



BALUCHISTAN WHEELS LIMITED



DECEMBER 2019

www.bwheels.com





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COMPANY INFORMATION

CHAIRMAN (Non-Executive Director)

Syed Haroon Rashid

CHIEF EXECUTIVE

Mr. Razak H.M. Bengali

INDEPENDENT DIRECTORS

Mr. Anis Wahab Zuberi
Mr. Irfan Ahmed Qureshi
Mr. Muhammad Javed

EXECUTIVE DIRECTORS

Mr. Muhammad Siddique Misri
Mr. Muhammad Irfan Ghani

Director Marketing/ Business Development
Chief Operating Officer

NON-EXECUTIVE DIRECTORS

Mr. Aamir Amin
Mrs. Saba Nadeem

(Nominee - NIT)

CHIEF FINANCIAL OFFICER

Mr. Muhammad Yasin Yunus Ladha

COMPANY SECRETARY

Mr. Muhammad Asad Saeed

AUDIT COMMITTEE

Mr. Anis Wahab Zuberi
Mr. Aamir Amin
Mr. Irfan Ahmed Qureshi
Mrs. Saba Nadeem

Independent, Non-Executive Director
Non-Executive Director (Nominee - NIT)
Independent, Non-Executive Director
Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Javed
Syed Haroon Rashid
Mr. Anis Wahab Zuberi
Mr. Muhammad Irfan Ghani

Independent, Non-Executive Director
Non-Executive Director
Independent, Non-Executive Director
Chief Operating Officer (Executive Director)

MANAGEMENT COMMITTEE

Mr. Razak H.M. Bengali
Mr. Muhammad Siddique Misri
Mr. Muhammad Irfan Ghani
Mr. Muhammad Yasin Yunus Ladha
Lt. Col. (R) Mehboob Ahmed
Mr. Muhammad Asad Saeed
Mr. Kumail Irfan Ghani
Mr. Fareed Abdul Razzak

Chief Executive
Director Marketing/ Business Development
Chief Operating Officer
S.G.M (Finance) / Chief Financial Officer
G.M (Technical)
D.G.M (Finance) / Company Secretary
D.G.M (Supply & Services)
D.G.M (Finance)

CHIEF INTERNAL AUDITOR

Hafiz Shoaib Ahmed Chauhan

EXTERNAL AUDITORS

EY Ford Rhodes
(Chartered Accountants)

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

TAX CONSULTANTS

Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)

EY Ford Rhodes

(Chartered Accountants)

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
Faysal Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Industrial and Commercial Bank of China

SHARE REGISTRAR

Chairman THK Associates (Pvt) Limited
Member 1st Floor, 40-C, Block-6, P.E.C.H.S
Member Karachi - 75400.
Member UAN#+92(21) 111-000-322
Direct:+92 (21) 34168270
Fax#+92 (21) 34168271

Chairman

Member

Member

Member

HEAD OFFICE

1st Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi.
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Website: <http://www.bwheels.com>
Telephone # 35689259, 35683474, 35687502
Fax # 35684003

FACTORY AND REGISTERED OFFICE

Main RCD Highway, Hub Chowki,
Lasbella, Baluchistan.
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Fax # (0853) 364025



Baluchistan Wheels Limited

N.T.N : 0709848-7

DIRECTORS' REPORT

The Directors take pleasure in presenting the Un-Audited Condensed Interim Financial Statements for the Half Year ended December 31, 2019.

FINANCIAL RESULTS

During the period (July – December 2019) the Auto Sector trouble continued as sales volumes of entire Auto Industry plunged which forced most of the OEM's to declare the frequent Non Production Days (NPD's). Overall the sale of Cars declined by 43% with the total sale of 59,097 units during the period July-December 2019 as compared to the 104,038 units in the corresponding period of last year, sale of Trucks & Buses declined by 45% i.e. 2,064 units sold during the period July-December 2019 as compared to 3,771 units during the same period of last year. Similarly, the Tractors sale decreased by 38% i.e. 15,219 units sold during the period July-December 2019 as compared to 24,483 units during the same period of last year.

As a result of overall contraction in demand of Auto Sector, the sale volume (Qty) of our company also declined in all the segments with the cumulative decline of 41%, 60% & 58% in Car, Truck/Bus & Tractors wheels respectively.

During the period (July-December 2019) the Company had overall consolidated revenue of Rs. 489 million declined by 44% as compared to Rs. 866 million of corresponding period of last year. The Company's revenue declined in all segments of the Business. The Car wheels sale declined to Rs. 308 million as compared to Rs. 462 million (down by 33%) during the same period of last year. The Truck/Bus wheels sales declined significantly to Rs.39 million as compared to Rs. 105 million which is 63% lower than the corresponding period of last year. Similarly, Tractor wheels sale decreased by 55% to Rs. 124 million as compared to Rs. 276 million during the same period of last year.

The Gross Profit decreased in absolute terms by Rs. 91.616 million from Rs. 154.390 million to Rs. 62.774 million (i.e. 59%). Similarly the profit after taxation declined significantly by Rs. 44.396 million (i.e. 83%) from Rs. 53.730 million to Rs. 9.334 million. The main reason for decrease in gross profit and profit after taxation is due to the depressed demand of wheels in all segments of the Business.

There are no significant changes in Contingencies and Commitments as disclosed in note 23 of the Annual report 2019.

FUTURE OUTLOOK

Demand for Auto Industry continued to decline during the period July-December 2019 on account of devaluation of Pak Rupees against the US Dollar as well as higher interest rates. Average inflation is expected to remain in the range of 11% to 12% due to fiscal deficit and Pak Rupee depreciation.

Tax measures announced in the Federal Budget 2019-20 have severely hit the Auto Industry. Additional custom duty on imported material, imposition of federal excise duty, high interest rates coupled with massive depreciation of Pak Rupee adversely affected the



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BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

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cost of vehicles and it forced the OEM's to enhance the prices of their vehicles which have affected the sales volume of auto industry as price hikes will weaker the purchasing / buying power of customers.

Further, the Tractor manufacturers have been facing sharp decline in demand mainly due to the poor performance of Agricultural sector especially failure of Cotton and some other cash crops and also late start of crushing season of sugar cane.

The additional requirement for the end customers of Truck/Bus sector to be registered under Sales Tax in addition to the CNIC/NTN the sale of Truck/Bus segment has been stopped which has already depressed by more than 50%.

Macro economic indicators of the country are challenging for auto industry. Pak Rupee devaluation, rising raw material prices, increase in interest rates and additional taxes and duties are major challenges for auto industry.

The management is aware of the challenges ahead and is continuously evolving strategies and adopting measures to meet future challenges and maintain business growth.

ACKNOWLEDGEMENT

We take this opportunity to thank our customers and all the stakeholders who 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 to achieve success for your company and for the benefit of all stake holders, and the Country in general. Aameen!

For and on Behalf of the Board

Karachi: January 30, 2020

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director



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مستقبل کے خدو خال :-

امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے ساتھ ساتھ بڑھتی ہوئی شرح سود کی وجہ سے جولائی تا دسمبر 2019 کی مدت کے دوران آٹو انڈسٹری کی مانگ / طلب میں کمی کا سلسلہ جاری رہا۔ مالی خسارے اور پاکستانی روپے کی گراوٹ کی وجہ سے اوسط افراط زر 11% فیصد سے 12% فیصد کی حد میں رہنے کی توقع ہے۔

وفاقی بجٹ 2019-2020 میں اعلان کردہ ٹیکس اقدامات نے آٹو انڈسٹری کو شدید متاثر کیا ہے۔ درآمدی مواد پر اضافی کسٹم ڈیوٹی، فیڈرل ایکسائز ڈیوٹی کا نفاذ، بڑھتی ہوئی شرح سود کے ساتھ ساتھ پاکستانی روپے کی گراوٹ کی وجہ سے گاڑیوں کی لاگت پر بڑی طرح اثر پڑا اور اس نے OEM's کو اپنی گاڑیوں کی قیمتوں میں اضافے پر مجبور کر دیا جس کی وجہ سے آٹو انڈسٹری کی فروخت کا حجم متاثر ہوا ہے جس کی وجہ سے صارفین کی خریداری اقسوت خرید کمزور ہوئی ہے۔

مزید یہ کہ ٹریڈ مینوفیکچررز کو طلب میں زبردستی کی کا سامنا کرنا پڑ رہا ہے جس کی بنیادی وجہ زراعت کے شعبے کی ناقص کارکردگی خصوصاً کپاس اور کچھ دیگر نقد فصلوں کی کم پیداوار اور گنے کے کرشنگ سیزن کا دیر سے آغاز کرنا ہے۔ اس کے علاوہ، ٹرک / بس کے خریداروں پر سیلز ٹیکس کے قانون کے تحت رجسٹریشن کی شرط اور پہلے سے موجود شناختی کارڈ / نیشنل ٹیکس نمبر کی شرط نے ٹرک / بس کی فروخت تقریباً بند کر دی ہے جس میں پہلے ہی 50% فیصد سے زیادہ کمی واقع ہو گئی ہے۔

ملک کے میکرو معاشی اشارے آٹو صنعت کیلئے چیلنج ہیں۔ پاکستانی روپے کی قدر میں کمی، خام مال کی بڑھتی قیمتوں، شرح سود میں اضافے اور اضافی ٹیکس و ڈیوٹی آٹو صنعت کیلئے بڑے چیلنج ہیں۔

آپ کی مینجمنٹ مستقبل میں غیر متوقع حالات سے نمٹنے کیلئے مستقل بنیادوں پر حکمت عملی تیار کرتی ہے تاکہ ترقی کا سفر جاری رہے۔

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 و ہیلو لمیٹیڈ کی ٹیم کی کوششوں اور مسلسل تعاون کرنے پر ان 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)۔

جناب محمد صدیق مصری
ڈائریکٹر

بحکم بورڈ آف ڈائریکٹرز

جناب روائی انج ایچ ایم بنگالی
چیف ایگزیکٹو



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Baluchistan Wheels Limited

ڈائریکٹر جنرل پورٹ 709848-7

آپ کی کمپنی کے ڈائریکٹر نہایت مسرت کے ساتھ ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے پہلے ششماہی کے غیر جانچ شدہ عبوری مالیاتی رپورٹ بخوشی پیش کرتے ہیں۔

مالیاتی نتائج۔

آٹو انڈسٹری کی مجموعی فروخت کے حجم میں کمی کی وجہ سے چھ ماہ کے دوران (جولائی تا دسمبر ۲۰۱۹ء) آٹو انڈسٹری کی زبوں حالی جاری رہی اور انڈسٹری کو بار بار غیر پیداواری دن (NPD) کا اعلان کرنے پر مجبور کر دیا۔ مجموعی طور پر ملکی سطح پر زیر جائزہ مدت کے دوران کار کے 59,097 یونٹس فروخت کئے گئے جو گزشتہ سال کے اسی مدت کے 104,038 یونٹس کے مقابلے میں 43% فیصد کم رہے۔ جبکہ اس کے برعکس ٹرک/بس کی فروخت 2,064 یونٹس رہی جو گزشتہ سال کے اسی دورانیے کے 3,771 یونٹس کے مقابلے میں 45% فیصد کم رہی۔ ٹریکٹرز کے 15,219 یونٹس فروخت کئے گئے جبکہ گزشتہ سال کے اسی دورانیے میں 24,483 ٹریکٹرز تیار کئے گئے تھے جو 38% فیصد کم رہے۔

آٹو انڈسٹری کی طلب میں مجموعی طور پر کمی کے باعث، ہماری کمپنی کی فروخت کا حجم (مقدار) تمام شعبوں میں کم رہا جو کہ بالترتیب گاڑی 41% فیصد، ٹرک/بس 60% فیصد اور ٹریکٹرز میں 58% فیصد کم رہا۔

زیر جائزہ مدت (جولائی تا دسمبر ۲۰۱۹ء) کے دوران ہماری فروخت 489 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کی فروخت 866 ملین روپے کے مقابلے میں 44% فیصد کم رہی۔ کاروبار کے تمام شعبوں میں کمپنی کی آمدنی میں کمی واقع ہوئی ہے۔ کار کے پہیوں کی فروخت 308 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے 462 ملین روپے کی فروخت کے مقابلے میں 33% فیصد کم رہی۔ ٹرک/بس کے پہیوں کی فروخت 39 ملین روپے رہی جو کہ پچھلی مدت کی 105 ملین روپے کی فروخت کے مقابلے میں 63% فیصد کم رہی۔ اسی طرح ٹریکٹرز کے پہیوں کی فروخت 124 ملین روپے رہی جو کہ پچھلی مدت کی 276 ملین روپے کی فروخت کے مقابلے میں 55% فیصد کم رہی۔

غیر خالص منافع 91.616 ملین روپے (59% فیصد) کمی کے ساتھ 62.774 ملین روپے رہا جو گزشتہ سال اسی مدت میں 154.390 ملین روپے تھا، اسی طرح کمپنی کا بعد از ٹیکس منافع 44.391 ملین روپے (82% فیصد) کمی کے ساتھ 9.334 ملین روپے رہا جو کہ گزشتہ سال کے اسی مدت میں 53.730 ملین روپے تھا۔ جسکی بنیادی وجہ کمپنی کے کاروبار کے تمام شعبوں کی فروخت میں کمی ہے۔

Contingencies and Commitments میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی اور اسکے بارے میں تفصیل 30 جون 2019 کو ختم ہونے والے مالی سال کے آڈیٹڈ مالیاتی رپورٹ کے نوٹ نمبر 23 میں درج ہے۔



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INDEPENDENT AUDITOR'S REVIEW REPORT



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Baluchistan Wheels Limited (the Company)

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Baluchistan Wheels Limited** (the Company) as at **31 December 2019** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.


Chartered Accountants
Date: 11 February 2020
Place: Karachi

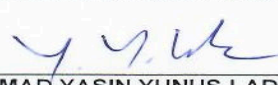


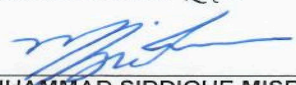
BALUCHISTAN WHEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	421,915	449,581
Right-of-use assets	5	12,803	-
Long-term loans and advances		2,848	3,415
Long-term deposits		3,998	4,607
		441,564	457,603
CURRENT ASSETS			
Stores, spare parts and loose tools		47,341	50,840
Stock-in-trade	6	484,612	525,105
Trade debts		100,826	144,187
Loans and advances		14,702	15,914
Trade deposits and short-term prepayments		1,752	2,347
Other receivables		2,974	431
Short-term investments	7	163,354	102,827
Taxation – net		125,796	129,302
Bank balances		57,777	44,994
		999,134	1,015,947
TOTAL ASSETS		1,440,698	1,473,550
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
25,000,000 (June 30, 2019: 25,000,000) ordinary shares of Rs.10/- each		250,000	250,000
Issued, subscribed and paid-up capital		133,343	133,343
Reserves		1,137,341	1,154,676
		1,270,684	1,288,019
NON-CURRENT LIABILITIES			
Lease liabilities		5,165	989
Long-term advances and deposits		2,222	2,010
Deferred taxation		36,525	38,250
		43,912	41,249
CURRENT LIABILITIES			
Trade and other payables		105,335	125,289
Current portion of lease liabilities		4,864	3,747
Unclaimed dividend		6,283	6,846
Provision for warranty claims		948	1,354
Sales tax payable		8,672	7,046
		126,102	144,282
CONTINGENCIES AND COMMITMENTS	8		
		1,440,698	1,473,550

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


RAZAK H.M BENGALI
CHIEF EXECUTIVE


MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER



MUHAMMAD SIDDIQUE MISRI
DIRECTOR



BALUCHISTAN WHEELS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half-Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rs. in '000-----			
Turnover – net	489,249	865,930	219,243	349,103
Cost of sales	(426,475)	(711,540)	(207,308)	(283,865)
Gross profit	62,774	154,390	11,935	65,238
Distribution costs	(18,637)	(23,289)	(8,808)	(7,616)
Administrative expenses	(43,408)	(51,995)	(21,860)	(26,909)
Other expenses	(1,015)	(10,485)	733	(6,309)
Finance costs	(900)	(3,215)	(655)	(2,354)
	(63,960)	(88,984)	(30,590)	(43,188)
Other income	13,674	1,887	7,789	1,718
Profit / (loss) before taxation	12,488	67,293	(10,866)	23,768
Taxation				
Current	(5,309)	(10,255)	1,735	3,583
Prior	430	(1,825)	430	(76)
Deferred	1,725	(1,483)	1,486	(3,351)
	(3,154)	(13,563)	3,651	156
Profit / (loss) after taxation	9,334	53,730	(7,215)	23,924
Earnings / (loss) per share - basic and diluted	0.70	4.03	(0.54)	1.79

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


 RAZAK H.M BENGALI
 CHIEF EXECUTIVE


 MUHAMMAD YASIN YUNUS LADHA
 CHIEF FINANCIAL OFFICER



 MUHAMMAD SIDDIQUE MISRI
 DIRECTOR




BALUCHISTAN WHEELS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rs. in '000-----			
Profit after taxation	9,334	53,730	(7,215)	23,924
Other comprehensive income	-	-	-	-
Total comprehensive income	9,334	53,730	(7,215)	23,924

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


RAZAK H.M BENGALI
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CHIEF FINANCIAL OFFICER


MUHAMMAD SIDDIQUE MISRI
DIRECTOR



BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

BALUCHISTAN WHEELS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31, 2019	Half year ended December 31, 2018
Note	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,488	67,293
Adjustments for non-cash items:		
Depreciation	24,242	23,964
Loss / (gain) on disposals of operating fixed assets	4	(2,099)
Finance costs	900	3,215
Provision for slow moving stores, spare parts and loose tools	988	1,425
Reversal of provision for slow moving stock-in-trade - net	-	(924)
Allowance for expected credit losses – net	2,186	3,306
Provision for compensated absences	255	255
Reversal of provision for warranty claims	(407)	(3,341)
Provision for staff retirement benefits	3,543	2,017
Profit on treasury bills and deposit accounts	(11,466)	(357)
Dividend income	(39)	(49)
Loss on redemption and revaluation of short-term investments	(981)	1,427
	19,225	28,839
	31,713	96,132
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	2,511	(3,756)
Stock-in-trade	40,492	(183,461)
Trade debts	41,175	32,166
Loans and advances	1,213	9,656
Trade deposits, short-term prepayments and other receivables	595	55
	85,986	(145,340)
	117,699	(49,208)
(Decrease) / increase in current liabilities		
Trade and other payables	(17,449)	1,199
Sales tax refundable – net	1,626	(23,200)
	(15,823)	(22,001)
	101,876	(71,209)
Staff retirement benefits paid	(6,324)	(1,440)
Income tax paid	(1,376)	(8,021)
Long-term loans and advances	566	44
Long-term deposits – net	820	1,217
Net cash generated from / (used in) operating activities	95,562	(79,409)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(644)	4,793
Proceeds from disposal of operating fixed assets	720	3,547
Profit received on treasury bills and savings accounts	8,801	357
Short-term investments made	(307,496)	(13,220)
Short-term investments redeemed	247,950	13,466
Dividend received	161	49
Net cash (used in) / generated from investing activities	(50,508)	8,992
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(4,166)	(2,573)
Finance costs paid	(873)	(1,116)
Dividend paid	(27,232)	(38,374)
Net cash used in financing activities	(32,271)	(42,063)
Net increase / (decrease) in cash and cash equivalents	12,783	(112,480)
Cash and cash equivalents at the beginning of the period	44,994	31,116
Cash and cash equivalents at the end of the period	57,777	(81,364)

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

RAZAK
RAZAK H.M BENGALI
 CHIEF EXECUTIVE

Y.Y.W
MUHAMMAD YASIN YUNUS LADHA
 CHIEF FINANCIAL OFFICER

M.S.M
MUHAMMAD SIDDIQUE MISRI
 DIRECTOR



BALUCHISTAN WHEELS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	General reserve	Revenue reserves		Total reserves	Total equity
			Remeasurement loss on gratuity fund	Unappropriated profit		
(Rupees in '000')						
Balance as at July 01, 2018	133,343	160,000	(12,397)	988,044	1,135,647	1,268,990
Final dividend for the year ended June 30, 2018 @ Rs. 3 per share	-	-	-	(40,003)	(40,003)	(40,003)
Profit after taxation	-	-	-	53,730	53,730	53,730
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	53,730	53,730	53,730
Balance as at December 31, 2018	<u>133,343</u>	<u>160,000</u>	<u>(12,397)</u>	<u>1,001,771</u>	<u>1,149,374</u>	<u>1,282,717</u>
Balance as at July 01, 2019	133,343	160,000	(24,877)	1,019,553	1,154,676	1,288,019
Final dividend for the year ended June 30, 2019 @ Rs. 2 per share	-	-	-	(26,669)	(26,669)	(26,669)
Profit after taxation	-	-	-	9,334	9,334	9,334
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	9,334	9,334	9,334
Balance as at December 31, 2019	<u>133,343</u>	<u>160,000</u>	<u>(24,877)</u>	<u>1,002,218</u>	<u>1,137,341</u>	<u>1,270,684</u>

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

RAZAK
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CHIEF EXECUTIVE

M. Y. LADHA
MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER

M. S. MISRI
MUHAMMAD SIDDIQUE MISRI
DIRECTOR



BALUCHISTAN WHEELS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF-YEAR ENDED DECEMBER 31, 2019

1. CORPORATE INFORMATION

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 on Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at Main RCD Highway, Hub Chowki, Lasbella, Baluchistan, Pakistan.

2. BASIS OF PREPARATION

2.1. These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2. These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2019 and December 31, 2018.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computations 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, 2019 except for;

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and improvements to IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 16 - Leases
- IFRS 9 - Prepayment features with negative compensation (Amendments)
- IAS 19 - Plan amendment, curtailment or settlement (Amendments)
- IAS 28 - Long term interests in associates and joint ventures (Amendments)
- IFRIC 23 - Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

- IFRS 3 Business combinations – Previously held interests in a joint operation
- IFRS 11 Joint arrangements – Previously held interests in a joint operation
- IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity
- IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements except for IFRS 16 - Leases.

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Baluchistan Wheels Limited Condensed Interim Financial Statements

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The impact of adoption of IFRS 16 is described below:

	Rs. in '000
Assets	
Right-of-use assets	18,926
Property plant and equipment	(9,467)
	<u>9,459</u>
Liabilities	
Lease liabilities	9,459
	<u>9,459</u>

The right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on July 01, 2019.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	Rs. in '000
Operating lease commitments as at June 30, 2019	11,524
Impact of discounting	(2,065)
Total lease liability as at July 01, 2019	<u>9,459</u>
Average incremental borrowing rate as at July 01, 2019	<u>14.13%</u>

Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using reducing balance method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised



Baluchistan Wheels Limited
Condensed Interim Financial Statements

by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
-----Rs. in '000-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	421,590	449,581
Capital work-in-progress	4.2	325	-
		<u>421,915</u>	<u>449,581</u>
4.1. Operating fixed assets			
Opening net book value (NBV)		449,581	435,886
Additions during the period / year (cost)	4.1.1	319	7,576
Transfers to right-of-use assets during the period on initial application of IFRS 16 (NBV)		(9,467)	-
Transfers from right-of-use assets during the period (NBV)		5,204	-
Transfers from capital-work-in progress during the period / year (cost)	4.2	-	59,485
Depreciation for the period / year		(23,323)	(50,323)
Disposals during the period / year (NBV)	4.1.1	(724)	(3,043)
Closing net book value (NBV)		<u>421,590</u>	<u>449,581</u>

December 31, 2019		June 30, 2019	
Additions at cost (Un-audited)	Disposals at NBV	Additions at cost (Audited)	Disposals at NBV
-----Rs. in '000-----			

4.1.1. Additions and disposals to operating fixed assets:

Plant and machinery			61,728	811
Furniture and fittings	-	-	-	83
Office equipment	291	36	2,240	131
Computer	28	-	30	-
Vehicles	-	688	3,063	2,018
	<u>319</u>	<u>724</u>	<u>67,061</u>	<u>3,043</u>

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Baluchistan Wheels Limited
Condensed Interim Financial Statements

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
-----Rs. in '000-----			
4.2. Capital work-in-progress			
Opening balance		-	59,081
Capital expenditure incurred during the period / year		325	404
		<u>325</u>	<u>59,485</u>
Transfers to operating fixed assets during the period / year		-	(59,485)
Closing balance		<u>325</u>	<u>-</u>
5. RIGHT-OF-USE ASSETS			
Office premises		9,134	-
Vehicles		3,669	-
	5.1	<u>12,803</u>	<u>-</u>
5.1 Movement in right-of-use assets is as follows:			
Opening net book value (NBV)		-	-
Transfers from operating fixed assets during the period on initial application of IFRS 16		9,467	-
Additions during the period / year (cost)	5.1.1	9,459	-
Depreciation for the period / year		(919)	-
Transfers to operating fixed assets during the period / year (NBV)	5.1.1	(5,204)	-
Closing net book value (NBV)		<u>12,803</u>	<u>-</u>
		<u>December 31, 2019</u>	<u>June 30, 2019</u>
		Additions at cost (Un-audited)	Additions at cost (Audited)
		Transfers at NBV	Transfers at NBV
		-----Rs. in '000-----	
5.1.1 Additions and transfers to right-of-use assets:			
Office premises		9,459	-
Vehicles		-	5,204
		<u>9,459</u>	<u>5,204</u>
		<u>December 31, 2019</u>	<u>June 30, 2019</u>
		(Unaudited)	(Audited)
6. STOCK-IN-TRADE			
Raw material and components		211,506	233,078
Work-in-process		188,777	169,843
Finished goods		102,543	140,298
Scrap stock		349	449
		<u>503,175</u>	<u>543,668</u>
Provision for slow moving stock	6.1	(18,563)	(18,563)
		<u>484,612</u>	<u>525,105</u>
6.1. Movement in provision is as follows:			
Balance at the beginning of the period / year		18,563	19,750
Provision made during the period / year		-	-
		<u>18,563</u>	<u>19,750</u>
Reversal of provision for the period / year		-	(1,187)
Balance at the end of the period / year		<u>18,563</u>	<u>18,563</u>

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BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

Baluchistan Wheels Limited
Condensed Interim Financial Statements

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	-----Rs. in '000-----	
7. SHORT-TERM INVESTMENTS		
At fair value through profit or loss		
Listed equity investments	3,807	2,826
At amortised cost		
Treasury bills	159,547	100,001
	<u>163,354</u>	<u>102,827</u>

8. CONTINGENCIES AND COMMITMENTS

8.1. Contingencies

There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2019 except for the settlement of one of the cases of non-executive employees against the Company as referred to in note 23.1.3 of the annual audited financial statements for the year ended June 30, 2019.

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	-----Rs. in '000-----	
8.2. Commitments		
Outstanding letters of guarantees	5,212	5,212
Outstanding letters of credit	84,654	78,137

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
	-----Rs. in '000-----	
9. CASH AND CASH EQUIVALENTS		
Cash and bank balances	57,777	19,677
Short-term running finance	-	(101,041)
	<u>57,777</u>	<u>(81,364)</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	Half-year Ended December 31, 2019 (Un-audited)	Half-year Ended December 31, 2018 (Un-audited)
		-----Rs. in '000-----	
Key management personnel	Sales of fixed asset	716	-
Key management personnel	Remuneration	5,577	8,984
Executive directors	Remuneration	23,548	27,385
Non-executive directors	Meeting fee	1,200	1,400
Staff retirement benefit plans			
Contribution to gratuity fund		3,544	2,017
Contribution to provident fund		<u>3,067</u>	<u>3,165</u>

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11. FINANCIAL RISK MANAGEMENT

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019. There have been no changes in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

12. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

All the sales of the Company relate to automotive wheel rims for trucks, buses, tractors, cars and mini commercial vehicles.

Total sales of the Company relating to customers in Pakistan were 99.26% during the period ended December 31, 2019 (December 31, 2018: 99.21%).

All non-current assets of the Company as at December 31, 2019 and June 30, 2019 are located in Pakistan.

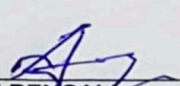
Sales to the major five customers of the Company are around 95% during the period ended December 31, 2019 (December 31, 2018: 92%)

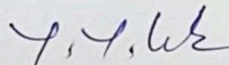
13. DATE OF AUTHORIZATION FOR ISSUE

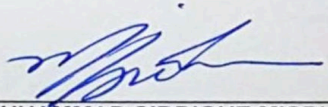
These condensed interim financial statements were authorized for issue on 30 JAN 2020, by the Board of Directors of the Company.

14. GENERAL

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


RAZAK H.M BENGALI
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BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

Disc Wheels for Cars, Vans, Pick-ups and 4x4s



Indus Motor Co. Ltd.



Pak Suzuki Motor Co. Ltd.



Disc Wheels for Agricultural Tractors



Millat Tractors Ltd.



Al-Ghazi Tractors Ltd.



Orient Automotive Industries (Pvt.) Ltd.



Disc Wheels for Commercial Vehicles



Ghandhara Industries Ltd.



Hinopak Motors Ltd.



Ghandhara DF (Pvt.) Ltd.



Master Motors Corporation Ltd.



Fuso Master Motors (Pvt.) Ltd.



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BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

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