

ANNUAL REPORT
2022



DEWAN AUTOMOTIVE ENGINEERING LIMITED

 YD | A YOUSUF DEWAN COMPANY

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Company Information

BOARD OF DIRECTORS

Executive Director

Mr. Waseem-ul-Haque Ansari

Chief Executive Officer

Non-Executive Directors

Mr. Ishtiaq Ahmad

Chairman Board of Directors

Syed Maqbool Ali

Mr. Abdul Basit

(Nominee Director in DMPL)

Mr. Imran Ahmed Javed

(Nominee Director in DMPL)

Mr. Muhammad Irfan Ali

(Nominee Director in DMPL)

Independent Director

Mr. Azizul Haque

CHIEF FINANCIAL OFFICER

Muhsin Ali

COMPANY SECRETARY

Mr. Muhammad Hanif German

AUDIT COMMITTEE

Mr. Azizul Haque

Chairman

Mr. Ishtiaq Ahmad

Member

Syed Maqbool Ali

Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Azizul Haque

Chairman

Mr. Waseem-ul-Haque Ansari

Member

Syed Maqbool Ali

Member

AUDITORS

Faruq Ali & Company

Chartered Accountants

C-88, Ground Floor, KDA Scheme No. 1

Main Karsaz Road, Opposite Maritime Museum,

Karachi.

LEGAL ADVISORS

A. K Brohi

SHARE REGISTRAR / TRANSFER AGENT

BMF Consultants Pakistan (Pvt) Ltd.

Anum Estate Building, Room No. 310 & 311,

3rd Floor, 49, Darul Aman Society,

Main Shahrah-e-Faisal,

Adjacent to Baloch Colony Bridge,

Karachi, Pakistan

BANKERS

Bank Islami Pakistan Ltd.

REGISTERED OFFICE

Dewan Centre, 3-A Lalazar

Beach Luxury Hotel Road

Karachi.

FACTORY

Dewan City Sajawal District Thatta, Sindh.

WEBSITE

www.yousufdewan.com

Mission Statement

- ✿ 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 Fortieth Annual General Meeting of **Dewan Automotive Engineering Limited ("DAEL" or "the Company")** will be held on Thursday, October 27, 2022, at 03:00 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 27, 2021;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2022, 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, 2023, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By order of the Board



**Muhammad Hanif German
Company Secretary**

Karachi: September 28, 2022

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2022 to October 27, 2022 (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:

DEWAN AUTOMOTIVE ENGINEERING LIMITED

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.

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 chances 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 desire 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/DAEL/index.html>

Directors' Report

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

The Board of Directors of Dewan Automotive Engineering Ltd. is pleased to present its annual report along with the Company's audited financial statements for the year ended June 30, 2022 and welcomes you to the fortieth 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:

	2022	2021
	(Rupees in '000)	
Gross Sales	-	-
Gross (loss)	(16,699)	(17,760)
Operating (loss)	(19,283)	(27,118)
Net (loss) after tax	(50,805)	(44,508)

Year under review:

During the year under review, the production activities of the Company remained suspended due to closure of the Company to which sales were being made, as well as due to non-availability of banking lines, resulting in unabsorbed overhead cost which ultimately contributed to the financial loss of the Company. The company is operating under tough conditions due to the aforesaid reason and making best endeavors to survive. To overcome the current financial situation, the Company is taking various measures and has taken up the matter with the banks.

Once working capital is available then the company can exploit its full potential.

Observation in the Auditors' Report:

The Auditors have qualified the report due to significance of the matters as referred in Para (a) and (b) of the Auditors' Report.

Going concern assumption:

These financial statements have been prepared on going concern assumption because the conditions being faced by the company are temporary and would reverse. The company got restructured its entire loans except debt in respect of one of the banks and have settled the same as per the terms of restructuring agreement. The management is confident that the company will be in operations in the future after resolving its financial and legal matters in full.

Provision of markup:

The Company has not made provision of markup amounting to Rs. 1.758 million on its markup bearing liability.

The management has approached its lender for restructuring of its long-term obligation and is confident that the Company's restructuring proposals given by the management will be accepted by the Bank. Therefore the Company has not made any provision of markup as the markup will not be payable.

The Management has fully explained the status of the above matters in respective Note No. 2 & 26.1 of these financial statements.

Corporate and financial reporting framework:

The financial statements for the year ended June 30, 2022, prepared by the management of the Company, present fairly its state of affairs, the result 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, 2022 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;
- 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 2 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 the last six years is enclosed with the report;
- All taxes have been paid and nothing is outstanding, except as disclosed in note 16 of the annexed audited financial statements;

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

- Mr. Waseem ul-Haque Ansari
- Mr. Ishtiaq Ahmed
- Syed Maqbool Ali
- Mr. Abdul Basit
- Mr. Imran Ahmed Javed
- Mr. Muhammad Irfan Ali
- Mr. Aziz-ul-Haque

During the year one casual vacancy was occurred which was filled by the Board of Directors of the Company.

Principal Activities of the Company

Dewan Automotive Engineering Limited is incorporated in Pakistan as a public limited Company and is listed on the Pakistan Stock Exchange. The Company's principal activity is manufactures, assembles, trades, and sells tractors, light commercial vehicles, and motorcycles primarily in Pakistan. It also trades in and manufactures related parts and implements.

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Principal Risks and Uncertainties

The Company consider the following as key risks:

- Depreciation of Pak Rupee against US Dollar;
- Non-availability of working capital.

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.

The Board of Directors comprise of individuals with diversified knowledge who endeavor to contribute toward the aim of the Company with the best of their abilities. During the year four meetings of the Board of Directors were held. The attendance of directors was as follows;

Names of Directors	No of meetings attended
Mr. Haroon Iqbal	4
Mr. Waseem-ul-Haque Ansari	4
Syed Maqbool Ali	4
Mr. Ishtiaq Ahmed	3
Mr. Muhammad Irfan Ali	4
Mr. Aziz-ul-Haque	4
Mr. Imran Ahmed Javed	4
Mr. Abdul Basit	-

The audit committee comprise of three members, all of them are non-executive. During the year four meetings of audit committee were held.

Name of Director	No. of meetings attended
Mr. Aziz-ul-Haque	4
Mr. Ishtiaq Ahmed	3
Syed Maqbool Ali	4

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

Name of Director	No. of meetings attended
Mr. Aziz ul Haque	1
Mr. Waseem-ul-Haque Ansari	1
Syed Maqbool Ali	1

Auditors:

The present Auditors Messrs Faruq Ali & Co, Chartered Accountants, have retired and offer themselves for re-appointment.

The Board of Director on recommendation of the Audit committee has recommended the re-appointment of Messrs Faruq Ali & Co. Chartered Accountants.

Loss per share

The Loss per share is Rs. 2.37

Dividend

Due to loss for the year as well as accumulated losses, no dividend has been recommended by the Board.

Pattern of Shareholding:

The pattern of Shareholding of the Company as at June 30, 2022 is included in the Annual Report.

Trading in Company Shares

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

Vote of Thanks:

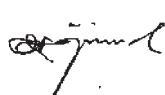
On behalf of the Board, I thank you, the valued shareholders, Federal and Provincial Government and their functionaries, banks, development financial institutions, leasing companies, dealers, vendors and customers for their continued support and patronage.

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, Al-Rehman-o-Al-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 (HOLY QURAN)



Ishtiaq Ahmed
Chairman Board of Directors



Waseem-ul-Haque Ansari
Chief Executive

September 27, 2022

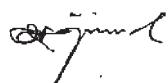
Chairman's Review

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, rights, responsibilities and duties are as specified and prescribed therein.

The board of Directors comprises of individuals with diversified knowledge who endeavor 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 the financial year ended June 30, 2022, five 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.



Ishtiaq Ahmed

Chairman

September 27, 2022

Summarised Key Operating and Financial Data of Last Six Years

PARTICULARS	2022	2021	2020	2019	2018 Restated	2017 Restated
..... Rs. in '000'						
Gross Sales	-	-	-	7,313	22,109	-
Net Sales	-	-	-	6,251	18,896	-
Gross (Loss) / Profit	(16,699)	(17,760)	(20,872)	(29,518)	(19,835)	(33,742)
Operating (Loss)/profit	(19,283)	(27,118)	(26,136)	(57,586)	(29,995)	(77,986)
(Loss) / profit before tax	(52,407)	(46,610)	(61,680)	(86,519)	(50,707)	(44,863)
(Loss) / profit after tax	(50,805)	(44,508)	(59,386)	(84,046)	(47,828)	(42,615)
Retained Earnings	178,184	178,184	178,184	178,184	178,184	178,184
Share Capital	214,000	214,000	214,000	214,000	214,000	214,000
Shareholders Equity	(1,371,612)	(1,320,807)	(1,276,299)	(1,216,913)	(1,147,434)	(1,102,390)
Fixed Assets	212,681	222,079	240,058	259,767	265,695	288,005
Total Assets	235,963	240,923	255,140	274,903	306,989	326,621
FINANCIAL ANALYSIS						
Gross (loss)/profit Margin	-	-	-	-472.21%	-104.65%	-
Operating (loss) / profit Margin	-	-	-	-921.22%	-155.70%	-
(loss)/profit before tax	-	-	-	-1384.08%	-265.31%	-
(loss) / profit after tax	-	-	-	-1344.52%	-253.94%	-
Return on Investment						
(Loss) / Earnings per share before tax (Rs/Share)	(2.45)	(2.18)	(2.88)	(4.04)	(2.34)	(2.09)
(Loss) / Earnings per share after tax (Rs/Share)	(2.37)	(2.08)	(2.78)	(3.93)	(2.24)	(1.99)
Activity Ratios						
Sales to Total Assets-Times	-	-	-	2.27	0.06	-
Sales to Fixed Assets-Times	-	-	-	0.02	0.07	-
Liquidity Ratios						
Current ratio (excluding current maturity of LTL)	0.003	0.002	0.008	0.008	0.03	0.02
Current ratio (Including current maturity of LTL)	0.003	0.002	0.008	0.008	0.03	0.02
Book value per share (Rs.)	(64.09)	(61.72)	(59.64)	(56.86)	(54.35)	(51.51)

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

For the Year Ended June 30, 2022

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: The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

2. The composition of board is as follows:

a) Independent Director Mr. Aziz-ul-Haque

b) Non-executive Directors
Mr. Ishtiaq Ahmad
Mr. Abdul Basit
Mr. Imran Ahmed Javed
Syed Maqbool Ali
Mr. Muhammad Irfan Ali

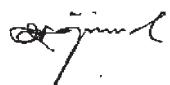
c) Executive Director Mr. Waseem-ul-Haque Ansari

3. Six Directors have confirmed that none of them is serving as 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 compiled 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. We will arrange Director Training Program in the coming session.
 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
Mr. Aziz-ul-Haque - Chairman
Mr. Ishtiaq Ahmad - Member
Syed Maqbool Ali - Member
 - b) HR and Remuneration Committee
Mr. Aziz-ul Haque - Chairman
Mr. Waseem-ul-Haque Ansari - Member
Syed Maqbool Ali - 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
4 meetings of the audit committee were held during the financial year ended June 30, 2022
 - b) HR and Remuneration Committee
1 annual meeting held during the financial year ended June 30, 2022
 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.

DEWAN AUTOMOTIVE ENGINEERING LIMITED

18. We confirm that all other requirements of the Regulations have been complied with.



Ishtiaq Ahmad
Chairman Board of Directors



Waseem-ul-Haq Ansari
Chief Executive

Karachi: September 27, 2022

Independent Auditor's Modified Review Report to the Members of Dewan Automotive Engineering Limited

Review Report to the Members 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 ('the Board') of **Dewan Automotive Engineering Limited** (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

The independent directors shall not be less than two or one third of total members of the board, whichever is higher, whereas board includes one independent director, who in our view does not meet the criteria of independence on account of his cross directorship in associated companies; accordingly, due to the foregoing reasons, requirements of chairman of audit and HR Remuneration Committee to be an independent director has also not been complied with.

DEWAN AUTOMOTIVE ENGINEERING LIMITED



Continuation Sheet

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

Further, we highlight that the Company has no female director on its Board and one of the director of the Company is serving as director in more than seven listed companies as disclosed in the paragraphs 1 and 3 of the Statement of Compliance.

Furthermore, we highlight that only three of the directors are qualified under the directors training program as disclosed in note 9 of the Statement of Compliance.

A handwritten signature in black ink that reads "Fasih & Co." followed by a small checkmark.

CHARTERED ACCOUNTANTS

Engagement partner: Fasih uz Zaman

Dated: September 28, 2022
Karachi
UDIN: CR202210179i4tlxZTnu

INDEPENDENT AUDITOR'S REPORT

To the members of Dewan Automotive Engineering Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Dewan Automotive Engineering Limited ('the Company'), which comprise the statement of financial position as at 30 June 2022, 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, because of the significance of the matters discussed in the basis for adverse opinion section of our report, the statement of financial position, 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 forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at 30 June 2022 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

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.

- a) The financial statements of the Company for the year ended 30 June 2022 reflect loss after taxation of Rs.50.805 million and as of that date it has accumulated losses of Rs.1,827.684 million which resulted in net capital deficiency of Rs.1,371.612 million and its current liabilities exceeded its current assets by Rs.1,366.790 million and total assets by Rs.1,135.291 million. The operations of the Company are closed. The Company is placed on defaulters' counter of Pakistan Stock Exchange Limited and trading of its shares was suspended. Furthermore, the Company is in litigation with its lender. 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.



Continuation Sheet

- b) The Company has not made provision of markup for the year amounting to Rs.1.758 million (Up to 30 June 2022: Rs.20.732 million) (refer note 26.1) on account of restructuring proposal offered to a lender as described in note 2 and 26.1 to the financial statements. Had the provision of markup been made in the financial statements, the loss before taxation would have been higher by Rs.1.758 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.20.732 million.

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 Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Continuation Sheet

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

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

Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) Because of the 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 Fasih uz Zaman.

A handwritten signature in black ink, appearing to read "Fasih uz Zaman".

CHARTERED ACCOUNTANTS

Place: Karachi

Dated: September 28, 2022

UDIN: AR202210179EW8JcYUzh

Statement of Financial Position

As on 30 June 2022

	Note	2022 —(Rs. in '000)—	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	212,681	222,079
Long term deposit		503	--
Available for sale investment	6	18,315	15,776
		231,499	237,855
CURRENT ASSETS			
Stock in trade	7	--	--
Trade debts	8	--	--
Advances	9	1,376	--
Advance income tax - Net		2,581	2,551
Bank balances	10	507	517
		4,464	3,068
		235,963	240,923
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
21,800,000 (2021: 21,800,000)			
Ordinary shares of Rs.10/- each		218,000	218,000
Issued, subscribed and paid-up share capital	11	214,000	214,000
Capital reserve		82,090	82,090
Merger reserve		86,194	86,194
Settlement claim from Ford Motors	12	63,888	68,646
Surplus on revaluation of property, plant and equipment	13		
Revenue reserves		9,900	9,900
General reserve		(1,827,684)	(1,781,637)
Accumulated losses		(1,371,612)	(1,320,807)
NON-CURRENT LIABILITIES			
Long term loan - Unsecured	14	211,696	183,373
Deferred taxation	15	24,625	26,568
		236,321	209,941
CURRENT LIABILITIES			
Trade and other payables	16	373,790	373,498
Short term finance	17	154,879	154,879
Accrued mark-up	18	831,335	812,162
Overdue portion of loan - Secured	19	11,250	11,250
		1,371,254	1,351,789
CONTINGENCIES AND COMMITMENTS			
	20	--	--
		235,963	240,923

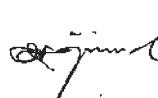
The annexed notes form an integral part of these financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Ishtiaq Ahmed
Chairman

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Statement of Profit or Loss

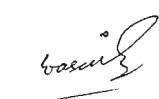
For The Year Ended June 30, 2022

	Note	2022	2021
		----- (Rs. in '000) -----	
Sales - Net			
Cost of sales	21	(16,699)	(17,760)
Gross loss		(16,699)	(17,760)
Operating expenses			
Distribution expenses	22	(332)	(360)
Administrative expenses	23	(2,252)	(1,896)
Other expenses	24	-	(7,102)
Operating loss		(2,584)	(9,358)
		(19,283)	(27,118)
Other income	25	3,629	12,709
Finance cost	26	(36,753)	(32,201)
Loss before taxation		(52,407)	(46,610)
Taxation - Net	27	1,602	2,102
Loss for the year		<u><u>(50,805)</u></u>	<u><u>(44,508)</u></u>
Loss per share - Basic and diluted	28	(2.37)	(2.08)

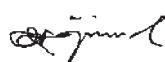
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Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Ishtiaq Ahmed
Chairman

Statement of Comprehensive Income

For The Year Ended June 30, 2022

	Note	2022	2021
		-----(Rs. in '000)-----	
Loss for the year		(50,805)	(44,508)
Other comprehensive income for the year:			
		-	-
		-	-
Total comprehensive loss for the year		<u><u>(50,805)</u></u>	<u><u>(44,508)</u></u>

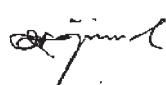
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Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Ishfaq Ahmed
Chairman

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Statement Of Changes In Equity

For The Year Ended June 30, 2022

Issued, subscribed and paid-up share capital	Capital reserves				Revenue reserves			Total
	Merger reserve	Settlement claim from Ford Motors (Note 12)	Surplus on revaluation of property, plant and equipment	Capital reserve	General reserve	Accumulated losses	Total revenue reserves	
----- (Rupees in '000) -----								
Balance as on 1 July 2020	214,000	82,090	86,194	73,830	242,114	9,900	(1,742,313)	(1,732,413) (1,276,299)
Loss for the year	-	-	-	-	-	-	(44,508)	(44,508) (44,508)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(44,508)	(44,508) (44,508)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	(5,184)	(5,184)	-	5,184	5,184 -
Balance as at 30 June 2021	214,000	82,090	86,194	68,646	236,930	9,900	(1,781,637)	(1,771,737) (1,320,807)
Loss for the year	-	-	-	-	-	-	(50,805)	(50,805) (50,805)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(50,805)	(50,805) (50,805)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	(4,758)	(4,758)	-	4,758	4,758 -
Balance as at 30 June 2022	214,000	82,090	86,194	63,888	232,172	9,900	(1,827,684)	(1,817,784) (1,371,612)

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

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansari
Chief Executive Officer

Ishfaq Ahmed
Chairman

Statement of Cash Flows

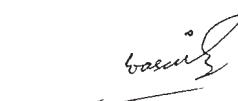
For The Year Ended June 30, 2022

	2022	2021
	----- (Rs. in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(52,407)	(46,610)
Adjustment for non cash charges and other items		
Depreciation	16,601	17,979
Reversal of impairment on investment in associate	(2,539)	(11,620)
Unwinding of discount / present value adjustment - Net	17,557	19,163
Provision for slow moving and obsolescence stocks	-	2,025
Provision for doubtful advance	-	5,077
Finance cost	<u>36,753</u>	<u>32,201</u>
Cash flows before working capital changes	<u>15,965</u>	<u>18,215</u>
Working capital changes		
(increase)/decrease in current assets	(1,376)	-
Advances	292	312
Increase/(decrease) in current liabilities	(1,084)	312
Trade and other payables		
Net cash generated from operations	<u>14,881</u>	<u>18,527</u>
Payments for:		
Finance cost	(17,580)	(19,165)
Income tax	(371)	(166)
Income tax refund received	-	1,011
Net cash (outflows) / inflows from operating activities	<u>(3,070)</u>	<u>207</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(7,203)	-
Long term deposit	(503)	-
Net cash outflows from investing activities	<u>(7,706)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from sponsor	10,766	-
Net movement in short term finance	-	(102)
Net cash inflows / (outflows) from financing activities	<u>10,766</u>	<u>(102)</u>
Net (decrease) / increase in cash and cash equivalents	(10)	105
Cash and cash equivalents at the beginning of the year	517	412
Cash and cash equivalents at the end of the year	<u>507</u>	<u>517</u>

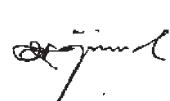
The annexed notes form an integral part of these financial statements.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Ishtiaq Ahmed
Chairman

Notes To The Financial Statements

For The Year Ended June 30, 2022

1 STATUS AND NATURE OF BUSINESS

Dewan Automotive Engineering Limited is a public Limited Company quoted on Pakistan Stock Exchange Limited (trading in defaulter counter). The Company's business is the assembly-cum progressive manufacture and sale of tractors, light commercial vehicles and motorcycles and trading / manufacturing of parts and implements related thereto. The Company was incorporated on May 6, 1982 and commenced commercial operations in August, 1983. The Company was taken over by Yousuf Dewan Company in April 2004.

During the year 2017, the Company received notices from Pakistan Stock Exchange Limited (PSX) in respect of non-compliance of clause 5.11.1. (c) and 5.11.1.(e) of the PSX Regulations therefore it was placed on defaulter's counter of PSX and trading of its shares was suspended. The Company has rectified the default and has requested for removal of Company from defaulter's counter. Hence no action by the Exchange under clause 5.11.1. (c) and 5.11.1.(e) is warranted under the said circumstances.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.
- Company's production plant is situated at Sajawal and Shershah Karachi, Sindh, Pakistan.

2 GOING CONCERN ASSUMPTION

The Company incurred a net loss of Rs.50.805 million during the year ended 30 June 2022 (2021: Rs.44.508 million) and as of that date it has accumulated losses of Rs.1,827.684 million (2021: Rs.1,781.637 million) which have resulted in net capital deficiency of Rs.1,371.612 million (2021: Rs.1,320.807 million) and its current liabilities exceeded its current assets by Rs.1,366.790 million (2021: Rs.1,348.721 million) and total assets by Rs.1,135.291 million (2021: Rs.1,110.866 million). The Company has been unable to ensure scheduled repayments of borrowings and to the creditors due to the liquidity problems. Following course, certain lenders has gone into litigation for repayment of liabilities through attachment and sale of the Company's hypothecated / mortgaged properties. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Therefore the Company may not be able to realize its assets and discharge its liabilities in normal course of business.

The Company has got restructured its entire debts except one and the same has also been paid as per terms of restructuring agreements. The management is confident that the outcome of the pending litigation will be positive as the Company is negotiating re-profiling of the debt with the lender. Therefore, the management is confident that the proposal will be accepted by the lender and pending litigation will be withdrawn. Accordingly, these financial statements have been prepared on going concern basis.

Notes To The Financial Statements

For The Year Ended June 30, 2022

3 BASIS OF PREPARATION

3.1 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 26.1 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:

- International Financial Reporting Standards (IFRS) 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain items of property, plant and equipment which are carried at revalued amounts.

3.3 Changes in accounting standards, interpretations and pronouncements

3.3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended 30 June 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the company's operations or not expected to have significant impact on the company's financial statements other than certain additional disclosures.

Effective Date (Period beginning on or after)

Interest Rate Benchmark Reform – Phase 2
(Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16)

1 January 2021

Amendment to IFRS 16 "Leases" - Covid-19 related rent concessions extended beyond June 30, 2021

1 April 2021

Notes To The Financial Statements

For The Year Ended June 30, 2022

3.3.2 New accounting standards and amendments that are not yet effective

The following amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	1 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling	1 January 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	1 January 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	1 January 2023
Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	1 January 2023
Amendment to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	01 January 2023
Amendment to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

Notes To The Financial Statements

For The Year Ended June 30, 2022

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3.4 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 Pak Rupees, which is the Company's functional and presentation currency.

3.5 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are as follows:

3.5.1 Operating fixed assets, revaluation and depreciation

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.5.2 Income tax

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

Notes To The Financial Statements

For The Year Ended June 30, 2022

3.5.3 Stock in trade

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realisable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier period presented.

4.1 Property, plant and equipment

Owned

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment, which qualifies for recognition as an asset, is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revalued assets to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

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

Notes To The Financial Statements

For The Year Ended June 30, 2022

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation except for the leasehold land which is stated at revalued amount. Depreciation is charged to income applying the reducing balance method over estimated useful life of the assets. Depreciation on additions is charged from the month the asset is put into use while on disposals upto the month the asset was in use. Depreciation is being charged at the rates given in note 5.1. Incremental depreciation on account of revaluation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to accumulated loss.

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and improvements are capitalized. Gain or loss, if any, on disposal of property, plant and equipment is included in income currently.

Leased

The company accounts for assets acquired under finance lease by recording the assets and related liability. Assets are recorded at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The aggregate amounts of obligation relating to these assets are accounted for at net present value of liabilities. Assets acquired under the finance leases are depreciated over the useful life of the respective asset in the manner and at the rates applicable to the company's owned assets. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of change on outstanding liabilities.

4.2 Intangible

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Software under development are carried at cost. Direct cost include the purchase cost and directly attributable cost of preparing the asset for its intended use.

Intangible asset is amortized from the date such asset is put into use on straight line basis over its useful life.

4.3 Impairment of property, plant and equipment

The company assesses at each balance sheet date whether there is any indication that a tangible fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

Notes To The Financial Statements

For The Year Ended June 30, 2022

4.4 Deferred costs

These are amortized on a straight line basis over a period of ten years, starting from the year in which company has commenced the commercial operations.

4.5 Stores, spares and stock in trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Stores and spares	Average cost
Stock in trade:	
Raw material	Average cost
Goods in transit	Cost comprising invoice values plus other charges incurred thereon.
Work in process	Prime cost plus appropriate portion of manufacturing overheads.
Finished goods	Average cost

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

4.6 Trade and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection of amount is no longer probable. Bad debts are written off when they are no longer recoverable.

Other receivables are recognized and carried at cost.

4.7 Investments

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair values (quoted market price), unless fair value cannot be reliably measured, in such case the investments are measured at cost. Gains and losses on re-measurement to fair value are recognized directly in equity through the statement of changes in equity.

4.8 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at banks.

Notes To The Financial Statements

For The Year Ended June 30, 2022

4.9 Financial Instruments

4.9.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the statement of profit or loss account.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

Notes To The Financial Statements

For The Year Ended June 30, 2022

4.9.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.9.2.1 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.9.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

4.9.3 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.9.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

Notes To The Financial Statements

For The Year Ended June 30, 2022

4.9.3.2 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

4.9.4 Derivative financial instruments - Other than hedging

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.9.5 Derivative financial instruments - Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss account. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

4.9.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.10 Staff retirement benefits

The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. Remeasurement charge which comprises of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

Notes To The Financial Statements

For The Year Ended June 30, 2022

4.11 Deferred income

Deferred income arising out of sale and lease back transactions is amortized over the period of lease term.

4.12 Trade and other payables

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

4.13 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

Deferred

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

4.14 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of 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.

4.15 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of transaction.

Assets and liabilities in foreign currencies, if any, are translated into rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts have been entered into in which case the rates contracted for are used.

4.16 Related party transactions

All transactions with related parties are based on the policy that all transactions between the company and the related parties are carried out at arm's length basis.

Notes To The Financial Statements

For The Year Ended June 30, 2022

4.17 Revenue recognition

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

4.18 Non current assets held for sale

Non current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less cost to sell.

4.19 Warranties

Warranty expenses are recognized as and when claims are received.

4.20 Borrowings costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that these are directly attributable to the construction of qualifying assets in which case these are capitalized as part of the cost of that asset.

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - At cost / revaluation
less accumulated depreciation

Note	2022	2021
	-----(Rs. in '000)-----	

5.1 212,681 222,079

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Notes To The Financial Statements

For The Year Ended June 30, 2022

5.1 Operating fixed assets - At cost / revaluation less accumulated depreciation

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PARTICULARS	COST / REVALUATION			DEPRECIATION			Book value as at 30 June 2022	Rate %
	As at 1 July 2021	Additions during the year	As at 30 June 2022	As at 1 July 2021	Charge for the year	As at 30 June 2022		
	(Rupees in '000)							
Freehold land								
Cost	1,202	-	1,202	-	-	-	1,202	-
Revaluation	3,598	-	3,598	-	-	-	3,598	-
Factory building on freehold land								
Cost	120,427	-	120,427	59,456	3,049	62,505	57,922	5 to 10
Revaluation	96,613	-	96,613	47,408	2,460	49,868	46,745	5
Plant and machinery								
Cost	232,224	-	232,224	178,336	5,389	183,725	48,499	10
Revaluation	104,008	-	104,008	61,597	4,241	65,838	38,170	10
Computer and allied	3,375	-	3,375	3,217	17	3,234	141	10 to 30
Furniture and office equipment	26,106	-	26,106	21,526	458	21,984	4,122	10
Motor vehicles	63,138	-	63,138	61,126	403	61,529	1,609	20
Tools and equipment	11,104	-	11,104	9,235	187	9,422	1,682	10
Refrigerators and air conditioners	1,506	-	1,506	1,350	15	1,365	141	10
Electrical appliances	318	-	318	256	6	262	56	10
Jigs and fixtures	735	-	735	651	8	659	76	10
Electrical fittings	6,494	7,203	13,697	5,102	319	5,421	8,276	10
Dies	4,205	-	4,205	3,716	49	3,765	440	10
Patterns	112	-	112	110	-	110	2	20
TOTAL	675,165	7,203	682,368	453,086	16,601	469,687	212,681	

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PARTICULARS	COST / REVALUATION			DEPRECIATION			Book value as at 30 June 2021	Rate %
	As at 1 July 2020	Additions during the year	As at 30 June 2021	As at 1 July 2020	Charge for the year	As at 30 June 2021		
	(Rupees in '000)							
Freehold land								
Cost	1,202	-	1,202	-	-	-	1,202	-
Revaluation	3,598	-	3,598	-	-	-	3,598	-
Factory building on freehold land								
Cost	120,427	-	120,427	56,247	3,209	59,456	60,971	5 to 10
Revaluation	96,613	-	96,613	44,819	2,589	47,408	49,205	5
Plant and machinery								
Cost	232,224	-	232,224	172,348	5,988	178,336	53,888	10
Revaluation	104,008	-	104,008	56,884	4,713	61,597	42,411	10
Computer and allied	3,375	-	3,375	3,198	19	3,217	158	10 to 30
Furniture and office equipment	26,106	-	26,106	21,017	509	21,526	4,580	10
Motor vehicles	63,138	-	63,138	60,623	503	61,126	2,012	20
Tools and equipment	11,104	-	11,104	9,026	209	9,235	1,869	10
Refrigerators and air conditioners	1,506	-	1,506	1,333	17	1,350	156	10
Electrical appliances	318	-	318	250	6	256	62	10
Jigs and fixtures	735	-	735	642	9	651	84	10
Electrical fittings	6,494	-	6,494	4,948	154	5,102	1,392	10
Dies	4,205	-	4,205	3,662	54	3,716	489	10
Patterns	112	-	112	110	-	110	2	20
TOTAL	675,165	--	675,165	435,107	17,979	453,086	222,079	

Notes To The Financial Statements

For The Year Ended June 30, 2022

Note	2022	2021
	-----(Rs. in '000)-----	

- 5.2** The depreciation charge for the year has been allocated as follows:

Cost of sales	22	15,605	16,900
Distribution expenses	23	332	360
Administrative expenses	24	664	719
		<u>16,601</u>	<u>17,979</u>

- 5.3** The revaluation of property, plant and equipment was carried out as of 1 July 2018 by M/s. Anderson Consulting (private) limited (an independent valuer who is located in Karachi) on the basis of there professional assessment of prevailing market values. The revaluation resulted in a surplus amounting to Rs.18.009 million which was incorporated in these financial statements.

Particulars	Written down value of assets before revaluation	Revalued amount	Revaluation surplus
Land	2,400	4,800	2,400
Factory building	125,026	128,503	3,477
Plant and machinery	119,968	132,100	12,132
	247,394	265,403	18,009

- 5.4** Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:

	2022	2021
	-----(Rs. in '000)-----	

Net book value

Freehold land	1,202	1,202
Factory building on freehold land	57,922	60,971
Plant and machinery	48,499	53,888
	<u>107,623</u>	<u>116,061</u>

- 5.5** The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.185.800 million.

Notes To The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	-----(Rs. in '000)-----	
6 AVAILABLE FOR SALE INVESTMENT		
Investment in associated company		
Dewan Mushtaq Trade Limited (Public, unquoted company) 4,000,000 (2021: 4,000,000)		
Ordinary shares of Rs.10/- each	40,000	40,000
Provision for impairment loss	<u>(21,685)</u>	<u>(24,224)</u>
	<u>18,315</u>	<u>15,776</u>

- 6.1** Since this investment is in unquoted company therefore this is measured at cost less accumulated impairment because the fair value can not be measured reliably.
- 6.2** Investments in associated company or undertakings have been made in accordance with the requirements under the Act.
- 6.3** Dewan Mushtaq Trade Limited is engaged in import, export, sale and trade in petrochemicals, paints and other products. The Company has 14.31% interest in ownership of the investee company. The net assets (excess of assets over liabilities) of investee company as disclosed in the latest available un-audited financial statements for the year ended 30 June 2022, amounted to Rs.127.979 million.

	2022	2021
	-----(Rs. in '000)-----	
7 STOCK IN TRADE		
Raw materials and components	129,886	129,886
Trading stock	<u>30,263</u>	<u>30,263</u>
	<u>160,149</u>	<u>160,149</u>
Provision for slow moving and obsolescence stocks	<u>(160,149)</u>	<u>(160,149)</u>
	<u>-</u>	<u>-</u>
8 TRADE DEBTS		
Considered good	-	-
Considered doubtful	<u>944</u>	<u>944</u>
	<u>944</u>	<u>944</u>
Provision for doubtful debts	<u>(944)</u>	<u>(944)</u>
	<u>-</u>	<u>-</u>

9 ADVANCES		
Sales tax advance	1,376	-
Other advances - Considered doubtful	<u>5,077</u>	<u>5,077</u>
	<u>6,453</u>	<u>5,077</u>
Provision for doubtful advance	<u>(5,077)</u>	<u>(5,077)</u>
	<u>1,376</u>	<u>-</u>

Notes To The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	----- (Rs. in '000) -----	
10 BANK BALANCES		
Cash at banks - current accounts	507	517
	<hr/>	<hr/>

	2022	2021
	----- (Rs. in '000) -----	
11 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
2022	2021	
---- (Number of shares) ----		
20,535,871	20,535,871	Ordinary shares of Rs. 10/- each issued as fully paid in cash
864,129	864,129	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares
<hr/> <u>21,400,000</u>	<hr/> <u>21,400,000</u>	<hr/> <u>205,359</u> <u>205,359</u>
		<hr/> <u>8,641</u> <u>8,641</u>
<hr/> <u>214,000</u>	<hr/> <u>214,000</u>	<hr/> <u>214,000</u> <u>214,000</u>

12 CAPITAL RESERVES

Capital reserve on settlement claim from Ford Motors arose due to receipt of settlement claim from Ford Motors, as per clause 12 (a) of the Compensation agreement between the Company and Ford Motors dated 22 January 1990.

13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as at 1 July	68,646	73,830
Incremental depreciation charged on related assets during the year - Net of tax	(4,758)	(5,184)
	<hr/> <u>63,888</u>	<hr/> <u>68,646</u>

13.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

Notes To The Financial Statements

For The Year Ended June 30, 2022

2022	2021
-----(Rs. in '000)-----	

14 LONG TERM LOAN - Unsecured

From sponsor - At amortized cost

Opening balance	318,434	318,434
Received during the year	10,766	-
	<hr/> 14.1	<hr/> 318,434
Accumulated present value adjustment	(259,644)	(255,801)
Accumulated interest charged to profit and loss account	<hr/> 142,140	<hr/> 120,740
	<hr/> 211,696	<hr/> 183,373

14.1 The above loan is interest free and unsecured. This loan shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

Since the loan is interest free and repayable in lump sum on 30 June 2026, as per the requirements of International Financial Reporting Standards (IFRSs) it has been discounted to its fair value, being the present value of the expected future cash flows at 11.67% per annum.

15 DEFERRED TAXATION

Deferred tax liability arising out of surplus on revaluation of property plant and equipment	<hr/> 24,625	<hr/> 26,568
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15.1 The Company has not recognized deferred tax asset amounting to Rs.574.454 million arising due to available tax losses and credits since it is not probable that future taxable profits will be available against which the temporary differences can be utilized. The deferred tax liability reflected in these financial statements relates to the surplus on revaluation of property, plant and equipment only.

Notes To The Financial Statements

For The Year Ended June 30, 2022

	Note	2022	2021
		-----(Rs. in '000)-----	
16 TRADE AND OTHER PAYABLES			
Trade creditors	16.1	293,044	293,044
Accrued expenses		27,117	26,825
Advance from dealers		39,989	39,989
Advance from customers		4,962	4,962
Withholding tax payable		6,598	6,598
Liability for staff gratuity		1,888	1,888
Workers' Profit Participation Fund		145	145
Interest on Workers' Profit Participation Fund		47	47
		<u>373,790</u>	<u>373,498</u>

16.1 This includes amount of Rs.6.346 million (2021: Rs.6.346 million) related to Daehan-Dewan Motors Company (Private) Limited (associated company).

17 SHORT TERM FINANCE

From related party (associated company) - Unsecured

Interest bearing	17.1	<u>154,879</u>	<u>154,879</u>
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17.1 This is an unsecured finance from an associated company, which carries mark-up @ 3 Month Kibor + 1% per annum (2021: @ 3 Month Kibor + 1% per annum) and repayable on demand.

19 ACCRUED MARK-UP

Associated company	830,012	810,839
Financial institutions	1,323	1,323
	<u>831,335</u>	<u>812,162</u>

Notes To The Financial Statements

For The Year Ended June 30, 2022

	Note	2022	2021
		-----(Rs. in '000)-----	
19 OVER DUE PORTION OF LOAN - Secured			
Overdue portion of loan - Secured		11,250	11,250

19.1 The above liability relating to Pak Kuwait Investment Company (Pvt) Limited is an overdue portion of syndicated loan facilities obtained from financial institutions for the purpose of setting up of Automotive Air Conditioner Plant. The loans carry mark-up @ 6 months KIBOR plus 3.77% (2021: @ 6 months KIBOR plus 3.77%). The loans were repayable in twenty equal quarterly installments of Rs.5.250 million each commencing from 30 August 2005. The loan is secured by first pari passu charge by way of equitable mortgage, hypothecation and floating charge on present as well as future assets of the Company. Pak Kuwait Investment Company (Pvt) Limited has gone into litigation as more fully explained in note 20.1 to the financial statements.

20 CONTINGENCIES AND COMMITMENTS

20.1 In respect of liability towards a financial institution disclosed in note 19 to the financial statements, the financial institution has filed suit in Honourable Banking Court of Sindh at Karachi for recovery of its liabilities through attachment and sale of Company's hypothecated / mortgaged properties.

The management has disputed the claim and is strongly contesting the case. The management has filed counter claims alleging that the bank claim is highly exaggerated as it has charged mark-up on mark-up and other levies higher than the rate of mark-up agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan.

During the year 2020, a decree was passed by the Banking Court No. V at Karachi, in which the court ordered that the suit is decreed against the Company to the extent of principle amount of Rs. 11.250 million with cost of suit and cost of funds. Consequently, the financial institution prefers an appeal against the judgment, passed by the Learned Banking Court No. V at Karachi.

Since the Company is in dispute, therefore the estimated financial effect of litigation is not being disclosed, as it may have adverse affect on the Company's position in the suits. Since the case is pending before Honourable Banking Court of Sindh at Karachi therefore the ultimate outcome cannot be established at this stage.

Notes To The Financial Statements

For The Year Ended June 30, 2022

	Note	2022	2021
		-----(Rs. in '000)-----	
21 COST OF SALES			
Depreciation	5.2	15,605	16,900
Salaries and benefits		859	495
Utilities and generator fuel charges		137	262
Printing, stationary and office supplies		84	72
Traveling and vehicles running		10	4
Communication		4	11
Repairs and maintenance		—	16
Manufacturing cost		16,699	17,760
Finished goods - Opening		30,263	30,263
Finished goods - Closing		(30,263)	(30,263)
Cost of goods manufactured		—	—
		<u>16,699</u>	<u>17,760</u>
22 DISTRIBUTION EXPENSES			
Depreciation	5.2	<u>332</u>	<u>360</u>
23 ADMINISTRATIVE EXPENSES			
Depreciation	5.2	664	719
Fees and subscription		506	567
Auditor's remuneration	24.1	500	500
Printing, stationary and office supplies		56	48
Communication		4	33
Salaries, wages and benefits		107	15
Security expenses		1	11
Traveling and vehicles running		7	3
Legal and professional		300	—
Rent, rates and taxes		107	—
		<u>2,252</u>	<u>1,896</u>
23.1 Auditor's remuneration			
Audit of financial statements		300	300
Review of half yearly financial statements		150	150
Review report on code of corporate governance		50	50
		<u>500</u>	<u>500</u>

Notes To The Financial Statements

For The Year Ended June 30, 2022

	Note	2022	2021
		-----(Rs. in '000)-----	
24 OTHER EXPENSES			
Provision for doubtful advance		-	5,077
Provision for slow moving and obsolescence stocks		-	2,025
Impairment on investment in associate		-	-
		<u><u>-</u></u>	<u><u>7,102</u></u>
25 OTHER INCOME			
Reversal of impairment on investment in associate	6	2,539	11,620
Rental income		1,087	1,087
Interest income on saving account		3	2
		<u><u>3,629</u></u>	<u><u>12,709</u></u>
26 FINANCE COST			
Unwinding of discount		17,557	19,163
Mark-up on borrowings from related parties		19,173	13,037
Bank charges		23	1
		<u><u>36,753</u></u>	<u><u>32,201</u></u>

- 26.1** Company has not made the provision of mark-up for the year amounting to Rs.1.758 million (Up to 30 June 2022: Rs.20.732 million) keeping in view of the ongoing litigation with the lender and the management is hopeful that the decision of the court will be in favour of the Company. Had the provision been made the loss for the year would have been higher by Rs.1.758 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.20.732 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

Notes To The Financial Statements

For The Year Ended June 30, 2022

	Note	2022	2021
		-----(Rs. in '000)-----	
27 TAXATION - Net			
Current tax			
Current year	27.1	252	16
Prior year		89	-
Deferred		(1,943)	(2,118)
		<u>(1,602)</u>	<u>(2,102)</u>

27.1 Relationship between accounting profit and tax expense for the year

Provision for taxation is based on minimum tax @ 1.25% of the turnover under section 113 of the Income Tax Ordinance, 2001 therefore there is no relationship between accounting profit and tax expense for the year.

27.2 The income tax assessments of the Company deemed to have been finalized upto and including Tax year 2021.

	2022	2021
	-----(Rs. in '000)-----	
28 LOSS PER SHARE - Basic and diluted		
Loss after taxation attributable to ordinary shareholders	(50,805)	(44,508)
----- (Number of shares) -----		
Weighted average number of ordinary shares outstanding during the year	21,400,000	21,400,000
----- (Rupees) -----		
Loss per share - Basic	(2.37)	(2.08)

28.1 A diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2022 and 30 June 2021 which would have any effect on the loss per share if the option to convert is exercised.

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- 29.1** Chief executive and directors of the Company did not charge any fee or other remuneration.
- 29.2** No employee of the Company falls under the definition of "executive" as per the Companies Act, 2017. Hence no disclosure is given in the financial statements.

Notes To The Financial Statements

For The Year Ended June 30, 2022

30 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. The transaction with associated companies are in the normal course of business and have been entered on an arm's length basis. The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 29 to the financial statements. Material transactions and balances with related parties are given below:

Name of the related party	Basis of relationship	Percentage of shareholding	Nature of transactions during the year	2022	2021
				----- (Rupees '000) -----	----- (Rupees '000) -----
Dewan Farooq Motors Limited	Group Company	0.12%	Mark up expense	19,173	13,037
Dewan Mushtaq Motors Company (pvt) Ltd	Group Company	-	Rental Income	1,087	1,087

Balances with related parties are shown in long term loan (note 14), advance from customer (note 16.1), short term finance (note 17) and accrued mark up (note 18) to the financial statements.

2022	2021
----- (Numbers) -----	----- (Numbers) -----

31 NUMBER OF EMPLOYEES

Number of employees as at 30 June	<u>2</u>	<u>1</u>
Average number of employees during the year	<u>2</u>	<u>1</u>

32 PLANT CAPACITY AND PRODUCTION

Tractors:

Sanctioned plant capacity	6,000	6,000
Actual production	NIL	NIL

Motorcycles:

Annual capacity	60,000	60,000
Actual production	NIL	NIL

Auto parts and other related products:

The Company manufactures various types and sizes of automotive parts to be used in various types of vehicles including motorcycles. Keeping in view the demand by its customers, the production capacity for the auto parts and other related products cannot be determined.

The operations of the Company are closed due to working capital constraints.

Notes To The Financial Statements

For The Year Ended June 30, 2022

2022 2021

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

33.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2022	2021
	-----(Rs. in '000)-----	
Advances	1,376	-
Bank balances	507	517
	<hr/> <hr/> 1,883	<hr/> <hr/> 517

33.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated mark-ups:

Notes To The Financial Statements

For The Year Ended June 30, 2022

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees in '000)						
2022						
Non-derivative financial liabilities						
Long term loans	211,696	329,200	-	-	-	329,200
Trade and other payables	362,230	362,230	362,230	-	-	-
Accrued mark-up	831,335	831,335	831,335	-	-	-
Short term finance	154,879	164,544	164,544	-	-	-
Overdue portion of loans	11,250	11,250	11,250	-	-	-
	1,571,390	1,698,559	1,369,359	-	-	329,200

2021

Non-derivative financial liabilities

Long term loans	183,373	318,434	-	-	-	318,434
Trade and other payables	361,938	361,938	361,938	-	-	-
Accrued mark-up	812,162	812,162	812,162	-	-	-
Short term finance	154,879	161,451	161,451	-	-	-
Overdue portion of loans	11,250	12,099	12,099	-	-	-
	1,523,602	1,666,084	1,347,650	-	-	318,434

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effect as at 30 June.

33.3 Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The Company's financial instruments are in its functional currency therefore it is not exposed to currency risk, however the company's exposure to interest rate risk is as follows:

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Notes To The Financial Statements

For The Year Ended June 30, 2022

	2022	2021		
	-----(Rs. in '000)-----			
Variable rate instruments at carrying amounts:				
Financial liabilities				
Overdue portion of loans	11,250	11,250		
Short term finance	154,879	154,879		
	166,129	166,129		

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flows sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

	2022	2021		
	-----(Rs. in '000)-----			
Effect on loss / profit due to change of 100 BPs				
Increase				
	1,661	1,661		
Decrease				
	(1,661)	(1,661)		

33.4 Fair value of financial instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.5 Capital risk management

The Company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Notes To The Financial Statements

For The Year Ended June 30, 2022

34 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, however there has been no significant reclassifications.

35 DATE OF AUTHORIZATION FOR ISSUE

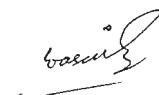
These financial statements have been authorized for issue on September 27, 2022 in accordance with the resolution by the Board of Directors of the Company.

36 GENERAL

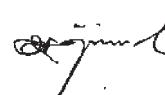
These financial statements are presented in Rupees and figures have been rounded off to the nearest thousand rupees.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Ishtiaq Ahmed
Chairman

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

1. Incorporation Number **0009414**
2. Name of the Company **DEWAN AUTOMOTIVE ENGINEERING LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **3 0 . 0 6 . 2 0 2 2**

4.	Number of Shareholders	Shareholding Slab		Total Shares held	Percentage
		From	To		
	397	1	100	30,558	0.14%
	430	101	500	119,342	0.56%
	107	501	1,000	97,878	0.46%
	144	1,001	5,000	376,683	1.76%
	27	5,001	10,000	218,532	1.02%
	11	10,001	15,000	144,000	0.67%
	6	15,001	20,000	115,499	0.54%
	2	20,001	25,000	41,700	0.19%
	1	25,001	30,000	26,000	0.12%
	2	30,001	40,000	77,000	0.36%
	2	40,001	50,000	95,003	0.44%
	2	50,001	60,000	104,333	0.49%
	1	60,001	70,000	60,500	0.28%
	1	70,001	100,000	100,000	0.47%
	1	100,001	130,000	124,500	0.58%
	3	130,001	150,000	440,500	2.06%
	2	150,001	220,000	434,320	2.03%
	1	220,001	250,000	242,500	1.13%
	1	250,001	280,000	262,815	1.23%
	4	280,001	300,000	1,146,000	5.36%
	1	300,001	400,000	348,800	1.63%
	3	400,001	600,000	1,667,949	7.79%
	2	600,001	700,000	1,344,944	6.28%
	3	700,001	1,300,000	3,835,911	17.92%
	1	1,300,001	2,500,000	2,367,637	11.06%
	1	2,500,001	3,800,000	3,702,637	17.30%
	1	3,800,001	3,900,000	3,874,459	18.10%
	1157		TOTAL	21,400,000	100.00%

DEWAN AUTOMOTIVE ENGINEERING LIMITED

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

Form 34

**CATEGORIES OF SHAREHOLDERS
AS ON 30TH JUNE 2022**

5. Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shareholding
Directors, CEO, their Spouses & Minor Children			
Syed Maqbool Ali	1	1,000	0.00%
Mr. Waseem-Ul-Haq Ansari	1	1,000	0.00%
Mr. Ishtiaq Ahmed	1	1,000	0.00%
Mr. Aziz ul Haque	1	500	0.00%
Mr. Abdul Basit (Nominee Director By DMPL)	-	-	0.00%
Mr. Imran Ahmed Javed (Nominee Director By DMPL)	-	-	0.00%
Mr. Muhammad Irfan Ali (Nominee Director By DMPL)	-	-	0.00%
Associated Companies			
Dewan Motors (Pvt.) Limited	3	4,746,259	22.18%
NIT and ICP			
	2	56,400	0.26%
Executives			
	-	-	0.00%
Banks, Development Financial Institutions, Non-Banking Finance Companies			
	1	60,500	0.28%
Insurance Companies			
	3	73,633	0.34%
Modarabas and Mutual Funds			
	-	-	0.00%
General Public			
a. Local	1,124	15,754,637	73.62%
b. Foreign	5	1,865	0.01%
Others (Joint Stock Companies, Brokerage Houses, Employees Funds & Trustees)			
	15	703,206	3.29%
TOTAL	1,157	21,400,000	100.00%

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shareholding
Dewan Motors (Pvt.) Limited	3	4,746,259	22.18%
Dewan Muhammad Yousuf Farooqui	1	3,702,637	17.30%
Dewan Zia-ur-Rehman Farooqui	2	2,368,637	11.07%
Dewan Abdullah Ahmed Swaleh Farooqui	1	1,278,637	5.97%
Dewan Asim Mushfiq Farooqui	1	1,278,637	5.97%
Dewan Abdul Baqi Farooqui	1	1,278,637	5.97%

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.

Form of Proxy

I/We _____
of _____ being _____
a member(s) of **Dewan Automotive Engineering 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 Automotive Engineering 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 40th Annual General Meeting of the Company to be held on Thursday,
October 27, 2022 at 03:00 p.m. and my adjournment thereof.

Signed this _____ day of _____ 2022.

AFFIX
REVENUE
STAMP
RS. 5/-

Signature _____

Witness: _____

Signature

Witness: _____

Signature

Name: _____

Name: _____

Address: _____

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.

پرائسی فارم

یہ فارم مکمل کر کے ہمارے شیرز رجسٹر ارٹر انسرائیجٹ بی ایم ایف کنسٹلٹنٹس پاکستان پرائیویٹ لمیڈ واقع انعم اسٹیٹ بلڈنگ کرہ نمبر 310 اور 311، تیسرا منزل، 49، دارالامان سوسائٹی، شاہراہ فیصل نزد بلوچ کالونی پل، کراچی 75350، پاکستان کو لازماً جمع کرواد تھے۔ سالانہ عمومی اجلاس سے 48 گھنٹے پہلے یہ پرائسی فارم موصول ہو جانا چاہئے۔

میں / ہم جیئنٹ دیوان آٹوموٹیو کی جانب سے اجمیعت اور انجینئرنگ لمیڈ کے میران اور عام حصص یافتہ فی حصص اندر اج فولیونر اور / یا CDS شرکاء آئی ڈی نیٹ اپنی طرف سے کو بطور پرائسی نامزد کرتے ہیں۔ یہ میری / ہماری جانب سے بروز جمعرات مورخہ 27 اکتوبر 2022ء بجے دوپہر منعقدہ کمپنی کی 40 ویں سالانہ عمومی میٹنگ میں ووٹ دینے کے مجاز ہیں۔

دستخط برائے بتارخ 2022ء

پانچ روپے کے روپیہ میکٹ پر دستخط
دستخط کمپنی میں کئے جانے والے دستخط
سے مختلف نہ ہوں۔

۱- دستخط	<hr/>
گواہ	<hr/>
نام	<hr/>
پتہ	<hr/>

۲- دستخط

گواہ	<hr/>
نام	<hr/>
پتہ	<hr/>

کمپنی شیئرز میں تجارت:

دوران سال کسی بھی ڈائریکٹر، ایگزیکیو، ان کی بیگماں و بچوں نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے۔

اظہارِ تشكیر:

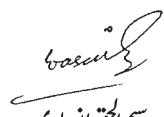
بورڈ میر ان کمپنی کے حصص یافتگان، وفاقی اور صوبائی حکومتوں، بیگوں، مالیاتی اداروں اور کسانوں کے اعتماد پر تہذیل سے شکر گزار ہیں۔ آپ کے اس غیر مترائل اعتماد کی بدولت کمپنی چل رہی ہے۔ بورڈ ادارے کی اپنی ٹیم، ایگزیکیو اسٹاف کے ساتھی اور ورکرز کا بھی بھرپور شکر یہ ادا کرتا ہے جو کمپنی کی ترقی میں اپنا بھرپور کردار ادا کر رہے ہیں۔ ہم آپ کی محنت اور کاوشوں کو تقدیر کی نگاہ سے دیکھتے ہیں۔

اختتامی بیان:

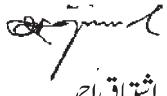
اختتام پر اللہ پاک حمن و رحیم کے حضور سجدہ ریز ہو کر دعائیں گے ہمارے نبی سر کار دعا الحمد لله کے وسیلے سے کہ اے اللہ ہماری رہنمائی کرتا رہے اور کمپنی قوم اور طین عزیز کو اپنے حفظ و امان میں رکھے اور بھرپور ترقی کرنے کی توفیق عطا کرے۔ ساتھ ہی اللہ پاک سے دعائیں گتی ہوں کہ امت مسلمہ میں امن، چین اور بھائی چارہ پیدا کرے آمین۔

بے شک میر ارب دعائیں والا ہے (القرآن)

بورڈ کے ڈائریکٹران کی جانب سے



وسیم الحق انصاری
چیف ایگزیکیو



اشتیاق احمد
چیئرمین بورڈ آف ڈائریکٹر

ستمبر 27، 2022ء

میئنگ میں حاضری کی تعداد	ڈائریکٹرز کے نام
4	جناب عزیز الحق
3	جناب اشتیاق احمد
4	سید مقبول علی

دوران سال انسانی وسائل اور خدمات کی کمیٹی کی ایک میئنگ منعقد ہوئی، اس میئنگ میں حاضری درج ذیل ہے:

میئنگ میں حاضری کی تعداد	ڈائریکٹرز کے نام
1	جناب عزیز الحق
1	جناب سیم الحق انصاری
1	سید مقبول علی

آڈیٹر:

موجودہ آڈیٹر میسرز فاروق علی ایڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور دوبارہ تقرری کیلئے اپنی خدمات کی پیشکش کی ہے۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز فاروق علی ایڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آنے والے سال کیلئے کمپنی کے آڈیٹر کے طور پر تقرری کی سفارش کی ہے۔

خسارہ فی شیئر:

فی شیئر خسارہ مبلغ 2.37 روپے ہے۔

ڈویڈنڈ:

مجموعی نقصانات کے ساتھ دوران سال خسارہ کے باعث بورڈ کی جانب سے کسی ڈویڈنڈ کی سفارش نہیں کی گئی ہے۔

شیئر ہولڈنگ کا پیشہ:

کمپنی کی شیئر ہولڈنگ کا پیشہ 30 جون 2022ء سالانہ رپورٹ کے ساتھ منسلک ہے۔

خطرات اور غیر لیقینی صورتحال:

کمپنی درج ذیل امور کو اپنے لئے نقصان دہ سمجھتی ہے:

☆ ڈالر کے مقابلے میں روپے کی شرح میں مسلسل کمی۔

☆ بینکنگ لائنز کی عدم مستیابی

کمپنی خطرات اور غیر لیقینی صورتحال کے اثرات کو کم کرنے کے لئے اندر و فنی اور پیرو فنی طور پر بھی اقدامات کر رہی ہے۔

کاروباری اور سماجی ذمہ داریاں:

کمپنی کاروباری ضروریات اور متعلقین کے معاملات کو بہترین صلاحیتوں کے ساتھ چلانے میں مصروف ہے۔ کمپنی نئے آنے والے افراد کی فنی تربیت کے ذریعے ان کی صلاحیتیں نکھارنے کو ہمیت دیتی ہے۔ کمپنی اپنے ورکروں کو ملازمت دیتے وقت غریب اور قریب ترین کے علاقوں کے رہائشی افراد کو ہمیت دیتی ہے تاکہ ان کا معیار زندگی بلند ہو سکے۔ اسکے علاوہ ملازمین کی صحت اور ان کی زندگیوں کی حفاظت کو بھی مد نظر رکھا جاتا ہے اور اس امر کو لیقینی بنانے کیلئے تمام منضبط اصول اور طریقہ کار اختیار کئے جاتے ہیں۔ نیز پیداواری مرحل میں تمام مرجوج توانیں پر عمل درآمد کو لیقینی بنایا جاتا ہے۔ کمپنی اپنے علاقے کے لوگوں کی طبی سہولتوں کے لئے بھی کام کر رہی ہے۔

یورڈ کے ڈائریکٹران قابل اور کئی علوم کے ماہرین پر مشتمل ہیں جو کمپنی کو منافع بخش بیانے میں اپنا بھرپور کردار ادا کر رہے ہیں۔ زیر جائزہ سال کے دوران یورڈ نے چار ملقاتیں کیں، جن میں اراکین کی حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب ہارون اقبال	4
جناب وسیم الحق انصاری	4
سید مقبول علی	4
جناب اشتیاق احمد	3
جناب محمد عرفان علی	4
جناب عزیز الحق	4
جناب عمران احمد جاوید	4
جناب عبدالباسط	-

آڑٹ کمیٹی میں تین ممبران شامل ہیں، ان میں سے دو غیر ایگزیکیوٹیو ہیں۔ سال کے دوران آڑٹ کمیٹی کی چار میٹنگ ہوئیں۔

کوڈ آف کارپوریٹ گورننس:

- ۱۔ 30 جون 2022ء کو اختتام پذیر مالی سال میں انتظامیہ کی جانب سے تیار کئے گئے کمپنی کے مالیاتی گوشوارے کمپنی کے حالات، کاروباری نتائج، کیش فلووز اور ایکوئی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ۲۔ کمپنی کے کھاتوں کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- ۳۔ 30 جون 2022ء کو اختتام پذیر مالی سال کے مالیاتی گوشوارے تیار کرتے وقت مناسب اکاؤنٹنگ پالیسیاں مسلسل اختیار کی جاتی رہی ہیں اور تمام مالیاتی گوشوارے میں اندازے سچھداری سے بہتر فیصلوں پر مرتب کئے گئے ہیں۔
- ۴۔ انٹرنیشنل روپورٹنگ استینڈرڈ (IFRS) جیسے پاکستان میں نافذ العمل ہیں انہیں ویسے ہی مالیاتی گوشواروں کی تیاری میں نافذ کیا گیا۔
- ۵۔ کمپنی میں اندرونی کنٹرول سسٹم کا ڈیزائن موزوں ہے اور بہت موثر انداز میں لاگو ہے اور اس کی عمرگی سے دیکھ بھال کی جاتی رہی ہے۔
- ۶۔ ایسے کوئی خدشات نہیں جن کی بنیاد پر یہ کہا جاسکے کہ کمپنی کے مستقبل یا آگے کاروبار کرنے پر کوئی شک کیا جاسکتا ہے مساوئے ایک معاملے کے جو کمپنی کے مالیاتی نتائج میں نوٹ نمبر 2 میں درج ہے۔
- ۷۔ کارپوریٹ گورننس کی تمام اعلیٰ اقدار جیسا کہ پاکستان اسٹاک ایکس چینچ کی لسٹنگ ریگولیشن میں سے کوئی بھی قابل ذکر قانونی شق ترک نہیں کی گئی ہے۔
- ۸۔ گذشتہ چھ سالوں کے کلیدی آپریٹینگ اور فناشنل معلومات مختصر اس رپورٹ میں شامل ہیں۔
- ۹۔ تمام واجب الادا ٹسکسٹر ادا کر دینے کے گئے ہیں اور مزید کچھ واجب الادا نہیں، مساوئے ان کے جو کہ آڈٹ شدہ مالیاتی نتائج کے نوٹ نمبر 16 میں ظاہر کیا گیا ہے۔

کمپنی کا بورڈ آف ڈائریکٹرز ایک خود مختار، ایک ایگزیکٹیو اور پانچ غیر ایگزیکٹیو ڈائریکٹرز پر مشتمل ہے۔ ڈائریکٹرز کے نام درج ذیل ہیں:

جناب اشتقاق احمد

جناب وسیم الحق انصاری

جناب عمران احمد جاوید

سید مقبول علی

جناب عبدالباسط

جناب محمد عرفان علی

جناب عزیز الحق

سال روایاں میں ڈائریکٹر کی ایک آسامی خالی ہوئی جسے بورڈ آف ڈائریکٹرز نے پرکر لیا۔

کمپنی کی بنیادی سرگرمیاں:

دیوان آٹوموٹیو انجینئرنگ لمبیڈ پیک لمبیڈ کمپنی کے طور پر اسٹاک ایچیجنگ میں رجسٹر ہے اور موڑ سائکل، ہلکی ماں بردار گاڑیوں اور اسکے پر زہ جات کی پیداوار اور فروخت اس کی بنیادی سرگرمیوں میں شامل ہے۔

ڈائریکٹر پورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو براہمہ بان اور نہیت رحم والا ہے
اگر تم شکر ادا کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (الفقر آن)

دیوان آٹومو ٹیو انجینئرنگ لمبینڈ کے بورڈ کے ڈائریکٹر ان کی جانب سے 30 جون 2022ء کو اختتام پذیر مالی سال کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی تائج آپ کے سامنے پیش کئے جاتے ہیں اور آپ کو کمپنی کی 40 ویں سالانہ جزیل میٹنگ میں خوش آمدید کہا جاتا ہے۔

مالیاتی تائج

سال کے لئے مالیاتی کارکردگی کا خلاصہ شمول مالیاتی سال 2021ء کے اعداد و شمار کے ساتھ موازنہ درج ذیل ہے:
روپے ہزاروں میں

2021ء	2022ء	
-	-	کل فروخت
(17,760)	(16,699)	کل خسارہ
(27,118)	(19,283)	آپرینگ خسارہ
(44,508)	(50,805)	خالص کل خسارہ یعداً نیکس

زیر جائزہ مدت:

زیر جائزہ سال کے دوران کمپنی پیداواری سرگرمیاں جاری نہ رکھ سکی اور اپنی مصنوعات کی خرید کرنے والے کمپنی کا کاروبار معطل ہونے کی وجہ سے کمپنی کو اپنی پیداواری سرگرمیاں معطل کرنا پڑیں۔

کاروباری سرگرمیاں معطل ہونے کی وجہ سے کمپنی اپنے جاری اخراجات پورے کرنے میں ناکام ہے جس کی وجہ سے کمپنی کو خسارے کا سامنا ہے۔ کمپنی موجودہ حالات سے نمٹنے کیلئے مسلسل کوشش ہے اور یہی کوشش کے ساتھ معاملات اٹھائے ہیں۔ کام چلانے کیلئے سرمائے کی دستیابی کی صورت میں کمپنی اپنی مکمل صلاحیت کا استعمال کر سکتی ہے۔

آڈیٹر نے اپنی رپورٹ کے پیرا (a) اور (b) میں کمپنی کے حالات کو والیقائی کیا ہے

کمپنی کے جاری حالات

کمپنی کے حسابات اس نظریہ کو مد نظر رکھتے ہوئے تیار کئے گئے ہیں کہ موجودہ مشکل حالات عارضی ہیں اور مستقبل میں تبدیل ہو جائیں گے۔ کمپنی نے مساواۓ ایک بنک کے اپنے تمام قرض خواہ از سرفیز ترتیب دیئے ہوئے اگری شرائط کے مطابق ادائیگی بھی کر دی ہے۔ کمپنی پر امید ہے کہ مستقبل میں تمام قانونی مسائل حل ہو جائیں گے۔

سود کی عدم فراہمی

کمپنی نے اپنے حسابات میں 1.758 ملین روپے سود کی مدد میں شامل نہیں کئے۔ کمپنی اپنے قرض خواہ بنک سے اس قرض کی از سرفیز ترتیب کے لئے کوشش کر رہی ہے اور کمپنی پر امید ہے کہ ہمارا لائچے عمل بینک منظور کر لے گا۔ اسی لئے سود کو حساب میں شامل نہیں کیا گیا۔ ان پر تبصرہ مالی حسابات کے نوٹ نمبر 2 اور 1.26 میں کردیا ہے۔

(6) شیئر ہولڈرز کے لیے ای ڈی یو یڈ نڈ مینڈیٹ

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

(7) مالی گوشاروں وغیرہ کی الیکٹرونکی 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 گوشاروں مع سالانہ اجلاس کے نوٹس ڈاک کی وجہے بذریعہ ای میل ان ممبران کو ارسال کرنے کی اجازت دی ہے جو اس سہولت سے استفادہ حاصل کرنے کے متنی 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 [hhp://www.yousufdewan.com/DAEL/index.html](http://www.yousufdewan.com/DAEL/index.html) اسٹینٹرڈ ریکوئیٹ 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 سیکیورٹیز 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) کاپوریٹ ائٹی 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) پوکسی کی تقری

- (i) انفرادی اکاؤنٹ ہولڈر یا سب ہولڈر اور یا افراد کی صورت میں جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ ہوں پوکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- (ii) پوکسی 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 پوکسی کے سی این آئی سی پاپسپورٹ کی تصدیق شدہ کا پیاس پوکسی فارم سے مسلک کرنی ہوں گی۔
- (iv) پوکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کاپوریٹ ائٹی 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) پوکسی فارم ہمراہ کمپنی کو پیش کرنے ہوں گے۔

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

سیکیورٹیز اینڈ آئی پیچنچ آف پاکستان کے ایس آر او 1(1)/2012 مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارٹس وغیرہ کے اجر 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 حصہ یا فیگان 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 کا پیلا تا خیر برآ راست ہمارے شیئرز جسٹر اک فراہم کر دیں۔

سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان آٹو موٹور نجی بینر گ لمبینڈ (ڈی اے ای ایل یا کمپنی) کے انتالیسوں (40) سالانہ اجلاس عام جمعرات 27 اکتوبر 2022ء کو دو پہر 00:30 بجے دیوان سینئٹ لمبینڈ فیکٹری سائنس واقع دیہہ ڈھنڈ و دھانیجی صلع میر 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 27 اکتوبر 2021ء کی کارروائی کی توثیق۔
- (2) 30 جون 2022ء کو مکمل ہوانے والے سال کیلئے آڈٹ شدہ مالی گوشواروں معاً ڈیٹریژ اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منتظری۔
- (3) 30 جون 2023ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹریز کی تقریبی اور ان کے مشاہروں کا تعین۔
- (4) چیری مین کی اجازت سے دیگر امور کی انجام دہی۔

بھکم بورڈ



کراچی 28 نومبر 2022ء

محمد حنفی جرمن

کمپنی سیکریٹری

نوٹ:

- (1) کمپنی کی متعلقی حص کی کتب 20 اکتوبر 2022 تا 27 اکتوبر 2022 (دونوں دن شامل) بندر ہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئر رجسٹر ارنسفر اینجینٹ بی ایم ایف کنسٹلیٹشنس پاکستان (پرائیوٹ) لمبینڈ واقع انگم اسٹیٹ بلڈنگ کرہ نمبر 10311 اور 113 قھرڈ فلور 49 دارالامان سوسائٹی میں 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 تقریبی 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 ہولڈر زکومز یہ برائے سیکیورٹیز ایڈا پیچچے 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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