

1st Quarterly Accounts
(Un-Audited) | September
2016

MOVING AROUND THE WORLD



BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan



CONTENTS

Corporate Information	02
Directors' Report	03
Condensed Interim Balance Sheet	04
Condensed Interim Profit and Loss Account	05
Condensed Interim Statement of Comprehensive Income	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Notes to Condensed Interim Financial Statements	09



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 Director
Mrs. Gulbano Razak	Non-Executive Director
Miss Maheen Irfan Ghani	Non-Executive Director
Mrs. Saba Nadeem	Non-Executive Director

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Muhammad Yasin Yunus Ladha

BOARD AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	Independent Director	Chairman
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Member
Syed Haroon Rashid	Non-Executive Director	Member
Miss Maheen Irfan Ghani	Non-Executive Director	Member
Mrs. Saba Nadeem	Non-Executive Director	Member
Hafiz Shoab Ahmed Chauhan	Chief Internal Auditor	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. Sajid Nadri	S.G.M (Technical)
Mr. Muhammad Yasin Yunus Ladha	S.G.M (Finance) / Company Secretary
Lt. Col. (R) Mehboob Ahmed	GM (Maintenance)
Mr. Muhammad Asad Saeed	D.G.M (Finance)
Mr. Kumail Irfan Ghani	D.G.M (Supply & Services)
Mr. Fareed Abdul Razzak	D.G.M (Finance)

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Chairman
Mr. Muhammad Irfan Ghani	Chief Operating Officer (Executive Director)	Member
Mr. Anis Wahab Zuberi	Independent Director	Member
Mrs. Gulbano Razak	Non-Executive Director	Member
Mr. Muhammad Yasin Yunus Ladha	S.G.M (Finance) / Company Secretary	Secretary

BANKERS

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

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

EXTERNAL AUDITORS

EY Ford Rhodes
(Chartered Accountants)

TAX CONSULTANTS

EY Ford Rhodes
(Chartered Accountants)
Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)

CHIEF INTERNAL AUDITOR

Hafiz Shoab Ahmed Chauhan

SHARE REGISTRAR

THK Associates (Pvt) Limited
2nd Floor, State Life Building #3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: secretariat@thk.com.pk
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UAN # +92(21) 111-000-322
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HEAD OFFICE

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Dr. Ziauddin Ahmed Road, Karachi.
E-mail: bwffin@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

The Directors of your company take pleasure in presenting the unaudited condensed interim financial statements for the first quarter ended on September 30, 2016.

Financial Results

The sales during the period under review was Rs. 322 million as compared to Rs. 384 million which is 16% lower than the corresponding period of last year. The car wheels sale was Rs. 202 million as compared to Rs. 294 million which is 31% lower than the corresponding period of last year mainly due to the completion of Government of Punjab's Apna Rozgar Self-employment Scheme. The Truck/ Bus wheels sale was Rs. 46 million as compared to Rs. 19 million which is 146% higher than the similar period of last year because of increase in demand of Trucks and Buses in the market. The Tractors Wheels sale was Rs. 75 million as compared to Rs. 65 million which is 15% more than the corresponding period of last year.

The gross profit decreased by 7% to Rs. 58 million against Rs. 62 million of last year corresponding period. Whereas the company earned profit after taxation of Rs. 23 million as compared to Rs. 25 million of the previous year corresponding period which decreased by 11%.

NBP and related Matters

The case is pending in the High Court of Sindh which has been briefly explained in note No.24 of the Annual Audited Financial statements for the year ended on June 30, 2016. The management and its legal counsel are hopeful that the ultimate outcome of the matter will also be in the company's favor (Insha-Allah).

Future Outlook

The recently announced Automotive Development Policy (ADP) 2016-2021 envisages development plan of Automobile Industry, whereas the fast implementation of China Pakistan Economic Corridor (CPEC) and improvement in law & order situation of the Country will also provide ample opportunities to flourish the industrial growth. With the expected introduction of some new models by Cars, Trucks & Buses assemblers and surge in the sale of vehicles through financing by the Financial Institutions, we expect that the sale of Cars & Truck/Bus will be improved phenomenally which will have direct positive impact on our revenue as our sales are directly linked with the Auto Sales.

Your Management is expected that the company shall maintain its revenue and profitability in future.

Acknowledgement

We take this opportunity to thank our customers and all the stakeholders who have reposed their trust and confidence in the company and acknowledge the efforts of the entire BWL team including our staff and workers and look forward to their continued support.

May Allah bless us and help us achieve success for your company and for the benefit of all stakeholders, and the Country in general. Ameen

Razak H.M. Bengali
Chief Executive

Karachi: October 07, 2016



CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016
(UN-AUDITED)

ASSETS	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		------(Rs.in '000)-----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	308,334	305,947
Long-term loans and advances		5,499	3,719
Long-term deposits		4,140	4,140
		317,973	313,806
CURRENT ASSETS			
Stores, spare parts and loose tools		44,409	46,522
Stock-in-trade	5	432,680	468,685
Trade debts		66,957	77,347
Loans and advances		18,098	29,276
Trade deposits and short-term prepayments		4,074	2,869
Other receivable		-	1,962
Short term investments		367,248	354,064
Taxation - net		4,481	-
Bank balances		85,849	44,051
		1,023,796	1,024,776
TOTAL ASSETS		1,341,769	1,338,582
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		133,343	133,343
Reserves		1,074,640	1,052,030
		1,207,983	1,185,373
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		7,450	-
Long-term deposits		894	646
Deferred taxation		21,088	19,976
		29,432	20,622
CURRENT LIABILITIES			
Trade and other payables		89,421	120,079
Current portion of:			
- Liabilities against assets subject to finance leases		4,479	2,576
- Long-term deposit		1,066	836
Provision for warranty		3,240	3,445
Taxation - net		-	3,364
Sales tax payable - net		6,148	2,287
		104,354	132,587
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		1,341,769	1,338,582

The annexed notes 1 to 9 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, 2016
(UN-AUDITED)**

	September 30, 2016	September 30, 2015
	------(Rs.in '000)-----	
Turnover - net	322,490	383,605
Cost of sales	(264,475)	(320,931)
Gross profit	58,015	62,674
Distribution costs	(8,690)	(9,491)
Administrative expenses	(16,772)	(16,410)
Other operating expenses	(2,640)	(2,980)
Finance costs	(178)	(199)
	(28,280)	(29,080)
Other income	3,033	3,724
Profit before taxation	32,768	37,318
Taxation	(10,158)	(11,942)
Profit after taxation	22,610	25,376
	------(Rupees)-----	
Earnings per share - Basic and diluted	1.69	1.90

The annexed notes 1 to 9 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, 2016
(UN-AUDITED)**

	September 30, 2016	September 30, 2015
	------(Rs.in '000)-----	
Net profit for the period	22,610	25,376
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		
Unrealised (loss) due to changes in fair value of available for sale investments	-	(516)
Total comprehensive income for the period	<u>22,610</u>	<u>24,860</u>

The annexed notes 1 to 9 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, 2016
(UN-AUDITED)**

	September 30, 2016	September 30, 2015
	------(Rs.in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,768	37,318
Adjustment for:		
Depreciation	8,690	8,102
Provision for employees' benefits	3,693	810
Finance costs	178	199
(Reversal) / Provision for warranty	(205)	249
Gain on revaluation / redemption of Mutual Funds Units / Listed Shares	(1,005)	(1,167)
Profit on deposit accounts / T-Bills	(2,028)	(2,557)
	9,323	5,636
	42,091	42,954
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	2,113	(5,155)
Stock-in-trade	36,005	24,234
Trade debts	10,390	(96,549)
Loans and advances	11,178	(16,876)
Trade deposits & short-term prepayments & other receivable	(1,205)	662
	58,481	(93,684)
Increase / (decrease) in current liabilities		
Trade and other payables	(30,658)	(22,442)
Sales tax payable - net	3,861	5,097
	73,775	(68,075)
Cash generated from/(used in) operation	73,775	(68,075)
Long-term loans and advances-net	(1,781)	192
Long-term deposits-net	478	651
Income tax paid	(24,918)	(25,303)
Finance costs paid	(825)	(198)
Employees' benefits paid	-	(435)
Net cash generated from / (used in) operating activities	46,729	(93,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,126)	(8,283)
Proceeds from sales of fixed assets	(2,007)	419
Short term Investment	(13,184)	(50,000)
Gain on revaluation/redemption of Mutual Fund Units/Listed Shares	1,005	1,167
Profit received on deposit accounts / T-Bills	2,028	2,557
Net cash used in investing activities	(14,284)	(54,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	9,353	(605)
Net cash generated from / (used in) financing activities	9,353	(605)
Net increase / (decrease) in cash and cash equivalents	41,798	(147,913)
Cash and cash equivalents at the beginning of the period	44,051	255,013
Cash and cash equivalents at the end of the period	85,849	107,100

The annexed notes 1 to 9 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, 2016
(UN-AUDITED)**

	Reserves					Total reserves	Total
	Issued, subscribed and paid-up Capital	General reserves	Unrealised gain / (loss) on remeasurmnt of available-for-sale Investments	Remeasu-remnt gain / (loss) on gratuity fund	Unappropriated Profit		
----- (Rs. in '000) -----							
Balance as at 30 June 2015	133,343	160,000	1,595	1,622	780,653	943,870	1,077,213
Net profit for the period	-	-	-	-	25,376	25,376	25,376
Other comprehensive income/(loss)	-	-	(516)	-	-	(516)	(516)
Total comprehensive income	-	-	(516)	-	25,376	24,860	24,860
Balance as at 30 September 2015	<u>133,343</u>	<u>160,000</u>	<u>1,079</u>	<u>1,622</u>	<u>806,029</u>	<u>968,730</u>	<u>1,102,073</u>
Balance as at 30 June 2016	133,343	160,000	-	(1,892)	893,922	1,052,030	1,185,373
Net profit for the period	-	-	-	-	22,610	22,610	22,610
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	22,610	22,610	22,610
Balance as at 30 September 2016	<u>133,343</u>	<u>160,000</u>	<u>-</u>	<u>(1,892)</u>	<u>916,532</u>	<u>1,074,640</u>	<u>1,207,983</u>

The annexed notes 1 to 9 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, 2016
(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 Pakistan 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 of the company for the period ended September 30, 2016 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, 2016.

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, 2016.

4. PROPERTY, PLANT AND EQUIPMENT

			(Un-audited) September 30, 2016	(Audited) June 30, 2016
		Note	------(Rs.in '000)-----	
Opening Net Book Value (NBV)			302,423	307,284
Additions during the period/ year	4.1		13,084	32,749
Depreciation charged during the period / year			(8,690)	(35,609)
Disposals during the period / year (NBV)	4.1		(2,007)	(2,001)
Closing Net Book Value (NBV)			<u>304,810</u>	<u>302,423</u>
Capital Work in progress			3,524	3,524
			<u>308,334</u>	<u>305,947</u>

			(Un-audited) September 30, 2016	(Audited) June 30, 2016
			Additions at cost	Disposals at written down value
			------(Rs.in '000)-----	
4.1 Additions and disposals to property, plant and equipment:				
Building		3,084	-	5,309
Plant and machinery		-	-	17,998
Vehicles		10,000	2,007	8,215
Office equipment		-	-	930
Computer		-	-	297
			<u>13,084</u>	<u>2,007</u>
			<u>32,749</u>	<u>2,001</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2016
(UN-AUDITED)**

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
		------(Rs.in '000)-----	
5. STOCK-IN-TRADE	Note		
Raw material and components		149,867	136,884
Work-in-process		139,800	144,751
Finished goods		122,510	152,582
Scrap stock		49,254	42,547
		<u>461,431</u>	<u>476,764</u>
Stock-in-transit		-	20,672
		<u>461,431</u>	<u>497,436</u>
Provision for slow moving stock	5.1	<u>(28,751)</u>	<u>(28,751)</u>
		<u>432,680</u>	<u>468,685</u>

5.1 Movement in provision is as follows:

Balance at the beginning of the period / year	28,751	55,447
Provision / (reversal) during the period / year	-	(26,696)
Closing balance at the end of the period / year	<u>28,751</u>	<u>28,751</u>

6. 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, 2016 except for the following:

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
------(Rs.in '000)-----		
Commitments		
Outstanding letters of credit	<u>171,572</u>	<u>94,526</u>
Commitment for rentals payable under Ijarah contract in respect of vehicle is as follows:		
Within one year	700	1,395
One year to five years	-	-
	<u>700</u>	<u>1,395</u>

7. 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:



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2016
(UN-AUDITED)**

<u>Transactions</u>		Quarter Ended	
		September 30, 2016	September 30, 2015
		------(Rs.in '000)-----	
Nature of relationship	Nature of transactions		
Key Mgt Personnel / Executives	Sale of vehicles	<u>2,007</u>	<u>348</u>
	Remuneration	<u>5,159</u>	<u>2,267</u>
Executive Directors	Remuneration	<u>12,728</u>	<u>11,779</u>
Non-executive directors	Fee	<u>450</u>	<u>290</u>
Balances			
Amount receivable			
Loan and advances	Loan to key management personnel	<u>3,283</u>	<u>1,715</u>

8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 07, 2016, by the Board of Directors of the Company.

9. GENERAL

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

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR



ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2016 کو ختم ہونے والے پہلے سہ ماہی کے Un-Audited عبوری مالیاتی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج۔

زیر جائزہ مدت کے دوران ہماری فروخت 322 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کی فروخت 384 ملین روپے کے مقابلے میں 16% کم رہی۔ گاڑی کے پہیوں کی فروخت 202 ملین روپے رہی جو کہ گزشتہ سال کی اسی سہ ماہی کے 294 ملین روپے کی فروخت کے مقابلے میں 31% کم رہی۔ جس کی بنیادی وجہ پنجاب گورنمنٹ کی اپنا روزگار اسکیم کی تکمیل ہے۔ ٹرک اس کے پہیوں کی فروخت 46 ملین روپے رہی جو کہ پچھلی مدت کی فروخت 19 ملین روپے کے مقابلے میں 146% زیادہ رہی۔ اس کی بنیادی وجہ ٹرکوں اور بسوں کی زیادہ ڈیمانڈ رہی۔ ٹریکٹر کے پہیوں کی فروخت 75 ملین روپے رہی جو کہ پچھلے عرصے کی 65 ملین روپے کی فروخت کے مقابلے میں 15% زیادہ رہی۔

مجموعی منافع 7% کمی کے بعد 58 ملین رہا جو کہ گزشتہ سال اسی مدت میں 62 ملین روپے تھا، جبکہ کمپنی نے منافع بعد از ٹیکس 23 ملین روپے کمایا جو کہ پچھلے سال اسی مدت میں 25 ملین روپے تھا۔

NBP اور متعلقہ معاملات۔

یہ مقدمہ سندھ ہائی کورٹ میں زیر التوا ہے اور اسکے بارے میں تفصیل 30 جون 2016 کو ختم ہونے والے مالی سال کے آڈیٹڈ مالیاتی رپورٹ کے نوٹ نمبر 24 میں درج ہے۔ آپ کی کمپنی کی انتظامیہ اور وکلاء پر اُمید ہیں کہ اس مقدمہ کا نتیجہ ہمارے حق میں آئے گا۔

مستقبل کے خدو خال:-

حال ہی میں اعلان کردہ آٹوموٹیو ڈیولپمنٹ پالیسی برائے سال 2016-2021 آٹوموبائل انڈسٹری کی بہتری پر توجہ دیتی ہے۔ اسکے علاوہ سی پیکس CPEC پر بھی تیزی سے عملدرآمد اور ملک میں امن وامان کی بہتر صورتحال کی وجہ سے صنعتی نشوونما کے کافی مواقع متوقع ہیں۔ کار اور ٹرک بس بنانے والوں کی جانب سے متوقع نئے ماڈلز کا اجرا اور مالیاتی اداروں کی جانب سے کم ترین شرح سود کی وجہ سے ہم توقع کرتے ہیں کہ ملک میں کار اور ٹرک بس کی فروخت میں زبردست اضافہ ہوگا جس کا اثر براہ راست ہماری فروخت پر ہوگا۔

آپ کی مینجمنٹ توقع کرتی ہے کہ کمپنی اپنی فروخت اور منافع کو برقرار رکھے گی۔

اظہار تشکر:-

ہم اس موقع پر اپنے تمام صارفین اور اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر مکمل اعتماد اور بھروسے کا اظہار کیا۔ ہم اپنے عملے اور کارکنان سمیت تمام بلوچستان ویلر لمیٹڈ کی ٹیم کی کوششوں اور مسلسل تعاون کرنے پر ادا کا شکریہ ادا کرتے ہیں۔

اللہ تعالیٰ ہمیں برکت دے اور خصوصاً ہمیں اور ہمارے تمام اسٹیک ہولڈرز کو اور عموماً پورے ملک کو ترقی اور کامیابی عطا فرمائے (آمین)۔

رزاق ایچ ایم بگالی

چیف ایگزیکٹو

کراچی، ۷ اکتوبر ۲۰۱۶ء

If undelivered please return to:



Baluchistan Wheels Limited

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