے بھی شرکت کی۔

انسانی وسائل اور معاوضہ کمیٹی:

انسانی وسائل اور معاوضے کی کمیٹی بھی قائم ہے اور اس میں ایک آزاد ڈائریکٹر اور کمیٹی کے چیئر مین سمیت دو نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ اس کمیٹی کے اراکین کے نام اس سالانہ رپورٹ کے کارپوریٹ پروفائل میں شامل کیے گئے ہیں۔ کمیٹی کمپنی کی طرف سے کام کرنے والی افرادی قوت کی ضروریات کو ان کے معاوضے کے ساتھ دیکھتی ہے اور حفاظتی اقدامات اور ماحولیاتی ذمہ داری کو باقاعدہ بناتی ہے۔ کمیٹی بورڈ کو انتظامی پالیسیوں، سی او او، سی ایف او، کمپنی سکریٹری اور ہیڈ آف انٹرنل آڈٹ کے معاوضے کے معاملات (بشمول ریٹائرمنٹ کے فوائد) پر نظر ثانی، غور اور منظوری کے لیے بورڈ کو سفارش کرتی ہے اور کلیدی انتظامی عہدے کے لیے ایسے تمام معاملات جو براہ راست سی ای او کو رپورٹ کرتے ہیں۔ کمیٹی ملازمین کے معاوضے اور فلاح و بہبود کے تمام عناصر کو یقینی بناتی ہے اور ضرورت پڑنے پر اپنے اجلاس منعقد کرتی ہے۔

منتقلی کی قیمت:

کمپنی نے سٹاک ایکسچینج کی فہرست سازی کے ضوابط کے مطابق ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے۔

ضابطہ اخلاق:

ہمارا ضابطہ ایمانداری، دیانتداری، مستعدی، سچائی اور عزت کے اصولوں پر مبنی مشترکہ اقدار کے مجموعے پر بنایا گیا ہے۔

مستقبل کا نقطہ نظر:

چونکہ کمپنی نے یکم مئی 2021 سے اپنے بنیادی مینوفیکچرنگ آپریشنز کو دوبارہ شروع کیا ہے اور کمپنی کی انتظامیہ اپنے کاروباری آپریشنز کو وسعت دینے کی منصوبہ بندی کر رہی ہے اور کمپنی کے لیے نئی مالیاتی سہولیات کا بندوبست کرنے اور اس کے مارکیٹ شیئر کو بڑھانے کے لیے ضروری اقدامات کر رہی ہے۔ اس کے کاروباری آپریشنز اور اس کے شیئر ہولڈرز کی دولت کو زیادہ سے زیادہ کرنے کے لیے۔ مزید یہ کہ ملک میں پاکستانی روپے بمقابلہ امریکی ڈالر کی قیمت میں تیزی سے کمی اور بجلی اور ایندھن کی قیمتوں میں ہوشربا اضافے سے نمٹنے کے لیے کمپنی کو مستقبل میں اپنے منافع کے مارجن کو مربع کرنے پر مجبور کر دیا ہے۔

آڈیٹرز:

میسرز سرور ز چارٹرڈ اکاؤنٹنٹس کمپنی کی آئندہ AGM کے اختتام پر ریٹائر ہو رہے ہیں اور اپنی دوبارہ تقرری کے لیے خود کو پیش کرنے کے اہل ہیں۔ آڈٹ کمیٹی نے میسرز سرورز چارٹرڈ اکاؤنٹنٹس کو 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر تعینات کرنے کی بھی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز نے اس سفارش کی توثیق کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

ڈائمنڈ انڈسٹریز لمیٹڈ، بغیر کسی رعایت کے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی کوڈ آف کارپوریٹ گورننس کی دفعات کی تعمیل کر رہی ہے جیسا کہ ایس ای سی پی کی ضرورت ہے اور اسٹاک ایکسچینج کی فہرست سازی کے ضوابط کے حصے کے طور پر تشکیل دی گئی ہے۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان حسب ذیل ہے۔

ڈائریکٹرز تصدیق کرتے ہیں کہ:

۱ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

۲ کمپنی کے کھاتوں کی صحیح کتابیں رکھی گئی ہیں۔

۳ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

۴ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے اور مالیاتی بیانات کی تیاری میں کمپنیز ایکٹ، 2017 کے تقاضوں پر عمل کیا گیا ہے۔ اور اس کی کسی بھی روانگی کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔

۵ اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے (f) کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔

۶ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل دی گئی ہے۔

جی مندرجہ ذیل سے متعلق بیانات اکاؤنٹس کے نوٹس میں منسلک یا ظاہر کیے گئے ہیں:

☆ پچھلے چھ سالوں کا اہم مالیاتی ڈیٹا

☆ شیئر ہولڈنگ کا نمونہ

☆ سال کے دوران منعقدہ بورڈ کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری

اعتراف:

بورڈ عملے کے تمام اراکین اور انتظامی ٹیم کا ان کی ٹھوس کوششوں اور شراکت کے لیے شکریہ ادا کرتا ہے۔

بورڈ کے لیے اور اس کی جانب سے

افتخار شفیع
چیف ایگزیکٹو

عمران کبیر
ڈائریکٹر

لاہور:- 29 ستمبر 2022

VISION / MISSION STATEMENT AND CORPORATE STRATEGY

Vision

The Company's vision is to be a market leader as manufacturing organization and to play a meaningful role on sustainable basis in the economy of Pakistan in the best possible manners with customer satisfaction as its premier goal.

Mission

Its objects as outlined in the mission statement are to conduct company's business through good governance with responsibility to all our stake holders and foster a sound & dynamic team for maintaining the professional standards and optimum use of resources while achieving the unique position in the market by meeting the requirements of high quality products for the customers and proving a stimulating environment to all the employees for their growth and development and fostering a feeling of job satisfaction, by following the highest of ethical and fiduciary standards and serving the interest of the society.

Corporate strategy

To produce and market high quality products, consistently exceeding customer expectations, ensure right usage of company's resources, create employment opportunities and protect the interest of stakeholders.

IFTIKHAR SHAFFI
Chief Executive

IMRAN KABIR
Director

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

Name of Company:- DIAMOND INDUSTRIES LIMITED
Year Ended:- 30-06-2022

The company has applied the principles contained in the CCG in the following manner:

1. The total number of directors are seven as per following:
a) Male 6
b) Female 1

2. The composition of Board is as follows:

Category	**Names**
Executive Director	Mr. Iftikhar Shaffi
Independent Director	Mr. Qaiser Saleem Mr. Imran Kabir
Non-Executive Directors	Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Mohib Hussain
Female Director	Mrs. Seema Iftikhar

CategoryNamesExecutive Director Mr. Iftikhar ShaffiIndependent DirectorMr. Qaiser Saleem
Mr. Imran KabirNon-Executive DirectorsMr. Muhammad Sameer
Mr. Hashim Aslam Butt
Mr. Mohib Hussain Female DirectorMrs. Seema Iftikhar

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 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 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 board.

8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. All Directors are Exempt from Director Training Program. All the directors of the company have 16 to 40 years of working experience in their respective areas of specialization and are well aware of their duties & responsibilities and powers as per code of Corporate Governance and the Companies

Act, 2017 which are crucial to the running and development of companies. Directors of the company have inculcated good governance practices in the corporate sector and have more than 14 years of education as well and thus fall under the exemption available in the Code of Corporate Governance. Further Mr Iftikhar Shaffi Chief Executive of the company and Chairman of Diamond Group of Industries is well known industrialist with vast and rich experience of about 40 years in managing large industrial units.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration, terms, and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) **Audit Committee:-** It comprise three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

1	Mr. Imran Kabir	Chairman	Independent Director
2	Mr. Muhammad Sameer	Member	Non-Executive director
3	Mr. Hashim Aslam Butt	Member	Non-Executive director

b) **HR and Remuneration Committee:-** It comprise three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

1	Mr. Imran Kabir	Chairman	Independent Director
2	Mr. Muhammad Sameer	Member	Non-Executive director
3	Mr. Hashim Aslam Butt	Member	Non-Executive director

13. The terms of reference of the afore-said committees have been formed, documented and advice to the committee for compliance.

14. The frequency of meetings of the committee were duly been held as and when required but at least once of every quarter before approval of financial statements of the company.

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 ICAP 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 ICAP and that the partners of the firm involved in the audit are not a close relative (spouse, parents, dependent and non-dependent children) of the Chief Executive Officer, CFO, 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 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with; and

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

Sr. No	Non-Mandatory Requirement	Explanation	Reg. No.
1	**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 shareholder.	5
2	**Responsibilities of the Board and its members:** Adoption of the corporate governance practices	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3	**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 and the functions are being performed by the Executive Committee.	29(1)
4	**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 co mmittee and the company's Chief Internal Auditor, performs the requisite functions and apprises the board accordingly.	30(1)

IFTIKHAR SHAFFI
Chief Executive

IMRAN KABIR
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Diamond Industries 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 **Diamond Industries Limited** for the year ended June 30, 2022, 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. 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.

Based on Our Review, 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 June 30, 2022.

SARWARS

CHARTERED ACCOUNTANTS

Engagement Partner: Rashid Sarwar

Place: Lahore

Date: September 29, 2022

UDIN: CR2022102088v1dUfZyu

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIAMAOND INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of DIAMOND INDUSTRIES LIMITED (the Company), which comprises the statement of financial position as at June 30, 2022 and the statement of profit or loss and statement of other 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profits and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matter worth reporting.

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 those 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. We have nothing to report in this regard.

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 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 IASs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risk 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 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 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 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.

Form 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) proper books of accounts have been kept by the Company as required by the Companies

Act, 2017 (XIX) of 2017);

(b) the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts and returns;

(c) investment 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 audit resulting in this independent auditor's report is Rashid Sarwar (FCA).

SARWARS
CHARTERED ACCOUNTANTS

Place: Lahore
Date: September 29, 2022
UDIN: AR202210208XefPdZjob

STATEMENT OF FINANCIAL POSITION
As At June 30, 2022

	Note	June 2022 Rupees	June 2021 Rupees
Authorized share capital			
40,000,000 Ordinary shares of Rs. 10/- each		**400,000,000**	**120,000,000**
Issued, subscribed and Paid Up Capital	**5**	90,000,000	90,000,000
Surplus on revaluation of fixed assets	**6**	112,909,764	118,744,520
Reserves		83,811,103	34,331,240
Share Holders' Equity		**286,720,867**	**243,075,761**
NON CURRENT LIABILITIES			
Due to related parties and others	**7**	137,297,971	137,297,971
Deferred liabilities	**8**	73,643,753	72,931,126
		210,941,724	**210,229,097**
CURRENT LIABILITIES			
Trade and other payables	**9**	349,701,502	180,890,784
Provision for taxation	**10**	23,030,733	6,727,598
		372,732,234	**187,618,381**
TOTAL EQUITY & LIABILITIES		**870,394,826**	**640,923,239**
Contingencies & Commitments	**11**	-	-
ASSETS			
NON CURRENT ASSETS			
Property Plant And Equipments	**12**	160,436,587	168,822,355
Long Term Deposits	**13**	330,885	330,885
Investments Under equity Method	**14**	66,877,042	67,215,400
Investments available for sale	**15**	75,100,721	83,984,721
		302,745,235	**320,353,361**
CURRENT ASSETS			
Stock in trade	**16**	351,844,138	163,706,000
Trade Debts	**17**	167,197,407	81,619,252
Loan and Advances	**18**	46,887,634	71,688,420
Cash and bank balances	**19**	1,720,412	3,556,206
		567,649,591	**320,569,878**
TOTAL ASSETS		**870,394,826**	**640,923,240**

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

Chief Executive | **Chief Financial Officer** | **Director**

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 2022 Rupees	June 2021 Rupees
Sales - net	**20**	1,785,557,455	163,264,335
Cost of raw material sold	**21**	(1,609,563,468)	(146,577,964)
Gross profit		175,993,987	16,686,371
Administrative expenses	**22**	(32,489,592)	(18,024,049)
Selling and Distribution expenses	**23**	(75,094,030)	(3,122,441)
		(107,583,622)	(21,146,490)
		68,410,365	(4,460,118)
Other Operating income	**24**	4,741,764	33,431,912
Profit/(loss) from Operations		73,152,129	28,971,794
Other expenses	**25**	(5,553,526)	(2,200,424)
Finance Cost	**26**	(15,405)	(1,108,568)
Share of profit/(loss) of associated companies		(338,358)	1,426,972
Profit before Taxation		67,244,841	27,089,774
TAXATION	**27**		
- Current		(23,030,733)	(6,727,598)
- Deferred Tax		8,693,146	13,152,778
		(14,337,587)	6,425,180
Profit after Taxation		52,907,254	33,514,954
Earning per Share	**28**	5.88	3.72

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

Chief Executive

Chief Financial Officer

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	June 2022 Rupees	June 2021 Rupees
Profit / (Loss) for the year	52,907,254	33,514,954
Other Comprehensive Income		
Items that cannot be reclassified to profit and loss account		
Actuarial gains/(losses) due to experience adjustments	(2,409,503)	-
Related deferred tax	698,756	-
Items that may be reclassified to profit and loss account		
Unrealized gain / (loss) arising on remeasurement of investments available for sale	(8,884,000)	18,475,693
Related Deferred tax	1,332,600	(2,771,354)
	(9,262,147)	15,704,339
Total Comprehensive Income /(loss) for the year	**43,645,106**	**49,219,293**

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

Chief Executive

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital	Revaluation Surplus	RESERVES		TOTAL EQUITY
			CAPITAL	REVENUE	
			Fair value reserve	Accumulated Profits /Losses	
	(Rupees)				
Balance as at 01 July 2020	**90,000,000**	**135,870,882**	**18,379,535**	**(55,626,565)**	**188,623,852**
Balance as at 01 July 2020	90,000,000	135,870,882	18,379,535	(55,626,565)	188,623,852
Profit / (Loss) for the year	-	-	-	33,514,954	33,514,954
Realization of Revaluation Surplus	-	(17,126,362)	-	17,126,362	-
Other comprehensive income for the year	-	-	13,117,742	-	13,117,742
Balance as at 30 June 2021	**90,000,000**	**118,744,520**	**31,497,277**	**(4,985,250)**	**235,256,548**
Effect of reclassification - Note no. 35	-	-	7,819,213	-	7,819,213
Reclassification adjustment relating to previous years	-	-	8,157,303	(8,157,303)	-
	90,000,000	**118,744,520**	**47,473,793**	**(13,142,553)**	**243,075,760**
Balance as at 01 July 2021	90,000,000	118,744,520	47,473,793	(13,142,553)	243,075,760
Profit / (Loss) for the year	-	-	-	52,907,254	52,907,254
Realization of Revaluation Surplus	-	(5,834,756)	-	5,834,756	-
Other comprehensive income for the year	-	-	(7,551,400)	(1,710,747)	(9,262,147)
Balance as at 30 June 2022	**90,000,000**	**112,909,764**	**39,922,393**	**43,888,710**	**286,720,867**

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

Chief Executive

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	June 2022 Rupees	June 2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	67,244,841	27,089,774
Adjustment for Non Cash and other items:		
Depreciation on property, plant and equipment	9,846,269	8,741,679
Share of loss of associated company	338,358	(1,426,972)
Finance cost	15,405	1,108,568
Gratuity expense	10,074,105	-
Gratuity Transferred from Diamond Tyres	-	39,396,110
Gain On Disposal Of Fixed Assets	-	(8,500,000)
Dividend Income	(4,741,764)	(9,931,912)
Cash Flow Before Working Capital Changes	**82,777,213**	**56,477,247**
Working Capital Changes		
(Increase)/Decrease in Current Assets		
Stock in Trade	(188,138,138)	(163,706,000)
Trade Debts	(85,578,155)	(80,107,900)
Loans and Advances	19,220,646	(19,374,180)
Other Receivables		
	(254,495,647)	**(263,188,080)**
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	168,810,718	165,860,414
Cash Inflow / (Outflow) From Operations	(2,907,716)	(40,850,419)
Income tax (paid)/Refund	(1,147,458)	12,051,610
Finance cost paid	(15,405)	(1,108,568)
Gratuity paid / adjusted	(1,046,479)	-
Net Cash Inflow / (Outflow) From Operating Activities	**(5,117,057)**	**(29,907,377)**
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	4,741,764	9,931,912
Purchase of fixed assets	(1,460,500)	-
Disposal Proceeds	-	21,000,000
Interest income	-	-
Net Cash Generated from /(used in) Investing Activities	**3,281,264**	**30,931,912**
CASH FLOW FROM FINANCING ACTIVITIES		
Due to Related Parties and others	-	-
Net Cash Flow from Financing Activities	-	-
Net (Decrease) in Cash & Cash Equivalents	(1,835,794)	1,024,535
Cash & Cash Equivalents at Beginning of the Year	3,556,207	2,531,672
Cash & Cash Equivalents at End of the year	**1,720,412**	**3,556,207**

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

Chief Executive	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1-STATUS AND NATURE OF BUSINESS

The company was incorporated under the Companies Ordinance, 1984 as a private limited company on June 18, 1989 in the name of Diamond Industries (Pvt.) Limited and converted into public limited Company on August 03, 1994 as Diamond Industries Limited. The shares of the Company are quoted Pakistan Stock Exchange. The principal activity of the company is to manufacture and sale foam products and PVA products consumed in industry and domestically. The registered office of the company is situated at Industrial Estate Gadoon, Amazai, and K.P.K Pakistan.

2-BASIS OF PREPARATION

-GOING CONCERN ASSUMPTION

The management has prepared these financial statements on the basis of going concern assumptions.

3- **Factory Location**

Plot # 25, Gadoon Amazai Industrial Estate, Swabi, Khyber Pakhtoonkhwa

4 - SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1- Basis of Preparation

These financial statements have been prepared under historical cost convention modified by application of following:

4.2- 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:

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

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

4.3- Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

4.4- Adoption of standards, amendments and framework effective during the year.

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year: Standard or Amendment or Framework: - IFRS 3 - Definition of a Business (Amendments); - IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments); - IFRS 14 - Regulatory Deferral Accounts; - IAS 1 / IAS 8 - Definition of Material (Amendments); - IFRS 16 - COVID 19 Related Rent Concessions (Amendments); and The Conceptual Framework for Financial Reporting are applicable to the extent and manner as applicable.

The adoption of the above standards, amendments of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements other than as reported.

Standards, amendments and improvements that are effective and adopted to the extent and manner required and applicable

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments Effective date (annual periods beginning on or after)

IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023
IFRS-10/IAS-28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

Improvement to accounting standards issued by the IASB (period beginning on or after)

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the de-recognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2021

4.5- Basis of Measurement

	Components of financial statements	Mode of Valuation
i-	Financial instruments	at Fair Values
ii-	Certain classes of operating fixed assets	at Revalued Amounts
iii-	Interest free loans from directors	at face Values
iv-	Employee retirement benefits	at Present Values
v-	Investment in Associates	at Equity Method
vi-	Investment Property	at Fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

4.6 - Financial instruments

Financial instruments are carried on the balance sheet date include investments, trade debts, loans and advances, other receivables, cash and bank balances, accrued mark up and trade and other payables etc. Financial assets and liabilities are recognized when the company becomes party to the contractual provision of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value. Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability are off set and the net amount reported in the balance sheet, if the company has a legal enforcement right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.6.1 - Financial Assets

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

- Amortized cost where the effective interest rate method will apply;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity'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 (OCI). For investments in equity instruments that are not held for trading, 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 (FVTOCI).
The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and De-recognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership

Measurement:

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

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 can classify its debt instruments.

Amortized Cost:

Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that 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 de-recognition is recognized directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized in other income. 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 and impairment expenses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL):

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

Equity Instruments:

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. 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

4.6.2 - Financial Liabilities

Financial liabilities are classified in the following categories:

- Fair value through profit or loss; and
- Other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:
Fair value through profit or loss: Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value

through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.
Other financial liabilities: After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.
The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

4.6.3 - Impairment

Financial assets:
The Company assesses on a historical as well as on a forward looking basis the expected credit losses (ECL) as associated with its trade debts, deposits, advances, other receivables and cash and bank balances carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognized from initial recognition of the receivables while general 3-stage approach for deposits, advances and other receivables and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.
Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.
The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.
The following indicators are considered while assessing credit risk:
actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and

- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company)

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 365 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The Company recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past - due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except

for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.
The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.
The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Non-Financial Asset

Assets that have an indefinite useful life are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in income for the year.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and 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.

4.7 - Taxation

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

4.8 - Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

4.9 - Contingencies

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

4.10 - Liabilities

The liabilities are accounted for on accrual basis, unless or otherwise stated otherwise.

4.11 - Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses except for land, building and plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment losses if any.
Subsequent costs are included in the asset's carrying amount or recognized as separate assets, 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 the repair and maintenance costs are charged to profit and loss account during the period in which they incurred.
Assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.
Gain / loss on disposal of fixed assets, if any is taken to profit and loss account except that the related surplus on revaluation of fixed assets is transferred directly to un-appropriated profits.
Normal repair & maintenance costs are charged to the profit and loss account as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and assets so replaced, if any, are retired

Depreciation

Depreciation is charged on diminishing balance method at the rates specified in the relevant note so as to write off depreciable amount of the asset over its useful life. The Company charges the depreciation on monthly basis. The company during the year classified investment property into Property plant & equipment and implications of IAS 16 has been accounted for appropriately.

Surplus on revaluation of property, plant and equipment

Surplus arising on acquisition being the difference between fair value of the assets acquired and the consideration paid is recognized as income over the remaining useful life of the assets acquired. Increase in carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, 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 assets are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Differences between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property plant and equipment to unappropriated profit.

4.12 - Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.
Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the

entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any Amortization is charged over the estimated useful life of the asset on the systematic basis applying the straight line method.

4.13 – Leases

Right of Use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment.

Depreciation

Assets acquired under a finance lease are depreciated over the lower of lease term or useful life of assets on reducing balance method at the specified rates. Depreciation of leased assets is charged to profit and loss account. The Company charges the depreciation on month basis.

Lease Obligations

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are presented as a separate line item in the statement of financial position as on the reporting date.

4.14 - Capital work in progress

Capital work in progress is stated at cost and includes capital expenditure on that asset, labor and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use. Where the overheads cannot be directly related to the asset, these are proportionately charged.

4.15 - Staff Retirement benefits
Defined benefit plan

Defined benefit plans define an amount of gratuity that an employee will receive on or after retirement, usually depend upon on one or more factors such as age, years of services and compensation. The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefits obligation is calculated annually by independent actuary using the projected unit credit method.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of highly-quality corporate bonds or the market rates on government bonds.
The company operates a defined benefit plan i.e. an unapproved gratuity scheme covering all the permanent employees. Actuarial valuation is carried out using the Projected Unit credit method.
Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.
All actuarial gains and losses are recognized in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset.
Past service costs are immediately recognized in profit and loss account.
During the year Staff Retirement Obligation has been transferred back from Diamond tyres Limited on completion of lease agreement.

Employees' compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

4.16 - Investments

Classification of investments is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.
Investments are initially measured at fair value plus transaction costs directly attributable to acquisitions, except for "Investments at fair value through profit or loss" which is initially measured at fair value.
The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provision of IFRS 9 'Financial Instruments; Recognition and Measurement' to all investments, except investments under equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.
Investments with fixed or determinable payments and fixed maturity are classified as held at amortized cost when the company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized costs, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.
Investment in associates is accounted for using the equity and applicable methods and is initially recognized at cost.
Investments intended to be held for an indefinite period of time, which may be sold in response to need for

liquidity, or changes to interest rates or equity prices are classified as at fair value which is initially recognized at fair value. Gains or losses on available for sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. Investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption period.
Other investments made in un-quoted companies are recorded by using valuation techniques.

4.17 - Stock in Trade

These are valued at lower of cost and net realizable value less impairment loss, if any, except for goods in transit. The basis of cost valuations are as follows:

Particulars	Mode of Valuation
Raw material	calculated on weighted average basis
Work-in-process	at weighted average manufacturing cost
Finished goods	At lower of cost and net realizable value
Waste	at realizable value

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity.
Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon up to the date of statement of financial position.
Provision is made in the financial statements against slow moving and obsolete stock in trade based on management's best estimate regarding their future usability whenever necessary and is recognized in the statement of profit or loss. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Provision for slow moving, damaged and obsolete item are charged to profit and loss account. Value of items is being reviewed at each balance sheet date to record the provision for slow moving items, damaged and obsolete items.

4.18 - Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balance with banks on current and deposit accounts.

4.19- Provision

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognized as finance cost.

4.20- Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis.

4.21- Borrowing cost:

Borrowing and other related costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.22- Foreign currencies

Transaction in foreign currencies other than Pak rupees are recorded at the exchange rate prevailing on the date of transaction. At each balance sheet, monetary assets and liabilities that are dominated in foreign currencies are translated in rupees at the exchange rate ruling on the balance sheet date, except where forward exchange contracts have been entered in to for repayments of liabilities, in that case, rates contracted for, are used.
Gains and losses arising on re-translation are included in net profit & loss for the year.

4.23- Revenue recognition

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.
The Company has applied IFRS 15 using modified retrospective approach with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). Based on management's assessment of the contractual arrangements with customers, the adoption of IFRS 15 does not have any impact on the unconsolidated financial statements of the Company. Hence, no cumulative adjustment amounts have been recognized to adjust the opening retained earnings as at July 01, 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The new accounting policy for revenue recognition is mentioned below.

Revenue from contracts with customers
Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Contract assets

Contract assets arise when the Company performs its performance obligation by transferring goods to a customer before the customer pays its consideration or before payment is due, subject to customer having a choice of returning goods in specific time period.

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.

Others

- Scrap sales are recognized on delivery to customers at realized amounts.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Commission on insurance premium is recognized on receipt. -
- Dividend are included in income as and when received irrespective of the date of the dividend declaration.

Expenses are based on mercantile basis unless and until otherwise stated.

4.24 - Trade debts and other Receivables

Trade debtors and other receivables are carried at original invoice amount less an estimate made for doubtful debts based on review of all outstanding amounts at year end. Bad debts, if any, are written off when identified. Provision for bad and doubtful debt, if any, is made after ascertaining the status.

4.25 - Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in the future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

4.26- Related party transaction

All transactions between company and related parties are accounted for as an independent business in accordance with mutually agreed terms and conditions until unless disclosed specifically and are accounted for and disclosed in the financial statements accordingly. The company voluntarily places before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in accordance with normal business price recording proper justification for using if any, alternate pricing mechanism.
The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) Sale of goods and services

Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions.

Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) Purchase of Goods and Services

Purchases of goods from related parties are recognized at actual cost to the Company.
Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

c) Dividend Distribution

Distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

4.27- Taxation

Current
The charge for current tax is based on the taxable income at the current rate of taxation after taking in to account applicable tax credit, rebates and exemptions available. However, for income covered under final tax regime. The charge for current tax also include prior year adjustments, where considered, arising due to assessments finalized during the year, commencing from current tax year, where no taxable income is earned, the minimum tax as laid down in law is provided.

Deferred
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:
Temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
Taxable temporary differences arising on the initial recognition of goodwill.
Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

4.28- Segment reporting

A segment is a distinguishable component within the company that is engaged in providing products and under a common control environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The company is operating in manufacturing and sale of varied interrelated consumer home products for and management has distinguished its business into main division called "foam products division" therefore no segmentation has been provided as per the relevant provisions of IFRS 08 and requirements of Companies, Act, 2017.
.No segmentation is required for PVA plant because of closure of operational activities

4.29- Dividends 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 dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors In the current year no dividend has been declared in the financial 2020 to June 30, 2021.

4.30- Investment in associate

Associates are entities over which the company has significant influence, but not controlled. Investment in associates is accounted for using equity method of accounting. Under the equity method, the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the company's shares of profit or loss of the associate after the date of acquisition. The company's share of the profit or loss of the associate is recognized in the company's profit and loss account, whenever it is applicable. The carrying amount of investment in associate is reduced by the amount of distribution received from the associate. The carrying amount is also adjusted by the amount of changes in the company's proportionate interest in the associate arising from changes in associate's equity that is recognized directly in equity of the company account.
The carrying amount of investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit or loss. When impairment losses subsequently reversed, the carrying amount of investment is increased to the revised recoverable amounts but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account. To be read with relevant IAS to the extent and manner as applicable.

4.31- Functional and Presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. All financial information presented in Pak rupees has been rounded off to nearest rupees unless otherwise stated.

4.32- Investment Property

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration

given. Subsequently these are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.
Any gain or loss arising from a change in fair value is charged to profit or loss. Rental income from investment properties is accounted for.
Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.
Latest fair market valuation was carried out by the independent valuer on 1st of May 2021, the date on which investment property is transferred to Property, Plant and Equipment (IAS-16).
For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.
When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to profit or loss.
If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.
An item of Investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefits are expected from its disposal.

4.33- Earning Per Share

The Company calculates both basic and diluted earnings per share in accordance with IAS 33 "Earnings per Share". Under IAS 33, basic EPS is computed using weighted average number of shares outstanding during the year.
Diluted EPS is computed using weighted average number of shares outstanding plus dilutive effect of stock options outstanding during the year.

4.34- Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders.
The total comprehensive income comprises of all the components of profit or loss and other comprehensive income.
Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting

standards, and is presented in 'statement of other comprehensive income'.

4.35- Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

4.36 - Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.
The estimates and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgments are:

a) Estimated useful life of property, plant and equipment and intangible assets;
b) Lease term and discount rate for calculation of lease liabilities;
c) Provision for slow moving inventories;
d) Estimate of payables and receivables in respect of staff retirement benefit schemes;
e) Estimate of provision for warranty; and
f) Estimation of current and deferred tax
g) Fair Value Measurement

4.37- Government Grants

The Company recognizes the benefit of a government loan at below market rate of interest as a Government grant. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in profit or loss is done on a systematic basis over the period of the loan.

4.38- Bonus Shares

Reserve for issue of bonus shares is created in the year in which such an issue is approved.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

			Notes	June 2022 Rupees	June 2021 Rupees
5	**ISSUED, SUBSCRIBED & PAID UP CAPITAL**				
2022	**2021**				
Number of shares					
6,000,000	6,000,000	Ordinary shares of Rupees 10 each fully paid up in cash		60,000,000	60,000,000
3,000,000	3,000,000	Fully paid bonus shares		30,000,000	30,000,000
9,000,000	9,000,000	Total at the year end		**90,000,000**	**90,000,000**

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.
There are no foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company
Pattern of shareholding of related parties in Diamond Industries Limited is as follow:

Company name	Status	No of Shares	No of Shares
Shaffi Chemical Industries Limited	Associated Company	1,422,450	1,422,450
Capital Industrial Enterprises (Pvt) Limited	Related party	1,076,383	1,076,383
Diamond products (Pvt) Limited	Related party	150,000	150,000
Capital Industries (Pvt) Limited	Related party	12,000	12,000

6 SURPLUS ON REVALUATION OF FIXED ASSETS

The latest Revaluation/ Fair Value was carried out by independent valuers M/s PROTECTORSon 1st May 2021 on transferring investment property back to "owned assets" of Diamond industries Limited from Diamond Tyres Limited. The said valuation resulted in no material difference.
Fair Value determined by independent valuers M/s PROTECTORS on year end June 30, 2020 resulted in no material difference.
The fair value exercise carried out at the year end has resulted in no material difference from the earlier revaluation carried out by M/s PROCTECTORS on July 02, 2019. The revaluation carried out on July 02, 2019 resulted in Further Surplus on Land of Rs. 45,700,000,Building was Impaired by Rs. 35,077,602 and Surplus on Plant and Machinery of Rs. 14,892,186. Net Revaluation Surplus arose amounting to Rs. 25,514,585.
The Land, building, plant and machinery have been revalued by an independent Valuer on the basis of present market values and replacement values on December 31, 2014 resulting in the further surplus of Rs Nil on land and Rs 62,387,440on building situated at Gadoon, surplus of Rs 3,300,000on land and of Rs 1,850,547on building situated at Lahore, Surplus of Rs 4,472,000 on land and of Rs 3,734,145 on building situated at Rawalpindi and Surplus of Rs 54,126,205on Plant and Machinery of foam and Chemical. previously, revaluation of building was carried out by Hamid Mukhtar & Co (Pvt) Ltd on April 11, 2005.

	2022			2021		
Particulars	**Cost**	**Accumulated Depreciation**	**Written Down Value**	**Cost**	**Accumulated Depreciation**	**Written Down Value**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Leasehold Land	**1,613,615**		1,613,615	**1,613,615**		1,613,615
Building on Leasehold Land	**21,076,218**	15,394,356	5,681,861	**21,076,218**	15,095,311	5,980,906
Plant and Machinery - Foam	**62,297,000**	54,661,993	7,635,007	**62,297,000**	53,813,658	8,483,342
Plant and Machinery - Chemical	**9,458,190**	7,377,959	2,080,231	**9,458,190**	7,146,823	2,311,367
Rupees	**94,445,023**	**77,434,308**	**17,010,715**	**94,445,023**	**76,055,792**	**18,389,231**

No impairement has been recognised on opertaing assets in the current year.

		Notes	June 2022 Rupees	June 2021 Rupees
7	**DUE TO RELATED PARTIES AND OTHERS**			
	Other related parties	**7.1**	137,297,971	137,297,971
			137,297,971	**137,297,971**

7.1 This amount is due to related party against arrangement to pay off the outstanding liability of Allied Bank Limited.No terms and conditions /repayment schedule has been defined as at the reporting date and is payable on discretion of the company . No provision has been made for any mark-up.

		Notes	June 2022 Rupees	June 2021 Rupees
8	**DEFERRED LIABILITIES**			
	Gratuity Payable	**8.1**	50,833,239	39,396,110
	Deferred Taxation	**8.2**	22,810,514	33,535,016
			73,643,753	**72,931,126**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

		Notes	June 2022 Rupees	June 2021 Rupees
8.1	**Gratuity Payable**			
	Statement of Financial Position			
	Present value of defined benefit obligation as June 30, 2021		39,396,110	-
	Liability transferred from Diamond Tyres Limited	8.1.1	-	39,396,110
	Current service cost		6,186,818	-
	Interest cost on defined benefit obligation		3,887,287	-
	Benefits paid		(1,046,479)	-
	Actuarial (gains)/losses		2,409,503	-
	Present value of defined benefit obligation as June 30, 2022		**50,833,239**	**39,396,110**
	Expenses to be Charged to Profit or Loss			
	Current service cost		6,186,818	-
	Interest cost on defined benefit obligation		3,887,287	-
			10,074,105	-
	Amount Charged to Other Comprehensive Income			
	Actuarial (Gains)/Losses due to changes in Demographic Assumptions		-	-
	Actuarial (Gains)/Losses due to changes in Financial Assumptions		-	-
	Actuarial (Gains)/Losses due to experience adjustments		2,409,503	-
	Return on Plan Assets		-	-
	Effect of Changes in Asset Ceiling		-	-
			2,409,503	-

8.1.1 The company in the previous year after taking back all its leased facilities , also transferred all employees from Diamond Tyres Limited to Diamond Industries Limited and related gratuity expense as per the stated terms in the agreement.

		June 2022 Rupees	June 2021 Rupees
8.2	**Deferred Taxation**		
	Deferred Tax Liability on Taxable temporary difference		
	Accelerated Tax Depreciation	2,109,580	2,093,317
	Revaluation surplus	27,270,463	29,653,673
	Investments Under equity Method	4,737,046	4,835,170
	Investments available for sale	7,045,128	8,377,728
		41,162,217	**44,959,888**
	Deferred Tax Asset on Deductable temporary difference		
	Minimum tax	(3,610,063)	-
	Provision for Gratuity	(14,741,639)	(11,424,872)
	Deferred Tax Liability	**22,810,514**	**33,535,016**

The company has recognized deferred tax asset on minimum tax and expects its significant reversal in future time period as per the relevant laws applicable.

8.2.1 Deferred Taxation Reconciliation

As at June 30, 2022	**Opening Balance**	**Profit or Loss**	**Other Comprehensive Income**	**Closing Balance**
Accelerated Tax Depreciation	2,093,317	16,263	-	2,109,580
Revaluation surplus	29,653,673	(2,383,210)	-	27,270,463
Investments Under equity Method	4,835,170	(98,124)	-	4,737,046
Investments available for sale	8,377,728	-	(1,332,600)	7,045,128
Minimun Tax	-	(3,610,063)	-	(3,610,063)
Provision for Gratuity	(11,424,872)	(2,618,011)	(698,756)	(14,741,639)
As at June 30, 2022	**33,535,016**	**(8,693,146)**	**(2,031,356)**	**22,810,514**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Notes	June 2022 Rupees	June 2021 Rupees

As at June 30, 2021	Opening Balance	Profit or Loss	Other Comprehensive Income	Closing Balance
Accelerated Tax Depreciation	2,071,171	22,146	-	2,093,317
Revaluation surplus	31,817,547	(2,163,874)	-	29,653,673
Investments Under equity Method	4,421,348	413,822	-	4,835,170
Investments available for sale	5,606,374	-	2,771,354	8,377,728
Provision for Gratuity	-	(11,424,872)	-	(11,424,872)
As at June 30, 2021	**43,916,440**	**(13,152,778)**	**2,771,354**	**33,535,016**

Other provisions have been realized/adjusted during the year.

8.2.2 Rate Reconciliation with current tax and deferred tax

		June 2022	June 2021
Profit/(Loss) before tax		67,244,841	27,089,774
Admissible		(6,426,145)	(21,462,706)
In -admissible		9,846,269	10,231,328
Tax @ 29%		20,492,840	4,598,935
Tax on Dividend		(711,265)	(1,490,540)
Current Tax		(22,319,468)	(5,237,058)
Deferred tax difference- on taxable temporary difference		(16,263)	(435,968)
Deferred tax Difference- on deductible temporary difference		8,709,409	13,588,746
Total Tax		**(14,337,587)**	**6,425,180**

9 TRADE AND OTHER PAYABLES

	Notes	June 2022	June 2021
Trade Creditors		321,469,482	155,904,199
Other Payables		8,257,601	1,299,113
Accrued Liabilities		13,814,979	11,178,257
Workers Welfare funds	9.1	2,421,255	605,914
Workers Profit Participation Fund Payable	9.2	3,738,185	11,903,301
		349,701,502	**180,890,784**

9.1 Workers Welfare funds

		June 2022	June 2021
Balance as on July, 01		605,914	-
Addition during the period		1,815,341	605,914
Balance as on June, 30		**2,421,255**	**605,914**

9.2 Workers Profit Participation Fund Payable

		June 2022	June 2021
Balance as on July, 01		11,903,301	9,204,278
Addition during the year		3,738,185	1,594,510
Markup		-	1,104,513
Paid during the year		(11,903,301)	-
Balance as on June, 30		**3,738,185**	**11,903,301**

10 PROVISION FOR TAXATION

		June 2022	June 2021
Opening Balance		6,727,598	2,160,939
Current Tax		22,319,468	5,237,058
Income Tax on dividend		711,265	1,490,540
Adjustment of last year provisions		(6,727,598)	(2,160,939)
		23,030,733	**6,727,598**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

11 CONTINGENCIES AND COMMITMENTS

1- HIGH COURT OF SINDH AT KARACHI

a. First Capital ABN Amro Equities etc. Vs Iftikhar Shaffi etc. (Suit No. 808/2000)
M/s. First Capital ABN Amro Equities (Pakistan) Ltd etc. filed a Suit for Recovery of Rs. 552,344,051against Mr. Iftikhar Shaffi and five others including this Company and is pending before the High Court of Sindh at Karachi and is at the stage of evidence.

b. DIL Vs Arif Habib and others. (Suit No. 480/2003)
The Company filed a Suit for Declaration, Injunction and Recovery of Damages amounting to Rs. 10,989,948,199/-against Arif Habib and others which is pending. The case is still pending adjudication before the Court.

c. Aqeel Karim Dhedhi Securities Vs Iftikhar Shaffi etc. (Suit No 607/2003)
M/s. Aqeel Karim Dhedhi Securities Pvt. Ltd filed a suit for Recovery amounting to Rs.80,297,282/-against Mr. Iftikhar Shaffi and others including this company which is still pending adjudication.

d. Muhammed Hanif Moosa Vs Iftikhar Shaffi etc.(Suit No. 843/2003)
Muhammad Hanif Musa Ex-MemberKSE filed a Suit for Declaration, Injunction and Recovery of Damages amounting to Rs. 447,587,159/-against Mr. Iftikhar Shaffi and five others including this company and which is still pending before the Court.

2- LAHORE HIGH COURT LAHORE

a. DIL Vs SECP and Others. (Commercial Appeal No. 13/2002)
The company filed an appeal before the Lahore High Court Lahore against illegal freezing by SECP of company's CDC sub Account maintained with Mr. Tanvir Malik (Member LSE). The case is still pending before the Court.

b. DIL etc. Vs Lahore Stock Exchange etc. (Civil Revision No.1847 of 2003)
The Company filed a Revision Petition against an interim order of the Civil Judge Lahore passed in Civil Suit No. 297/2003.The case is still pending before the Court.

3- CIVIL COURT LAHORE

a. LSE Vs Iftikhar Shaffi etc.
The Lahore Stock Exchange (G) Limited filed a Suit for recovery of Rs. 190,704,373/-against Mr. Iftikhar Ahmed Shaffi and 5 others including this Company. The said case was consolidated with the suit titled as "Iftikhar Shaffi Vs LSE & Others" and the proceedings of joint evidence were being conducting in the said cases. An order dated 13-9-2013was passed by the Civil Judge refusing an application for summoning of certain witnesses filed by Mr. Iftikhar Shaffi and the said order was challenged in the Lahore High Court through Civil Revision No.2928/2014.Nowthe case has been fixed for further proceedings.

b. Aslam Motiwala Vs Lahore Stock Exchange etc.
Aslam Motiwala filed suit No.561 in 2003 against Lahore Stock Exchange and two others including M/s Diamond Industries Ltd. An application was filed by the LSE thereby seeking rejection of plaint and now the case is fixed for arguments on the said application.

4- ATIR PESHAWAR
In the matter of taxation during the period of exemption available to the company the CIR appeals has ruled in favour of the company. The department has filed appeal on this issue before the ATIR Peshawar. The management is of the opinion that they have a strong case and the orders of CIR appeals shall be accepted by the ATIR. the quantum of tax involved is Rs. 70 million. No further provision has been made.
Departmental appeal for the tax year 2016is pending before ATIR and order u/s 122(5A) creating demand of Rs. 23.1 million none-declaration of dividend having excess reserve was in favor of the company as per CIR (Appeal) decision.

LEGAL ADVISOR
1. The legal advisor of the company is of the opinion that the matters discussed in para from I to IV do not attracts any adversity. The company is contesting all the cases vigorously, hence no provision is required. In the matter of reference II (a) above the company is of the view that SECP has frozen such shares previously.
2. The company is title holder and owner of Shares of Quoted company and is receiving dividends.

Commitments
There were no commitments as at the reporting date (2021 NIL).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

		Notes	June 2022 Rupees	June 2021 Rupees
12	**PROPERTY, PLANT AND EQUIPMENTS**	12.1	**160,436,587**	**168,822,355**
13	**LONG TERM DEPOSITS**			
	Security Deposits	13.1	**330,885**	**330,885**
13.1	**Security Deposits**			
	Utilities		101,494	101,494
	CDC		25,000	25,000
	Others		204,391	204,391
			330,885	**330,885**
	These are considerd good.			
14	**INVESTMENT UNDER EQUITY METHOD**			
	Shaffi Chemical Industries Limited - Quoted	14.1		-
	Impairment loss		-	-
				-
	Diamond Polymers (Private) Limited - Unquoted	14.2	66,877,042	67,215,400
	Impairment loss		-	-
			66,877,042	**67,215,400**
14.1	**Shaffi Chemical Industries Limited - Associated Company**			
	3754240 (2021 : 3754240) ordinary shares of Rupees 10 each		-	-
	Equity held 31.285% (2021 : 31.285%)			
	Reconciliation			
	Share in net assets at the beginning of the year		312,096	(1,268,196)
	Share of other comprehensive income /(Loss)		56,929	699,483
	Not to be recognized in profit and loss account		(369,025)	568,713
			-	-
	Carrying value of investment at the year end		-	-

The company has impaired the carrying value of investment due to continious losses in associated company Shaffi Chemical Industries Ltd. the company is non operational. Currently, there was no substantial shares trading transactions during the year, however as at the reporting date the market price of shares of the company was Rs. 6.49 per share.

		Notes	June 2022 Rupees	June 2021 Rupees
14.2	**Diamond polymers - Associated Company**			
	1300000 (2021: 1300000) ordinary shares of Rupees 10/- each		**66,877,042**	**67,215,400**
	Equity held 43.33% (2021 : 43.33%)			
	Reconciliation			
	Share in net assets at the beginning of the year		67,215,400	65,788,428
	Add: Share of profit / (loss) after income tax		(376,346)	1,388,983
	Share of other comprehensive income /(loss)		37,988	37,988
			(338,358)	1,426,972
	Carrying value of investment at the year end		66,877,042	67,215,400
15	**INVESTMENT AVAILABLE FOR SALE**			
	Oepning Balance on July, 01		83,984,721	65,509,028
	Fair Value Gain/(loss) - OCI	15.1	(8,884,000)	18,475,693
	Investment available for sale		**75,100,721**	**83,984,721**
16	**STOCKS IN TRADE**			
	Raw Material		326,436,417	158,066,058
	Work in Process and Finished Goods		25,407,721	5,639,942
			351,844,138	**163,706,000**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

12.1 PROPERTY, PLANT AND EQUIPMENT

Items	2022					
		Cost				
	Annual Rate of 'Depreciation %	Cost as at 1-Jul-21	Revaluation	Addition/ (Deletion)	Transfers	Cost as at 30-Jun-22
Freehold Land	0%	47,757,763	-		-	47,757,763
Building	5%	46,517,587	-		-	46,517,587
Plant and Machinery - Foam & Chemical	10%	90,000,000	-	-	-	90,000,000
Office Equipment	10%	6,101,669	-	1,460,500	-	7,562,169
Furniture and fixtures	10%	4,097,033	-	-	-	4,097,033
Vehicles	20%	1,333,324	-	-	-	1,333,324
		195,807,376	**-**	**1,460,500**	**-**	**197,267,876**

	June-2022 Rupees
Cost of sales	9,596,497
Administrative expenses	249,772
	9,846,269

12.1 PROPERTY, PLANT AND EQUIPMENT

Items	2021					
		Cost				
	Annual Rate of 'Depreciation %	Cost as at 1-Jul-20	Revaluation	Addition/ (Deletion)	Transfers	Cost as at 30-Jun-21
Freehold Land	0%	-	-	(12,242,237)	60,000,000	47,757,763
Building	5%	-	-	(257,763)	46,775,350	46,517,587
Plant and Machinery - Foam & Chemical	10%	90,000,000	-	-	-	90,000,000
Office Equipment	10%	6,101,669	-	-	-	6,101,669
Furniture and fixtures	10%	4,097,033	-	-	-	4,097,033
Vehicles	20%	1,333,324	-	-	-	1,333,324
		101,532,026	**-**	**(12,500,000)**	**106,775,350**	**195,807,376**

	Jun-2021 Rupees
Cost of sales	8,487,647
Administrative Expenses	254,033
	8,741,679

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

12.1 PROPERTY, PLANT AND EQUIPMENT

Items	2022				
	Depreciation				
	Accumulated Depreciation as 1-Jul-21	Revaluation	Depreciation For the year	Accumulated Depreciation as at 30-Jun-22	Net Book Value as at 30-Jun-22
Freehold Land	-	-	-	-	47,757,763
Building	387,647	-	2,306,497	2,694,144	43,823,443
Plant and Machinery - Foam & Chemical	17,100,000	-	7,290,000	24,390,000	65,610,000
Office Equipment	4,488,518	-	187,490	4,676,008	2,886,161
Furniture and fixtures	3,876,846	-	22,019	3,898,865	198,168
Vehicles	1,132,011	-	40,263	1,172,273	161,051
	26,985,021	**-**	**9,846,269**	**36,831,289**	**160,436,587**

12.1 PROPERTY, PLANT AND EQUIPMENT

Items	2021				
	Depreciation				
	Accumulated Depreciation as 1-Jul-20	Revaluation	Depreciation For the year	Accumulated Depreciation as at 30-Jun-21	Net Book Value as at 30-Jun-21
Freehold Land	-	-	-	-	47,757,763
Building	-	-	387,647	387,647	46,129,940
Plant and Machinery - Foam & Chemical	9,000,000	-	8,100,000	17,100,000	72,900,000
Office Equipment	4,309,279	-	179,239	4,488,518	1,613,151
Furniture and fixtures	3,852,381	-	24,465	3,876,846	220,187
Vehicles	1,081,682	-	50,328	1,132,011	201,313
	18,243,341	**-**	**8,741,679**	**26,985,021**	**168,822,355**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

15.1 Quoted Investments

Sr #		Name of the Company	Jun 22						Jun 21	
			No. of Shares			Rate	Market Value (Rs.)	Gain/ (loss)	Market Value (Rs.)	Gain/ (loss)
			CDC	Physical	Total					
1	43010021	ICI Pakistan Limited	-	330	330	724.55	239,102	(47,603)	286,704	57,450
2	43010007	The Bank Of Punjab	27,896	917	28,813	5.42	156,166	(85,863)	242,029	-
3	43010016	Nishat Mills Ltd.	130	-	130	73.91	9,608	(2,521)	12,129	1,988
4	43010011	Sui Northern Gas Pipelines Ltd	794	-	794	34.21	27,163	(11,410)	38,573	(4,780)
5	43010012	Askari Commercial Bank Ltd.	2,088,908	-	2,088,908	17.43	36,409,666	(11,071,212)	47,480,879	18,841,950
6	43010013	Fauji Fertilizer Company Ltd.	297,597	-	297,597	110.22	32,801,141	1,226,100	31,575,042	(1,157,652)
7	43010017	First Fidelity Leasing Modaraba	25,000	-	25,000	2.61	65,250	(10,000)	75,250	(12,500)
8	43010015	First Punjab Modarba	151,000	-	151,000	1.63	246,130	(175,160)	421,290	119,290
9	43010018	Faysal Bank Ltd.	211,422	382	211,804	23.06	4,884,200	1,289,886	3,594,314	643,884
10	43010020	Allied Bank Limited	-	2,946	2,946	69.00	203,274	(15,172)	218,446	(7,159)
11	43010022	Samba Bank formely Trust commercial bank	5,998	-	5,998	9.84	59,020	18,954	40,067	(6,778)
		TOTAL	**2,808,745**	**4,575**	**2,813,320**		**75,100,721**	**(8,884,000)**	**83,984,721**	**18,475,693**

All the above shares are held in CDC Sub-account maintained with Mr. Tanveer Malik. The CDC sub account of Mr. Tanveer Malik has been frozen by SECP due to the default of the said member. Note No. 10 read with Note No. 12. The company has also filed legal cases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

		Notes	June 2022 Rupees	June 2021 Rupees
17	**TRADE DEBTS**			
	Considered good		167,252,223	81,674,068
	Less: allowance for doubtful balance		(54,816)	(54,816)
			167,197,407	**81,619,252**
18	**LOANS AND ADVANCES**			
	Advance Sales Tax		34,594,989	53,499,648
	Advance Income Tax		11,990,275	17,570,415
	Other Advances		302,370	618,357
			46,887,634	**71,688,420**
19	**CASH AND BANK BALANCES**			
	Cash in hand		722,617	620,563
	Cash at banks		997,795	2,935,643
			1,720,412	**3,556,206**
20	**SALES**			
	Sales Gross		2,089,102,178	191,019,272
	Less: Sales Tax		(303,544,723)	(27,754,937)
			1,785,557,455	**163,264,335**
21	**COST OF SALES**			
	Raw material consumed	**21.1**	1,477,986,610	125,247,853
	Salaries, wages & other benefits	**21.2**	125,999,673	15,512,597
	Repair and maintenance		2,375,700	179,077
	Utilities		8,662,816	1,022,456
	Insurance		2,084,988	23,736
	Vehicle running and maintenance		793,774	100,066
	Travelling and conveyance		275,328	10,440
	Printing and stationery		327,302	2,794
	Legal and professional		275,698	567,800
	Miscellaneous expenses		952,861	1,063,440
	Depreciation	**12**	9,596,497	8,487,647
			1,629,331,247	**152,217,906**
	Work-in-Process & Finished goods			
	Opening stock		5,639,942	-
	Closing stock		(25,407,721)	(5,639,942)
			(19,767,779)	(5,639,942)
			1,609,563,468	**146,577,964**
21.1	**Cost of raw material**			
	Opening Stock		158,066,058	-
	Purchases	**21.1.1**	1,646,356,969	283,313,911
			1,804,423,027	283,313,911
	Less Closing Stock		(326,436,417)	(158,066,058)
			1,477,986,610	**125,247,853**

21.1.1 The Company purchased the required raw material from Diamond Tyres Limited for manufacturing purposes. Further, No Work-in-process was transferred at the date of cancellation of lease agreement.

21.2 Salaries, wages and benefis include gratuity expense during the year amounting to Rs. 10,074,105/- (2021: Nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

		Notes	June 2022 Rupees	June 2021 Rupees
22	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages & other benefits		20,775,540	15,632,661
	Vehicle Running and Maintenance		224,193	96,143
	Repair and maintenance		43,550	8,000
	Legal & professional charges		9,337,128	915,552
	Travelling & conveyance		619,028	61,880
	Telephone and postage		182,002	555,114
	Miscellaneous		70,135	-
	Insurance		363,244	666
	Auditor's remuneration	**22.1**	625,000	500,000
	Depreciation	**12**	249,772	254,033
			32,489,592	**18,024,049**
22.1	**AUDITORS' REMUNERATION**			
	Audit Fee		500,000	450,000
	Half Yearly Review		125,000	50,000
			625,000	**500,000**
23	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages & other benefits		2,400,000	-
	Utilities expenses		2,153	37,262
	Vehicle Running and Maintenance		1,608,052	30,709
	Freight & Forwarding		65,491,140	3,054,470
	Other Selling		5,592,685	-
			75,094,030	**3,122,441**
24	**OTHER OPERATING INCOME**			
	Dividend Income		4,741,764	9,931,912
	Income From Disposal of Assets		-	8,500,000
	Rental income		-	15,000,000
			4,741,764	**33,431,912**
25	**OTHER EXPENSES**			
	Workers Welfare Fund		1,815,341	605,914
	Workers Profit Participation Fund		3,738,185	1,594,510
			5,553,526	**2,200,424**
26	**FINANCE COST**			
	Bank Charges		15,405	4,055
	Finance cost on Worker Profit Participation Fund		-	1,104,513
			15,405	**1,108,568**
27	**TAXATION**			
	Current tax			
	Provision for current tax		22,319,468	5,237,058
	Tax on dividend		711,265	1,490,540
	Deferred tax			
	For the period		(8,693,146)	(13,152,778)
			14,337,587	**(6,425,180)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

		Notes	June 2022 Rupees	June 2021 Rupees
28	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	There is no dilutive effect on earnings per share which is based on:			
	Profit attributable to ordinary shares	(Rs.)	52,907,254	33,514,954
	Average Ordinary Shares	(Nos.)	9,000,000	9,000,000
			5.88	**3.72**
29	**REMUNERATION OF MANAGING DIRECTOR/ CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**			
	CHIEF EXECUTIVE:			
	Remuneration and Retirement benefits		**7,000,000**	**8,400,000**
	No. of persons		**1**	**1**
	DIRECTORS:			
	Remuneration and Retirement benefits		**5,300,000**	**7,195,161**
	No. of persons		**6**	**6**
	EXECUTIVES:			
	Remuneration		15,423,903	1,451,500
	Insurance premium paid on health insurance		80,562	18,360
			15,504,465	**1,469,860**
	No. of persons		**5**	**4**

30 Name of associated companies,Related parties and including common directorship

1	Diamond Home Textile (Private) Limited	Common Directorship
2	Diamond Tyres Limited	Common Directorship
3	Symbol Industries (Private) Limited	Common Directorship
4	Diamond Enterprises (Private) Limited	Common Directorship
5	Dolce Vita Home (Private) Limited	Common Directorship
6	Diamond Products (Private) Limited	Common Directorship
7	Mr. Mustafa Luqman	Related Party
8	Shaffi Chemical Industries Limited	Associated Company
9	Capital Industrial Enterprises (Pvt) Limited	Related Party
10	Diamond Polymers (Pvt) Ltd	Associated Company
11	Capital Industries (Pvt) Limited	Related Party

30.1 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of Associated companies as defined in Companies Act, 2017 and other related parties. The company in the normal course of business carries out transactions with related parties at mutually agreed terms. Details of significant transactions with related parties, other than those which have been specifically disclosed elesewhere in these financial statements are as under;

	Nature of Transaction	Jun-22 Rs.	Jun-21 Rs.
Purchase made from:		**Excluding Sales Tax Value**	
Diamond Home Textile (Private) Limited	Related party	35,256,410	8,119,660
Diamond Tyres Limited	Related party	1,128,385,176	275,192,115
Symbol Industries (Private) Limited	Related party	411,356,271	-
Diamond Enterprises (Private) Limited	Related party	46,083,178	-
Sales made to:		**Excluding Sales Tax Value**	
Diamond Home Textile (Private) Limited	Related party	79,703,225	8,160,387
Diamond Products (Private) Limited	Related party	226,447,718	-
Dolce Vita Home (Private) Limited	Related party	-	55,448,968
Diamond Tyres Limited	Related party	-	5,700,426
Rent received/ accrued			
Diamond Tyres Limited	Related party	-	15,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Notes	June 2022 Rupees	June 2021 Rupees
Loan from Associated Undertakings/ Related Parties			
Others	Related party	137,297,971	137,297,971
Balance Payable to Related Party			
Diamond Tyres Limited	Related party	317,094,720	321,974,958
Investment in Related Party		**% age of Share Holding**	
Shaffi Chemical Industries Limited	Associated Company	31.29%	31.29%
Diamond Polymers (Pvt) Ltd	Associated Company	43.33%	43.33%

31 NUMBER OF EMPLOYEES

Total number of employees as at June 30		
-Permanent	302	297
-Temporary	29	32
	331	**329**
Average number of employees as at June 30		
-Permanent	288	297
-Temporary	26	32

31 NUMBER OF EMPLOYEES

Total number of employees as at June 30		
-Permanent	302	297
-Temporary	29	32
	331	**329**
Average number of employees as at June 30		
-Permanent	288	297
-Temporary	26	32
	314	**329**

32 PLANT CAPACITY AND PRODUCTION

	Tonnes	**Tonnes**
Total capacity Available	12,000	12,000
Utilised Capacity	2,989	444

The factory along with plant & machinery was leased out to Diamond Tyres Limited an associated undertaking, on mutually agreed terms till May 01, 2021, it was transferred back to Diamond Industries Limited.

Current Reason for Shortfall is Because of Decrease in Demand as Prices and Inflation is Increased Significantly.

33 Disclosure Requirements for All Shares Islamic Index

Company has no relationship with bank having Shariah based Operations or operating through Islamic windows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

34 FINANCIAL RISK MANAGEMENT

34.1 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. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. 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 risks during this period as there is no import/export.

(ii) 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 interest bearing assets. The Company's interest rate risk arising from short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the company to cash flow interest rate risks. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date, The company is not exposed to the interest rate profile of the Company’s interest bearing financial instruments .

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 nil (2021: nil) lower / higher, mainly as a result of higher / lower interest expense/income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

(iii) 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 instruments traded in the market. The effect of changes in fair value of such investments made by the company, on the future profits are not considered to be material in the overall context of these financial statements. Furthermore, the Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

June 2022	June 2021
Rupees	Rupees

Index	Impact on profit after taxation		Statement of comprehensive income (fair value reserve)	
	Jun-22	Jun-21	Jun-22	Jun-21
	(Rupees)			
KSE 100 (5% increase)		-	3,755,036	2,981,458
KSE 100 (5% decrease)	-	-	(3,755,036)	(2,981,458)

Equity (fair value reserve) would increase / decrease as a result of gain / loss on equity investment classified as available for sale.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers, receivables from related parties, other receivables, bank balances and term deposits with banks.. The maximum exposure to credit risk at the reporting date was as follows:

Long Term Deposits	See note no. 13	330,885	330,885
Trade Debts	See note no. 17	167,197,407	81,619,252
Investments Under equity Method	See note no. 14	66,877,042	67,215,400
Investments available for sale	See note no. 15	75,100,721	83,984,721
Bank balances	See note no. 19	997,795	2,935,643
		310,503,850	**236,085,901**

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			Jun-22	Jun-21
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A-1+	AAA	PACRA	444,331	987,176
Allied Bank Limited	A-1+	AAA	PACRA	300,289	300,289
Allied Bank Limited	A-1+	AAA	PACRA	165	165
HABIB BANK	A-1+	AAA	JCR-VIS	138,758	138,758
BANK ALFALAH -	A-1+	AA+	JCR-VIS	1,133	1,133
ASKARI COMMERCIAL BANK LTD.	A-1+	AA+	PACRA	376	376
BANK AL FALAH LTD.	A-1+	AA+	JCR-VIS	(47,300)	(47,300)
SUMMIT BANK		Suspended		386	386
BANK ALFALAH LIMITED	A-1+	AA+	JCR-VIS	175	175
BANK ALFALAH LIMITED	A-1+	AA+	JCR-VIS	1,000	-
SILK BANK LTD.	A-2	A-	JCR-VIS	301	301

NOTES TO THE FINANCIAL STATEMENTS
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	Rating			Jun-22	Jun-21
	Short Term	Long term	Agency	Rupees	Rupees
BANK ALFALAH LIMITED	A-1+	AA+	JCR-VIS	179	179
HABIB METROPOLITAN BANK	A-1+	AA+	PACRA	71,121	71,121
BANK ALHABIB	A1+	AA+	PACRA	31,400	31,400
HABIB METRO POLITAN BANK	A-1+	AA+	PACRA	(70,332)	(70,332)
HABIB BANK LIMITED	A-1+	AAA	JCR-VIS	106,991	1,503,495
HABIB BANK LIMITED	A-1+	AAA	JCR-VIS	8,811	8,311
MEEZAN BANK LTD	A-1+	AA+	JCR-VIS	10,010	10,010
				997,794	**2,935,643**
Cash In Hand				722,617	620,563
				1,720,411	**3,556,206**

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in note below,

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

The Company has established a credit policy for its industrial and retail customers under which each new customer is analyzed individually for credit worthiness before the Company enters into a commercial transaction. The Company's review includes identity checks, minimum security deposits, bank guarantees and in some cases bank references. Credit limits are established for each customer in accordance with the security deposit or bank guarantee received, which represents the maximum open amount without requiring approval from the higher management; customer limits are reviewed on a regular basis and once the credit limits of individual customers are exhausted, further transactions are discontinued.

The Company recognises ECL for trade debts using the simplified approach described below,

	30-60 Days	61-120 Days	More than 120 Days	Total
	0%	**0%**	**2%**	
Balance as at June 30, 2022	167,252,223	-	-	167,252,223
Loss allowance	(54,816)	-	-	(54,816)
Balance as at June 30, 2021	81,674,068	-	-	81,674,068
Loss allowance	(54,816)	-	-	(54,816)

ECL on other receivables is calculated using general approach.

As at the reporting date, Company envisages that default risk on account of non-realisation of other receivables and advances is minimal and thus based on historical trends adjusted to reflect current and forward looking information, loss allowance has been estimated by the Company using a range of probable recovery pattern of related other receivables and assigning a time value of money to same. As per the aforementioned approach, the loss allowance for other receivables was determined as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	June 2022 Rupees	June 2021 Rupees
	2022	**2021**
Gross carrying amount (other)	142,308,648	151,531,006
Loss allowance	-	-
	142,308,648	**151,531,006**

(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 an adequate amount of committed credit facilities. At 30 June, 2022 the comapany had Rupees 1,720,412 (2021: Rs.3,556,206) Cash and Bank Balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments.The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Following are the contractual maturities of financial liabilities. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2022

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Non-derivative financial liabilities:						
Trade and other payables	349,701,502	349,701,502		349,701,502	-	-
Loan from related party	137,297,971	137,297,971		-		137,297,971
	486,999,473	486,999,473	-	349,701,502	-	137,297,971

Contractual maturities of financial liabilities as at 30 June 2021

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Non-derivative financial liabilities:						
Trade and other payables	180,890,784	180,890,784	-	180,890,784	-	-
Loan from related party	137,297,971	137,297,971	-	-		137,297,971
	318,188,755	318,188,755	-	180,890,784	-	137,297,971

The contractual cash flows relating to the above financial liabilities have been determined on the basis of actual disbursment having no markup.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of movement of liabilities to cashflows arising from financing activities is as follows:

	Short-Term Borrowings Used For Cash Management Purpose	TOTAL
Balance as at July 01,2021	137,297,971	137,297,971
Changes from financing cash flows		
Repayment of loan	-	-
Proceeds from loan	-	-
Receipts of security deposit	-	-
Disbursement of secuirty deposit	-	-
Total changes from financing activities		
Other Changes , Interest Cost		
Interest expenses	-	-
Interest Paid	-	-
Exchange loss	-	-
Amortization of transaction cost	-	-
Finance cost capitalized	-	-
Changes in running finance	-	-
Total loan related		
Other Changes		
Balance as at June 30,2022	137,297,971	137,297,971

34.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs.

	Level 1	Level 2	Level 3	Total
	---------------------- (Rupees) ----------------------			
As at 30 June 2022				
Assets				
Available for sale financial assets	75,100,721	-	-	75,100,721
Investment in associates	-	66,877,042	-	66,877,042
As at 30 June 2021				
Assets				
Available for sale financial assets	83,984,721	-	-	83,984,721
Investment in associates	-	67,215,400	-	67,215,400

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as at 30 June 2022

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3.The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The Company has no such type of financial instruments.

34.3 Financial instruments by categories

	At Fair Value	At Amortized Cost	Total
	Rupees	Rupees	Rupees
As at 30 June 2022			
Assets as per balance sheet			
Long Term Deposits		330,885	330,885
Trade Debts		167,197,407	167,197,407
Investment -Available for Sale	75,100,721	-	75,100,721
Cash and Bank Balances	1,720,412	-	1,720,412
	76,821,133	167,528,292	**244,349,425**

	At Amortized Cost
	Rupees
Liabilities as per balance sheet	
Trade and other payables	349,701,502
Loan from related party	137,297,971
	486,999,473
Net Financial gap at the year end (Assets)/Liabilities	**242,650,048**
Interest Bearing financial Liabilities	**-**
Non-Interest Bearing financial Liabilities	**486,999,473**

	At Fair Value	At Amortized Cost	Total
	Rupees	Rupees	Rupees
As at 30 June 2021			
Assets as per balance sheet			
Long Term Deposits	-	330,885	330,885
Trade Debts	-	81,619,252	81,619,252
Investment -Available for Sale	83,984,721	-	83,984,721
Cash and Bank Balances	3,556,206	-	3,556,206
	87,540,927	81,950,137	**169,491,064**

	At Fair Value
	Rupees
Liabilities as per balance sheet	
Trade and other payables	180,890,784
Loan from related party	137,297,971
	318,188,755
Net Financial gap at the year end (Assets)/Liabilities	**148,697,690**
Interest Bearing financial Liabilities	**-**
Non-Interest Bearing financial Liabilities	**318,188,755**

34.4 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 adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings dividend by total capital employed. Total Capital employeed includes 'total equity' as shown in balance sheet .

		Jun-22	**Jun-21**
Borrowings	Rupees in thousand	137,297,971	137,297,971
Total Equity	Rupees in thousand	286,720,867	243,075,761
Total Capital Employed	Rupees in thousand	424,018,838	380,373,732
Gearing ratio	Percentage	32%	36%

35 RE-CLASSIFICATIONS AND RE-ARRANGEMENTS OF CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged with respect to deferred tax on investment in associate as per the relevant provisions of IAS 12, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangements are made in the financial statements except as detailed below:

From	To	Reason	Amount
Deffered Liabilities- Dr.	Fair value reserve-Cr.	Better presentation	7,819,213
Accumulated Profits /Losses-Dr.	Fair value reserve-Cr.	Better presentation	8,157,303
			15,976,516

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorised for issue on __________ by Board of Directors of the company.

37 GENERAL

Figures have been rounded off to nearest rupee.

Chief Executive **Chief Financial Officer** **Director**

Operating Highlights

		2017	2018	2019	2020	2021	2022
KEY INDICATORS							
OPERATING							
GROSS MARGIN	%	0.36	2.94	-	9.00	10.22	9.86
OPERATING MARGIN	%	(64.95)	(2.40)	-	1.15	17.75	4.10
PRE TAX MARGIN	%	(65.92)	(8.83)	-	1.12	16.59	3.77
NET MARGIN	%	(67.36)	18.65	-	0.89	20.53	2.96
PERFORMANCE							
RETURN ON ASSETS	%	(86.67)	4.26	(7.32)	2.05	6.49	6.08
ASSETS TURNOVER	Times	1.28	0.23	-	0.02	0.32	2.05
FIXED ASSETS TURNOVER	Times	4.70	0.52	-	0.05	0.97	10.85
INVENTORY TURNOVER	Times	5.01	1.77	-	-	0.90	6.93
RETURN ON EQUITY	%	(221.04)	8.21	(15.69)	0.04	37.24	30.44
LEVERAGE							
DEBT : EQUITY	Times	4.50	0.63	0.76	0.71	1.72	0.79
LIQUIDITY							
CURRENT	Times	0.73	2.08	1.88	1.92	1.71	1.52
QUICK	Times	0.58	2.03	1.83	1.92	0.84	0.58
VALUATION							
EARNING PER SHARE (PRE TAX)	RS.	(68.91)	(0.95)	(1.42)	1.14	0.03	7.47
EARNING PER SHARE (AFTER TAX)	RS.	(70.42)	2.00	(3.14)	0.91	0.04	5.88
BREAK UP VALUE	RS.	2.40	24.42	20.02	21.42	235.26	286.72
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	RS.	940,884	96,742	-	9,230	163,264	1,785,557
GROSS PROFIT / (LOSS)	RS.	3,421	2,846	-	814	16,686	175,994
OPERATING PROFIT / (LOSS)	RS.	(611,148)	(2,326)	(12,946)	10,631	28,972	73,152
PROFIT/(LOSS) BEFORE TAX	RS.	(620,202)	(8,543)	(12,770)	10,294	27,090	67,245
PROFIT/(LOSS) AFTER TAX	RS.	(633,741)	18,044	(28,274)	8,231	33,515	52,907
FINANCIAL POSITION							
SHAREHOLDERS' FUNDS	RS.	21,604	219,783	180,174	192,758	235,257	286,721
PROPERY, PLANT & EQUIPMENT	RS.	200,995	186,822	173,839	199,295	168,822	160,437
NET CURRENT ASSETS	RS.	(171,204)	219,783	180,174	192,758	320,570	567,650
LONG TERM ASSETS	RS.	271,688					
LONG TERM LIABILITIES	RS.	78,879					

FORM 34

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

1.1 Name of the Company **DIAMOND INDUSTRIES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2022**

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
70	1	100	2,747
133	101	500	45,862
26	501	1,000	22,750
32	1,001	5,000	65,549
4	5,001	10,000	30,124
2	10,001	15,000	24,500
3	20,001	25,000	66,500
1	25,001	30,000	28,500
1	120,001	125,000	121,500
1	145,001	150,000	150,000
1	345,001	350,000	348,090
1	475,001	480,000	476,855
1	520,001	525,000	520,480
1	555,001	560,000	559,060
1	1,420,001	1,425,000	1,422,450
1	1,450,001	1,455,000	1,453,650
1	1,705,001	1,710,000	1,710,000
1	1,950,001	1,955,000	1,951,383
281			**9,000,000**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	3,167,150	35.1906%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	3,546,333	39.4037%
2.3.3 NIT and ICP	700	0.0078%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	559,060	6.2118%
2.3.5 Insurance Companies	-	-
2.3.6 Modarabas and Mutual Funds	500	0.0056%
2.3.7 Shareholders holding 10% or more	6,537,983	72.6443%
2.3.8 General Public		
a. Local	1,309,666	14.5518%
b. Foreign	-	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	416,591	4.6288%

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	DIAMOND PRODUCTS (PVT) LIMITED	150,000	1.6667
2	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
3	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,951,383	21.6820
4	SYMBOL INDUSTRIES (PVT) LTD. (CDC)	22,500	0.2500
Mutual Funds (Name Wise Detail)			
1	FIRST CAPITAL MUTUAL FUND LTD	500	0.0056
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. IFTIKHAR A. SHAFFI	1,710,500	19.0056
2	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
3	MR. ABDUL SHAKOOR	500	0.0056
4	MR. MUHAMMAD SAMEER	500	0.0056
5	MR. HASHIM ASLAM BUTT	500	0.0056
6	MR. MOHIB HUSSAIN	500	0.0056
7	MR. QASIER SALEEM KHAN	500	0.0056
8	MR. IMRAN KABIR	500	0.0056
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		559,060	6.2118

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

S. No.	Name	Holding	Percentage
1	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,951,383	21.6820
2	MR. IFTIKHAR A. SHAFFI	1,710,500	19.0056
3	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
4	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
5	BANK ALFALAH LIMITED-LAHORE STOCK EXCHANGE (CDC)	559,060	6.2118
6	MR. MUDASSAR IFIKHAR (CDC)	520,480	5.7831
7	MR. MUZAMMIL EJAZ (CDC)	476,855	5.2984

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
	NIL		

FORM OF PROXY
DIAMOND INDUSTRIES LIMITED

I/We ____

of ____
being a member of DIAMOND INDUSTRIES LIMITED, hereby appoint

______________________________ of ______________________________
another member of the Company or failing him/her

______________________________of______________________________
another member of the Company (being a member of the company) as my/our proxy toattend and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its registered office, Plot # 25, Gadoon Amazai Industrial Estate Estate, Swabi Khyber Pakhtoonkhwa on Thursday 27th October, 2022 at 11:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) ___________ day of ___________ 2022.

1) Witness:

Signature ________________________

Name ________________________

____

Address ________________________

____

Signature of Member

2) Witness:

Signature ________________________ Shares Held ________________________

Name ________________________ Shareholder's Folio No.______________

Address ________________________ CDC A/c No. ________________________

________________________ CNIC No. ________________________

Note :

- Proxies, in order to be effective, must be received at the Company's Registrar office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

- CDC shareholders, entitl ed to attend and vote at this meeting, must bring with them their Computerised National Identity Cards/Passport in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

- **For CDC Account Holders / Corporate Entities**

  In addition to the above the following requirements have to be met.

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
(iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature hall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی کافارم

ڈائمنڈانڈسٹریزلمیٹڈ

میں/ہم ____________________

کے ____________________

ڈائمنڈانڈسٹریزلمیٹڈ کاممبر ہونے کے ناطےبطور پراکسی تقرر کرتا ہوں/ کرتے

کے __________ کے __________

کمپنی سالانہ اجلاس عام جو کہ 27 اکتوبر 2022 بروز جمعرات صبح 11 بجے ہمارے رجسٹرڈ آفس، پلاٹ نمبر 25 گدون امازے انڈسٹریل اسٹیٹ اسٹیٹ صوابی خیبر پختونخواہ میں منعقد ہوگا میں کمپنی کا کوئی دوسرا ممبر (کمپنی کے ممبر ہونے کے ناطے) جو میری/ہماری پراکسی کے طور پر شرکت کرے گا اور میری/ہماری جانب سے ووٹ دے گا۔

گواہی میں نے/ہم نے بقلم خود دی __________ بروز __________ 2022 __________

1) گواہ

دستخط __________

نام __________

پتہ __________

____
ممبر کے دستخط

دستخط __________ زیرملکیت حصص __________

نام __________ شیئر ہولڈر کا فولیو نمبر __________

پتہ __________ سی ڈی سی اے/سی نمبر __________

کمپیوٹرائزڈ شناختی کارڈ نمبر __________

نوٹ:

پراکسیز کوموثر بنانے کے لئے دستخط شدہ، تصدیق شدہ اور مہر شدہ پراکسیز کا کمپنی رجسٹرار کے دفتر میں اجلاس شروع ہونے سے 48 گھنٹے قبل پہنچ جانا ضروری ہے۔

سی ڈی سی شیئر ہولڈرز جو کہ اس اجلاس عام مے شرکت اور ووٹ دینے کا حق رکھتے ہیں، اپنی شناخت کی تصدیق کے لئے اپنے ہمراہ اپنا اصل کمپیوٹرائزڈ شناختی کارڈ/پاسپورٹ لانا ضروری ہے اور پراکسی کی صورت میں اس کے /اس کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل جمع کروانی ضروری ہے۔ کارپوریٹ ممبرز کے نمائندے اپنے ہمراہ کاغذات لائیں گے جو اس مقصد کے لئے درکار ہیں۔

کارپوریٹ اِداروں/سی ڈی سی اکاؤنٹ ہولڈرز کے لئے درج بالا کے ساتھ ساتھ نیچے دی گئی ضروریات بھی پوری کرنا ضروری ہے۔

(i) پراکسی فارم تصدیق دو افراد سے کروانا ہوگی، جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔

(ii) مالکان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقول اور پراکسی فارم کے ساتھ تقرر کیا جائے گا۔

(iii) پراکسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت فراہم کرے گا۔

کارپوریٹ ادارہ ہونے کی صورت میں، کمپنی کو بورڈ آف ڈائریکٹرز ریزرویشن/پاور آف اٹارنی کے ساتھ نمونے کے دستخط جمع کروانے ہوں گے (جب تک یہ پہلے فراہم نہیں کئے گئے)۔