

DEWAN FAROOQUE MOTORS LIMITED

QUARTERLY REPORT
MARCH 31, 2022

COMPANY INFORMATION

Non-Executive Directors

Mr. Haroon Iqbal	Chairman Board of Directors
Mr. Ghazanfar Baber Siddiqi	
Mr. Mohammad Saleem Baig	
Mr. Imran Ahmed Javed	
Mrs. Nida Jamil	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	Chairman
Mr. Ghazanfar Baber Siddiqi	Member
Mr. Haroon Iqbal	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Mr. Aziz-ul-Haque	Chairman
Mr. Waseem-ul- Haque Ansari	Member
Mr. Haroon Iqbal	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.

REGISTERED OFFICE

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

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.

FACTORY

Jilaniabad, Budhu Talpur,
District Sajawal,
Sindh.

DIRECTORS' REPORT

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements of the Company for the Nine months' period ended March 31, 2022.

During the period under review the gross sales is Rs. 0.132 (Mar 2021: Rs.1.775) Million, gross loss is Rs. 60.367 (Mar 2021: Rs.61.545) million and the after-tax loss is Rs. 62.093 (Mar 2021: Rs.101.915) million.

The sale of local Car/SUV/LCV sector for the Nine months' period ended March 31, 2022 has shown an increase of 52% as compared to the corresponding period of last year. The Company is going through tough conditions and making best endeavors to survive. A number of recovery suits have been instituted by Banks/Financial Institutions alleging default of company which are being successfully defended by our counsels. The proposal of re-profiling of the Company's debts is expected to be completed very soon. After the restructuring of debt, the Company's operation will be normalized.

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

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

Under / By Authority of the Board of Directors



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

Karachi: April 26, 2022

ڈائریکٹرز رپورٹ

دیوان فاروق موٹرز لمیٹڈ کا بورڈ آف ڈائریکٹرز مورخہ 31 مارچ 2022ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر آڈٹ شدہ رپورٹ مع مالی کوشوارے آپ کے سامنے پیش کرتے ہوئے مسرت کے ساتھ خیر مقدم کرتا ہے۔ اقتصادی جائزہ زیر نظر نو ماہی جائزہ رپورٹ کے مطابق مجموعی فروخت 0.132 (مارچ 2021ء میں 1.775) ملین رہی، مجموعی خسارہ 60.367 (مارچ 2021ء میں 61.545) ملین رہا اور بعد از ٹیکس خسارہ 62.093 (مارچ 2021ء میں 101.915) ملین رہا۔


مورخہ 31 مارچ 2022ء کو ختم ہونے والی نو ماہی کی کارکردگی گزشتہ سال کے اسی عرصے کے مقابلے میں کاروں، ایل سی وی / ایس یو وی گاڑیوں کی فروخت میں گزشتہ سالوں کے مقابلے میں تقریباً %52 فیصد کا اضافہ ہوا ہے۔ کمپنی ان مشکل حالات میں اپنی بقاء کے لئے بھرپور اقدامات کر رہی ہے۔ کمپنی کی جانب سے بینکوں اور دیگر مالیاتی اداروں سے مالی معاملات کی بہتری کے لئے بھرپور اور کامیاب کوششیں کی جا رہی ہیں، موجودہ مالیاتی صورتحال کو بہتر بنانے کے لئے کمپنی نئے دفاعی اقدامات کر رہی ہے اور یہ معاملہ بھی بینکوں کے سامنے رکھ دیا گیا ہے۔ کمپنی کے قرضوں کی ری پروفا ٹنگ کی تکمیل مستقبل قریب میں مکمل ہونے کی توقع ہے جس کے بعد انشا اللہ کمپنی کے آپریشنز جلد معمول پر آجائیں گے۔

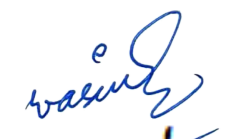
آخر میں ہم اللہ سبحان و تعالیٰ سے دعا گو ہیں کہ وہ پیغمبر آخر زمان حضرت محمد ﷺ پر کروڑہاں رحمتیں اور برکتوں کا نزول فرمائے اور حضرت محمد ﷺ کے صدقہ طفیل میں ہمیں درست رہنمائی کے ساتھ طاقت و صحت عطا فرمائے۔ ہماری کمپنی کو ملک و قوم کی خوشحالی کا باعث بنائے۔ ہمیں امن و سکون، اخوت و بھائی چارگی کے ساتھ سچی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

(آمین یا رب العالمین)

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

کراچی، مورخہ 26 اپریل 2022ء


بارون اقبال
ڈائریکٹر



وسیم الحق انصاری
چیف ایگزیکٹو

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at March 31, 2022

	Note	March 31, 2022 Unaudited	June 30, 2021 Audited
(Rs. In '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	779,219	819,033
Investment	7	995,653	1,004,392
CURRENT ASSETS			
Stores and spares		52,293	52,293
Stock-in-trade		17,122	17,193
Trade debts - considered good		672	672
Short term loan to associated undertaking - considered good		154,879	154,879
Advances, deposits, prepayments and other receivables - Considered good		840,462	827,475
Taxation - net		23,695	23,627
Cash and bank balances		127,537	125,143
		1,216,660	1,201,282
TOTAL ASSETS		<u>2,991,532</u>	<u>3,024,707</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
150,000,000 (June 30, 2021: 150,000,000) Ordinary shares of Rs.10 each		1,500,000	1,500,000
Issued, subscribed and paid-up			
Issued, subscribed and paid-up		1,387,353	1,387,353
Revenue Reserve			
Accumulated loss		(4,283,851)	(4,221,758)
		(2,896,498)	(2,834,405)
NON-CURRENT LIABILITIES			
Long term security deposits		11,700	12,700
Deferred Liabilities		4,231	4,231
CURRENT LIABILITIES			
Short term loan from related party	8	282,007	273,405
Trade and other payables		395,445	374,130
Unclaimed Dividend		1,802	1,802
Short term finances-secured	9	4,095,913	4,095,913
Current maturity of long term loans		1,096,929	1,096,929
		5,872,096	5,842,180
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		<u>2,991,529</u>	<u>3,024,706</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Muhsin
Chief Financial Officer


Waseem-ul-Haque Ansari
Chief Executive


Haroon Iqbal
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT

For the nine months and quarter ended March 31, 2022

	Nine Months ended		Quarter Ended		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
	Note				
			-----Unaudited-----		
			(Rs. in '000)		
GROSS SALES		132	1,775	14	137
Sales tax		19	258	2	20
Federal Excise Duty		-	30	-	
		19	288	2	20
NET SALES		113	1,487	12	117
Cost of sales		60,480	63,032	15,891	21,361
GROSS LOSS		(60,367)	(61,545)	(15,879)	(21,244)
Administration and general expenses		9,049	8,751	(791)	871
Provision for obsolesce/slow moving stock		-	9,990	-	4,992
		9,049	18,741	(791)	5,863
OPERATING LOSS		(69,416)	(80,286)	(15,088)	(27,107)
OTHER INCOME/(LOSS)		7,324	(21,596)	19,022	23,867
Finance cost	11	(62,092)	(101,882)	3,934	(3,240)
		-	11	-	11
(LOSS) BEFORE TAXATION		(62,092)	(101,893)	3,934	(3,251)
TAXATION		1	22	-	1
(LOSS) FOR THE PERIOD		(62,093)	(101,915)	3,934	(3,252)
Basic / diluted (Loss) per share (Rupee)	12	(0.45)	(0.73)	0.03	(0.02)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haqe Ansari
Chief Executive



Haroon Iqbal
Director


DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME


For the nine months and quarter ended March 31, 2022

	Nine Months ended		Quarter Ended	
	March 31,	March 31,	March 31,	March 31,
	2022	2021	2022	2021
	----- Unaudited ----- (Rs. in '000)			
(Loss) for the period	(62,093)	(101,915)	3,934	(3,252)
Other comprehensive Income(Loss) for the period:	-	-	-	-
Total comprehensive (Loss) for the period	(62,093)	(101,915)	3,934	(3,252)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Muhsin Ali
 Chief Financial Officer


Waseem-ul-Haque Ansari
 Chief Executive


Haroon Iqbal
 Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the nine month ended March 31, 2022

Note	March 31, 2022	March 31, 2021
	-----Unaudited-----	
	(Rs. in ' 000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(62,092)	(101,893)
Add / (Less) : Depreciation	39,782	43,570
Gain on disposal of fixed assets	(668)	-
Loss due to Change in valuation of investment in associates	8,739	30,525
Financial charges	-	11
	47,853	74,106
	(14,239)	(27,787)
Decrease in stock in trade	71	11,395
Decrease in trade debts	-	4,948
(Increase) in advances, deposits, pre-payments & other receivables	(12,987)	(8,877)
Increase in trade, other payables and borrowings	21,315	20,162
(Decrease) in long term security deposits	(1,000)	-
(Decrease) in Unclaimed dividend	-	(12)
Tax (paid)	(69)	(52)
Financial charges (paid)	-	(11)
	7,330	27,553
Net cash flow from operating activities	(6,909)	(233)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale Proceeds of fixed assets	700	-
Net cash flow from investing activities	700	-
CASH FLOW FROM FINANCING ACTIVITIES		
Short term loan from related party	8,602	-
Net cash flow from financing activities	8,602	-
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	2,393	(233)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(1,852,882)	(1,852,418)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	(1,850,489)	(1,852,651)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Haroon Iqbal
Director

DEWAN FAROOQUE MOTORS LIMITED


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine month ended March 31, 2022

	Share Capital	Accumulated (Loss)	Total
	-----Unaudited----- (Rupees in '000')		
Balance as on July 01, 2020	1,387,353	(4,032,506)	(2,645,153)
Total comprehensive (Loss) for the period	--	(101,915)	(101,915)
Balance as on March 31, 2021	1,387,353	(4,134,421)	(2,747,068)
Balance as on July 01, 2021	1,387,353	(4,221,758)	(2,834,405)
Total comprehensive (loss) for the period	-	(62,093)	(62,093)
Balance as on March 31, 2022	1,387,353	(4,283,851)	(2,896,498)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Muhsin Ali
Chief Financial Officer


Waseem-ul-Haque Ansari
Chief Executive


Haroon Iqbal
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month ended March 31, 2022

1 THE COMPANY AND ITS OPERATION

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 todote.

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.

2 GOING CONCERN ASSUMPTION

The company has incurred a loss after taxation of Rs. 62.093 million during the period ended March 31, 2022. As of that date it has accumulated losses of Rs.4.284 billion and its current liabilities exceeded its current asset by Rs. 4.655 billion. Furthermore, cumulatively the company has not provided markup on its borrowings from banks and financial institutions amounting to Rs.6.696 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.

3 BASIS OF PREPARATION

3.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting with the exception of departure of IFRS as mentioned in note 11, for which the management concludes that provisioning of mark up would conflict with the objectives of the financial statements.

These condensed interim financial statements of the Company for the Nine Months ended March 31, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 This condensed interim financial information of the Company does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2021.

3.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

3.4 The comparative financial position presented in this condensed interim financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2021, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2022.

4 ACCOUNTING POLICIES

4.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2021.

4.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected presentation and disclosures in this condensed interim financial information.

5 ESTIMATES AND JUDGEMENTS

5.1 The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

5.2 Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual separate financial statements of the Company as at and for the year ended 30 June 2021.

Note	Nine Months ended March 31, 2022		Year Ended June 30, 2021	
	Unaudited	Audited	Unaudited	Audited
(Rs. in '000)				
6	PROPERTY PLANT AND EQUIPMENTS			
Operating Property Plant and Equipments	6.1	779,219	819,033	
		<u>779,219</u>	<u>819,033</u>	
6.1	WDV of Operating Fixed Assets			
Opening Balance		3,386,827	3,387,443	
Add: Addition during the period		-	-	
		<u>3,386,827</u>	<u>3,387,443</u>	
Less: Deletion during the period		1,232	616	
		<u>3,385,595</u>	<u>3,386,827</u>	
Less : Accumulated Depreciation as on March 31, 2022 (June 30, 2021)		<u>(2,606,376)</u>	<u>(2,567,794)</u>	
		<u>779,219</u>	<u>819,033</u>	

