

**UN-AUDITED
FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2019**



**BELA AUTOMOTIVES
LIMITED**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Mateen Allahwala
Mr. Omer Mateen Allahwala
Mr. Anwar Iqbal
Mrs. Nelofer Mateen
Mrs. Farnaz Anwar
Mr. Fazal Kafeel
Mrs. Khilat Kafeel

CHIEF EXECUTIVE

Mr. Abdul Mateen Allahwala

COMPANY SECRETARY

Mr. Omer Mateen Allahwala

AUDIT COMMITTEE

Mr. Omer Mateen Allahwala (Chairman)
Mr. Anwar Iqbal (Member)
Mr. Fazal Kafeel (Member)

AUDITORS

M/s. Mushtaq & Company
(Chartered Accountants)

REGISTRAR

M/s. Jaffaw Registrar Services (Pvt.) Ltd.
407-408, Al Amara Center, Saddar, Karachi.

BANKERS

Allied Bank of Pakistan Limited
Bank Alfalah Limited
Summit Bank Limited
MCB Bank Limited
National Bank of Pakistan Limited
Meezan Bank Limited
Habib Metropolitan Bank Ltd
Habib Bank Limited

REGISTERED OFFICE

Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan.

FACTORY

Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan.

**DIRECTOR'S REVIEW:**

The Board of Directors of your company is pleased to present to you this quarterly report review along with un-audited accounts of the company, for first quarter ended September 30, 2019.

The economic conditions remained stagnant in the period ending September 30, 2019, because of political uncertainty and low duty allowed for imported finished good. The period under review has not been a good one for the Engineering Sector of Pakistan, as well the ever increasing financial cost fuel, electricity, gas and other input costs combining with law and order situation created an atmosphere not at all helpful to the economy.

OPERATING RESULT:

The sales for the period have aggregate to Rs. 0.000 Million from Rs. 1.043 Million of the corresponding previous period.

The Income Tax Authorities had passed an illegal Order to Freeze our account and written to our Customers to stop payments to our Company.

The Income Tax Department had frozen our Vendor's Bela Automotives Ltd's bank accounts through their Order D.C.No. 01/40 dt 31 OCT 2014 for your reference, This matter was resolved and letter from the Income Tax Deptt. Dated 22-09-2015 informed banks that our Vendor Company's Accounts were detached, Income Tax Order No.DCIR/ENF/UNIT-05/ZONE-IV/RTO-II/2015/168 of detachment of our Vendor's Accounts.

This order of freezing of accounts by the Income Tax was certainly illegal as it had added entries of 14 years old. The said order was also illegal as he denied our Company Depreciation. The said Order was passed exparte, without giving the Company to be heard. This entire Order was illegal and it took us about one year to have the illegal add backs and depreciation to be allowed. During this period we could not operate the factory and we lost our customers.

CAUSES OF PREVIOUS YEARS' LOSS:**PROBLEMS WITH HABIB BANK LIMITED**

HBL liability includes large amounts that are unlawful and fictitious capitalization markup on markup, penal markup and markup on excise duty and charged interest 15 yrs beyond tenure. All illegal. The company has filed suit before Honorable High Court of Sindh against HBL vide Suit No. B-90 dated September 5, 2001 for Accounts, injunction, declaration & damages for Rs 599.214 Million. For the reasons cited above, the Management is confident of a favorable outcome.

This case is pending for announcement of decision on point whether suit is liable to be dismissed for not filling certified copy of bank statement, differences in balances of same accounts on same dates, mark up, interest capitalized penal interest, excise duty, interest and compound & penal interest on excise duty. HBL unlawfully debited / charged interest for many years beyond tenure and the following points:

a. Opening balance 86,520,160/- b. No vouchers produced for Rs 31.399 million. c. No accounts head movement statements. d. One accounts of produced in the Court, unlawful debits of Rs 100 million. This must be some sort of record of dishonest accounting practices. e. Non disbursal of funds and unlawful debits by HBL, destroyed our project."

ACKNOWLEDGEMENT

Your Board of Directors commends the well-coordinated teamwork of labour, staff and management of the company, to bring the Company back in profit.

We thank our shareholders who have demonstrated confidence in the ability and dedication of the management.

We also thank our valued customers, our vendors and contractors for maintaining a long-term business relationship with the Company.

By Order of the Board

Mr. Abdul Mateen Allahwala
Chief Executive

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	Notes	(Un-audited) September 30, 2019	(Audited) June 30, 2019
In Rupees			
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
6000,000 Ordinary Shares (2019: 6,000,000) of Rs. 10/- each		60,000,000	60,000,000
Issued, Subscribed & Paid Up Capital		58,000,000	58,000,000
Capital Reserves		14,700,000	14,700,000
Accumulated loss		(40,910,624)	(40,037,318)
Surplus on revaluation of fixed assets		97,454,175	98,160,638
		129,243,551	130,823,320
Non-Current Liabilities			
Long term financing		41,996,881	41,996,881
Deferred liabilities		1,755,278	1,755,278
		43,752,159	43,752,159
Current Liabilities			
Trade & other payables		4,366,255	4,800,113
Accrued markup		37,140,575	37,140,575
Short term borrowing	6	35,939,435	35,939,435
Provision for taxation		-	18,118
		77,446,265	77,898,241
Contingencies & Commitments		-	-
Total equity and liabilities		250,441,975	252,473,720

The annexed notes form an integral part of these condensed interim financial information.

Chief Executive**Director**

ASSETS**Non-Current Assets**

Property, plant & equipment	7	148,853,917	149,809,147
Long term loans and advances		476,424	1,190,424
Long term deposits		770,232	770,232
		150,100,573	151,769,803

Current Assets

Stores, spares and loose tools		41,013,463	41,013,463
Stock in trade		33,321,032	33,321,032
Trade debts		1,084,810	1,472,645
Loans and advances		82,300	182,300
Taxation		19,504,689	19,511,294
Other receivables		4,389,822	4,439,551
Cash & bank		945,286	763,632
Total current assets		100,341,402	100,703,917

Total assets**250,441,975****252,473,720**

The annexed notes form an integral part of these condensed interim financial information.


Chief Executive

Director

**CONDENSED INTERIM STATEMENT PROFIT OR LOSS
FOR THE PERIOD & FIRST QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)**

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	In Rupees	
Sales	-	1,043,457
Cost of sales	(965,031)	(2,850,622)
Gross profit	(965,031)	(1,807,165)
Administrative expenses	(539,876)	(541,073)
Selling and distribution expenses	(47,762)	(77,046)
Other operating expenses	(27,000)	(27,000)
Operating profit	(614,638)	(645,119)
Other income	-	605,000
Finance cost	(100)	(1,593)
Loss before taxation	(1,579,769)	(1,848,878)
Taxation	-	-
Loss after taxation	(1,579,769)	(1,848,878)
Loss per share	(0.27)	(0.32)

The annexed notes form an integral part of these condensed interim financial information.



Chief Executive



Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD & FIRST QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	September 30, 2019	September 30, 2018
(Loss) for the period	(1,579,769)	(1,848,878)
Other Comprehensive Income	-	-
Total Comprehensive (loss) for the period	(1,579,769)	(1,848,878)

The annexed notes form an integral part of these condensed interim financial information.

Chief Executive

Director



CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD & FIRST QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss) before taxation			
		(1,579,769)	(1,848,878)
Adjustments for :			
Depreciation		955,230	988,517
Finance cost		100	1,593
Employees Benefits		-	269,560
Operating profit before working capital changes		(624,439)	(589,208)
Working Capital Changes			
(Increase) / Decrease in Current Assets			
Stores, spares and loose tools		-	150,805
Stock in trade		-	1,043,457
Trade debts		387,835	401,959
Loans and advances		100,000	46,830
Other receivables		49,729	(3,065,347)
		537,564	(1,422,296)
Increase / (Decrease) in Current Liabilities			
Trade & other payables		(433,858)	(306,654)
Cash used in operations		(433,858)	(306,654)
Financial charges paid		(100)	(1,593)
Employment benefits paid		-	(269,560)
Long term Loan & Advances		714,000	-
Taxes paid		(11,514)	(78,004)
		702,386	(349,157)
Net cash generated from / (used in) operating activities		181,654	(2,667,315)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan		-	1,504,030
Net cash used in financing activities		-	1,504,030
Net increase / (decrease) in cash and cash equivalents		181,654	(1,163,285)
Cash and cash equivalents at the beginning of the year		763,632	1,960,713
Cash and cash equivalents at the end of the year		<u>945,286</u>	<u>797,428</u>

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD & FIRST QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)**

Particulars	Paid up Capital	Capital Reserves	Unappropriated (Loss)	Revaluation Surplus	Total
-----Rupees-----					
Balance as at July 01, 2018	58,000,000	14,700,000	(35,791,005)	101,073,890	137,982,885
Loss for the period	-	-	(1,848,878)	-	(1,848,878)
Other comprehensive income for the period	-	-	-	-	-
Transferred from surplus on revaluation of PPE			728,313	(728,313)	-
Balance as at September 30, 2018	58,000,000	14,700,000	(37,639,883)	100,345,577	136,134,007
Balance as at July 01, 2019	58,000,000	14,700,000	(40,037,318)	98,160,638	130,823,320
Loss for the period	-	-	(1,579,769)	-	(1,579,769)
Other comprehensive income for the period	-	-	-	-	-
Transferred from surplus on revaluation of PPE			706,463	(706,463)	-
Balance as at September 30, 2019	58,000,000	14,700,000	(40,910,624)	97,454,175	129,243,551

The annexed notes form an integral part of these condensed interim financial information.

Chief Executive

Director

**NOTE TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD & FIRST QUARTER ENDED SEPTEMBER 30, 201 (UN-AUDITED)****1 LEGAL STATUS AND OPERATIONS**

Bela Automotives Limited (The Company) was incorporated in Pakistan as a private limited Company on November, 1983 under companies Act 1913 and converted into Public Limited Company on August, 1985. The company shares were quoted on Karachi stock exchange on September 27,1994.The registered office of the company is situated at Plot 1 &3 Mouza Pathra Hub Chawki Balochistan, Pakistan.

1.1 NATURE OF BUSINESS

The Company is engaged in manufacturing of automotive, precision cold forged and bicycle parts and high tensile bolts, nuts stud, screw and gear shaft.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the company has been prepared in accordance with the requirements of the International Accounting Standard (IAS 34) 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 shall prevail. This condensed interim financial information does not include all the information required for full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

2.1 Going concern assumptions

Due to pending litigation in the Honorable High Court of Sindh at Karachi and CIB reporting by the bank, company could not arrange working capital to run the project on reasonable capacity. These financial statements have been prepared on going concern basis. To substantiate its going concern assumption, the management is undertaking adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.

The sales have decreased because the Income Tax Authorities had passed an illegal Order to Freeze our account and written to our Customers to stop payments to our Company.

The Income Tax Department had frozen the bank accounts of the company, through their Order D.C. No. 01/40 dated 31-10-2014. This matter was resolved and letter from the Income Tax Deptt. dated 22-09-2015 informed banks that the company's accounts be detached vide Income Tax Order No.DCIR/ENF/UNIT-05/ZONE-IV/RTO-II/2015/168.

This order of freezing of accounts by the Income Tax was certainly illegal as it had added entries of 14 years old. The said order was also illegal as it denied our company's depreciation. The said Order was passed ex parte, without giving Company the right to be heard. This entire Order was illegal and it took us about one year to have the illegal add backs and depreciation to be allowed. During this period we could not operate the factory and we lost our customers, and we had to lay off workers and Staff.

3 BASIS OF PREPARATION

This condensed interim financial information has been prepared under 'historical cost convention' except as otherwise stated in relevant notes. This condensed interim financial information is presented in Pakistan Rupees which is the Company's functional and presentation currency and figures presented in this condensed interim financial information has been rounded off to the nearest rupee unless otherwise stated. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2019. This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the company in accordance with the requirements of clause (26) of Listed Companies (Code of Corporate Governance) Regulation, 2017.

This condensed interim financial information is being submitted to the shareholders as required section 237 of the Companies Act, 2017. The comparative statement of financial position presented has been extracted from the annual financial statements of the Company for the year ended June 30, 2019, whereas condensed interim statement of profit or loss, condensed interim statement of cash flow and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information for the period ended September 30, 2019.

4 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2019.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2019.



	(Un-audited)	(Audited)
	September 30, 2019	June 30, 2019
6 SHORT TERM BORROWINGS		
Borrowing from HBL - Secured	34,505,905	34,505,905
Due to Director	1,433,530	1,433,530
	<u>35,939,435</u>	<u>35,939,435</u>

- 6.1 The company has filed suit before Honorable High Court of Sindh against Habib Bank Limited, vide suit No.B-90 dated September 5, 2001 for accounts, injunction, declaration & damages for Rs. 599,214 million. For the reason cited above the company has not provided markup on demand finance. The management is confident of a favorable outcome.
- 6.2 Habib Bank Limited also filed suit vide suit no.B-94 of 2001 against the company for recovery of Rs.176.965 million. This case is pending for announcement of decision on point whether suit is liable to be dismissed for not filing certified copy of bank statement, differences in balances of same accounts on same dates, mark up, interest capitalized penal interest, excise duty, interest and compound & penal interest on excise duty. HBL unlawfully debited / charged interest for many years beyond tenure and the following points:
a. Opening balance 86,520,160/- b. No vouchers produced for Rs 31.399 million. c. No accounts head movement statements. d. One accounts of produced in the Court, unlawful debits of Rs 100 million. This must be some sort of record of dishonest accounting practices. e. Non disbursement of funds and unlawful debits by HBL, destroyed our project."

7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	128,204,547	129,159,777
Capital Work in progress	20,649,370	20,649,370
	<u>148,853,917</u>	<u>149,809,147</u>

- 7.1 No additions and disposals were made in the operating fixed assets during the period.
- 7.2 Depreciation charge for the period amounted to Rs. 955,230 (September 30, 2018: Rs. 988,517).

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Refer note 6.

8.2 Commitments

There were no commitments as on September 30, 2019.

9 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on September 30, 2020 by the Board of Directors of the Company.

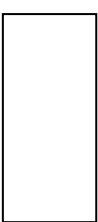
10 GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive

Director

BELA AUTOMOTIVES LIMITED



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Bela Automotives Limited

Plot No. 1 & 3, Mouza Pathra

Hub Chowki, Baluchistan

E-mail:bolts@cyber.net.pk