

ANNUAL REPORT
2021



DEWAN FAROOQUE MOTORS LIMITED



YD | A YOUSUF DEWAN COMPANY

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Company Information

Non-Executive Directors

Mr. Haroon Iqbal

Mr. Ghazanfar Baber Siddiqi

Mr. Mohammad Saleem Baig

Mr. Imran Ahmed Javed

Mrs. Nida Jamil

Chairman Board of Directors

Female Director

Executive Director

Mr. Waseem-ul- Haque Ansari

Independent Director

Mr. Aziz-ul-Haque

CHIEF EXECUTIVE OFFICER

Mr. Waseem-ul- Haque Ansari

COMPANY SECRETARY

Mr. Muhammad Hanif German

CHIEF FINANCIAL OFFICER

Mr. Muhsin Ali

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque

Mr. Ghazanfar Baber Siddiqi

Mr. Haroon Iqbal

Chairman

Member

Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Mr. Aziz-ul-Haque

Mr. Waseem-ul- Haque Ansari

Mr. Haroon Iqbal

Chairman

Member

Member

BANKERS

Allied Bank of Pakistan Limited

Askari Bank Limited

Faysal Bank Limited

Habib Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Silk Bank Limited

Saudi Pak Industrial and Agricultural

Investment Co. (Pvt.) Limited

Standard Chartered Bank

Summit Bank Limited

The Bank of Khyber

The Bank of Punjab

United Bank Limited

AUDITORS

Feroze Sharif Tariq & Co.
Chartered Accountants
4/N/4, Block 6, P.E.C.H.S.,
Karachi.

LEGAL ADVISORS

A.K. Brohi & Co.

TAX ADVISOR

Sharif & Co. (Advocates)
3rd Floor, Uni Plaza,
I.I. Chundrigar Road, Karachi.

SHARES REGISTRAR / TRANSFER AGENT

BMF Consultants
Pakistan (Pvt.) Limited
Anum Estate Building,
Room No. 310 & 311,
3rd Floor, 49, Darul Aman Society,
Main Shahrah-e-Faisal,
Adjacent to Baloch Colony Bridge,
Karachi, Pakistan.

REGISTERED OFFICE

Dewan Centre, 3-A,
Lalazar, Beach Luxury Hotel Road,
Karachi, Pakistan

FACTORY

Jilaniabad, Budhu Talpur,
District Sajawal,
Sindh.

Mission Statement

To be the No. 1 automobile company in Pakistan

- ✿ To assume leadership role in the technological advancement of the industry and to achieve the highest level of quantitative indigenization.
- ✿ To offer high value, economical and qualitative solutions to address the commuting needs of a diverse range of customers.
- ✿ To seek long-term and good relations with our suppliers and dealers with fair, honest and mutually profitable dealings.
- ✿ To be a totally customer oriented company and to achieve Total Customer Satisfaction.
- ✿ To create a work environment, which motivates recognizes and rewards achievements at all levels of the organization.
- ✿ To produce environment friendly vehicles.
- ✿ To be a contributing corporate citizen for the betterment of society, and to exhibit a socially responsible behavior.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Third Annual General Meeting of **Dewan Farooque Motors Limited ("DFML" or "the Company")** will be held on **Wednesday, October 27, 2021, at 2:00 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding General Meeting of the Company held on Wednesday, October 28, 2020;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2021, together with the Directors' and Auditors' Reports thereon;
3. To confirm the appointment of the Statutory Auditors' of the Company for the year ended June 30, 2022, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

Special Business:

1. To consider and approve short term loans/ advances to an associated company in compliance with the provisions of Section 199 of the Companies Act, 2017.

By order of the Board

Muhammad Hanif German
Company Secretary

Karachi: September 24, 2021

"Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Business, is attached along with the Notice circulated to the members of the Company, and is deemed an integral part hereof"

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2021 to October 27, 2021 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.

3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

a) For Attending Meeting:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

CNIC of the shareholders is mandatory in terms of directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(1)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc. and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar without any further delay.

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6. Mandate for E-DIVIDENDS for shareholders:

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no changes of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 5, 2013 had advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

7. Electronic Transmission of Financial Statements Etc.:

SECP through its notification No. SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility? The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: <http://www.yousufdewan.com/DFML/index.html>

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT. 2017

This statement is annexed as an integral part of the Notice of the Twenty Third Annual General Meeting of Dewan Farooque Motors Limited ("the Company" or "DFML") to be held on Wednesday, October 27, 2021 at Dewan Cement Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the meeting.

SPECIAL BUSINESS

1. To consider and approve renewal of the sanctioned limits of short-term loan to an associated company in compliance with the provisions of Section 199 of the Companies Act. 2017.

SR #	DESCRIPTION	REFERENCE		
a)	Name of the Associated Company Criteria of associated relationship	Dewan Automotive Engineering Limited Common Directorship		
b)	Amount of loans and advances	Rs. 154.879 million		
c)	In Case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	Rs. 154.879 million		
d)	Earnings/(Loss) per share for the last three years.	2020 -2.78	2019 - 3.93	2018 -2.24
e)	Financial position, including main items of balance sheet and profit and loss	Earnings / (loss) per share Shareholders' equity Total Assets Break-up value	-2.78 -1,276.299 255.140 -59.64	
f)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Interbank offered rate at the relevant period	As the Company has approached its lenders for restructuring and no mark-up is payable as per the proposal. Therefore, as per regulation 5(4) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, three months KIBOR rate is applicable.		
g)	Rate of interest, mark-up, profit, fees or commission etc., to be charged	Rate of interest to be charged will be 1% above three months KIBOR rate. Three months KIBOR as of September 24, 2021 is 7.76% per annum.		
h)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any:	Borrowing is unsecured.		
i)	Repayment schedules and terms of loans or advances to be given to the investee company.	Renewal for one year.		

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SR #	DESCRIPTION	REFERENCE
J)	Salient feature of all the agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment.	<p>The loan shall carry Markup @ 1% above lender's average short-term borrowing cost or the Karachi interbank Offered Rates, whichever is applicable.</p> <p>The tenure of loan may be extended by the lender, subject to the approval of shareholders.</p> <p>As per the terms of the agreement with the borrower the Company may recover the amount of loan by way of swap with assets/investments owned by the borrower.</p>
k)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	<p>The following are interested directors to the extent of their respective shareholding in the investee company which are as follows:</p> <p>a) Mr. Haroon Iqbal 500 (0.0023%) b) Mr. Waseem-ul-Haque Ansari 1,000 (0.0047%) c) Mr. Aziz-ul-Haque 500 (0.0023%) d) Mr. Imran Ahmed Javed (Nominee Director)</p>
	Any other important details necessary for the members to understand the transaction.	None.

In this regard, the following resolution is proposed to be passed, with or without modification, as a "SPECIAL RESOLUTION":

"RESOLVED THAT, the company, in accordance with the provisions of Section 199 of the Companies Act, 2017, Clause 111 (X) of the Memorandum of Association and the terms and conditions hereby approved in the Twenty Second Annual General Meeting of the Company, be and is hereby authorized and empowered to renew the sanctioned limit for short term loan sought for approval in the previous general meeting in respect of following associated company:

LOAN

Borrowing Company:
Dewan Automotive Engineering Limited

(Rupees in Million)
154.879

The renewal of the limit shall be for a period of one year and shall be renewable in the next general meeting for further period of one year."

Chairman's Review

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the company's objectives. The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

The Board of Directors comprises of individuals with diversified knowledge who endeavour to contribute towards the aim of the Company with the best of their abilities.

An annual self-evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

During financial year ended June 30, 2021, four board meetings were held. The Board of Directors of the Company received agendas and supporting material in sufficient time prior to the board and its committee meetings. All the directors are equally involved in important decisions. the Board's overall performance and effectiveness for the year under review was satisfactory.



Haroon Iqbal
CHAIRMAN

September 24, 2021

Directors' Report

The Board of Directors of Dewan Farooque Motors Limited is pleased to present its annual report along with the Company's audited financial statements for the year ended June 30, 2021 and welcomes you to the 23rd Annual General Meeting.

Financial Overview

The summary of financial performance for the year, along with the comparative figures of financial year 2021 is as follows:

	Year ended June 30, 2021	Year ended June 30, 2020
	—(Rupees in thousand)—	
Gross Sales	1,846	293
Gross (loss)	(80,897)	(102,190)
Operating (loss)	(95,031)	(122,360)
Net (loss) after tax	(189,252)	(292,522)

Year under review:

During the year the automobile sector sales in the passenger car, SUV and LCV segment has shown an increase of 62% as compared last year, total units sold being 181,397.

The production volumes during the year under review remained suspended. In the absence of operating activity, the Company was unable to recover fixed and other cost which resulted in financial loss for the year. Due to aforesaid reasons the company is operating under tough conditions and making best endeavors to survive. To overcome the current financial situation, the Company is taking various countermeasures and has taken up the matter with the banks. The proposal for re-profiling of Company's debts is expected to be completed in the near future and the operations of the Company will be normalized. The details of overdue loans from the banks and other financial institutions/leasing companies have been disclosed in the notes to the accounts.

The Auditors have qualified the report due to significance of the matter as referred in Para (a) and (b) of the Auditors Report. The Management has explained the status of the matter in respective notes to the financial statements. The Management is fully confident that the company would be able to, finalize the financial restructuring with the lenders and will come out of current situation.

We humbly and gratefully bow our heads before Almighty Allah, the most Gracious and most Merciful, who has rewarded and blessed your Company with His Innumerable bounties in these difficult times.

IF YE GIVE THANKS, I WILL GIVE YOU MORE (AL-QURAN)

The Board Comprises of one independent director, one executive and five non-executive Directors. The following are the names of Directors:

- Mr. Haroon Iqbal
- Mr. Waseem-ul-Haque Ansari
- Mr. Mohammad Saleem Baig
- Mr. Imran Ahmed Javed
- Mr. Ghazanfar Baber Siddiqi
- Mr. Aziz-ul-Haque
- Mrs. Nida Jamil

During the year the following casual vacancies occurring on the board which was filled up by the Board of Directors of the Company: -

1. March 10, 2021 was filled up on March 11, 2021.
2. April 5, 2021 was filled up on April 6, 2021.

Principal Activities of the Company

Dewan Farooque Motors Limited is incorporated in Pakistan as a public limited Company and is listed on the Pakistan Stock Exchange. The Company's principal activity is the assembly/contract assembly, progressive manufacturing and sale of vehicles.

Principal Risks and Uncertainties

The Company consider the following as key risks:

- Significant competition in LCV, SUV and Passenger Car category;
- Depreciation of Pak Rupee against US Dollar;
- Non-availability of banking lines.

The Company is endeavoring internally as well as externally to cater with and mitigate the impact of aforesaid risks and uncertainties.

Corporate Social Responsibility

The Company conducts its business in a responsible manner looking after its stakeholders and the environment. The Company mainly focus providing on the job training to fresh hired work force enabling them to develop adequate skills. While employing work force, the Company encourage under-privileged people residing close to the plant, thereby increasing their standard of living. Moreover, health and safety of employees is another area of focus. The Company complies with all applicable rules and regulations in the manufacturing process to ensure environmental protection. Standard Operating Procedures have been laid down to ensure protecting the health and safety of employees. The Company is also involved in providing medical facilities to people residing in the surrounding area.

Subsequent Events

Except as stated above, no material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Corporate and financial reporting framework:

- The financial statements for the year ended June 30, 2021, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2021 and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed in the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Management has explained their views in detail regarding the going concern ability of the company in note 1.1 and non-provisioning of mark up in note 23 of the annexed financial statements.
- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations of the stock exchange of Pakistan;
- Summarized key operating and financial data of last six years is enclosed with the report;
- All taxes have been paid and nothing is outstanding, except as disclosed in note 17 of the annexed audited financial statement;
- The fair value of the Provident Fund's Investment as at June 30, 2021 was Rs.31.938 (2020: Rs.29.972) million.
- The Board of Directors comprise of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. During the year four meetings of the Board were held. The attendance of directors was as follows;

Name of Director	No. of meetings attended
Mr. Haroon Iqbal	5
Mr. Aziz-ul-Haque	5
Mr. Waseem-ul-Haq Ansari	5
Mr. Imran Ahmed Javed	5
Mr. Mohammad Saleem Baig	4
Mr. Muhammad Baqar Jafferi	3
Mr. Ghazandar Baber Siddiqi	1
Mrs. Nida Jamil	1
Syed Muhammad Anwar	0

Leave of absence was granted to directors who could not attend Board meetings.

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The audit committee comprises of three directors, one of them is an independent director and two are non-executive directors. During the year three meeting were held, members' attendance in these meeting is as under:

Name of Director	No. of meetings attended
Mr. Aziz-ul-Haque	3
Mr. Haroon Iqbal	3
Mr. Ghazanfar Baber Siddiqi	3

During the year one meeting of the human resource & remuneration committee was held, members' attendance in these meeting is as under:

Name of Director	No. of meetings attended
Mr. Aziz-ul-Haque	1
Mr. Haroon Iqbal	1
Mr. Waseem-ul-Haque Ansari	1

Auditors:

The present Auditors M/s. Feroze Sharif Tariq & Co. (Chartered Accountants) have retired and offers themselves for re-appointment.

The Board of Director on recommendation of the Audit committee has recommended the re-appointment of M/s. Feroze Sharif Tariq & Co. (Chartered Accountants).

Loss per share

The Loss per Share is Re. (1.42).

Dividend

Due to accumulated losses and the circumstances explained above, the directors have not recommended dividend for the year.

Pattern of Shareholding:

The Pattern of Shareholding of the Company as at June 30, 2021 is included in the Annual Report.

Trading in Company Shares

None of the Directors, Executives, and their spouses and minor children have traded in the shares of the Company during the year.

Vote of Thanks:

On behalf of the Board, I thank you, the valued shareholders, Federal and Provincial Governments and their functionaries, banks, development financial institutions, leasing companies, dealers, vendors and customers for their continued support and patronage.



The Board would also like to appreciate the valuable services, loyalty and efforts rendered by the executives, staff members and workers of the Company, during the year under review.

Conclusion:

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of his beloved Prophet, Muhammad, peace be upon him, for continued showering of His blessing, guidance, strength, health and prosperity to us, our Company, country and nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (AL-QURAN)

Under / By Authority of Board of Directors

Waseem-ul-Haque Ansari
Chief Executive

Haroon Iqbal
Director

Karachi: September 24, 2021

Key Operating and Financial Data

PARTICULARS	2021	2020	2019	2018	2017	2016
 Rs. in '000'					
Gross Sales	1,846	293	1,844	61,631	97,771	23,827
Net Sales	1,548	250	1,529	52,656	84,517	19,801
Gross (loss) / profit	(80,987)	(102,190)	(202,325)	(138,881)	(151,455)	(130,742)
Operating (loss) / profit	(95,031)	(122,360)	(229,213)	(187,124)	(200,179)	(204,149)
(Loss) / profit before tax	(189,229)	(292,518)	(244,285)	(66,790)	(12,367)	(43,060)
(Loss) / profit after tax	(189,252)	(292,522)	(244,304)	(69,432)	(13,212)	(43,060)
Retained Earnings	(4,221,758)	(4,032,506)	(3,739,984)	(3,495,680)	(3,426,248)	(3,413,036)
Share Capital	1,387,353	1,387,353	1,387,353	1,387,353	1,387,353	1,087,353
Shareholders Equity	(2,834,405)	(2,645,153)	(2,352,631)	(2,108,327)	(2,038,895)	(2,025,683)
Fixed Assets	819,033	877,147	940,899	1,010,088	1,189,899	1,158,584
Total Assets	3,024,707	3,184,146	3,424,902	3,607,124	3,524,715	3,491,470
FINANCIAL ANALYSIS						
Profitability Ratios						
Gross (Loss) / Profit Margin	-5230.63%	-40876.00%	-13232.50%	-263.75%	-179.20%	-660.28%
Operating (loss) / profit Margin	-6137.68%	-48944.00%	-14991.04%	-355.37%	-236.85%	-1031.00%
(loss) / profit before tax	-12221.59%	-117007.20%	-15976.78%	-126.84%	-14.63%	-217.46%
(loss) / profit after tax	-12223.07%	-117008.80%	-15978.02%	-131.86%	-15.63%	-217.46%
Return on Investment						
(loss) / Earnings per share before tax (Rs/share)	(1.36)	(2.11)	(1.76)	(0.09)	(0.40)	(1.04)
(loss) / Earnings per share after tax (Rs/share)	(1.36)	(2.11)	(1.76)	(0.10)	(0.40)	(1.04)
Activity Ratios						
Sales to Total Assets-Times	0.001	0.000	0.00	0.03	0.01	0.02
Sales to Fixed Assets-Times	0.002	0.000	0.00	0.08	0.02	0.05
Liquidity Ratios						
Current ratio (excluding current maturity of LTL)	0.25	0.26	0.26	0.29	0.30	0.40
Current ratio (including current maturity of LTL)	0.21	0.21	0.21	0.23	0.23	0.32
Book value per share (Rs)	(21.24)	(19.83)	(17.63)	(15.28)	(18.63)	(20.99)

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

For the Year Ended June 30, 2021

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

1. The total number of directors are seven as per the following:

- | | |
|------------|---|
| a. Male: | 7 |
| b. Female: | 1 |

2. The composition of board is as follows:

a) Independent Director Aziz-ul-Haque

b) Other Non-executive Directors

Haroon Iqbal
 Mohammad Saleem Baig
 Imran Ahmed Javed
 Ghazanfar Baber Siddiqi
 Mrs. Nida Jamil

c) Executive Directors Waseem-ul-Haque Ansari

3. Six directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company, whereas, one director is serving as director in more than seven listed Yousuf Dewan Companies.

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decision 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 requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

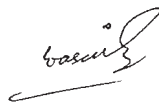
9. Three of the Directors are qualified under the directors training program. During the year the board did not arrange training program for its directors.

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10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. 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 | Aziz-ul-Haque - Chairman
Ghazanfar Baber Siddiqi - Member
Haroon Iqbal - Member |
| b) HR and Remuneration Committee | Aziz-ul-Haque - Chairman
Waseem-ul-Haque Ansari - Member
Haroon Iqbal - Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- | | |
|----------------------------------|---|
| a) Audit Committee | 5 meetings during the financial year ended June 30, 2021 |
| b) HR and Remuneration Committee | 1 annual meeting held during the financial year ended June 30, 2021 |
15. The board has set up an effective internal audit function. The staffs 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 other requirements of the Regulations have been complied with.



Haroon Iqbal
Director



Waseem-ul-Haque Ansari
Chief Executive

Karachi: September 24, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DEWAN FAROOQUE MOTORS 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 Dewan Farooque Motors Limited (the Company) for the year ended June 30, 2021 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.

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

- a) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- b) The chairman of Audit committee and Human Resource and Remuneration Committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Furthermore, we highlight that one director of the company are serving as directors in more than seven listed Companies and less than fifty percent of the directors are qualified under the Directors' Training Program as reflected in the note 3 and 9 of the Statement of Compliance respectively.



Chartered Accountants

Karachi

Dated: September 24, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEWAN FAROOQUE MOTORS LIMITED Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Dewan Farooque Motors Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, statement of Comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion Section, the statement of financial position, the statement of profit or loss, the statement comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a) The financial statements of the company for the year ended June 30, 2021 as disclosed in note 1.1 to the financial Statements reflect loss after taxation of Rs. 189.252 (2020: Rs. 292.522) million and as of that date it has accumulated losses of Rs. 4.222 (2020: Rs. 4.033) billion which resulted in net capital deficiency of Rs. 2.834 (2020: Rs. 2.646) billion and its current liabilities exceeded its current assets by Rs. 4.641 (2020: Rs. 4.600) billion and total assets by Rs. 2.817 (2020: Rs. 2.628) billion without providing the markup as refer in below para (b). The operations of the company were closed from November 2010 to November 2013 and reclose since February 2014 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties as disclosed in note 19.4 to the financial Statements. These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

- b) The company has not made provision of markup for the year amounting to Rs. 383.967 (2020: Rs. Rs. 595.551) million (refer note 23) on account of restructuring proposal offered to the lenders as described in note 1.1 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs. 383.967 (2020: Rs. 595.551) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 6.595 (2020: Rs. 6.211) billion.

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

Key Audit Matter(s)

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 period. 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.

We have determined that there are no key audit matters to communicate in our report other than the matters described in the basis for adverse opinion section.

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

Management is responsible for the other information. The other information comprises the information in the Annual Report, but does not include the financial statements and our auditor's reports 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. As described in the basis for adverse opinion section of our report, we have concluded that the other information is materially misstated for the same reason.

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 Accounting and Reporting Standards as applicable in Pakistan and requirements of companies Act 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, Future events or conditions may cause the company to cease to continue as a going concern.
- " Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated 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, except for the possible effects of matters discussed in basis for adverse opinion section of our reports, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) because of the significance of matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss. Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;

- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Feroze Sharif Tariq M.A.

Chartered Accountants

Karachi

Dated: September 24, 2021

Statement of Financial Position

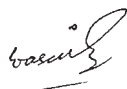
As At June 30, 2021

	Note	June 30, 2021	June 30, 2020
		————(Rs. in '000)————	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	819,033	877,147
Investment	4	1,004,392	1,094,361
CURRENT ASSETS			
Stores and spares	5	52,293	52,293
Stock-in-trade	6	17,193	35,320
Trade debts - considered good	7	672	5,620
Short term loans to associated undertakings - considered good	8	154,879	154,879
Advances, deposits, prepayments and other receivables- considered Good	9	827,475	815,346
Taxation - net	10	23,627	23,574
Cash and bank balances	11	125,143	125,606
		<u>1,201,282</u>	<u>1,212,638</u>
TOTAL ASSETS		3,024,707	3,184,146
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
150,000,000 (2020: 150,000,000) Ordinary shares of Rs.10 each		1,500,000	1,500,000
Issued, subscribed and paid-up	12	1,387,353	1,387,353
Revenue Reserve		(4,221,758)	(4,032,506)
Accumulated loss		(2,834,405)	(2,645,153)
NON-CURRENT LIABILITIES			
Long term loans - secured	13	-	-
Long term security deposits	14	12,700	12,700
Deferred Liabilities	15	4,231	4,231
CURRENT LIABILITIES			
Short term loan from related party	16	273,405	262,063
Trade and other payables	17	374,130	355,648
Unclaimed Dividend		1,802	1,814
Short term finances-secured	18	4,095,913	4,095,913
Current maturity of long term loans		1,096,930	1,096,930
		<u>5,842,180</u>	<u>5,812,368</u>
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		3,024,707	3,184,146

The annexed notes from 1 to 36 form an integral part of these financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

Statement Of Profit And Loss Account

For the year ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		————(Rs. in '000)————	
GROSS SALES	20	1,846	293
Sales tax		268	43
Federal Excise duty		30	-
	20	298	43
NET SALES		1,548	250
Cost of sales	20	82,535	102,440
GROSS (LOSS)		(80,987)	(102,190)
Administration and general expenses	21	14,044	20,170
OPERATING (LOSS)		(95,031)	(122,360)
OTHER INCOME/(LOSS)	22	(76,961)	(158,690)
		(171,992)	(281,050)
Finance cost	23	11	3
Provision for obsolescence / slow moving stocks		17,226	11,465
		17,237	11,468
(LOSS) BEFORE TAXATION		(189,229)	(292,518)
TAXATION	24	23	4
(LOSS) AFTER TAXATION		(189,252)	(292,522)
Basic / Diluted (loss) per share (Rupees)	25	(1.42)	(2.19)

The annexed notes from 1 to 36 form an integral part of these financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

Statement of Comprehensive Income


For The Year Ended June 30, 2021

	June 30, 2021	June 30, 2020
	————(Rs. in '000)————	
(Loss) for the year	(189,252)	(292,522)
Other comprehensive income / (loss)	-	-
Total comprehensive (loss) for the year	(189,252)	(292,522)

The annexed notes from 1 to 36 form an integral part of these financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

Statement Of Cash Flow

For the year ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
————(Rs. in '000)————			
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(189,229)	(292,518)
Add / (Less) : Depreciation		58,094	63,752
Gain on disposal of fixed assets		(430)	-
Loss due to Change in valuation of investment in associates		89,969	178,803
Financial charges		11	3
		147,644	242,558
		(41,585)	(49,960)
Decrease in stock in trade		18,127	11,672
Decrease in trade debts		4,948	6,504
(Increase) in advances, deposits, pre-payments & other receivables		(12,129)	(19,404)
Increase in trade, other payables and borrowings		18,482	42,982
Tax (paid)		(76)	(236)
Dividend (paid)		(12)	-
Financial charges (paid)		(11)	(3)
		29,329	41,515
Net cash flow from operating activities		(12,256)	(8,445)
CASH FLOW FROM INVESTING ACTIVITIES			
Sale Proceeds of fixed assets		450	-
Net cash flow from investing activities		450	-
CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan from Related Party		11,342	8,784
Net cash flow from financing activities		11,342	8,784
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(464)	339
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(1,852,418)	(1,852,757)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	26	(1,852,882)	(1,852,418)

The annexed notes from 1 to 36 form an integral part of these financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

Statement Of Changes In Equity

For The Year Ended June 30, 2021

Share Capital	Revenue Reserves		Total
Issued, subscribed and paid-up	Accumulated loss	Total Reserves	

----- (Rs. in '000) -----

Balance as at July 01, 2019	1,387,353	(3,739,984)	(3,739,984)	(2,352,631)
Total Comprehensive (loss) for the year	-	(292,522)	(292,522)	(292,522)
Balance as at June 30, 2020	1,387,353	(4,032,506)	(4,032,506)	(2,645,153)
Balance as at July 01, 2020	1,387,353	(4,032,506)	(4,032,506)	(2,645,153)
Total Comprehensive (loss) for the year	-	(189,252)	(189,252)	(189,252)
Balance as at June 30, 2021	1,387,353	(4,221,758)	(4,221,758)	(2,834,405)

The annexed notes from 1 to 36 form an integral part of these financial statements.


Muhsin Ali
 Chief Financial Officer


Waseem-ul-Haque Ansari
 Chief Executive


Haroon Iqbal
 Director

Notes to the Financial Statements

For The Year Ended June 30, 2021

1 THE COMPANY AND ITS OPERATIONS

Dewan Farooque Motors Limited was incorporated in Pakistan on December 28, 1998 as a public limited company. The shares of the company are quoted on all the Pakistan stock exchanges in Pakistan. The principal activity of the Company is the assembly, progressive manufacturing and sale of vehicles in Pakistan.

The Company commenced commercial production through the interim facility from January 01, 2000. The main facility came into commercial operation from January 01, 2001.

On 01 August 2016, the company entered into an agreement with Daehan-Dewan Motor Company (Pvt.) Limited (a related party) for assembly of vehicles on contract basis. The Company manufactured vehicles under this arrangement from March 2018 to June 2018 after that Plant reclose till to date.

The geographical Location and address of the company's business units, including mill/plant are as under:

The registered office of the Company is situated at Dewan Centre, 3-A Lalazar, Beach Luxury Hotel Road, Karachi, while its manufacturing facilities is situated at Jilianabad, Budhu Talpur, District Sajawal, Sindh.

1.1 GOING CONCERN ASSUMPTION

The company has incurred a loss after taxation of Rs. 189.252 million during the year ended June 30, 2021. As of that date it has accumulated losses of Rs.4.222 billion and its current liabilities exceeded its current asset by Rs. 4.641 billion. Furthermore, cumulatively the company has not provided markup on its borrowings from banks and financial institutions amounting to Rs.6.595 billion. The working capital constraints resulted in closure of production activities leading to gross loss situation. The Company has suspended its production from November 2010 till August 2013 and again closed the production since March 2014. Further, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and the short term facilities have not been renewed by banks/financial institutions. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

These financial statements have been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the company is negotiating reprofiling of the debt with all the lenders and is expected to be finalized in due course.

Notes to the Financial Statements

For The Year Ended June 30, 2021

2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 23 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for short term investments in mutual fund classified at fair value through profit or loss and lease liabilities under present value as disclosed in respective notes to the financial statements.

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.2 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Amendment or Framework

IFRS 3 - Business Combinations - Definition of a Business (Amendments)
 IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
 IAS 1 / IAS 8 - Definition of Material (Amendments)
 Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's financial statements.

Notes to the Financial Statements

For The Year Ended June 30, 2021

2.3 Standards, amendments and improvements to the approved accounting standards that are not yet effective.

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

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
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
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

2.4 Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

Notes to the Financial Statements

For The Year Ended June 30, 2021

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standard		IASB effective date (annual periods beginning on or after
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

2.5 Significant Accounting estimates adjustments and Assumptions

The preparation of financial statements in conformity with approved accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgement in application of the company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were exercised by management in the application of accounting policies in the financial statements are as follows:

- i. Useful lives of Property, Plant and equipment (notes 2.6 and 3.1)
- ii. Provision for doubtful trade debts (note 2.10)
- iii. Income taxes (note 2.13)
- iv. Classification and valuation of investments (note 2.7)
- v. Provision for Slow moving stores and spares (note 2.8)
- vi. Provision for Slow moving stock in trade (note 2.9)

2.6 Tangible fixed assets

2.6.1 Property Plant and Equipment Owned

These are stated at cost less accumulated depreciation except for land and capital work in progress which are stated at cost. Cost of certain fixed assets and capital work in progress comprises of historical cost and the cost of borrowings during construction / erection period in respect of specific loans / borrowings.

Notes to the Financial Statements

For The Year Ended June 30, 2021

Depreciation is charged to income using the reducing balance method whereby the cost of an asset is written off over its estimated useful life. The rates of depreciation are stated in note 3.1 to the accounts. Depreciation is charged in proportion to the use of assets in the respective year.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted, if appropriate, at each statement of financial position date.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of fixed assets are included in income currently.

2.6.2 Judgement and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

2.6.3 Capital work-in-progress

All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

2.6.4 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Notes to the Financial Statements

For The Year Ended June 30, 2021

2.6.5 Right-of-use assets

The Company recognises 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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 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.

2.6.6 Lease Liability

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset."

Notes to the Financial Statements

For The Year Ended June 30, 2021

2.7 Investment

- 2.7.1** The management determines the appropriate classification of the investments, in accordance with the IFRSs, at the time of purchase depending on the purpose for which the investments are acquired and re-evaluate this classification on a regular basis. The existing investment of the company has been categorized as available for sale.

Available for sale investments are initially recognized at cost being the fair value of the consideration given including acquisition charges associated therewith.

After initial recognition, investment which are classified as available for sale are remeasured at fair value. Unrealized gains and losses on available for sale investments are recognized in equity till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

2.7.2 Investment in Associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses. If the associate subsequently reports profits, the investor or joint venturer resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2.8 Stores and spares

These are valued at cost determined on weighted average basis. Items in transit are valued at cost comprising of invoice values plus other charges incurred thereon accumulated to the statement of financial position date.

Stores, Spares and Loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

Notes to the Financial Statements

For The Year Ended June 30, 2021

2.9 Stock-in-trade

Raw materials and Components are valued at cost. Those in transit are stated at invoice price plus other charges paid thereon upto the statement of financial position date. Cost is determined on a moving average basis.

Work-in-process is valued at material cost consisting of CKD kits, local vendor parts and consumables.

CBU (finished goods) in hand are valued at the lower of cost and net realizable value. Cost is determined on moving average basis.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the statement of financial position date.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make sale.

2.10 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

2.11 Staff retirement benefits

Effective from January 1, 2004, the company has, in place of gratuity scheme, established a recognized provident fund scheme (defined Contribution Plan) for its permanent employees. Equal contributions are being made in respect thereof by company and employees in accordance with the terms of scheme.

2.12 Long term loans / Borrowings

Long term loans/ Borrowings are initially recognized at cost. After initial recognition same are measured at original recorded amount less principal repayments thereof.

2.13 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax rebates and credits available, if any, or one percent of turnover or Alternate Corporate Tax whichever is higher. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

Notes to the Financial Statements

For The Year Ended June 30, 2021

Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

2.14 Trade and other payables

Liability for trade and other amounts payable, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.15 Warranty obligations

These are accounted for on the basis of claims lodged on the company.

2.16 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the statement of position date except for liabilities covered under forward exchange contracts, if any, which are translated at the contracted rates. Exchange differences on foreign currency translations are included in income along with any related hedge effects.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements

For The Year Ended June 30, 2021

2.18 Financial instruments

Financial assets

The financial assets of the Company mainly include trade debts, loans, deposits, short-term investments, other receivables and cash and bank balances.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets previously classified as 'loans and receivables' are now classified as 'amortised cost'. These assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Short-term investments are designated at FVTPL at initial recognition. These are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

Financial liabilities

There are no changes in classification and measurement for the Company's financial liabilities on the adoption of IFRS 9.

Financial liabilities at 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 at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Notes to the Financial Statements

For The Year Ended June 30, 2021

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standardised simplified approach and calculates ECL based on lifetime ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

2.19 Revenue recognition

Sales are recognized as revenue when goods are invoiced to customers.

Return on bank deposits are on an accrual basis.

Notes to the Financial Statements

For The Year Ended June 30, 2021

Markup on loan to associated undertaking is recognized on an accrual basis.

Agency commission is recognized when shipments are made by the principal.

Unrealized gains / loss arising on re-measurement of investments classified as "financial assets at fair value through "profit or loss" are included in the profit and loss account in the period in which these arise.

Realised capital gains / loss on sale of investments are recognized in the profit and loss account at the time of sale.

Dividend income is recognised when the right to receive the dividend is established.

Revenue from contracts with customers is recognized when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Company has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time, when the customer accepts the products. Moreover, the payment terms identified in most sources of revenue are short-term usually 30 to 60 days upon delivery, without any variable considerations, financing components and guarantees.

The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as advances from customer.

2.20 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and at banks and short term finances. The cash and cash equivalents are subject to insignificant risk of changes in value.

2.21 Related Party transactions and transfer pricing

The Company enters into transactions with related parties on an arm's length basis.

2.22 Provisions

Provisions are recognized when the company has present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

Notes to the Financial Statements

For The Year Ended June 30, 2021

2.23 Off setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset the recognized amounts and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.24 Dividends distribution and transfer between reserves

Dividends declared are transfers between reserves made subsequent to the statement of financial position date are considered as non-adjusting events and are recognized in the financial statements in the year in which such dividends are approved / transfers are made.

2.25 Functional and presentation currency

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

2.26 Segment Reporting

The Company uses management approach for segment reporting, under which segment information is required to be presented on the same basis as that used for internal reporting purposes. Operating segments have been determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The company has determined operating segments on the basis of business activities i.e. manufacturing and trading activities. Segment assets have not been disclosed in these financial statements as these are not reported to the chief operating decision-maker on a regular basis.

Note	June 30, 2021	June 30, 2020
	----- (Rs. in '000) -----	

3 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

3.1	819,033	877,147
	819,033	877,147

Notes to the Financial Statements

For The Year Ended June 30, 2021

3.1 The statement of the operating fixed assets is as follows:

	Free hold land	Buildings	Plant and machinery	Tangible - owned Furniture and fixtures	Vehicles	Office Equipment	Total
------(Rupees in '000)-----							
As at July 01, 2020							
Cost	78,033	1,136,347	1,597,244	165,150	321,402	89,267	3,387,443
Accumulated depreciation	-	656,020	1,350,756	133,071	299,560	70,889	2,510,296
Net book value	78,033	480,327	246,488	32,079	21,842	18,378	877,147
Year ended Jun 30, 2021							
Opening net book value	78,033	480,327	246,488	32,079	21,842	18,378	877,147
Additions	-	-	-	-	-	-	-
Disposals							
Cost	-	-	-	-	616	-	616
Accumulated depreciation	-	-	-	-	596	-	596
	-	-	-	-	20	-	20
Transfer							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation for the year	-	24,001	24,679	3,208	4,369	1,837	58,094
Closing net book value	78,033	456,326	221,809	28,871	17,453	16,541	819,033
As at Jun 30, 2021							
Cost	78,033	1,136,347	1,597,244	165,150	320,786	89,267	3,386,827
Accumulated depreciation	-	680,021	1,375,435	136,279	303,333	72,726	2,567,794
Net book value	78,033	456,326	221,809	28,871	17,453	16,541	819,033
Depreciation rate % per annum		5%	10%	10%	20%	10%	
As at July 01, 2019							
Cost	78,033	1,136,347	1,597,244	165,150	321,402	89,267	3,387,443
Accumulated depreciation	-	630,755	1,323,335	129,507	294,099	68,848	2,446,544
Net book value	78,033	505,592	273,909	35,643	27,303	20,419	940,899
Year ended June 30, 2020							
Opening net book value	78,033	505,592	273,909	35,643	27,303	20,419	940,899
Additions	-	-	-	-	-	-	-
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Transfer							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Depreciation for the year	-	25,265	27,421	3,564	5,461	2,041	63,752
Closing net book value	78,033	480,327	246,488	32,079	21,842	18,378	877,147
As at June 30, 2020							
Cost	78,033	1,136,347	1,597,244	165,150	321,402	89,267	3,387,443
Accumulated depreciation	-	656,020	1,350,756	133,071	299,560	70,889	2,510,296
Net book value	78,033	480,327	246,488	32,079	21,842	18,378	877,147
Depreciation rate % per annum		5%	10%	10%	20%	10%	

3.1.1 The above assets are mortgaged with the Financial Institutions /Banks as disclosed in note no 19.4 and the note 1.1 to the financial Statements.

Notes to the Financial Statements

For The Year Ended June 30, 2021

3.1.2 Freehold land represents 73.47 Acres situated at Jilaniabad, Budhu Talpur, District Sujawal. The value of Freehold land is Rs. 69.721 Million (2020: Rs. 69.721 Million) and leasedhold land is Rs. 8.311 Million (2020: Rs. 8.311 Million)

3.2 Depreciation charge for the period has been allocated as follows:

	Note	June 30, 2021	June 30, 2020
		----- (Rs. in '000) -----	
Cost of goods manufactured	20.1	56,167	61,637
Administration and general expenses	21	1,927	2,115
		58,094	63,752

During the year, there is no distribution cost, therefore, depreciation charge for the year has been allocated between cost of goods manufactured and administration and general expense.

4. INVESTMENT

Investment in Ordinary shares of Dewan Cement Limited (DCL) - Related party

65,375,455 ordinary shares of Rs. 10 each (2020: 65,375,455 ordinary shares of Rs. 10 each)	4.1	804,131	804,131
Share of Profit		200,261	290,230
		1,004,392	1,094,361
Fair value as per Market price Quoted in Pakistan Stock Exchange		736,128	508,621
Market value (Rupees per share)		11.26	7.78
Percentage of equity held		13.50%	13.50%

4.1 The summarized financial information of the associates over which the company exercises significant influence based on audited financial statements for the year ended June 30, 2021 are as follows:

	June 30, 2021	June 30, 2020
	----- (Rs. in '000) -----	
Total Assets	36,931,786	37,332,839
Total Liabilities	15,996,409	15,731,024
Revenues	6,259,915	5,832,951
(Loss) after tax	(666,438)	(1,324,465)
Accumulated Profit up to June 30	3,972,237	4,243,709

Notes to the Financial Statements

For The Year Ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- (Rs. in '000) -----	
5. STORES AND SPARES			
Stores		16,430	16,430
Spares		40,927	40,927
		57,357	57,357
Less : Provision for obsolescence / slow moving stocks		(5,064)	(5,064)
		<u>52,293</u>	<u>52,293</u>
5.1 Movement in provision for obsolescence and slow moving items			
Opening balance		5,064	5,064
Provision during the year		-	-
Closing balance		<u>5,064</u>	<u>5,064</u>
6. STOCK-IN-TRADE			
Manufacturing stock			
Raw materials and components		144,225	144,225
Finished goods		2,218	2,980
		146,443	147,205
Trading stock			
Trading stock		25,824	25,962
Less : Provision for obsolescence / slow moving stocks		(155,074)	(137,847)
		<u>17,193</u>	<u>35,320</u>
6.1 Movement in provision for obsolescence and slow moving items			
Opening balance		137,847	126,382
Provision during the year		17,227	11,465
Closing balance		<u>155,074</u>	<u>137,847</u>
7. TRADE DEBTS - Considered good		<u>672</u>	<u>5,620</u>

Notes to the Financial Statements

For The Year Ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- (Rs. in '000) -----	
8 SHORT TERM LOAN TO AN ASSOCIATED UNDERTAKING - Considered good			
Dewan Automotive Engineering Limited	8.1	154,879 154,879	154,879 <u>154,879</u>
8.1 The company has charged markup on loans to associated undertakings carrying markup @1% above the borrowing of the company. At the end of the period these loans carries markup at the rate of 8.45% (2020: 8.26%) per annum.			
8.2 The maximum aggregate amount of loan at the end of any month during the year was Rs. 154.879 Million (2020: Rs. 154.879 Million).			

	June 30, 2020	June 30, 2019
	----- (Rs. in '000) -----	
9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - Considered good		
Suppliers and contractors	-	-
Considered good	181,467	181,467
Considered doubtful	181,467	181,467
	(181,467)	(181,467)
Less: Provision for doubtful advances	-	-
Employee	3,068	3,068
Sales tax	5	913
	3,073	3,981
Deposits		
Margin against letters of guarantees	2,050	2,050
Others	11,511	11,511
	13,561	13,561
Other receivables		
Markup on loan to associated undertaking (note 8 & 9.1)	810,840	797,803
Others	1	1
	810,841	797,804
	827,475	815,346

9.1 The maximum aggregate amount receivable at the end of any month during the year was Rs. 810,840 Million (2020: Rs. 797.803 Million).

9.2 The age analysis of receivable from related party as follows.

Notes to the Financial Statements

For The Year Ended June 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rs. in '000) -----	
Not yet due	-	-
Past due		
- up to 3 months	-	-
- 3 to 6 months	6,580	7,908
- 6 to 12 months	6,457	11,477
- More than one year	797,803	778,418
	810,840	797,803

10. TAXATION

- 10.1** Income tax assessments of the company have been finalized upto and including the tax year 2020 relating to income year ended June 30, 2020 and certain appeals for the Tax year 2008, 2009 and 2010 are pending before the income tax appellate authorities. However, the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit. The company is in loss, therefore provision has been made in the accounts for minimum tax as per provisions of the Income Tax Ordinance, 2001.
- 10.2** The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the company is not in operational activities as described in note 1 of these financial statements.
- 10.3** Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.
- 10.4** Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

11. CASH AND BANK BALANCES

	Note	June 30, 2021	June 30, 2020
		----- (Rs. in '000) -----	
Cash in hand		432	597
Cash at banks in current accounts	11.1	124,711	125,009
		125,143	125,606

Notes to the Financial Statements

For The Year Ended June 30, 2021

11.1 One of the Company's current account has been blocked by the bank. The Company has gone into litigation against this action of the bank demanding release of the blocked amount. The matter is pending in the High Court of Sindh. Further, confirmation from most of the banks are not received as the company is in litigation with banks.

11.2 Represents deposits placed with conventional banks .

12. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2021 (No of Shares in '000)	2020		June 30, 2021 ----- (Rs. in '000) -----	June 30, 2020 ----- (Rs. in '000) -----
135,065	135,065	Ordinary shares of Rs.10/- each fully paid in cash	1,350,651	1,350,651
3,670	3,670	Ordinary shares of Rs.10/- each, issued as fully paid bonus shares	36,702	36,702
138,735	138,735		1,387,353	1,387,353

12.1 13,650,000 (2020: 13,650,000) shares are held by Related party.

13. LONG TERM LOANS - secured

From banking companies and other financial institutions

	Note	June 30, 2021 ----- (Rs. in '000) -----	June 30, 2020 ----- (Rs. in '000) -----
Allied Bank Limited - I	13.1	71,429	71,429
Saudi Pak Agricultural and Investment Company - I	13.2	90,000	90,000
National Bank of Pakistan	13.3	62,500	62,500
MCB Bank Limited (formerly NIB Bank)	13.4	110,000	110,000
Saudi Pak Agricultural and Investment Company - II	13.5	63,000	63,000
Summit Bank Limited	13.6	700,000	700,000
		1,096,929	1,096,929
Less:- Current portion shown under current liabilities	13.7	1,096,929 (1,096,929)	1,096,929 (1,096,929)
		-	-

13.1 The loan carries mark up at the base rate plus 2.5% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set at the last business day before the installment date for the immediately preceding installment. Presently markup on the finance works out to 14.51% (2020 : 14.51 %) per annum.

The loan was rescheduled during the year and is to be paid in seven equal monthly installments commencing from June 29, 2008 and ending on December 31, 2008.

This loan is secured by way of parri passu charge over all present and future fixed assets including land, building, plant and machinery of the Company.

Notes to the Financial Statements

For The Year Ended June 30, 2021

- 13.2** The loan carries mark up at the base rate plus 3.00% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 15.01% (2020: 15.01%) per annum.

The loan is repayable in ten equal semi annual installments, with quarterly markup payments, commencing from January 26, 2006 and ending on October 26, 2010

The loan is secured by First Pari Passu hypothecation charge and equitable mortgage over fixed assets of the company.

- 13.3** The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 14.51% (2020: 14.51%) per annum.

The loan was repayable in eight equal quarterly installments commencing from January 13, 2006 and ending on October 13, 2007

The loan was secured by First Pari Passu charge over plant and machinery and equitable mortgage over land and building of the company.

- 13.4** The finance carries mark up at the base rate plus 4.00 % per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last business day at the beginning of each quarterly period. Presently markup on the finance works out to 16.01% (2020: 16.01 %) per annum.

The finance is repayable in twenty equal quarterly installments commencing from March 30, 2006 and ending on December 30, 2010

The loan is secured by First Pari Passu charge over all the present and future fixed assets of the company.

- 13.5** The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set first time on date of disbursement and subsequently on January 1st and July 1st. Presently markup on the finance works out to 15.01 % (2020: 15.01%) per annum.

The loan is repayable in ten equal half yearly installments, with quarterly markup payments, commencing from August 14, 2007 and ending on February 14, 2012.

The loan is secured by First Pari Passu charge over fixed assets of the company.

- 13.6** The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be reset on bi-annual basis i.e. on January 1st and July 1st every year. Presently markup on the finance works out to 15.01 % (2020: 15.01%) per annum.

The loan is repayable through monthly installments within five years including one year grace period, markup shall continuously be paid on calendar quarter basis during grace period.

Notes to the Financial Statements

For The Year Ended June 30, 2021

The loan is secured by First Pari Passu charge over fixed assets of the company.

13.7 This includes overdue installments amounting to Rs. 1,096,930 million. Banks/financial institutions has filed suit in the High Court of Sindh U/s 9 of Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery through sale of company's assets. The company is defending these cases. The outcome is awaited and it is expected that it will be in favour of company as fully disclosed in note no. 19.4 to the financial Statements.

13.8 Since the Company is in litigation with banks confirmation have not been received .

14. These deposits have been received from dealers and are interest free. These deposits have been utilized for the purpose of business in accordance with the term of written agreement with the dealers under section 217 of Companies Act, 2017.

	Note	June 30, 2021	June 30, 2020
		----- (Rs. in '000) -----	
15. DEFERRED LIABILITIES			
Deferred taxation	15.1	-	-
Staff gratuity	15.2	4,231	4,231
		4,231	4,231
15.1 Deferred Taxation			
Credit balance arising due to:			
Accelerated tax depreciation allowances		132,305	143,140
Share of profit in associated company		58,076	84,167
		190,381	227,307
Less: Debit balance arising due to:			
Gratuity		(1,227)	(1,227)
Provision for obsolete/slow moving Stores and Spares		(1,469)	(1,469)
Provision for obsolete/slow moving Stock-in-Trade		(44,971)	(39,976)
Provision for doubtful advance		(52,626)	-
Carry forward tax losses and others		(434,489)	(223,402)
		(534,782)	(266,074)
Deferred tax assets		(344,401)	(38,767)
Deferred tax asset not recognized		344,401	38,767
		-	-
15.2 Staff gratuity			
Balance at the beginning of the period		4,231	4,231
Less: Payments made during the period		-	-
		4,231	4,231

Notes to the Financial Statements

For The Year Ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- (Rs. in '000) -----	
16. SHORT TERM LOAN FROM RELATED PARTY			
Sponsor Loan			
Balance at the beginning of the period	16.1	262,063	253,279
Add: Received during the year		-	8,784
		262,063	262,063
Related Party			
Short term loan received from related party	16.2	11,342	-
		273,405	262,063

16.1 This represents unsecured interest free loan obtained from Sponsor of the Company for the purpose of working capital requirements and is payable on demand.

16.2 This represents unsecured interest free loan obtained from Related Party Dewan Motors (Private) Limited for the purpose of working capital requirements and is payable on demand.

17. TRADE AND OTHER PAYABLES

Creditors			
Trade creditors	17.1	47,125	48,063
Accrued liabilities			
Accrued expenses		327,004	307,584
Sales tax payable		1	1
		374,130	355,648

17.1 Investments of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

18. SHORT TERM FINANCES - SECURED

From banks & financial institutions			
- Short term loan (Under mark-up / profit arrangements)	18.1 & 18.4	1,978,024	1,978,024
- Overdue letter of credits	18.4	2,117,889	2,117,889
		4,095,913	4,095,913

18.1 The facilities for short term finances under markup / profit arrangements available from various banks amounted to Rs. 2,255 (2020: Rs.2,255) million.

18.2 The rate of markup / profit ranges from 8.74% to 20% (2020: 8.74% to 20.00%) per annum.

18.3 The facilities are secured by way of pari passu charge against hypothecation of the company's stock in trade and book debts and are generally for a period of one year, renewable at the end of the period.

18.4 Since the company is in litigation with banks confirmations from most of them have not been received.

Notes to the Financial Statements

For The Year Ended June 30, 2021

19. CONTINGENCIES AND COMMITMENTS

Contingencies

- 19.1** The company, in the past, received demand notices from the Customs Authorities claiming short recovery of Rs. 269.9 million in aggregate on account of custom duties, sales tax and income tax on royalty paid to Hyundai Motor Company (HMC) and Kia Motor Corporation (KMC), taking the view that the royalty pertains to the imported CKD kits as opposed to company view that the same is independent of the import of CKD kits and relates to the local manufacturing of the motor vehicles.

The Customs Appellate Tribunal has decided the matter in company's favor resulting in reversal of demand to the extent of Rs.182.8 million. Against the decision of Customs Appellate Tribunal, the Custom Authorities have filed an appeal before the High Court of Sindh which is pending for hearing. It is expected that the decision will be in favour of the Company. The company also expect a similar decision against the cases for the balance amount of Rs.87.1 million, as the facts of the cases and questions of law involved are identical.

- 19.2** Sales tax Appeal against order in original no. 31/2004 dated 28-2-2004 in respect of demand of Rs 3.2 million filed before commissioner Inland Revenue (Appeal I) Karachi has been decided in favor of the company as per order passed as per STA/35/LTU/2013 dated 17-6-2013 by CIR (Appeals-I) Karachi. The Commissioner Inland Revenue, Zone I, LTU, Karachi has filed appeal before the Appellate Tribunal Inland Revenue, Karachi against the order No. STA-35/LTU/2013 dated 17-6-2013 and is pending for adjudication.

- 19.3** Letter of guarantees issued by the banks amounting to Rs. 250.336 (2020: Rs. 250.336) million.

- 19.4** In respect of liabilities towards banks / financial institutions disclosed in note 13 and 18 to the financial statements, the banks /financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 6.884 billion.

The management has disputed the claim and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan. The management is hopeful that the decision will be in favor of the company and the base less suits shall be rejected by the concerned courts. Since all the cases are pending before Honorable Courts therefore the ultimate outcome cannot be established at this stage.

Commitments

- 19.5** Capital expenditure commitments outstanding amounts to Rs. Nil (2020: Nil).
- 19.6** Commitments in respect of letters of credit other than for capital expenditure amounts to Rs. Nil (2020: Nil).

Notes to the Financial Statements

For The Year Ended June 30, 2021

20 OPERATING RESULTS

Note	Manufacturing		Trading		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Rs. in '000)						
Sales	1,424	-	422	293	1,846	293
Sales tax	207	-	61	43	268	43
Federal Excise Duty	30	-	-	-	30	-
	237	-	61	43	298	43
Net sales	1,187	-	361	250	1,548	250
Cost of sales						
Opening stock	2,980	2,980	25,962	26,169	28,942	29,149
Cost of goods manufactured 20.1	81,635	102,233	-	-	81,635	102,233
Purchases	-	-	-	-	-	-
Closing stock	(2,218)	(2,980)	(25,824)	(25,962)	(28,042)	(28,942)
	82,397	102,233	138	207	82,535	102,440
Gross (loss) / profit	(81,210)	(102,233)	223	43	(80,987)	(102,190)
Distribution expenses	-	-	-	-	-	-
Administration and general expenses 21	10,770	-	3,274	20,170	14,044	20,170
	10,770	-	3,274	20,170	14,044	20,170
Operating (Loss)	(91,979)	(102,233)	(3,051)	(20,127)	(95,031)	(122,360)

20.1 Cost of goods manufactured

Raw material and vendor parts consumed

Opening stock		144,225	144,225
Purchases		-	-
Closing stock		(144,225)	(144,225)
		-	-
Salaries, wages and other benefits	20.2	22,960	30,882
Insurance		-	99
Depreciation	3.2	56,167	61,637
Communication		108	316
Printing, stationery and office supplies		-	1
Rent, rates & Taxes		-	100
Utilities		1,062	5,867
Traveling & entertainment		-	293
Vehicle running		1,338	1,852
Repairs and maintenance		-	1,186
Add: Opening stock of work-in-process		-	-
Less: Closing stock of work-in-process		-	-
		81,635	102,233
		81,635	102,233

20.2 Included herein is a sum of Rs. Nil (2020: Rs. Nil) million relating to recognized Provident fund scheme.

Notes to the Financial Statements

For The Year Ended June 30, 2021

	Note	June 30, 2021 ------(Rs. in '000)-----	June 30, 2020
21. ADMINISTRATION AND GENERAL EXPENSES			
Salaries, allowances and other benefits	21.1	8,241	14,510
Rent, rates and taxes		-	916
Depreciation	3.2	1,927	2,115
Insurance		-	161
Traveling & entertainment		30	25
Vehicle running		1,150	1,246
Communication		51	99
Printing, stationery and office supplies		135	383
Advertising & publicity		29	29
Fee and subscription		1,533	46
Repairs and maintenance		57	34
Auditors' remuneration	21.2	551	551
Miscellaneous		340	55
		14,044	20,170

21.1 Included herein is a sum of Rs.0.244 (2020: Rs. 0.348) million relating to recognized Provident fund scheme.

	June 30, 2021 ------(Rs. in '000)-----	June 30, 2020
21.2 Auditors' remuneration		
Audit fee	330	330
Interim review and other certifications	121	121
Out of pocket expenses	100	100
	551	551

21.3 The administration and general expenses have been allocated between manufacturing and trading activities (note 20) on the basis of net sales.

22. OTHER INCOME/(LOSS)

Gain on disposal of fixed assets		430	-
Profit on Short Term Loan to Associated undertaking	8.1	13,037	19,385
Others		(459)	728
Share of (loss) of equity investment in associate	4	(89,969)	(178,803)
		(76,961)	(158,690)

Notes to the Financial Statements

For The Year Ended June 30, 2021

23 FINANCE COST

During the year ended June 30, 2021 the company has not provided the markup on Long term and short term borrowing from banks and financial institutions to the extent of Rs. 383.967 million, accumulated Rs. 6.595 billion. The management is hope full that the decision of the court will be in favor of the company and the restructuring proposal will be accepted by the lenders. However had the company provided this amount in the financial statements during the year the loss of the company would have been increased and consequently the Share holders equity would have been lower and accrued markup would have been higher by the same amount. The said non provisioning is the contravention with the requirements of IAS 23 "Borrowing Costs".

**June 30,
2021** **June 30,
2020**

----- (Rs. in '000) -----

24 TAXATION

24.1 The Company is in loss, therefore provision has been made for minimum tax as per the provisions of Income Tax Ordinance.

Current - for the year
 - for prior year

23	4
-	-
23	4

24.2 Relationship between tax expense and accounting loss

Provision for taxation is based on minimum tax liability at the rate of 1.5% of the turnover, therefore the relationship between accounting loss and tax expense for the year cannot be given.

**June 30,
2021** **June 30,
2020**

----- (Rs. in '000) -----

25. (LOSS) PER SHARE

25.1 Basic/Diluted (loss) per share

Net (loss) for the period
Weighted average number of
ordinary shares
Basic/Diluted (loss) per share

Rs. In thousand
number in
thousand
Rupee

(189,252)	(292,522)
133,421	133,421
(1.42)	(2.19)

26. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short term finances

125,143	125,606
(1,978,024)	(1,978,024)
(1,852,881)	(1,852,418)

Notes to the Financial Statements

For The Year Ended June 30, 2021

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for the remuneration to the Chief Executive, Executive Directors and Executives are as follows:

	June 30, 2021			June 30, 2020		
	Chief Executive	Executive Directors	Executives	Chief Executive	Executive Directors	Executive
	Rs. in '000'					
Managerial remuneration	2,715	-	9,706	1,846	1,432	7,982
Bonus	-	-	-	-	-	-
House rent, utilities and other benefits	1,497	-	5,357	1,018	790	3,382
Retirement benefits	226	-	641	154	119	344
Medical	217	-	470	-	-	-
Leave passage / assistance	261	-	564	-	-	-
	4,917	-	16,738	3,018	2,341	11,708
No. of persons	1	-	4	1	1	3

27.1 The chief executive, executive directors and certain executives of the company are provided free use of company maintained cars.

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

The related parties and associate undertakings comprise associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel disclosed in the respective notes, are as follows:

	June 30, 2021	June 30, 2020
	----- (Rs. in '000) -----	
Sales	-	56
Short term loan from related party	11,342	-
Loan from Sponsors	-	8,784
Markup charged for the period on short term loans to associated undertakings	13,037	19,385
Provident Fund	244	384
Share of (loss) on equity investment in Dewan Cement Limited	(89,969)	(178,803)

28.1 The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the financial statements.

28.2 Details to compensation to the key management personnel have been disclosed in the note 27 to the financial statements.

28.3 Following are the related parties with whom the company had entered into transactions or have arrangements/agreements in place.

Notes to the Financial Statements

For The Year Ended June 30, 2021

Name of the Company	Basis of relationship	% of shareholding
Daehan-Dewan Motor Company (Private) Limited	Common Directorship	Nil
Dewan Automotive Engineering Limited	Common Directorship	Nil
Dewan Cement Limited	Common Directorship	13.50%
Dewan Motors (Pvt.) Limited	Common Directorship	Nil

29. PLANT CAPACITY AND PRODUCTION

Capacity of the plant on single shift basis is 10,000 (2020:10,000). Production (including Contract Assembly) during the year is Nil (2020: Nil) due to non-availability of banking lines.

30 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2021			
	Loans and receivables	Derivatives used for hedging	Total
Assets	----- Rs. in '000' -----		
Trade debts	672	-	672
Other receivables	810,841	-	810,841
Cash and bank balance	125,143	-	125,143
	936,656	-	936,656
As at June 30, 2021			
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities	----- Rs. in '000' -----		
Trade and other payables	-	374,129	374,129
	-	374,129	374,129
As at June 30, 2020			
	Loans and receivables	Derivatives used for hedging	Total
Assets	----- Rs. in '000' -----		
Trade debts	5,620	-	5,620
Other receivables	797,804	-	797,804
Cash and bank balance	125,606	-	125,606
	929,030	-	929,030

Notes to the Financial Statements

For The Year Ended June 30, 2021

Liabilities

Trade and other payables

As at June 30, 2020		
Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
----- Rs. in '000' -----		
-	355,647	355,647
-	355,647	355,647

31 FINANCIAL RISK MANAGEMENT

31.1 Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

The Company has maintained bank balances with various banks having rating ranging between AA+ to AA-

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to need contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

Credit risk arises from derivative financial instruments and balances with bank and financial institutions, as well as credit exposures to customers, including trade receivables and committed transaction. Out of the total financial assets of Rs. 1,912.295 (2020: Rs 1,904.669) million, the financial assets which are subject to credit risk amounted to Rs.983.021 (2020: Rs. 974.932) million. Table marked as 31.1.1 provides analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates disclosed in relevant note of receivables.

The company manages credit risk in trade receivables by limiting significant exposure to any individual customer, by obtaining advance against sales, by monitoring credit exposure and continuing assessment of credit worthiness of such customers as well as by close monitoring of operations of the associated undertakings.

31.2 Liquidity Risk

Liquidity risk reflects the company's inability of raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers. Further, company treasury maintains flexibility in funding by keeping committed credit lines available.

Notes to the Financial Statements

For The Year Ended June 30, 2021

31.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

31.3.1 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. The company manages its currency risk by close monitoring of currency markets. As per central bank regulations, As on June 30, 2021 the company does not have any financial assets or financial Liabilities which are denominated in foreign currencies.

31.3.2 Interest rate risk

Interest / markup rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest / markup rates. Sensitivity to interest / markup rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The company manages this mismatches through risk management strategies where significant changes in gap position can be adjusted. The company exposed to interest / markup rate risk is respect of the following

31.1.1

Interest/ mark-up rate %	Interest / Markup bearing			Non-Interest / Markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	June 30, 2021
	(Rupees in '000)						

ON-STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS

June 30, 2021

FINANCIAL ASSETS

Trade debts		-	-	-	672	-	672	672
Loans to associated undertakings	8.39%	154,879	-	154,879	-	-	-	154,879
Advances, deposits and other receivables		-	-	-	827,470	-	827,470	827,470
Investment		-	-	-	804,131	-	804,131	804,131
Cash and bank balances		-	-	-	125,143	-	125,143	125,143
		154,879	-	154,879	1,757,416	-	1,757,416	1,912,295

FINANCIAL LIABILITIES

Long term loans	14.51-16.01	1,096,930	-	1,096,930	-	-	-	1,096,930
Long term deposits		-	-	-	-	12,700	12,700	12,700
Trade and other payables		-	-	-	374,129	-	374,129	374,129
Short term finances	8.74-20.00	4,095,913	-	4,095,913	-	-	-	4,095,913
		5,192,843	-	5,192,843	374,129	12,700	386,829	5,579,672

OFF-STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS

Commitment in respect of letters of credit		-	-	-	-	-	-	-
Outstanding bank guarantee		-	-	-	250,336	-	250,336	250,336
		-	-	-	250,336	-	250,336	250,336

Notes to the Financial Statements

For The Year Ended June 30, 2021

		Interest / Markup bearing			Non-Interest / Markup bearing			Total
	Interest/ mark-up rate	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	June 30, 2020
	%	(Rupees in '000)						
ON-STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS								
June 30, 2020								
FINANCIAL ASSETS								
Trade debts		-	-	-	5,620	-	5,620	5,620
Loans to associated undertakings	12.47%	154,879	-	154,879	-	-	-	154,879
Advances, deposits and other receivables		-	-	-	814,433	-	814,433	814,433
Investment		-	-	-	804,131	-	804,131	804,131
Cash and bank balances		-	-	-	125,606	-	125,606	125,606
		154,879	-	154,879	1,749,790	-	1,749,790	1,904,669
FINANCIAL LIABILITIES								
Long term loans	14.51-16.01	1,096,930	-	1,096,930	-	-	-	1,096,930
Long term deposits		-	-	-	-	12,700	12,700	12,700
Trade and other payables		-	-	-	355,647	-	355,647	355,647
Short term finances	8.74-20.00	4,095,913	-	4,095,913	-	-	-	4,095,913
		5,192,843	-	5,192,843	355,647	12,700	368,347	5,561,190
OFF-STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS								
Commitment in respect of letters of credit		-	-	-	-	-	-	-
Outstanding bank guarantee		-	-	-	250,336	-	250,336	250,336
		-	-	-	250,336	-	250,336	250,336

31.3.3 Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

32. Capital risk management

The Company's objective 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 and take other measures commensuration to the circumstances.

Notes to the Financial Statements

For The Year Ended June 30, 2021

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and short term borrowings' as shown in the statement of financial position). total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

33. NUMBER OF EMPLOYEES

	June 30, 2021	June 30, 2020
Total number of employees (including contractual labour) as at June 30	28	30
Average number of employees (including contractual labour) as at June 30	30	54

34. Summary of significant events and transactions in the current reporting period

- Short term loan from related party increased.
- Please refer to the director report for detailed discussion about the company's performance.
- **COVID-19 OUTBREAK AND ITS IMPACT ON FINANCIAL STATEMENTS**

Based on assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

35. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

All non current assets of the Company as at June 30, 2021 are located in Pakistan.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 24, 2021 by the Board of Directors of the company.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance as at June 30, 2021

Sr #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	13,650,000	9.84%
2.	NIT and ICP	-	-	0.00%
3.	Directors, CEO, their Spouses & Minor Children	7	3,500	0.00%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	44	3,636,577	2.62%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	6	106,675	0.08%
7.	Individuals	5,092	121,338,490	87.46%
	TOTAL	5,150	138,735,242	100.00%

DETAILS OF CATEGORIES OF SHAREHOLDERS

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies			
1	Dewan Sugar Mills Limited	1	13,650,000	9.84%
		1	13,650,000	9.84%
2.	NIT and ICP	-	-	-
3.	Directors, CEO, their Spouses & Minor Children			
	Directors and CEO			
3	Mr. Haroon Iqbal	1	500	0.00%
3	Mr. Aziz ul Haq	1	500	0.00%
3	Mr. Waseem-ul-Haque Ansari	1	500	0.00%
3	Mr. Ghazanfar Baber Siddiqi	1	500	0.00%
4	Mr. Muhammad Saleem Baig	1	500	0.00%
4	Mr. Imran Ahmed Javed	1	500	0.00%
4	Mrs. Nida Jamil	1	500	0.00%
		7	3,500	0.00%
	Spouses of Directors and CEO			
4				0.00%
		-	-	0.00%
	Minor Children of Directors and CEO	-	-	-

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	2	63,414,268	45.71%
2	Dewan Sugar Mills Limited	1	13,650,000	9.84%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN

During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.

DEWAN FAROOQUE MOTORS LIMITED

Form 34

**THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)**

PATTERN OF SHAREHOLDING

1. Incorporation Number **0039756**
2. Name of the Company **DEWAN FAROOQUE MOTORS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **30.06.2021**

4.	Number of Shareholders	Shareholdings	Total Shares held
	424	1	100
	730	101	500
	1,212	501	1,000
	1,599	1,001	5,000
	499	5,001	10,000
	278	10,001	20,000
	119	20,001	30,000
	47	30,001	40,000
	53	40,001	50,000
	24	50,001	60,000
	15	60,001	70,000
	21	70,001	80,000
	3	80,001	90,000
	27	90,001	100,000
	14	100,001	120,000
	15	120,001	140,000
	15	140,001	160,000
	3	160,001	180,000
	6	180,001	200,000
	8	200,001	250,000
	5	250,001	300,000
	2	300,001	350,000
	5	350,001	400,000
	3	400,001	450,000
	7	450,001	500,000
	1	500,001	550,000
	1	550,001	600,000
	1	600,001	700,000
	1	700,001	900,000
	2	900,001	1,000,000
	1	1,000,001	1,100,000
	2	1,100,001	1,200,000
	1	1,200,001	1,400,000
	1	1,400,001	1,500,000
	1	1,500,001	2,500,000
	1	2,500,001	3,000,000
	1	3,000,001	14,000,000
	1	14,000,001	25,000,000
	1	25,000,001	40,000,000
	5,150	TOTAL	138,735,242

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

Form 34

5.	Categories of Shareholders	Shares held	Percentage
5	Directors, Chief Executive Officer, their spouses and minor children	3,500	0.00%
5	Associated Companies, undertakings and related parties	13,650,000	9.84%
5	NIT and ICP	-	0.00%
5	Banks, Development Financial Institutions, Non-Banking Finance Companies	106,550	0.08%
6	Insurance Companies	-	0.00%
6	Modarabas and Mutual Funds	125	0.00%
6	Shareholders holding 5%	77,064,768	55.55%
6	General Public		
	a. Local	121,335,990	87.46%
	b. Foreign	2,500	0.00%
6	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	3,636,577	2.62%

Form of Proxy

I/We _____
 of _____ being _____
 a member(s) of **DEWAN FAROOQUE MOTORS LIMITED** and holder of _____
 Ordinary Shares as per Registered Folio No. / CDC Participant's ID and Account No. _____
 _____ hereby appoint _____
 of _____
 or falling him _____
 of _____
 who is also member of **DEWAN FAROOQUE MOTORS LIMITED** vide Registered Folio No. / CDC
 Participant's ID and Account No. _____ as my/our proxy to vote for me/us
 and _____
 on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Wednesday,
 October 27, 2021 at 02:00 p.m. and my adjournment thereof.

Signed this _____ day of _____ 2021.

AFFIX
 REVENUE
 STAMP
 RS. 5/-

Signature _____

Witness: _____
 Signature

Name: _____
 Address: _____

Witness: _____
 Signature

Name: _____
 Address: _____

IMPORTANT:

1. A proxy should also be a member of the company.
2. A member of the Company entitled to attend and vote all meeting, may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies, In order to be effective, must be received by the Company, duly completed, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room # 301 & 311, 3rd Floor, 49, Darul Anum Society, Main Shahrah-e-Faisal, Adjacent to Baloch Colony Bridge, Karachi, Pakistan, not later than 48 hours before the meeting.

4. Further Instructions for CDC Account holders:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.
- iv) The proxy shall produce his/her original CNIC or original at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) alongwith the proxy form to the Company.



پراکسی فارم تیسواں سالانہ جنرل میٹنگ

اہم اعلان

یہ پراکسی فارم مکمل کر کے ہمارے رجسٹرار شیئرز ٹرانسفر ایجنٹ کے آفس میں ضرور جمع کروائیں، بی ایم ایف کنسلٹنٹ (پرائیوٹ) لمیٹڈ، انعم اسٹیٹ بلڈنگ، روم نمبر 310 اور 311، تیسری منزل، 49، دارالمان سوسائٹی، شاہراہ فیصل، ملحقہ بلوچ کالونی ہل، کراچی-75350، پاکستان۔ میٹنگ کے انعقاد سے اڑتالیس گھنٹے پہلے یہ فارم ضرور جمع کروادیں، کسی بھی پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

میں / ہم _____ کا (کمل پتہ)

_____ بحیثیت ممبر

دیوان فاروق موٹرز لمیٹڈ _____ حصص کے مالک، رجسٹرڈ فوئیو نمبر /

سی ڈی سی آئی ڈی اور کھاتہ نمبر _____ کا

میں تقرر کیا / کرتی ہوں _____ جو بذات خود بھی دیوان فاروق موٹرز

لمیٹڈ کا ممبر ہے، بحیثیت رجسٹرڈ فوئیو نمبر۔ سی ڈی سی آئی ڈی، اور کھاتہ نمبر۔

میری / ہماری موجودگی کی صورت میں کمپنی کے تیسواں سالانہ اجلاس عام بروز بدھ 27 اکتوبر، 2021 بوقت 02:00 بجے دن میں میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز _____ بتاریخ _____ 2021 کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____ گواہ: _____

نام: _____ نام: _____

کمل پتہ: _____ کمل پتہ: _____

نوٹ: _____

(1) کوئی بھی شخص / خاتون اس وقت پراکسی کے طور پر کام کرے گا/گی جبکہ وہ خود کمپنی کا ایک رکن ہو، ماسوائے کارپوریشن کے جو کسی ایسے شخص کا تقرر کر سکتی ہے جو کمپنی کا رکن نہ ہو۔

(2) کوئی بھی شخص جو کہ کمپنی کا ممبر ہو اجلاس میں شرکت اور ووٹ کاسٹ کرنے کا اہل ہوگا/ہوگی یا اپنی جگہ کسی اور فرد کو اجلاس میں شرکت اور ووٹ کاسٹ کرنے کے لئے مقرر کر سکے گا۔

(3) یہ پراکسی فارم اجلاس سے 48 گھنٹے قبل ایک کمپنی کے رجسٹرڈ آفس میں مکمل طور پر پُر اور دستخط کے ساتھ موصول ہو جانا چاہیے۔

(4) ہدایات برائے CDC اکاؤنٹ ہولڈرز:

(i) اگر کوئی تیار کن اکاؤنٹ ہولڈر / سب اکاؤنٹ ہولڈر اور / یا ایسا شخص جسکی کسی بھی سیکورٹی گروپ کا اکاؤنٹ ہولڈر ہو اور جس نے اپنی معلومات مکمل طور پر رجسٹرار کے پاس جمع کروائی ہوں وہ شخص اپنی دی گئی ہدایات کی روشنی میں پراکسی ہو سکتا/ہو سکتی ہے۔

(ii) پراکسی فارم پر دو افراد جن کے نام اور CNIC نمبر بعد پتے کے موجود ہوں بطور گواہ ضروری ہیں۔

(iii) حصص یافتگان اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول فارم کے ساتھ منسلک ہوں۔

(iv) اجلاس کے وقت پراکسی اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔

(v) کارپوریٹ ادارے کی صورت میں کمپنی کو پراکسی فارم کے ساتھ پور ڈاک ڈاکٹر زکار پر ولوشن / پاور آف اٹارنی بعد دستخطوں کے نمونے جمع کرائے ہوں گے۔ (اگر پہلے فراہم نہ کئے گئے ہوں)

فی حصص نقصان:

فی حصص نقصان (1.42) روپے ہے۔

منافع منقسمہ:

جمع شدہ نقصانات اور مندرجہ بالا واضح کردہ وجوہات کے باعث ڈائریکٹرز نے اس سال منافع منقسمہ کی سفارش نہیں کی ہے۔

حصص یا ٹکی کا طریقہ کار:

کمپنی کے شیئرز ہولڈنگ کا طریقہ کار مورخہ 30 جون 2021ء کی سالانہ رپورٹ میں شامل ہے۔

کمپنی شیئرز کی تجارت:

دوران سال ڈائریکٹرز، ایگزیکٹوز، دیگر اہل خانہ اور بچوں نے کمپنی کے حصص میں کوئی تجارت نہیں کی ہے۔

اظہار تشکر:

بورڈ کی جانب سے میں معزز حصص یافتگان، وفاقی و صوبائی حکومتوں، ان کے ماتحت اداروں، بینکوں، ترقیاتی و مالیاتی اداروں، لیزنگ کمپنیز، ڈیلرز، وینڈرز اور صارفین کی مسلسل حمایت اور سرپرستی پر ان کا شکریہ ادا کرتا ہوں۔

بورڈ بھی کمپنی کے ایگزیکٹوز، اراکین، عملہ اور کارکنان کی زیر نظر سال کے دوران قابل قدر خدمات، خلوص اور جدوجہد کو سراہتے ہوئے خوشی محسوس کرتا ہے۔

نتیجہ:

آخر میں ہم اللہ سبحان و تعالیٰ سے دعا گو ہیں کہ وہ پیغمبرِ آخر زماں حضرت محمد ﷺ پر کروڑ ہاں رحمت و برکات کا نزول فرمائے اور حضرت محمد ﷺ کے صدقہ طفیل میں ہمیں درست رہنمائی کے ساتھ طاقت، خوشحالی و صحت عطا فرمائے۔ ہماری کمپنی کو ملک و قوم کی خوشحالی کا باعث بنائے۔ ہمیں امن و سکون، اخوت و بھائی چارگی کے ساتھ سچی ملت اسلامیہ بننے کی روح پروان چڑھائے۔


(آمین یا رب العالمین)

بے شک ہمارا رب دعاؤں کا سننے والا ہے۔ (القرآن)

بورڈ آف ڈائریکٹرز کے اختیار کے تحت۔



بارون اقبال
ڈائریکٹر



وسیم الحق انصاری
چیف ایگزیکٹو

کراچی، مورخہ 24 ستمبر 2021ء

**YD**

A YOUSUF DEWAN COMPANY

اجلاس میں شرکت	ڈائریکٹرز کے اسماء گرامی
5	1- ہارون اقبال
5	2- عزیز الحق
5	3- وسیم الحق انصاری
5	4- عمران احمد جاوید
4	5- محمد سلیم بیگ
3	6- محمد باقر جعفری
1	7- غضنفر بابر صدیقی
1	8- نداجیل
0	9- سید محمد انوار

بورڈ کے اجلاس میں شرکت سے قاصر ڈائریکٹرز کو رخصت دی گئی تھی۔

آڈٹ کمیٹی تین ڈائریکٹرز پر مشتمل ہے جن میں ایک ڈائریکٹر خود مختار اور دو نان ایگزیکٹو ڈائریکٹرز ہیں۔ رواں سال کے دوران تین اجلاس منعقد ہوئے جس میں ممبران کی شرکت مندرجہ ذیل رہی۔

اجلاس میں شرکت	ڈائریکٹرز کے اسماء گرامی
3	1- عزیز الحق
3	2- ہارون اقبال
3	3- غضنفر بابر صدیقی

دوران سال ہیومن رسورس اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا جس میں ممبران کی حاضری مندرجہ ذیل رہی۔

اجلاس میں شرکت	ڈائریکٹرز کے اسماء گرامی
1	1- عزیز الحق
1	2- ہارون اقبال
1	3- وسیم الحق انصاری

آڈیٹرز:

موجودہ آڈیٹرز میسرز فیروز شریف طارق اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس سکدوش ہو گئے ہیں اور دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں آڈٹ کمیٹی کی سفارشات پر بورڈ آف ڈائریکٹرز نے میسرز فیروز شریف طارق اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی دوبارہ تقرری کی سفارش کی ہے۔

کاروباری و سماجی ذمہ داریاں:

کمپنی کاروباری ضروریات اور متعلقین کمپنی کے معاملات کو اپنی بہترین صلاحیتوں کے ساتھ چلانے میں مصروف ہے۔ کمپنی نئے آنے والے افراد کی تربیت کر کے ان کی مہارت کو مزید نکھارنے میں کوشاں رہتی ہے جو بطور ورکر کے کام کرنا چاہتے ہیں کمپنی ان افراد کو ترجیح دیتی ہے جو کہ پلانٹ سے قریب ترین رہائش پذیر ہوں تاکہ وہ اپنے معیار زندگی کو بہتر کر سکیں۔ مزید برآں ملازمین کی صحت اور حفاظت کو بھی مد نظر رکھا جاتا ہے اور اس بات کو یقینی بنانے کے لئے تمام منضبط شدہ اصول اور طریقہ کار اختیار کئے جاتے ہیں۔ نیز گاڑیوں کی تیاری کے مراحل میں تمام مروجہ قوانین پر عمل درآمد کو یقینی بنایا جاتا ہے۔ اس کے علاوہ کمپنی پلانٹ سے قرب و جوار کے علاقوں رہائش پذیر افراد کو مفت طبی سہولیات فراہم کرنے میں ہر دم کوشاں رہتی ہے۔

متوقع صورتحال:

جیسا کہ اوپر بیان کیا گیا ہے کمپنی کے مالی سال کے اختتام اور اس رپورٹ کے اختتام تک کمپنی کی مالی حیثیت میں کوئی خاطر خواہ تبدیلی واقع نہیں ہوئی۔

کاروباری و مالیاتی رپورٹنگ کا تجربہ:

- 1- مورخہ 30 جون 2021ء کو مکمل ہونے والے مالی سال کے لئے کمپنی کی مینجمنٹ کے تیار کردہ مالی گوشوارے اپنے ادارتی امور، عملدرآمد کے نتائج، لین دین اور ایکویٹی میں تبدیلی کے شفاف مظہر ہیں۔
- 2- کمپنی کے لین دین کاریکارڈ مرتب کرنے کے لئے کتابیں مروجہ قوانین کے مطابق تیار کی جاتی ہیں۔
- 3- مورخہ 30 جون 2021ء کو مکمل ہونے والے مالی سال کے لئے مالی گوشواروں کی تیاری میں مجوزہ اکاؤنٹنگ پالیسیاں عمل میں لائی گئی ہیں اور اکاؤنٹنگ تخمینے موزوں اور انصاف پر مبنی ہیں۔
- 4- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (آئی ایف آر ایس) جو کہ پاکستان میں رائج ہیں کو مالی گوشواروں کی تیاری اور بنانے میں بروئے کار لایا گیا ہے اور ہر مالی امور کو مذکورہ گوشواروں میں واضح کیا گیا ہے۔
- 5- داخلی کنٹرول کا نظام ڈیزائن کے لحاظ سے مستحکم ہے جس کے نفاذ میں موثر انداز سے نگرانی کی گئی ہے۔
- 6- انتظامیہ نے نوٹ 1.1 میں چلتے ہوئے ادارے کے طور پر کمپنی کی اہلیت کا تفصیلی جائزہ پیش کیا ہے اور منسلکہ حالیہ گوشواروں کے نوٹ 23 میں مارک اپ کی نان پروویژننگ کے بارے میں واضح کیا ہے۔
- 7- پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کی تفصیلات کے مطابق کارپوریٹ گورننس کے بہترین عملدرآمد میں کوئی کوتاہی نہیں کی گئی۔
- 8- گزشتہ نو سال کی مختصر کی آپریٹنگ اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہیں۔
- 9- تمام محصولات ادا کر دیئے گئے اور کوئی واجب الادا نہیں۔ سوائے ان کے جو کہ منسلکہ آڈٹ شدہ مالی گوشوارے کے نوٹ نمبر 17 میں درج ہے۔
- 10- مورخہ 30 جون 2021ء کو پراویڈینٹ فنڈ کی سرمایہ کاری منصفانہ مالیت 31.938 ملین روپے تھی سال 2020ء میں 29.972 ملین روپے تھی۔
- 11- بورڈ آف ڈائریکٹرز کے تمام افراد اپنی بہترین صلاحیتوں اور بھرپور معلومات کے ساتھ کمپنی کے مقاصد کے حصول میں برسرِ پیکار ہیں۔ دوران سال بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے جس میں حاضری مندرجہ ذیل رہی۔

**YD**

A YOUSUF DEWAN COMPANY

بورڈ میں ایک خود مختار، ایک ایگزیکٹو اور دو پانچ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ڈائریکٹرز کے نام مندرجہ ذیل ہیں۔

- 1- ہارون اقبال
- 2- وسیم الحق انصاری
- 3- محمد سلیم بیگ
- 4- عمران احمد جاوید
- 5- غففر بابر صدیقی
- 6- عزیز الحق
- 7- ندا جمیل

دوران سال بورڈ کی خالی اسامی بورڈ آف ڈائریکٹرز کی جانب سے پُر کر دی گئی۔ جس کی تفصیل مندرجہ ذیل ہے۔

- 1- 10 مارچ 2021ء کی خالی اسامی 11 مارچ 2021ء کو پُر کی گئی
- 2- 5 اپریل 2021ء کی خالی اسامی 6 اپریل 2021ء کو پُر کی گئی

کمپنی کی بنیادی سرگرمیاں:

دیوان فاروق موثر لمیٹڈ پاکستان میں بطور پبلک لمیٹڈ کمپنی کی حیثیت سے کام کرتی ہے اور پاکستان اسٹاک ایکسچینج میں اس کا نام موجود ہے۔ کمپنی کی بنیادی سرگرمیوں میں گاڑیوں کی اسمبلنگ، معاہداتی اسمبلنگ، گاڑیوں کی ترقیاتی تیاریاں اور گاڑیوں کی فروخت شامل ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

کمپنی مندرجہ ذیل چیزوں کو کلیدی خطرہ سمجھتی ہے۔

- 1- ایل سی وی، ایس یو وی اور پیئنجر گاڑیوں کے درمیان مسابقت۔
- 2- امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی۔
- 3- بینک لائسنز کی عدم دستیابی۔

مذکورہ بالا خطرات اور غیر یقینی صورتحال کے اثرات سے بچنے اور اسے کم کرنے کے لئے کمپنی اپنی داخلی اور خارجی سطح پر کوششیں کر رہی ہے۔

ڈائریکٹر رپورٹ

دیوان فاروق موٹرز لمیٹڈ کا بورڈ آف ڈائریکٹرزمورخہ 30 جون 2021ء کو مکمل ہونے والے مالی سال کی سالانہ رپورٹ معہ آڈٹ شدہ رپورٹ معہ مالی گوشوارے آپ کے سامنے پیش کرتے ہوئے تین سو ال (23) سالانہ اجلاس عام میں مسرت کے ساتھ آپ کا خیر مقدم کرتا ہے۔

مالی جائزہ:

مالی سال 2021ء کے لئے کارکردگی کا تقابلی خلاصہ اعداد و شمار کے ساتھ حسب ذیل ہے۔

مورخہ 30 جون 2021ء کو مکمل ہونے والے مالی سال	مورخہ 30 جون 2020ء کو مکمل ہونے والے مالی سال
(روپے ہزاروں میں)	(روپے ہزاروں میں)
مجموعی فروخت 1,846	مجموعی فروخت 293
مجموعی نقصان (80,897)	مجموعی نقصان (102,190)
عملدرآمد میں نقصان (95,031)	عملدرآمد میں نقصان (122,360)
بعد از ٹیکس نقصان (189,252)	بعد از ٹیکس نقصان (292,522)

مالیاتی کارکردگی:

گزشتہ سال کے مقابلے میں مسافر کار، ایس یو وی اور ایل سی وی سیکمنٹ میں آٹو موبائل کے شعبے میں فروخت کے اندر 62% کا اضافہ ہوا ہے اور کل فروخت شدہ یونٹس کی قیمت فروخت 181,397 ہے۔

پیداواری سرگرمیوں کی عدم موجودگی میں کمپنی مقررہ اور دیگر لاگت کی وصولی کرنے سے قاصر رہی جس کے باعث کمپنی مالیاتی خسارہ میں رہی۔ مذکورہ وجوہات کی وجہ سے کمپنی سخت حالات میں کام کر رہی ہے اور زندہ رہنے کی بھرپور کوشش کر رہی ہے۔ موجودہ مالیاتی صورتحال پر قابو پانے کے لئے کمپنی مختلف قسم کی انسدادی اقدامات کر رہی ہے اور اس معاملے کو بینکوں کے سامنے بھی رکھا گیا ہے۔ کمپنی کے قرضوں کی ری پروفاؤنٹنگ مستقبل قریب میں مکمل ہونے کی توقع ہے جس کے بعد کمپنی کی پیداواری سرگرمیاں معمول پر آجائیں گی۔ بینکوں اور دیگر مالیاتی اداروں / لیزنگ کمپنیوں کے واجب الادا قرضوں کی تفصیلات اکاؤنٹس کے نوٹس میں ظاہر کر دی گئی ہیں۔ آڈیٹرز نے معاملے کی اہمیت کی وجہ سے رپورٹ کو اہل قرار دیا ہے۔ انتظامیہ نے مالی بیانات سے متعلق نوٹ میں معاملے کی حیثیت کی وضاحت کی ہے۔ انتظامیہ کو مکمل اعتماد ہے کہ کمپنی قرض دہندگان کے ساتھ مالی تنظیم کو کوحتی شکل دے گی اور موجودہ صورتحال سے نکل آئے گی۔

ہم انتہائی عاجزی اور شکر کے ساتھ اللہ سبحان و تعالیٰ کے سامنے سربسجود ہیں جو کہ بڑا مہربان اور رحیم ہے۔

جس نے ان مشکل اوقات میں آپ کی کمپنی کو بے شمار انعامات سے نوازا۔

اگر تم میرے شکر گزار ہو تو میں تمہیں اور زیادہ دوں گا۔ (القرآن)

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نمبر شمار	تفصیلات	ریفرنس
(xi)	ڈائریکٹرز، اسپانسرز، اکثریتی حصص یافتگان اور ان کے رشتہ داروں کی ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ یا زیر غور معاملات میں بالواسطہ یا بلاواسطہ دلچسپی۔	انویسٹی کمپنی میں مندرجہ ذیل ڈائریکٹرز اپنی حصص یافتگی تک دلچسپی رکھتے ہیں۔ (الف) جناب ہارون اقبال 500 (0.0023 فیصد) (ب) جناب وسیم الحق انصاری 1,000 (0.0047 فیصد) (ج) جناب عزیز الحق 500 (0.0023 فیصد) (د) جناب عمران احمد جاوید (نامزد ڈائریکٹر)
	دیگر ضروری اور اہم تفصیلات ٹرانزیکشن کو سمجھنے کیلئے	کوئی نہیں۔

اس ضمن میں مندرجہ ذیل خصوصی قرارداد ترمیم بلا ترمیم پاس کرنے کی تجویز۔

قرار پایا کہ کمپنی کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 199 اور میمورنڈم آف ایسوسی ایشن کی کلائم (X) اور کمپنی کے اکیسواں سالانہ اجلاس عام میں منظور کردہ شرائط و ضوابط کے مطابق گزشتہ اجلاس عام میں منظور کردہ شرائط و ضوابط کے مطابق گزشتہ اجلاس عام میں مندرجہ ذیل ایسوسی ایٹڈ کمپنی کے ضمن میں قلیل المدتی قرضہ کی مختص کردہ حد کی تجدید کا اختیار دیا جاتا ہے۔

قرضہ:

قرضہ لینے والی کمپنی۔

دیوان آٹوموٹیو انجینئرنگ لمیٹڈ 154.879 ملین روپے۔

حد کی تجدید کی مدت ایک سال ہوگی اور آئندہ اجلاس عام میں مزید ایک سال کیلئے قابل تجدید ہوگی۔

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 134(3) کے تحت گوشوارہ

گوشوارہ ہذا دیوان فاروق موٹرز لمیٹڈ (کمپنی یا ڈی ایف ایم ایل) کے بدھ 27 اکتوبر 2021ء کو دیوان سیمنٹ فیکٹری سائٹ واقع دیہہ ڈھنڈو دھانیجی ضلع ملیر کراچی پاکستان میں منعقد ہونے والے تیسواں (23) سالانہ اجلاس میں انجام دیئے جانے والے خصوصی امور پر مبنی ہے۔ اور اجلاس کے نوٹس کے ہمراہ منسلک ہے۔

خصوصی امور

1) کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 199 کے تحت ایک ایسوسی ایٹڈ کمپنی کو مختص قلیل المدتی قرضہ کی حد کی تجدید پر غور و خوض اور منظوری۔

نمبر شمار	تفصیلات	ریفرنس
(i)	ایسوسی ایٹڈ کمپنی کا نام ایسوسی ایٹڈ تعلق کا معیار	دیوان آٹوموٹیو انجینئرنگ لمیٹڈ مشنر کھڈاٹر ایکسٹریکٹ
(ii)	قرضہ اور پیشگیوں کی رقم	154.879 ملین روپے۔
(iii)	مذکورہ ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کو پہلے سے جاری قرضہ کی صورت میں مکمل تفصیلات۔	154.879 ملین روپے۔
(iv)	گزشتہ تین سال کیلئے فی حصص آمدنی/نقصان	2020/-2.78 2019/-3.93 2018/-2.24
(v)	مالی صورتحال، بشمول بیلنس شیٹ کے مین آئٹمز اور نفع نقصان	آمدنی/نقصان فی حصص -2.78 شیئر ہولڈرز کی ایکویٹی 1,276.299- کل اثاثے 255.140 بریک اپ ویلیو 59.64-
(vi)	سرمایہ کار کمپنی کا خریدار اوسط یا بارونگ کی عدم موجودگی میں کراچی انٹرپرائز متعلقہ مدت کی شرح کی پیشکش کرتی ہے۔	اگر کمپنی نے اپنے لینڈز سے تجدید کیلئے رابطہ کیا ہے اور تجویز کے مطابق کو مارک اپ قابل ادائیگی نہیں تو کمپنیز (انوسٹمنٹ ان ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈر ٹیکنگ) ریگولیشنز مجریہ 2017ء کی دفعہ 5(4) کے مطابق تین ماہ کا KIBOR ریٹ نافذ العمل ہے۔
(vii)	وصول کیا جائے والا نفع، مارک اپ، فیس یا کمیشن کا نرخ	وصول کئے جانے والے منافع کا نرخ ایک فیصد، تین ماہ کے KIBOR ریٹ پر ہوگا۔ 24 ستمبر 2021ء کا تین ماہ کے KIBOR ریٹ 7.76% سالانہ ہے۔
(viii)	بارونگ کمپنی یا انڈر ٹیکنگ کو دیئے گئے قرضے کے مد مقابل حاصل کی گئی ضمانت کے کوائف۔	بارونگ بلا ضمانت ہے۔
(ix)	انویسٹی کمپنی کو جاری کردہ قرضوں یا پیشگیوں کی مد میں ادائیگی کا شیڈول۔	ایک سال کیلئے تجدید۔
(x)	ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ سے مجوزہ سرمایہ کاری کیلئے کئے گئے یا کئے جانے والے معاہدوں کے اہم نکات۔	لینڈز کے اوسط قلیل المدتی قرضے یا کراچی انٹرپرائز کے پیش کردہ نرخ جو بھی نافذ العمل ہو، پر ایک فیصد مارک اپ ہوگا۔ قرضہ کی مدت میں لینڈز/حصص یافتگان کی منظور سے توسیع کریگا۔ معاہدہ کی شق کے مطابق کمپنی قرضہ دار کیلئے اس کے اثاثوں/سرمایہ کاری سے قرضہ کی رقم وصول کرے گی۔

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7 مالی گوشواروں وغیرہ کی الیکٹرونکلی منتقلی

ایس ای سی پی نے اپنے اعلامیہ نمبر ایس آر او 787(1)/2014 مورخہ 8 ستمبر 2014 کمپنیوں کو سالانہ آڈٹ شدہ مالی گوشواروں مع سالانہ اجلاس کے نوٹس ڈاک کی بجائے بذریعہ ای میل ان ممبران کو ارسال کرنے کی اجازت دی ہے جو اس سہولت سے استفادہ حاصل کرنے کے متمنی ہیں مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنے کے خواہشمند ممبران سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ <http://www.yousufdewan.com/DFML/index.html> اسٹینڈرڈ ریکورڈس فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

الف) برائے اجلاس میں شرکت

- (i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں یا جن کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈ ہوں اپنی شناخت کے لیے اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اجلاس میں شرکت کے موقع پر پیش کرنا ہوگا۔
- (ii) کارپوریٹ انٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوگا۔

ب) پروکسی کی تقرری

- (i) انفرادی اکاؤنٹ ہولڈر یا سب ہولڈر اور یا افراد کی صورت میں جن کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ ہوں پروکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- (ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم سے منسلک کرنی ہوں گی۔
- (iv) پروکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ انٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) پروکسی فارم ہمراہ کمپنی کو پیش کرنے ہوں گے۔

5) تاحال سی این آئی سی فراہم نہ کرنے والے شیئرز ہولڈرز کو نوٹس

سکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 831/1(2012) مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارنٹس وغیرہ کے اجراء کے لیے سی این آئی سی لازمی ہے جس کی عدم موجودگی میں ڈیویڈنڈ کی ادائیگی ایس ای سی پی کی مندرجہ بالا ہدایات کے مطابق روکی جاسکتی ہے لہذا جن حصص یافتگان نے تاحال اپنے سی این آئی سی فراہم نہیں کیے ہیں ان کو ایک بار پھر ہدایت کی جاتی ہے کہ اپنے سی این آئی سی کی تصدیق شدہ کاپی بلا تاخیر براہ راست ہمارے شیئرز رجسٹرار کو فراہم کر دیں۔

6) شیئرز ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میکنزم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرونک طور پر وصول کر سکتے ہیں اس طریقہ سے ڈیویڈنڈ ان کے بینک اکاؤنٹ میں منتقل ہو جائے گا اور بذریعہ ڈاک گمشدگی، عدم وصولی اور غلط پتے پر وصولی وغیرہ کے خدشات نہیں ہوں گے، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹس نمبر 8(4) ایس ایم/ سی ڈی سی 2008ء مورخہ 5 اپریل 2013ء کے ذریعہ تمام کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکنزم کو اختیار کرنے کی ہدایات جاری کی گئی ہیں، مندرجہ بالا کے پیش نظر آپ کو ڈیویڈنڈ مینڈیٹ فارم پر اور دستخط کے ہمراہ جمع کرا کے ڈیویڈنڈ مینڈیٹ فراہم کیا جا رہا ہے۔



سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان فاروق موٹرز لمیٹڈ (ڈی ایف ایم ایل یا کمپنی) کا تیسواں (23) سالانہ اجلاس عام بدھ 27 اکتوبر 2021ء کو دن کے 02:00 بجے دیوان سینٹ لمیٹڈ۔ فیکٹری سائٹ واقع دیہہ ڈھنڈو دھانیجی ضلع ملیر کراچی، پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت قرآن پاک سے ہوگا۔

عمومی امور

- 1 کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ بدھ 28 اکتوبر 2020ء کا کارروائی کی توثیق۔
- 2 30 جون 2021ء کو مکمل ہوانے والے سال کیلئے کمپنی آڈٹ شدہ مالی گوشواروں مع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، غور و خوض اور منظوری۔
- 3 30 جون 2022ء کو مکمل ہوانے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
- 4 چیئرمین کی اجازت سے دیگر امور کی انجام دہی

خصوصی امور

- 1 کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 199 کے تحت ایک ایسوسی ایٹڈ کمپنی کو قلیل المدتی قرضوں / پیشگیوں کے اجراء پر غور و خوض اور منظوری۔

بحکم بورڈ

محمد حنیف جرمی

کمپنی سیکریٹری

کراچی 24 ستمبر 2021ء

کمپنیز ایکٹ مجریہ 2017ء کی دفعہ (3) 134 کے خصوصی امور پر مبنی گوشوارہ کمپنی کے ممبران کو نوٹس ہذا کے ہمراہ لازمی جزو کے طور پر ارسال کیا جا رہا ہے۔

نوٹ:

- 1 کمپنی کی منتقلی حصص کی کتب 20 اکتوبر 2021ء تا 27 اکتوبر 2021ء (دونوں دن شامل) بند رہیں گی۔
- 2 ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹر ارنڈر انسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیوٹ) لمیٹڈ واقع انجم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست کی جاتی ہے۔
- 3 اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم اڑھتالیس 48 گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- 4 سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایت پر عمل کرنا ہوگا۔

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