

**UN-AUDITED
FINANCIAL STATEMENTS
FOR THE HALF-YEARLY ENDED
DECEMBER 31, 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 half-yearly review along with un-audited accounts of the company, for the half-yearly ended December 31, 2019.

The economic conditions remained stagnant in the period ending December 31, 2019 because of political uncertainty and low duty allowed for imported finished good. The half-yearly 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.

However, we are pleased to inform our shareholders that the Company has gone into a new mix of items and despite adverse conditions WE ARE GRATEFUL TO THE ALMIGHTY THAT He has helped us to become and report to you profitability for this period.

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 sales have decreased this period as 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 mark up on mark up, penal mark up and mark up 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 favourable outcome.

This case is pending for annoucement 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 parctices. e. Non disbursal of funds and unlawful debits by HBL, destroyed our project."

AUDITORS' RESERVATION:

Basis of Adverse Conclusion

The main reason of loss was due to operational break down because of short of working capital which dropped the production operational efficiency.



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 freezed the bank accounts of the company and its vendors, 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 and its vendors 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 he denied our company's 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.

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company financial position in the foreseeable future.

The auditors have qualified their report due to the cases were in litigation and appearing in the books of accounts of the Company allegedly claimed by Habib Bank Limited. Habib Bank Limited charged Mark up on Mark up, penal Mark up, Mark up as excise duty created and capitalized a new fictitious loan.

The Auditors have written a qualification that the company has not carried out revaluation of assets. We however expect to arrange for this required revaluation next year.

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 in future.

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

Hub December 04, 2020



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

H O 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3

Email Address: audit.khi@mushtaqandco.com



INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF BELA AUTOMOTIVES LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bela Automotives Limited** (the Company) as at 31st December, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow, and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for preparation and presentation of this interim financial reporting in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the quarters ended 31st December, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

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

Basis of Adverse Conclusion

The following observations come to our knowledge during our review of interim financial information:

- (a) The company has incurred a net loss of Rupees 3.00 million during the half year ended December 31, 2019 and as of that date, reported accumulated losses of Rupees 41.63 million. The Company is facing operational and financial problems. There is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation. However, these financial information has been prepared on going concern basis, but in our judgment, management's use of going concern assumption is inappropriate.
- (b) Amount in respect of demand finance Rs.41.99 million and short term running finance Rs.34.51 million as disclosed in note 6, remains unpaid to Habib Bank Limited. The company has not provided financial charges on these demand and short term running finances as these liabilities are disputed since long. The Company and the Bank have also lodged suits against each other as per details given in note 6.
- (c) The company has not carried out the revaluation of property, plant and equipment under International Accounting Standard (IAS) 16 "Property, Plant and Equipment"; since 30 October 2004. The impact of the same on assets, revaluation surplus and on statement of changes in equity of the Company



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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cannot presently be determined.

(d) Compliance of the section-232 of the Companies Act, 2017 has not been made by the chief financial officer.

Adverse Conclusion

Based on our review, because of the significance of the matters discussed in paragraphs (a) to (d), the accompanying interim financial information for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Engagement partner on the audit resulting in this independent auditor's report is **Zahid Hussain Zahid ACA**.

Karachi:

Date: **October 12th, 2020**

Mushtaq
MUSHTAQ & CO.
Chartered Accountants



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Notes		
	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	(41,626,918)	(40,037,318)
Surplus on revaluation of fixed assets	96,747,712	98,160,638
	127,820,794	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	4,291,332	4,800,113
Accrued markup	37,140,575	37,140,575
Short term borrowing	35,939,435	35,939,435
Provision for taxation	-	18,118
	77,371,342	77,898,241
Contingencies & Commitments	-	-
Total equity and liabilities	248,944,295	252,473,720

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

Chief Executive**Director**

**ASSETS****Non-Current Assets**

Property, plant & equipment	7	147,898,687	149,809,147
Long term loans and advances		108,622	1,190,424
Long term deposits		770,232	770,232
		148,777,541	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		19,508,988	19,511,294
Other receivables		4,357,995	4,439,551
Cash & bank		798,166	763,632
Total current assets		100,166,754	100,703,917

Total assets		248,944,295	252,473,720
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The annexed notes form an integral part of these condensed interim financial statements.

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)**

	Half year ended		Quarter ended	
	(Un-audited) December 31, 2019	(Un-audited) December 31, 2018	(Un-audited) December 31, 2019	(Un-audited) December 31, 2018
	In Rupees		In Rupees	
Sales	-	1,043,457	-	-
Cost of sales	(1,937,968)	(3,965,535)	(970,938)	(1,114,913)
Gross profit	(1,937,968)	(2,922,078)	(970,938)	(1,114,913)
Administrative expenses	(902,435)	(1,094,101)	(366,499)	(553,028)
Selling and distribution expenses	(95,523)	(138,634)	(47,762)	(61,588)
Other operating expenses	(66,500)	(79,000)	(39,500)	(52,000)
Operating profit	(1,064,458)	(1,311,735)	(453,761)	(666,616)
Other income	-	605,000	-	-
Finance cost	(100)	(248)	-	(149)
Loss before taxation	(3,002,526)	(3,629,062)	(1,424,698)	(1,781,678)
Taxation	-	(13,043)	-	-
Loss after taxation	<u>(3,002,526)</u>	<u>(3,642,105)</u>	<u>(1,424,698)</u>	<u>(1,781,678)</u>
Loss per share	<u>(0.52)</u>	<u>(0.63)</u>	<u>(0.25)</u>	<u>(0.31)</u>

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

Chief Executive**Director**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	In Rupees			
(Loss) for the period	(3,002,526)	(3,642,105)	(1,424,698)	(1,781,678)
Other Comprehensive Income	-	-	-	-
Total Comprehensive (loss) for the period	<u>(3,002,526)</u>	<u>(3,642,105)</u>	<u>(1,424,698)</u>	<u>(1,781,678)</u>

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019 (UN-AUDITED)**

Note (Un-audited) (Un-audited)
December 31, December 31,
2019 2018

-----Rupees-----

CASH FLOWS FROM OPERATING ACTIVITIES

Net (Loss) before taxation	(3,002,526)	(3,629,062)
Adjustments for :		
Depreciation	1,910,460	1,977,034
Finance cost	100	248
Employees Benefits	29,137	269,560
Operating profit before working capital changes	(1,062,829)	(1,382,220)

Working Capital Changes

(Increase) / Decrease in Current Assets

Stores, spares and loose tools	-	159,503
Stock in trade	-	1,297,026
Trade debts	387,835	466,518
Loans and advances	100,000	129,268
Other receivables	81,556	(1,646,445)
	569,391	405,870

Increase / (Decrease) in Current Liabilities

Trade & other payables	(508,781)	(1,663,455)
Cash used in operations	(508,781)	(1,663,455)

Financial charges paid	(100)	(248)
Employment benefits paid	(29,137)	(269,560)
Long term Loan & Advances	1,081,802	104,598
Taxes paid	(15,812)	(83,004)
	1,036,753	(248,214)
Net cash generated from / (used in) operating activities	34,534	(2,888,019)

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities	-	-
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CASH FLOWS FROM FINANCING ACTIVITIES

Short term loan	-	1,486,030
Net cash used in financing activities	-	1,486,030

Net increase / (decrease) in cash and cash equivalents	34,534	(1,401,989)
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Cash and cash equivalents at the beginning of the year	763,632	1,960,713
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Cash and cash equivalents at the end of the year	<u>798,166</u>	<u>558,724</u>
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The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 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	-	-	(3,642,105)	-	(3,642,105)
Other comprehensive income for the period	-	-	-	-	-
Transferred from surplus on revaluation of PPE			1,456,626	(1,456,626)	-
Balance as at December 31, 2018	58,000,000	14,700,000	(39,433,110)	99,617,264	134,340,780
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	-	-	(3,002,526)	-	(3,002,526)
Other comprehensive income for the period	-	-	-	-	-
Transferred from surplus on revaluation of PPE			1,412,926	(1,412,926)	-
Balance as at December 31, 2019	58,000,000	14,700,000	(41,626,918)	96,747,712	127,820,794

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

Chief Executive**Director**

NOTE TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (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 freeze 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 4V/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 half year ended December 31, 2018.

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)
	December 31, 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
	35,939,435	35,939,435
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 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."		
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	127,249,317	129,159,777
Capital Work in progress	20,649,370	20,649,370
	147,898,687	149,809,147
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. 1,910,460 (December 31, 2018: Rs. 1,977,034).		
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Refer note 6.		
8.2 Commitments		
There were no commitments as on December 31, 2019.		
9 DATE OF AUTHORISATION FOR ISSUE		
These unconsolidated condensed interim financial statements were authorized for issue on 12 Oct, 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



BOOK POST

Under Postal Certificate

Undelivered, please return to:

Bela Automotives Limited

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Hub Chowki, Baluchistan

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