

**UN-AUDITED  
FINANCIAL STATEMENTS  
FOR THE HALF-YEARLY ENDED  
DECEMBER 31, 2018**



**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, 2018.

The economic conditions remained stagnant in the period ending December 31, 2018 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. 1.043 Million from Rs. 1.343 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.

**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 freed 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 October 16, 2020



**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 31<sup>st</sup> December, 2018 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 31<sup>st</sup> December, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

**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) As described in Note 2.1, the financial information has been prepared on going concern basis. The company has incurred a net loss of Rupees 3.63 million during the half year ended December 31, 2018 and as of that date, reported accumulated losses of Rupees 39.42 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 as disclosed in note 6, Short Term Running Finance Rs.34,51 million 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 7.

(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 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, 2018 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 **Mushtaq Ahmed Vohra, FCA.**

Karachi:

Date: **November 14, 2019**





**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

Notes	(Un-audited) December 31, 2018	(Audited) June 30, 2018
In Rupees		
<b>EQUITY &amp; LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized Capital</b>		
6000,000 Ordinary Shares (30 June 2018: 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	(39,433,110)	(35,791,005)
Surplus on revaluation of fixed assets	99,617,264	101,073,890
	132,884,154	137,982,885
<b>Non-Current Liabilities</b>		
Long term financing	41,996,881	41,996,881
Deferred liabilities	1,696,175	1,696,175
	43,693,056	43,693,056
<b>Current Liabilities</b>		
Trade & other payables	6,189,105	5,794,664
Accrued markup	37,140,575	37,140,575
Short term borrowing	35,991,935	34,702,091
Provision for taxation	13,043	33,874
	79,334,659	77,671,204
Contingencies & Commitments		
<b>Total equity and liabilities</b>	<b>255,911,869</b>	<b>259,347,145</b>

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

Chief Executive

Director



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

Property, plant & equipment	151,786,179	153,763,213
Long term loans and advances	1,190,424	1,295,022
Long term deposits	770,232	770,232
	153,746,835	155,828,467

**Current Assets**

Stores, spares and loose tools	41,028,838	41,188,341
Stock in trade	33,790,814	34,834,271
Trade debts	1,312,420	1,778,938
Loans and advances	182,300	206,970
Taxation	19,530,288	19,434,241
Other receivables	5,761,649	4,115,204
Cash & bank	558,724	1,960,713
	102,165,034	103,518,678

**Total assets****255,911,869****259,347,145**

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

**Chief Executive****Director**

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)**

Notes	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	In Rupees		In Rupees	
Sales	1,043,457	1,343,751	-	566,534
Cost of sales	(3,965,535)	(2,548,621)	(1,114,913)	(1,242,695)
Gross profit	(2,922,078)	(1,204,870)	(1,114,913)	(676,161)
Administrative expenses	(1,094,101)	(715,173)	(553,028)	(422,237)
Selling and distribution expenses	(138,634)	(134,502)	(61,588)	(11,338)
Other operating expenses	(79,000)	(79,000)	(52,000)	(52,000)
Operating profit	(1,311,735)	(928,675)	(666,616)	(485,575)
Other income	605,000	-	-	-
Finance cost	(248)	(1,538)	(149)	(1,334)
Profit before taxation	(3,629,062)	(2,135,083)	(1,781,679)	(1,163,070)
Taxation	(13,043)	(13,438)	-	(5,665)
Profit after taxation	(3,642,105)	(2,148,521)	(1,781,679)	(1,168,735)
Earning profit/ (Loss) per share	(0.63)	(0.37)	(0.31)	(0.20)

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



\_\_\_\_\_  
Chief Executive



\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)**

Notes	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	In Rupees		In Rupees	
Profit / (Loss) for the period	(3,642,105)	(2,148,521)	(1,781,679)	(1,168,735)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income / (loss) for the period	<u>(3,642,105)</u>	<u>(2,148,521)</u>	<u>(1,781,679)</u>	<u>(1,168,735)</u>

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

Chief Executive

Director


**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2018 (UN-AUDITED)**

Note	December 31, 2018	December 31, 2017
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before taxation	(3,629,062)	(2,148,521)
<b>Adjustments for :</b>		
Depreciation	1,977,034	2,046,546
<b>Finance cost</b>	248	1,538
Employees Benefits	269,560	
(Gain) on Sale of Property, Plant and Equipment	-	-
<b>Operating profit before working capital changes</b>	<u>(1,382,220)</u>	<u>(100,437)</u>
<b>WORKING CAPITAL CHANGES</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Stores, spares and loose tools	159,503	(439,463)
Stock in trade	1,297,026	(2,035,902)
Trade debts	466,518	(422,354)
Loans and advances	129,268	-
Other receivables	<u>(1,646,445)</u>	<u>1,927,528</u>
	405,870	(970,191)
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade & other payables	<u>(1,663,455)</u>	<u>957,432</u>
<b>Cash Generated from operations</b>	<u>(1,663,455)</u>	<u>957,432</u>
Financial charges paid	<u>(248)</u>	<u>(1,538)</u>
Employment Benefit Paid	<u>(269,560)</u>	<u>-</u>
Long term Loan & Advances	104,598	80,735
Taxes paid	<u>(83,004)</u>	<u>(508,753)</u>
	(248,214)	(429,556)
<b>Net cash generated from / (used in) operating activities</b>	<u>(2,888,019)</u>	<u>(542,752)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	-	-
Proceeds from disposal of property, plant & equipment	-	-
Increase in security deposit	-	-
<b>Net cash used in investing activities</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term loan	-	-
Short term loan	<u>1,486,030</u>	<u>250,920</u>
<b>Net cash used in financing activities</b>	<u>1,486,030</u>	<u>250,920</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(1,401,989)</u>	<u>(40,912)</u>
Cash and cash equivalents at the beginning of the year	1,960,713	348,810
<b>Cash and cash equivalents at the end of the year</b>	<u><u>558,724</u></u>	<u><u>307,898</u></u>

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

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)**

Particulars	Paid up Capital	Capital Reserves	Unappropriated profit/ (loss)	Revaluation Surplus	Total
	-----Rupees-----				
Balance as at July 01, 2017	58,000,000	14,700,000	(19,128,812)	15,105,320	68,676,508
Loss for the period	-	-	(2,148,521)	-	(2,148,521)
Other comprehensive income for the period Transferred from surplus on revaluation of PPE				(1,748,710)	(1,748,710)
Balance as at December 31, 2017	<u>58,000,000</u>	<u>14,700,000</u>	<u>(21,277,333)</u>	<u>13,356,610</u>	<u>64,779,277</u>
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	<u><b>58,000,000</b></u>	<u><b>14,700,000</b></u>	<u><b>(39,433,110)</b></u>	<u><b>99,617,264</b></u>	<u><b>132,884,154</b></u>

*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 HALF YEAR ENDED DECEMBER 31, 2018 (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, 2018.

**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 maximum 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 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. 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, 2018.



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, 2018, 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, 2017.

#### **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, 2018.

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, 2018.

	<b>(Un-audited) December 31, 2018</b>	<b>(Audited) June 30, 2018</b>
<b>6 SHORT TERM BORROWINGS</b>		
Borrowings from HBL- Secured	34,505,905	34,505,905
Due to Director	1,433,530	196,186
	<b>35,939,435</b>	<b>34,702,091</b>

#### **7 CONTINGENCIES AND COMMITMENTS**

##### **7.1 Contingencies**

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 for the year ended June 30, 2013. The management is confident of a favorable outcome.

The company has filed suit before Honorable High Court of Sindh against Habib Bank Limited, vide SUI No. B-90. The management is of the view that amount reflected in current maturity since 2000 is not required to be paid within next 12 months and has therefore been transferred to loan amount.

Habib Bank Limited also file suit vide suit no.B-94 of 2001 against the company for recovery of Rs.175.965 million. This case is pending for announcement of decision on preliminary point whether suit is liable to be dismissed for not filling of certified copy of statement of account.

**7.2 Commitments****8 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	131,136,809	133,113,843
Capital Work in progress	<u>20,649,370</u>	<u>20,649,370</u>
	<u>151,786,179</u>	<u>153,763,213</u>

**8.1** No additions and disposals were made in the operating fixed assets during the period

**8.2** Depreciation charge for the period amounted to Rs. 1,977,034 (December 31, 2017: Rs. 2,046,546).

**9 DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated condensed interim financial information were authorized for issue on **November 14, 2019** by the Board of Directors of the Company.

**10 GENERAL**

Figures have been rounded off to the nearest thousands.

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**Chief Executive**

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**Director**





**Automatic Cold Forging**

Bolts	Dia	lengthMax
	M5-M8	65MM
	M10-M30	150MM
Nuts	M3-M12	

**Automatic Hot Forging**

Dia	length
40MM	65MM
Nuts	M30MAX



# **BELA AUTOMOTIVES LIMITED**



## **BOOK POST**

Under Postal Certificate

***Undelivered, please return to:***

**Bela Automotives Limited**

**Plot No. 1 & 3, Mouza Pathra**

**Hub Chowki, Baluchistan**

**E-mail: [bolts@cyber.net.pk](mailto:bolts@cyber.net.pk)**