



BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

**3RD QUARTERLY ACCOUNTS
(UN-AUDITED)**

**MARCH
2019**



MOVING AROUND THE WORLD



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BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan

CORPORATE INFORMATION

CHAIRMAN (Non-Executive Director)

Syed Haroon Rashid

CHIEF EXECUTIVE

Mr. Razak H.M. Bengali

INDEPENDENT DIRECTOR

Mr. Anis Wahab Zuberi

EXECUTIVE DIRECTORS

Mr. Muhammad Siddique Misri	Director Marketing/ Business Development
Mr. Muhammad Irfan Ghani	Chief Operating Officer

NON-EXECUTIVE DIRECTORS

Syed Zubair Ahmed Shah	(Nominee - NIT)
Mr. Irfan Ahmed Qureshi	
Mr. Muhammad Javed	
Mrs. Saba Nadeem	

CHIEF FINANCIAL OFFICER

Mr. Muhammad Yasin Yunus Ladha

COMPANY SECRETARY

Mr. Muhammad Asad Saeed

AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	Independent, Non-Executive Director
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)
Syed Haroon Rashid	Non-Executive Director
Mr. Irfan Ahmed Qureshi	Non-Executive Director
Mrs. Saba Nadeem	Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)
Mr. Muhammad Irfan Ghani	Chief Operating Officer(Executive Director)
Mr. Anis Wahab Zuberi	Independent, Non-Executive Director
Mr. Muhammad Javed	Non-Executive Director

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 Yasin Yunus Ladha	S.G.M (Finance) / Chief Financial Officer
Mr. Sajid Nadri	S.G.M (Technical)
Lt. Col. (R) Mehboob Ahmed	G.M (Maintenance)
Mr. Muhammad Asad Saeed	D.G.M (Finance) / Company Secretary
Mr. Kumail Irfan Ghani	D.G.M (Supply & Services)
Mr. Fareed Abdul Razzak	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
Member	Direct:+92 (21) 34168270
	Fax#+92 (21) 34168271

Chairman

Member

Member

Member

Member

HEAD OFFICE

1st Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: bwlfin@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 are pleased to present the Un-Audited Condensed Interim Financial Statements for the nine months ended March 31, 2019.

FINANCIAL RESULTS

By the Grace of Allah, your Company has posted after tax profit of Rs.67.894 million which translates into basic EPS of Rs. 5.09 per share, despite the prevailing slow down/ depressed economic conditions of the Country.

Overall at the national level the production of Cars improved by 1% with the total production of 184,146 units during the period July 2018-March 2019 as compared to the 183,180 units in the corresponding period of last year, whereas the production of Trucks & Buses declined by 24% i.e. 5,676 units produced during the period July 2018-March 2019 as compared to 7,462 units during the same period of last year. Similarly, the production of Tractors decreased by 29% i.e. 37,457 units produced during the period July 2018-March 2019 as compared to 52,551 units during the same period of last year.

However, in terms of quantity the sales of your company have declined in all the segments with the cumulative decline of 9%, 32% & 31% in Car, Truck/Bus & Tractor wheels respectively.

During the period (July 2018-March 2019) the Company had overall consolidated revenue of Rs. 1,250 million, which declined by 7% as compared to Rs. 1,351 million in the corresponding period of last year. The Car wheels sale improved to Rs. 688 million compared to Rs. 619 million (up by 11%) during the same period of last year. The Truck/Bus wheels sale declined significantly by 33% from Rs. 212 million to Rs. 142 million in the corresponding period of last year. The decline is mainly due to lower demand because of decline in industrial growth and slow progress of the China Pakistan Economic Corridor (CPEC) projects. Similarly, the Tractor Wheels Sales also declined by 20% from Rs. 487 million to Rs. 390 million due to the less agricultural growth.

Resultantly, the gross profit decreased by 3% from Rs. 208 million to Rs. 202 million. Similarly, the company earned net profit, after taxation, of Rs. 68 million compared to Rs. 71 million in the same period of last year, decreased by 4%.

Administrative expenses increased by Rs. 3.664 million (i.e. 5%) from Rs. 67.648 million to Rs. 71.332 million due to rise in inflation. Other operating expenses increased by Rs. 4.713 million (i.e. 68%) from Rs. 6.949 million to Rs. 11.662 million mainly on account of Exchange losses on imports due to the restrictions imposed by State Bank of Pakistan on forward cover bookings/hedging of foreign exchange transactions.



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 June 30, 2018. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in the company's favour (Insha-Allah).

FUTURE OUTLOOK

Demand for Auto Industry remains downward on account of continuous devaluation of Pak Rupee against the Foreign Currency significantly as well as persistent rise in interest rate in the monetary policy.

However, removal of restriction on non-filers to buy vehicles (locally manufactured only) irrespective of any engine capacity as per the 2nd supplementary/mini budget 2019 will create a positive impact on the local automobile industry and resultantly will have an effect on our future sales too.

In addition, as a consequence of Automotive Development Policy 2016-2021, several new players have invested heavily in creating manufacturing/assembly facilities in anticipation of future growth in Auto Sector. These manufacturers are to introduce new models of Car and LCV's, for which your Company has successfully developed wheels for their upcoming models, as per the International Quality Standards, certainly this will have a positive impact on our future revenue.

The management is alive to the challenges ahead and is continuously evolving strategies and adopting measures to meet future challenges and to achieve growth in business.

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 in achieving success for your Company and for the benefits of all stake holders, in particular and the Country in general. Aameen!

For and on Behalf of the Board

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Karachi: April 18, 2019



مستقبل کے خدو خال:-

غیر ملکی کرنسی کے مقابلے میں روپے کی قدر میں مسلسل کمی کے ساتھ ساتھ مالیاتی پالیسی میں سود کی شرح میں مستقل اضافہ آٹو انڈسٹری کی مانگ میں کمی لائے گا۔

تاہم حکومت کے دوسرے ضمنی بجٹ 2019 کے مطابق کسی بھی انجن کی صلاحیت والی گاڑیوں (مقامی طور پر تیار کردہ) کو خریدنے کے لئے نان فائلز پر پابندی ختم کرنے کی وجہ سے مقامی آٹو انڈسٹری پر مثبت اثر پیدا ہوگا اور اس کے نتیجے میں ہماری مستقبل کی فروخت میں اضافہ ہوگا۔

اس کے علاوہ، آٹو انڈسٹری ڈیولپمنٹ پالیسی برائے 2016-2021 کے نتیجے میں، آٹو سکٹرز میں، بہت سے نئے سرمایہ داروں نے مینوفیکچر/ اسمبلی کی سہولیات کو بڑھانے میں بھاری سرمایہ کاری کی ہے اور یہ مینوفیکچررز نے ماڈلز کی کار اور ایل سی وی (LCV's) متعارف کر رہے ہیں اور آپ کی کمپنی نے بین الاقوامی معیار کے عین مطابق ان نئے ماڈلز کے پہیوں کو کامیابی سے تیار کیا ہے اور یہ ہماری مستقبل کی آمدنی پر مثبت اثر ڈالے گا۔

آپ کی مینجمنٹ مستقبل میں غیر متوقع حالات سے نمٹنے کیلئے مستقل بنیادوں پر حکمت عملی تیار کرتی ہے تاکہ کاروبار میں اضافہ ہو۔

اظہار تشکر:-

ہم اس موقع پر اپنے صارفین اور تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی پر مکمل اعتماد اور بھروسے کا اظہار کیا۔ ہم اپنے عملے اور کارکنان سمیت تمام بلوچستان وہیلر لمیٹڈ کی ٹیم کی کوششوں کو تسلیم کرتے ہیں اور ان کے مسلسل تعاون کی اُمید 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)۔

بحکم بورڈ آف ڈائریکٹرز

جناب محمد صدیق مصری
ڈائریکٹر

جناب رزاق ایچ ایم بنگالی
چیف ایگزیکٹو
کراچی، ۱۸ اپریل ۲۰۱۹ء

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ ۳۱ مارچ ۲۰۱۹ء کو ختم ہونے والے نو مہینوں کی غیر جانچ شدہ عبوری مالیاتی رپورٹ بخوشی پیش کرتے ہیں۔

مالیاتی نتائج۔

اللہ تعالیٰ کی مہربانی سے ملک کے مشکل معاشی حالات کے باوجود آپ کی کمپنی نے 67.894 ملین روپے کا بعد از ٹیکس منافع کمایا جو کہ فی شیئر آمدنی کے حساب سے 5.09 روپے بنتا ہے۔

مجموعی طور پر ملکی سطح پر زیر جائزہ مدت کے دوران کار کے 184,146 یونٹس تیار کئے گئے جو گزشتہ سال کے اسی مدت کے 183,180 یونٹس کے مقابلے میں صرف 1% فیصد زیادہ رہے۔ جبکہ اس کے برعکس ٹرک / بس کی پیداوار 5,676 یونٹس رہی جو گزشتہ سال اسی مدت کے 7,462 یونٹس کے مقابلے میں 24% فیصد کم رہی۔ بالکل اسی طرح ٹریکٹرز کے 37,457 یونٹس تیار کئے گئے جبکہ گزشتہ سال اسی مدت میں 52,551 ٹریکٹرز تیار کئے گئے تھے جو 29% فیصد کم رہے۔

تاہم، عددی لحاظ سے آپ کی کمپنی میں پیہوں کے تمام شعبوں (کار / ٹرک / بس / ٹریکٹر) کی فروخت میں بالترتیب 9% فیصد، 32% فیصد اور 31% فیصد کمی ہوئی ہے۔

زیر جائزہ مدت (جولائی 2018 سے مارچ 2019) کے دوران ہماری فروخت 1,250 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کی فروخت 1,351 ملین روپے کے مقابلے میں 7% فیصد کم رہی۔ کار کے پیہوں کی فروخت 688 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے 619 ملین روپے کی فروخت کے مقابلے میں 11% فیصد زیادہ رہی۔ ٹرک / بس کے پیہوں کی فروخت 142 ملین روپے رہی جو کہ پچھلی مدت کی فروخت 212 ملین روپے کے مقابلے میں 33% فیصد کم رہی، اس گری ہوئی مانگ کی وجہ صنعتی ترقی میں کمی اور CPEC پروجیکٹ پرست رفتار ترقی ہے۔ ٹریکٹر کے پیہوں کی فروخت 390 ملین روپے رہی کہ پچھلی مدت کی فروخت 487 ملین روپے کے مقابلے میں 20% فیصد کم رہی جسکی وجہ زراعت کے شعبہ میں کم نشوونما ہے۔

نتیجے میں غیر خالص منافع 3% فیصد کی ساتھ 202 ملین روپے رہا جو گزشتہ سال اسی مدت میں 208 ملین روپے تھا، اسی طرح کمپنی کا بعد از ٹیکس منافع 4% فیصد کی کے ساتھ 68 ملین روپے رہا جو کہ گزشتہ سال کے اسی مدت میں 71 ملین روپے تھا۔

انتظامی اخراجات 3,664 ملین روپے (5%) کے اضافے کے ساتھ 71,332 ملین روپے رہے جو کہ گزشتہ سال کے اسی مدت میں 67,648 ملین روپے تھے جسکی وجہ افراط زر میں اضافہ ہے۔ دیگر آپریشنل اخراجات 4,713 ملین روپے (68%) فیصد کے اضافے کے ساتھ 11,662 ملین روپے رہے جو کہ گزشتہ سال کی اسی مدت میں 6,949 ملین روپے تھے جسکی بنیادی وجہ درآمد پر زرمبادلہ نقصانات اور اسٹیٹ بینک آف پاکستان کی طرف سے زرمبادلہ کے فارورڈ کور پر پابندی کا اطلاق ہے۔

NBP اور متعلقہ معاملات۔

یہ مقدمہ سندھ ہائی کورٹ میں زیر التوا ہے اور اسکے بارے میں تفصیل 30 جون 2018 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۔ (انشاء اللہ)



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	456,756	494,967
Long-term loans and advances		3,661	3,855
Long-term deposits		4,615	5,777
		<u>465,032</u>	<u>504,599</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		53,947	54,455
Stock-in-trade	5	634,003	532,188
Trade debts		203,327	165,572
Loans and advances		16,566	24,805
Trade deposits and short-term prepayments		2,359	2,049
Other receivables		-	928
Short-term investments	6	4,240	5,516
Taxation – net		126,039	141,608
Bank balances		10,207	31,116
		<u>1,050,688</u>	<u>958,237</u>
		<u>1,515,720</u>	<u>1,462,836</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
25,000,000 (June 30, 2018:25,000,000) ordinary shares of Rs.10/- each		<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid-up capital		133,343	133,343
Reserves		<u>1,163,538</u>	<u>1,135,647</u>
		<u>1,296,881</u>	<u>1,268,990</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		1,485	5,306
Long-term deposits		1,904	1,710
Deferred taxation		36,733	34,958
		<u>40,122</u>	<u>41,974</u>
CURRENT LIABILITIES			
Trade and other payables		112,681	133,499
Accrued mark-up		2,989	-
Short term running finance	7	48,595	-
Current portion of liabilities against assets subject to finance lease		4,509	5,257
Unclaimed dividend		6,883	5,281
Provision for warranty		1,429	5,033
Sales tax payable – net		1,631	2,802
		<u>178,717</u>	<u>151,872</u>
CONTINGENCIES AND COMMITMENTS			
	8		
		<u>1,515,720</u>	<u>1,462,836</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Nine Month Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	------(Rupees in '000)-----			
Turnover – net	1,250,474	1,351,289	384,544	495,507
Cost of sales	(1,048,157)	(1,143,188)	(336,617)	(422,944)
Gross profit	202,317	208,101	47,927	72,563
Distribution cost	(34,135)	(42,387)	(10,846)	(16,547)
Administrative expenses	(71,312)	(67,648)	(19,317)	(21,363)
Other expenses	(11,662)	(6,949)	(1,177)	(1,768)
Finance cost	(6,431)	(1,566)	(3,216)	(201)
	(123,540)	(118,550)	(34,556)	(39,879)
Other income	7,657	1,001	5,770	1,130
Profit before taxation	86,434	90,552	19,141	33,814
Taxation				
Current	(14,939)	(15,320)	(4,684)	(3,216)
Prior	(1,825)	783	-	-
Deferred	(1,776)	(5,219)	(293)	(3,575)
	(18,540)	(19,756)	(4,977)	(6,791)
Profit after taxation for the period	67,894	70,796	14,164	27,023
Earnings per share- basic and diluted (Rs.)	5.09	5.31	1.06	2.03

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Nine Month Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- (Rupees in '000) -----			
Profit after taxation for the period	67,894	70,796	14,164	27,023
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	67,894	70,796	14,164	27,023

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Note	March 31, 2019	March 31, 2018
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		86,434	90,552
Adjustments for non-cash items:			
Depreciation	4.1	36,961	32,952
Gain on disposal of operating fixed assets		(2,758)	(601)
Finance costs		6,431	1,566
Provision for slow moving stores spares parts and loose tools		1,425	1,555
Reversal of provision for slow moving stock in trade - net		(924)	(3,614)
Provision for doubtful debts – net		2,955	(352)
Provision for compensated absences		1,330	1,639
Reversal / Provision for warranty claims - net		(3,604)	482
Provision for employees' benefits		3,003	3,064
Profit on treasury bills and deposit accounts		(472)	(2,599)
Dividend income		(49)	(119)
Loss on redemption and revaluation of mutual fund units / listed shares		1,030	2,837
		45,328	36,810
		131,762	127,362
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(917)	(3,972)
Stock-in-trade		(100,891)	(18,229)
Trade debts		(40,710)	(119,955)
Loans and advances		8,239	14,189
Trade deposits, short-term prepayments and other receivables		618	(1,985)
Sales tax refundable-net		-	8,554
		(133,661)	(121,398)
		(1,899)	5,964
Increase / (decrease) in current liabilities			
Trade and other payables		(21,581)	(14,740)
Sales tax payable-net		(1,171)	6,896
		(24,651)	(1,880)
Employees' benefits paid		(3,571)	(1,236)
Income tax paid - net		(1,195)	(76,181)
Long-term loans and advances		194	(104)
Long-term deposits – net		1,356	13
Net cash used in operating activities		(27,867)	(79,388)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,206)	(87,789)
Proceeds from disposal of fixed assets		5,214	1,849
Profit received on treasury bills and bank accounts		472	4,751
Short-term Investments made		(13,220)	(6,653)
Short-term Investments redeemed		13,466	257,939
Dividend received		49	119
Net cash generated from investing activities		4,775	170,216
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against asset subject to finance lease –net		(4,569)	3,920
Finance cost paid		(3,442)	(1,572)
Dividend paid		(38,401)	(52,839)
Net cash used in financing activities		(46,412)	(50,491)
Net (decrease) / Increase in cash and cash equivalents		(69,504)	40,337
Cash and cash equivalents at the beginning of the period		31,116	27,530
Cash and cash equivalents at the end of the period	10	(38,388)	67,867

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019**

	Issued, subscribed and paid-up Capital	General reserve	Revenue reserve			
			Remeasurement loss on gratuity fund	Unappropriated Profit	Total reserves	Total equity
			(Rupees in '000')			
Balance as at July 01, 2017	133,343	160,000	(5,850)	953,592	1,107,742	1,241,085
Final dividend for the year ended 30 June 2017 @ Rs. 4 per share	-	-	-	(53,337)	(53,337)	(53,337)
Profit after taxation	-	-	-	70,796	70,796	70,796
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	70,796	70,796	70,796
Balance as at March 31, 2018	<u>133,343</u>	<u>160,000</u>	<u>(5,850)</u>	<u>971,051</u>	<u>1,125,201</u>	<u>1,258,544</u>
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 30 June 2018 @ Rs. 3 per share	-	-	-	(40,003)	(40,003)	(40,003)
Profit after taxation	-	-	-	67,894	67,894	67,894
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	67,894	67,894	67,894
Balance as at March 31, 2019	<u>133,343</u>	<u>160,000</u>	<u>(12,397)</u>	<u>1,015,935</u>	<u>1,163,538</u>	<u>1,296,881</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 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, 2018. These condensed interim financial statements are unaudited, 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.

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, 2018 except for;

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

Standard or Interpretation

IFRS 2	-	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	-	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
IFRS 9	-	Financial Instruments
IFRS 15	-	Revenue from Contracts with Customers
IAS 40	-	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments" which are as follows:



IFRS 15 Revenue from Contracts with Customers

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard."

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

The Company's financial assets mainly include trade debts, loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard and that the impact of impairment on its financial assets is immaterial to these condensed interim financial statements.

		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000') -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	456,756	435,886
Capital work-in-progress	4.2	-	59,081
		<u>456,756</u>	<u>494,967</u>
4.1 Operating fixed assets			
Opening net book value (NBV)		435,886	367,139
Additions during the period / year (cost)	4.1.1	68,681	115,667
Depreciation for the period / year		(36,961)	(45,671)
Disposals during the period / year (NBV)	4.1.1	(10,850)	(1,249)
Closing net book value (NBV)		<u>456,756</u>	<u>435,886</u>



	March 31, 2019		June 30, 2018	
	Additions at cost (Un-audited)	Disposals at NBV (Un-audited)	Additions at cost (Audited)	Disposals at NBV (Audited)
------(Rupees in '000)-----				
4.1.1 Additions and disposals to operating fixed assets:				
Plant and machinery	66,838	9,060	106,265	560
Furniture and fittings	-	83	-	-
Office equipment	1,813	130	1,146	-
Computer	30	-	316	-
Vehicles- Owned	-	1,577	739	689
Vehicles- Leased	-	-	7,201	-
	<u>68,681</u>	<u>10,850</u>	<u>115,667</u>	<u>1,249</u>
			March 31, 2019	June 30, 2018
			(Unaudited)	(Audited)
		Note	------(Rupees in '000)-----	
4.2 Capital work-in-progress				
Opening Balance			59,081	130
Capital expenditure incurred during the period/year			<u>404</u>	<u>59,093</u>
			<u>59,485</u>	<u>59,223</u>
Transferred to operating fixed assets during the period / year			<u>(59,485)</u>	<u>(142)</u>
Closing Balance			<u>-</u>	<u>59,081</u>
5. STOCK-IN-TRADE				
Raw material and components			241,198	211,283
Work-in-process			173,845	143,066
Finished goods			178,060	97,671
Scrap stock			<u>54,942</u>	<u>63,527</u>
			<u>648,045</u>	<u>515,547</u>
Stock-in-transit			<u>4,784</u>	<u>36,391</u>
			<u>652,829</u>	<u>551,938</u>
Provision for slow moving stock		5.1	<u>(18,826)</u>	<u>(19,750)</u>
			<u>634,003</u>	<u>532,188</u>
5.1 Movement in provision is as follows:				
Balance at the beginning of the period / year			19,750	25,072
Provision made during the period			<u>-</u>	<u>424</u>
			<u>19,750</u>	<u>25,496</u>
Reversal of provision for the period			<u>(924)</u>	<u>(5,746)</u>
Balance at the end of the period / year			<u>18,826</u>	<u>19,750</u>
6. SHORT TERM INVESTMENTS				
Listed shares – fair value through profit or loss			<u>4,240</u>	<u>5,516</u>
7. SHORT TERM RUNNING FINANCE - Secured				

These facilities are obtained from three commercial banks under mark-up arrangements and are secured by way of hypothecation charge ranking pari passu over company's stock and debts amounting to Rs. 335 million of which Rs. 48.595 million (June 30, 2018 : Rs. Nil) utilized as of the reporting date. The rates of mark-up of these finances are ranging between 0.75% and 1% plus three months average KIBOR and is secured against the stock and book debts of the Company for Rs. 463.6 million.



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 30 June 2018, except as described below:

On December 17, 2018, the Commissioner Inland Revenue (Appeal - I) Karachi has passed an appellate order u/s 129 of the Income Tax Ordinance, 2001, for the Tax Year 2017 in favour of the Income Tax Department (FBR) and thereby maintaining demand by Rs.28.392 million which was created by the concerned Deputy Commissioner Inland Revenue (DCIR) vide an amended assessment order u/s 122(1)(5) of the Income Tax Ordinance, 2001, dated September 27, 2018. Being aggrieved, the Company filed an appeal before the Income Tax Appellate Tribunal (ITAT) which was not yet heard.

As the outcome of the above appeal cannot be ascertained at this stage and consequently any future potential liabilities. Accordingly, no provision has been made in these condensed interim financial statements.

8.2 Commitments

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	------(Rupees in '000)-----	
Outstanding letters of guarantees	<u>4,512</u>	<u>4,512</u>
Outstanding letters of credit	<u>68,591</u>	<u>167,536</u>

9. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions	Nine Month Ended March 31, 2019 (Un-audited)	Nine Month Ended March 31, 2018
		------(Rupees in '000)-----	
Key Management Personnel	Sale of fixed assets	-	476
Key Management Personnel	Remuneration	<u>48,074</u>	<u>39,352</u>
Non-executive directors	Meeting Fee	<u>2,020</u>	<u>2,130</u>
Staff retirement funds			
Contribution to gratuity fund		<u>3,003</u>	<u>3,064</u>
Contribution to provident fund		<u>4,739</u>	<u>4,495</u>

10. CASH AND CASH EQUIVALENTS

Cash and bank balances	10,207	10,408
Short term running finance	<u>(48,595)</u>	<u>-</u>
	<u>(38,388)</u>	<u>10,408</u>



11. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on **April 18, 2019** by the Board of Directors of the Company.

12. GENERAL

12.1 Key management personnel remuneration corresponding figure in related party transactions note has been revised in line with the new definition of executives in the Companies Act, 2017.

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



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.



Afzal Motors (Pvt.) Ltd.





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BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan



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