

**1st Quarterly Accounts  
September 30, 2012  
(Un-Audited)**

**Manufacturers of Automotive  
Wheels in Pakistan**

**Commitment to Excellence**



**Baluchistan Wheels Limited**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Muhammad Siddique Misri	Chairman (Executive Director)
Mr. Razak H.M. Bengali	Chief Executive (Executive Director)
Mr. Muhammad Irfan Ghani	Chief Operating Officer (Executive Director)
Syed Haroon Rashid	Non-Executive Director (Nominee - NIT)
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)
Mr. Muhammad Javed	Executive Director
Mr. Irfan Ahmed Qureshi	Executive Director

### COMPANY SECRETARY

Mr. Irfan Ahmed Qureshi

### BOARD AUDIT COMMITTEE

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

### MANAGEMENT COMMITTEE

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

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Haroon Rashid - Chairman	Non-Executive Director
Syed Zubair Ahmed Shah - Member	Non-Executive Director
Mr. Muhammad Irfan Ghani - Member	Chief Operating Officer (Executive Director)

### RELATED PARTIES

Staff Retirement Funds

### BANKERS

Habib Bank Limited  
Faysal Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Bank Alfalah Limited  
National Bank of Pakistan

### LEGAL ADVISOR

Mohsin Tayebaly & Company  
(Advocates)

### EXTERNAL 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)

### CHIEF INTERNAL AUDITOR

Mr. Muhammed Asad Saeed

### 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: bwlfm@cyber.net.pk  
Website: <http://www.bwheels.com>  
Telephone# 35688259, 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, 2012 for the year to end on June 30, 2013.

### **Operational and Financial Performance**

The sales during the period under review was Rs.293 million as compared to Rs. 328 million which is 11% less than the corresponding period of last year. The Car Wheels sale was Rs.170 million as compared to Rs.217 million which is 22 % less than the last year corresponding period. Truck / Bus Wheels sale was Rs.21 million which is with in the vicinity of last year corresponding period. Tractor Wheels sale was Rs.91 million as compared to Rs.73 million which is 25% more than the last year corresponding period. The export sales were Rs.10 million and were also within the vicinity of last year corresponding period.

The gross profit (GP) was Rs.41 million as compared to Rs.52 million of the last year corresponding period. In terms of percentage the current period GP is 14% as compared to 16% of the previous year corresponding period.

The administrative expenses remained under control, distribution expenses have decreased due to drop in sales, financial cost have substantially decreased because of the lower borrowing during this quarter. The profit after taxation was Rs.10 million as compared to Rs.18 million in the corresponding period of last year.

The Car wheels sale is lower by Rs.47 million (22%), due to the depressed sales of the cars. Overall at National level the sales of Cars for the period under review is 26,808 units as compared to 38,065 units for the same period of the last year which is 30% less than the last year corresponding period. This has resulted in low absorption of cost per wheel which has resulted in 2% lower gross profit as compared to the last corresponding period & same effect has trickled up to net profit.

### **Board Committees**

The Human Resource and Remuneration (HR&R) Committee has been reconstituted, Syed Haroon Rashid as Chairman and Syed Zubair Ahmed Shah & Mr. Muhammad Irfan Ghani as members.

Similarly the Audit Committee has been reshuffled, Syed Zubair Ahmed Shah as Chairman and Syed Haroon Rashid & Mr. Muhammad Irfan Ghani as members.

### **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. 25.1 (ii) in the financial statements for the year ended June 30, 2012, 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 & was 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 favour.

### **Future Outlook**

Currently the local Cars manufacturers are badly hit by the import of used Cars at a throw away price from abroad & further advantage to the importers by way of depreciation to calculate the import duty. This has resulted in 30% reduction in sales of the locally manufactured cars & now their finished goods inventory has piled up and assemblers have resorted to many non production days (NPDs) per month so that their stocks are cleared. Similar is the position with the tractor manufacturer because of the allotment of subsidized tractors to the farmers by the Government, there is very thin demand left for the tractors with the dealers and now tractor assemblers have also bought their assembling at a grinding halt and this may significantly effect your sales too for the next quarter. Never the less it is hoped that the current scenario moves towards the positive side. We on our part are taking all the steps to control the cost & come out of the situation. As reported in the latest Annual Accounts the new Spinning machine is expected to arrive in next few days & will be installed & will be operative in the middle of November and produce quality Truck/Bus discs based on new technology.

### **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

**MUHAMMAD SIDDIQUE MISRI**  
Chairman  
Karachi: October 22, 2012

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



## INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 (Rupees in thousand) (Un-audited)	June 30, 2012 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	353,757	360,700
Intangible asset	5	193	220
		<u>353,950</u>	<u>360,920</u>
Long-term investment		698	708
Long-term loans and advances		1,500	1,740
Long-term deposits		9,083	9,082
		<u>365,231</u>	<u>372,450</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		48,533	45,925
Stock-in-trade		591,691	508,184
Trade debts		93,984	129,508
Loans and advances	6	23,944	8,568
Trade deposits and short-term prepayments		4,341	2,907
Bank balances	7	5,875	48,331
		<u>768,368</u>	<u>743,423</u>
<b>TOTAL ASSETS</b>		<u><b>1,133,599</b></u>	<u><b>1,115,873</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	8	133,343	133,343
Reserves		801,250	790,921
		<u>934,593</u>	<u>924,264</u>
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		4,995	5,695
Long-term deposits		849	784
Deferred taxation		44,445	45,076
		<u>50,289</u>	<u>51,555</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		53,740	87,107
Accrued mark-up		536	149
Short term borrowings	9	54,384	70
Sales tax payable - net		1,987	3,131
Current portion of liabilities against assets subject to finance lease		3,195	3,291
Provision for warranty		3,496	4,091
Provision for taxation - net		31,379	42,215
		<u>148,717</u>	<u>140,054</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,133,599</b></u>	<u><b>1,115,873</b></u>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

**MUHAMMAD SIDDIQUE MISRI**  
CHAIRMAN

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



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012  
(UN-AUDITED)**

	Note	September 30, 2012 (Rupees in thousand)	September 30, 2011
Turnover - net		<b>293,107</b>	328,354
Cost of sales		<b>(252,103)</b>	(276,513)
<b>Gross profit</b>		<b>41,004</b>	51,841
Distribution costs		<b>(5,669)</b>	(6,647)
Administrative expenses		<b>(16,374)</b>	(15,121)
Finance costs		<b>(982)</b>	(4,265)
Other operating expenses		<b>(1,571)</b>	(2,663)
		<b>(24,596)</b>	(28,196)
<b>Operating profit</b>		<b>16,408</b>	23,145
Other operating income		<b>876</b>	2,925
<b>Profit before taxation</b>		<b>17,284</b>	26,070
Taxation	11	<b>(6,945)</b>	(8,472)
<b>Profit after taxation</b>		<b>10,339</b>	17,598
<b>Basic earnings per share - Basic and diluted (Rupees)</b>	12	<b>0.78</b>	1.32

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

**MUHAMMAD SIDDIQUE MISRI**  
CHAIRMAN

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



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012  
(UN-AUDITED)**

	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
<b>Profit after taxation for the period</b>	<b>10,339</b>	17,598
<b>Other comprehensive income / (loss)</b>		
Unrealised gain / (loss) due to changes in fair value of available for sale investments during the period	(10)	(228)
<b>Total comprehensive income for the period</b>	<b><u>10,329</u></b>	<u>17,370</u>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

**MUHAMMAD SIDDIQUE MISRI**  
CHAIRMAN

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



**INTERIM CONDENSED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2012**  
**(UN-AUDITED)**

	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,284	26,070
<b>Adjustment for:</b>		
Depreciation	9,875	10,645
Amortisation	27	28
Provision for employees' benefits	988	1,602
Finance costs	982	4,265
Reversal of provision for warranty	(578)	(1,975)
Gain on disposal of fixed assets	-	(847)
Gain on redemption of mutual fund units	(151)	-
Profit on deposit accounts	(86)	(1)
	11,057	13,717
	28,341	39,787
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(2,608)	175
Stock-in-trade	(83,507)	(86,499)
Trade debts	35,524	21,848
Loans and advances	(15,376)	(18,024)
Trade deposits and short-term prepayments	(1,434)	(39)
Other receivables	-	(5,258)
	(67,401)	(87,797)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(34,924)	(36,332)
	(73,984)	(84,342)
<b>Cash used in operations</b>	(73,984)	(84,342)
Long-term loans and advances-net	240	(210)
Long-term deposits-net	(64)	1,428
Income tax paid	(18,414)	(18,698)
Finance costs paid	(595)	(2,183)
Employees' benefits paid	(58)	(3,878)
<b>Net cash used in operating activities</b>	(92,875)	(107,883)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(3,346)	(1,142)
Proceeds from sale of fixed assets	14	2,356
Gain on redemption of mutual funds	151	-
Profit received on deposit accounts	86	1
<b>Net cash (outflow)/inflow from investing activities</b>	(3,095)	1,215
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from murabaha finance- net	-	53,566
Short-term borrowings - net	54,314	18,147
Repayment of liabilities against assets subject to finance lease	(796)	(392)
Dividend paid	(4)	(23)
<b>Net cash inflow from financing activities</b>	53,514	71,298
<b>Net decrease in cash and cash equivalents</b>	(42,456)	(35,370)
<b>Cash and cash equivalents at the beginning of the period</b>	48,331	41,391
<b>Cash and cash equivalents at the end of the period</b>	5,875	6,021

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

**MUHAMMAD SIDDIQUE MISRI**  
CHAIRMAN

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



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012  
(UN-AUDITED)**

	Share capital	Reserves			Total reserves	Total
		General reserves	Unrealised gain/(loss) on revaluation of available for sale investments	Unappropriated profit		
----- (Rupees in thousand) -----						
<b>Balance as at June 30, 2011</b>	<b>133,343</b>	<b>160,000</b>	<b>781</b>	<b>554,408</b>	<b>715,189</b>	<b>848,532</b>
Net profit for the period	-	-	-	17,598	17,598	17,598
Other comprehensive income /(loss) for the period	-	-	(228)	-	(228)	(228)
Total comprehensive income /(loss) for the period	-	-	(228)	17,598	17,370	17,370
<b>Balance as at September 30, 2011</b>	<b>133,343</b>	<b>160,000</b>	<b>553</b>	<b>572,006</b>	<b>732,559</b>	<b>865,902</b>
<b>Balance as at June 30, 2012</b>	<b>133,343</b>	<b>160,000</b>	<b>564</b>	<b>630,357</b>	<b>790,921</b>	<b>924,264</b>
Net profit for the period	-	-	-	10,339	10,339	10,339
Other comprehensive income /(loss) for the period	-	-	(10)	-	(10)	(10)
Total comprehensive income /(loss) for the period	-	-	(10)	10,339	10,329	10,329
<b>Balance as at September 30, 2012</b>	<b>133,343</b>	<b>160,000</b>	<b>554</b>	<b>640,696</b>	<b>801,250</b>	<b>934,593</b>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

**MUHAMMAD SIDDIQUE MISRI**  
CHAIRMAN

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





**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012  
(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, 2012.

**3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES**

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, 2012.

	<b>September 30, 2012</b>	<b>June 30, 2012</b>
	<b>(Rupees in thousand)</b>	
	<b>(Un-audited)</b>	<b>(Audited)</b>
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening Net Book Value (NBV)	<b>360,500</b>	394,140
Additions to operating property, plant and equipment	<b>3,146</b>	13,428
Depreciation charged during the period / year	<b>(9,875)</b>	(43,071)
Impairment during the period / year (NBV)	-	(108)
Disposals during the period / year (NBV)	<b>(14)</b>	(3,889)
Closing Net Book Value (NBV)	<b>353,757</b>	360,500
Capital work in progress	-	200
	<b>353,757</b>	360,700
<b>5. INTANGIBLE ASSET</b>		
Software	<b>193</b>	220
<b>6. LOANS AND ADVANCES</b>		
<b>Loans - secured, considered good</b>		
Current portion of long term loans	<b>623</b>	644
<b>Advances</b>		
<b>Considered good</b>		
Current portion of long term advances - secured	<b>1,720</b>	1,635
For expenses - unsecured	<b>980</b>	903
To suppliers - unsecured	<b>20,202</b>	4,967
Letters of credit fee and margin - unsecured	<b>419</b>	419
	<b>23,321</b>	7,924
<b>Considered doubtful</b>	-	231
Less: Provision for doubtful advances	-	231
	<b>23,944</b>	8,568



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012  
(UN-AUDITED)**

	September 30, 2012	June 30, 2012
	(Rupees in thousand)	
	(Un-audited)	(Audited)
<b>7. BANK BALANCES</b>		
Current accounts	2,833	37,969
Deposit accounts	<u>3,042</u>	<u>10,362</u>
	<u>5,875</u>	<u>48,331</u>

**8. SHARE CAPITAL**

	September 30, 2012	June 30, 2012		September 30, 2012	June 30, 2012
				(Rupees in thousand)	
				(Un-audited)	(Audited)
<b>8.1. Authorised capital</b>					
<u>25,000,000</u>	25,000,000		Ordinary shares	<u>250,000</u>	<u>250,000</u>

**8.2. Issued, subscribed and paid-up capital**

<u>9,276,000</u>	9,276,000	- Issued for cash	<u>92,760</u>	92,760
<u>4,058,250</u>	4,058,250	- Issued as bonus shares	<u>40,583</u>	40,583
<u>13,334,250</u>	<u>13,334,250</u>		<u>133,343</u>	<u>133,343</u>

**9. SHORT-TERM BORROWINGS**

Running finance under mark-up arrangement	<u>54,384</u>	<u>70</u>
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**10. 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, 2012 except for the following:

	September 30, 2012	June 30, 2012
	(Rupees in thousand)	
	(Un-audited)	(Audited)
<b>Commitments</b>		
Capital commitments - Plant and machinery	<u>14,937</u>	<u>2,321</u>
Letters of credit issued by commercial banks	<u>194,291</u>	<u>169,048</u>
Duties and other charges payable on stock-in-trade	<u>-</u>	<u>295</u>



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012  
(UN-AUDITED)**

	<b>Quarter Ended</b>	
	September 30, 2012	September 30, 2011
<b>11. TAXATION</b>	<b>(Rupees in thousand) (Un-audited)</b>	
Current	7,577	8,472
Deferred	(632)	-
	<b>6,945</b>	<b>8,472</b>

	<b>Quarter Ended</b>	
	September 30, 2012	September 30, 2011
<b>12. EARNINGS PER SHARE - Basic and diluted</b>		
Profit after taxation (Rupees in thousand)	10,339	17,598
Weighted average number of ordinary shares (in thousand) of Rs. 10/- each	13,334	13,334
Earnings per share - (Rupees)	<b>0.78</b>	<b>1.32</b>

	<b>Quarter Ended</b>	
	September 30, 2012	September 30, 2011
<b>13. TRANSACTIONS WITH RELATED PARTIES</b>	<b>(Rupees in thousand) (Un-audited)</b>	
<b>Name of relationship</b>	<b>Nature of transactions</b>	
<b>Staff retirement benefit plans</b>	- Provident fund Contribution during the period	
	902	836
	- Contribution paid to gratuity fund during the period	
	988	766
<b>Key management personnel</b>	Sale of equipment	
	<b>14</b>	<b>18</b>

**14. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **October 22, 2012**, by the Board of Directors of the Company.

**15. GENERAL**

**15.1.** The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.

**15.2.** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**MUHAMMAD SIDDIQUE MISRI**  
CHAIRMAN

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

*If undelivered please return to:*



**Baluchistan Wheels Limited**

1st Floor, State Life Building # 3,

Dr. Ziauddin Ahmed Road, Karachi.

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