

Vision & Mission

To produce Automotive Wheels and Allied Products of International Quality Standard of ISO 9002 and contribute towards national economy by import substitution, exports, taxation, employment and consistently compensate the stake holders through stable returns.

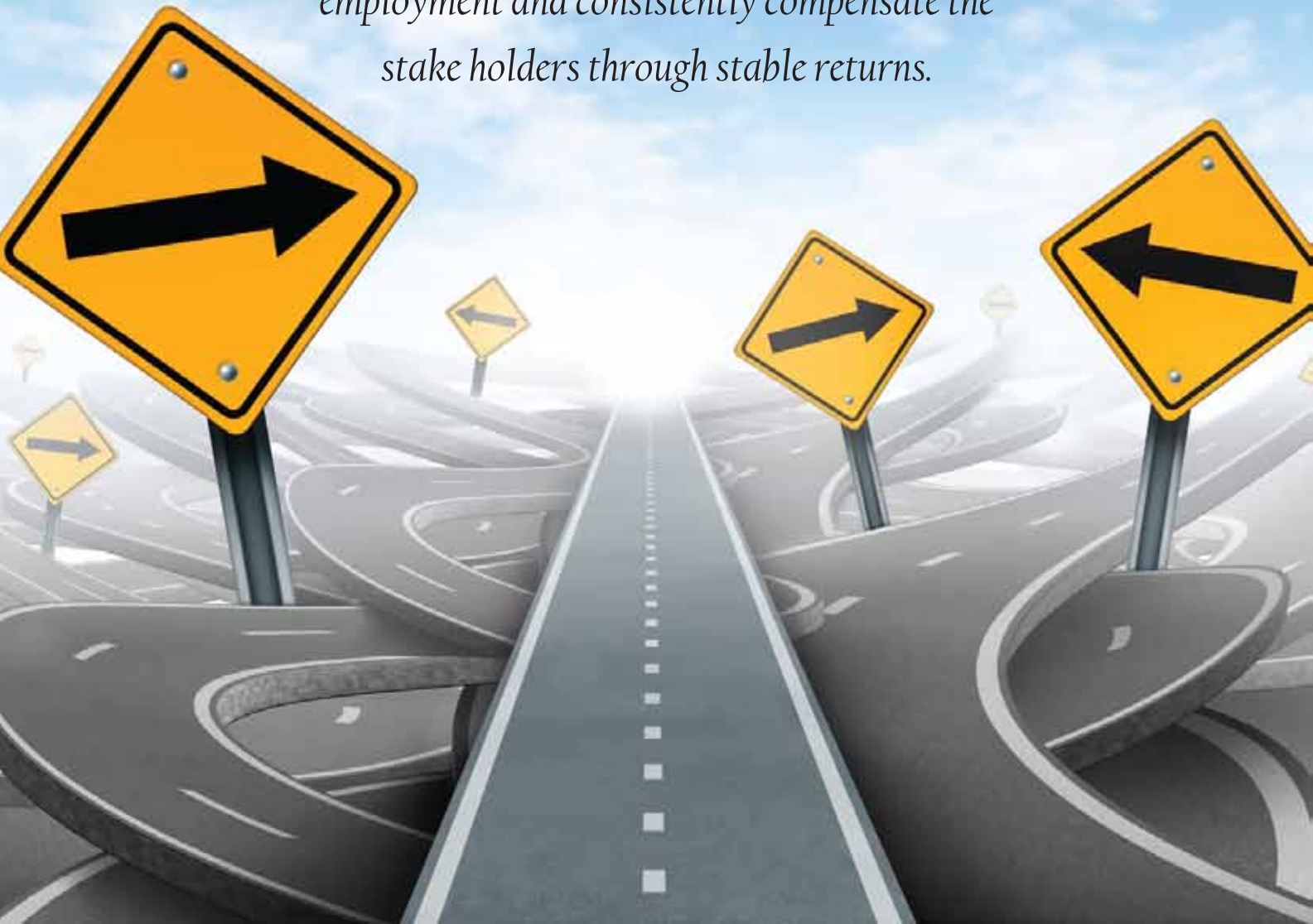


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BOARD OF DIRECTORS MEETING IN PROGRESS



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 , Non- Executive 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

Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Chairman
Mrs. Gulbano Razak	Non-Executive Director	Member
Mrs. Saba Nadeem	Non-Executive Director	Member
Hafiz Shoaib Ahmed Chauhan	Head of Internal Audit	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
Mr. Muhammad Asad Saeed	D.G.M (Finance)
Mr. Fareed Abdul Razzak	Sr. Manager (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
Syed Haroon Rashid	Chairman (Non-Executive Director)	Member
Mrs. Gulbano Razak	Non-Executive Director	Member
Mr. Muhammad Yasin Yunus Ladha	S.G.M (Finance) / Company Secretary	Secretary

RELATED PARTIES

Staff Retirement Funds

BANKERS

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

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

EXTERNAL AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

TAX CONSULTANTS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)
Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)

HEAD OF INTERNAL AUDIT

Hafiz Shoaib 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
Website: <http://www.thk.com.pk>
UAN # +92 (21) 111-000-322, Direct: +92 (21) 35693094-95
Fax # +92 (21) 35655595

HEAD OFFICE

1st Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: bwlfm@cyber.net.pk
Website: <http://www.bwheels.com>
Telephone # 35689259, 35683474, 35687502
Fax # 35684003

FACTORY AND REGISTERED OFFICE

Main RCD Highway, Hub Chowki,
Lasbella, Baluchistan.
Telephone # (0853) 363426,363428
Fax # (0853) 364025



NOTICE OF THE MEETING



AGM



Notice of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of the Company will be held at the Company's Registered Office, Main RCD Highway, Hub Chowki, District Lasbella, Baluchistan, on Saturday, October 17, 2015 at 11:00 am. to transact the following business :-

1. To confirm the minutes of the 34th Annual General Meeting held on October 25, 2014.
2. To receive, consider and approve the audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2015.
3. To approve a final cash dividend at the rate of 30% (Rs. 3.00 per share), as recommended by the Board of Directors for the year ended June 30, 2015.
4. To appoint auditors for the year ending on June 30, 2016 and fix their remuneration.
5. To consider any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

Muhammad Yasin Yunus Ladha
Company Secretary

Karachi: September 18, 2015



NOTES:

I. Closure of Share Transfer Books

Share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 10, 2015 to October 17, 2015 (both days inclusive). Transfer received in order at the Shares Department of **M/s THK Associates (Pvt) Limited**, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, P.O.Box No.8533, Karachi-75530, Pakistan, at the close of business on October 09, 2015 will be treated in time for the purpose of payment of final cash dividend, if approved by the shareholders.

2. Participation in the Annual General Meeting

A member entitled to attend and vote at the meeting is entitled to appoint any other member as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Head Office of the Company, duly stamped and signed not less than 48 hours before the time of the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. For Attending the Meeting:

- I. In case of individuals, the account holders or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing their original Computerised National Identity Card (CNIC), or original passport at the time of attending the meeting.
- II. In case of corporate entities, the Board of Director's resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of attending the meeting.

B. For Appointing Proxies:

- I. In case of individuals, the account holders or sub-account holders and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- II. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- III. The proxy shall produce his / her original CNIC or passport at the time of the meeting.
- IV. In case of corporate entities, the Board of Director's resolution / power of attorney with specimen signature of the person nominated to present and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) alongwith the proxy form to the Company.

3. Confirmation for Filing Status of Income Tax Return for Application of Revised Rates Pursuant to the Provisions of Finance Act, 2015

Pursuant to the provisions of Finance Act, 2015, Effective July 01, 2015, reforms have been made with regards to deduction of income tax, For cash dividend, the rate of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

- | | |
|---|--------|
| I. Rate of tax deduction for filer of income tax returns | 12.50% |
| II. Rate of tax deduction for non filer of income tax returns | 17.50% |



To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5% shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%. The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the share holder, in writing as follows, to the Company by sending following detail on the Head Office of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio / CDS ID / AC#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding proportion (No. of Shares)	Name and CNIC No.	Shareholding proportion (No. of Shares)

4. Submission of Computerized National Identity Card (CNIC) for Payment of Final Cash Dividend

In order to comply with the requirements of Securities & Exchange Commission of Pakistan (SECP)'s SRO 19(l)/2014 dated January 10, 2014 those shareholders who have not yet submitted attested copy of their valid CNICs are once again requested to provide the same with their folio numbers to the Company's Share Registrar, M/s THK Associates (Pvt) Limited. Members holding shares in CDC / Participants accounts are also requested to provide the attested copy of their CNIC to their CDC Participant / Investor Account Services.

5. Consent For Electronic Transmission of Audited Financial Statements & Notices (Optional)

The Securities & Exchange Commission of Pakistan (SECP) through its Notification S.R.O 787(l)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website.

6. Availability of Audited Financial Statements on Company's Website:

The audited financial statements of the Company for the year ended June 30, 2015 have been made available on the Company's website www.bwheels.com in addition to annual and quarterly financial statements for the prior year.

7. Change in Address:

Members are requested to promptly notify any change of address to the Company's Share Registrar.

Transport will be provided to members only from the Karachi Stock Exchange Building to attend the meeting. Departure from Stock Exchange Building will be at 10:00 am.

(Members are requested to bring their Original CNIC / Original Passport at the time of attending the meeting).

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS



Syed Haroon Rashid
Chairman (Non-Executive Director)

Syed Haroon Rashid has over twenty years of experience in corporate finance and strategic management having worked in various financial as well as in non-financial organizations. He started his career with the Experts Advisory Cell, a successor to the Board of Industrial Management, established to assist the Ministry of Production in the management & control, corporate planning and performance evaluation of public sector industrial enterprises in sectors ranging from fertilizer, automobiles, heavy engineering, chemicals, petroleum, cement to steel.

Subsequently, he served as Advisor with the Investment Corporation of Pakistan which was the first closed-end mutual fund established in Pakistan in the early 1960's. Later, he joined the Zarai Taraqiati Bank Ltd. as part of a senior management team formed for the restructuring of the Bank where he served as Head, Restructuring (Project Loans) as well as Head, Project Implementation Unit of the Asian Development Bank. He played a major role in restructuring of corporate loan departments of the organization and worked to successfully revitalize them. He is also a training consultant with the National Institute of Banking and Finance, Islamabad (State Bank of Pakistan).

Syed Haroon Rashid has also served as NIT's (National Investment Trust) Director on Boards of various public listed companies. He is also a Certified Director of the IFC (World Bank Group) sponsored by Pakistan Institute of Corporate Governance.



Mr. Razak H. M. Bengali
Managing Director / CEO (Executive Director)

Mr. Razak Haji Mohammed Bengali belongs to an industrialist family which has been in business since 1947. After graduating in First Class First Position in commerce from Karachi, he joined Siemens and proceeded to Germany where he received business education in German language and passed the examination of Industrial Businessmen (equivalent to MBA).

After coming back from Germany, he remained associated with his family business for about 30 years. At present, he is the Chief Executive of Baluchistan Wheels Limited (an engineering unit producing automotive steel wheel rims), which position he has been holding since July, 1998.

He has been the Chairman of Filament Yarn Manufacturers Association, and Vice President of the Employers Federation of Pakistan.

Also, he has been the President and Vice President of Pakistan German Business Forum (PGBF) for a long number of years. He made this institution active and vibrant which has the recognition and support of various Government organizations and the business people in Pakistan and in Germany.

He holds the membership of the following social bodies:

1. Member and Past President of Karachi Gymkhana
2. Member of Karachi Boat Club
3. Member of Rotary Club of Karachi Continental
4. Member of Defence Authority Country & Golf Club

Also, he has participated in various international seminars, and has widely traveled around the globe. Besides English and Urdu, he is well-versed in German language.

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS

Mr. Muhammad Siddique Misri

Director Marketing / Business Development (Executive Director)



Mr. Muhammad Siddique Misri is a Graduate from Sindh University. After graduation, he proceeded to Saudi Arabia and started his business of trading, imports and distribution of food items from 1982 and captured a larger market share in this field in Saudi Arabia.

He came back to Pakistan and set up a food processing industry with the name of Zaiqa Food Industries in the year 1995. The unit is engaged in processing of spices and other foods items and in exports of the same to the gulf countries, the Middle East, the UK, the USA and the Canada.

In the year 1998, he took over with the association of his friends the management of Baluchistan Wheels Limited, and since then he is involved in managing and running the company with dedication and hard-work. He is a man of wisdom and possesses business acumen.

He has been the member of Managing Committee of the Federation of Pakistan Chambers of Commerce & Industry. Currently he is Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM), and plays an active role for the growth of Vending Industry as well as for the Auto Industry in the Country.

Mr. Muhammad Irfan Ghani

Chief Operating Officer (Executive Director)



Mr. Muhammad Irfan Ghani joined Baluchistan Wheels Ltd in the year 1996 and took the responsibility of planning and production when the plant & machinery was old and they needed major over haul so as to improve the quality, and he is instrumental in the balancing modernization and expansion of various facilities at BWL, wherein the Company was able to replace, its old Butt Welding Machines, added new Light Duty Rim Line, latest version of Electro Deposit Paint Shop and subsequently its Monorail Conveyor. Currently he is working on the modernization of Truck / Bus Line, whereby as the first step new Spinning Machine was added and the study on the Truck / Bus Rim project is also been carried out, through induction of various models of Truck / Bus tubeless wheels.

Mr. Anis Wahab Zuberi

Independent, Non-Executive Director



Mr. Anis Wahab Zuberi is an Independent, Non-Executive Director and he is a Chartered Accountant and a fellow of the Institute of the Chartered Accountants in England and Wales and Pakistan. He carries a vast experience of teaching, management of large scale industries, investment and financing. He has been associated with National Investment Trust (NIT) and has served on the Board of various companies as a nominee Director of NIT. He has attended various seminars and lectures in the process of continuing professional development and have been associated with Institute of Chartered Accountants of Pakistan (ICAP) Committee for Technical Services and also served as a member of Quality Assurance Board of ICAP.

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS

Syed Zubair Ahmad Shah

Non-Executive Director (Nominee - NIT)



Syed Zubair Ahmad Shah is MBA from the Institute of Business Administration (IBA) Karachi and MPhil in Economics from Glasgow University UK. He did post graduate diploma in General Management of State Enterprises with distinction from the Research Institute for Development Sciences, Netherlands. In addition he has attended and qualified various short international seminars/courses in the field of Privatization, Development Policies, Corporate Planning and Performance Evaluation etc. He joined NIT on May 21, 2010 as Controller of Branches. He also represents NIT as nominee Director in a number of Companies. He is representing NIT on our Board.

Mrs. Gulbano Razak

Non-Executive Director



Mrs. Gulbano Razak is a Graduate from Karachi University. She has graduated in the year 1968. She belongs to an educated and business family and is involved in social activities. She is a Rotary Anne of Rotary Club of Karachi Continental. She had been running a business as woman entrepreneur of small and medium enterprises, and, therefore, she was designing and marketing fashion products through her own boutique.

Miss Maheen Irfan Ghani

Non-Executive Director



Miss Maheen Irfan Ghani is a graduate of Kingston University, London where she completed her BSc in Sociology. She was an Editorial Assistant at Newline from November 2011 to November 2012 and was working for Marie Stopes Society advocating for policy change in reproductive healthcare.

Mrs. Saba Nadeem

Non-Executive Director



Mrs. Saba Nadeem belongs to a business family. She has done A'Levels. Also, she has done Diploma in Interior Designing from the Indus Valley School of Arts, and remained involved in activities like Fabric Painting and Glass Painting. She has been a teacher in a grammar school in Clifton, Karachi.

She has developed a special interest in being involved in business and commerce and, therefore, she has chosen to be on the Board of Directors of Baluchistan Wheels Limited.

She is also a Certified Director, as she has successfully completed Director Education Certification Programme from the Institute of Cost & Management Accountants of Pakistan (ICMAP).

MANAGEMENT TEAM



Mr. Razak H.M. Bengali
Managing Director / Chief Executive Officer
(Executive Director)



Mr. Muhammad Siddique Misri
Director Marketing / Business Development
(Executive Director)



Mr. Muhammad Irfan Ghani
Chief Operating Officer
(Executive Director)



Mr. Muhammad Yasin Yunus Ladha
CFO / Company Secretary /
Sr. General Manager (Finance)

Mr. Muhammad Yasin Ladha is an associate of the Institute of Cost & Management Accountants of Pakistan. Besides this he is also fellow member of chartered secretaries, Certified Internal Control Auditor, CPA and also CA Finalist. He has completed his articleship with Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. He has over thirty years of experience in the field of Finance & Accounts, Taxation & Corporate Affairs. He has worked in various multinational / public listed companies. He is associated with the Company since 1996. Presently, he is CFO / Company Secretary / Sr.General Manager (Finance)



Mr. Sajid Nadri
Sr. General Manager (Technical)

Mr. Sajid Nadri is associated with the Company since last 17 Years. He is a Mechanical Engineer and has done scores of Technical and Management courses and is associated with the Automobile Industry since last 32 years. He has gained extensive experience in manufacturing engineering and has the specialization and core experience of Sheet Metal Tools, Dies, Jigs and Fixtures, manufacturing and general Engineering. He has obtained Training from Italy, Holland, Japan, and Korea and vastly traveled abroad to China, Singapore, Thailand, India etc and inland and gained rich experience



Mr. Muhammad Asad Saeed
Deputy General Manager (Finance)

Mr. Muhammad Asad Saeed is an associate of the Institute of Chartered Accountants of Pakistan. He has over eighteen years of experience in the field of Finance & Accounts, Taxation Internal Audit & Corporate Affairs. He has worked in various public listed companies. At present, he is working as Deputy General Manager (Finance). He is associated with the company since 2007. In addition he has attended various seminars / courses / conferences on Finance / Taxation / Audit / Corporate & Financial Reporting / Budget etc.

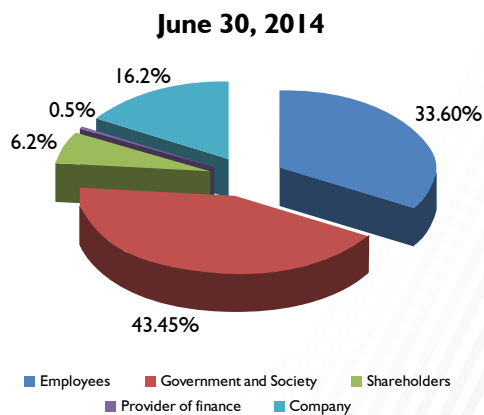
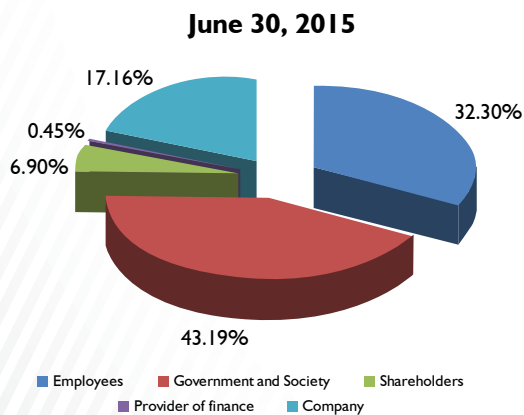


Mr. Fareed Abdul Razzak
Sr. Manager (Finance)

Mr. Fareed Abdul Razzak joined Baluchistan Wheels Limited in the year 2000, and working as Senior Manager Finance. Besides this, he is additionally supervising the sales department. He is MBA in Finance and MCS. Currently he is doing his EMBA from Karachi School of Business & Leadership. He has over fifteen years of experience in the field of Finance & Accounts & Corporate Affairs.

Statement of Value Addition and its Distribution

	2015 (Rs. in '000)	%	2014 (Rs. in '000)	%
Value Addition :				
Total gross revenue and other income	1,648,568		1,348,943	
Brought in materials and services	1,068,426		865,391	
	580,142	100	483,552	100
Distribution to :				
Employees				
Salaries and wages including retirement benefits	187,406	32.30	162,490	33.60
Government and Society				
Income Tax, Sales Tax, FED and WWF	250,571	43.19	210,104	43.45
Shareholders				
Dividend	40,003	6.90	30,001	6.20
Providers of Finance				
Financial charges for borrowed funds	2,615	0.45	2,567	0.53
Company				
Retained Profits, Depreciation and Amortization	99,547	17.16	78,390	16.21
	580,142	100	483,552	100



DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited financial statements of the Company and the audited report thereon for the year ended June 30, 2015.

BUSINESS REVIEW

This year your Company had overall consolidated revenue of Rs. 1.37 billion as compared to Rs. 1.14 billion in the previous year which is 20% more than the previous year. The Car wheels sale was Rs. 944 million as compared to Rs. 683 million in the previous year which is 38% more than the previous year. The Truck / Bus wheels sale was Rs. 125 million as compared to Rs. 107 million in the previous year which is 17% more than the previous year. The Tractor wheels sale was declined to Rs. 273 million as compared to Rs. 301 million in the previous year which is 9% less than the previous year. Similarly, the exports were Rs. 11 million as compared to Rs. 26 million in the previous year. Overall at the National Level the Passenger Cars production was 152,524 units in 2015 as compared to 116,605 units in the year 2014, increased by 31%,

whereas 29,298 LCV's, Vans and Jeeps were produced in 2015 as against 18,694 units in the year 2014 an improvement of 57%, while 4,614 Trucks / Buses were produced in 2015 as against production of 3,232 Trucks / Buses in the year 2014, showing an improvement of 43% over the corresponding past year. The Tractors production has improved to 48,883 units in the year 2015 as compared to 34,521 tractors in the year 2014 which has increased by 42% while our sales of Tractor wheels segment has reduced due to the induction of other players in the Tractor wheels manufacturing business.



FINANCIAL RESULTS

The gross profit was Rs. 208 million as compared to Rs. 200 million of the previous year. The profit after taxation was Rs. 96 million as compared to Rs. 69 million of the previous year. There is no significant increase in the gross profit due to the certain provisions of slows moving stock-in-trade and stores & spares, whereas there is substantial increase in the net

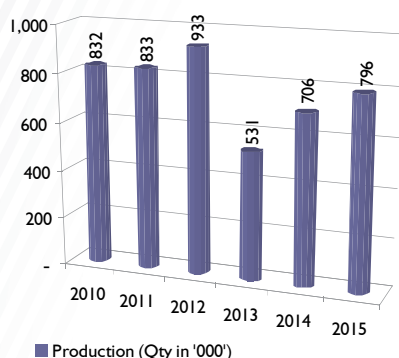
profit due to the disposal of certain fixed assets during the year under review.

The comparative financial results for the year 2015 as against the year 2014 are as follows:



	2015	2014
	(Rs. in 000)	
Sales	1,378,332	1,148,425
Gross Profit	208,183	199,614
Profit before Tax	111,214	85,237
Profit after Tax	95,936	68,504
Earning per Share (Rs.)	7.19	5.14

Production Volume



PROPOSED DIVIDEND

The Board of Directors have proposed final cash dividend of Rs. 3 per share for the year ended June 30, 2015 amounting to Rs. 40.003 million (2014: Rs. 2.25 per share amounting to Rs. 30.001 million) at the meeting held on September 18, 2015, for approval of members at the Annual General Meeting to be held on October 17, 2015. The financial statements, however, do not reflect these appropriations in compliance with the revised Fourth Schedule to the Companies Ordinance, 1984.

HUMAN RESOURCE

We firmly believe that our officers, staff and workforce are the backbone of our business. The management believes in encouraging the talented and dedicated employees, who are frequently sent for training at home and abroad to update their professional and technical skills. The Labour laws are strictly followed and your Management has successfully conducted agreement with CBA for the next two years. During the year under review, we have implemented the new biometric attendance system including online security cameras throughout the plant for improvement of human resource management system.

COMMUNITY INVESTMENT & WELFARE SCHEMES

Direct and indirect rewards to the workforce like Worker-of-the-Month Award, Hajj Scheme, Special Health Allocation and many other such benefits are in place. The labour laws are strictly followed and the company is able to maintain cordial relationship with Labour Union.

SAFETY, HEALTH & ENVIRONMENT

We are actively managing health and safety risks associated with our manufacturing processes and are working towards improving our procedures to reduce and control the risk of accidents or injuries during work & up till now no serious accident has taken place during the production, resulting in any major injury or loss of life.

Apart from this, healthy activities of sports are encouraged, and we have a cricket as well as a football team. Every measure is being taken to preserve nature and to maintain clean environment at workplaces.



Recently your Company has obtained the **Environment Management Certification ISO 14001 – 2004 from UKAS Management system U.K** to meet the international environment standards.

ENERGY CONSERVATION

As explained from time to time in earlier reports also all possible steps are being taken to conserve energy, wherever possible in the areas of electricity, gas and heating systems.

UPGRADATION OF PLANT & PROCESS

The company is producing wheels as per International Standards and meets the customer's quality requirement. In order to achieve the desired results, it is necessary to update and add machines and keep the plant, machinery and equipment in good working condition so that it is operative and used for a longer period and be able to give satisfactory performance.

From time to time foreign technical experts are engaged to carry out the refurbishment of heavy and specialized machines.

High Tonnage Hydraulic Presses were refurbished by the Chinese Engineers and State of the art Butt Welding Machines were repaired & maintained by the German Engineer. Further one 110 Ton high speed specialized mechanical press has been added in the existing press shop line to increase the production capacity.

Due to the above the measures the productivity has been improved and there is significant reduction in rejection and scrap ratio.

RESEARCH & DEVELOPMENT & QUALITY CONTROL

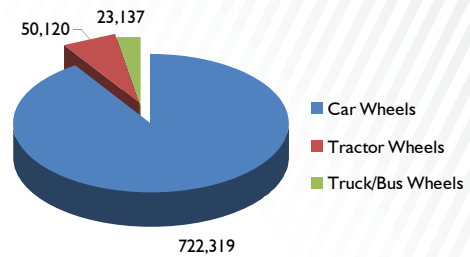
Wheel being critical and safety part is to be manufactured under stringent quality controls and quality is being assured right from the material procurement to the final delivery to the customer. Quality control department is equipped with the requisite testing equipments, tools and instruments to monitor and control the quality of the wheels being supplied to the customers.

The Company is very much focused and keen in Research & Development (R&D). The R&D department is constantly endeavoring to improve the processes, reduce downtime, developing indigenously in-house Tools, Dies, Fixtures and Jigs and recently has added to its existing CNC tool shop, one more CNC vertical Machining centre to enhance its Tool & Die making capacity. So that, the quality and productivity is ensured at every stage.

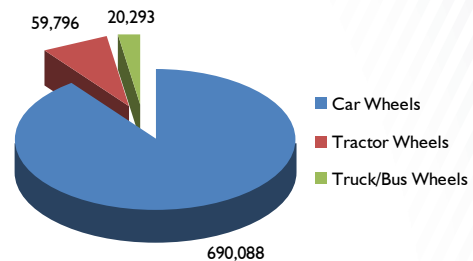
COMPANY'S CONTRIBUTION TO THE ECONOMY OF THE COUNTRY

Your company being an import substitution unit is contributing to the economy by saving foreign exchange and is very important vending industry for the auto assemblers. During the year under review, your company saved approximately \$ 15.5 million foreign exchange reserves on account of supply of wheels to the

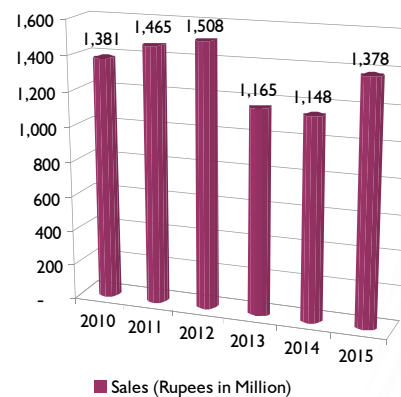
Break up of Production (in Qty)



Break up of Sales (in Qty)



Sales Value (Rupees in Million)



OEM and contributed to national exchequer by paying income tax, sales tax, federal excise duty and other indirect taxes to the tune of Rs. 301 million. Besides, it is also providing employment opportunities to the local people residing in Hub and other adjoining areas.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the provisions of the listing regulations of Stock Exchange, the Board Members are pleased to place the following statements on record:

- The financial statements prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements ;
- The system of internal control is sound in design and is effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as going concern;
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- Key operating and financial data for last six years in summarized form is annexed;
- Outstanding Taxes and Levies:
Please refer to Note No. 30 to the annexed audited accounts.
- The following is the value of investments based on respective audited accounts:

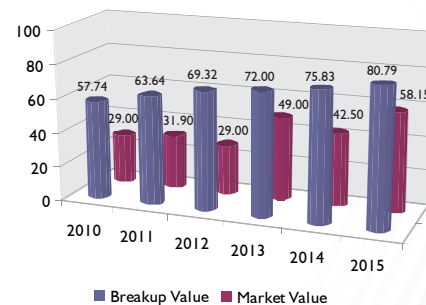
Executive Provident Fund	Rs.82	million
Non-Executive Provident Fund	Rs.30	million
Gratuity Fund	Rs.54	million

Based on audited accounts as at June 30, 2014.

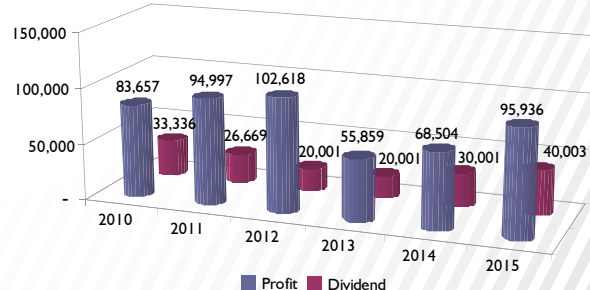
- During the year, 04 meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Syed Haroon Rashid	04
Mr. Razak H.M. Bengali	04
Mr. Muhammad Siddique Misri	04
Mr. Muhammad Irfan Ghani	03
Mr. Anis Wahab Zuberi	02
Syed Zubair Ahmed Shah	04
Mrs. Gulbano Razak	03
Miss. Maheen Irfan Ghani	02
Mrs. Saba Nadeem	04

Breakup value (Vs) Market Value per share (Rs.)



Profit (Vs) Dividend (Rs. in '000)



Similarly, 04 meetings of the Audit Committee were held during the year under review. Further Audit Committee was reconstituted during the year under review. Attendance by each Director in both Audit Committees is as follows:

Previous Audit Committee

Name of Director		No. of Meetings Attended
Mr. Anis Wahab Zuberi	(Chairman)	02
Syed Zubair Ahemd Shah	(Member)	03
Miss. Maheen Irfan Ghani	(Member)	02

Reconstituted Audit Committee

Name of Director		No. of Meetings Attended
Syed Zubair Ahemd Shah	(Chairman)	01
Mrs. Gulbano Razak	(Member)	-
Mrs. Saba Nadeem	(Member)	01

There was no meeting of Board Human Resource and Remuneration Committee.

- i. Mrs. Saba Nadeem has successfully completed Director Education Certification programme conducted by the Institute of Cost & Management Accountants of Pakistan (ICMAP), besides this Mr. Muhammad Irfan Ghani and Mr. Syed Haroon Rashid are also certified Directors. Mr. Razak H.M. Bengali & Mr. Muhammad Siddique Misri fulfills the criteria of 14 years of education and 15 years of experience on the Board of a Listed Company.
- m. The pattern of shareholding is annexed.
- n. Purchase of shares by CEO, Directors, Company Secretary, CFO, their spouses and minor children is given below:

No of Shares Purchased

Mr. Razak H. M. Bengali (Gifted by his daughter, Mrs. Sabina Mufti)	565,000
Mr. Razak H. M. Bengali	24,000
Mrs. Kausar Irfan (W/o. Mr. Muhammad Irfan Ghani)	7,500

ANNUAL EVALUATION OF BOARDS OWN PERFORMANCE

In terms of clause v (e) of Code of Corporate Governance, 2012 the Boards own performance was evaluated and a questionnaire covering the various laws rules & regulations and adhering of the best business practices was circulated to the Board Members and on the basis of their reply a Tabulation of Evaluation sheet was done and discussed by the Board and it was decided to keep on improving the system etc.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board regularly reviews the company's strategic direction. Annual plans and performance targets for business are set and are reviewed by the Board in the light of the company's overall objectives. The Board is committed to maintain high standards of good corporate governance. As a leading wheel manufacturer, reputation for high ethical standards is central to business success. Treatment of stakeholders with respect, courtesy and competence, ensuring clear consciousness in all decisions and operations and on this basis code of business principles has been developed and acknowledged by each Director and employee of the company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

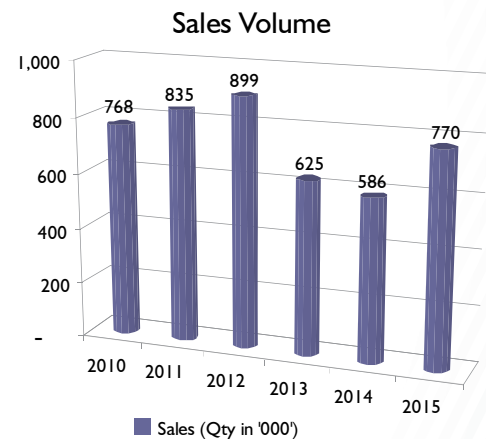
The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its Listing Rules, relevant for the year ended June 30, 2015 have been complied with. A statement to this effect is annexed with the report.

FUTURE OUTLOOK

The Government of Pakistan (GoP) is working hard to improve the economy and it is expected that GDP will accelerate, besides improvement in the agriculture and industrial sector growth and bring in the idle capacity to the productivity. It all depends upon the upcoming auto policy and your management hopeful that forthcoming auto policy will be industry friendly.

Our sales are directly linked with the auto sales and any improvement / decline in auto sales have a direct impact on our sales.

The auto industry/sector has great potential for growth. The local car assemblers have introduced new car models and in the year 2015-16 their new models will be in the market. If there is a political stability in the country and GoP has given long term friendly auto policy for the auto industry which is an engine for industrial sector then consequently vending auto industry also grow and eventually our economy will grow and our country will prosper.



◀ Visit of Indus Motor Company's Officials



◀ Visit of MD of Pak Suzuki Motor Company Limited

The auto industry/sector has great potential for growth. The local car assemblers have introduced new car models and in the year 2015-16 their new models will be in the market. If there is a political stability in the country and GoP has given long term friendly auto policy for the auto industry which is an engine for industrial sector then consequently vending auto industry also grow and eventually our economy will grow and our country will prosper.

We are hopeful that both major players Indus Motors Company & Pak Suzuki Motor Company are going to do well in the future also because of the successful launch of Toyota New model and the demand from the Government of Punjab for Suzuki vehicle for their Taxi Scheme besides normal manner growth. The tractors sales are also improving, whereas our sales of tractor wheels is still low. The decline in our tractor wheels sales is due to the existence of other players in Tractor wheels segment but hopefully it will also be improved due to the recent tractor scheme announced by Government of Punjab and Government of Sindh as well. The Truck/ Bus segment is also improving steadily and if the Government encourages the local Truck/Bus industry, this sector may turn around.

Your Management is expected that things will be emerging positively in future.

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. 22.1 in the financial statements for the year ended June 30, 2015. The case was first heard by Mr. Justice Faisal Arab during 2008 and the matter was concluded and was reserved the announcement of judgment. Unfortunately, no judgment was announced and the matter was sent to the office for fixing the same.

The case was then heard by Honorable Justice of Sindh High Court Mr. Justice Salman Talibuddin and various hearings were made and the order 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.

Thereafter, the matter was again fixed before Mr. Justice Faisal Arab. The case was reheard and was argued during 2010. During various hearings the parties concluded their arguments and Mr. Justice Faisal Arab reserved the matter for announcement of judgment. Again no judgment was announced and the matter was sent to the office for fixing the same for rehearing.



The matter was then fixed before Honorable Justice Mrs. Ashraf Jahan and then transferred in the Court of Honorable Justice Mr. Justice Aziz ur Rehman who has now been transferred to the divisional bench. The case will be reheard again after reconstitution of bench. The efforts were made by both the lawyers of BWL & NBP for concluding the matter, and the latest development is that the case is reheard by the Honorable Judge. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.

AUDITORS

The Audit Committee has recommended reappointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, for the financial year ending June 30, 2016. The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and offer themselves for re-appointment as auditors of the Company.

BASIC EARNINGS PER SHARE

Based on the net profit for the current year, the earnings per share was Rs. 7.19 (2014: Rs. 5.14).

ACKNOWLEDGEMENT

The Board would like to record its appreciation for the valuable services rendered by Management, Officers and Workers of the Company enabling the Company to achieve its objectives.

We also acknowledge the support and cooperation received from the Government, business partners, bankers, and all the other stakeholders.

For and on Behalf of the Board

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Karachi: September 18, 2015



Pattern of Shareholding

AS AT JUNE 30, 2015

NO. OF SHAREHOLDERS	FROM	RANGE	TO	NO. OF SHARES
646	1	-	100	26,990
463	101	-	500	126,923
107	501	-	1000	81,280
94	1,001	-	5000	187,488
13	5001	-	10000	107,163
4	10001	-	15000	48,062
2	15001	-	20000	33,250
1	20001	-	25000	23,325
3	30001	-	35000	98,500
2	35001	-	40000	76,375
1	65001	-	70000	68,000
2	85001	-	90000	177,000
2	145001	-	150000	290,577
1	225001	-	230000	227,000
1	280001	-	300000	287,500
1	340001	-	345000	341,693
1	360001	-	365000	363,683
1	380001	-	385000	381,165
1	435001	-	440000	437,201
1	570001	-	575000	571,900
1	620001	-	625000	624,249
1	645001	-	650000	646,478
1	680001	-	685000	684,357
1	825001	-	830000	828,071
1	1245001	-	1250000	1,249,000
1	1280001	-	1285000	1,282,825
1	1455001	-	1460000	1,455,160
1	2605001	-	2610000	2,609,035
1,355				13,334,250

SHAREHOLDERS CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE (%)
INVESTMENT COMPANIES	5	2,665	0.02
OTHERS	7	266,400	2.00
INSURANCE COMPANIES	1	341,693	2.56
FINANCIAL INSTITUTIONS	6	689,503	5.17
JOINT STOCK COMPANIES	12	1,573,137	11.80
MUTUAL FUND	5	1,785,660	13.39
INDIVIDUALS	1,319	8,675,192	65.06
	1,355	13,334,250	100.00

Pattern of Shareholding - Breakup

AS AT JUNE 30, 2015

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE (%)
FINANCIAL INSTITUTIONS	6	689,503	5.17%
1 ROYAL BANK OF SCOTLAND		1,638	
2 BANK OF SCOTLAND		718	
3 MORGAN STANLEY BANK LUXEMBOURG		1,322	
4 PRUDENTIAL INVESTMENT BANK LIMITED		575	
5 NATIONAL BANK OF PAKISTAN		893	
6 NATIONAL BANK OF PAKISTAN		684,357	
INDIVIDUALS	1,309	2,159,059	16.19%
DIRECTORS, CEO & THEIR SPOUSE AND MINOR-CHILDREN	10	6,516,133	48.87%
1 MR. RAZAK BENGALI		828,071	
2 MRS. GUL BANO		363,683	
3 MR. MUHAMMAD SIDDIQUE MISRI		2,609,035	
4 MRS. MEHTAB BIBI		437,201	
5 MRS. SABA NADEEM		500	
6 MR. MUHAMMAD IRFAN GHANI		1,249,000	
7 MRS. KAUSAR IRFAN		646,478	
8 MISS. MAHEEN IRFAN GHANI		381,165	
9 MR. ANIS WAHAB ZUBERI		500	
10 MR. SYED HAROON RASHID		500	
OTHERS	7	266,400	2.00%
1 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES BENEVOLENT FUND TRUST		5,108	
2 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		145,562	
3 TRUSTEE THALL LIMITED- EMPLOYEES PROVIDENT FUND		5,500	
4 CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT		68,000	
5 CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT		39,000	
6 TRUSTEES MAPLE LEAF CEMENT FACTORY LTD EMPLOYEES PROV FUND		3,000	
7 LOADS LIMITED		230	



CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
JOINT STOCK COMPAINES	12	1,573,137	11.80%
1 M/S. NATIONAL MOTORS LIMITED		230	
2 GENERAL MODARABA SERVICES (PVT) LTD		18	
3 BOLAN CASTINGS LIMITED		287,500	
4 MILLAT TRACTORS LIMITED		1,282,825	
5 PRUDENTIAL SECURITIES LIMITED		718	
6 AZIZ FIDAHUSEIN & COMPANY (PVT) LTD.		40	
7 S.H. BUKHARI SECURITIES (PVT) LIMITED		86	
8 MAPLE LEAF CAPITAL LIMITED		1	
9 MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED		287	
10 MSMANIAR FINANCIALS (PVT) LTD.		345	
11 INVEST CAPITAL MARKETS LIMITED		287	
12 FIKREE'S (SMC-PVT) LTD.		800	
MUTUAL FUND	5	1,785,660	13.39%
1 CDC - TRUSTEE NAFA STOCK FUND		87,000	
2 CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND		227,000	
3 CDC-TRUSTEE NAFA ASSET ALLOCATION FUND		7,500	
4 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,455,160	
5 CDC - TRUSTEE NAFA ISLAMIC STOCK FUND		9,000	
INSURANCE COMPAINES	1	341,693	2.56%
1 STATE LIFE INSURANCE CORP. OF PAKISTAN		341,693	
INVESTMENT COMPANIES	5	2,665	0.02%
1 BANKERS TRUST COMPANY		86	
2 MORGAN STANLEY TRUST COMPANY		718	
3 CROSBY SECURITIES PTE LTD.		833	
4 SOMERS NOMINEES (FAR EAST) LTD.		590	
5 NATIONAL DEV. FINANCE CORP.INVESTERS		438	
	1,355	13,334,250	100.00%
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY	6	8,108,448	-
1 MR. MUHAMMAD SIDDIQUE MISRI		2,609,035	
2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,455,160	
3 MILLAT TRACTORS LIMITED		1,282,825	
4 MR. MUHAMMAD IRFAN GHANI		1,249,000	
5 MR. RAZAK H. M. BENGALI		828,071	
6 NATIONAL BANK OF PAKISTAN		684,357	

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulation No.35 of the Karachi Stock Exchange Ltd for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of the Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

- The Company encourages representation of an independent non-executive director and representation of minority interests on its Board of Directors (BOD). At present the BOD includes five non Executive Directors, and one independent Director.

Name of Director	Category of Director		
	Independent	Non-Executive	Executive
	1	5	3
Syed Haroon Rashid		✓	
Mr. Razak H.M. Bengali			✓
Mr. Muhammad Siddique Misri			✓
Mr. Muhammad Irfan Ghani			✓
Mr. Anis Wahab Zuberi	✓		
Syed Zubair Ahmed Shah		✓	
Mrs. Gulbano Razak		✓	
Miss Maheen Irfan Ghani		✓	
Mrs. Saba Nadeem		✓	

- The Directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
- All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or Non Banking Finance Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred in the Board during the year.
- The Company has prepared a Code of Conduct "Statement of Ethics and Business Practices" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the BOD have been duly exercised and decisions on material transactions, and significant matters are documented by a resolution passed by the BOD, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive & Non Executive Directors, CFO/ Company Secretary, have been taken by the BOD.
- The meetings of the BOD were presided over by the Chairman and the BOD met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Three directors had already passed Corporate Governance Leadership Skills Program of the Pakistan Institute of Corporate Governance and two directors meet the criteria of exemption under clause (xi) of the CCG and are accordingly exempted from director's training program. The Company will take necessary steps for the training of rest of the directors by the end of 30 June 2016.

10. The board has approved appointment of CFO/Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before the approval of the BOD.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The BOD has formed an Audit Committee. It comprises three members, of whom all are Non-Executive Directors and the Chairman is a Non-Executive Director.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference to the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resources & Remuneration Committee. It comprises of four members, of whom three are Non-Executive Directors and one is an Executive Director and the Chairman of the Committee is a Non-Executive Director.
18. The Board has setup an effective Internal Audit function, Head of Internal Audit is suitably qualified and experienced and is conversant with the policies and procedures of the Company and he is involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by (ICAP).
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / Price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm all other material principles contained in the Code have been complied with as stated above .

On behalf of the Board of Directors

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Karachi. September 18, 2015



Review Report to the Members on the Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended **30 June 2015**, prepared by the Board of Directors of **Baluchistan Wheels Limited** (the Company) to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of Karachi stock exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: September 18, 2015

Place: Karachi



Auditors' Report to the Members

We have audited the annexed balance sheet of Baluchistan Wheels Limited (the Company) as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.2 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015, and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner's Name: Khurram Jameel
Date: September 18, 2015
Place: Karachi

Balance Sheet

AS AT 30 JUNE 2015

ASSETS	Note	30 June 2015	30 June 2014
----- (Rs. in '000) -----			
NON-CURRENT ASSETS			
Property, plant and equipment	5	307,284	351,705
Long-term investments	6	1,739	747
Long-term loans and advances	7	2,998	1,993
Long-term deposits	8	5,740	5,740
		317,761	360,185
CURRENT ASSETS			
Stores, spare parts and loose tools	9	44,018	44,552
Stock-in-trade	10	452,579	498,712
Trade debts	11	59,981	65,310
Loans and advances	12	15,043	14,848
Trade deposits and short-term prepayments	13	2,287	3,168
Other receivables	14	521	5,813
Short-term investments		-	83,678
Sales tax refundable		-	1,792
Taxation - net		47,041	47,377
Bank balances	15	255,013	28,905
		876,483	794,155
TOTAL ASSETS		1,194,244	1,154,340
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	133,343	133,343
Reserves		943,870	877,854
		1,077,213	1,011,197
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases	17	2,569	5,113
Long term advance		-	10,093
Long-term deposits	18	706	1,110
Deferred taxation	19	17,592	35,490
		20,867	51,806
CURRENT LIABILITIES			
Trade and other payables	20	83,631	83,227
Accrued mark-up		2	20
Sales tax payable		6,172	-
Current portion of liabilities against assets subject to finance leases	17	2,523	3,828
Current portion of long-term advance		-	1,442
Current portion of long-term deposits	18	205	12
Provision for warranty	21	3,631	2,808
		96,164	91,337
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		1,194,244	1,154,340

The annexed notes 1 to 40 form an integral part of these financial statements.

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director



Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 ----- (Rs. in '000) -----	30 June 2014 -----
Turnover - net	23	1,378,332	1,148,425
Cost of sales	24	(1,170,149)	(948,811)
Gross profit		208,183	199,614
Distribution costs	25	(38,511)	(38,696)
Administrative expenses	26	(80,752)	(71,153)
Other expenses	27	(12,096)	(10,433)
Other income	28	37,339	9,014
		(94,020)	(111,268)
Operating profit		114,163	88,346
Finance costs	29	(2,949)	(3,109)
Profit before taxation		111,214	85,237
Taxation	30	(15,278)	(16,733)
Profit after taxation		95,936	68,504
		----- (Rupees) -----	
Earnings per share - Basic and diluted	31	7.19	5.14

The annexed notes 1 to 40 form an integral part of these financial statements.

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director



Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
Net profit for the year	95,936	68,504
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Unrealised gain / (loss) due to changes in fair value of available-for-sale investments	992	(8)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Actuarial (loss) / gain on gratuity fund - net	(911)	324
	81	316
Total comprehensive income for the year	96,017	68,820

The annexed notes 1 to 40 form an integral part of these financial statements.



Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
Note	----- (Rs. in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	32 189,224	158,851
Employees' benefits paid	(318)	(4,902)
Income tax paid - net	(34,699)	(52,734)
Long-term loans and advances - net	(12,540)	11,360
Long-term deposits - net	(211)	(887)
Net cash generated from operating activities	141,456	111,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(26,038)	(45,980)
Proceeds from disposal of fixed assets	60,538	9,429
Profit received on deposit accounts	2,225	627
Short-term investments redeemed / (made) during the year	84,500	(60,910)
Net cash generated from / (used in) investing activities	121,225	(96,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against asset subject to finance leases - net	(3,849)	3,276
Finance costs paid	(2,967)	(4,213)
Dividend paid	(29,757)	(19,725)
Net cash used in financing activities	(36,573)	(20,662)
Net increase / (decrease) in cash and cash equivalents	226,108	(5,808)
Cash and cash equivalents at the beginning of the year	28,905	34,713
Cash and cash equivalents at the end of the year	255,013	28,905

The annexed notes 1 to 40 form an integral part of these financial statements.

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	RESERVES						Total
	Issued, subscribed and paid-up capital	General reserve	Unrealised gain/(loss) on revaluation of available- for-sale- investments	Actuarial gain / (loss) on gratuity fund	Unappr- opriated profit	Total reserves	
	(Rs. in '000)						
Balance as at 30 June 2013	133,343	160,000	611	2,209	666,215	829,035	962,378
Final dividend for the year ended 30 June 2013 @ Rs. 1.5 per share	-	-	-	-	(20,001)	(20,001)	(20,001)
Net profit for the year	-	-	-	-	68,504	68,504	68,504
Other comprehensive (loss) / income	-	-	(8)	324	-	316	316
Total comprehensive income	-	-	(8)	324	68,504	68,820	68,820
Balance as at 30 June 2014	133,343	160,000	603	2,533	714,718	877,854	1,011,197
Final dividend for the year ended 30 June 2014 @ Rs. 2.25 per share	-	-	-	-	(30,001)	(30,001)	(30,001)
Net profit for the year	-	-	-	-	95,936	95,936	95,936
Other comprehensive income / (loss)	-	-	992	(911)	-	81	81
Total comprehensive income	-	-	992	(911)	95,936	96,017	96,017
Balance as at 30 June 2015	133,343	160,000	1,595	1,622	780,653	943,870	1,077,213

The annexed notes 1 to 40 form an integral part of these financial statements.

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director



Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2015

1. THE COMPANY AND ITS OPERATIONS

Baluchistan Wheels Limited (the Company) was incorporated in Pakistan on 16 June 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 the Karachi Stock Exchange. The registered office and factory of the Company is situated at Main RCD Highway, Hub Chowki, Lasbella, Baluchistan, Pakistan.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), Islamic Financing Auditing Standards issued by Institute of Chartered Accountants of Pakistan (ICAP) and other standards as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value.

3.2 These financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards and amendments to approved accounting standards that are not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 & 38 - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2017

4.2 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New, revised and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective for the current year:

- IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
- IAS 32 - Financial Instruments : Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non Financial Assets
- IFRIC 21 - Levies

Improvements to the accounting standards issued by the IASB

- IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 16 & 32 - Revaluation method - proportionate restatement of accumulated depreciation / amortisation
- IAS 24 - Related Party Disclosures - Key management personnel

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on these financial statements.

4.3 Property, plant and equipment

(i) Owned

Operating assets

These are stated at cost less accumulated depreciation and impairment, if any, except for the freehold land which is stated at cost.

Depreciation is charged to profit and loss account applying the reducing balance method, except for computers which are depreciated on straight line method, at the rates stated in note 5. In respect of additions and disposals of assets, depreciation is charged from the day from which an asset is available for use and continues depreciating it until it is derecognized, i.e upto the day preceding disposal. An item of property, plant and equipment derecognized upon disposal or when no future economic benefits are expected from its use or disposal then gain or loss on disposal of property, plant and equipment is included in profit and loss account.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements which increases the assets' remaining useful economic life or performance beyond the current estimated levels are capitalized and the asset so replaced, if any, are retired.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

Capital work-in-progress

These are stated at cost less impairment, if any, and represent expenditures connected with specific assets incurred during the construction / erection period. These are transferred to specific assets as and when assets are available for use.

Impairment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

(ii) Leased

The Company accounts for operating assets acquired under finance leases by recording the assets and the related liability at the amounts which are determined on the basis of the discounted value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged to income applying the same basis as for owned assets.

Income on sale and lease back arrangement is deferred and amortized over the lease term.

4.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company.

4.5 Investments

The management determines the appropriate classification of the investments in accordance with the requirements of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" at the time of purchase and re-evaluates this classification on a regular basis. These are categorized as follows:

At fair value through profit or loss

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'investments at fair value through profit or loss' category. These are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account.

Held-to-maturity

Investments with fixed maturity, where management has both the intent and ability to hold to maturity, are classified as held-to-maturity. Such investments are initially recognised at cost and subsequently remeasured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. Any gain or loss arising on derecognition / impairment in value of such investments is taken to profit and loss account.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. These investments are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to comprehensive income.

4.6 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and estimated Net Realisable Value (NRV) except items in transit which are stated at invoice value plus other charges paid thereon to the balance sheet date.

4.7 Stock-in-trade

Raw material and components are valued at lower of weighted average cost and Net Realisable Value (NRV).

Work in process is valued at lower of average manufacturing cost and NRV.

Finished goods are valued at lower of average manufacturing cost and NRV.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Scrap stocks are valued at NRV.

4.8 Trade debts

Trade debts are recognised and carried at original invoice amount which is the fair value of the consideration given, less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off as identified.

4.9 Loans and advances

These are stated at cost, which is the fair value of consideration given, less provision for any doubtful receivables.

4.10 Trade and other payables

These are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.12 Warranty obligations

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The Company accounts for its warranty obligations on accrual basis.

4.13 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account for the period in which it arises.

4.14 Offsetting of financial assets or liabilities

A financial asset and a financial liability are off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income and expenditure, if any, are also netted of and reported on a net basis in the profit and loss account.

4.15 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those appearing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rupees at the rates of exchange approximating those prevailing at the balance sheet date. Any resulting gain or loss arising from changes in exchange rates is taken to profit and loss account.

4.16 Staff benefits

Defined benefit plan

The Company operates an approved and funded defined gratuity scheme for all permanent employees who have completed the minimum qualifying period of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2015 using Projected Unit Credit method. Actuarial gains and losses are recognised directly to other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Defined contribution plan

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal contributions are made by the Company and the employees to the fund.

Compensated absences

Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the balance sheet date using their current salary levels as per Company's policy.

4.17 Ijarah rentals

Leases under Shariah compliant Ijarah contracts, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to profit and loss account on straight line basis over the lease term.

4.18 Taxation

Current

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets / liabilities are recognised for all deductible / temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible / taxable temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.19 Revenue recognition

Sales are recognised upon passage of title to the customers, which generally coincides with physical delivery.

Scrap sales are recognised on physical delivery to customers.

Dividend income is recognised when right to receive the dividend is established.

Profit on deposit accounts is recognised on an accrual basis.

4.20 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise current and deposit accounts.

4.21 Dividend and appropriations to reserves

These are recognized in the financial statements in the period in which these are approved.

4.22 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Determining the residual values, useful lives and impairment of property, plant and equipment and intangible assets

The Company reviews the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

Staff / employees benefits

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, expected rate of return on assets and future salary increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty and may affect the future financial statements.

Provision for warranty

A provision is recognised for expected warranty claims on products sold at the rate of 0.5 percent of last six months' turnover based on past experience. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about past trend and future expectation of such claims. Any change in the estimates in future might affect the profit and loss account of that year.

Provision for slow moving inventories

The Company maintained provision for slow moving stock-in-trade and stores, spares and loose tools in respect of written down of inventories to their expected Net Realizable Value (NRV). The Company reviews the NRV of stock-in-trade and stores, spares and loose tools at each year end to assess any diminution in the carrying value keeping in view the aging analysis. Any change in the estimate in future might affect the profit and loss account of that year.

5. PROPERTY, PLANT AND EQUIPMENT

	C O S T				Rate	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at 1 July 2014	Additions	(Disposals) / *Transfer / **(Write-off)	As at 30 June 2015		As at 1 July 2014	Charge for the year	On (Disposals) / *Transfer / **(Write-off)	As at 30 June 2015	As at 30 June 2015
	----- (Rupees in 000) -----				%	----- (Rupees in 000) -----				
Owned										
Land - freehold	2,559	-	-	2,559	-	-	-	-	-	2,559
Building on freehold land	95,660	4,014	-	99,674	5 & 10	45,823	2,596	-	48,419	51,255
Plant and machinery	862,235	14,658	(39,756) **(11,720)	825,417	10 & 20	598,845	33,772	(17,340) **(11,720)	603,557	221,860
Electrical installations	29,266	-	-	29,266	10	20,575	869	-	21,444	7,822
Furniture and fittings	4,652	1,381	(52)	5,981	10	3,258	251	(41)	3,468	2,513
Office equipment	11,923	1,784	(724)	12,983	33	10,486	843	(639)	10,690	2,293
Computers	4,160	595	(55)	4,700	33	3,760	321	(48)	4,033	667
Vehicles	24,480	3,606	(8,701) *4,961	24,346	20	10,859	2,994	(4,375) *2,437	11,915	12,431
Library books	42	-	-	42	10	39	-	-	39	3
	1,034,977	26,038	(49,288) *4,961 **(11,720)	1,004,968		693,645	41,646	(22,443) *2,437 **(11,720)	703,565	301,403
Leased										
Vehicles	12,961	-	*(4,961)	8,000	20	2,588	1,968	*(2,437)	2,119	5,881
2015	1,047,938	26,038	(49,288) *4,961 **(11,720)	1,012,968		696,233	43,614	(22,443) *2,437 **(11,720)	705,684	307,284

	C O S T				Rate	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at 1 July 2013	Additions	(Disposals) / *Transfer / **(Write-off)	As at 30 June 2014		As at 1 July 2013	Charge for the year	On (Disposals) / *Transfer / **(Write-off)	As at 30 June 2014	As at 30 June 2014
	----- (Rupees in 000) -----				%	----- (Rupees in 000) -----				
Owned										
Land - freehold	2,559	-	-	2,559	-	-	-	-	-	2,559
Building on freehold land	94,939	721	-	95,660	5 & 10	43,215	2,608	-	45,823	49,837
Plant and machinery	849,038	25,964	**(12,767)	862,235	10 & 20	581,154	30,458	**(12,767)	598,845	263,390
Electrical installations	29,266	-	-	29,266	10	19,609	966	-	20,575	8,691
Furniture and fittings	4,860	199	**(407)	4,652	10	3,474	191	**(407)	3,258	1,394
Office equipment	11,862	449	(32) **(356)	11,923	33	10,232	640	(30) *(356)	10,486	1,437
Computers	6,563	196	(63) **(2,536)	4,160	33	6,080	254	(38) **(2,536)	3,760	400
Vehicles	20,744	10,451	(13,215) *6,500	24,480	20	9,555	2,510	(4,390) *3,184	10,859	13,621
Library books	42	-	-	42	10	38	1	-	39	3
	1,019,873	37,980	(13,310) *6,500 **(16,066)	1,034,977		673,357	37,628	(4,458) *3,184 **(16,066)	693,645	341,332
Leased										
Vehicles	11,461	8,000	*(6,500)	12,961	20	3,623	2,149	*(3,184)	2,588	10,373
2014	1,031,334	45,980	(13,310) **(16,066)	1,047,938		676,980	39,777	(4,458) **(16,066)	696,233	351,705

		30 June 2015	30 June 2014
	Note	----- (Rs. in '000) -----	
5.1 Reconciliation of book value is as follows:			
Book value at the beginning of the year		351,705	354,354
Additions during the year at cost		26,038	45,980
Depreciation for the year		(43,614)	(39,777)
Disposals during the year at NBV		(26,845)	(8,852)
Book value as at the end of year		<u>307,284</u>	<u>351,705</u>
5.2 Allocation of depreciation is as follows:			
Cost of sales - Manufacturing overheads	24	38,812	35,664
Distribution costs	25	23	32
Administrative expenses	26	4,779	4,081
		<u>43,614</u>	<u>39,777</u>

5.3 Details of disposal of property, plant and equipment having book value exceeding Rs. 50,000 each are as follows:

Particulars	Cost	Accumulated Depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of Purchaser
----- (Rs. in '000) -----							
Vehicles							
Honda Civic	1,749	1,159	590	590	-	Company Policy	Irfan Ahmed Qureshi - Ex- employee
Honda City	1,507	557	950	950	-	Company Policy	Muhammad Javed - Ex- employee
Toyota Xli	1,394	707	687	687	-	Company Policy	Nisar Ahmed - Ex- employee
Suzuki Liana	925	712	213	213	-	Company Policy	Shiekh Muhammad Iqbal - Ex- employee
Suzuki Swift DX	1,056	434	622	622	-	Company Policy	Atiq-Ur-Rehman - Ex- employee
Suzuki Alto	697	389	308	308	-	Company Policy	Asad Saeed - Employee
Suzuki Cultus	1,034	107	927	1,044	117	Insurance Claim	EFU General Insurance Limited
Plant and machinery							
Suzuki Tooling Y N -3	17,773	12,634	5,139	28,312	23,173	Agreement	Pak Suzuki Motor Co. Ltd.
Suzuki Tooling Y R -9	21,983	4,706	17,277	27,334	10,057	Agreement	Pak Suzuki Motor Co. Ltd.
Others	1,170	1,038	132	478	346		
2015	<u>49,288</u>	<u>22,443</u>	<u>26,845</u>	<u>60,538</u>	<u>33,693</u>		
2014	<u>13,310</u>	<u>4,458</u>	<u>8,852</u>	<u>9,429</u>	<u>577</u>		

		30 June 2015	30 June 2014
6. LONG-TERM INVESTMENTS	Note	----- (Rs. in '000) -----	
Available-for-sale - quoted securities			
Bolan Castings Limited 20,763 (2014: 20,763) fully paid ordinary shares of Rs.10/- each		1,739	747
7. LONG-TERM LOANS AND ADVANCES - secured, considered good			
Loans			
Employees		1,721	1,172
Executives	7.1 & 7.2	702	891
		2,423	2,063
Less: Current maturity	12	(735)	(767)
		1,688	1,296
Advances			
Employees		2,800	1,848
Executives	7.2	833	800
		3,633	2,648
Less: Current maturity	12	(2,323)	(1,951)
		1,310	697
		2,998	1,993

7.1 Represent interest-free loans given to executives against their salaries. These are recoverable in equal monthly installments over a period of four years. These loans are secured against the retirement benefits of employees.

7.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.535 (2014: Rs. 1.691) million.

		30 June 2015	30 June 2014
8. LONG-TERM DEPOSITS	Note	----- (Rs. in '000) -----	
Trade deposits		4,940	4,140
Lease deposits		800	1,600
		5,740	5,740
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		3,553	4,945
Spare parts		86,066	82,786
Loose tools		2,086	2,107
		91,705	89,838
Provision for slow moving:			
Stores		(59)	(114)
Spare parts		(47,277)	(44,341)
Loose tools		(351)	(831)
	9.1	(47,687)	(45,286)
		44,018	44,552

		30 June 2015	30 June 2014
	Note	----- (Rs. in '000) -----	
9.1 Movement in provision is as follows:			
Opening balance		45,286	43,311
Provision during the year	24	2,401	1,975
Closing balance		<u>47,687</u>	<u>45,286</u>
10. STOCK-IN-TRADE			
Raw material and components		128,439	136,436
Finished goods		186,965	183,746
Work-in-process		110,706	139,847
Scrap stock		44,963	44,500
		<u>471,073</u>	<u>504,529</u>
Stock-in-transit		36,953	22,511
		<u>508,026</u>	<u>527,040</u>
Provision for slow moving stock	10.1	<u>(55,447)</u>	<u>(28,328)</u>
		<u>425,579</u>	<u>498,712</u>
10.1 Movement in provision is as follows:			
Opening balance		28,328	32,473
Provision / (reversal) during the year	24	27,119	(4,145)
Closing balance		<u>55,447</u>	<u>28,328</u>
11. TRADE DEBTS			
Unsecured			
Considered good		59,981	65,310
Considered doubtful		800	303
Provision for doubtful debts	11.1	<u>(800)</u>	<u>(303)</u>
		-	-
		<u>59,981</u>	<u>65,310</u>
11.1 Movement in provision is as follows:			
Opening balance		303	1,420
Provision / (reversal) during the year	26	497	(1,117)
Closing balance		<u>800</u>	<u>303</u>
12. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long-term loans	7	735	767
Advances - considered good			
- Current portion of long-term advances - secured	7	2,323	1,951
- For expenses - unsecured		726	353
- To suppliers - unsecured		11,259	11,777
		<u>14,308</u>	<u>14,081</u>
		<u>15,043</u>	<u>14,848</u>

		30 June 2015	30 June 2014
	Note	----- (Rs. in '000) -----	
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		1,469	2,095
Prepayments		818	1,073
		<u>2,287</u>	<u>3,168</u>
14. OTHER RECEIVABLES			
Employees' gratuity fund	20.1	-	5,402
Worker's Profit Participation Fund	14.1	521	411
		<u>521</u>	<u>5,813</u>
14.1 Workers' Profits Participation Fund			
Opening balance		(411)	1,976
Interest on funds utilised in the Company's Business Allocation for the year	27	-	6
		<u>5,979</u>	<u>4,589</u>
		5,568	6,571
Payments made during the year		(6,089)	(6,982)
Closing balance		<u>(521)</u>	<u>(411)</u>
15. BANK BALANCES			
Current accounts		45,250	12,476
Saving account	15.1	209,763	16,429
		<u>255,013</u>	<u>28,905</u>
15.1	This carries profit rate of 7% (2014: 7.5%) per annum		
16. SHARE CAPITAL			
30 June 2015 (Number of shares)	30 June 2014	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
<u>25,000,000</u>	<u>25,000,000</u>		
		Authorised capital	
		<u>250,000</u>	<u>250,000</u>
		Ordinary shares of Rs. 10/- each	
		Issued, subscribed and paid-up capital	
		Fully paid ordinary shares of Rs. 10/- each	
9,276,000	9,276,000	92,760	92,760
		Issued for cash	
4,058,250	4,058,250	40,583	40,583
		Issued as fully paid bonus shares	
<u>13,334,250</u>	<u>13,334,250</u>	<u>133,343</u>	<u>133,343</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Represent finance leases entered into with commercial banks for vehicles. Total lease rentals due under lease agreements aggregate to Rs. 5.497 million (2014: Rs. 10.143 million) and are payable in monthly installments latest by 2017. Taxes, repairs, replacement and insurance costs are to be borne by the Company. In case of termination of agreement, the Company has to pay the entire rent for the unexpired period. Financing rate of six months' KIBOR plus 200 bps per annum has been used as discounting factor. Purchase options can be exercised by the Company at the end of lease term, by paying 10 percent of the leased amount. The movement in the finance leases liability is as follows:

	2015		2014	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	----- (Rs. in '000) -----			
Within one year	2,858	2,523	4,554	3,828
After one year but not more than five year	2,639	2,569	5,589	5,113
Total minimum lease payments	5,497	5,092	10,143	8,941
Amount representing finance charges	(405)	-	(1,202)	-
Present value of minimum lease payments	5,092	5,092	8,941	8,941
Current portion	(2,523)	(2,523)	(3,828)	(3,828)
	<u>2,569</u>	<u>2,569</u>	<u>5,113</u>	<u>5,113</u>

18. LONG-TERM DEPOSITS

Deposit from employees
Less: Current maturity

Note

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	

18.1	911	1,122
	(205)	(12)
	<u>706</u>	<u>1,110</u>

18.1 Represent interest-free deposits received from employees on account of Executive cars scheme. The amount will be adjustable within the period of five years against book value of the vehicles.

19. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

Accelerated tax depreciation
Liabilities against assets subject to finance lease
Actuarial loss / gain on defined benefit plan
Provisions

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	

	53,413	60,691
	252	472
	-	1,533
	(36,073)	(27,206)
	<u>17,592</u>	<u>35,490</u>

	Note	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
20. TRADE AND OTHER PAYABLES			
Trade creditors		19,870	37,512
Accrued liabilities		42,857	26,108
Advance from customers		1,416	2,740
Retention money		455	494
Security deposits		448	448
Compensated absences		5,160	5,721
Gratuity Fund	20.1	1,901	-
Provident Fund	20.2	253	-
Workers' Welfare Fund		6,713	6,179
Unclaimed dividend		3,867	3,623
Others		691	402
		83,631	83,227
20.1 Gratuity fund		1,901	(5,402)
Amount recognized in the balance sheet			
Present value of defined benefit obligations		57,735	52,660
Fair value of plan assets		(55,834)	(58,062)
Net liability / (asset) recognized in the balance sheet		1,901	(5,402)
Charge for the year			
Current service cost		1,189	3,406
Interest cost		(199)	(38)
Reversal of past service cost on plan amendment		-	(4,704)
		990	(1,336)
Movement in net liability / (receivable)			
Opening balance		(5,402)	1,096
Net charge for the year		990	(1,336)
Re-measurement chargeable in other comprehensive income		911	(484)
Received from / (paid to) fund during the year		5,402	(4,678)
Closing balance		1,901	(5,402)
Movement in present value of defined benefit obligations			
Opening balance		52,660	54,053
Current service cost		1,189	3,406
Interest cost		7,639	5,369
Reversal of past service cost on plan amendment		-	(4,704)
Benefits paid during the year		(7,325)	(3,927)
Actuarial loss / (gain)		3,572	(1,537)
Closing balance		57,735	52,660
Movement in the fair value of plan assets			
Opening balance		58,062	52,957
Expected return		7,838	5,407
Contributions		(5,402)	4,678
Benefits paid during the year		(7,325)	(3,927)
Actuarial gain / (loss)		2,661	(1,053)
Closing balance		55,834	58,062

Principal actuarial assumptions used are as follows:

	<u>2015</u>	<u>2014</u>
	----- (%) -----	
Expected rate of increase in salary level	12.0	12.0
Rate of return on plan assets	9.75	13.5
Valuation discount rate	9.75	13.5

Comparison for five years:

As at 30 June	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	57,735	52,660	54,053	48,152	42,832
Fair value of plan assets	(55,834)	(58,062)	(52,957)	(42,820)	(37,490)
Deficit / (Surplus)	1,901	(5,402)	1,096	5,332	5,342
Experience adjustment on plan liabilities	(3,572)	1,537	1,762	194	558
Experience adjustment on plan assets	2,661	(1,053)	2,274	(516)	3,947
	(911)	484	4,036	(322)	4,505

Composition of plan assets are as follows:

	<u>2015</u>	<u>2014</u>
	(Un-audited)	(Audited)
	----- (Rs. in '000) -----	
Term Finance Certificates	16,539	22,153
Treasury Bills	646	-
Mutual Funds	37,834	32,250
Amount in banks	816	1,841
	55,834	56,244

Expected contribution to the fund for the year ending 30 June 2016 is Rs. 3.214 million.

30 June 2015 (Un-audited)	30 June 2014 (Audited)
----- (Rs. in '000) -----	

20.2 Provident fund

Size of the fund	136,000	133,633
Cost of investments made	106,955	104,955
Fair value of investments	118,638	112,618
Percentage of investments made	87.23%	84.27%

20.2.1 Break-up of investments of provident fund

	30 June 2015		30 June 2014	
	Investments	Investment as size of the fund	Investments	Investment as size of the fund
	(Rs. in '000)	%	(Rs. in '000)	%
Pakistan Investment Bonds	30,900	22.72	20,900	15.48
Treasury Bills	30,211	22.21	34,216	25.35
Mutual Funds	37,165	27.33	20,900	15.48
TFCs	20,362	14.97	36,602	27.11
	<u>118,638</u>		<u>112,618</u>	

20.2.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
21. PROVISION FOR WARRANTY			
Opening balance		2,808	2,943
Provision made during the year	25	922	804
Adjustment during the year against claims		(99)	(939)
Closing balance		<u>3,631</u>	<u>2,808</u>

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The Privatization Commission (PC) has filed a suit against Abdul Qadir Tawwakal, Saleem I. Kapoorwala, National Bank of Pakistan (NBP) and has made the Company also a party for the recovery of Rs. 207 million against sale of shares of the Company. The sale price was guaranteed by NBP. The Company has not acknowledged the said claim since it did not issue any counter guarantees and is not a party to the agreement between Abdul Qadir Tawwakal, Saleem. I. Kapoorwala and PC for the sale of shares and neither the Company requested NBP to issue any guarantee in this regard. During the year ended 30 June 2004, NBP has made the payment to PC amounting to Rs. 91.25 million and filed a suit for the recovery against the Company. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in the Company's favor. Accordingly, no provision is considered necessary in these financial statements in respect of the above matter.

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
22.2 Commitments		
Outstanding letter of guarantees	2,721	2,721
Outstanding letters of credit	88,503	68,606
Capital commitments	874	-

Commitment for rentals payable under Ijarah contract in respect of vehicle is as follows:.

	Note	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
Within one year		2,796	2,852
One year to five years		1,398	4,040
		<u>4,194</u>	<u>6,892</u>

23. TURNOVER - net

Local sales	23.1	1,602,878	1,317,995
Sales return		(2,176)	(4,306)
Sales tax		(232,897)	(191,504)
		(235,073)	(195,810)
Export sales		10,527	26,240
		<u>1,378,332</u>	<u>1,148,425</u>

23.1 Local sales include scrap sales of Rs. 25.248 (2014: Rs. 31.143) million.

24. COST OF SALES

Raw material and packaging consumed

Opening stock			
Raw material		136,436	312,701
Scrap		44,500	46,066
		<u>180,936</u>	<u>358,767</u>
Purchases		756,392	606,134
Closing stock			
Raw material		(128,439)	(136,436)
Scrap		(44,963)	(44,500)
		<u>(173,402)</u>	<u>(180,936)</u>
		<u>763,926</u>	<u>783,965</u>

Manufacturing overheads

Salaries, wages and benefits	24.1	135,615	116,617
Stores, spare parts and loose tools consumed		68,143	65,163
Fuel and power		57,510	49,353
Depreciation	5.2	38,812	35,664
Outsourced job contractor		16,958	17,074
Staff transportation		13,837	13,270
Repairs and maintenance		6,081	3,559
Travelling and conveyance		1,137	969
Vehicle running expenses		2,728	4,218
Insurance		3,423	3,081
Communication		848	786
Entertainment		1,290	1,199
Printing and stationery		187	296
Subscription		222	254
Rent, rates and taxes		46	71
Provision for slow moving stores, spares and loose tools	9.1	2,401	1,975
Provision / (reversal) of slow moving stock-in-trade	10.1	27,119	(4,145)
Ijarah rentals		2,866	1,664
Computer expenses		108	139
Others		970	854
		<u>380,301</u>	<u>312,061</u>

	Note	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
Manufacturing cost		1,144,227	1,096,026
Work-in-process			
Opening		139,847	113,895
Closing		(110,706)	(139,847)
		29,141	(25,952)
Cost of goods manufactured		1,173,368	1,070,074
Finished goods			
Opening		183,746	62,483
Closing		(186,965)	(183,746)
		(3,219)	(121,263)
		1,170,149	948,811

24.1 Included herein are the following employees' benefits:

Defined benefit plan - gratuity	743	2,526
Defined contribution plan - provident fund	2,420	2,188
Medical	4,988	3,944
Accrual for compensated absences	682	1,100
Bonus	17,107	9,804
	25,940	19,562

25. DISTRIBUTION COSTS

Salaries and benefits	25.1	10,941	10,343
Carriage and forwarding		19,860	19,693
Provision of warranty claims	21	922	804
Selling expense - exports		361	894
Depreciation	5.2	23	32
Outside services		2,025	2,117
Insurance		271	156
Advertisement		392	199
Vehicle running expenses		1,163	2,033
Utilities		709	602
Travelling and conveyance		115	197
Staff transportation		124	122
Communication		251	208
Entertainment		1,207	1,056
Computer expenses		56	22
Others		91	218
		38,511	38,696

	Note	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
25.1 Included herein are the following employees' benefits:			
Defined benefit plan - gratuity		49	168
Defined contribution plan - provident fund		447	438
Medical		306	354
Accrual for compensated absences		(8)	8
Bonus		1,140	654
		1,934	1,622

26. ADMINISTRATIVE EXPENSES

Salaries and benefits	26.1	34,872	30,941
Depreciation	5.2	4,779	4,081
Amortization		-	110
Outsourced service expenses		8,394	6,885
Utilities		5,623	5,128
Vehicle running expenses		6,912	8,316
Communication		1,080	1,336
Rent, rates and taxes		2,273	2,416
Entertainment		3,781	3,447
General stores supplies		1,702	2,075
Corporate expenses		2,340	1,779
Travelling and conveyance		291	60
Auditors' remuneration	26.2	1,180	1,031
Legal and professional charges		938	481
Repairs and maintenance		2,153	549
Insurance		1,186	632
Staff transportation		1,060	1,440
Subscription		174	197
Printing and stationery		349	267
Advertisement		86	122
Provision / (reversal) for doubtful debts - net	11.1	497	(1,117)
Computer expenses		875	760
Donations	26.3	3	9
Others		204	208
		80,752	71,153

26.1 Included herein are the following employees' benefits:

Defined benefit plan - gratuity	198	674
Defined contribution plan - provident fund	1,234	1,250
Medical	1,198	1,240
(Reversal) / accrual for compensated absences	(5)	(573)
Bonus	4,560	2,614
	7,185	5,205

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
26.2 Auditors' remuneration		
Audit fee	640	525
Fees for limited scope review and employees' funds	190	218
Tax and other advisory services	80	125
Out of pocket expenses	270	163
	<u>1,180</u>	<u>1,031</u>

26.3 No director or their spouse had any interest in any donee to which the donation was made.

	Note	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
27. OTHER EXPENSES			
Workers' Profits Participation Fund	14.1	5,979	4,589
Workers' Welfare Fund		2,392	1,858
Exchange loss - net		3,725	3,986
		<u>12,096</u>	<u>10,433</u>

28. OTHER INCOME			
Gain on sale of property, plant and equipment		33,693	577
Reversal of past service cost		-	4,704
Profit on deposit accounts		2,225	627
Gain on redemption of mutual funds		822	2,768
Others		599	338
		<u>37,339</u>	<u>9,014</u>

29. FINANCE COSTS			
Mark-up / interest on:			
Finance lease		695	614
Short term borrowings		1,225	923
Long term advance		695	1,024
Workers' Profits Participation Fund		-	6
		<u>2,615</u>	<u>2,567</u>
Bank charges and excise duty		334	542
		<u>2,949</u>	<u>3,109</u>

30. TAXATION			
Current		49,475	27,853
Prior		(16,300)	(4,672)
Deferred		(17,897)	(6,448)
	30.1	<u>15,278</u>	<u>16,733</u>

30.1 Relationship between accounting profit and taxation

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
Accounting profit for the year before taxation	111,214	85,237
Tax at applicable rate of 33% (2014: 34%)	36,701	28,981
Tax effects:		
- expenses that are not allowable in determining taxable income	16,417	9,125
- prior year	(16,300)	(9,796)
- income subject to reduced rates	193	65
- change in tax rates	(1,075)	(1,926)
- deferred tax expense	(17,897)	(6,448)
- credit for investment in plant and machinery	(2,761)	(3,268)
	15,278	16,733
Effective tax rate %	13.74	19.63

31. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	30 June 2015	30 June 2014
Profit for the year after taxation (Rs. in '000)	95,936	68,504
Weighted average number of ordinary shares of Rs. 10/- each (in '000)	13,334	13,334
Basic earnings per share (Rupees)	7.19	5.14

32. CASH GENERATED FROM OPERATIONS

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
Profit before taxation	111,214	85,237
Adjustments for:		
Depreciation	43,614	39,777
Amortisation	-	110
Gain on sale of property, plant and equipment	(33,693)	(577)
Finance costs	2,949	3,109
Provision for slow moving stores, spare parts and loose tools	2,401	1,975
Provision / (reversal) for slow moving stock-in-trade - net	27,119	(4,145)
Provision / (reversal) for doubtful debts - net	497	(1,117)
Reversal of provision for compensated absences	(340)	(703)
Provision for warranty claims	922	804
Provision / (reversal) for employees' benefits	990	(1,336)
Profit on deposit accounts	(2,225)	(627)
Gain on redemption of mutual fund units	(822)	(2,768)
	41,412	34,502
Working capital changes	152,626	119,739
	36,598	39,112
	189,224	158,851

Note

32.1



	30 June 2015	30 June 2014
Note	----- (Rs. in '000) -----	
32.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(1,867)	(825)
Stock-in-trade	19,014	8,105
Trade debts	4,832	70,062
Loans and advances	(195)	1,407
Trade deposits, short-term prepayments and other receivable	6,173	58
	27,957	78,807
(Decrease) / increase in current liabilities		
Trade and other payables	677	(27,884)
Sales tax payable	7,964	(11,811)
	8,641	(36,111)
	36,598	39,112

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

33.1 Aggregate amounts charged in the financial statements are as follows:

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
	----- (Rs. in '000) -----							
Remuneration	4,014	4,014	7,646	7,646	5,278	4,535	16,938	16,195
Housing	1,806	1,806	3,440	3,440	2,375	2,041	7,621	7,287
Retirement benefits	736	6,966	1,402	5,865	856	2,491	2,994	15,322
Bonus	1,004	549	1,912	1,034	1,375	634	4,291	2,217
Medical expenses	365	378	514	435	430	487	1,309	1,300
Utilities	309	309	724	755	718	799	1,751	1,863
Leave fare assistance	22	215	962	255	66	66	1,050	536
	8,256	14,237	16,600	19,430	11,098	11,053	35,954	44,720
Number	1	1	2	2	8	6	11	9

33.2 In addition, the Chief Executive, directors and certain executives are also provided with free use of the Company's maintained cars, household items and other benefits in accordance with their terms of employment.

33.3 Aggregate amount charged in the financial statements for fee to directors was Rs. 920,000/- (2014: Rs. 700,000/-).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks particularly including credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

34.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimise the credit risk exposure through having exposure only to customers and parties considered credit worthy and obtaining securities where applicable. The Company is exposed to credit risk in respect of the following:

	Carrying Values	
	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
Loans	2,423	2,063
Deposits	7,209	7,835
Trade debts	59,981	65,310
Other receivables	521	5,813
Bank balances	255,013	28,905
	325,147	109,926

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
34.1.1 The ageing analysis of unimpaired trade debts at 30 June is as follows:		
Neither past due nor impaired	49,154	46,439
Past due but not impaired:		
Within 90 days	10,437	16,390
Within 90 to 180 days	50	56
Over 180 days	340	2,425
	59,981	65,310

30 June 2015 30 June 2014
----- (Rs. in '000) -----

34.1.2 Bank balances

Ratings
AI +

255,013

28,905

34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
----- (Rs. in '000) -----					
30 June 2015					
Long-term deposits	-	-	205	706	911
Liabilities against asset subject to finance leases	-	631	1,892	2,569	5,092
Trade and other payables	76,918	-	-	-	76,918
Accrued mark-up	-	2	-	-	2
	76,918	633	2,097	3,275	82,923
30 June 2014					
Long term advances	-	-	1,442	10,093	11,535
Long-term deposits	-	-	12	1,110	1,122
Liabilities against asset subject to finance lease	-	957	2,871	5,113	8,941
Trade and other payables	77,048	-	-	-	77,048
Accrued mark-up	-	20	-	-	20
	77,048	977	4,325	16,316	98,666

34.3 Market risk

(i) Equity price risk

Equity risk is the risk of loss arising from movements in prices of equity investments. As of the balance sheet date, the Company is not materially exposed to such risk.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	30 June 2015	30 June 2014
(USD in '000).....	
Trade debts	<u>10.07</u>	<u>-</u>

The following significant exchange rates have been applied at the reporting dates:

Exchange rate	<u>101.70</u>	<u>98.75</u>
---------------	---------------	--------------

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity:

	Change in US dollar rate (%)	Effect on profit or (loss) (Rs. in '000)
30 June 2015	+2	<u>20</u>
	-2	<u>(20)</u>
30 June 2014	+2	<u>-</u>
	-2	<u>-</u>

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's, liabilities against assets subject to finance lease, bank balances on saving account and short-term borrowings with floating interest rates.

Sensitivity analysis

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in interest rate	Effect on profit / (loss) before tax (Rs. in '000)
30 June 2015	+2	4,093
	-2	(4,093)
30 June 2014	+2	150
	-2	(150)

34.4 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair value.

34.5 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratios were as follows:

	30 June 2015	30 June 2014
	----- (Rs. in '000) -----	
Trade and other payables	83,631	83,227
Accrued mark-up	2	20
Total debt	83,633	83,247
Bank balances	(255,013)	(28,905)
Net debt	(171,380)	54,342
Equity	1,077,213	1,011,197
Equity and net debt	905,833	1,065,539
Gearing ratio	(18.92%)	5.10%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, key management personnel and retirement benefit plans. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

<u>Relationship</u>	<u>Nature of transactions</u>	30 June 2015	30 June 2014
		----- (Rs. in '000) -----	
Key management personnel	Sale of vehicles / equipment	3,425	951
Staff retirement benefit plans	Provident fund contribution during the year	4,269	4,146
	Gratuity fund contribution during the year	990	4,678

	Note	30 June 2015	30 June 2014
		----- (Units in '000) -----	
36. PLANT CAPACITY AND ACTUAL PRODUCTION			
Plant capacity - single shift (estimated)	36.1	850	850
Actual production		796	706

36.1 During the year actual production was below the capacity due the shortage of demand in the market.

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 314 (2014: 317) and the average number of persons employed during the year were 308 (2014: 295).

38. DIVIDEND AND APPROPRIATIONS

38.1 The Board of Directors in its meeting held on September 18, 2015 proposed final cash dividend of Rs.3/- per share for the year ended June 30, 2015 amounting to Rs.40.003 million for approval of the members at the Annual General Meeting to be held on October 17, 2015.

38.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed final cash dividend amounting to Rs. 40,003,000/- in its meeting held on September 18, 2015 for the financial and tax year 2015 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company would not be liable to pay tax on its undistributed reserves as of June 30, 2015.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on September 18, 2015.

40. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Six Years at a Glance

BALANCE SHEET

	----- (Rs. in '000) -----					
	2010	2011	2012	2013	2014	2015
ASSETS						
Non Current Assets						
Property, plant & equipment	399,774	394,140	360,700	354,354	351,705	307,284
Intangible asset	440	330	220	110	-	-
Long term investment	611	925	708	755	747	1,739
Long-term loans & advances	1,826	1,939	1,740	1,818	1,993	2,998
Long-term deposits	2,679	10,838	9,082	4,636	5,740	5,740
	<u>405,330</u>	<u>408,172</u>	<u>372,450</u>	<u>361,673</u>	<u>360,185</u>	<u>317,761</u>
Current Assets						
Stores, spare parts & loose tools	53,539	51,702	45,925	45,703	44,552	44,018
Stock-in-trade	403,513	440,673	508,184	502,672	498,712	452,579
Trade debts	120,664	133,364	129,508	134,255	65,310	59,981
Loans and advances	13,544	26,722	8,568	16,673	14,848	15,043
Trade deposits and short term prepayments	1,976	1,355	2,907	3,218	3,168	2,287
Other receivables	-	5,733	-	-	5,813	521
Investments	-	-	-	20,067	83,678	-
Sales tax Refundable - net	-	-	-	-	1,792	-
Tax refundable due from the government	-	-	-	18,773	47,377	47,041
Bank balances	12,377	41,391	48,331	34,713	28,905	255,013
	<u>605,613</u>	<u>700,940</u>	<u>743,423</u>	<u>776,074</u>	<u>794,155</u>	<u>876,483</u>
TOTAL ASSETS	<u>1,010,943</u>	<u>1,109,112</u>	<u>1,115,873</u>	<u>1,137,747</u>	<u>1,154,340</u>	<u>1,194,244</u>
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Authorised Capital						
25,000,000 Ord. shares of Rs. 10/- each	250,000	250,000	250,000	250,000	250,000	250,000
Issued, subscribed and paid up Capital	133,343	133,343	133,343	133,343	133,343	133,343
Reserves	636,546	715,189	790,466	829,035	877,854	943,870
	<u>769,889</u>	<u>848,532</u>	<u>923,809</u>	<u>962,378</u>	<u>1,011,197</u>	<u>1,077,213</u>
Non Current Liabilities						
Long term financing	19,786	-	-	-	-	-
Liabilities against assets subject to finance lease	-	4,501	5,695	1,626	5,113	2,569
Long term advances	-	-	-	-	10,093	-
Long term deposits	154	335	784	892	1,110	706
Deferred taxation	56,874	50,596	45,076	41,777	35,490	17,592
	<u>76,814</u>	<u>55,432</u>	<u>51,555</u>	<u>44,295</u>	<u>51,806</u>	<u>20,867</u>
Current Liabilities						
Trade and other payables	110,993	89,535	87,562	112,949	83,227	83,631
Accrued mark-up	695	918	149	1,124	20	2
Murabaha finance	9,930	6,773	-	-	-	-
Short term borrowings	-	67,473	70	-	-	-
Sales tax payable - net	-	-	3,131	10,019	-	6,172
Current portion of	-	-	-	-	-	-
- long term financing	7,915	-	-	-	-	-
- liabilities against assets subject to finance lease	-	1,668	3,291	4,039	3,828	2,523
- long term advance	-	-	-	-	1,442	-
- long term deposits	369	117	-	-	12	205
Provision for warranty	13,760	14,676	4,091	2,943	2,808	3,631
Taxation-net	20,578	23,988	42,215	-	-	-
	<u>164,240</u>	<u>205,148</u>	<u>140,509</u>	<u>131,074</u>	<u>91,337</u>	<u>96,164</u>
TOTAL EQUITY AND LIABILITIES	<u>1,010,943</u>	<u>1,109,112</u>	<u>1,115,873</u>	<u>1,137,747</u>	<u>1,154,340</u>	<u>1,194,244</u>

Six Years at a Glance

PROFIT AND LOSS ACCOUNT

	----- (Rs. in '000) -----					
	2010	2011	2012	2013	2014	2015
Sales - net	1,380,901	1,465,209	1,507,907	1,164,513	1,148,425	1,378,332
Cost of Sales	(1,113,091)	(1,206,963)	(1,230,589)	(1,024,528)	(948,811)	(1,170,149)
Gross Profit	267,810	258,246	277,318	139,985	199,614	208,183
Distribution Cost	(35,715)	(34,568)	(20,582)	(26,302)	(38,696)	(38,511)
Administration Expenses	(61,892)	(65,447)	(67,529)	(68,429)	(71,153)	(80,752)
Other Operating Expenses	(12,404)	(11,669)	(15,057)	(5,250)	(10,433)	(12,096)
Other Operating Income	2,775	2,094	3,990	1,568	9,014	37,339
	<u>(107,236)</u>	<u>(109,590)</u>	<u>(99,178)</u>	<u>(98,413)</u>	<u>(111,268)</u>	<u>(94,020)</u>
Operating Profit	160,574	148,656	178,140	41,572	88,346	114,163
Finance Cost	(12,219)	(10,100)	(15,335)	(4,984)	(3,109)	(2,949)
Profit before Taxation	148,355	138,556	162,805	36,588	85,237	111,214
Taxation	(64,698)	(43,559)	(60,187)	19,271	(16,733)	(15,278)
Profit after Taxation	<u>83,657</u>	<u>94,997</u>	<u>102,618</u>	<u>55,859</u>	<u>68,504</u>	<u>95,936</u>
Basic Earnings per Share (Rupees)	<u>6.27</u>	<u>7.12</u>	<u>7.70</u>	<u>4.19</u>	<u>5.14</u>	<u>7.19</u>

SIGNIFICANT RATIOS AND STATISTICS

	2010	2011	2012	2013	2014	2015
Liquidity & Leverage Ratios:						
-Current Ratios	3.69	3.42	5.31	5.76	8.69	9.11
-Quick Ratios	0.90	1.02	1.35	1.69	2.75	3.95
-Liability as a % of Total Assets	23.84	23.49	17.17	15.61	12.40	9.80
-Interest Cover Ratio (Times)	13.14	14.72	11.81	8.34	28.42	38.71
Equity Ratios:						
-Break up Value per Share (Rs)	57.74	63.64	69.32	72.00	75.83	80.79
-Dividend as a % of Capital	25.00	20.00	15.00	15.00	22.50	30.00
-Dividend Yield Ratio/ Cost of Equity (%)	8.62	6.27	5.17	3.06	5.29	5.16
-Dividend per Share (Rs)	2.50	2.00	1.50	1.50	2.25	3.00
Profitability Ratios:						
-Gross Profit (%)	19.39	17.63	18.39	12.02	17.38	15.10
-Operating Profit(%)	12.53	10.94	12.81	4.02	7.69	8.28
-Profit before Tax(%)	10.74	9.45	10.80	3.14	7.42	8.07
-Profit after Tax (%)	6.06	6.48	6.81	4.80	5.97	6.96
-Return on Capital Employed(%)	19.27	16.33	17.61	3.81	8.43	10.32
-Earnings per Share (Rs)	6.27	7.12	7.70	4.19	5.14	7.19
-Price Earning Ratio(Times)	4.63	4.48	3.76	11.70	8.27	8.08
-Dividend Payout Ratio (%)	39.85	28.07	19.49	35.81	43.80	41.70
-Dividend Cover (Times)	2.51	3.56	5.13	2.79	2.28	2.40
-Capital Turnover (Times)	1.79	1.73	1.63	1.21	1.14	1.28
-Return on Assets (%)	8.28	8.57	9.20	4.91	5.93	8.03
Turnover/Efficiency Ratios:						
-Inventory Turnover Ratio(Times)	2.63	2.54	2.35	1.86	1.74	2.25
-Debtor Turnover Ratio(Times)	12.95	11.54	11.47	8.83	11.51	22.00
-Fixed Assets Turnover Ratio(Times)	3.45	3.72	4.18	3.29	3.26	4.49
Plant Capacity:						
Plant Capacity Utilisation (%)	98	98	110	62	83	94
Share Performance:						
-Year end Market Price per Share	29.00	31.90	29.00	49.00	42.50	58.15
-High Price per Share during the Year	40.95	41.00	32.00	49.00	80.00	70.49
-Low Price per Share during the Year	23.50	26.70	22.52	24.62	41.00	33.30

Code of Conduct

"Statement of Ethics and Business Practices"

The Board of Directors and the Management of the Baluchistan Wheels Limited shall endeavor to conduct the Business of the Company in the most competitive manner and follow all the Norms and Laws applicable in the country and be Judicious in the day to day affairs of the Company and adopt the following significant policies in its true spirit.

Explanation:

Significant policies for this purpose may include:

- Risk Management.
- Human Resource Management including preparation of a Succession Plan.
- Procurement of Goods and Services.
- Marketing.
- Determination of terms of Credit and Discount to Customers.
- Write-off of bad/ doubtful Debts, Advances and Receivables.
- Acquisition / Disposal of Fixed Assets.
- Investments.
- Borrowing of Moneys and the amount in excess of which Borrowings shall be Sanctioned/ Ratified by a general meeting of Shareholders.
- Donations, Charities, Contributions and other payments of a similar nature including Corporate Social Responsibilities.
- Determination and Delegation of Financial Powers.
- Transactions or Contracts with Associated Companies and Related Parties.
- Health, Safety, and Environment.
- Strictly avoiding questionable and improper payments or misuse of Company's Funds / Assets.
- The Whistle Blower Policy.



To:

Name of Member: _____

Address: _____

Dear Shareholder(s)

Subject: **DIVIDEND MANDATE FORM**

This is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account.

In pursuance of the directive given by the Securities and Exchange Commission of Pakistan vide Circular number **18 of 2012** dated **June 05, 2012** hereby give an opportunity to authorize the Company to directly credit shareholders bank account cash dividend, if any, declared by the Company in future. We request registered shareholders of BALUCHISTAN WHEELS LIMITED, to hereby authorize the Company in the future.

(PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.)

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please " ✓ " any of the following boxes:

YES

NO

If yes then please provide the following information:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the company and the concerned share registrar as soon as these occur.

In case of shareholders having CDC Investors/Sub-Accounts, the duly filled Forms should be submitted to CDC Customers service or the respective Participants.

Signature of the member/shareholder

Date: _____



Proxy Form

I/We _____

of _____ (Full address)

being a member (s) of Baluchistan Wheels Limited and holding _____ Ordinary Shares

as per Share Register Folio No. _____

or CDC Participant I.D. No. _____ and Sub A/c. No. _____

hereby appoint Mr./Mrs./Miss _____ Folio No. _____

of _____ (Full address)

failing Mr./Mrs./Miss _____ Folio No. _____

of _____ (Full address)

another member of the Company to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **October 17, 2015** and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2015

Signature of Member(s)

Please affix
Rs. 5/- Revenue
Stamp

Witness: _____

Witness: _____

Name: _____

Name: _____

CNIC No: _____

CNIC No: _____

Address: _____

Address: _____

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint another member as his/her proxy to attend and vote instead of his/her. No person shall act as proxy (except for a Corporation) unless he/she is entitled to be present and vote in his/her own right.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized, in writing, or if the member is a Corporation/Company either under the common seal, or under the hand of an officer or attorney so authorised.
3. This Proxy Form duly completed must be deposited at the Head Office of the Company, 1st Floor, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi not less than 48 hours before the time of holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES

CDC Shareholders and their proxies must each attach an attested photo copy of their Computerized National Identity Card or Passport with this proxy form.

The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

In case of Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



