

**Bela Engineers Limited**  
**Annual Report 1999**

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**CORPORATE PROFILE**

**BOARD OF DIRECTORS**

**Chairman**

**ZAHID HUSSAIN**  
Chairman,  
PIDC (Pvt) Ltd.

**Directors**

**NASIM BEG**  
Company Secretary  
National Investment Trust Ltd.

**SHAIKH BASHIR AHMED**  
Dy. Secretary  
Ministry of Industries & Production  
Govt. of Pakistan, Islamabad.

**ABDUL BARI KHAN**  
General Manager (F & A / A & P)  
PIDC (Pvt) Ltd.

**SAROSH YOUSUFI**  
General Manager (Projects / Operations)  
PIDC (Pvt) Ltd.

**MUHAMMAD IBRAHIM DODA**  
362, Doda House, Bakra Piri,  
Mewa Shah Road,  
Madina Masjid Street, Karachi.

<b>CHIEF EXECUTIVE</b>	<b>MUHAMMAD SAEED</b> Chief Executive Bela Engineers Limited
<b>COMPANY SECRETARY</b>	<b>SYED ABRAR HUSSAIN RAZVI</b>
<b>AUDITORS</b>	<b>M/S. HAFIZULLAH &amp; CO.,</b> Chartered Accountants
<b>REGISTERED OFFICE</b>	2ND FLOOR, PIDC HOUSE, DR. ZIAUDDIN AHMED ROAD, KARACHI.75530
<b>FACTORY</b>	HUB CHOWKI ROAD, VILLAGE BAROOT, DISTRICT LASBELA, BALUCHISTAN.

## **NOTICE OF MEETING**

Notice is hereby given that the 28th Annual General Meeting of Bela Engineers Limited will be held at Pakistan Institute of Management (PIM), Clifton, Karachi on Friday, the 28th January, 2000 at 09:00 A.M. to transact the following business:-

1. To confirm minutes of the 27th Annual General Meeting held on 30 November 1998.
2. To receive, consider and ad. opt the Audited Accounts of the Company for the year ended 30th June, 1999, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending 30th June, 2000 and to fix their remuneration. The Present Auditor M/s. Hafizullah & Company, Chartered Accountants, being eligible, offer themselves for reappointment.

### **4. Special Business**

The Auditors of the Company in their report to the members have expressed doubts whether the Company will be able to continue as a going concern due to the fact that the Company's accumulated loss was Rs. 205.807 million and its total liabilities exceeded its total assets by Rs. 159.389 million as on 20th June, 1999.

The Board of Directors discussed the affairs of the Company in its meeting held on 26th November, 1999. It was of the opinion that the Company's operations are no longer viable and to continue its operations or its existence will further deteriorate the Company's financial position. The Company is no longer able

to continue as a 'going concern' in view of its huge accumulated losses, negative net worth of Rs. 159.389 million against the paid-up capital of Rs. 34.0 million and its inability to discharge its liabilities, including the Decreed amount of Rs. 68.6 million arising out of a Decree granted by the Hon'ble High Court of Sindh against the Company in favour of commercial banks viz; Habib Bank Limited and United Bank Limited. As such the Board has recommended to consider Company's liquidation and proposed to pass the following Resolution for winding up/liquidation of the Company with or without any modification:-

**RESOLUTION:**

RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors of the Company to present a petition to the Hon'ble High Court of Sindh Karachi for winding-up the Company by the Court, under section 305 of Companies Ordinance, 1984, from such date as it may determine.

RESOLVED FURTHER THAT the Chief Executive of the Company, Mr. Muhammad Saeed, be and is hereby authorised to make a petition under Section 309 of the Companies Ordinance, 1984 and also to execute all necessary application/ documents as may be required in this regard from time to time and to take or cause to take such other action(s) as may be deemed necessary in this regard.

**BY ORDER OF THE BOARD**

**SYED ABRAR HUSSAIN RIZVI**  
Company Secretary

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from 21-01-2000 to 28-01-2000 (Both days inclusive).
2. A member entitle to attend and vote at the meeting may appoint another member as his/her Proxy to attend and vote for him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Shareholders are requested to notify the Company of any change in their address.

Karachi 26th November 1999.

**CHAIRMAN AND DIRECTORS' REPORT**

The Audited Accounts of the Company for the year ended 30th June, 1999 alongwith Auditors' Report thereon are hereby presented.

Since the closure of assembly of Bedford/Issuzu Engines for National Motors Ltd. w.e.f.

30-05-1991, the Company practically had no business. However, subsequently, the Company started assembling of engines for Sindh Engineering Ltd. (SEL) at their premises.

As compared to revenue of Rs. 5.411 million during the last year, the net revenue during the year under review stood at Rs. 6.101 million witnessing an increase of 12.75% which was mainly on a account of assembly charges received from SEL.

#### **PROFITABILITY**

Due to adjustment made in the Books of Accounts during the year under review amounting to Rs. 62.846 million pursuant to the Order dated 9.9.1998 of the Hon'ble High Court of Sindh wherein short term borrowings from Banks have been reduced, the Company had earned profit of Rs. 50.709 million after taxation. However, the adjustment did not generate cash funds or improved liquidity position of the Company. Only the loan liabilities to be settled as a result of decree granted by the Hon'ble High Court of Sindh to the Bank will reduce..

#### **PATTERN OF SHARE HOLDINGS**

The pattern of share holdings is given on Page-20 of the Annual Report of the Company for the year ended 30th June, 1999.

#### **AUDITORS**

The present Auditors of the Company, M/s. Hafeezullah & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment as Auditors of the Company for the year ending 30th June, 2000. The Board of Directors has recommended their reappointment at the existing remuneration of Rs. 25,000/=.

#### **FUTURE / LIQUIDATION**

The Auditors of the Company in their report to the members have expressed doubts whether the Company will be able to continue as a going concern due to the fact that the Company's accumulated loss was Rs. 205.807 million and its total liabilities exceeded its total assets by Rs. 159.389 million as on 30-06-1999.

The Board of directors discussed the affairs of the company and of the opinion that the Company's operations are no longer viable and to continue operations or its existence will further deteriorate the Company's financial position. The Company is no longer able to continue as a 'going concern', as such the Board has recommended to consider Company's liquidation and proposed to pass a Special Resolution in this connection by the shareholders in the 28th Annual General Meeting schedule to be held on 28th January, 2000.

#### **FOR AND ON BEHALF OF THE BOARD**

Dated, the 26th November, 1999.

**Chairman**

**Chief Executive**

#### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of M/S. BELA ENGINEERS LIMITED as at 30th June, 1999 and the related Profit and Loss Account and Cash Flow Statement 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 purposes of our audit, and after due verification thereon, except for the matter discussed in the paragraph 'C' we report that :

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) 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 accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of 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;

(c) As shown in the financial statement, the company earned a net profit of Rs. 50.709 million during the year ended 30th June, 1999 due to credits pertaining to prior periods, still, as of that date the amount of accumulated loss is Rs. 205.807 million and the company's current liabilities exceeded its current assets by Rs. 164.388 million and its total liabilities exceeded its total assets by Rs. 159.389 million. These factors raise doubt whether the company will be able to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

(d) In our opinion, except for the effects of such adjustments, if any, as might have been required had the out come of the uncertainty referred to in the preceding paragraph been known, the balance sheet and profit and loss account and cash flow statement together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at 30th June, 1999 and of the profit for the year then ended;

(e) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

(f) Honorable High Court of Sindh in its judgement passed on 09-09-1998 awarded a decree for an amount of Rs. 51.073 million in favour of UBL in respect of suit No. 413/98. The above decrees have been awarded against their claim payable by the Company of higher amount of loans as described in Notes No. 7.1 and 8.1

Karachi:

Dated: 26th November, 1999.

**HAFIZULLAH & CO.**  
**Chartered Accountants**

**BALANCE SHEET AS AT 30TH JUNE, 1999**

	<i>NOTE</i>	<i>1999</i> <i>(Rs. in '000')</i>	<i>1998</i>
<b>CAPITAL &amp; LIABILITIES</b>			
<b>CAPITAL &amp; RESERVES</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>	3		
	3.1	60,000	60,000
		=====	=====
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>	3.2	34,000	34,000
<b>RESERVES</b>			
Capital Reserve	4	4,418	4,418
General Reserve	5	8,000	8,000
Accumulated Loss		(205,807)	(256,516)
		-----	-----
		(159,389)	(210,098)
<b>DEFERRED LIABILITIES</b>			
Gratuity and Leave Salary	6	5,288	6,710
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	7	135,510	153,801
Creditors, Accrued & Other Liabilities	8	61,735	95,285
Deposits & Advances	9	356	356
Taxation	10	12,799	12,260
		-----	-----
		210,400	261,702
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	11	--	--
		-----	-----
		56,299	58,314
		=====	=====
<b>PROPERTY &amp; ASSETS</b>			
<b>FIXED ASSETS</b>			
(At Cost Less Accumulated Depreciation)	12	9,927	10,939
<b>LONG TERM INVESTMENTS</b>			
	13	--	500
<b>LONG TERM LOANS AND ADVANCES</b>			
	14	185	185
<b>LONG TERM DEPOSITS, PRE-PAYMENTS AND DEFERRED COSTS</b>			
	15	175	181
<b>CURRENT ASSETS</b>			
Stores, Spares & Loose Tools	16	7,394	7,402
Stock-in-Trade	17	32,822	32,845

Trade Debtors	18	952	1,142
Loans & Advances	19	4,140	4,651
Deposits & Pre-Payments	20	5	5
Other Receivables	21	163	249
Cash & Bank Balances	22	536	215
		-----	-----
		46,012	46,509
		-----	-----
		56,299	58,314
		=====	=====

The annexed notes form an integral part of these accounts.

Karachi 26th November 1999.

Chief Executive

Chairman

**HAFIZULLAH & CO.**  
Chartered Accountants

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 1999**

	<i>NOTE</i>	<i>1999</i>	<i>1998</i>
		<i>(Rs. in '000')</i>	
<b>SALES</b>	23	6,101	5,411
<b>LESS : Cost of Sales</b>	24	3,985	3,941
<b>GROSS PROFIT</b>		2,116	1,470
<b>OPERATING EXPENSES</b>			
Administration & General Expenses	25	3,855	3,330
Selling & Distribution Expenses	26	224	371
Financial Charges	27	11,355	13,919
		-----	-----
		15,434	17,620
		-----	-----
<b>OPERATING LOSS</b>		(13,318)	(16,150)
<b>OTHER INCOME</b>	28	77	--
		-----	-----
<b>LOSS BEFORE TAXATION</b>		(13,241)	(16,150)
<b>PRIOR PERIOD ADJUSTMENTS</b>	29	63,980	82
		-----	-----
		50,739	(16,068)
<b>TAXATION - CURRENT</b>		(30)	(27)
		-----	-----
<b>PROFIT / (LOSS) AFTER TAXATION</b>		50,709	(16,095)
<b>ACCUMULATED LOSS BROUGHT FORWARD</b>		(256,516)	(240,421)
		-----	-----

**ACCUMULATED LOSS CARRIED FORWARD**

(205,807) (256,516)

=====

The annexed notes form an integral part of these accounts.

**Chief Executive****Chairman**

Karachi 26th November, 1999.

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE, 1999**

	<i>1999</i>	<i>1998</i>
	<i>(Rs. in '000')</i>	
Net Profit/(Loss) for the year	50,709	(16,095)
(Add) / Deduct non Cash charges		
Depreciation	1,066	1,179
Gain on Sale of Long Term Investment	75	--
Gratuity and Leave Salary Provided - net	585	510
	-----	-----
	1,726	1,689
	-----	-----
<b>CASH USED BEFORE WORKING CAPITAL CHANGE</b>	<b>52,435</b>	<b>(14,406)</b>
<b>CASH GENERATED/USED DUE TO WORKING CAPITAL CHANGE</b>		
Stores and spares	8	4
Stock in trade	23	97
Debtors	190	(182)
Loans and advances	511	3
Deposits and prepayments	--	61
Other receivables	86	(46)
Short Term Borrowings	(18,291)	--
Creditors, Accrued and other liabilities	(33,550)	13,273
Deposits and Advances	--	(40)
Taxation	539	455
	-----	-----
	(50,484)	13,625
	-----	-----
<b>CASH USED IN OPERATION</b>	<b>1,951</b>	<b>(781)</b>
<b>CASH INFLOW/(OUTFLOW) DUE TO INVESTING ACTIVITIES</b>		
Gratuity and Leave Salary Paid - net	(2,008)	--
Long term deposits	6	5



Sale Proceeds of Long Term Investment	425	--
Long Term Loans and Advances	--	540
Acquisition of Fixed Assets	(53)	(21)
	-----	-----
	(1,630)	524
	-----	-----
<b>CASH AND ITS EQUIVALENT AT THE END OF YEAR</b>	321	(257)
<b>CASH AND ITS EQUIVALENT AT BEGINNING OF YEAR</b>	(153,585)	(153,328)
	-----	-----
<b>CASH AND ITS EQUIVALENT AS PER BALANCE SHEET</b>	(153,264)	(153,585)
	=====	=====

**Chief Executive**

**Chairman**

Karachi 26th November, 1999.

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30TH JUNE, 1999.**

**1.0 THE COMPANY AND IT'S OPERATIONS**

Bela Engineers Limited is a Public Limited Company (State Enterprise) quoted on Stock Exchanges in Pakistan. The Company is engaged in Manufacture and Sale of diesel engines. The Company was initially incorporated as Private Limited Company in 1970 as Ghandhara Diesels Limited and was subsequently converted into Public Limited Company in 1971. It was taken over by the Government under Economic Reforms Order of 1972.

**2.0 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 ACCOUNTING CONVENTION**

These accounts have been prepared under the "historical cost" convention.

**2.2 FIXED ASSETS**

These are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Depreciation is charged on reducing balance method and the rates applied are in no case less than the rates prescribed.

Maintenance and normal repairs are charged to income as and when incurred.

Major renewal and Improvement are capitalised.

Gain or loss on disposal of fixed assets is included in current year's income.

**2.3 STORES, SPARES, LOOSE TOOLS & STOCKS-IN-TRADE**

These are valued at cost determined on First-in-First-out basis. Finished Goods are valued at lower of cost of production or net realisable value. Goods-in-transit are valued at actual cost.

## 2.4 PROVISION FOR GRATUITY

The Company operates an unfunded gratuity scheme for all of its employees. Provision is made annually and charged to Profit & Loss Account to cover obligations under the scheme.

## 2.5 INVESTMENTS

Investments are stated at cost.

## 2.6 TAXATION

### CURRENT

The liability in respect of Current Taxation is provided in the accounts on the taxable income after adjustment of accelerated depreciation allowance admissible under Income Tax Ordinance, 1979.

### DEFERRED TAX:

Deferred Tax Liability is provided by using liability method on all major timing differences but debit balance is not recognised.

## 2.7 PROVISION FOR CUSTOMS DUTY / SURCHARGE ON BONDED STOCK

The Customs Duty / Surcharge is provided on raw-material at the time of arrival at the bonded warehouse. However, element of Customs Duty/Surcharge is charged to cost of sales at actual at the time of ex-bonding.

## 2.8 REVENUE RECOGNITION

The Company records sales on despatch of goods.

## 3. SHARE CAPITAL

### 3.1 AUTHORISED

5,000,000 Ordinary Shares of Rs.10/= each  
1,000,000 Preference Shares of Rs.10/= each

### 3.2 ISSUED, SUBSCRIBED & PAID-UP

3,000,000 Ordinary Shares of Rs.10/= each  
fully paid in Cash  
400,000 Ordinary Shares of Rs.10/= each  
issued as fully paid Bonus Shares

	<i>1999</i>	<i>1998</i>
	<i>(Rs. in '000')</i>	
	50,000	50,000
	10,000	10,000
	-----	-----
	60,000	60,000
	=====	=====
	30,000	30,000
	4,000	4,000
	-----	-----
	34,000	34,000
	=====	=====

**4.0 CAPITAL RESERVE**

Profit on Sale of Land

4,418 4,418

=====

**5.0 GENERAL RESERVE**

8,000 8,000

=====

**6.0 DEFERRED LIABILITIES**

Gratuity

(6.1)

4,958 6,100

Leave Salary Payable

330 610

-----

5,288 6,710

=====

6.1 The Gratuity Provision includes Rs. 2,541 million being cost of additional terminal benefits of employees.

**1999**  
**(Rs. in '000')**

**1998****7.0 SHORT TERM BORROWINGS**

From Banks - Secured

against hypothecation of

stocks &amp; Stores.

7.1

80,510

98,801

From Federal Government -

Un-secured

7.2

30,000

30,000

From Privatization Commission, Islamabad

7.3

25,000

25,000

-----

135,510

153,801

=====

7.1 The limit of Credit facility has not been confirmed by the banks. The details of bank overdrafts are as under:

	<i>Rate of Mark-up</i>		
United Bank Ltd.	Paisa 39 per Thousand per day	51,074	58,938
Habib Bank Ltd.	Paisa 38 per Thousand per day	17,501	27,928
Allied Bank Ltd.	Paisa 38 per Thousand per day	11,935	11,935
		-----	-----
		80,510	98,801
		=====	=====

Pursuant to the order dated September, 9, 1998 of the High Court of Sindh the principal amount of the Loan liabilities of UBL and HBL amounting to Rs. 86.866 million have been reduced by Rs. 18.291 million (UBL Rs. 7.865 million & HBL Rs. 10.426 million) and accounted for in these accounts as prior period adjustment.

7.2 Government of Pakistan, Finance Division (Corporate Finance Wing) vide their letter No.

F. 17 (21)-CF/89-90/ 1515 dated November 30, 1990 informed the Governor, State Bank of Pakistan, copy of which was forwarded to the Company, that the loans amounting to Rs. 30 million due to nationalized Banks have been picked-up by the Federal Government. However, the terms and conditions of assuming the liability of the Company towards Federal Government are not known.

7.3 The Privatisation Commission, Islamabad through PACO provided to the Company funds of Rs. 25 million for financing Voluntary Retirement Scheme. The terms and conditions of the same are not known.

## 8.0 CREDITORS, ACCRUED & OTHER LIABILITIES

	<i>1999</i>	<i>1998</i>
	<i>(Rs. in '000')</i>	
<b>CREDITORS FOR GOODS &amp; SERVICES</b>		
Local Suppliers	1,815	2,161
Accrued Liabilities	525	107
Accrued Interest on Secured Loan	(8.1) 58,947	92,149
<b>OTHERS</b>		
Provident Fund Trustees	438	846
Income Tax deducted at Source	--	11
Unclaimed Salaries & Wages	5	5
Un-cashed Cheque	5	5
	-----	-----
	448	867
	-----	-----
	61,735	95,284
	=====	=====

8.1 Pursuant to the orders dated September 9, 1998 interest accrued on secured loans from United Bank Ltd. and Habib Bank Ltd. has been reduced by Rs. 44.555 million and accounted for as prior period adjustment.

	<i>1999</i>	<i>1998</i>
	<i>(Rs. in '000')</i>	
<b>9.0 DEPOSITS &amp; ADVANCES</b>		
Trade Deposits	1	1
Advance from Customers	355	355
	-----	-----
	356	356
	=====	=====
<b>10.0 TAXATION</b>		
Sales Tax	3,741	3,741
Custom Duty & Surcharge	(10.1) 7,396	7,396
Taxation	(10.2) 488	457
Property Tax	1,174	666

-----	-----
12,799	12,260
=====	=====

**10.1 This is payable on stock of raw material and components.**

10.2 Assessment for the assessment year from 1998-99 has been finalized by the Deputy Commissioner, Income Tax wherein certain disallowances and additions have been made and the income for Rs. 52.212 million has been assessed for the year. The Company has filed the appeal before the commissioner of I. Tax (Appeals) Karachi against the disallowances made by Deputy Commissioner of Income Tax.

**11.0 CONTINGENCIES AND COMMITMENTS**

Custom Duty	51,752	51,752
Claim not acknowledged as debt.	3,900	3,900
Income Tax	1,870	1,870
Financial Charges	2,281	2,281

**12. FIXED ASSETS**

<i>PARTICULARS</i>	<i>COST</i>				<i>RATE</i> %	<i>DEPRECIATION</i>	
	<i>AS AT</i> <i>01.07.98</i>	<i>ADDITIONS</i>	<i>DISPOSAL/ ADJUSTMENTS</i>	<i>AS AT</i> <i>30.06.99</i>		<i>AS AT</i> <i>01.07.98</i>	<i>FOR THE</i> <i>YEAR</i>
FREE-HOLD LAND	600	0	0	600	--	--	
BUILDING ON FREE HOLD LAND	10,105	0	0	10,105	10	8,846	
PLANT, MACHINERY & EQUIPMENT	52,833	0	0	52,833	10	44,531	
PERMANENT & SPECIAL TOOLS	1,343	0	0	1,343	30	1,308	
AIR-CONDITIONERS & REFRIGERATORS	1,125	0	0	1,125	10	916	
MOTOR VEHICLES	712	53	0	765	20	653	
OFFICE EQUIPMENTS	1,221	0	0	1,221	15	1,058	
FURNITURE & FIXTURES	2,157	0	0	2,157	10	1,845	
	-----	-----	-----	-----		-----	-----
TOTAL 1999 Rs. in "000"	70,096	53	0	70,149		59,157	
	=====	=====	=====	=====		=====	=====
TOTAL 1998 Rs. in "000"	70,075	21	0	70,096		57,978	
	=====	=====	=====	=====		=====	=====

12.1 In the year 1989-90 following Fixed Assets were revalued by independent valuers, Mr. Iqbal A. Nanjee & Co. Karachi. However, no adjustments were made in the accounts. The values, as per valuation on that date were as follows :

*(Rs. in "000")*

Freehold Land	233,600
---------------	---------

Building on Freehold Land	14,302
Plant & Machinery	130,458
	-----
	378,360
	=====

**1999**                      **1998**  
**(Rs. in '000')**

**13.0 LONG TERM INVESTMENTS - AT COST**

Bolan Castings Limited (Listed Company)	--	500
	-----	-----
50,000 Ordinary Shares of Rs. 10/= each	--	500
	=====	=====

**14.0 LONG TERM LOANS & ADVANCES**

Advances to Suppliers - Unsecured	185	185
	=====	=====

Advances to Suppliers represents amount due from Saifee Development Corporation, which has been outstanding since December 9, 1975. The Company had filed suit No. 603/78 in the High Court of Sindh for recovery of the advance and the High Court issued exparte decree for Rs. 0.185 million in favour of the company. Recovery of the advance has not yet been made. No provision for the loss, due to non-realisation, has been made in these accounts.

**15.0 LONG TERM DEPOSITS, PRE-PAYMENTS  
AND DEFERRED COSTS**

**DEPOSITS**

Security Deposits	152	152
-------------------	-----	-----

**PRE-PAYMENTS**

Pre-paid Telephone Exchange Rent	23	29
	-----	-----
	175	181
	=====	=====

**1999**                      **1998**  
**(Rs. in '000')**

**16.0 STORES, SPARES & LOOSE TOOLS**

Stores and Spares	978	986
Loose Tools	6,416	6,416
	-----	-----

	7,394	7,402
	=====	=====
<b>17.0 STOCK IN TRADE</b>		
Raw Material & Components	36,528	36,551
LESS : Production loss written off	(1,361)	(1,361)
	-----	-----
	35,167	35,190
LESS: Provision for diminution in inventory value	(3,130)	(3,130)
	-----	-----
	32,037	32,060
Goods for Development Purposes	785	785
	-----	-----
	32,822	32,845
	=====	=====

Production Loss "written off" represents estimated value of deterioration/depletion, rejections, loss of inventory in Production cycle certified by the Management and included in cost of material consumed. It has been written off @ 3.36% of the material consumed.

The above stocks are inclusive of inventory amounted to Rs. 4.1 million lying in the scrapyard and slow moving/dead inventory amounted to Rs. 11.2 million based on physical verification as at June 30, 1990. "Provision for diminution in inventory value" amounting to Rs. 3.130 million (1998 - Rs. 3.130 million) represents the loss which, in the opinion of management, could be sustained on account of realization of stocks lying in scrapyard and slow moving / dead inventory.

#### 18.0 TRADE DEBTORS

(Un-Secured - Considered Good)

Government Agencies	--	111
Associated undertakings	688	767
Others	264	264
	-----	-----
	952	1,142
	-----	-----
	952	1,142
	=====	=====

**1999**  
**(Rs, in "000")**

**1998**

#### 19.0 LOANS AND ADVANCES

(Considered Good)

Short Term Loan to Employees	65	46
------------------------------	----	----

Advances to Employees for Expenses	--	12
Advances to Suppliers	88	117
Advance/Refundable Income Tax	3,987	4,476
	-----	-----
	4,140	4,651
	=====	=====

**20.0 DEPOSITS AND PRE-PAYMENTS**

Bank Guarantee Margin	5	5
	=====	=====

**21.0 OTHER RECEIVABLES**

(Considered Good)		
Claims against suppliers	160	246
M.C.B. HUB	3	3
	-----	-----
	163	249
	=====	=====

**22.0 CASH AND BANK BALANCES**

Cash in Hand	--	--
<b>CASH WITH BANKS:</b>		
In current Accounts	527	207
In Deposit Accounts	9	8
	-----	-----
	536	215
	=====	=====

**23.0 NET SALES**

Gross Sales	6,101	5,411
Less: Discount	--	--
	-----	-----
	6,101	5,411
	=====	=====

**24.0 COST OF GOODS MANUFACTURED & SOLD**

<b>COST OF RAW MATERIAL CONSUMED:</b>	(24.1)	24	--
<b>PRODUCTION OVERHEADS:</b>			
Stores & Spares Consumed		187	151
Staff Transportation		29	22
Electricity, Gas & Water		538	450
Salaries, Wages & Benefits		1,559	1,643
Rent & Taxes		508	508
Insurance		100	58
Repairs & Maintenance		62	17
Depreciation		950	1,058
Other Expenses		28	34



-----	-----
3,961	3,941
-----	-----
3,985	3,941
=====	=====

**COST OF GOODS MANUFACTURED**

**24.1 RAW MATERIAL CONSUMED**

Opening Stock	35,190	35,287
Add Purchases	--	--
Less: Loss on account of theft	--	97
	-----	-----
	35,190	35,190
Less: Closing Stocks	35,166	35,190
	-----	-----
	24	--
	=====	=====

**1999**

(Rs. in "000")

**1998**

**25.0 ADMINISTRATION & GENERAL EXPENSES**

Salaries, Wages & Benefits	2,429	2,352
Insurance	21	26
Repairs & Maintenance	22	33
Rent, Rates & Taxes	9	9
Travelling & Entertainment	175	155
Printing, Stationery & Office Supplies	70	74
Postage, Telegraph & Telephone	66	56
Loss on Sale of Investment	75	--
Advertisement	13	32
Motor Vehicle Running Expenses	131	76
Legal & Professional Charges	194	65
Bad Debts	140	--
Depreciation	116	120
Auditor's Remuneration	25	25
Other Expenses	369	307
	-----	-----
	3,855	3,330
	=====	=====

**26.0 SELLING AND DISTRIBUTION EXPENSES**

Salaries, Wages & Benefits	223	364
Other Expenses	1	7
	-----	-----
	371	224
	=====	=====

**27.0 FINANCIAL CHARGES**

Mark-up on Short Term Borrowings from Banks	11,353	13,919
Other Interest and Charges	2	--
	-----	-----
	11,355	13,919
	=====	=====

### 28.0 OTHER INCOME

Dividend income	76	--
Interest on Deposits	1	--
	-----	-----
	77	--
	=====	=====

### 29. PRIOR PERIOD ADJUSTMENTS

Reduction of Short Term Borrowing from Banks Pursuant to orders of Sindh High Court	18,291	--
Reduction of Excess Provision of Mark-up Accrued on Banks borrowing Pursuant to order of Sindh High Court	44,555	--
Reversal of provision for gratuity-	511	--
Excess provision for Electricity and other-expenses	397	82
Excess provision for Leave Salary Payable-	226	--
	-----	-----
	63,980	82
	=====	=====

### 30.0 DIRECTORS' REMUNERATION INCLUDING CHIEF EXECUTIVE

	1999 (Rs. in "000")		1998	
	DIRECTORS	CHIEF EXECUTIVE	DIRECTORS	CHIEF EXECUTIVE
Director's Fee	--	--	--	--
Managerial Remuneration	--	271	--	184
Re-imbursable Expenses	--	48	--	--
Gratuity and Co.'s Contribution to Provident Fund	--	--	--	--
	-----	-----	-----	-----
TOTAL	--	319	--	184
	=====	=====	=====	=====
NUMBER	7	1	7	1
	=====	=====	=====	=====

Chief Executive was also provided with Company maintained Car.

### 31.0 CAPACITY

Installed capacity (Single shift 9,000) engines including Bedford, Mazda and Isuzu with appropriate modification of lines.

#### ACTUAL PRODUCTION

	<i>1999</i>	<i>1998</i>
Engines	--	--
Mazda Engines Assembly	1,095	981
Engines Re-Assembly	1	--
	-----	-----
	1,096	981
	=====	=====

The actual Production was less due to reduction in demand of engines.

### 32.0 GENERAL

- Figures in these accounts have been rounded off to the nearest thousand rupees.

- The figures of the previous year have been re-arranged wherever necessary for the purpose of comparison.

**Chief Executive**

**Chairman**

### PATTERN OF SHAREHOLDERS AS ON 30TH JUNE, 1999.

<i>NUMBER OF SHARE HOLDERS</i>		<i>SIZE OF HOLDING</i>	<i>NO. OF SHARES HELD</i>	<i>AMOUNT RS.</i>
425	1	TO 100	27,728	277,280
567	101	TO 500	126,630	1,266,300
146	501	TO 1,000	110,695	1,106,950
140	1,001	TO 5,000	314,935	3,149,350
12	5,001	TO 10,000	81,055	810,550
4	10,001	TO 15,000	51,980	519,800
--	15,001	TO 20,000	Nil	--
2	20,001	TO 25,000	48,000	480,000
--	25,001	TO 35,300	Nil	--
1	35,001	TO 40,000	36,300	363,000
--	40,001	TO 105,000	Nil	--
1	105,001	TO 110,000	105,400	1,054,000
--	110,001	TO 195,000	Nil	--
1	195,001	TO 200,000	197,925	1,979,250

--	200,001	TO	500,000	Nil	--
1	500,001	TO	505,000	501,860	5,018,600
--	505,001	TO	540,000	Nil	--
1	540,001	TO	545,000	540,597	5,405,970
--	545,001	TO	1,255,000	Nil	--
1	1,255,001	TO	1,260,000	1,256,895	12,568,950
--	1,260,001	TO	3,400,000	Nil	--
-----				-----	-----
1302		TOTAL:-		3,400,000	34,000,000
=====				=====	=====

## CATEGORIES OF SHAREHOLDING

<i>CATEGORY</i>	<i>NUMBER OF SHARE HOLDER</i>	<i>SHARES HELD</i>	<i>PERCENTAGE</i>
Individuals	1,290	859,058	25.27
Investment Company	3	199,235	5.86
insurance Company	1	5,145	0.15
Joint Stock Companies *	4	527,060	15.50
Financial Institutions **	3	552,607	16.25
P. I. D. C.	1	1,256,895	36.97
-----		-----	-----
TOTAL:	1302	3,400,000	100.00
=====		=====	=====

## CATEGORIES OF SHAREHOLDING AS ON 30TH JUNE 1999.

### INVESTMENT COMPANIES:

Investment Corporation of Pakistan. (ICP)

<i>SHARES HELD</i>	<i>PERCENTAGE</i>
199,235	5.86
=====	

### FINANCIAL INSTITUTIONS:

Allied Bank of Pakistan.

National Industries Co-op. Finance Co.

.National Bank of Pakistan,

<i>SHARES HELD</i>	<i>PERCENTAGE</i>
5,100	0.15
6,910	0.20
540,597	15.90
-----	
TOTAL:-	552,607
	16.25
=====	

### INDIVIDUALS

859,058	25.27
=====	

### INSURANCE COMPANIES:

EFU General Insurance Co. Limited.

5,145	0.15
=====	

**JOINT STOCK COMPANIES:**

National Motors Limited.	501,860	14.76
Fateh Textile Mills Limited.	100	--
Fikree Development Corporation.	720	0.02
Republic Motors Limited.	24,380	0.72
	-----	-----
TOTAL:-	527,060	15.50
	=====	=====
Pakistan Industrial Development Corporation (Pvt.) Limited.	1,256,895	36.97