

2013

1st Quarterly Accounts  
September 30, 2013  
(Un-Audited)



*Moving around the world*



**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 Ahmad 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 Ahmad Shah	(Non-Executive Director)	Member
Miss Maheen Irfan Ghani	(Non-Executive Director)	Member
Mr.Muhammad Asad Saeed	(Head of Internal Audit)	Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmad 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.Arshad Ali Siddiqui	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

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Your Directors are pleased to present Un-audited Financial Statements of the Company for the First Quarter ended on September 30, 2013 for the year to end on June 30, 2014.

### **Operational and Financial Performance**

The sales during the period under review was Rs.270 million as compared to Rs. 293 million which is 7.8% less than the corresponding period of last year. The Car Wheels sale was Rs. 155 million as compared to Rs.170 million which is 9 % less than the last year corresponding period. Truck / Bus Wheels sale was Rs.23 million as compared to 21 million which is 11% more than the last corresponding period. Tractor Wheels sale was Rs.68 million as compared to Rs.91 million which is 25% less than the last year corresponding period. The export sales were Rs.11 million and is also within the vicinity of last year corresponding period.

The gross profit (GP) was Rs.56 million as compared to Rs.41 million of the last year corresponding period. In terms of percentage the current period GP is 21% as compared to 14% of the previous year corresponding period.

The administrative expenses remained under control, distribution expenses have increased due to increase in transportation cost and financial cost have decreased because of the better cash flow management. The profit after taxation was Rs.22 million as compared to Rs.10 million in the corresponding period of last year.

Overall at National level production of the Cars is lower by 1,708 units. The production of Cars for the period under review is 27,545 units as compared to 29,253 units for the same period of the last year which is 5.8% less than the last year corresponding period. The Tractors production is lower by 5,257 units for the period under review which is 6,176 units as compared to 11,433 units for same period of last year which is 46% less 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. 24.1.2 in the financial statements for the year ended June 30, 2013, 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 favour.

### **Future Outlook**

As reported in the annual accounts for the year ended June 30, 2013, the frequent changes in the import policy of the government has badly shaken the confidence of the local automobile assemblers, sometime it allows import of 5 years old cars and by the time it reduces the time period to 3 years the local industry had already suffered, Similarly tractors were subjected to 16% sales tax from zero rated, and thereafter reduced it to 5% and a policy of increasing it to normal rates of sales tax had also affected the tractor sales & production, since farmer was used to buy tractors at nil sales tax and it became expensive for it to buy a tractor with normal rate of sales tax.



## DIRECTORS' REPORT

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The demand for local truck & buses is also coming down, because a number of trucks and commercial vehicles are entering the market under various schemes like gift and transfer of baggage. Under special purpose vehicle, sprinkler lorries and water bowsers are being imported and converted in truck and lorries, last but not the least the government has allowed import of hybrid cars at zero rate of duty instead of encouraging local assemblers to assemble hybrid cars locally and subsequently acquiring the technology. Weakening of Pak Rupees against US Dollar, frequent load shedding of electricity and gas and increase in their charges are all affecting the industry.

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 sector which can bring new investment & technology & creates employment in a massive way if policies are made in the best national interest and every one 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 25, 2013



## INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 (Rupees in thousand) (Un-audited)	June 30, 2013 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	344,174	354,354
Intangible asset	5	83	110
		344,257	354,464
Long-term investment		707	755
Long-term loans and advances		2,723	1,818
Long-term deposits		4,636	4,636
		352,323	361,673
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		41,720	45,703
Stock-in-trade		606,583	502,672
Trade debts		116,362	134,255
Loans and advances	6	26,479	16,673
Trade deposits and short-term prepayments		2,519	3,218
Short term investment		31,067	20,067
Tax refundable due from the government - net		21,197	18,773
Bank balances	7	10,388	34,713
		856,315	776,074
<b>TOTAL ASSETS</b>		<b>1,208,638</b>	<b>1,137,747</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	8	133,343	133,343
Reserves		848,999	826,826
		982,342	960,169
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		1,414	1,626
Long-term deposits		950	892
Deferred taxation		39,565	40,404
		41,929	42,992
<b>CURRENT LIABILITIES</b>			
Trade and other payables		162,072	116,531
Accrued mark-up		60	149
Sales tax payable - net		15,710	10,019
Current portion of liabilities against assets subject to finance lease		3,649	4,039
Provision for warranty		2,876	2,943
		184,367	134,656
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,208,638</b>	<b>1,137,747</b>

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
(UN-AUDITED)**

	Note	September 30, 2013 (Rupees in thousand)	September 30, 2012
Turnover - net		270,214	293,107
Cost of sales		(214,416)	(252,103)
<b>Gross profit</b>		<b>55,798</b>	41,004
Distribution costs		(6,107)	(5,091)
Administrative expenses		(15,185)	(16,374)
Finance costs		(458)	(982)
Other operating expenses		(2,505)	(1,571)
		(24,255)	(24,018)
<b>Operating profit</b>		<b>31,543</b>	16,986
Other operating income		1,742	298
<b>Profit before taxation</b>		<b>33,285</b>	17,284
Taxation	10	(11,064)	(6,945)
<b>Profit after taxation</b>		<b>22,221</b>	10,339
<b>Earnings per share - Basic and diluted (Rupees)</b>	11	<b>1.67</b>	0.78

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
(UN-AUDITED)**

	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
<b>Profit after taxation for the period</b>	<b>22,221</b>	10,339
<b>Other comprehensive income / (loss)</b>	-	
Unrealised gain / (loss) due to changes in fair value of available for sale investments during the period	(48)	(10)
<b>Total comprehensive income for the period</b>	<b><u>22,173</u></b>	<u>10,329</u>

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**INTERIM CONDENSED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013**  
**(UN-AUDITED)**

	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,285	17,284
<b>Adjustment for:</b>		
Depreciation	10,195	9,875
Amortisation	27	27
Provision for employees' benefits	849	988
Finance costs	458	982
Reversal of provision for warranty	(67)	(578)
Reversal of provision for slow moving stock-in-trade	(1,950)	-
Gain on sale of mutual fund units	(550)	(151)
Profit on deposit accounts	(150)	(86)
	8,812	11,057
	42,097	28,341
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	3,983	(2,608)
Stock-in-trade	(101,961)	(83,507)
Trade debts	17,893	35,524
Loans and advances	(9,806)	(15,376)
Trade deposits and short-term prepayments	301	(1,434)
	(89,590)	(67,401)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	44,347	(34,924)
Sales tax payable	5,691	-
	2,545	(73,984)
<b>Cash generated from / (used in) operations</b>		
Long-term loans and advances-net	(905)	240
Long-term deposits-net	(58)	(64)
Income tax paid	(14,327)	(18,414)
Finance costs paid	(547)	(595)
Employees' benefits paid	(60)	(58)
<b>Net cash used in operating activities</b>	(13,352)	(92,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(15)	(3,346)
Proceeds from sale of fixed assets	-	14
Gain on redemption of mutual funds	550	151
Short term investment made during the period	(11,000)	-
Profit received on deposit accounts	150	86
<b>Net cash used in investing activities</b>	(10,315)	(3,095)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowings - net	-	54,314
Repayment of liabilities against assets subject to finance lease	(602)	(796)
Dividend paid	(56)	(4)
<b>Net cash (used in) / inflow from financing activities</b>	(658)	53,514
<b>Net decrease in cash and cash equivalents</b>	(24,325)	(42,456)
<b>Cash and cash equivalents at the beginning of the period</b>	34,713	48,331
<b>Cash and cash equivalents at the end of the period</b>	10,388	5,875

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR





**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
(UN-AUDITED)**

	Reserves			Total reserves	Total	
	Share capital	General reserves	Unrealised gain/(loss) on revaluation of available for sale investments			Unappropriated profit
----- (Rupees in thousand) -----						
<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>
<b>Balance as at June 30, 2013</b>	<b>133,343</b>	<b>160,000</b>	<b>611</b>	<b>666,215</b>	<b>826,826</b>	<b>960,169</b>
Net profit for the period	-	-	-	22,221	22,221	22,221
Other comprehensive income / (loss) for the period	-	-	(48)	-	(48)	(48)
Total comprehensive income / (loss) for the period	-	-	(48)	22,221	22,173	22,173
<b>Balance as at September 30, 2013</b>	<b>133,343</b>	<b>160,000</b>	<b>563</b>	<b>688,438</b>	<b>848,999</b>	<b>982,342</b>

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
(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, 2013.

**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, 2013.

	<b>September 30, 2013</b>	<b>June 30, 2013</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>354,354</b>	360,500
Additions during the period / year	<b>15</b>	36,829
Transfer from capital work in process	-	200
Depreciation charged during the period / year	<b>(10,195)</b>	(40,782)
Disposals during the period / year (NBV)	-	(2,393)
Closing Net Book Value (NBV)	<b><u>344,174</u></b>	<u>354,354</u>
<b>5. INTANGIBLE ASSET</b>		
Software	<b><u>83</u></b>	<u>110</u>
<b>6. LOANS AND ADVANCES</b>		
<b>Loans - Secured, considered good</b>		
Current portion of long term loans	<b>720</b>	655
<b>Advances - Considered good</b>		
Current portion of long term advances - secured	<b>1,791</b>	1,611
For expenses - unsecured	<b>762</b>	1,212
To suppliers - unsecured	<b>22,787</b>	12,776
Letters of credit fee and margin - unsecured	<b>419</b>	419
	<b><u>25,759</u></b>	<u>16,018</u>
	<b><u>26,479</u></b>	<u>16,673</u>



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
(UN-AUDITED)**

	September 30, 2013	June 30, 2013	
	(Rupees in thousand)		
	(Un-audited)	(Audited)	
<b>7. BANK BALANCES</b>			
Current accounts	9,372	23,877	
Deposit accounts	<u>1,016</u>	<u>10,836</u>	
	<u>10,388</u>	<u>34,713</u>	
<b>8. SHARE CAPITAL</b>			
	September 30, 2013	June 30, 2013	
	Number of ordinary shares of Rs.10/- each		
	September 30, 2013	June 30, 2013	September 30, 2013
			(Rupees in thousand)
			(Un-audited) (Audited)
<b>8.1. Authorised capital</b>			
	<u>25,000,000</u>	<u>25,000,000</u>	Ordinary shares
			<u>250,000</u> <u>250,000</u>
<b>8.2. Issued, subscribed and paid-up capital</b>			
	9,276,000	9,276,000	- Issued for cash
	<u>4,058,250</u>	<u>4,058,250</u>	- Issued as bonus shares
	<u>13,334,250</u>	<u>13,334,250</u>	<u>92,760</u> <u>92,760</u> <u>40,583</u> <u>40,583</u> <u>133,343</u> <u>133,343</u>
<b>9. CONTINGENCIES AND COMMITMENTS</b>			
There were no major changes in the status of contingencies and commitments as reported in the financial statements for the year ended June 30, 2013 except for the following:			
	September 30, 2013	June 30, 2013	
	(Rupees in thousand)		
	(Un-audited)	(Audited)	
<b>Commitments</b>			
Capital commitments - Plant and machinery	<u>22,616</u>	<u>939</u>	
Letters of credit issued by commercial banks	<u>137,180</u>	<u>93,267</u>	
	<b>Quarter Ended</b>		
	September 30, 2013	September 30, 2012	
	(Rupees in thousand)		
	(Un-audited)		
<b>11. TAXATION</b>			
Current	11,650	7,577	
Deferred	<u>(839)</u>	<u>(632)</u>	
	<u>11,064</u>	<u>6,945</u>	



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
(UN-AUDITED)**

	Quarter Ended	
	September 30, 2013	September 30, 2012
<b>11. EARNINGS PER SHARE - Basic and diluted</b>	<b>(Un-audited)</b>	
Profit after taxation (Rupees thousand)	<u>22,221</u>	<u>10,339</u>
Weighted average number of ordinary shares in issue during the period (in thousand)	<u>13,334</u>	<u>13,334</u>
Earnings per share (Rupees)	<u>1.67</u>	<u>0.78</u>

There is no dilution effect on basic earnings per share of the Company.

Relationship	Nature of transactions	Quarter Ended	
		September 30, 2013	September 30, 2012
<b>12. TRANSACTIONS WITH RELATED PARTIES</b>			
<b>(Rupees in thousand)</b>			
<b>(Un-audited)</b>			
<b>Staff retirement benefit plans</b>	- Provident fund contribution during the period	<u>1,035</u>	<u>902</u>
	- Contribution paid to gratuity fund during the period	<u>849</u>	<u>988</u>
<b>Key management personnel</b>	Sale of equipment	<u>-</u>	<u>14</u>

**13. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **October 25, 2013**, by the Board of Directors of the Company.

**14. GENERAL**

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

**14.2.** 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**

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