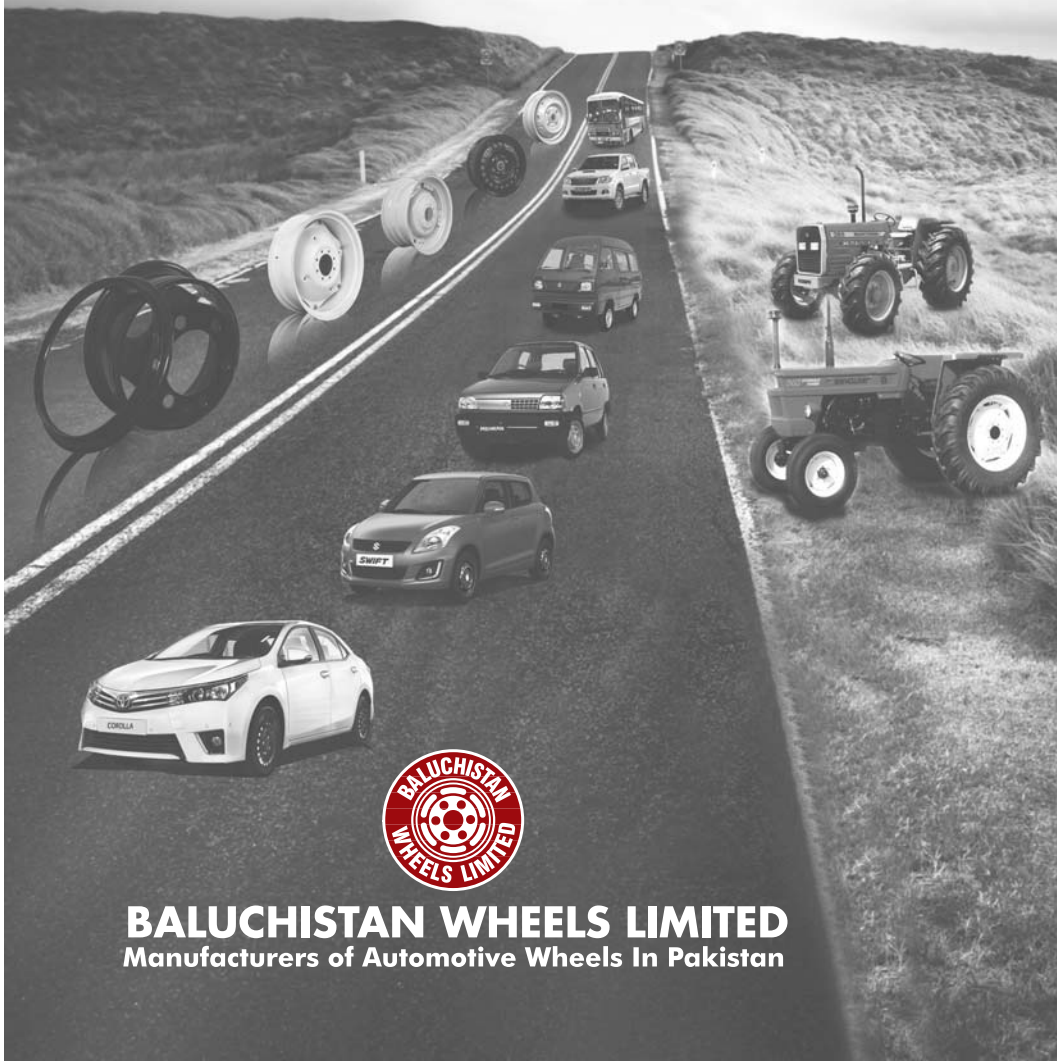


1st Quarterly Accounts  
September 30

2014

(Un-Audited)



**BALUCHISTAN WHEELS LIMITED**  
Manufacturers of Automotive Wheels In Pakistan





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Syed Haroon Rashid	Chairman (Non-Executive Director)
Mr. Razak H.M.Bengali	Chief Executive(Executive Director)
Mr.Muhammad Siddique Misri	Director Marketing/ Business Development(Executive Director)
Mr. Muhammad Irfan Ghani	Chief Operating Officer(Executive Director)
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)
Mr. Anis Wahab Zuberi	Independent, Non Executive Director
Mrs. Gulbano Razak	Non-Executive Director
Miss Maheen Irfan Ghani	Non-Executive Director
Mrs. Saba Nadeem	Non-Executive Director

### COMPANY SECRETARY

Mr.Irfan Ahmed Qureshi

### BOARD AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	(Independent, Non-Executive Director)	Chairman
Syed Zubair Ahmed Shah	(Non-Executive Director)	Member
Miss Maheen Irfan Ghani	(Non-Executive Director)	Member
Hafiz Shoaib Ahmed Chauhan	(Head of Internal Audit)	Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmed Shah	(Non-Executive Director)	Chairman
Mr.Muhammad Irfan Ghani	(Chief Operating Officer, Executive Director)	Member
Syed Haroon Rashid	(Chairman, Non-Executive Director)	Member
Mrs. Gulbano Razak	(Non-Executive Director)	Member
Mr.Muhammad Yasin Ladha	(G.M Finance)	Secretary

### MANAGEMENT COMMITTEE

Mr.Razak H.M.Bengali	Chief Executive
Mr.Muhammad Siddique Misri	Director Marketing/ Business Development
Mr.Muhammad Irfan Ghani	Chief Operating Officer
Mr.Muhammad Javed	S.G.M (Technical)
Mr.Irfan Ahmed Qureshi	S.G.M (Finance) / Company Secretary
Mr.Shaikh Muhammad Iqbal	G.M (Sales)
Mr.Sajid Nadri	G.M (Research & Development)
Mr.Muhammad Yasin Ladha	G.M (Finance)
Mr.Nisar Ahmed	G.M (Supply & Services)
Mr.Rafiq-ul-Hassan	D.G.M (Human Resources)

### BANKERS

Habib Bank Limited  
Faysal Bank Limited  
Bank Alfalah Limited  
National Bank of Pakistan

### LEGAL ADVISORS

Mohsin Tayebaly & Co.  
(Advocates)

### AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder  
(Chartered Accountants)

### TAX CONSULTANTS

Ernst & Young Ford Rhodes Sidat Hyder  
(Chartered Accountants)  
Baker Tilly Mehmood Idrees Qamar  
(Chartered Accountants)

### SHARE REGISTRAR

Shares & Corporate Services (Pvt) Ltd  
Mehersons Estate, Block-E  
Talpur Road, Karachi-74000  
Telephone# 32429632-35, 32401634  
Fax# 32420015

### HEAD OFFICE

1st Floor, State Life Building # 3  
Dr.Ziauddin Ahmed Road, Karachi  
E-mail: bwifin@cyber.net.pk  
Website: <http://www.bwheels.com>  
Telephone# 35689259, 35683474, 35687502  
Fax# 35684003

### FACTORY AND REGISTERED OFFICE

Main RCD Highway, Hub Chowki  
Lasbella, Baluchistan  
Telephone # (0853) 363426, 363428  
Fax # (0853) 364025



## DIRECTORS' REPORT

Your Directors are pleased to present Un-audited Financial statements of the Company for the First Quarter ended on September 30, 2014 for the year to end on June 30, 2015.

### **Operational and Financial Performance**

The sales during the period under review was Rs. 313 million as compared to Rs. 270 million which is 15.9% higher than the corresponding period of last year. The Car Wheels sale was Rs. 207 million as compared to Rs. 155 million which is 33.5% higher than the last year corresponding period. Truck/ Bus Wheels sale was Rs. 42 million as compared to Rs. 23 million which is 82.6% higher than the last year corresponding period. Tractors Wheels sale was Rs. 49 million as compared to Rs. 68 million which is 28% less than the last year corresponding period. The export sales were Rs. 4 million as compared to 11 million which is 64% lower than the last year corresponding period.

The gross profit (GP) was Rs. 57 million as compared to Rs. 56 million of the last year corresponding period. In terms of percentage the current period GP is 18% as compared to 21% of the previous year corresponding period.

The distribution costs have increased due to increase in sales volume. The administrative expenses as well as the finance cost remained under control. The other operating expenses have increased due to the exchange losses incurred on import payments during the period under review. The profit after taxation was Rs. 18 million as compared to Rs. 22 million in the corresponding period last year.

Overall at National level the production of Cars is higher by 3,146 units. The production of Cars for the period under review was 30,691 units as compared to 27,545 units for the same period of the last year which is 11.4% more than the last year corresponding period. The Tractors production is higher by 5,477 units. The production of Tractors for the period under review was 11,896 units as compared to 6,419 units for the same period of last year which is 85.3% more than the last year corresponding period. The Trucks/ Buses production is higher by 539 units. The production of Trucks/ Buses for the period under review was 1,165 units as compared to 626 units for the same period of last year which is 86.1% more than the last year corresponding period.

### **NBP and Related Matters**

NBP suit for recovery against the company (BWL) and Privatization Commission (PC) for payment amounting to Rs. 91.25 million it has paid to PC, which the company does not acknowledge as briefly explained at Note No. 26.1 in the financial statements for the year ended June 30, 2014, has been heard by the High Court of Sindh and the orders were expected, but has been sent for final arguments again because of July 31, 2009 decision of the Honorable Supreme Court of Pakistan where by several Judges were removed and the honorable Judge who had heard this matter was also removed and as such this matter had been finally argued and reheard & now reserved for judgment, but the latest development is that the Honorable Judge who heard the case has also been transferred, and now the matter will be argued & heard again. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in company's favor.

### **Future Outlook**

As reported in the annual report for the year ended June 30, 2014, the Government of Pakistan is working hard to improve the economy and it is expected that the GDP will accelerate, besides improvement in the agriculture and industrial sector growth and bring in the idle capacity to the productivity. However these signs of improvement should not discount the challenges faced by the economy. The biggest challenges to all these are fiscal deficit, energy crises & law and order situation. The ongoing focus and development in these areas will bring positive changes on the economy horizon. Our sales are directly linked with the auto sales and any improvement / decline in auto sales have a direct impact on our sales. The positive economic developments have provided a strong platform for sustainable economic recovery.



## DIRECTORS' REPORT

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The auto sector is also directly related to the better economic outlook, if the economy works well and there is political stability, then the car sales is also expected to further improve. If the political situation will stabilize then the Company expects improvement in sales volumes in coming quarters depending upon the orders from Pak Suzuki Motor Company, as the Government of Punjab announces "Apna Rozgar Scheme" for which they have entered into an agreement with Pak Suzuki Motor Company for supply of 50,000 units of Suzuki Bolan and Suzuki Ravi. Due to the recent floods the demand for tractors have deteriorate. Any improvement in the farmers' earning, allocation of agriculture credit may improve the demand for the tractors. The Truck/ Bus industry is also likely to be flourish in the upcoming quarters due to the introduction of age restriction on import of used commercial vehicles last year.

At the time of writing this report a new Auto Industry Policy (AIP) waiting Economic Coordination Committee (ECC) approval, future of local auto engineering industry much depend on the outcome of new AIP. We are hopeful that things will be emerging positively.

It will not be out of place to mention here that Engineering Industry is the backbone of every developed economy & Auto is one of the sectors which can bring new investment & technology & creates employment in a massive way if policies are made in the best national interest and everyone is kept on board.

Your management endeavors to come up with good results even under tough circumstances.

### **Acknowledgement**

We thank our valued customers for their patronage of our products, and are pleased to record our appreciation for the services rendered by the staff members and workers, and look forward to their continued efforts and dedication.

For and on Behalf of the Board of Directors

**RAZAK H. M. BENGALI**  
Chief Executive

**MUHAMMAD IRFAN GHANI**  
Director

Karachi: October 17, 2014



## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

ASSETS	Note	September 30, 2014 ------(Rs.in '000)----- (Un-audited)	June 30, 2014 (Audited)
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	348,548	351,705
Long-term investments		706	747
Long-term loans and advances		2,775	1,993
Long-term deposits		5,740	5,740
		<b>357,769</b>	<b>360,185</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		47,737	44,552
Stock-in-trade	5	522,807	498,712
Trade debts		174,525	65,310
Loans and advances		32,829	15,267
Trade deposits and short-term prepayments		5,199	2,749
Other receivable		5,249	5,813
Short term investment		-	83,678
Sales tax refundable - net		1,445	1,792
Tax refundable due from the government - net		61,321	47,377
Bank balances		7,069	28,905
		<b>858,181</b>	<b>794,155</b>
<b>TOTAL ASSETS</b>		<b>1,215,950</b>	<b>1,154,340</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		133,343	133,343
Reserves		896,122	877,854
		<b>1,029,465</b>	<b>1,011,197</b>
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases		4,193	5,113
Long-term advance		10,093	10,093
Long-term deposits		1,160	1,110
Deferred taxation		35,490	35,490
		<b>50,936</b>	<b>51,806</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		59,765	83,227
Accrued mark-up		15	20
Short term borrowings	6	67,850	-
Current portion of:			
- Liabilities against assets subject to finance leases		3,656	3,828
- Long-term advance		1,442	1,442
- Long-term deposit		13	12
Provision for warranty		2,808	2,808
		<b>135,549</b>	<b>91,337</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,215,950</b>	<b>1,154,340</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

	September 30, 2014	September 30, 2013
	------(Rs.in '000)-----	
Turnover - net	313,310	270,214
Cost of sales	(256,471)	(214,416)
<b>Gross profit</b>	<b>56,839</b>	<b>55,798</b>
Distribution costs	(8,759)	(6,107)
Administrative expenses	(17,029)	(15,185)
Other operating expenses	(3,562)	(2,505)
Other income	873	1,742
	(28,477)	(22,055)
<b>Operating profit</b>	<b>28,362</b>	<b>33,743</b>
Finance costs	(620)	(458)
<b>Profit before taxation</b>	<b>27,742</b>	<b>33,285</b>
<b>Taxation</b>		
Current	(9,432)	(11,903)
Deferred	-	839
	(9,432)	(11,064)
<b>Profit after taxation</b>	<b>18,310</b>	<b>22,221</b>
<b>Earnings per share - Basic and diluted (Rupees)</b>	<b>1.37</b>	<b>1.67</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

	September 30, 2014	September 30, 2013
	------(Rs.in '000)-----	
<b>Profit after taxation for the period</b>	<b>18,310</b>	22,221
<b>Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent period</b>		
Unrealised (loss) due to changes in fair value of available for sale investments arising during the period	<b>(42)</b>	(48)
<b>Total comprehensive income for the period</b>	<b><u>18,268</u></b>	<u>22,173</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD IRFAN GHANI**  
DIRECTOR





**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**  
**(UN-AUDITED)**

	September 30, 2014	September 30, 2013
	------(Rs.in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	27,742	33,285
<b>Adjustment for:</b>		
Depreciation	9,909	10,195
Amortisation	-	27
Provision for employees' benefits	-	849
Finance costs	620	458
Reversal of provision for warranty	-	(67)
Reversal of provision for slow moving stock-in-trade	-	(1,950)
Gain on redemption of Mutual fund units	(823)	(550)
Profit on deposit accounts	(50)	(150)
	9,656	8,812
	37,398	42,097
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(3,185)	3,983
Stock-in-trade	(24,095)	(101,961)
Trade debts	(109,215)	17,893
Loans and advances	(17,562)	(9,806)
Trade deposits & short-term prepayments & other receivable	(1,886)	301
Sales tax refundable - net	347	-
	(155,596)	(89,590)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(23,461)	44,347
Sales tax payable - net	-	5,691
	(23,461)	50,038
<b>Cash (used in)/ generated from operation</b>	(141,659)	2,545
Long-term loans and advances-net	(782)	(905)
Long-term deposits-net	50	(58)
Income tax paid	(23,377)	(14,327)
Finance costs paid	(625)	(547)
Employees' benefits paid	-	(60)
<b>Net cash used in operating activities</b>	(166,393)	(13,352)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(6,752)	(15)
Short term Investment	83,678	(11,000)
Gain on redemption of mutual funds	823	550
Profit received on deposit accounts	50	150
<b>Net cash inflow /(used in) investing activities</b>	77,799	(10,315)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowing - net	67,850	-
Repayment of liabilities against assets subject to finance lease	(1,092)	(602)
Dividend paid	-	(56)
<b>Net cash inflow/ (used in) financing activities</b>	66,758	(658)
<b>Net decrease in cash and cash equivalents</b>	(21,836)	(24,325)
<b>Cash and cash equivalents at the beginning of the period</b>	28,905	34,713
<b>Cash and cash equivalents at the end of the period</b>	7,069	10,388

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

	Reserves			Unappropriated Profit	Total reserves	Total	
	Issued, subscribed and paid-up Capital	General reserves	Unrealised gain / (loss) on revaluation of available-for-sale investments				Remeasurement gain in defined benefit plan
----- (Rs. in '000) -----							
<b>Balance as at 30 June 2013 - as restated</b>	<b>133,343</b>	<b>160,000</b>	<b>611</b>	<b>2,209</b>	<b>666,215</b>	<b>829,035</b>	<b>962,378</b>
Net profit for the period	-	-	-	-	22,221	22,221	22,221
Other comprehensive income / loss	-	-	(48)	-	-	(48)	(48)
Total comprehensive income	-	-	(48)	-	22,221	22,173	22,173
<b>Balance as at 30 September 2013</b>	<b>133,343</b>	<b>160,000</b>	<b>563</b>	<b>2,209</b>	<b>688,436</b>	<b>851,208</b>	<b>984,551</b>
<b>Balance as at 30 June 2014</b>	<b>133,343</b>	<b>160,000</b>	<b>603</b>	<b>2,533</b>	<b>714,718</b>	<b>877,854</b>	<b>1,011,197</b>
Net profit for the period	-	-	-	-	18,310	18,310	18,310
Other comprehensive income / loss	-	-	(42)	-	-	(42)	(42)
Total comprehensive income	-	-	(42)	-	18,310	18,268	18,268
<b>Balance as at 30 September 2014</b>	<b>133,343</b>	<b>160,000</b>	<b>561</b>	<b>2,533</b>	<b>733,028</b>	<b>896,122</b>	<b>1,029,465</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

Baluchistan Wheels Limited (the Company) was incorporated in Pakistan on June 16, 1980. The Company is engaged in manufacturing and marketing of automotive wheel rims for trucks, buses, tractors, cars, and mini commercial vehicles. The Company is listed in Karachi Stock Exchange. The registered office of the Company is situated at Main RCD Highway, Hub Chowki Lasbella, Baluchistan.

**2. BASIS OF PREPARATION**

These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with the requirement of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The 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 financial statements of the Company for the year ended June 30, 2014.

**3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2014.

		September 30, 2014	June 30, 2014
Note		------(Rs.in '000)-----	
		(Un-audited)	(Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening Net Book Value (NBV)		<b>351,705</b>	354,354
Additions during the period/ year	4.1	<b>6,752</b>	45,980
Depreciation charged during the period / year		<b>(9,909)</b>	(39,777)
Disposals during the period / year (NBV)	4.1	-	(8,852)
Closing Net Book Value (NBV)		<u><b>348,548</b></u>	<u>351,705</u>

	(Un-audited) September 30, 2014		(Audited) June 30, 2014	
	Additions at cost	Disposals at written down value	Additions at cost	Disposals at written down value
------(Rs.in '000)-----				
<b>4.1 Additions and disposals to property, plant and equipment:</b>				
Building	-	-	721	-
Plant and machinery	886	-	25,964	-
Furniture and fittings	2,159	-	199	-
Vehicles	3,535	-	18,451	8,825
Office equipment	-	-	449	2
Computers	172	-	196	25
	<u>6,752</u>	<u>-</u>	<u>45,980</u>	<u>8,852</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

	September 30, 2014	June 30, 2014
Note	------(Rs.in '000)-----	
	(Un-audited)	(Audited)
<b>5. STOCK-IN-TRADE</b>		
Raw material and components	158,983	136,436
Finished goods	144,012	183,746
Work-in-progress	154,175	139,847
Scrap stock	36,756	44,500
	<u>493,926</u>	<u>504,529</u>
Stock-in-transit	57,209	22,511
	<u>551,135</u>	<u>527,040</u>
Provision for slow moving stock/ NRV adjustment	5.1 (28,328)	(28,328)
	<u>522,807</u>	<u>498,712</u>

**5.1 Movement in provision is as follows:**

Balance at the beginning of the period / year	28,328	32,473
Charge during the period / year	-	10,162
Reversal during the period / year	-	(14,307)
Balance at the end of the period / year	<u>28,328</u>	<u>28,328</u>

**6. SHORT-TERM BORROWINGS**

The Company has availed short-term running finance facilities from three commercial banks under markup arrangement aggregating to Rs. 67.85 million (June 30, 2014 : Rs. Nil) and are secured by way of hypothecation charge banking pari pasu over company's stock and debt. The rates of markup on these finances are three months KIBOR plus 125 basis points and three months KIBOR plus 110 basis points.

**7. CONTINGENCIES AND COMMITMENTS**

There were no major changes in the status of contingencies and commitments as reported in the financial statements for the year ended June 30, 2014 except for the following:

	September 30, 2014	June 30, 2014
	------(Rs.in '000)-----	
	(Un-audited)	(Audited)
<b>Commitments</b>		
Letters of credit issued by commercial banks	<u>184,736</u>	<u>68,606</u>
Operating lease/ Ijarah commitments		
Less than 1 year	2,852	2,852
1 to 5 years	3,327	4,040
	<u>6,179</u>	<u>6,892</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

**8. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise of directors, other key management personnel and retirement benefit plans. Transactions and balances with related parties are as follows:

<u>Transactions</u>		<u>Quarter Ended</u>	
		<u>September 30, 2014</u>	<u>September 30, 2013</u>
		----- <u>(Rs.in '000)</u> -----	
		(Un-audited)	
<u>Nature of relationship</u>	<u>Nature of transactions</u>		
<b>Staff retirement benefit plans</b>			
- Provident funds	Contribution during the period	<u>1,042</u>	<u>1,035</u>
- Gratuity fund	Contribution during the period	<u>-</u>	<u>849</u>
<b>Remuneration</b>			
	Directors	<u>8,530</u>	<u>8,417</u>
	Executives	<u>3,689</u>	<u>2,763</u>
		<b>September 30, 2014</b>	<b>June 30, 2014</b>
		----- <u>(Rs.in '000)</u> -----	
		(Un-audited) (Audited)	
<b>Balances</b>			
<b>Amount receivable / payable</b>			
Loan and advances	Loan to key management personnel	<u>1,075</u>	<u>891</u>

**9. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **October 17, 2014**, by the Board of Directors of the Company.

**10. GENERAL**

- 10.1** The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.
- 10.2** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



*If undelivered please return to:*



**Baluchistan Wheels Limited**

1st Floor, State Life Building # 3,

Dr. Ziauddin Ahmed Road, Karachi.

Telephone # 35689259, 35683474, 35687502

Fax # 35684003

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

Website: <http://www.bwheels.com>