

DEWAN FAROOQUE MOTORS LIMITED

**HALF YEARLY REPORT
DECEMBER 31, 2022**

COMPANY INFORMATION

BOARD OF DIRECTORS

Non-Executive Directors

Mr. Mehmood-ul-Hassan Asghar Chairman Board of Directors
Mr. Abdul Basit
Mr. Muhammad Hanif German
Mr. Ghazanfar Baber Siddiqi
Mrs. Nida Jamil Female Director

Executive Director

Mr. Waseem-ul- Haque Ansari

Independent Director

Mr. Aziz-ul-Haque

CHIEF EXECUTIVE OFFICER

Mr. Waseem-ul- Haque Ansari

COMPANY SECRETARY

Mr. Muhammad Hanif German

CHIEF FINANCIAL OFFICER

Mr. Muhsin Ali

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque Chairman
Mr. Ghazanfar Baber Siddiqi Member
Mr. Abdul Basit Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Mr. Aziz-ul-Haque Chairman
Mr. Waseem-ul- Haque Ansari Member
Mr. Abdul Basit Member

BANKERS

Allied Bank of Pakistan Limited
Askari Bank Limited
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Saudi Pak Industrial and Agricultural
Investment Co. (Pvt.) Limited
Standard Chartered Bank
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

AUDITORS

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

LEGAL ADVISORS

A.K. Brohi & Co.

TAX ADVISOR

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

SHARES REGISTRAR / TRANSFER AGENT

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

REGISTERED OFFICE

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

FACTORY

Jilaniabad, Budhu Talpur,
District Sajawal,
Sindh.

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

	Note	December 31, 2022	June 30, 2022
		Unaudited	Audited
		(Rs. In '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	742,179	765,959
Investment	7	810,881	909,483
CURRENT ASSETS			
Stores and spares		53,702	46,557
Stock-in-trade		14,822	14,856
Trade debts - considered good		672	672
Short term loan to associated undertaking - considered good		154,879	154,879
Advances, deposits, prepayments and other receivables - Considered good		953,812	846,659
Taxation - net		23,812	23,720
Cash and bank balances		132,974	128,715
		1,334,673	1,216,058
TOTAL ASSETS		<u>2,887,733</u>	<u>2,891,500</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
150,000,000 (June 30, 2022: 150,000,000) Ordinary shares of Rs.10 eac		1,500,000	1,500,000
Issued, subscribed and paid-up			
Issued, subscribed and paid-up		1,387,353	1,387,353
Revenue Reserve			
Accumulated loss		(4,583,923)	(4,398,588)
		(3,196,570)	(3,011,235)
NON-CURRENT LIABILITIES			
Long term security deposits		11,700	11,700
Deferred Liabilities		4,231	4,231
CURRENT LIABILITIES			
Short term loan from related party		455,513	293,063
Trade and other payables		418,215	399,097
Unclaimed Dividend		1,802	1,802
Short term finances-secured	8	4,095,913	4,095,913
Current maturity of long term loans		1,096,929	1,096,929
		6,068,372	5,886,804
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		<u>2,887,733</u>	<u>2,891,500</u>

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Half Year Ended		Quarter Ended	
	December 31, Note 2022	December 31, 2021	December 31, 2022	December 31, 2021
			-----Unaudited----- (Rs. in '000)	
Gross Sales	55	118	2	42
Sales tax	(8)	(17)	-	(6)
Net Sales	47	101	2	36
Cost of sales	(80,234)	(44,589)	(62,411)	(20,284)
Gross Loss	(80,187)	(44,488)	(62,409)	(20,248)
Operating expenses				
Marketing & Distribution Expenses	(8,180)	-	(8,180)	-
Administration and general expenses	(14,090)	(9,840)	(10,323)	(4,618)
	(22,270)	(9,840)	(18,503)	(4,618)
Operating loss	(102,457)	(54,328)	(80,912)	(24,866)
Other income/(loss)	(82,874)	(11,698)	663	22,652
Finance Cost	10 (3)	-	(3)	-
(Loss) before taxation	(185,334)	(66,026)	(80,252)	(2,214)
Taxation	(1)	(1)	-	-
(Loss) after tax	(185,335)	(66,027)	(80,252)	(2,214)
Basic / diluted (Loss) per share (Rupee)	12 (1.34)	(0.48)	(0.58)	(0.02)

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Half year Ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Unaudited ----- (Rs. in '000)			
(Loss) for the period	(185,335)	(66,027)	(80,252)	(2,214)
Other comprehensive Income(Loss) for the period:	-	-	-	-
Total comprehensive (Loss) for the period	<u>(185,335)</u>	<u>(66,027)</u>	<u>(80,252)</u>	<u>(2,214)</u>

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	-----Unaudited-----	
	(Rs. in ' 000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(185,334)	(66,026)
<u>Adjustment for non-Cash charges and other items:</u>		
Depreciation	24,267	26,523
Loss due to Change in valuation of investment in associates	98,602	21,167
Financial charges	3	-
	122,872	47,690
	(62,462)	(18,336)
<u>Movement in Working Capital:</u>		
Increase in stores & spares	(7,145)	-
Decrease in stock in trade	34	58
(Increase) in advances, deposits, pre-payments & other receivables	(107,153)	(7,956)
Increase in trade, other payables and borrowings	19,118	20,160
(Decrease) in long term security deposits	-	(1,000)
Tax (paid)	(93)	(52)
Financial charges (paid)	(3)	-
	(95,242)	11,210
Net cash flow from operating activities	(157,704)	(7,126)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(487)	-
Net cash flow from investing activities	(487)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Short term loan from related party	162,450	8,233
Net cash flow from financing activities	162,450	8,233
NET INCREASE IN CASH & CASH EQUIVALENTS	4,259	1,107
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(1,849,309)	(1,852,882)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	(1,845,050)	(1,851,775)

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Share Capital	Accumulated (Loss)	Total
	-----Unaudited----- (Rupees in '000')		
Balance as on July 01, 2021	1,387,353	(4,221,758)	(2,834,405)
Total comprehensive (Loss) for the period	--	(66,027)	(66,027)
Balance as on December 31, 2021	1,387,353	(4,287,785)	(2,900,432)
Balance as on July 01, 2022	1,387,353	(4,398,588)	(3,011,235)
Total comprehensive (loss) for the period	-	(185,335)	(185,335)
Balance as on December 31, 2022	1,387,353	(4,583,923)	(3,196,570)

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Abdul Basit
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

1 THE COMPANY AND ITS OPERATION

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

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

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

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

2 GOING CONCERN ASSUMPTION

The Company has incurred a loss after taxation of Rs.185.335 million during the period ended December 31, 2022. As of that date it has accumulated losses of Rs.4.584 billion and its current liabilities exceeded its current assets by Rs. 4.734 billion. Furthermore, cumulatively the Company has not provided markup on its borrowings from banks and financial institutions amounting to Rs.7.610 billion. The working capital constraints resulted in closure of production activities leading to gross loss situation. The Company could not continue its production from November 2010 till August 2013 and again closed its production from March 2014 to February 2018. The Company manufactured its vehicles on contract basis under an agreement with related party from March 2018 to June 2018. Further the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and the short term facilities have not been renewed by banks/financial institutions. Following course most of the lenders have gone into litigation for recovery of loans through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern. Company is now in a position to restart its CKD operations by assembling of commercial vehicles with KIA Corporation under Technical License Agreement (TLA) signed on November 7, 2022 and management is confident that the production at plant will start from June, 2023 Insha'Allah.

These condensed interim financial statements have been prepared on going concern assumption because the above conditions are temporary and would reverse. As per the latest development of manufacturing of Kia commercial vehicles by the Company under Technical Licences Agreement (TLA). The management is also confident that the outcome of restructuring proposal will be positive as the Company is negotiating reprofiling of the debt with all the lenders and the same is expected to be finalized in due course.

3 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting with the exception of departure of IFRS as mentioned in note 10, for which the management concludes that provisioning of mark up would conflict with the objectives of the financial statements.

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

These condensed interim financial information of the Company does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2022.

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

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

4 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2022.

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

5 ESTIMATES AND JUDGEMENTS

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

Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual separate financial statements of the Company as at and for the year ended June 30, 2022.

The adoption of the above standards, amendments/improvements and interpretations did not have any material effect on the condensed interim financial statements of the Company.

	Note	Dec 31, 2022 Unaudited (Rs. in '000)	Jun 30, 2022 Audited
6 PROPERTY PLANT AND EQUIPMENTS			
Operating Property Plant and Equipments	6.1	742,179	765,959
6.1 WDV of Operating Fixed Assets			
Opening Balance		3,385,595	3,386,827
Add: Addition during the period		487	-
		<u>3,386,082</u>	<u>3,386,827</u>
Less: Deletion during the period		-	1,232
		<u>3,386,082</u>	<u>3,385,595</u>
Less : Accumulated Depreciation as on December 31, 2022 (June 30, 2022)		(2,643,903)	(2,619,636)
		<u>742,179</u>	<u>765,959</u>

7 INVESTMENT

Investment in Ordinary shares of Dewan Cement Limited (DCL) - An associated Company on equity method

65,375,455 ordinary shares of Rs. 10 each	804,131	804,131
Share of Profit	6,750	105,352
	<u>810,881</u>	<u>909,483</u>
Fair value as per Market price Quoted in Pakistan stock Exchange	296,151	353,027
Market value (Rupees per share)	<u>4.53</u>	<u>5.40</u>
Percentage of equity held	<u>13.50%</u>	<u>13.50%</u>

8 SHORT TERM BORROWING

The Short term borrowings have not been renewed by the Banks as of financial position date.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no material change in the contingencies and commitments since the last audited financial statements as at June 30, 2022.

10 FINANCE COST

During the period ended December 31, 2022, the Company has not provided the mark-up on Long term and short term borrowings from banks and financial institutions to the extent of Rs. 425.374 million (2021: Rs.237.805 million). The management is hopeful that the decision of the court will be in favor of the Company and the restructuring proposal will be accepted by the lenders. However, had the Company provided this amount in the financial statements during the period, the loss of the Company would have been increased by Rs. 425.374 million and consequently the Share holders equity would have been lower and accrued mark-up would have been higher by Rs.7.610 billion. The said non provisioning is the contravention with the requirements of IAS 23 "Borrowing Costs".

11 CASH & CASH EQUIVALENTS

	Dec 31, 2022 ----- Unaudited ----- (Rs. in '000)	Dec 31, 2021
Cash & bank	132,974	126,249
Short term running finances	(1,978,024)	(1,978,024)
	<u>(1,845,050)</u>	<u>(1,851,775)</u>

Half Year Ended		Quarter Ended	
Dec 31, <u>2022</u>	Dec.31 <u>2021</u>	Dec 31, <u>2022</u>	Dec.31 <u>2021</u>
----- Unaudited -----			

12 (LOSS) PER SHARE - Basic/Diluted

(Loss) for the period (Rs. in '000)	(185,335)	(66,027)	(80,252)	(2,214)
Weighted average number of ordinary shares issued during the period (Nos.)	138,735	138,735	138,735	138,735
(Loss) Per Share -Basic/Diluted (Rs.)	(1.34)	(0.48)	(0.58)	(0.02)

13 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

Related parties transactions are carried out in the normal course of business. Material transaction during the period are given below:

	Dec 31, 2022 Unaudited (Rs. in '000)	Dec 31, 2021 Unaudited (Rs. in '000)
Loan from sponsor	162,450	1,000
Markup charged for the period on short term loan to associated undertaking	13,573	7,933
Short term loan from related party	-	7,231
Advance against Supplies to Related Party Dewan Mushtaq Trade Limited	87,915	-
Purchases from Related Party Dewan Mushtaq Trade Limited	2,391	-
Provident Fund	328	189
Share of (loss) on equity investment in Dewan Cement Limited	(98,602)	(21,167)

Transactions with associated undertakings and related parties are undertaken on an arm's length basis.

14 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", Statement of Financial Position has been compared with the Statement of financial Position of annual financial statements, whereas statement of profit or loss , statement of comprehensive income, Statement of cash flow and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on February 25, 2023 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive



Abdul Basit
Director

REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF DEWAN FAROOQUE MOTORS LIMITED

Introduction

We have reviewed the accompanying Condensed interim Statement of financial Position of Dewan Farooque Motors Limited ("the company") as at December 31, 2022 and the related Condensed interim statement of profit or loss and Condensed interim statement of comprehensive income, Condensed interim Statement of cash flow, Condensed interim statement of changes in equity and notes to the Condensed interim financial statement for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and Presentation of these Condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of interim financial Information performed by the independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of adverse opinion

a) The condensed interim financial statements of the company for the period ended December 31, 2022 as disclosed in note 2 to the condensed interim financial Statements reflect loss after taxation of Rs. 185.335 (December 31, 2021: Rs. 66.027) million and as of that date it has accumulated losses of Rs. 4.584 (June 30, 2022: Rs. 4.399) billion which resulted in net capital deficiency of Rs. 3.197 (June 30, 2022: Rs. 3.011) billion and its current liabilities exceeded its current assets by Rs. 4.734 (June 30, 2022: Rs. 4.671) billion and total assets by Rs. 3.181 (June 30, 2022: Rs. 2.995) Billion without providing the mark up as refer in below para (b). The operations of the company were closed in intervals between the periods from November 2010 to November 2013 and reclose since February 2014 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short-term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation amounting to Rs. 6.884 billion for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties. Accordingly, the financial institutions have not provided bank confirmations as at reporting date.

These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) The company has not made provision of markup for the year amounting to Rs. 425.374 million (refer note 10) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in

the financial statements, the loss after taxation for the year would have been higher by Rs.7.610 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs. 7.610 billion.

Adverse Conclusion

Our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) above, these accompanying interim financial Statements as of and for the six months period ended December 31, 2022 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income and the notes forming part thereof for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed and we do not express a conclusion on them, we are required to review only the cumulative figures for the Six month ended December 31, 2022.

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



CHARTERED ACCOUNTANTS

Place: Karachi

Date: 28-02-2023

UDIN: RR202210161ehguGUOan

DIRECTORS' REPORT

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2022 duly reviewed by the auditors.

Industry Overview

Sales of automobile sector in the category of Cars, SUV and LCV segments have shown a decline of 38% as compared to the corresponding period of last year. During the period political instability in the country, hike of exchange rate, higher inflation, increased interest rates, raise in minimum wages and inflated Fuel & Electricity cost have impacted the industry negatively. Furthermore, extra burden of duties by Customs department, exchange control measures and restrictive imports regime by the State Bank of Pakistan have been halting the progress of the automobile sector particularly along with other segments of the economy. These factors have caused intermittent & temporary shutdowns of production facilities of the industry.

Company's performance

During the period under review the gross sales is Rs. 0.55 thousand (2021: Rs. 0.118 thousand) gross loss is Rs. 80.187 million (2021: Rs. 44.488 million) and the after-tax loss is Rs. 185.335 million (2021: Rs. 66.027 million) due to the reason of suspension of production facilities caused on account of non-availability of working capital.

We are pleased to inform that after concerted efforts of the management, we are now in a position to restart our CKD operations at plant for the assembly of commercial vehicles as per the Technical License Agreement (TLA) signed with KIA Corporation on November 7, 2022. We are confident that the production at plant will start from June 2023 onwards Insha'Allah.

In response to the auditors' observations in their review report we state that in addition to the TLA as cited in the aforementioned paragraph, the Company has undertaken substantial measures and arrangements including maintenance of production facilities and recruitment of technical and other staff for resumption of its production. Moreover, the Company has not made provision of mark up on its markup bearing liabilities as the management has approached its bankers/financial institutions for restructuring of its principal amounts of obligations. The management is confident that the Company's restructuring proposals will be accepted by these financial institutions. Therefore, the company has not made provision for mark-up.

A number of recovery suits were instituted by Banks/Financial Institutions alleging default of company which are being successfully defended by our legal counsels. The proposal of re-profiling of the Company's debts is expected to be finalized very soon.

In conclusion, we bow, beg and pray to Almighty Allah, Al-Rahman, Al-Rahim, in the name of his beloved Prophet, Muhammad, peace be upon him, for continued showering of His blessings, 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 upon whole of Muslim Ummah, Ameen, Summa Ameen.

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

Under / By Authority of the Board of Directors

Waseem-ul-Haque Ansari
Chief Executive

Abdul Basit
Director

Karachi: February 25, 2023

ڈائریکٹرز رپورٹ

دیوان فاروق موٹرز لمیٹڈ کا بورڈ آف ڈائریکٹرز مورخہ 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر آڈٹ شدہ رپورٹ معہ مالی کوشوارے آپ کے سامنے پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

صنعت کا جائزہ:

کاروں، ایس یو وی اور ایل سی وی سیکمیٹ کے زمرے میں آٹوموبائل سیکٹر کی فروخت میں گزشتہ سال کی اس سہ ماہی کے مقابلے میں 38% کمی واقع ہوئی ہے۔ اس عرصے کے دوران ملک میں سیاسی عدم استحکام شرح مبادلہ میں اضافہ، مہنگائی میں اضافہ، شرح سود میں اضافہ، کم از کم اجرت میں اضافہ، ایندھن اور بجلی کی لاگت میں اضافے نے صنعت پر منفی اثرات مرتب کیئے ہیں، مزید برآں محکمہ کسٹمز کی جانب سے ڈیوٹیوں کا بوجھ اور اسٹیٹ بینک آف پاکستان کے ایچینج کنٹرول کے اقدامات خاص طور پر معیشت کے دیگر حصوں کے ساتھ آٹوموبائل سیکٹر کی ترقی میں رکاوٹ بن رہے ہیں۔ یہ عوامل کچھ کمپنیوں کی پیداواری صلاحیت میں کمی اور عارضی بندش کا باعث بنے ہیں۔

کمپنی کی کارکردگی:

زیر جائزہ مدت کے دوران مجموعی فروخت 0.55 ہزار روپے (2021ء، 0.118 ہزار روپے) مجموعی نقصان 80.187 ملین روپے (2021ء، 44.488 ملین روپے) اور بعد از ٹیکس نقصان 185.335 ملین روپے ہے (2021ء، 66.027 ملین روپے)۔ اس کی وجہ پیداواری عمل کا معطل رہنا اور ورکنگ سرمائے کی عدم دستیابی رہی۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ہماری انتظامیہ کی مشترکہ کوششوں کے نتیجے میں ہم الحمد للہ KIA کارپوریشن کے ساتھ مورخہ 7 نومبر 2022ء کو طے پانے والے ٹیکنیکل لائسنس کے معاہدے کے تحت اب اپنا CKD آپریشن دوبارہ شروع کرنے کی پوزیشن میں ہیں اور انتظامیہ کو یقین ہے کہ پلانٹ میں پیداوار انشا اللہ جون 2023ء سے شروع ہو جائے گی۔

جائزہ رپورٹ کے حوالے سے آڈیٹرز کی مشاہدہ رپورٹ کے جواب میں ہم یہ بیان کرتے ہیں کہ درج بالا پیرا گراف میں بیان کیئے گئے ٹیکنیکل لائسنس ایگریمنٹ کے علاوہ کمپنی نے پیداواری عمل کو شروع کرنے کے لئے پلانٹ کی مرمت کے ساتھ ٹیکنیکی اور دیگر عملے کی بھرتی سمیت دیگر کافی انتظامی اقدامات کیئے ہیں۔ مزید یہ کہ کمپنی نے بینکوں کے واجبات پر مارک اپ کا کوئی تخمینہ نہیں لگایا۔ کیوں کہ انتظامیہ اپنے بنیادی واجبات کی تنظیم نو کے لئے بینکوں اور دیگر مالیاتی اداروں سے رجوع کر رہی ہے۔ انتظامیہ کو یہ یقین ہے کہ بینکس اور دیگر مالیاتی ادارے ہمارے واجبات کی تنظیم نو کے لئے راضی ہو جائیں گے۔ لہذا کمپنی نے مارک اپ کا کوئی تخمینہ شامل نہیں کیا ہے۔


بینکوں اور دیگر مالیاتی اداروں کی طرف سے ہمیں نادمہ ظاہر کر کے واجبات کی وصولیابی کے لئے قائم کیئے گئے مقدمات کا کمپنی نے کامیابی کے ساتھ دفاع کیا ہے لہذا انتظامیہ پر امید ہے کہ کمپنی کے قرضوں کی تنظیم نو کی ہماری درخواست کو جلد حتمی شکل دے دی جائے گی۔ (انشا اللہ)

نتیجہ:

آخر میں ہم اللہ سبحان و تعالیٰ سے دعا کو ہیں کہ وہ پیغمبر آخر زماں حضرت محمد ﷺ پر لاتعداد درجتوں اور برکتوں کا نزول فرمائے اور حضرت محمد ﷺ کے صدقہ طفیل میں ہمیں درست رہنمائی کے ساتھ طاقت، خوشحالی و صحت عطا فرمائے۔ ہماری کمپنی کو ملک قوم کی خوشحالی کا باعث بنائے۔ ہمیں امن و سکون، اخوت و بھائی چارگی کے ساتھ سچی ملت اسلامیہ بننے کی توفیق عطا فرمائے۔ (آمین یا رب العالمین)

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

بورڈ آف ڈائریکٹرز کے اختیار کے تحت۔


دوسیم الحق انصاری
چیف ایگزیکٹو


عبد الباسط
ڈائریکٹر

کراچی، مورخہ 25 فروری 2023ء