

DEWAN FAROOQUE MOTORS LIMITED

Annual
Report
➤ 2015



A YOUSUF DEWAN COMPANY

Contents

Company Information	2
Mission Statement	3
Notice of Annual General Meeting	4
Statement under Section 160 of the Companies Ordinance, 1984	6
Directors' Report	7
Key Operating and Financial Data	11
Statement of Compliance with the Code of Corporate Governance	12
Review report to the members on statement of Compliance with best practices of the Code of Corporate Governance	14
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Statement Of Comprehensive Income	20
Cash Flow Statement	21
Statement of Changes in Equity	22
Notes to the Financial Statements	23
Pattern of Shareholding	52
Form of Proxy	



Company Information

Executive Directors

Dewan Mohammad Yousuf Farooqui
Mr. Waseem-ul-Haque Ansari

Chairman Board of Directors

Non-Executive Directors

Dewan Abdul Rehman Farooqui
Mr. Haroon Iqbal
Syed Muhammad Anwar
Mr. Ishtiaq Ahmad

Independent Director

Mr. Aziz-ul-Haque

CHIEF EXECUTIVE OFFICER

Dewan Mohammad Yousuf Farooqui

PRESIDENT

Mr. Farooq Mustafa

CFO & COMPANY SECRETARY

Mr. Muhammad Naeem Uddin Malik

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque	Chairman
Mr. Haroon Iqbal	Member
Dewan Abdul Rehman Farooqui	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Mr. Haroon Iqbal	Chairman
Dewan Mohammad Yousuf Farooqui	Member
Mr. Aziz-ul-Haque	Member

BANKERS

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

AUDITORS

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

LEGAL ADVISORS

A.K. Brohi & Co.

TAX ADVISOR

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

SHARES REGISTRAR / TRANSFER AGENT

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

REGISTERED OFFICE

7th Floor, Block 'A',
Finance & Trade Centre,
Off Shahrah-e-Faisal,
Karachi.

CORPORATE OFFICE

7th & 8th Floor, Block 'A',
Finance & Trade Centre,
Off Shahrah-e-Faisal,
Karachi.

REGIONAL OFFICES

Lahore
Dewan Centre, PIA Tower,
Egerton Road,

Islamabad

House # 58, F-7/2,
Margalla Road,

FACTORY

Jilaniabad, Budhu Talpur,
District Sajawal,
Sindh.

Mission Statement

To be the No. 1 automobile company in Pakistan

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Dewan Farooque Motors Limited ("DFML" or "the Company") will be held on Thursday, October 29, 2015, at 11:00 a.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 Thursday, October 30, 2014;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2015, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

Special Business:

1. To consider and approve short term loans/ advances to certain associated companies in compliance with the provisions of Section 208 of the Companies Ordinance, 1984.

By order of the Board



Muhammad Naeem Uddin Malik
Company Secretary

Karachi: October 1, 2015

"Statement under Section 160(1)(b) of the Companies Ordinance, 1984, concerning the Special Business, is attached alongwith the Notice circulated to the members of the Company, and is deemed an integral part hereof"

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 22, 2015 to October 29, 2015 (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 above said 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, alongwith 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 alongwith 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, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

Statement Under Clause (B) of Sub-section (1) of Section 160 of The Companies Ordinance, 1984

This statement is annexed as an integral part of the Notice of the Seventeenth Annual General Meeting of Dewan Farooque Motors Limited ("the Company" or "DFML") to be held on Thursday, October 29, 2015 at Dewan Cement Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the meeting.

SPECIAL BUSINESS

To consider and approve renewal of the sanctioned limits of short term loans/advances to certain associated companies in compliance with the provisions of Section 208 of the Companies Ordinance, 1984.

SR #	DESCRIPTION	LOANS AND ADVANCES	
		Dewan Motors (Private) Limited	Dewan Automotive Engineering Limited
a)	Total Investment approved	Rs. 59.659 million	Rs. 679.325 million
b)	Amount of investment made to-date	Rs. 59.659 million	Rs. 679.325 million
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	N/A	N/A
d)	Material change in the financial statements of associated companies since date of the resolution passed for approval of investment in such Company:	June 2014	June 2012
e)	Earnings/(Loss) per share	(7.80)	(9.01)
f)	Shareholders' equity	163.807	(1,767.261)
g)	Total Assets	926.551	803.178
h)	Break-up Value	16.38	(82.58)
RENEWAL IN PREVIOUS LIMITS REQUESTED I.E:		Sanctioned	Sanctioned
		Rs. 59.659 million	Rs. 679.325 million

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

"RESOLVED THAT, the company, in accordance with the provisions of Section 208 of the Companies Ordinance, 1984, Clause 111 (X) of the Memorandum of Association and the terms and conditions hereby approved in the Sixteenth Annual General Meeting of the Company, be and is hereby authorized and empowered to renew and reduce the sanctioned limits for short term loans and advances sought for approval in the previous general meeting in respect of following associated companies:

LOANS / ADVANCES

Borrowing Companies:
Dewan Motors (Private) Limited
Dewan Automotive Engineering Limited

(Rupees in Million)
59.659
679.325

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

Directors' Report

The Board of Directors of Dewan Farooque Motors Limited is pleased to present its annual report along with the Company's audited financial statements for the year ended June 30, 2015 and welcomes you to the 17th Annual General Meeting.

Financial Overview

The summary of financial performance for the year, along with the comparative figures of financial year 2015 is as follows:

	Year ended June 30, 2015	Year ended June 30, 2014
	----- (Rupees in thousand) -----	
Gross Sales	65,154	1,195,574
Gross (loss)	(132,746)	(54,987)
Operating (loss)	(222,919)	(183,761)
Net (loss) after tax	(159,009)	(115,428)

Year under review:

Overall automobile sales in the passenger car and LCV segment for FY15 has shown a significant growth of 32% when compared with the last year, the total units sold being 178,790. The introduction of new models in the passenger car segment coupled with the reduction in the car financing rates and the sale under 'Apna Rozgar Scheme' launched by the Government of Punjab are the main factors behind the growth. With the improvement in Pakistan's economy it is expected that the automobile sales volumes will further improve. The new Auto Policy and the exchange rate parity will, however, play a significant role in the growth.

Due to non availability of banking lines, the production activity of the Company during the year remained suspended resulting in unabsorbed fixed and other 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. The details of overdue loans from the banks and other financial institutions/leasing companies have been disclosed in the notes to the accounts. To overcome the current financial situation the Company is taking various countermeasures and has taken up the matter with the banks. The proposal for re-profiling of Company's debts is expected to be completed in the near future and the operations of the Company will be normalized.

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

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

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

Corporate and financial reporting framework:

- The financial statements for the year ended June 30, 2015, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2015 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed in the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Management has explained their views in detail regarding the going concern ability of the company in note 1.1 and non provisioning of mark up in note 23 of the annexed financial statements;
- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations of the stock exchange of Pakistan;
- Summarized key operating and financial data of last six years is enclosed with the report;
- All taxes have been paid and nothing is outstanding, except as disclosed in note 16 of the annexed audited financial statement;
- The fair value of the Provident Fund's Investment as at June 30, 2015 was Rs.64.422 (2014: Rs.55.235) million;
- 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. During the year five meetings of the Board were held. The attendance of directors was as follows;

NAME OF DIRECTOR

NO. OF MEETINGS ATTENDED

Dewan Mohammad Yousuf Farooqui	3
Dewan Abdul Baqi Farooqui	2
Dewan Abdul Rehman Farooqui	5
Mr. Haroon Iqbal	5
Mr. Aziz-ul-Haque	5
Mr. Waseem-ul-Haq Ansari	4
Mr. Syed Muhammad Anwar	5

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

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

Name of Director	No. of meetings attended
Mr. Aziz-ul-Haque	4
Mr. Haroon Iqbal	4
Mr. Dewan Abdul Rehman Farooqui	4

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

Name of Director	No. of meetings attended
Mr. Haroon Iqbal	1
Dewan Muhammad Yousuf Farooqui	1
Mr. Aziz-ul-Haque	1

Auditors:

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

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

Loss per share

The Loss per Share is Rs. 1.46.

Dividend

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

Pattern of Shareholding:

The Pattern of Shareholding of the Company as at June 30, 2015 is included in the Annual Report.

Trading in Company Shares

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

Vote of Thanks:

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

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

**YD**

A YOUSUF DEWAN COMPANY

Conclusion:

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

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

Under / By Authority of Board of Directors

DEWAN MOHAMMAD YOUSUF FAROOQUI

Chief Executive

Karachi: September 29, 2015

Key Operating and Financial Data

PARTICULARS	2015	2014	2013	2012	2011	2010
Rs. in '000'						
Gross Sales	65,154	1,195,574	3,533	3,263	210,025	1,236,195
Net Sales	54,161	986,779	3,044	3,047	176,383	1,025,341
Gross (loss) / profit	(132,746)	(54,987)	(165,072)	(189,113)	(301,939)	(148,423)
Operating (loss) / profit	(222,919)	(183,761)	(243,694)	(287,854)	(486,623)	(362,911)
(loss) / profit before tax	(159,009)	(105,209)	(316,740)	(228,637)	(1,228,916)	(432,203)
(loss) / profit after tax	(159,009)	(115,428)	(316,740)	(221,463)	(1,219,753)	(437,304)
Retained Earnings	(3,307,060)	(3,349,432)	(3,246,869)	(3,026,061)	(2,856,492)	(1,636,739)
Share Capital	1,087,353	1,087,353	1,087,353	1,087,353	1,087,353	889,733
Shareholders' Equity	(2,219,707)	(2,262,079)	(2,159,516)	(1,938,708)	(1,769,139)	(747,006)
Fixed Assets	1,241,244	1,328,587	1,435,041	1,553,240	1,683,939	1,813,812
Total Assets	3,491,227	3,387,705	4,036,261	4,141,633	4,278,755	4,204,550

FINANCIAL ANALYSIS

Profitability Ratios

Gross (loss) / Profit Margin	-245.10%	-5.57%	5423.19%	-6206.97%	-171.18%	-14.48%
Operating (loss) / profit Margin	-411.59%	-18.62%	-8006.20%	-9447.78%	-275.89%	-35.39%
(loss) / profit before tax	-293.59%	-10.66%	-10406.00%	-7504.18%	-696.73%	-42.15%
(loss) / profit after tax	-293.59%	-11.70%	-10406.00%	-7268.73%	-691.54%	-42.67%

Return on Investment

(loss) / Earnings per share before tax (Rs/share)	(1.46)	(0.97)	(2.91)	(2.10)	(13.13)	(4.86)
(loss) / Earnings per share after tax (Rs/share)	(1.46)	(1.06)	(2.91)	(2.04)	(13.02)	(4.92)

Activity Ratios

Sales to Total Assets-Times	0.02	0.35	0.00	0.00	0.05	0.29
Sales to Fixed Assets-Times	0.05	0.90	0.00	0.00	0.12	0.68

Liquidity Ratios

Current ratio (excluding current maturity of (T))	0.49	0.45	0.52	0.52	0.53	0.62
Current ratio (including current maturity of (T))	0.39	0.36	0.42	0.42	0.44	0.52
Book value per share (Rs)	(20.41)	(20.80)	(19.86)	(17.83)	(18.90)	(8.40)

Statement Of Compliance with The Code Of Corporate Governance

For the Year Ended June 30, 2015

The statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No 35 of listing regulation of Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present the board includes One Independent Director, Four Non-Executive Directors and Two Executive Directors of the Company.
2. The condition of maximum number of seven directorships to be held by a director in listed companies as per clause ii of the CCG will be applicable after election of next Board of Directors of the Company .
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

No casual vacancy occurred on the Board during this period.

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 decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
7. The meetings of the board were presided over by the Chairman and, in his absence, by the director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. In accordance with the criteria specified on clause (xi) of CCG, some directors are exempted from the requirement of directors' training program and except one rest of the Directors are qualified under the directors training program.
9. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.
10. The Directors' report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.

11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The director, CEO and executives do not hold any interest in the shares of the company other than the disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of CCG.
14. The board has formed an Audit Committee. It comprises three members of whom one is an independent director, who is also the Chairman and two members are non-executive directors.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises of three members of whom one is an independent director, one is an executive director and one is a non-executive director and the Chairman of the committee is a non-executive director.
17. 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.
18. 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, 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 Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially effect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all the other material principles enshrined in the CCG have been complied with.



Dewan Mohammad Yousuf Farooqui

Chief Executive



Haroon Iqbal

Director

Karachi: September 29, 2015

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Dewan Farooque Motors Limited** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the company is listed.

The responsibility for compliance with the 'Code of Corporate Governance' is that of the Board of Directors of the company. Our responsibility is to review, to the extent, where such compliance can be objectively verified, whether the 'Statement of Compliance' reflects the status of the company's compliance with the provisions of the 'Code of Corporate Governance' and report if it does not and to highlight any compliance with the requirements of the code. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the Company to comply with the Code.

As 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 code requires the Company to place before the Audit committee, and upon recommendation of the Audit committee, place before the Board of Directors for their consideration and approval its related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

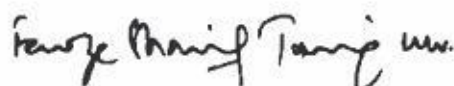
- a) Chairman of the company has been elected from executive directors, furthermore he also holds position of Chief Executive officer, Whereas code requires that chairman shall be elected from non-executive directors and chairman and Chief Executive Officer shall not be the same person;
- b) The board includes one independent director, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies.

- c) The chairman of Audit committee is not an independent director due to the reason reflect in para (b) above.

Based on our review, except for the above instances of non compliance, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2015.

Place: Karachi

Date: September 29, 2015



(CHARTERED ACCOUNTANTS)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Dewan Farooque Motors Limited**, as at June 30, 2015, and related Profit and Loss account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended, 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) The financial statements of the company for the year ended June 30, 2015 as disclosed in note 1.1 to the financial Statements reflect loss after taxation of Rs. 159.009 (2014: Rs.115.428) million and as of that date it has accumulated losses of Rs. 3.307 (2014: Rs.3.349) billion which resulted in net capital deficiency of Rs. 2.220 (2014: Rs.2.262) billion and its current liabilities exceeded its current assets by Rs. 3.476 (2014: Rs.3.605) billion and total assets by Rs. 2.198 (2014: Rs.2.241) billion without providing the markup as refer in below para (b). The operations of the company were closed from November 2010 to August 2013 and reclose since March 2014 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties as disclosed in note 18.4 to the financial Statements. These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The company has not made provision of markup for the year amounting to Rs. 742.728 (2014: Rs. 741.072) million (refer note 23) on account of restructuring proposal offered to the lenders as described in note 1.1 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs.742.728 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.4.079 billion (2014: Rs. 3.337 billion).

- c) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- d) in our opinion:
- i) the Balance Sheet and Profit and Loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e) in our opinion, and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in para (a) further coupled with the effects of the matter discussed in para (b) above, the Balance Sheet, Profit & Loss Account, statement of Comprehensive income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss its Comprehensive income, Cash flows and Changes in Equity for the year then ended; and
- f) In our opinion, "no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980".

Place: KARACHI
Dated: September 29, 2015



CHARTERED ACCOUNTANTS
Audit Engagement Partner: Mohammad Tariq



Balance Sheet

As At June 30, 2015

	Note	June 30, 2015	Restated June 30, 2014
------(Rs. in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	1,241,244	1,328,587
Long-term deposits (with leasing companies)		36,000	36,000
CURRENT ASSETS			
Stores and spares	4	66,333	71,235
Stock-in-trade	5	89,065	143,390
Trade debts - considered good		22,259	24,405
Short term loans to associated undertakings - considered good	6	738,984	738,984
Advances, deposits, prepayments and other receivables- considered Good	7	750,109	693,090
Investment	8	406,110	204,729
Taxation - net	9	18,921	17,295
Cash and bank balances	10	122,202	129,990
		2,213,983	2,023,118
TOTAL ASSETS		3,491,227	3,387,705
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
120,000,000 (2014: 120,000,000) Ordinary shares of Rs. 10 each		1,200,000	1,200,000
Issued, subscribed and paid-up	11	1,087,353	1,087,353
Reserves		(3,307,060)	(3,349,432)
		(2,219,707)	(2,262,079)
NON-CURRENT LIABILITIES			
Long term loans - secured	12	-	-
Liabilities against assets subject to finance lease	13	-	-
Long term security deposits		16,700	16,700
Deferred Liabilities	14	4,527	4,527
CURRENT LIABILITIES			
Loan from director	15	36,198	24,499
Trade and other payables	16	2,292,117	2,242,666
Short term finances-secured	17	2,141,569	2,141,569
Current maturity of long term loans		1,179,429	1,179,429
Current maturity of liabilities against assets subject to finance lease	13	40,394	40,394
		5,689,707	5,628,557
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		3,491,227	3,387,705

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

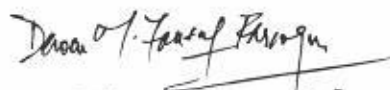
Dewan Mohammad Yousuf Farooqui
Chief Executive**Haroon Iqbal**
Director

Profit and Loss Account

For The Year Ended June 30, 2015

	Note	June 30, 2015	Restated June 30, 2014
		------(Rs. in '000)-----	
GROSS SALES	19	65,154	1,195,574
Sales tax		9,493	173,635
Commission and discounts		1,500	35,160
	19	10,993	208,795
NET SALES		54,161	986,779
Cost of sales	19	186,907	1,041,766
GROSS (LOSS)		(132,746)	(54,987)
Distribution expenses	20	53,643	66,138
Administration and general expenses	21	36,530	62,636
OPERATING (LOSS)		(222,919)	(183,761)
OTHER INCOME	22	70,769	101,842
		(152,150)	(81,919)
Finance cost	23	142	18,226
Provision for obsolescence / slow moving stocks		6,717	-
Provision for obsolescence / slow moving stores and spares		-	5,064
		6,859	23,290
(LOSS) BEFORE TAXATION		(159,009)	(105,209)
TAXATION	24	-	10,219
NET (LOSS) AFTER TAXATION		(159,009)	(115,428)
Basic (loss) per share (Rupees)	25	(1.46)	(1.06)
Diluted (loss) per share (Rupees)	25	(1.46)	(1.06)

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



Dewan Mohammad Yousuf Farooqui
Chief Executive



Haroon Iqbal
Director

**YD**

A YOUSUF DEWAN COMPANY

Statement of Comprehensive Income

For The Year Ended June 30, 2015

	June 30, 2015	Restated June 30, 2014
	------(Rs. in '000)-----	
(Loss) for the year	(159,009)	(115,428)
Other comprehensive income / (loss):		
Available for sale financial assets:		
- Changes in fair value	201,381	12,865
Total comprehensive profit / (loss) for the year	42,372	(102,563)

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

Dewan Mohammad Yousuf Farooqui
Chief Executive

Haroon Iqbal
Director

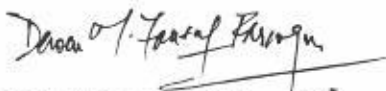
Cash Flow Statement

For The Year Ended June 30, 2015

Note	June 30, 2015	June 30, 2014
	------(Rs. in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(159,009)	(105,209)
Add / (Less) :		
Depreciation	96,655	106,544
Gain on disposal of fixed assets	(1,549)	(36)
Financial charges	142	18,226
	95,248	124,734
	(63,761)	19,525
Decrease in stores & spares	4,902	3,487
Decrease in stock in trade	54,325	467,615
Decrease in trade debts	2,146	3,597
Decrease / (Increase) in advances, deposits, pre-payments & other receivables	(57,017)	67,264
Decrease in long term lease deposits	-	3,175
Increase / (Decrease) in trade, other payables and borrowings	49,451	(371,533)
(Decrease) in long term security deposits	-	(1,000)
Tax (paid)	(1,628)	(4,725)
Financial charges (paid)	(142)	(18,226)
Gratuity (paid)	-	(25)
	52,037	149,629
Net cash flow from operating activities	(11,724)	169,154
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(9,726)	(288)
Short term loans (recovered from) associated undertakings	-	13,935
Markup received on short term loans to associated undertakings	-	2,971
Sale Proceeds of fixed assets	1,963	232
Net cash flow from investing activities	(7,763)	16,850
CASH FLOW FROM FINANCING ACTIVITIES		
Loan provided by director	11,699	-
Finance Lease repayments	-	(1,240)
Net cash flow from financing activities	11,699	(1,240)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(7,788)	184,764
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(2,011,579)	(2,196,343)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	(2,019,367)	(2,011,579)

26

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



Dewan Mohammad Yousuf Farooqui
Chief Executive



Haroon Iqbal
Director

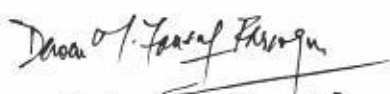


Statement Of Changes In Equity

For The Year Ended June 30, 2015

	Share Capital	Reserves		Total
		Unappropriated (loss)	Total Reserves	
	Issued, subscribed and paid-up			
----- (Rs. in '000) -----				
Balance as at July 01, 2013- Reported	1,087,353	(3,246,869)	(3,246,869)	(2,159,516)
Total Comprehensive (loss) for the year- Restated	-	(102,563)	(102,563)	(102,563)
Balance as at June 30, 2014- Restated	1,087,353	(3,349,432)	(3,349,432)	(2,262,079)
Balance as at July 01, 2014	1,087,353	(3,349,432)	(3,349,432)	(2,262,079)
Total Comprehensive profit for the year	-	42,372	42,372	42,372
Balance as at June 30, 2015	1,087,353	(3,307,060)	(3,307,060)	(2,219,707)

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


Dewan Mohammad Yousuf Farooqui
 Chief Executive


Haroon Iqbal
 Director

Notes To The Financial Statements

For The Year Ended June 30, 2015

1. THE COMPANY AND ITS OPERATIONS

Dewan Farooque Motors Limited was incorporated in Pakistan on December 28, 1998 as a public limited company. The shares of the company are quoted on all the stock exchanges in Pakistan. The registered office of the Company is situated at 7th floor, Block 'A', Finance and Trade Centre, Off - Shahrah-e-Faisal, Karachi, while its manufacturing facilities is situated at Jilianabad, Budhu Talpur, Distric Sajawal, Sindh.

The Company has entered into separate technical license / collaboration agreements with Hyundai Motor Company, Korea and KIA Motors Corporation, Korea. The principal activity of the Company is the assembly, progressive manufacturing and sales of Hyundai and KIA vehicles in Pakistan.

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

1.1 GOING CONCERN ASSUMPTION

The company has incurred a Loss after taxation of Rs. 159,009 million during the year ended June 30, 2015. As of that date it has accumulated losses of Rs.3,307 billion and its current liabilities exceeded its current asset by Rs. 3,476 billion. Furthermore, cumulatively the company has not provided markup on its borrowings from banks and financial institutions amounting to Rs.4,079 billion. The working capital constraints resulted in closure of production activities leading to gross loss situation. The Company has suspended its production from November 2010 till August 2013 and again closed the production since March 2014. Further, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and the short term facilities have not been renewed by banks/financial institutions. Following course the lenders have gone into litigations for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties as disclosed in note 18.4 to the financial statements. The restructuring proposal submitted by the company to lenders is in the process of negotiation and is expected to be approved in near future. These conditions indicates the existence of material uncertainty, which may cast significant doubt about company ability to continue as going concern.

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

- a) All the debt obligations of the company be converted into interest bearing long term loan in proportion to their respective current exposures;
- b) Principal to be repaid in 10 years inclusive of 1 year grace period.
- c) Mark-up payable as on December 31, 2008 to be frozen and paid quarterly over a period of three years commencing after 3 months from the restructuring date.

Notes To The Financial Statements

For The Year Ended June 30, 2015

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, these financial statements have been prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 New and amended standards and interpretations

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

- IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
- IAS 32 - Financial Instruments : Presentation - (Amendment) -Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets - (Amendment)-Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting

Improvements to Accounting Standards Issued by the IASB

- IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method proportionate restatement of accumulated depreciation / amortization
- IAS 24 Related Party Disclosures - Key management personnel

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 23 to the financial statements, for which the management concludes that provisioning of markup (note 23) would conflict with the objective of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.3 Standards and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Notes To The Financial Statements

For The Year Ended June 30, 2015

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	01-Jan-15
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	01-Jan-15
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	01-Jan-16
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01-Jan-16
IFRS 11 - Joint Arrangements	01-Jan-15
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01-Jan-16
IFRS 12 - Disclosure of Interests in Other Entities	01-Jan-15
IFRS 13 - Fair Value Measurement	01-Jan-15
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01-Jan-16
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01-Jan-16
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01-Jan-16
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01-Jan-16

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements except as disclosed in notes to the financials Statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01-Jan-18
IFRS 14 – Regulatory Deferral Accounts	01-Jan-16
IFRS 15 – Revenue from Contracts with Customers	01-Jan-18

2.4 Basis of preparation

These accounts have been prepared under the historical cost convention, except that investments classified as Available for sale are remeasured, after initial recognition, at fair value through equity.



Notes To The Financial Statements

For The Year Ended June 30, 2015

2.4.1 Accounting estimates adjustments

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

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

- i. Useful lives of Property, Plant and equipment (note 2.5 and 3.1)
- ii. Provision for doubtful trade debts (note 2.9)
- iii. Income taxes (note 2.12 and 24)
- iv. Classification and valuation of investments (note 2.6 and 8)
- v. Provision for Slow moving stores and spares (notes 2.7 and 4)
- vi. Provision for Slow moving stock in trade (notes 2.8 and 5)

2.5 Tangible fixed assets

Property Plant and Equipment Owned

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

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

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

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

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

Capital work-in-progress

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

Notes To The Financial Statements

For The Year Ended June 30, 2015

Leased

Assets held under finance leases are stated at cost less accumulated depreciation. The outstanding obligations under finance leases less financial charges allocated to future periods are shown as a liability. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the finance balance outstanding. The finance charge is charged to profit and loss account and is included under finance cost.

Depreciation is charged at the same rates as charged on company's owned assets.

2.6 Investment

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

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

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

2.7 Stores and spares

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

2.8 Stock-in-trade

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

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

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

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

2.9 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount. Those considered irrecoverable are written off and provision is made against those considered doubtful.



Notes To The Financial Statements

For The Year Ended June 30, 2015

2.10 Staff retirement benefits

The company upto December 31, 2003, was operating an un-funded gratuity scheme for its employees. Provision was made accordingly in the financial statements to cover obligations under the scheme. The Company has fully provided for the liability under the gratuity scheme as of December 31, 2003.

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

2.11 Long term loans / Borrowings

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

2.12 Taxation

Current

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

Deferred

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

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

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

2.13 Trade and other payables

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

2.14 Warranty obligations

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

Notes To The Financial Statements

For The Year Ended June 30, 2015

2.15 Foreign currency translation

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

2.16 Borrowing costs

Borrowing Costs are recognized initially in fair value net of transaction costs incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

2.17 Financial instruments

2.17.1 Financial assets

2.17.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the company are categorized as follows:

a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short term fluctuations in prices are classified as "financial assets at fair value through profit or loss" category.

b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables comprise of trade debts, loan and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the company having positive intent and ability to hold to maturity.

Notes To The Financial Statements

For The Year Ended June 30, 2015

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.17.1.2 Initial recognition and measurement

All financial assets are recognized at the time the company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.17.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' & 'available for sale'

Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

b) 'Loans and receivables' & 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortized cost.

2.17.1.4 Impairment

The company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment loss on all financial assets is recognized in the profit and loss account. In arriving at the provision in respect of any diminution in long-term financial assets, consideration is given only if there is a permanent impairment in the value of the financial assets.

2.17.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

Notes To The Financial Statements

For The Year Ended June 30, 2015

2.17.2 Financial liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

2.17.3 Derecognition

Financial assets are derecognised at the time when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.18 Impairment

The carrying amounts of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in profit and loss account.

2.19 Revenue recognition

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

Return on bank deposits are on an accrual basis.

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

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

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

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

2.20 Cash and cash equivalents

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

2.21 Related Party transactions and transfer pricing

The Company enters into transactions with related parties on an arm's length basis. Royalty and fee for technical services are accounted for at the rates mentioned in the respective agreements, duly registered with the State Bank of Pakistan.



Notes To The Financial Statements

For The Year Ended June 30, 2015

2.22 Provisions

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

2.23 Off setting of financial assets and financial liabilities

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

2.24 Dividends distribution and transfer between reserves

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

2.25 Functional and presentation currency

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

2.26 Segment Reporting

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

	Note	June 30, 2015	June 30, 2014
3 PROPERTY, PLANT AND EQUIPMENT		----- (Rs. in '000) -----	
Operating fixed assets	3.1	<u>1,241,244</u> <u>1,241,244</u>	<u>1,328,587</u> <u>1,328,587</u>

Notes To The Financial Statements

For The Year Ended June 30, 2015

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

	Tangible - owned							Tangible - leased			
	Free hold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office Equipment	Sub total	Plant and machinery	Vehicles	Sub total	Total
(Rupees in '000)											
As at July 01, 2014											
Cost	78,033	1,136,347	1,517,244	165,150	299,356	87,081	3,283,211	80,000	-	80,000	3,363,211
Accumulated depreciation	-	483,030	1,084,735	104,789	257,839	55,798	1,986,191	-	48,433	48,433	2,034,624
Net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
Year ended June 30, 2015											
Opening net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
Additions	-	-	-	-	9,726	-	9,726	-	-	-	9,726
Disposals											
Cost	-	-	-	-	2,392	-	2,392	-	-	-	2,392
Accumulated depreciation	-	-	-	-	1,978	-	1,978	-	-	-	1,978
Transfer											
Cost	-	-	-	-	414	-	414	-	-	-	414
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	32,651	43,281	6,036	8,402	3,128	93,498	3,157	-	3,157	96,655
Closing net book value	78,033	620,666	389,228	54,325	42,427	28,155	1,212,834	28,410	-	28,410	1,241,244
As at June 30, 2015											
Cost	78,033	1,136,347	1,517,244	165,150	306,690	87,081	3,290,545	80,000	-	80,000	3,370,545
Accumulated depreciation	-	515,681	1,128,016	110,825	264,263	58,926	2,077,711	-	51,590	51,590	2,129,301
Net book value	78,033	620,666	389,228	54,325	42,427	28,155	1,212,834	28,410	-	28,410	1,241,244
Depreciation rate % per annum		5%	10%	10%	20%	10%		10%	20%		
As at July 01, 2013											
Cost	78,033	1,136,347	1,517,244	165,150	265,583	86,793	3,249,151	80,000	35,230	115,230	3,364,381
Accumulated depreciation	-	448,661	1,036,645	98,082	220,717	52,337	1,856,445	44,925	27,972	72,896	1,929,341
Net book value	78,033	687,686	480,599	67,068	44,866	34,455	1,392,706	35,075	7,258	42,333	1,435,040
Year ended June 30, 2014											
Opening net book value	78,033	687,686	480,599	67,068	44,866	34,455	1,392,707	35,075	7,258	42,333	1,435,040
Additions	-	-	-	-	-	288	288	-	-	-	288
Disposals											
Cost	-	-	-	-	1,457	-	1,457	-	-	-	1,457
Accumulated depreciation	-	-	-	-	1,260	-	1,260	-	-	-	1,260
Transfer											
Cost	-	-	-	-	35,230	-	35,230	-	(35,230)	(35,230)	-
Accumulated depreciation	-	-	-	-	28,753	-	28,753	-	(28,753)	(28,753)	-
Depreciation for the year	-	34,369	48,090	6,707	9,629	3,460	102,255	3,508	781	4,289	106,544
Closing net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
As at June 30, 2014											
Cost	78,033	1,136,347	1,517,244	165,150	299,356	87,081	3,283,211	80,000	-	80,000	3,363,211
Accumulated depreciation	-	483,030	1,084,735	104,789	257,839	55,798	1,986,191	-	48,433	48,433	2,034,624
Net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
Depreciation rate % per annum		5%	10%	10%	20%	10%		10%	20%		

3.1.1 The above assets are mortgaged with the Financial Institutions /Banks as disclosed in note no 18.4 and the note 1.1 to the financial Statements.

Notes To The Financial Statements

For The Year Ended June 30, 2015

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

	Note	June 30, 2015	June 30, 2014
		----- (Rs. in '000) -----	
Cost of goods manufactured	19.1	83,991	92,586
Distribution expenses	20	4,544	5,008
Administration and general expenses	21	8,120	8,950
		96,655	106,544

3.3 Particulars of operating assets disposed off during the period are as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain/ (loss) on Disposal	Mode of Disposal	Particulars of Buyers
----- (Rs. in '000) -----							
Motor vehicles							
Hyundai Santro							
Santro	606	488	118	599	481	Company Policy	Abdul Rashid Sheikh (Employee)
Santro	606	488	118	599	481	Company Policy	Mohammad Laeeq (Employee)
Santro	564	507	57	149	92	Negotiation	Osama Bin Hilal
Motor Cycle	38	31	7	38	31	Company Policy	Faisal (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Malik Muhammad Yasin (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Shahid Mehmood (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Ashiq Hussain (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Kashif H. Shah (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Syed Ankeser Ali Pakistani (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Zia Ahmed (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Abid Hussain (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Zahoor Ahmed (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Muhammad Shahzad (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Muhammad Anwar (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Mohammad Ramzan Shahid (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Sohail John (Employee)
Motor Cycle	35	27	8	35	27	Company Policy	Muhammad Qazafi Baig (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Adnan Safdar (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Mohammad Ashar (Employee)
Motor Cycle	35	27	8	35	27	Company Policy	Shuja Uddin (Employee)
Total	2,392	1,978	414	1,963	1,549		

Notes To The Financial Statements

For The Year Ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
4. STORES AND SPARES		------(Rs. in '000)-----	
Stores		20,427	21,486
Spares		50,970	54,813
		71,397	76,299
Less : Provision for obsolescence / slow moving stocks		(5,064)	(5,064)
		66,333	71,235
5. STOCK-IN-TRADE			
Manufacturing stock			
Raw materials and components		144,225	144,225
Work-in-process		-	-
Finished goods		17,932	64,889
		162,157	209,114
Trading stock			
Spare parts		28,869	29,520
		191,026	238,634
Less : Provision for obsolescence / slow moving stocks		(101,961)	(95,244)
		89,065	143,390
6. SHORT TERM LOANS TO ASSOCIATED UNDERTAKINGS - Considered good			
Dewan Automotive Engineering Limited	6.1	679,325	679,325
Dewan Motors (Private) Limited	6.1	59,659	59,659
		738,984	738,984

- 6.1** The company has charged markup on loans to associated undertakings carrying markup @1% above the borrowing of the company. At the end of the period these loans carries markup at the rate of 9.26% per annum.



Notes To The Financial Statements

For The Year Ended June 30, 2015

June 30, 2015 June 30, 2014
----- (Rs. in '000) -----

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Considered good

Suppliers and contractors	-	1,996
Considered good	181,467	181,467
Considered doubtful	181,467	183,463
Less: Provision for doubtful advances	(181,467)	(181,467)
	-	1,996
Employees	57	1,885
Sales tax and custom duty	6,927	14,414
	6,984	18,295

Deposits

Margin against letters of guarantees	2,050	2,050
Others	12,235	12,335
	14,285	14,385

Other receivables

Insurance	-	-
Markup on loans to associated undertakings (note 6)	728,840	660,410
	728,840	660,410
	750,109	693,090

8. INVESTMENT - AVAILABLE FOR SALE

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

27,968,445 ordinary shares of Rs. 10 each (2014: 27,968,445 ordinary shares of Rs. 10 each)	279,685	279,685
Change in the fair value of investments	126,425	(74,956)
	406,110	204,729
Market value (Rupees per share)	14.52	7.32
Percentage of equity held	7.19%	7.19%

8.1 The market price of related party's share wherein company has investment shows increasing trend from the date of balance sheet to the date the financial statements were authorized for issue. The market price of DCL's share as of September 29, 2015 (i.e. the date on which the financial statements were authorised for issue) is Rs. 15.01 per share, thereby increasing the market value of the investment by Rs. 13.705 million.

Notes To The Financial Statements

For The Year Ended June 30, 2015

9. TAXATION

Income tax assessments of the company have been finalized upto and including the Tax year 2014 relating to income year ended June 30, 2014 and certain appeals for the Tax year 2008, 2009 and 2010 are pending before the income tax appellate authorities.

10. CASH AND BANK BALANCES

	Note	June 30, 2015	June 30, 2014
		----- (Rs. in '000) -----	
Cash in hand		599	675
Cash at banks in current accounts	10.1	121,603	129,315
		<u>122,202</u>	<u>129,990</u>

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

11. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2015	2014		Note	June 30, 2015	June 30, 2014
(No of Shares in '000)				----- (Rs. in '000) -----	
105,065	105,065	Ordinary shares of Rs.10/- each fully paid in cash		1,050,651	1,050,651
3,670	3,670	Ordinary shares of Rs.10/- each, issued as fully paid bonus shares		36,702	36,702
<u>108,735</u>	<u>108,735</u>			<u>1,087,353</u>	<u>1,087,353</u>

11.1 13,650,000 (2014: 13,650,000) shares are held by Related party

12. LONG TERM LOANS - secured

From banking companies and other financial institutions

Allied Bank Limited - I	12.1	71,429	71,429
Saudi Pak Agricultural and Investment Company - I	12.2	90,000	90,000
National Bank of Pakistan	12.3	62,500	62,500
NIB Bank (formerly PICIC)	12.4	110,000	110,000
Pak Oman Investment Company Limited	12.5	82,500	82,500
Saudi Pak Agricultural and Investment Company - II	12.6	63,000	63,000
Summit Limited	12.7	700,000	700,000
		<u>1,179,429</u>	<u>1,179,429</u>
Less:- Current portion shown under current liabilities	12.8	<u>1,179,429</u>	<u>1,179,429</u>

Notes To The Financial Statements

For The Year Ended June 30, 2015

- 12.1** The loan carries mark up at the base rate plus 2.5% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set at the last business day before the installment date for the immediately preceding installment. Presently markup on the finance works out to 14.51% (2014 : 14.51 %) per annum.

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

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

- 12.2** The loan carries mark up at the base rate plus 3.00% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 15.01% (2014: 15.01%) per annum.

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

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

- 12.3** The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 14.51% (2014: 14.51%) per annum.

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

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

- 12.4** The finance carries mark up at the base rate plus 4.00 % per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last business day at the beginning of each quarterly period. Presently markup on the finance works out to 16.01% (2014: 16.01 %) per annum.

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

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

- 12.5** The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last day of preceding semi annual period. Presently markup on the finance works out to 14.51 % (2014 : 14.51 %) per annum.

The finance has been rescheduled and is to be paid in thirty three equal monthly installments commencing from August 31, 2008 and ending on April 30, 2011.

The finance is secured by first charge over fixed assets of the company by way of hypothecation of plant and machinery and equitable mortgage of land and building of the company.

Notes To The Financial Statements

For The Year Ended June 30, 2015

- 12.6** The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set first time on date of disbursement and subsequently on January 1st and July 1st. Presently markup on the finance works out to 15.01 % (2014: 15.01%) per annum.

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

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

- 12.7** The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be reset on bi-annual basis i.e. on January 1st and July 1st every year. Presently markup on the finance works out to 15.01 % (2014: 15.01%) per annum.

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

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

- 12.8** This includes overdue installments amounting to Rs. 1,179.429 million. Banks/financial institutions has filed suit in the High Court of Sindh U/s 9 of Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery through sale of company's assets. The company is defending these cases. The outcome is awaited and it is expected that it will be in favour of company as fully disclosed in note no. 18.4 to the financial Statements.

- 12.9** Since the Company is in litigation with banks, confirmation from most of them have not been received.

13. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2015	June 30, 2014
	----- (Rs. in '000) -----	
Opening Balance	40,394	41,634
Payments	-	(1,240)
Current portion shown under current liabilities	(40,394)	(40,394)
	-	-

	June 30, 2015		June 30, 2014	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
Not later than one year	41,162	40,394	42,402	41,634
Later than one year	-	-	-	-
	41,162	40,394	42,402	41,634
Payment	-	-	(1,240)	(1,240)
	41,162	40,394	41,162	40,394
Financial charges	(768)	-	(768)	-
	40,394	40,394	40,394	40,394
Current portion shown under current liabilities 13.1	(40,394)	(40,394)	(40,394)	(40,394)
	-	-	-	-

- 13.1** This includes overdue installments amounting to Rs. 40.394 million.



Notes To The Financial Statements

For The Year Ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
----- (Rs. in '000) -----			
14. DEFERRED LIABILITIES			
Deferred taxation	14.1	-	-
Staff gratuity	14.2	<u>4,527</u>	<u>4,527</u>
		<u>4,527</u>	<u>4,527</u>
14.1 Deferred Taxation			
Credit balance arising due to:			
Accelerated tax depreciation allowances		220,805	242,641
Less: Debit balance arising due to:			
Gratuity		1,494	1,539
Carry forward tax losses and others		<u>1,117,082</u>	<u>1,238,826</u>
		<u>1,118,576</u>	<u>1,240,365</u>
Deferred tax assets		<u>(897,771)</u>	<u>(997,724)</u>
Deferred tax asset not recognized		<u>897,771</u>	<u>997,724</u>
		-	-
14.2 Staff gratuity			
Balance at the beginning of the period		4,527	4,552
Less: Payments made during the period		-	25
		<u>4,527</u>	<u>4,527</u>
15. LOAN FROM DIRECTOR			
The loan is unsecured and interest free. These will be paid as and when convenient to the company. There is no fixed schedule and tenure for repayment of these loans. Owing to the uncertainties regarding remaining tenure of these loans and future cash flows, the amortised cost cannot be ascertained and accordingly these loans have been carried at historical cost.			
16. TRADE AND OTHER PAYABLES			
Creditors			
Trade creditors		2,129,811	2,129,137
Accrued liabilities			
Accrued expenses		160,490	110,292
Payable to provident fund	16.1	-	715
Unclaimed dividend		1,815	1,815
Sales tax payable		1	707
		<u>2,292,117</u>	<u>2,242,666</u>
16.1 General Disclosures		(Unaudited)	
Size of fund		64,422	56,126
Cost of investments		64,342	55,332
Fair value of investments	16.1.1	64,422	55,235
Percentage of investments		100%	99%

Notes To The Financial Statements

For The Year Ended June 30, 2015

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

	Tangible - owned							Tangible - leased			Total
	Free hold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office Equipment	Sub total	Plant and machinery	Vehicles	Sub total	
(Rupees in '000)											
As at July 01, 2014											
Cost	78,033	1,136,347	1,517,244	165,150	299,356	87,081	3,283,211	80,000	-	80,000	3,363,211
Accumulated depreciation	-	483,030	1,084,735	104,789	257,839	55,798	1,986,191	-	48,433	48,433	2,034,624
Net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
Year ended June 30, 2015											
Opening net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
Additions	-	-	-	-	9,726	-	9,726	-	-	-	9,726
Disposals											
Cost	-	-	-	-	2,392	-	2,392	-	-	-	2,392
Accumulated depreciation	-	-	-	-	1,978	-	1,978	-	-	-	1,978
Transfer					414	-	414				414
Cost	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	32,651	43,281	6,036	8,402	3,128	93,498	3,157	-	3,157	96,655
Closing net book value	78,033	620,666	389,228	54,325	42,427	28,155	1,212,834	28,410	-	28,410	1,241,244
As at June 30, 2015											
Cost	78,033	1,136,347	1,517,244	165,150	306,690	87,081	3,290,545	80,000	-	80,000	3,370,545
Accumulated depreciation	-	515,681	1,128,016	110,825	264,263	58,926	2,077,711	-	51,590	51,590	2,129,301
Net book value	78,033	620,666	389,228	54,325	42,427	28,155	1,212,834	28,410	-	28,410	1,241,244
Depreciation rate % per annum		5%	10%	10%	20%	10%		10%	20%		
As at July 01, 2013											
Cost	78,033	1,136,347	1,517,244	165,150	265,583	86,793	3,249,151	80,000	35,230	115,230	3,364,381
Accumulated depreciation	-	448,661	1,036,645	98,082	220,717	52,337	1,856,445	44,925	27,972	72,896	1,929,341
Net book value	78,033	687,686	480,599	67,068	44,866	34,455	1,392,706	35,075	7,258	42,333	1,435,040
Year ended June 30, 2014											
Opening net book value	78,033	687,686	480,599	67,068	44,866	34,455	1,392,707	35,075	7,258	42,333	1,435,040
Additions	-	-	-	-	-	288	288	-	-	-	288
Disposals											
Cost	-	-	-	-	1,457	-	1,457	-	-	-	1,457
Accumulated depreciation	-	-	-	-	1,260	-	1,260	-	-	-	1,260
Transfer					197	-	197				197
Cost	-	-	-	-	35,230	-	35,230	-	(35,230)	(35,230)	-
Accumulated depreciation	-	-	-	-	28,753	-	28,753	-	(28,753)	(28,753)	-
Depreciation for the year	-	34,369	48,090	6,707	6,477	3,460	102,255	3,508	16,477	16,477	106,544
Closing net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
As at June 30, 2014											
Cost	78,033	1,136,347	1,517,244	165,150	299,356	87,081	3,283,211	80,000	-	80,000	3,363,211
Accumulated depreciation	-	483,030	1,084,735	104,789	257,839	55,798	1,986,191	-	48,433	48,433	2,034,624
Net book value	78,033	653,317	432,509	60,361	41,517	31,283	1,297,020	31,567	-	31,567	1,328,587
Depreciation rate % per annum		5%	10%	10%	20%	10%		10%	20%		

3.1.1 The above assets are mortgaged with the Financial Institutions /Banks as disclosed in note no 18.4 and the note 1.1 to the financial Statements.



Notes To The Financial Statements

For The Year Ended June 30, 2015

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

	Note	June 30, 2015	June 30, 2014
		----- (Rs. in '000) -----	
Cost of goods manufactured	19.1	83,991	92,586
Distribution expenses	20	4,544	5,008
Administration and general expenses	21	8,120	8,950
		96,655	106,544

3.3 Particulars of operating assets disposed off during the period are as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain/ (loss) on Disposal	Mode of Disposal	Particulars of Buyers
----- (Rs. in '000) -----							
Motor vehicles							
Hyundai Santro							
Santro	606	488	118	599	481	Company Policy	Abdul Rashid Sheikh (Employee)
Santro	606	488	118	599	481	Company Policy	Mohammad Laeeq (Employee)
Santro	564	507	57	149	92	Negotiation	Osama Bin Hilal
Motor Cycle	38	31	7	38	31	Company Policy	Faisal (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Malik Muhammad Yasin (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Shahid Mehmood (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Ashiq Hussain (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Kashif H. Shah (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Syed Ankeser Ali Pakistani (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Zia Ahmed (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Abid Hussain (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Zahoor Ahmed (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Muhammad Shahzad (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Muhammad Anwar (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Mohammad Ramzan Shahid (Employee)
Motor Cycle	35	28	7	35	28	Company Policy	Sohail John (Employee)
Motor Cycle	35	27	8	35	27	Company Policy	Muhammad Gazafi Baig (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Adnan Safdar (Employee)
Motor Cycle	38	31	7	38	31	Company Policy	Mohammad Ashar (Employee)
Motor Cycle	35	27	8	35	27	Company Policy	Shuja Uddin (Employee)
Total	2,392	1,978	414	1,963	1,549		

Notes To The Financial Statements

For The Year Ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
4. STORES AND SPARES			
		----- (Rs. in '000) -----	
Stores		20,427	21,486
Spares		50,970	54,813
		71,397	76,299
Less : Provision for obsolescence / slow moving stocks		(5,064)	(5,064)
		66,333	71,235
5. STOCK-IN-TRADE			
Manufacturing stock			
Raw materials and components		144,225	144,225
Work-in-process		-	-
Finished goods		17,932	64,889
		162,157	209,114
Trading stock			
Spare parts		28,869	29,520
		191,026	238,634
Less : Provision for obsolescence / slow moving stocks		(101,961)	(95,244)
		89,065	143,390
6. SHORT TERM LOANS TO ASSOCIATED UNDERTAKINGS - Considered good			
Dewan Automotive Engineering Limited	6.1	679,325	679,325
Dewan Motors (Private) Limited	6.1	59,659	59,659
		738,984	738,984

- 6.1** The company has charged markup on loans to associated undertakings carrying markup @1% above the borrowing of the company. At the end of the period these loans carries markup at the rate of 9.26% per annum.



Notes To The Financial Statements

For The Year Ended June 30, 2015

June 30, 2015 June 30, 2014
----- (Rs. in '000) -----

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Considered good

Suppliers and contractors	-	1,996
Considered good	181,467	181,467
Considered doubtful	181,467	183,463
	(181,467)	(181,467)
Less: Provision for doubtful advances	-	1,996
Employees	57	1,885
Sales tax and custom duty	6,927	14,414
	6,984	18,295

Deposits

Margin against letters of guarantees	2,050	2,050
Others	12,235	12,335
	14,285	14,385

Other receivables

Insurance	-	-
Markup on loans to associated undertakings (note 6)	728,840	660,410
	728,840	660,410
	750,109	693,090

8. INVESTMENT - AVAILABLE FOR SALE

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

27,968,445 ordinary shares of Rs. 10 each (2014: 27,968,445 ordinary shares of Rs. 10 each)	279,685	279,685
--	----------------	---------

Change in the fair value of investments	126,425	(74,956)
	406,110	204,729

Market value (Rupees per share)	14.52	7.32
--	--------------	------

Percentage of equity held	7.19%	7.19%
----------------------------------	--------------	-------

8.1 The market price of related party's share wherein company has investment shows increasing trend from the date of balance sheet to the date the financial statements were authorized for issue. The market price of DCL's share as of September 29, 2015 (i.e. the date on which the financial statements were authorised for issue) is Rs. 15.01 per share, thereby increasing the market value of the investment by Rs.13.705 million.

Notes To The Financial Statements

For The Year Ended June 30, 2015

9. TAXATION

Income tax assessments of the company have been finalized upto and including the Tax year 2014 relating to income year ended June 30, 2014 and certain appeals for the Tax year 2008, 2009 and 2010 are pending before the income tax appellate authorities.

10. CASH AND BANK BALANCES

	Note	June 30, 2015	June 30, 2014
		----- (Rs. in '000) -----	
Cash in hand		599	675
Cash at banks in current accounts	10.1	121,603	129,315
		<u>122,202</u>	<u>129,990</u>

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

11. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2015	2014		Note	June 30, 2015	June 30, 2014
(No of Shares in '000)				----- (Rs. in '000) -----	
105,065	105,065	Ordinary shares of Rs.10/- each fully paid in cash		1,050,651	1,050,651
3,670	3,670	Ordinary shares of Rs.10/- each, issued as fully paid bonus shares		36,702	36,702
<u>108,735</u>	<u>108,735</u>			<u>1,087,353</u>	<u>1,087,353</u>

11.1 13,650,000 (2014: 13,650,000) shares are held by Related party

12. LONG TERM LOANS - secured

From banking companies and other financial institutions

Allied Bank Limited - I	12.1	71,429	71,429
Saudi Pak Agricultural and Investment Company - I	12.2	90,000	90,000
National Bank of Pakistan	12.3	62,500	62,500
NIB Bank (formerly PICIC)	12.4	110,000	110,000
Pak Oman Investment Company Limited	12.5	82,500	82,500
Saudi Pak Agricultural and Investment Company - II	12.6	63,000	63,000
Summit Limited	12.7	700,000	700,000
		<u>1,179,429</u>	<u>1,179,429</u>
Less:- Current portion shown under current liabilities	12.8	<u>1,179,429</u>	<u>1,179,429</u>

Notes To The Financial Statements

For The Year Ended June 30, 2015

- 12.1** The loan carries mark up at the base rate plus 2.5% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set at the last business day before the installment date for the immediately preceding installment. Presently markup on the finance works out to 14.51% (2014 : 14.51 %) per annum.

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

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

- 12.2** The loan carries mark up at the base rate plus 3.00% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 15.01% (2014: 15.01%) per annum.

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

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

- 12.3** The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 14.51% (2014: 14.51%) per annum.

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

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

- 12.4** The finance carries mark up at the base rate plus 4.00 % per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last business day at the beginning of each quarterly period. Presently markup on the finance works out to 16.01% (2014: 16.01 %) per annum.

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

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

- 12.5** The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last day of preceding semi annual period. Presently markup on the finance works out to 14.51 % (2014 : 14.51 %) per annum.

The finance has been rescheduled and is to be paid in thirty three equal monthly installments commencing from August 31, 2008 and ending on April 30, 2011.

The finance is secured by first charge over fixed assets of the company by way of hypothecation of plant and machinery and equitable mortgage of land and building of the company.

Notes To The Financial Statements

For The Year Ended June 30, 2015

- 12.6** The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set first time on date of disbursement and subsequently on January 1st and July 1st. Presently markup on the finance works out to 15.01 % (2014: 15.01%) per annum.

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

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

- 12.7** The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be reset on bi-annual basis i.e. on January 1st and July 1st every year. Presently markup on the finance works out to 15.01 % (2014: 15.01%) per annum.

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

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

- 12.8** This includes overdue installments amounting to Rs. 1,179.429 million. Banks/financial institutions has filed suit in the High Court of Sindh U/s 9 of Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery through sale of company's assets. The company is defending these cases. The outcome is awaited and it is expected that it will be in favour of company as fully disclosed in note no. 18.4 to the financial Statements.

- 12.9** Since the Company is in litigation with banks, confirmation from most of them have not been received.

13. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2015		June 30, 2014	
	----- (Rs. in '000) -----			
Opening Balance	40,394		41,634	
Payments	-		(1,240)	
Current portion shown under current liabilities	(40,394)		(40,394)	
	-		-	

	June 30, 2015		June 30, 2014	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
Not later than one year	41,162	40,394	42,402	41,634
Later than one year	-	-	-	-
Payment	41,162	40,394	42,402	41,634
	-	-	(1,240)	(1,240)
Financial charges	41,162	40,394	41,162	40,394
	(768)	-	(768)	-
Current portion shown	40,394	40,394	40,394	40,394
under current liabilities 13.1	(40,394)	(40,394)	(40,394)	(40,394)
	-	-	-	-

- 13.1** This includes overdue installments amounting to Rs. 40.394 million.



Notes To The Financial Statements

For The Year Ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
		------(Rs. in '000)-----	
14. DEFERRED LIABILITIES			
Deferred taxation	14.1	-	-
Staff gratuity	14.2	4,527	4,527
		<u>4,527</u>	<u>4,527</u>
14.1 Deferred Taxation			
Credit balance arising due to:			
Accelerated tax depreciation allowances		220,805	242,641
Less: Debit balance arising due to:			
Gratuity		1,494	1,539
Carry forward tax losses and others		1,117,082	1,238,826
		<u>1,118,576</u>	<u>1,240,365</u>
Deferred tax assets		<u>(897,771)</u>	<u>(997,724)</u>
Deferred tax asset not recognized		<u>897,771</u>	<u>997,724</u>
		-	-
14.2 Staff gratuity			
Balance at the beginning of the period		4,527	4,552
Less: Payments made during the period		-	25
		<u>4,527</u>	<u>4,527</u>
15. LOAN FROM DIRECTOR			
The loan is unsecured and interest free. These will be paid as and when convenient to the company. There is no fixed schedule and tenure for repayment of these loans. Owing to the uncertainties regarding remaining tenure of these loans and future cash flows, the amortised cost cannot be ascertained and accordingly these loans have been carried at historical cost.			
16. TRADE AND OTHER PAYABLES			
Creditors			
Trade creditors		2,129,811	2,129,137
Accrued liabilities			
Accrued expenses		160,490	110,292
Payable to provident fund	16.1	-	715
Unclaimed dividend		1,815	1,815
Sales tax payable		1	707
		<u>2,292,117</u>	<u>2,242,666</u>
16.1 General Disclosures		(Unaudited)	
Size of fund		64,422	56,126
Cost of investments		64,342	55,332
Fair value of investments	16.1.1	64,422	55,235
Percentage of investments		100%	99%

Notes To The Financial Statements

For The Year Ended June 30, 2015

	Interest/ mark-up rate %	Interest / Markup bearing			Non-Interest / Markup bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	June 30, 2015
		(Rupees in '000)						
ON-BALANCE SHEET FINANCIAL INSTRUMENTS								
June 30, 2015								
FINANCIAL ASSETS								
Trade debts		-	-	-	22,259	-	22,259	22,259
Loans to associated undertakings	9.26	738,984	-	738,984	-	-	-	738,984
Advances, deposits and other receivables		-	-	-	743,183	-	743,183	743,183
Investment		-	-	-	406,110	-	406,110	406,110
Cash and bank balances		-	-	-	122,202	-	122,202	122,202
		738,984	-	738,984	1,293,754	-	1,293,754	2,032,738

FINANCIAL LIABILITIES								
Long term loans	14.51-16.01	1,179,429	-	1,179,429	-	-	-	1,179,429
Long term deposits		-	-	-	-	16,700	16,700	16,700
Trade and other payables		-	-	-	2,290,301	-	2,290,301	2,290,301
Short term finances	8.74-20.00	2,141,569	-	2,141,569	-	-	-	2,141,569
		3,320,998	-	3,320,998	2,290,301	16,700	2,307,001	5,627,999

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

Commitment in respect of letters of credit		-	-	-	-	-	-	-
Outstanding bank guarantee		-	-	-	233,336	17,000	250,336	250,336
		-	-	-	233,336	17,000	250,336	250,336

	Interest/ mark-up rate %	Interest / Markup bearing			Non-Interest / Markup bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	June 30, 2014
------(Rupees in '000)-----								
ON-BALANCE SHEET FINANCIAL INSTRUMENTS								
June 30, 2014								
FINANCIAL ASSETS								
Trade debts		-	-	-	24,405	-	24,405	24,405
Loans to associated undertakings	13.96	738,984	-	738,984	-	-	-	738,984
Advances, deposits and other receivables		-	-	-	676,681	-	676,681	676,681
Investment		-	-	-	204,729	-	204,729	204,729
Cash and bank balances		-	-	-	129,990	-	129,990	129,990
		738,984	-	738,984	1,035,805	-	1,035,805	1,774,789

FINANCIAL LIABILITIES								
Long term loans	14.51-16.01	1,179,429	-	1,179,429	-	-	-	1,179,429
Long term deposits		-	-	-	-	16,700	16,700	16,700
Trade and other payables		-	-	-	2,239,429	-	2,239,429	2,239,429
Short term finances	10.93-20.00	2,141,569	-	2,141,569	-	-	-	2,141,569
		3,320,998	-	3,320,998	2,239,429	16,700	2,256,129	5,577,128

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

Commitment in respect of letters of credit		-	-	-	-	-	-	-
Outstanding bank guarantee		-	-	-	233,336	17,000	250,336	250,336
		-	-	-	233,336	17,000	250,336	250,336

Notes To The Financial Statements

For The Year Ended June 30, 2015

31.3.3 Fair value of financial instruments

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

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

32. Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

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

33. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 88 (2014: 93) and the average number of persons employed during the year were 91 (2014: 185).

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 29, 2015 by the Board of Directors of the company.

35. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of appropriate presentation. Significant reclassifications/restatements were as follows.

Tax for the previous year has not been accounted for in the financial statements amounting to Rs. 10.219 million which has been restated the comparatives figure of tax in the profit and loss account and opening balance of the retained earnings by the same amount.

Notes To The Financial Statements

For The Year Ended June 30, 2015

Impacts on net loss of the company, earning per shares for the year ended June 30, 2014 and shareholders equity as of that date due to aforementioned reclassification/restatements of the taxation are as follows:

	2014		
	As previously reported	Net Impact of restatement	As Restated
	(Rupees in '000)		
Effect on profit and loss			
Increase in Loss	(105,209)	(10,219)	(115,428)
Effect on Other Comprehensive income			
Increase in Other comprehensive loss net of tax	(92,344)	(10,219)	(102,563)
Increase in equity			
Increase in loss per share	(0.97)	(0.09)	(1.06)
Effect on balance sheet			
Reserves	(3,339,213)	(10,219)	(3,349,432)
Advance tax	27,514	(10,219)	17,295
Share holders Equity	(2,251,860)	(10,219)	(2,262,079)

36. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Dewan Mohammad Yousuf Farooqui
Chief Executive



Haroon Iqbal
Director

Pattern of Shareholding the Code of Corporate Governance

as at June 30, 2015

Sr #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	13,650,000	12.55%
2.	NIT and ICP	-	-	0.00%
3.	Directors, CEO, their Spouses & Minor Children	9	44,930,586	41.32%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	47	3,205,531	2.95%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	7	173,680	0.16%
7.	Individuals	4,407	46,775,445	43.02%
TOTAL		4,471	108,735,242	100.00%

DETAILS OF CATEGORIES OF SHAREHOLDERS

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies				
1.1	Dewan Sugar Mills Limited	1	13,650,000	12.55%
		1	13,650,000	12.55%
2. NIT and ICP		-	-	-
3. Directors, CEO, their Spouses & Minor Children				
	Directors and CEO			
3.1	Dewan Muhammad Yousuf Farooqui	1	41,255,654	37.94%
3.2	Dewan Abdul Baqi Farooqui	1	2,505,682	2.30%
3.3	Dewan Abdul Rehman Farooqui	1	195,500	0.18%
3.4	Mr. Haroon Iqbal	1	1,000	0.00%
3.5	Mr. Aziz ul Haq	1	500	0.00%
3.6	Mr. Waseem-ul-Haque Ansari	1	500	0.00%
3.7	Mr. Syed Muhammad Anwar	1	500	0.00%
		7	43,959,336	40.43%
4 Spouses of Directors and CEO				
4.1	Mrs. Hina Yousuf	1	472,500	0.43%
4.2	Mrs. Sameena Rehman	1	498,750	0.46%
		2	971,250	0.89%
	Minor Children of Directors and CEO	-	-	-

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

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	1	41,255,654	37.94%
2	Dewan Sugar Mills Limited	1	13,650,000	12.55%

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 **0039756**
2. Name of the Company **DEWAN FAROOQUE MOTORS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **30.06.2015**

4.	Number of Shareholders	Shareholdings	Total Shares held
	429	1	100 Shares 13,734
	492	101	500 Shares 214,639
	1081	501	1,000 Shares 849,315
	1374	1,001	5,000 Shares 4,136,564
	494	5,001	10,000 Shares 4,203,281
	251	10,001	20,000 Shares 3,795,307
	116	20,001	30,000 Shares 3,027,675
	46	30,001	40,000 Shares 1,673,599
	48	40,001	50,000 Shares 2,315,799
	16	50,001	60,000 Shares 906,025
	14	60,001	70,000 Shares 935,500
	20	70,001	80,000 Shares 1,520,000
	7	80,001	90,000 Shares 604,650
	12	90,001	100,000 Shares 1,181,292
	10	100,001	120,000 Shares 1,091,500
	6	120,001	140,000 Shares 750,090
	7	140,001	160,000 Shares 1,043,500
	6	160,001	180,000 Shares 1,028,606
	6	180,001	200,000 Shares 1,168,500
	2	200,001	220,000 Shares 415,000
	2	220,001	240,000 Shares 453,000
	2	240,001	260,000 Shares 498,182
	2	260,001	280,000 Shares 540,000
	2	280,001	300,000 Shares 600,000
	1	300,001	350,000 Shares 301,000
	5	350,001	400,000 Shares 1,891,000
	5	400,001	500,000 Shares 2,357,500
	1	500,001	550,000 Shares 550,000
	3	550,001	600,000 Shares 1,775,000
	1	600,001	650,000 Shares 631,000
	1	650,001	700,000 Shares 664,550
	1	700,001	800,000 Shares 704,234
	1	800,001	900,000 Shares 850,000
	1	900,001	2,000,000 Shares 1,365,000
	1	2,000,001	3,000,000 Shares 2,257,500
	3	3,000,001	8,000,000 Shares 7,517,046
	1	8,000,001	14,000,000 Shares 13,650,000
	1	14,000,001	42,000,000 Shares 41,255,654
	4,471	TOTAL	108,735,242



**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	44,930,586	41.32%
5.2	Associated Companies, undertakings and related parties	13,650,000	12.55%
5.3	NIT and ICP	-	0.00%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	21,680	0.02%
5.5	Insurance Companies	-	0.00%
5.6	Modarabas and Mutual Funds	152,000	0.14%
5.7	Shareholders holding 5%	54,905,654	50.49%
5.8	General Public		
	a. Local	46,741,065	42.99%
	b. Foreign	34,380	0.03%
5.9	Others (Joint Stock Companies, Brokerage Houses, Employees Funds & Trustees)	3,205,531	2.95%

Form of Proxy

I/we _____
 of _____ being
 a member (s) of **DEWAN FAROOQUE MOTORS LIMITED** and holder of _____
 Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. _____
 hereby appoint _____
 of _____
 or failing him _____
 of _____
 who is also member of **DEWAN FAROOQUE MOTORS LIMITED** vide Registered Folio
 No./CDC Participant's ID and Account No. _____ as my/our proxy to vote for
 me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be
 held on Thursday, October 29, 2015 at 11:00 a.m. and my adjournment thereof.

Signed this _____ day of _____ 2015.

AFFIX
 REVENUE
 STAMP
 RS. 5/-

Signature _____

Witness: _____

Signature

Witness: _____

Signature

Name: _____

Name: _____

Address: _____

Address: _____

IMPORTANT:

1. A proxy should also be a member of the company.
2. A member of the Company entitled to attend and vote all meeting, may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies, in order to be effective, must be received by the Company, duly completed, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room # 301 & 311, 3rd Floor, 49, Darul Anum Society, Main Shahrah-e-Faisal, Adjacent to Baloch Colony Bridge, Karachi, Pakistan, not later than 48 hours before the meeting.
4. Further Instructions for CDC Account holders:
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall the proxy form as per the above requirements.
 - ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
 - iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.
 - iv) The proxy shall produce his/her original CNIC or original at the time of meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) alongwith the proxy form to the Company.



WWW.YOUSUFDEWAN.COM