

ANNUAL REPORT
2021



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. Haroon Iqbal
Mr. Imran Ahmed Javed
Syed Maqbool Ali
Mr. Ishtiaq Ahmed
Mr. Muhammad Irfan Ali

Chairman Board of Directors
(Nominee Director in DMPL)
(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 Ahmed Member
Syed Maqbool Ali Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Azizul Haque Chairman
Mr. Haroon Iqbal 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 be the No. 1 automobile company in Pakistan

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Ninth Annual General Meeting of **Dewan Automotive Engineering Limited ("DAEL" or "the Company")** will be held on Wednesday, October 27, 2021, at 03:00 p.m. at Dewan Cement Limited Factory Site, at Deh Dhand, 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 Annual General Meeting of the Company held on Monday, October 26, 2020;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2021, together with the Directors' and Auditors' Reports thereon;
3. To confirm the appointment of the Statutory Auditors of the Company for the year ended June 30, 2022, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By order of the Board



Muhammad Hanif German
Company Secretary

Karachi: September 23, 2021

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2021 to October 27, 2021 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

a) For Attending Meeting:

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

b) For Appointing Proxies:

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

5. Notice to Shareholders who have not provided CNIC:

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

6. Mandate for E-DIVIDENDS for shareholders:

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

7. Electronic Transmission of Financial Statements Etc.:

SECP through its notification No. SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website:
<http://www.yousufdewan.com/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, 2021 and welcomes you to the thirty-ninth Annual General Meeting.

Financial Overview

The summary of financial performance for the year, along with the comparative figures of financial year 2020 is as follows:

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Gross Sales	-	-
Gross (loss)	(17,760)	(20,872)
Operating (loss)	(27,118)	(26,136)
Net (loss) after tax	(44,508)	(59,386)

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.

The Auditors have qualified the report due to significance of the matter as referred in Para (a) and (b) of the Auditors Report. The Management has explained the status of the matter in respective Note No. 2 & 27.1 of the financial statements.

Corporate and financial reporting framework:

The financial statements for the year ended June 30, 2021, prepared by the management of the Company, present fairly its state of affairs, the 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, 2021 and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements;

- 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 17 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. Haroon Iqbal
- Mr. Waseem-ul-Haque Ansari
- Mr. Imran Ahmed Javed
- Syed Maqbool Ali
- Mr. Ishtiaq Ahmed
- Mr. Muhammad Irfan Ali
- Mr. Aziz-ul-Haque

During the year no casual vacancy was occurred on the Board of Directors

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.

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 five meetings of the Board of Directors was held. The attendance of directors was as follows;

Names of Directors	No of meetings attended
Mr. Haroon Iqbal	5
Mr. Waseem-ul-Haque Ansari	5
Syed Maqbool Ali	5
Mr. Ishtiaq Ahmed	5
Mr. Muhammad Irfan Ali	5
Mr. Aziz-ul-Haque	5
Mr. Imran Ahmed Javed	5

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

Name of Director	No. of meetings attended
Mr. Aziz-ul-Haque	5
Mr. Ishtiaq Ahmed	5
Syed Maqbool Ali	5

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. Haroon Iqbal	1
Syed Maqbool Ali	1

During the last financial year Company was unable to conduct 3rd Quarter Board of Directors meeting due to Covid-19 and pandemic situation, which was subsequently conducted on September 25, 2020.

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. 2.08

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, 2021 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, Rehman-o-Rahim, in the name of his beloved Prophet, Muhammad, peace be upon him, for continued showering of His blessing, guidance, strength, health and prosperity to us, our Company, country and nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

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



Haroon Iqbal
Chairman Board of Directors

September 23, 2021.

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, 2021, 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.



Haroon Iqbal
Chairman

September 23, 2021

Summarised Key Operating and Financial Data of Last Six Years

PARTICULARS	2021	2020	2019 Restated	2018 Restated	2017	2016
 Rs. in '000'					
Gross Sales	-	-	7,313	22,109	-	-
Net Sales	-	-	6,251	18,896	-	-
Gross (Loss) / Profit	(17,760)	(20,872)	(29,518)	(19,835)	(33,742)	(29,690)
Operating (loss)/profit	(27,118)	(26,136)	(57,586)	(29,995)	(77,986)	(53,607)
(loss) / profit before tax	(46,610)	(61,680)	(86,519)	(50,707)	(44,863)	(67,681)
(loss) / profit after tax	(44,508)	(59,386)	(84,046)	(47,828)	(42,615)	(64,807)
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	(1,320,807)	(1,276,299)	(1,216,913)	(1,147,434)	(1,102,390)	(1,149,977)
Fixed Assets	222,079	240,058	259,767	265,695	288,005	312,748
Total Assets	240,923	255,140	274,903	306,989	326,621	387,105
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)	(2.18)	(2.88)	(4.04)	(2.34)	(2.09)	(3.16)
(Loss) / Earnings per share after tax (Rs/Share)	(2.08)	(2.78)	(3.93)	(2.24)	(1.99)	(3.03)
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)	0.002	0.008	0.008	0.03	0.02	0.05
Current ratio (Including current maturity of LTL)	0.002	0.008	0.008	0.03	0.02	0.05
Book value per share (Rs.)	(61.72)	(59.64)	(56.86)	(54.35)	(51.51)	(53.73)

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the Year Ended June 30, 2021

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

1. The total number of directors are seven as per the following:
 - a. Male: 7
 - b. Female: 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. Haroon Iqbal
 - Mr. Ishtiaq Ahmed
 - 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 complied with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Four 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:

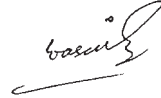
a) Audit Committee	Mr. Aziz-ul-Haque - Chairman Mr. Ishtiaq Ahmed - Member Syed Maqbool Ali - Member
b) HR and Remuneration Committee	Mr. Aziz-ul Haque - Chairman Mr. Haroon Iqbal - Member Syed Maqbool Ali - Member
13. The terms of reference of the aforesaid committees have been formed, documented and 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	5 meetings of the audit committee were held during the financial year ended June 30, 2021
b) HR and Remuneration Committee	1 annual meeting held during the financial year ended June 30, 2021
15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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



Haroon Iqbal
Chairman Board of Directors



Waseem-ul-Haq Ansari
Chief Executive

Karachi: September 23, 2021

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 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Following instances of non-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.



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 2021.

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 four of the directors are qualified under the directors training program as disclosed in note 9 of the Statement of Compliance.

CHARTERED ACCOUNTANTS

Engagement partner: Fasih uz Zaman

Dated: September 23, 2021
Karachi

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 2021, and the statement of profit or loss and 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 and other 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 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

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 2021 reflect loss after taxation of Rs.44.508 million and as of that date it has accumulated losses of Rs.1,781.637 million which resulted in net capital deficiency of Rs.1,320.807 million and its current liabilities exceeded its current assets by Rs.1,346.833 million and total assets by Rs.1,108.978 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.1.274 million (Up to 30 June 2021: Rs.18.974 million) (refer note 27.1) on account of restructuring proposal offered to a lender as described in note 2 and 27.1 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.1.274 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.18.974 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 and other 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.

CHARTERED ACCOUNTANTS

Place: Karachi

Dated: September 23, 2021

Statement of Financial Position

As on 30 June 2021

	Note	2021	2020
————(Rs. in '000)————			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	222,079	240,058
Available for sale investment	6	15,776	4,156
		<u>237,855</u>	<u>244,214</u>
CURRENT ASSETS			
Stock in trade	7	--	2,025
Trade debts	8	--	--
Advances	9	--	5,077
Advance income tax - Net		2,551	3,412
Bank balances	10	517	412
		<u>3,068</u>	<u>10,926</u>
		<u>240,923</u>	<u>255,140</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 21,800,000 (2020: 21,800,000) Ordinary shares of Rs.10/- each		<u>218,000</u>	<u>218,000</u>
Issued, subscribed and paid-up share capital	11	214,000	214,000
Capital reserve			
Merger reserve		82,090	82,090
Settlement claim from Ford Motors	12	86,194	86,194
Surplus on revaluation of property, plant and equipment	13	68,646	73,830
Revenue reserves			
General reserve		9,900	9,900
Accumulated losses		<u>(1,781,637)</u>	<u>(1,742,313)</u>
		<u>(1,320,807)</u>	<u>(1,276,299)</u>
NON-CURRENT LIABILITIES			
Long term loan - Unsecured	14	183,373	164,210
Deferred liability for staff gratuity	15	1,888	1,888
Deferred taxation	16	26,568	28,686
		<u>211,829</u>	<u>194,784</u>
CURRENT LIABILITIES			
Trade and other payables	17	371,610	371,298
Short term finance	18	154,879	154,981
Accrued mark-up	19	812,162	799,126
Overdue portion of loan - Secured	20	11,250	11,250
		<u>1,349,901</u>	<u>1,336,655</u>
CONTINGENCIES AND COMMITMENTS			
	21	--	--
		<u>240,923</u>	<u>255,140</u>

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Haroon Iqbal
Chairman

Statement of Profit or Loss


For The Year Ended June 30, 2021

	Note	2021 ------(Rs. in '000)-----	2020
Sales - Net		-	-
Cost of sales	22	(17,760)	(20,872)
Gross loss		(17,760)	(20,872)
Operating expenses			
Distribution expenses	23	(360)	(394)
Administrative expenses	24	(1,896)	(4,825)
Other expenses	25	(7,102)	(44)
		(9,358)	(5,264)
Operating loss		(27,118)	(26,136)
Other income	26	12,709	1,002
Finance cost	27	(32,201)	(36,546)
Loss before taxation		(46,610)	(61,680)
Taxation - Net	28	2,102	2,294
Loss for the year		(44,508)	(59,386)
Loss per share - Basic and diluted	29	(2.08)	(2.78)

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Haroon Iqbal
Chairman

Statement of Comprehensive Income

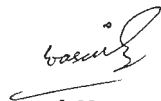
For The Year Ended June 30, 2021

	Note	2021 ------(Rs. in '000)-----	2020 -----
Loss for the year		(44,508)	(59,386)
Other comprehensive income for the year:		-	-
Total comprehensive loss for the year		(44,508)	(59,386)

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Haroon Iqbal
Chairman

Statement Of Changes In Equity

For The Year Ended June 30, 2021

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 2019	214,000	82,090	86,194	79,483	247,767	9,900	(1,688,580)	(1,678,680)	(1,216,913)
Loss for the year	-	-	-	-	-	-	(59,386)	(59,386)	(59,386)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(59,386)	(59,386)	(59,386)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	(5,653)	(5,653)	-	5,653	5,653	-
Balance as at 30 June 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)

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


Muhsin Ali
 Chief Financial Officer


Waseem-ul-Haque Ansari
 Chief Executive Officer


Haroon Iqbal
 Chairman

Statement of Cash Flows

For The Year Ended June 30, 2021

	2021	2020
	------(Rs. in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(46,610)	(61,680)
Adjustment for non cash charges and other items		
Depreciation	17,979	19,709
(Reversal) / impairment on investment in associate	(11,620)	44
Unwinding of discount	19,163	17,161
Provision for gratuity	-	552
Provision for slow moving and obsolescence stocks	2,025	-
Provision for doubtful advance	5,077	-
Finance cost	32,201	36,546
Cash inflows before working capital changes	<u>18,215</u>	<u>12,332</u>
Working capital changes		
(increase)/decrease in current assets		
Increase/(decrease) in current liabilities		
Trade and other payables	312	5,213
	<u>312</u>	<u>5,213</u>
Net cash generated from operations	18,527	17,545
Payments for:		
Finance cost	(19,165)	(17,161)
Gratuity	-	(208)
Income tax	(166)	(4)
Income tax refund received	1,011	-
Net cash inflows from operating activities	<u>207</u>	<u>172</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in short term finance	(102)	(171)
Net cash outflows from financing activities	<u>(102)</u>	<u>(171)</u>
Net increase in cash and cash equivalents	105	1
Cash and cash equivalents at the beginning of the year	<u>412</u>	<u>411</u>
Cash and cash equivalents at the end of the year	<u><u>517</u></u>	<u><u>412</u></u>

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



Muhsin Ali
Chief Financial Officer



Waseem-ul-Haque Ansari
Chief Executive Officer



Haroon Iqbal
Chairman

Notes To The Financial Statements

For The Year Ended June 30, 2021

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.44.508 million (2020: Rs.59.386 million) during the year ended 30 June 2021 and, as of that date it has accumulated losses of Rs.1,781.637 million (2020: Rs.1,742.313 million) which have resulted in net capital deficiency of Rs.1,320.807 million (2020: Rs.1,276.299 million) and its current liabilities exceeded its current assets by Rs.1,346.833 million (2020: Rs.1,325.729 million) and total assets by Rs.1,108.978 million (2020: Rs.1,081.515 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 restructured its entire debts except one and also been paid as per term of restructuring agreements. The management is also 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 litigations will be withdrawn. Accordingly, these financial statements have been prepared on a going concern basis.

Notes To The Financial Statements

For The Year Ended June 30, 2021

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 27.1 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 the obligation in respect of gratuity fund which is measured at present value and items of property, plant and equipment which are carried at revalued amounts.

3.3 Changes in accounting standards, interpretations and pronouncements

3.3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following amendments to accounting standards are effective for the year ended 30 June 2021. 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.

	Effective Date (Period beginning on or after)
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020

Notes To The Financial Statements

For The Year Ended June 30, 2021

Effective Date (Period beginning on or after)

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

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

3.3.2 Standards, interpretation and amendments to approved accounting standards 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 IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	01 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	01 January 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	01 January 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	01 June 2023

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, 2021

- 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.

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.

Notes To The Financial Statements

For The Year Ended June 30, 2021

3.5.4 Staff retirement benefits

Certain actuarial assumptions have been used as disclosed in these financial statements (note 15) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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.

	Note	2021	2020
		----- (Rs. in '000) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - At cost / revaluation less accumulated depreciation	5.1	<u>222,079</u>	<u>240,058</u>

Notes To The Financial Statements

For The Year Ended June 30, 2021

5.1 Operating Fixed Assets - At Cost / revaluation

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	

PARTICULARS	COST / REVALUATION				DEPRECIATION			Book value as at 30 June 2020	Rate %
	As at 1 July 2019	Additions during the year	Revaluations during the year	As at 30 June 2020	As at 1 July 2019	Charge for the year	As at 30 June 2020		
	(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	52,869	3,378	56,247	5 to 10	
Revaluation	96,613	-	-	96,613	42,093	2,726	44,819	5	
Plant and machinery									
Cost	232,224	-	-	232,224	165,695	6,653	172,348	10	
Revaluation	104,008	-	-	104,008	51,648	5,236	56,884	10	
Computer and allied	3,375	-	-	3,375	3,175	23	3,198	10 to 30	
Furniture and office equipment	26,106	-	-	26,106	20,452	565	21,017	10	
Motor vehicles	63,138	-	-	63,138	59,994	629	60,623	20	
Tools and equipment	11,104	-	-	11,104	8,795	231	9,026	10	
Refrigerators and air conditioners	1,506	-	-	1,506	1,314	19	1,333	10	
Electrical appliances	318	-	-	318	243	7	250	10	
Jigs and fixtures	735	-	-	735	632	10	642	10	
Electrical fittings	6,494	-	-	6,494	4,776	172	4,948	10	
Dies	4,205	-	-	4,205	3,602	60	3,662	10	
Patterns	112	-	-	112	110	-	110	20	
TOTAL	675,165	--	--	675,165	415,398	19,709	435,107	240,058	

Notes To The Financial Statements

For The Year Ended June 30, 2021

	Note	2021	2020
		----- (Rs. in '000) -----	
5.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales	22	16,900	18,526
Distribution expenses	23	360	394
Administrative expenses	24	719	788
		17,979	19,709

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 their 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:

	2021	2020
	----- (Rs. in '000) -----	
Net book value		
Freehold land	1,202	1,202
Factory building on freehold land	60,971	64,180
Plant and machinery	53,888	59,876
	116,061	125,258

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, 2021

	2021	2020
	----- (Rs. in '000) -----	
6 AVAILABLE FOR SALE INVESTMENT		
Investment in associated company		
Dewan Mushtaq Trade Limited (Public, unquoted company)		
4,000,000 (2020: 4,000,000)		
Ordinary shares of Rs.10/- each	40,000	40,000
Provision for impairment loss	<u>(24,224)</u>	<u>(35,844)</u>
	<u>15,776</u>	<u>4,156</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 value of Company's investment on the basis of net assets of Dewan Mushtaq Trade Limited as disclosed in the un audited financial statements for the year ended 30 June 2021 amounted to Rs.15.776 million.	
	Note	
7 STOCK IN TRADE	2021	2020
	----- (Rs. in '000) -----	
Raw materials and components	129,886	129,886
Trading stock	<u>30,263</u>	<u>30,263</u>
	160,149	160,149
Provision for slow moving and obsolescence stocks	<u>(160,149)</u>	<u>(158,124)</u>
	<u>-</u>	<u>2,025</u>
8 TRADE DEBTS		
Considered good	-	-
Considered doubtful	<u>944</u>	<u>944</u>
	944	944
Provision for doubtful debts	<u>(944)</u>	<u>(944)</u>
	<u>-</u>	<u>-</u>
9 ADVANCES		
Advances - Unsecured		
Considered good	-	5,077
Considered doubtful	<u>5,077</u>	<u>-</u>
	5,077	5,077
Provision for doubtful advance	<u>(5,077)</u>	<u>-</u>
	<u>-</u>	<u>5,077</u>

Notes To The Financial Statements

For The Year Ended June 30, 2021

10 BANK BALANCES	2021	2020
	-----(Rs. in '000)-----	
Cash at banks - current accounts	<u>517</u>	<u>412</u>
	2021	2020
	-----(Rs. in '000)-----	
11 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	2021	2020
----- (Number of shares) -----		
20,535,871 20,535,871 Ordinary shares of Rs. 10/- each issued as fully paid in cash	205,359	205,359
864,129 864,129 Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	8,641	8,641
<u>21,400,000</u> <u>21,400,000</u>	<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	73,830	79,483
Incremental depreciation charged on related assets during the year - Net of tax	<u>(5,184)</u>	<u>(5,653)</u>
	<u>68,646</u>	<u>73,830</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.		
14 LONG TERM LOAN - Unsecured		
From sponsor - At amortized cost		
Loan received - Opening	318,434	318,434
Received during the year	-	-
	<u>318,434</u>	<u>318,434</u>
Accumulated present value adjustment	(255,801)	(255,801)
	<u>120,740</u>	<u>101,577</u>
Accumulated interest charged to profit and loss account	<u>183,373</u>	<u>164,210</u>

Notes To The Financial Statements

For The Year Ended June 30, 2021

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.

		2021	2020
		----- (Rs. in '000) -----	
15 DEFERRED LIABILITY FOR STAFF GRATUITY			
Staff gratuity payable	15.1.2	1,888	1,888

15.1 Staff gratuity payable

The Company operates unfunded gratuity scheme for its permanent eligible employees. Gratuity benefit is payable under the scheme to employees on cessation of employment due to death, retirement and resignation.

The gratuity is payable only after one year of service with the Company based on the last drawn basic pay and the number of completed years of services.

15.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2019 under the Project Unit Credit Method by Nauman Associates (Consulting actuaries). Principal actuarial assumptions used in the valuation of the scheme is as follows:

Significant actuarial assumptions		
Discount rate used for interest cost in profit and loss	9% per annum	9% per annum
Discount rate used for year end obligation	14.25% per annum	14.25% per annum
Salary increase used for year end obligation	13.25% per annum	13.25% per annum
The average duration of the defined benefit obligation is	8 years	8 years
Retirement assumption	Age 60	Age 60

Mortality rate is based on adjusted SL1C 2001-2005 with one year age set back mortality table.

Notes To The Financial Statements

For The Year Ended June 30, 2021

		2021	2020	
		----- (Rs. in '000) -----		
15.1.2	Present value of defined benefit obligations	15.1.3	1,888	1,888
15.1.3	Changes in present value of defined benefit obligations			
	Opening present value of defined benefit obligation		1,888	1,544
	Expense charged to the profit and loss account	15.1.4	-	552
	Benefits paid		-	(208)
	Closing present value of defined benefit obligation		1,888	1,888
15.1.4	Expense charged to the profit and loss account			
	Current service cost		-	337
	Interest cost on defined benefit obligation		-	215
			-	552
15.1.5	Changes in net liability			
	Net defined benefits liability - Opening		1,888	1,544
	Benefits paid	15.1.3	-	(208)
	Expense chargeable to profit and loss account	15.1.4	-	552
	Net defined benefits liability - Closing		1,888	1,888
15.1.6	Expense for the year has been allocated as follows:			
	Cost of sales	22	-	331
	Administrative expenses	24	-	221
			-	552

15.1.7 Sensitivity analysis

Sensitivity analysis was carried out on significant actuarial assumptions, such as discount rate and salary increase rate. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

Notes To The Financial Statements

For The Year Ended June 30, 2021

	Note	2021	2020
		----- (Rs. in '000) -----	
Discount Rate + 100 bps		1,431	1,431
Discount Rate - 100 bps		1,670	1,670
Salary Increase + 100 bps		1,670	1,670
Salary Increase -100 bps		1,429	1,429

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

16 DEFERRED TAXATION

Deferred tax liability arising out of surplus on revaluation of property plant and equipment		<u>26,568</u>	<u>28,686</u>
--	--	---------------	---------------

16.1 The Company has not recognized deferred tax asset amounting to Rs.539.207 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.

17 TRADE AND OTHER PAYABLES

Trade creditors	17.1	293,044	293,044
Accrued expenses		26,825	26,513
Advance from dealers		39,989	39,989
Advance from customers		4,962	4,962
Withholding tax payable		6,598	6,598
Workers' Profit Participation Fund		145	145
Interest on Workers' Profit Participation Fund		47	47
		<u>371,610</u>	<u>371,298</u>

17.1 This includes amount of Rs.6.346 million (2020: Rs.6.346 million) related to Daehan-Dewan Motors Company (Private) Limited (associated company).

18 SHORT TERM FINANCE

From related party (associated company) - Unsecured

Interest bearing	18.1	154,879	154,879
Temporary book overdraft		-	102
		<u>154,879</u>	<u>154,981</u>

18.1 This is an unsecured finance from an associated company, which carries mark-up @ 8.42% per annum (2020: @ 12.52% per annum).

Notes To The Financial Statements

For The Year Ended June 30, 2021

	2021	2020
	----- (Rs. in '000) -----	
19 ACCRUED MARK-UP		
Associated company	810,839	797,803
Financial institutions	1,323	1,323
	812,162	799,126
20 OVER DUE PORTION OF LOAN - Secured		
Overdue portion of loan - Secured	11,250	11,250

20.1 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% (2020: @ 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 21.1 to the financial statements.

21 CONTINGENCIES AND COMMITMENTS

21.1 In respect of liability towards a financial institution disclosed in note 20 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 has been 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 & decree date 21-02-2019, 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, 2021

	Note	2021	2020
		----- (Rs. in '000) -----	
22 COST OF SALES			
Depreciation	5.2	16,900	18,526
Salaries and benefits		495	1,624
Utilities and generator fuel charges		262	165
Printing, stationary and office supplies		72	147
Communication		11	26
Repairs and maintenance		16	7
Traveling and vehicles running		4	46
Gratuity expense	15.1.6	-	331
Manufacturing cost		<u>17,760</u>	<u>20,872</u>
Work-in-process - Opening		-	-
Release of provision		-	-
		<u>17,760</u>	<u>20,872</u>
Finished goods - Opening		30,263	30,263
Finished goods - Closing		(30,263)	(30,263)
		-	-
Cost of goods manufactured		<u><u>17,760</u></u>	<u><u>20,872</u></u>
23 DISTRIBUTION EXPENSES			
Depreciation	5.2	<u>360</u>	<u>394</u>
24 ADMINISTRATIVE EXPENSES			
Depreciation	5.2	719	788
Fees and subscription		567	144
Auditor's remuneration	24.1	500	500
Printing, stationary and office supplies		48	98
Communication		33	40
Salaries, wages and benefits		15	2,663
Security expenses		11	13
Traveling and vehicles running		3	10
Gratuity expense	15.1.6	-	221
Legal and professional		-	150
Rent, rates and taxes		-	122
Miscellaneous		-	73
Repairs and maintenance		-	3
		<u><u>1,896</u></u>	<u><u>4,825</u></u>

Notes To The Financial Statements

For The Year Ended June 30, 2021

	Note	2021	2020
		----- (Rs. in '000) -----	
24.1 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>
25 OTHER EXPENSES			
Provision for doubtful advance		5,077	-
Provision for slow moving and obsolescence stocks		2,025	-
Impairment on investment in associate		-	44
		<u>7,102</u>	<u>44</u>
26 OTHER INCOME			
Reversal of impairment on investment in associate	6	11,620	-
Rental income		1,087	1,001
Interest income on saving account		2	1
		<u>12,709</u>	<u>1,002</u>
27 FINANCE COST			
Unwinding of discount		19,163	17,161
Mark-up on borrowings from related parties		13,037	19,385
Bank charges		1	-
		<u>32,201</u>	<u>36,546</u>
27.1			
<p>Company has not made the provision of mark-up for the year amounting to Rs.1.274 million (Up to 30 June 2021: Rs.18.974 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.1.274 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.18.974 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.</p>			
28 TAXATION - Net			
Current tax			
Current year	28.1	16	15
Deferred		(2,118)	(2,309)
		<u>(2,102)</u>	<u>(2,294)</u>

Notes To The Financial Statements

For The Year Ended June 30, 2021

28.1 Relationship between accounting profit and tax expense for the year

Provision for taxation is based on minimum tax @ 1.50% 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.

28.2 The income tax assessments of the Company deemed to have been finalized upto and including Tax year 2020.

	2021	2020
	----- (Rs. in '000) -----	
29 LOSS PER SHARE - Basic and diluted		
Loss after taxation attributable to ordinary shareholders	(44,508)	(59,386)
	----- (Number of shares) -----	
Weighted average number of ordinary shares outstanding during the year	21,400,000	21,400,000
	----- (Rupees) -----	
Loss per share - Basic	(2.08)	(2.78)

29.1 A diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2021 and 30 June 2020 which would have any effect on the loss per share if the option to convert is exercised.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

30.1 Chief executive and directors of the Company did not charge any fee or other remuneration.

30.2 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.

31 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 30 to the financial statements. Material transactions and balances with related parties are given below:

Notes To The Financial Statements

For The Year Ended June 30, 2021

Name of the related party	Basis of relationship	Percentage of shareholding	Nature of transactions during the year	2021	2020
				----- (Rupees '000) -----	
Dewan Farooq Motors Limited	Group Company	0.12%	Mark up expense	13,037	19,385
Dewan Mushtaq Motors Company (pvt) Ltd	Group Company	-	Rental Income	1,087	1,001

Balances with related parties are shown in long term loan (note 14), advance from customer (note 17.1), short term finance (note 18) and accrued mark up (note 19) to the financial statements.

2021 **2020**
----- (Numbers) -----

32 NUMBER OF EMPLOYEES

Number of employees as at 30 June	<u>1</u>	<u>2</u>
Average number of employees during the year	<u>1</u>	<u>5</u>

2021 **2020**

33 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, 2021

34 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.

34.1 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:

	2021	2020
	-----(Rs. in '000)-----	
Advances	-	5,077
Bank balances	517	412
	<u>517</u>	<u>5,489</u>

34.2 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, 2021

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees in '000)						
2021						
Non-derivative financial liabilities						
Long term loans	183,373	318,434	-	-	-	318,434
Trade and other payables	360,050	360,050	360,050	-	-	-
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	-	-	-
	<u>1,521,714</u>	<u>1,664,196</u>	<u>1,345,762</u>	-	-	<u>318,434</u>
2020						
Non-derivative financial liabilities						
Long term loans	164,210	318,434	-	-	-	318,434
Trade and other payables	359,738	359,738	359,738	-	-	-
Accrued mark-up	799,126	799,126	799,126	-	-	-
Short term finance	154,981	164,753	164,753	-	-	-
Overdue portion of loans	11,250	12,099	12,099	-	-	-
	<u>1,489,305</u>	<u>1,654,150</u>	<u>1,335,716</u>	-	-	<u>318,434</u>

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.

34.3 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:

	2021	2020
	----- (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
	<u>166,129</u>	<u>166,129</u>

Notes To The Financial Statements

For The Year Ended June 30, 2021

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:

	2021	2020
	----- (Rs. in '000) -----	
<i>Effect on loss / profit due to change of 100 BPs</i>		
Increase	<u>1,661</u>	<u>1,661</u>
Decrease	<u>(1,661)</u>	<u>(1,661)</u>

34.4 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.

34.5 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.

35 IMPACT OF COVID 19 ON FINANCIAL STATEMENTS

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities, and businesses worldwide. In March 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company offices were also temporarily closed. At that difficult time, our focus was to safeguard the well-being of everyone. Further due to the measures taken by the Government to control the pandemic has also badly affected the economic activity and businesses have come to a halt not only in Pakistan but globally as well.

The revenue of the Company was not impacted by COVID-19 due to the closure of the company's plant operations. The management has assessed the accounting implications arising out of these developments on these financial statements, including but not limited to the following areas:

Notes To The Financial Statements

For The Year Ended June 30, 2021

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of Inventory under IAS 2, "Inventories"

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

36 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.

37 DATE OF AUTHORIZATION FOR ISSUE


These financial statements have been authorized for issue on September 23, 2021 in accordance with the resolution by the Board of Directors of the Company.

38 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



Haroon Iqbal
Chairman

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance

As at June 30, 2021

Sr #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	3	4,746,259	22.18%
2.	NIT and ICP	2	56,400	0.26%
3.	Directors, CEO, their Spouses & Minor Children	5	4,000	0.02%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	15	703,206	3.29%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	4	134,133	0.63%
7.	Individuals	1,129	15,756,002	73.63%
TOTAL		1,158	21,400,000	100.00%

DETAILS OF CATEGORIES OF SHAREHOLDERS

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies			
1.1	Dewan Motors (Pvt.) Limited	3	4,746,259	22.18%
2.	NIT and ICP			
2.1	National Bank of Pakistan, Trustee Deptt.	1	7,900	0.04%
2.2	Investment Corporation of Pakistan	1	48,500	0.23%
		2	56,400	0.26%
3.	Directors, CEO, their Spouses & Minor Children			
	Directors and CEO			
3.1	Mr. Haroon Iqbal	1	500	0.00%
3.2	Mr. Aziz ul Haque	1	500	0.00%
3.3	Syed Maqbool Ali	1	1,000	0.00%
3.4	Mr. Waseem-Ul-Haq Ansari	1	1,000	0.00%
3.5	Mr. Ishtiaq Ahmed	1	1,000	0.00%
3.6	Mr. Imran Ahmed Javed (Nominee Director by DMPL)	0	-	0.00%
3.7	Mr. Muhammad Irfan Ali (Nominee Director by DMPL)	0	-	0.00%
		5	4,000	0.02%
	Spouses of Directors and CEO			
3.8	-	-	-	0.00%
		-	-	0.00%
	Minor Children of Directors and CEO			
3.9	-	-	-	0.00%
		-	-	0.00%

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

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

**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 **30.06.2021**

4.	Number of Shareholders	Shareholdings			Total Shares held	
	397	1	-	100	Shares	30,558
	430	101	-	500	Shares	119,342
	107	501	-	1,000	Shares	97,878
	144	1,001	-	5,000	Shares	376,683
	27	5,001	-	10,000	Shares	218,532
	11	10,001	-	15,000	Shares	144,000
	6	15,001	-	20,000	Shares	115,499
	2	20,001	-	25,000	Shares	41,700
	1	25,001	-	30,000	Shares	26,000
	2	30,001	-	40,000	Shares	77,000
	2	40,001	-	50,000	Shares	95,003
	2	50,001	-	60,000	Shares	104,333
	1	60,001	-	70,000	Shares	60,500
	1	70,001	-	100,000	Shares	100,000
	1	100,001	-	130,000	Shares	124,500
	3	130,001	-	150,000	Shares	440,500
	1	150,001	-	200,000	Shares	167,449
	2	200,001	-	220,000	Shares	434,320
	1	220,001	-	250,000	Shares	242,500
	1	250,001	-	280,000	Shares	262,815
	4	280,001	-	300,000	Shares	1,146,000
	1	300,001	-	400,000	Shares	348,800
	1	400,001	-	500,000	Shares	409,500
	2	500,001	-	600,000	Shares	1,091,000
	2	600,001	-	700,000	Shares	1,344,944
	3	900,001	-	1,300,000	Shares	3,835,911
	1	1,300,001	-	2,500,000	Shares	2,367,637
	1	2,500,001	-	3,800,000	Shares	3,702,637
	1	3,800,001	-	3,900,000	Shares	3,874,459
	1158	TOTAL				21,400,000

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

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	4,000	0.02%
5.2	Associated Companies, undertakings and related parties	4,746,259	22.18%
5.3	NIT and ICP	56,400	0.26%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	60,500	0.28%
5.5	Insurance Companies	73,633	0.34%
5.6	Modarabas and Mutual Funds	0.00%	
5.7	Shareholders holding 5%	14,653,444	68.47%
5.8	<u>General Public</u>		
	a. Local	15,754,137	73.62%
	b. Foreign	1,865	0.01%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	703,206	3.29%

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 39th Annual General Meeting of the Company to be held on Monday,
October 27, 2021 at 03:00 p.m. and my adjournment thereof.

Signed this _____ day of _____ 2021.

AFFIX
REVENUE
STAMP
RS. 5/-

Signature _____

Witness: _____
Signature

Witness: _____
Signature

Name: _____
Address: _____

Name: _____
Address: _____

IMPORTANT:

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

4. Further Instructions for CDC Account holders:

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

پراکسی فارم

یہ فارم مکمل کر کے ہمارے شیئرز رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان پرائیویٹ لمیٹڈ واقع انعم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311، تیسری منزل، 49، دارالامان سوسائٹی، شاہراہ فیصل نزد یلوچ کالونی پل، کراچی 75350، پاکستان کو لازماً جمع کروادیتے۔ سالانہ عمومی اجلاس سے 48 گھنٹے پہلے یہ پراکسی فارم موصول ہو جانا چاہئے۔

میں / ہم _____ کی جانب سے _____ بحیثیت دیوان آٹوموٹیو و انجینئرنگ لمیٹڈ کے ممبران اور _____ عام حصص یافتہ فی حصص اندراج فولیو نمبر _____ اور / یا CDS شرکاء آئی ڈی نمبر _____ اور سب اکاؤنٹ نمبر _____ اپنی طرف سے _____ کو بطور پراکسی نامزد کرتے ہیں۔ یہ میری / ہماری جانب سے بروز بدھ مورخہ 27 اکتوبر 2021ء 03:00 بجے دوپہر منعقدہ کمپنی کی 39 ویں سالانہ عمومی میٹنگ میں ووٹ دینے کے مجاز ہیں۔

دستخط برائے _____ بتاریخ _____ 2021ء

پانچ روپے کے ریونیو اسٹیپ پر دستخط
دستخط کمپنی میں کئے جانے والے دستخط
سے مختلف ناہوں۔

۱۔ دستخط _____
گواہ _____
نام _____
پتہ _____

۲۔ دستخط _____
گواہ _____
نام _____
پتہ _____

کمپنی شیئرز میں تجارت:

دوران سال کسی بھی ڈائریکٹرز، ایگزیکٹو، ان کی بیگمات و بچوں نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے۔

اظہار تشکر:

بورڈ ممبران کمپنی کے حصص یافتگان، وفاقی اور صوبائی حکومتوں، بینکوں، مالیاتی اداروں اور کسانوں کے اعتماد پر تہہ دل سے شکر گزار ہیں۔ آپ کے اس غیر متزلزل اعتماد کی بدولت کمپنی چل رہی ہے۔ بورڈ ادارے کی اپنی ٹیم، ایگزیکٹو اکیبن، اسٹاف کے سائنسی اور ورکرز کا بھی بھرپور شکریہ ادا کرتا ہے جو کمپنی کی ترقی میں اپنا بھرپور کردار ادا کر رہے ہیں۔ ہم آپ کی محنت اور کاوشوں کو قدر کی نگاہ سے دیکھتے ہیں۔

اختتامی بیان:

اختتام پر اللہ پاک رحمٰن و رحیم کے حضور سجدہ ریز ہو کر دعا مانگتے ہیں ہمارے نبی سرکار دو عالم ﷺ کے وسیلے سے کہ اے اللہ ہماری رہنمائی کرتا رہے اور کمپنی قوم اور وطن عزیز کو اپنے حفظ و امان میں رکھے اور بھرپور ترقی کرنے کی توفیق عطا کرے۔ ساتھ ہی اللہ پاک سے دعا مانگتا ہوں کہ امت مسلمہ میں امن، چین اور بھائی چارہ پیدا کرے آمین۔

بے شک میرا رب دعا سننے والا ہے (القرآن)

بورڈ کے ڈائریکٹران کی جانب سے



ہارون اقبال

چیئرمین بورڈ آف ڈائریکٹرز

ستمبر 2021-23ء



ڈائریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب عزیز الحق	5
جناب اشتیاق احمد	5
سید مقبول علی	5

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

ڈائریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب عزیز الحق	1
جناب ہارون اقبال	1
سید مقبول علی	1

گزشتہ مالی سال کے دوران دنیا بھر میں کرونا وائرس کے پھیلاؤ اور وبائی صورتحال کے پیش نظر حکومت پاکستان نے ملک بھر میں لاک ڈاؤن کا اعلان کیا جس کی وجہ سے کمیٹی تیسری سہ ماہی کے لئے ڈائریکٹرز کے بورڈ کی میٹنگ کا انعقاد نہ کر سکی جو بعد ازاں 25 ستمبر 2020ء کو منعقد ہوا۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز فاروق علی اینڈ 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 اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آنے والے سال کیلئے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔

خسارہ فی شیئر:

فی شیئر خسارہ مبلغ 2.08 روپے ہے۔

ڈویڈنڈ:

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

شیئر ہولڈنگ کا پیٹرن:

کمپنی کی شیئر ہولڈنگ کا پیٹرن 30 جون 2021ء سالانہ رپورٹ کے ساتھ منسلک ہے۔

خطرات اور غیر یقینی صورتحال:

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

- ☆ ڈالر کے مقابلے میں روپے کی شرح میں مسلسل کمی۔
- ☆ بینکنگ لائسنز کی عدم دستیابی

کمپنی خطرات اور غیر یقینی صورتحال کے اثرات کو کم کرنے کے لئے اندرونی اور بیرونی 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 اہمیت دیتی ہے۔ کمپنی اپنے ورکروں کو ملازمت دیتے وقت غریب اور قریب ترین کے علاقوں کے رہائشی افراد کو اہمیت 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 یقینی بنانے کیلئے تمام منضبط اصول اور طریقہ کار اختیار کئے جاتے ہیں۔ نیز پیداواری مراحل میں تمام مروجہ قوانین پر عمل درآمد کو یقینی بنایا جاتا ہے۔ کمپنی اپنے علاقے کے لوگوں کی طبی سہولتوں کے لئے بھی کام کر رہی ہے۔

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

ڈائریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب ہارون اقبال	5
جناب وسیم الحق انصاری	5
سید مقبول علی	5
جناب اشتیاق احمد	5
جناب محمد عرفان علی	5
جناب عزیز الحق	5
جناب عمران احمد جاوید	5

آڈٹ کمیٹی میں تین ممبران شامل ہیں، ان میں سے دو غیر ایگزیکٹو ہیں۔ سال کے دوران آڈٹ کمیٹی کی پانچ میٹنگ ہوئیں۔

کوڈ آف کارپوریٹ گورننس:

- ۱- 30 جون 2021ء کو اختتام پذیر مالی سال میں انتظامیہ کی جانب سے تیار کئے گئے کمپنی کے مالیاتی گوشوارے کمپنی کے حالات، کاروباری نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ۲- کمپنی کے کھاتوں کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- ۳- 30 جون 2021ء 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 سمجھداری سے بہتر فیصلوں پر مرتب کئے گئے ہیں۔
- ۴- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (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 عمدگی 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 ماسوائے 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 چینج کی لسٹنگ ریگولیشن میں سے کوئی بھی قابل ذکر قانونی شق ترک نہیں کی گئی ہے۔
- ۸- گذشتہ چھ سالوں کے کلیدی آپریٹنگ اور فنانشل معلومات مختصر اس رپورٹ میں شامل ہیں۔
- ۹- تمام واجب الادا ٹیکس ادا کر دیئے گئے ہیں اور مزید کچھ واجب الادا نہیں، ماسوائے ان کے جو کہ آڈٹ شدہ مالیاتی نتائج کے نوٹ نمبر 17 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 ہارون اقبال
 جناب وسیم الحق انصاری
 جناب عمران احمد جاوید
 سید مقبول علی
 جناب اشتیاق احمد
 جناب محمد عرفان علی
 جناب عزیز الحق
 سال رواں میں ڈائریکٹری کوئی آسامی خالی نہیں رہی۔

کمپنی کی بنیادی سرگرمیاں:

دیوان آٹوموٹیو انجینئرنگ لمیٹڈ پبلک لمیٹڈ کمپنی کے طور پر اسٹاک ایکسچینج میں رجسٹرڈ ہے اور موٹر سائیکل، ہلکی مال بردار گاڑیوں اور انکے پرزہ جات کی پیداوار اور فروخت اس کی بنیادی سرگرمیوں میں شامل ہے۔

ڈائریکٹرز رپورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم شکر ادا کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

دیوان آٹوموٹیووانجینئرنگ لمیٹڈ کے بورڈ کے ڈائریکٹران کی جانب سے 30 جون 2021ء کو اختتام پذیر مالی سال کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی نتائج آپ کے سامنے پیش کئے جاتے ہیں اور آپ کو کمپنی کی 39 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہا جاتا ہے۔

مالیاتی نتائج

سال کے لئے مالیاتی کارکردگی کا خلاصہ بشمول مالیاتی سال 2020ء کے اعداد و شمار کے ساتھ موازنہ درج ذیل ہے:

30 جون 2020ء	30 جون 2021ء	
روپے ہزاروں میں	روپے ہزاروں میں	
-	-	کل فروخت
(20,872)	(17,760)	کل خسارہ
(26,136)	(27,118)	آپریٹنگ خسارہ
(59,386)	(44,508)	خالص کل خسارہ بعد از ٹیکس

زیر جائزہ مدت:

زیر جائزہ سال کے دوران کمپنی پیداواری سرگرمیاں جاری نہ رکھ سکی اور اپنی مصنوعات کی خرید کنندہ 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 کوشاں ہے اور بینکوں کے ساتھ معاملات اٹھائے ہیں۔ کام چلانے کیلئے سرمائے کی دستیابی کی صورت میں کمپنی اپنی مکمل صلاحیت کا استعمال کر سکتی ہے۔

آڈیٹرز نے اپنی رپورٹ کے پیرا (a) اور (b) میں کمپنی کے حالات کو کو الیقینی کیا ہے جن پر تیسرہ مالی حسابات کے نوٹ نمبر 2 اور 27.1 میں کر دیا ہے۔



(6) شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

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

(7) مالی گوشواروں وغیرہ کی الیکٹرونک منتقلی

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

الف) برائے اجلاس میں شرکت

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

ب) پروکسی کی تقرری

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

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

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

سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان آٹوموٹیو انجینئرنگ لمیٹڈ (ڈی اے ای ایل یا کمپنی) کے انتالیسواں (39) سالانہ اجلاس عام بدھ 27 اکتوبر 2021ء کو دوپہر 3:00 بجے دیوان سینٹ لمیٹڈ فیکٹری سائٹ واقع دیہہ ڈھنڈو دھائیج ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت قرآن پاک سے ہوگا۔

عمومی امور

- (1) کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ پیر 26 اکتوبر 2020ء کی کارروائی کی توثیق۔
- (2) 30 جون 2021ء کو مکمل ہوانے والے سال کیلئے آڈٹ شدہ مالی گوشواروں مع آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2022ء کو مکمل ہوانے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ



محمد حنیف جرمن

کمپنی سیکریٹری

کراچی 23 ستمبر 2021ء

نوٹ:








- (1) کمپنی کی منتقلی حصص کی کتب 120 اکتوبر 2021ء تا 27 اکتوبر 2021ء (دونوں دن شامل) بند رہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹر اٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع انعم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست کی جاتی ہے۔
- (3) اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم اڑھتالیس 48 گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایت پر عمل کرنا ہوگا۔



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