



ANNUAL REPORT



*Moving around the world*



**BALUCHISTAN WHEELS LIMITED**  
Manufacturers of Automotive Wheels In Pakistan



# 2013 annual report

## VISIONMISSION

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.



FUTURE AHEAD

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Mr. Muhammed Irfan Ghani, (COO), receiving long Association Excellence Award from Hinopak Motors Limited. Mr. M.K.Bana, Chairman PAAPAM is giving him award.

8.25x22.5 Tube Less Wheel



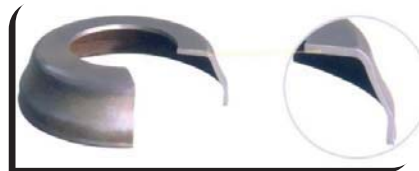
8.25x22.5 Tube Less Spining Disc



7.0x20/7.5x20 8BH Spining Disc



8.25x22.5 Tube Less Spining Disc



Spining Machine





## Corporate Information

### BOARD OF DIRECTORS

Syed Haroon Rashid	Chairman (Non-Executive Director)
Mr. Razak H.M.Bengali	Chief Executive(Executive Director)
Mr. Muhammad Siddique Misri	Director Marketing/ Business Development (Executive Director)
Mr. Muhammad Irfan Ghani	Chief Operating Officer (Executive Director)
Syed Zubair Ahmad Shah	Non-Executive Director (Nominee - NIT)
Mr. Anis Wahab Zuberi	Independent, Non-Executive Director
Mrs. Gulbano Razak	Non-Executive Director
Miss Maheen Irfan Ghani	Non-Executive Director
Mrs. Saba Nadeem	Non-Executive Director

### COMPANY SECRETARY

Mr. Irfan Ahmed Qureshi

### BOARD AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	(Independent, Non-Executive Director)	Chairman
Syed Zubair Ahmad Shah	(Non-Executive Director)	Member
Miss Maheen Irfan Ghani	(Non-Executive Director)	Member
Mr. Muhammad Asad Saeed	(Head of Internal Audit)	Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmad Shah	(Non-Executive Director)	Chairman
Mr. Muhammad Irfan Ghani	(Chief Operating Officer, Executive Director)	Member
Syed Haroon Rashid	(Chairman, Non-Executive Director)	Member
Mrs. Gulbano Razak	(Non-Executive Director)	Member
Mr. Muhammad Yasin Ladha	(G.M. Finance)	Secretary

### MANAGEMENT COMMITTEE

Mr. Razak H.M.Bengali	Chief Executive
Mr. Muhammad Siddique Misri	Director Marketing/ Business Development
Mr. Muhammad Irfan Ghani	Chief Operating Officer
Mr. Muhammad Javed	S.G.M (Technical)
Mr. Irfan Ahmed Qureshi	S.G.M (Finance) / Company Secretary
Mr. Shaikh Muhammad Iqbal	G.M (Sales)
Mr. Sajid Nadri	G.M (Research & Development)
Mr. Muhammad Yasin Ladha	G.M (Finance)
Mr. Nisar Ahmed	G.M (Supply & Services)
Mr. Arshad Ali Siddiqui	D.G.M (Human Resources)

### RELATED PARTIES

Staff Retirement Funds

### BANKERS

Habib Bank Limited  
Faysal Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Bank Alfalah Limited  
National Bank of Pakistan



# Corporate Information

## LEGAL ADVISORS

Mohsin Tayebaly & Co.  
(Advocates)

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## AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

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## TAX CONSULTANTS

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

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## SHARE REGISTRAR

Shares & Corporate Services (Pvt) Ltd  
Mehersons Estate, Block-E,  
Talpur Road, Karachi-74000  
Telephone# 32429632-35, 32401634  
Fax# 32420015

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## HEAD OFFICE

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

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## FACTORY AND REGISTERED OFFICE

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

# Notice of the Meeting

NOTICE IS HEREBY GIVEN that the 33rd 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 26, 2013 at 12:00 noon to transact the following business :-

1. To confirm the minutes of the Extraordinary General Meeting, held on June 08, 2013.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2013 together with the Directors' and Auditors' reports thereon.
3. To approve the payment of Cash Dividend. The Board of Directors has recommended payment of cash dividend @ 15% i.e. Rs. 1.50 per share of Rs.10/- each for the year ended June 30, 2013.
4. To appoint Auditors for the year 2013-2014 and to fix their remuneration. The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors has recommended appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as Auditors for the year 2013-2014.
5. To consider any other Business with the permission of the Chair.

BY ORDER OF THE BOARD

Irfan Ahmed Qureshi  
Company Secretary

Karachi: September 16, 2013

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**NOTES:**

1. The Share Transfer Books of the Company will remain closed from October 19, 2013 to October 26, 2013 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy must be a member of the Company.
3. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, in order to be valid must be deposited at the Head Office of the Company not less than 48 hours before the time of the meeting.
4. Shareholders are advised to immediately notify of any change in their addresses to our Share Registrar:  
**Shares & Corporate Services (Pvt) Ltd,**  
**Mehersons Estate, Block-E, Talpur Road, Karachi-74000.**  
**Telephone # 32429632-35, 32401634**  
**Fax # 32420015**
5. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. As per SECP circular No. 779(I) 2011, dated August 18, 2011 the DIVIDEND WARRANT (s) should bear the CNIC number of the Registered shareholder(s), so please let us have a copy of your CNIC on Most Urgent basis, (if not already provided) failing which your dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.
7. Circular No. 18 of 2012, dated June 05, 2012 issued by SECP regarding Dividend mandate, (optional and not compulsory) is also attached with Annual Accounts-2013.

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his Identity by showing his Computerised National Identity Card (CNIC) or Original Passport at the time of attending the meeting.

The shareholders registered on CDS are also requested to bring their participants ID numbers and account number in CDS.

In case of corporate entity, the Board of Directors resolution / power of attorney with Specimen Signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form. The proxy shall produce his original CNIC or Original passport at the time of meeting.

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 10:45 am.

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



# Leadership Team



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



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



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



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## 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 listed. He is also a Certified Director of the IFC (World Bank Group) sponsored 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.



**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. He has also been the member of Managing Committee of Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM). Still he is representing the company in PAAPAM.



**Mr. Muhammad Irfan Ghani**

Chief Operating Officer (Executive Director)

Mr. Mohammad 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 is added and the study on the Truck / Bus Rim project is also been carried out.



**Mr. Anis Wahab Zuberi**

Independent, Non-Executive Director

Mr. Anis Wahab Zuberi is an Independent, Non-Executive Director and the Chairman of the Audit Committee and 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 had been associated with National Investment Trust 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 (ICAP) Committee for Technical Services and also served as member of Quality Assurance Board of ICAP.



### 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 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.

She has been elected as Director on the Board of Directors of Baluchistan Wheels Limited in the Extra-Ordinary General Meeting held on 8th June, 2013 for election of Directors.



### 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 Newslines from November 2011 to November 2012. She is currently 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. Accordingly, she has been elected as Director on the board, in the Extra-Ordinary General Meeting held on 8th June, 2013 for election of Directors.



## Directors' Report

Your Directors are pleased to present Annual Accounts for the year ended June 30, 2013.

### OPERATIONAL PERFORMANCE

This year your Company had overall consolidated revenue of Rs.1.16 billion as compared to Rs.1.51 billion in the previous year which is 23% less than the previous year. The Car wheels sale was Rs.649 million as compared to Rs.942 million in the previous year. The Truck / Bus wheels sale was Rs.68 million as compared to Rs.91 million in the previous year. The Tractor wheels sale was declined to Rs.391 million as compared to Rs.392 million in the previous year. Similarly, the exports were Rs.31 million as compared to Rs.43 million in the previous year. Overall at the National Level the

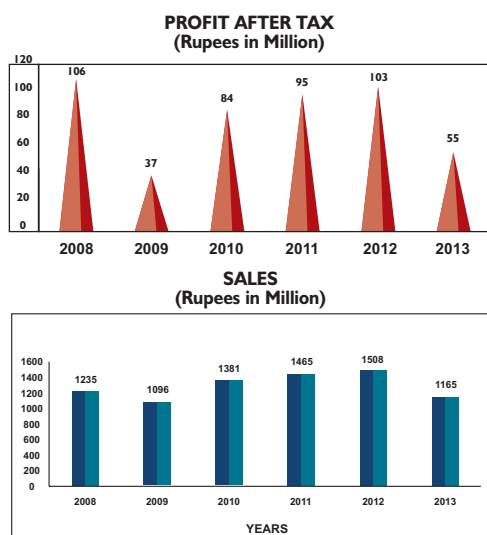
Passenger Cars production was 120,332 units in 2013 as compared to 154,255 units in the year 2012, declined by 22% only, whereas 14,517 LCV's, Vans and Jeeps were produced in 2013 as against 20,929 units in the year 2012 a decline of 31%, while 2,445 Trucks / Buses were produced in 2013 as against production of 3,165 Trucks / Buses in the year 2012, showing decline of 23% over the corresponding past year. The Tractors production has gone to 50,859 units in the year 2013 as compared to 48,120 tractors in the year 2012 which has slightly improved by 6%.

Overall there is a declining trend in the automobile sector because of the inconsistent import policy of the previous Government wherein they allowed import of used cars upto five year old model with depreciation at the rate of two percent which left the automobile industry in a confused state and through the import of used cars at low prices & concession by way of depreciation etc has damaged the industry beyond imagination and resulted in import of used cars which resulted in drastic decline of car manufacturing by the local assemblers which had resulted in the sharp decline in the sales of the local vending industry too. There after government again shifted to the policy of three years, but it will take some time by the market to absorb the current stock of reconditioned / used cars, thereafter it is expected that the sales of locally manufactured cars to pick up again

### FINANCIAL PERFORMANCE

The gross profit was Rs.140 million as compared to Rs.277 million of the previous year. The profit after taxation was Rs.56 million as compared to Rs.103 million of the previous year. The decline in sales and productivity resulted in the low absorption of expenses, besides general increase in import cost and Pak Rupee depreciation against the US Dollar resulted in low gross profit and which had an impact on the profit after taxation too.

The comparative financial results for the year 2013 as against 2012 are as follows:



**2013**                      **2012**  
(Rs. in thousand)

Sales	<b>1,164,513</b>	1,507,907
Gross Profit	<b>139,985</b>	277,318
Profit before Tax	<b>36,588</b>	162,805
Profit after Tax	<b>55,859</b>	102,618
Earning per Share (Rs.)	<b>4.19</b>	7.70

### PROPOSED DIVIDEND

The Board of Directors have proposed a final cash dividend of Rs. 1.5 per share for the year ended June 30, 2013 amounting Rs.20.001 million (2012: Rs.1.50 per share amounting Rs.20.001 million) at the meeting held on September 16, 2013, for approval of members at the Annual General Meeting to be held on October 26, 2013. 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. The company has successfully negotiated agreement with the C.B.A for the period of 2 years.

### COMMUNITY INVESTMENT & WELFARE SCHEMES

Direct and indirect rewards to the workforce like Worker-of-the-Month Award, Haj 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 CBA.

### 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.



Audit Committee Meeting in Progress

**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 New Spinning Machine amounting Rs. 28 million is also in operation and has resulted in improvement in the quality of Disc to produce truck/ bus wheels.

Besides, efforts are being made to manufacture Rim also, based on Section Based Material so as to manufacture Section Based Rim in Pakistan initially at a low capital expenditure.

**RESEARCH & DEVELOPMENT & QUALITY CONTROL**

Wheel being a critical part of a vehicle is to be manufactured under strict quality controls for which we have a quality control department which strictly watches the quality from ordering of material to its usage / consumption and each & every step is monitored and controlled online as well as at the testing lab where testing equipments have been installed.

The company is deeply concentrating on areas of Research & Development (R & D). The purpose of R&D is to reduce the process losses, develop new tools indigenously and maintain the existing tools in order to meet the customer's requirements.

**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 contributed to national exchequer by paying income tax, sales tax, federal excise duty and other indirect taxes to the tune of Rs.232 million. Besides, it is also providing employment opportunities to the local people residing in Hub and other adjoining areas.

**BOARD & COMMITTEES**

The following persons have been elected / re-elected as Director for a period of three years at the Extra Ordinary General Meeting held on June 08, 2013.

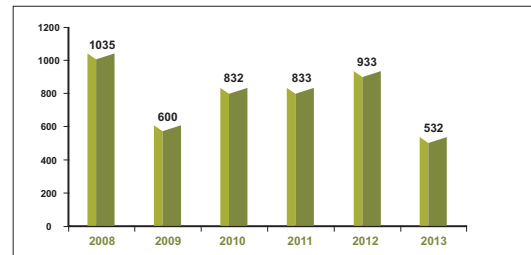
- |                             |            |
|-----------------------------|------------|
| Syed Haroon Rashid          | (Director) |
| Mr. Razak H.M Bengali       | "          |
| Mr. Muhammad Siddique Misri | "          |
| Mr. Muhammad Irfan Ghani    | "          |
| Wahab Zuberi                | "          |
| Zubair Ahmad Shah           | "          |
| Gulbano Razak               | "          |
| Miss Maheen Irfan Ghani     | "          |
| Saba Nadeem                 | "          |

Mr. Muhammad Javed and Mr. Irfan Ahmed Qureshi did not contest the election, and the Board appreciates their services & contribution during their tenure as the directors on the Board.

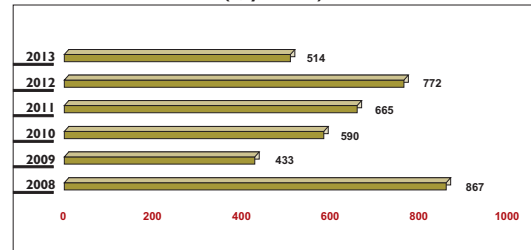


Price negotiation meeting with Indus Motor Co. Ltd.

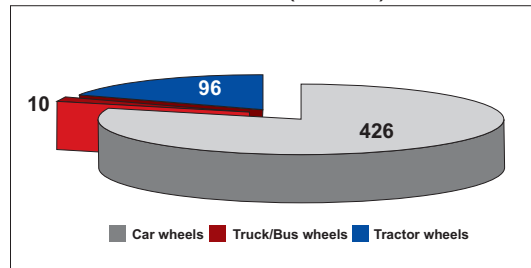
**PRODUCTION**  
(Qty. in 000)



**SALES OF CAR WHEELS**  
(Qty. in 000)



**PRODUCTION (BREAKUP)**





Similarly the Board of Directors also approved Syed Haroon Rashid as the Non-Executive Chairman, and Mr. Razak H.M. Bengali as the Chief Executive and Mr. Muhammad Siddique Misri and Mr. Muhammad Irfan Ghani as Executive Directors.

The Board Audit Committee and Board Human Resources and Remuneration Committee has also been reconstituted as follows:

**Board Audit Committee:**

- |    |                         |             |
|----|-------------------------|-------------|
| 1. | Mr. Anis Wahab Zuberi   | (Chairman)  |
| 2. | Syed Zubair Ahmad Shah  | (Member)    |
| 3. | Miss Maheen Irfan Ghani | (Member)    |
| 4. | Mr. Muhammad Asad Saeed | (Secretary) |

**Board Human Resource and Remuneration Committee:**

- |    |                           |             |
|----|---------------------------|-------------|
| 1. | Syed Zubair Ahmad Shah    | (Chairman)  |
| 2. | Mr. Muhammad Irfan Ghani  | (Member)    |
| 3. | Syed Haroon Rashid        | (Member)    |
| 4. | Mrs. Gulbano Razak        | (Member)    |
| 5. | Mr. Muhammad Yaseen Ladha | (Secretary) |

**STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

- a. The financial statements prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- e. The system of internal control is sound in design and is effectively implemented and monitored. The process of review will continue and any weaknesses in controls will be removed.
- f. There are no significant doubts upon the company's ability to continue as going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. Key operating and financial data for last six years in summarized form is annexed.
- i. Outstanding Taxes and Levies:  
Please refer to Note No. 32 to the annexed audited accounts.
- j. The following is the value of investments based on respective audited accounts:

Executive Provident Fund	Rs.62 million
Non-Executive Provident Fund	Rs.25 million
Gratuity Fund	Rs.40 million

Based on audited accounts as at June 30, 2012.
- k. During the year, 05 meetings of the Board of Directors were held. Attendance by each Director is as follows:





Name of Director	No. of Meetings Attended
Mr. Muhammad Siddique Misri	04
Mr. Razak H.M. Bengali	05
Mr. Muhammad Irfan Ghani	05
Syed Zubair Ahmad Shah	05
Syed Haroon Rashid	05
Mr. Muhammad Javed	04
Mr. Irfan Ahmed Qureshi	04
Mr. Anis Wahab Zuberi (Elected on 08/06/13)	-
Mrs. Gulbano Razak "	01
Miss. Maheen Irfan Ghani "	01
Mrs. Saba Nadeem "	-

Similarly, 04 meetings of the Audit Committee were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Syed Haroon Rashid (Chairman)	04
Syed Zubair Ahmad Shah (Member)	04
Mr. Muhammad Irfan Ghani (Member)	04

Also, 01 meeting of the Board Human Resource and Remuneration Committee was held which was attended by the following before the reconstitution of the Committee:

1. Syed Haroon Rashid
  2. Syed Zubair Ahmad Shah
  3. Mr. Muhammad Irfan Ghani
- i. Syed Haroon Rashid has successfully completed Director Education Certification programme conducted by the Pakistan Institute of Corporate Governance (PICG), besides this 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:



Extra ordinary General Meeting held on June 08, 2013

#### No. of Shares Purchased

1. Mr. Muhammad Siddique Misri (Gifted by his Brother Mr. Riaz Misri)	1,213,385
2. Mr. Razak H.M. Bengali (Gifted to his Daughters)	900,000
3. Mrs. Kausar Irfan (W/o Mr. Muhammad Irfan Ghani)	7,000
4. Syed Haroon Rashid	500
5. Mr. Anis Wahab Zuberi	500
6. Mrs. Saba Nadeem	500

#### 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, 2013 have been complied with. A statement to this effect is annexed with the report.

## FUTURE OUTLOOK

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

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

It will not be out of place to mention here that Engineering Industry is the backbone of every developed economy & Auto is one of the sector which can bring new investment & technology & creates employment in a massive way if policies are made in the best national interest and every one is kept on Board.

Your Management endeavors to come up with good results even under tough circumstances.

## NBP AND RELATED MATTERS

NBP suit for recovery against the Company (BWL) and Privatization Commission (PC) for payment amounting to Rs.91.25 million it has paid to PC, which the Company does not acknowledge as briefly explained at Note No. 24.1.2 in the financial statements for the year ended June 30, 2013, has been heard by the High Court of Sindh and the orders were expected, but has been sent for final arguments again because of July 31, 2009 decision of the Honorable Supreme Court of Pakistan where by several Judges were removed and the Honorable judge who had heard this matter was also removed and as such this matter had been finally argued and reheard & now reserved for Judgment, but the latest development is that the Honorable Judge who heard the case has also been transferred, and now the matter will be argued and heard again. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.



M/s. ATIWA Engineers visited from Korea for refurbishment of Automatic CO2 Welding Machine



M/s. Taida Engineers visited from China for Spinning Machine installation



M/s. Hino Pak Ltd. Team Visited BWL after Spinning Machine installation

**AUDITORS**

The Audit Committee has recommended to appoint M/s. Ernst & Young Ford Rhodes Sidat Hyder. (Chartered Accountants), for re-appointment at the time of Annual General Meeting (AGM). The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants), retire and offer themselves for re-appointment subject to their eligibility under the law at the time of appointment at the AGM.

**TRANSFER PRICING**

Your company has fully complied with the best practices on transfer pricing as contained in the listing regulation No.38 of the Karachi Stock Exchange except the sale of cars & other assets to the officers and executive directors at WDV as per the company policy.

**BASIC EARNINGS PER SHARE**

Based on the net profit for the current year, the earnings per share was Rs. 4.19 (2012: Rs.7.70).

**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 Irfan Ghani**  
Director

Karachi: September 16, 2013



Meeting of the Board of Directors in Progress



## Pattern of Shareholding

"FORM 34"

AS AT JUNE 30, 2013

NO. OF SHAREHOLDERS	FROM	RANGE	TO	NO. OF SHARES
633	1	-	100	27,622
495	101	-	500	132,915
101	501	-	1,000	72,272
90	1,001	-	5,000	177,562
5	5,001	-	10,000	35,663
2	10,001	-	15,000	21,562
2	15,001	-	20,000	35,250
1	20,001	-	25,000	23,325
1	35,001	-	40,000	37,375
1	105,001	-	110,000	106,192
1	135,001	-	140,000	137,000
2	145,001	-	150,000	290,577
1	190,001	-	195,000	191,618
1	200,001	-	205,000	204,000
1	235,001	-	240,000	239,071
1	285,001	-	290,000	287,500
1	340,001	-	345,000	341,693
1	360,001	-	365,000	363,683
1	380,001	-	385,000	381,165
1	435,001	-	440,000	437,201
1	560,001	-	565,000	565,000
1	570,001	-	575,000	571,900
1	595,001	-	600,000	599,749
1	630,001	-	635,000	634,978
1	810,001	-	815,000	811,357
1	1,245,001	-	1,250,000	1,249,000
1	1,280,001	-	1,285,000	1,282,825
1	1,465,001	-	1,470,000	1,467,160
1	2,605,001	-	2,610,000	2,609,035
1,351				13,334,250

SHAREHOLDERS CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE (%)
FINANCIAL INSTITUTIONS	7	816,753	6.13
INDIVIDUALS	1,316	8,663,765	64.97
OTHERS	3	150,900	1.13
JOINT STOCK COMPANIES	16	1,784,950	13.39
MUTUAL FUND	2	1,573,352	11.8
CHARITABLE TRUSTS	1	172	-
INSURANCE COMPANIES	1	341,693	2.56
INVESTMENT COMPANIES	5	2,665	0.02
	1,315	13,334,250	100.00%



## Pattern of Shareholding - Breakup

AS AT JUNE 30, 2013

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE (%)
<b>FINANCIAL INSTITUTIONS</b>	<b>7</b>	<b>816,753</b>	<b>6.13%</b>
1 HABIB BANK AG ZURICH, DEIRA DUBAI		250	
2 NATIONAL BANK OF PAKISTAN		893	
3 NATIONAL BANK OF PAKISTAN		811,357	
4 ROYAL BANK OF SCOTLAND		1,638	
5 BANK OF SCOTLAND		718	
6 MORGAN STANLEY BANK LUXEMBOURG		1,322	
7 PRUDENTIAL INVESTMENT BANK LIMITED		575	
<b>INDIVIDUALS</b>	<b>1,306</b>	<b>2,748,132</b>	<b>20.61%</b>
<b>DIRECTORS, CEO &amp; THEIR SPOUSE AND MINOR-CHILDREN</b>	<b>10</b>	<b>5,915,633</b>	<b>44.36%</b>
1 MR. RAZAK BENGALI		239,071	
2 MRS. GUL BANO RAZAK		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		634,978	
8 MISS. MAHEEN IRFAN GHANI		381,165	
9 MR. ANIS WAHAB ZUBERI		500	
10 SYED HAROON RASHID		500	
<b>OTHERS</b>	<b>3</b>	<b>150,900</b>	<b>1.13%</b>
1 LOADS LIMITED		230	
2 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		145,562	
3 TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		5,108	
<b>JOINT STOCK COMPANIES</b>	<b>16</b>	<b>1,784,950</b>	<b>13.39%</b>
1 TREET CORPORATION LIMITED		204,000	
2 TREET CORPORATION LIMITED.		3,500	
3 MILLAT TRACTORS LIMITED		1,282,825	
4 PRUDENTIAL SECURITIES LIMITED		718	
5 AZIZ FIDAHUSEIN & COMPANY (PVT) LTD.		40	
6 VALIKA ART FABRICS LTD		927	
7 S.H. BUKHARI SECURITIES (PVT) LIMITED		86	
8 DARSON SECURITIES (PVT) LIMITED		3,200	
9 AWJ SECURITIES (SMC-PRIVATE) LIMITED.		187	
10 MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED		287	
11 MSMANIAR FINANCIALS (PVT) LTD.		345	
12 INVEST CAPITAL MARKETS LIMITED		287	
13 FIKREE'S (SMC-PVT) LTD.		800	
14 NATIONAL MOTORS LIMITED		230	
15 GENERAL MODARABA SERVICES (PVT) LTD		18	
16 BOLAN CASTINGS LIMITED		287,500	



CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
<b>MUTUAL FUND</b>	<b>2</b>	<b>1,573,352</b>	<b>11.80%</b>
1 NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		1,467,160	
2 CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT		106,192	
<b>CHARITABLE TRUSTS</b>	<b>1</b>	<b>172</b>	<b>0.00%</b>
1 TRUSTEES ARVABAI&FAKHRUDDIN MEMORIAL FDN		172	
<b>INSURANCE COMPANIES</b>	<b>1</b>	<b>341,693</b>	<b>2.56%</b>
1 STATE LIFE INSURANCE CORP. OF PAKISTAN		341,693	
<b>INVESTMENT COMPANIES</b>	<b>5</b>	<b>2,665</b>	<b>0.02%</b>
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	
	<b>1,351</b>	<b>13,334,250</b>	<b>100%</b>

**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE -  
VOTING INTEREST IN THE COMPANY**

	<b>5</b>	<b>7,419,377</b>	<b>-</b>
1 MR. MUHAMMAD SIDDIQUE MISRI		2,609,035	
2 MR. MUHAMMAD IRFAN GHANI		1,249,000	
3 M/S MILLAT TRACTORS LIMITED		1,282,825	
4 M/S NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		1,467,160	
5 M/S NATIONAL BANK OF PAKISTAN		811,357	



## 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 (Guarantee) 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:

1. The Company encourages representation of an independent non-executive directors 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 Zubari	✓		
Syed Zubair Ahmad Shah		✓	
Mrs. Gulbano Razak		✓	
Miss Maheen Irfan Ghani		✓	
Mrs. Saba Nadeem		✓	

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
3. 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.
4. No casual vacancy occurred during the year. However, during the year election of Directors were held and nine Directors were elected as mentioned in the Directors' Report.
5. The Company has prepared and circulated 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.
6. 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.
7. 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, COO, CFO / Company Secretary and other Executive Directors, have been taken by the BOD.
8. The meetings of the BOD were presided over by the Chairman and, in his absence, by a director elected by the BOD for this purpose 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.

9. The Board had arranged an orientation course for its Directors to further apprise them of their duties and responsibilities.
10. No new appointment of CFO/Company Secretary and Head of Internal Audit has been made during the year.
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 two are Non-Executive Directors and the Chairman is an independent 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 Resource & Remuneration Committee. It comprises of three members, two of which are Non Executive Directors.
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, except that presently the position of the CFO and Company Secretary is held by the same person. The decision in respect of the position of CFO and Company Secretary has been taken by BOD keeping in view the size of the Company and orientation courses for the Directors had been conducted.

On behalf of the Board of Directors

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director

Karachi. September 16, 2013





## Statement of Compliance with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices on Transfer Pricing as contained in the regulation No.38 of the Karachi Stock Exchange (Guarantee) Ltd. Further, certain fixed assets of the Company are sold to the Executives & Working Directors at book value as per the Company policy as disclosed in note of the Financial Statements.

On Behalf of the Board of Directors

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director

Karachi: September 16, 2013



## Review Report to the Members on Statement of Compliance with the Best Practices of the 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 2013**, prepared by the Board of Directors of **Baluchistan Wheels Limited** (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of Karachi Stock Exchange (Guarantee) Limited 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquire 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's 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.

Further, Listing Regulations of the Karachi Stock Exchange requires the Company to place before the Board of Directors for their consideration and approval of 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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.

**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants

Karachi: September 16, 2013



## Auditors' Report to the Members

We have audited the annexed balance sheet of **Baluchistan Wheels Limited** (the Company) as at **30 June 2013** 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 2.4 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 2013, 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:** Omar Mustafa Ansari

Date: September 16, 2013

Place: Karachi



# Balance Sheet

AS AT 30 JUNE 2013

	Note	2013 (Rupees in thousand)	2012
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	3	354,354	360,700
Intangible asset	4	110	220
		<b>354,464</b>	360,920
Long-term investments	5	755	708
Long-term loans and advances	6	1,818	1,740
Long-term deposits	7	4,636	9,082
		<b>361,673</b>	372,450
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	45,703	45,925
Stock-in-trade	9	502,672	508,184
Trade debts	10	134,255	129,508
Loans and advances	11	16,673	8,568
Trade deposits and short-term prepayments	12	3,218	2,907
Short-term investment	13	20,067	-
Tax refundable due from the government - net		18,773	-
Bank balances	14	34,713	48,331
		<b>776,074</b>	743,423
<b>TOTAL ASSETS</b>		<b>1,137,747</b>	<b>1,115,873</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	15	133,343	133,343
Reserves	16	826,826	790,921
		<b>960,169</b>	924,264
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	17	1,626	5,695
Long-term deposits	18	892	784
Deferred taxation	19	40,404	45,076
		<b>42,922</b>	51,555
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	116,531	87,107
Accrued mark-up	21	1,124	149
Short-term borrowings	22	-	70
Sales tax payable - net		10,019	3,131
Current portion of Liabilities against assets subject to finance lease	17	4,039	3,291
Provision for warranty	23	2,943	4,091
Provision for taxation - net		-	42,215
		<b>134,656</b>	140,054
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,137,747</b>	<b>1,115,873</b>

The annexed notes I to 44 form an integral part of these financial statements.

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director



## Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Rupees in thousand)	2012
Turnover - net	25	1,164,513	1,507,907
Cost of sales	26	(1,024,528)	(1,230,589)
<b>Gross profit</b>		<b>139,985</b>	<b>277,318</b>
Distribution costs	27	(26,302)	(20,582)
Administrative expenses	28	(68,429)	(67,529)
Finance costs	29	(4,984)	(15,057)
Other operating expenses	30	(5,250)	(15,335)
		<b>(104,965)</b>	<b>(118,503)</b>
<b>Operating profit</b>		<b>35,020</b>	<b>158,815</b>
Other operating income	31	1,568	3,990
<b>Profit before taxation</b>		<b>36,588</b>	<b>162,805</b>
Taxation	32	19,271	(60,187)
<b>Profit after taxation</b>		<b>55,859</b>	<b>102,618</b>
<b>Earnings per share - Basic and diluted</b>	33	<b>4.19</b>	<b>7.70</b>
		<b>(Rupees)</b>	

The annexed notes I to 44 form an integral part of these financial statements.

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director



# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Rupees in thousand)	2012
<b>Net profit for the year</b>		<b>55,859</b>	102,618
<b>Other comprehensive income / (loss)</b>			
Unrealised gain / (loss) due to changes in fair value of available-for-sale investment arising during the year	5.1	47	(217)
<b>Total comprehensive income for the year</b>		<b>55,906</b>	102,401

The annexed notes 1 to 44 form an integral part of these financial statements.

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director



# Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Rupees in thousand)	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	118,413	184,415
Employees' benefits paid		(5,983)	(8,631)
Long-term loans and advances - net		(78)	199
Long-term deposits - net		4,555	2,088
<b>Net cash generated from operating activities</b>		<b>116,907</b>	<b>178,071</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(36,829)	(8,667)
Proceeds from disposal of fixed assets		3,045	5,543
Profit received on deposit accounts		314	368
Gain received on redemption of mutual funds - net		199	582
Dividend received		38	29
Short-term investments made during the year		(20,000)	-
<b>Net cash used in investing activities</b>		<b>(53,233)</b>	<b>(2,145)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Murabaha - net		-	(6,733)
Repayment of short-term borrowings - net		(70)	(67,403)
Finance lease rental paid		(3,321)	(2,144)
Income tax paid		(50,086)	(50,413)
Finance costs paid		(4,009)	(15,826)
Dividend paid		(19,806)	(26,467)
<b>Net cash used in financing activities</b>		<b>(77,292)</b>	<b>(168,986)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(13,618)</b>	<b>6,940</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>48,331</b>	<b>41,391</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>34,713</b>	<b>48,331</b>

The annexed notes I to 44 form an integral part of these financial statements.

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director



# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Reserves				Total reserves	Total
	General reserve	Unrealised gain/(loss) on revaluation of available-for-sale-investments	Unappropriated profit			
----- (Rupees in thousand) -----						
<b>Balance as at 30 June 2011</b>	133,343	160,000	781	554,408	715,189	848,532
Final dividend for the year ended June 30, 2011 @ Rs. 2 per share	-	-	-	(26,669)	(26,669)	(26,669)
Net profit for the year	-	-	-	102,618	102,618	102,618
Other comprehensive loss	-	-	(217)	-	(217)	(217)
Total comprehensive income / (loss)	-	-	(217)	102,618	102,401	102,401
<b>Balance as at June 30, 2012</b>	133,343	160,000	564	630,357	790,921	924,264
Final dividend for the year ended June 30, 2012 @ Rs. 1.5 per share	-	-	-	(20,001)	(20,001)	(20,001)
Net profit for the year	-	-	-	55,859	55,859	55,859
Other comprehensive income	-	-	47	-	47	47
Total comprehensive income	-	-	47	55,859	55,906	55,906
<b>Balance as at June 30, 2013</b>	133,343	160,000	611	666,215	826,826	960,169

The annexed notes 1 to 44 form an integral part of these financial statements.

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director





# Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2012

## 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, busses, 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. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 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) 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.

### 2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for certain investment in securities which are carried at fair value as stated in note 2.8 below.

### 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations 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:

	<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 7	- Financial Instruments : Disclosures (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	- Employee Benefits (Revised)	01 January 2013
IAS 32	- Offsetting Financial Assets and Financial liabilities (Amendment)	01 January 2014
IFRIC 20	- Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

IAS 19 - Employee Benefits (Revised) requires actuarial gains and losses to be recognised in other comprehensive income as they occur. Further, amounts recorded in profit and loss account will be limited to current and past service costs, gains or losses on settlements and net interest income (expense). Furthermore, all other charges in the net defined benefit asset (liability) will be recognised in other comprehensive income with no subsequent recycling to profit and loss account.

This will accordingly result in change in accounting policy as disclosed in note 2.20 and eventual effect on the financial statements in the period of such standard getting effective. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognised actuarial loss amounting to Rs. 0.455 million in the equity as of 1 July 2012 and recognition of unrecognised actuarial gain amounting to Rs. 4.036 million in other comprehensive income for the year ended 30 June 2013 and any future actuarial gains/losses that arise at the end of next financial year would be recognised immediately in the other comprehensive income.



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.

	<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	Consolidated Financial Statements	01 January 2013
IFRS 11	Joint Arrangements	01 January 2013
IFRS 12	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	Fair Value Measurement	01 January 2013

#### **2.4 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 and amended standards and interpretations**

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

- IASI - Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
- IAS 12 - Income Taxes - Recovery of Underlying Assets (Amendment)

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

#### **2.5 Property, plant and equipment**

##### **Owned**

These are stated at cost less accumulated depreciation and accumulated impairment losses, 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 3.1.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment derecognised 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.

##### **Capital work-in-progress**

These are stated at cost less impairment losses, 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.

##### **Assets subject to finance lease**

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.



## 2.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, 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.

## 2.7 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.

## 2.8 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchases and these are initially recognised at fair value, plus, in case of investment at fair value through profit or loss, directly attributable transaction cost.

### Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

### 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 that are not held for trading but may be sold in response to the need for liquidity or change in market rates are classified as available-for-sale. Investments in quoted equity securities are initially recorded at cost and subsequently remeasured at fair value. The resulting gain or loss is recognised directly as a component of equity until the investment is sold, or otherwise disposed off, or until the investment is determined to be impaired, at which time, the cumulative gain or loss previously reported in equity is taken to profit and loss account.

## 2.9 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.

Provision / write off, if required, is made in the accounts for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

## 2.10 Stock-in-trade

Raw materials and components except for those in transit 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.

Average manufacturing cost comprises the cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity.



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

Scrap stocks are valued at NRV.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

Provision is made for obsolete inventory based on management's judgment to bring the carrying value down to expected NRV.

### **2.11 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.

### **2.12 Loans and advances**

These are stated at cost, which is the fair value of consideration given, less provision for any doubtful receivables. In case of long-term loans and advances, the fair value effect at initial measurement is ignored, if the same is considered immaterial.

### **2.13 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.

### **2.14 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.

### **2.15 Provision for warranty**

The management estimates at each balance sheet date a provision against liability that could arise as a result of the Company's obligation to repair and replace products under warranty.

### **2.16 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.

### **2.17 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.

### **2.18 Foreign currency translations**

Transactions in foreign currencies are translated into Pak Rupees (presentation currency) 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.



## 2.19 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

## 2.20 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.

Actuarial gains are recognised and spread forward over average remaining service lives of the employees in excess of the following corridor limits, whichever is higher:

- 10 percent of the present value of defined benefit obligations; and
- 10 percent of the fair value of plan assets.

### 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 at the rate of 10 percent of basic salary.

### 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.

## 2.21 Taxation

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

### 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. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

## 2.22 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 customer.

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

Profit on deposit accounts is recognised on an accrual basis.



### 2.23 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.

### 2.24 Dividend and appropriations to reserves

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

### 2.25 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 make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. 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. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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**

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. In making these estimates, the Company uses the technical resources available with the Company. 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 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 / NRV adjustments**

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.

	Note	30 June 2013	30 June 2012
		(Rupees in thousand)	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	354,354	360,500
Capital work in progress	3.5	-	200
		<u>354,354</u>	<u>360,700</u>



3.1 Operating assets

	C O S T			Rate %	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at 1 July 2012	Additions/ transfers* (disposals)	As at 30 June 2013		As at 1 July 2012	Charge for the year	(on Disposals)	As at 30 June 2013	As at 30 June 2013
	--- (Rupees in thousand) ---				----- (Rupees in thousand) -----				
<b>Owned</b>									
Land - freehold	2,559	-	2,559	-	-	-	-	-	2,559
Building on freehold land	93,606	1,133 200*	94,939	5 & 10	40,548	2,667	-	43,215	51,724
Plant and machinery	818,525	30,513	849,038	10 & 20	549,759	31,395	-	581,154	267,884
Electrical installations	28,844	422	29,266	10	18,557	1,052	-	19,609	9,657
Furniture and fittings	4,860	-	4,860	10	3,320	154	-	3,474	1,386
Office equipment	11,380	580 (98)	11,862	33	9,554	763	(85)	10,232	1,630
Computers	6,355	314 (106)	6,563	33	5,941	237	(98)	6,080	483
Vehicles	23,097	3,867 (6,220)	20,744	20	10,848	2,555	(3,848)	9,555	11,189
Library books	42	-	42	10	38	-	-	38	4
	989,268	36,829 (6,424)	1,019,873		638,565	38,823	(4,031)	673,357	346,516
<b>Leased</b>									
Vehicles	11,461	200	11,461	20	1,664	1,959	-	3,623	7,838
<b>2013</b>	<b>1,000,729</b>	<b>36,829 (6,424) 200 *</b>	<b>1,031,334</b>		<b>640,229</b>	<b>40,782</b>	<b>(4,031)</b>	<b>676,980</b>	<b>354,354</b>

	C O S T			Rate %	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at 1 July 2011	Additions/ (disposals)	As at 30 June 2012		As at 1 July 2011	Charge for the year	(on Disposals)/ **Impairment	As at 30 June 2012	As at 30 June 2012
	--- (Rupees in thousand) ---				----- (Rupees in thousand) -----				
<b>Owned</b>									
Land - freehold	2,559	-	2,559	-	-	-	-	-	2,559
Building on freehold land	93,471	135	93,606	5 & 10	37,753	2,795	-	40,548	53,058
Plant and machinery	817,046	2,359 (880)	818,525	10 & 20	516,547	33,636	(532) **108	549,759	268,766
Electrical installations	28,844	-	28,844	10	17,410	1,147	-	18,557	10,287
Furniture and fittings	4,837	23	4,860	10	3,150	170	-	3,320	1,540
Office equipment	11,294	629 (543)	11,380	33	9,244	810	(500)	9,554	1,826
Computers	6,043	353 (41)	6,355	33	5,799	183	(41)	5,941	414
Vehicles	24,669	4,968 (6,540)	23,097	20	11,074	2,816	(3,042)	10,848	12,249
Library books	42	-	42	10	38	-	-	38	4
	988,805	8,467 (8,004)	989,268		601,015	41,557	(4,115) **108	638,565	350,703
<b>Leased</b>									
Vehicles	6,500	4,961	11,461	20	150	1,514	-	1,664	9,797
<b>2012</b>	<b>995,305</b>	<b>13,428 (8,004)</b>	<b>1,000,729</b>		<b>601,165</b>	<b>43,071</b>	<b>(4,115) **108</b>	<b>640,229</b>	<b>360,500</b>



	30 June 2013	30 June 2012
	(Rupees in thousand)	
<b>3.2 Reconciliation of book value is as follows:</b>		
Book value at the beginning of the year	360,500	394,140
Additions during the year	36,829	13,428
Transfer from capital work-in-progress	200	-
Depreciation for the year	(40,782)	(43,071)
Impairment during the year	-	(108)
Disposals during the year at NBV	(2,393)	(3,889)
Book value as at the end of year	<u>354,354</u>	<u>360,500</u>

**3.3 Allocation of depreciation is as follows:**

	26	27	28	30 June 2013	30 June 2012
Cost of sales - manufacturing overheads				36,439	38,550
Distribution costs				35	27
Administrative expenses				4,308	4,494
				<u>40,782</u>	<u>43,071</u>

**3.4 Particulars of operating fixed assets having written down value (WDV) exceeding Rs. 50,000/- disposed of during the year are as follows:**

Particulars	Cost	Accumulated Depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Particulars of purchaser
----- (Rupees in thousands) -----							
<b>Vehicles</b>							
Suzuki Bolan	433	283	150	400	250	Tender	Mr. Farhat Abbas Jaffri, Karachi
Suzuki Bolan	433	286	147	350	203	Insurance Claim	EFU General Insurance Limited, Karachi
Toyota Corolla	1,554	342	1,212	1,400	188	Insurance Claim	EFU General Insurance Limited, Karachi
Mercedes Benz	3,800	2,937	863	863	-	Company Policy	Mr. Muhammad Irfan Ghani - Director
<b>Others</b>	204	183	21	32	11	-	-
<b>2013</b>	<u>6,424</u>	<u>4,031</u>	<u>2,393</u>	<u>3,045</u>	<u>652</u>		
2012	<u>8,004</u>	<u>4,115</u>	<u>3,889</u>	<u>5,543</u>	<u>1,654</u>		

**3.5 Capital work in process**

	30 June 2013	30 June 2012
	(Rupees in thousand)	
Civil works	-	200

**4. INTANGIBLE ASSET**

	C O S T			ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE		Amortization rate %
	As at 1 July 2012	Addition	As at 30 June 2013	As at 1 July 2012	For the year	As at 30 June 2013	As at 30 June 2013		
----- (Rupees in thousand) -----									
<b>Software</b>									
2013	550	-	550	330	110	440	110	20%	

	C O S T			ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE		Amortization rate %
	As at 1 July 2011	Addition	As at 30 June 2012	As at 1 July 2011	For the year	As at 30 June 2012	As at 30 June 2012		
----- (Rupees in thousand) -----									
<b>Software</b>									
2012	550	-	550	220	110	330	220	20%	

**5. LONG-TERM INVESTMENTS**

**Available-for-sale - at fair value**

	30 June 2013	30 June 2012
	(Rupees in thousand)	
Quoted securities	755	708





- 5.1 Represents 18,876 (2012: 18,876) ordinary shares of Rs. 10/- each of Bolan Castings Limited. Equity held 0.018% (2012: 0.018%). The movement in available-for-sale investment is as follows:

	Note	30 June 2013 (Rupees in thousand)	30 June 2012
Balance at the beginning of the year		708	925
Gain / (loss) on fair value adjustment		47	(217)
Balance at the end of the year		755	708

**6. LONG-TERM LOANS AND ADVANCES**  
**Secured, considered good**

Loans to employees	6.1	1,477	1,617
Loans to executives	6.2	487	8
		1,964	1,625
Receivable within one year	11	(655)	(644)
		1,309	981
Advances to employees	6.3	2,120	2,394
Receivable within one year	11	(1,611)	(1,635)
		509	759
		1,818	1,740

- 6.1 Represents interest-free loans to employees for purchase of motorcars, motorcycles, home appliances, house building and for staff welfare in accordance with the Company's policy. These loans are recoverable in four years in equal monthly installments. These loans are secured against the retirement benefits of employees.
- 6.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.058 (2012: Rs. 0.959) million.
- 6.3 Represents interest-free advances given to employees against their salaries. These are recoverable in equal monthly installments. These advances are secured against the retirement benefits of employees. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.487 (2012: Rs. 0.316) million.

	Note	30 June 2013 (Rupees in thousand)	30 June 2012
<b>7. LONG-TERM DEPOSITS</b>			
Trade deposits	7.1	4,140	7,936
Lease deposits		496	1,146
		4,636	9,082

- 7.1 Represents security deposits which are given to suppliers of goods and / or services as a security against future payments. These are refunded / adjusted against supplies or services at the end.

	Note	30 June 2013 (Rupees in thousand)	30 June 2012
<b>8. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		4,592	6,598
Spare parts		82,443	83,340
Loose tools		1,979	1,864
		89,014	91,802
Provision for slow moving:			
Stores		(243)	(200)
Spare parts		(42,218)	(45,307)
Loose tools		(850)	(370)
	8.1	(43,311)	(45,877)
		45,703	45,925



	Note	30 June 2013	30 June 2012
		(Rupees in thousand)	
<b>8.1 Movement in provision is as follows:</b>			
Balance at the beginning of the year		45,877	38,368
(Reversal) / charge during the year	26	(2,566)	7,509
Balance at the end of the year		<u>43,311</u>	<u>45,877</u>
<b>9. STOCK-IN-TRADE</b>			
Raw material and components		312,701	185,941
Finished goods		62,483	156,569
Work-in-process	9.1	113,895	127,211
Scrap stock		46,066	33,148
		<u>535,145</u>	<u>502,869</u>
Stock-in-transit		-	22,524
		<u>535,145</u>	<u>525,393</u>
Provision for slow moving stock	9.2	(32,473)	(17,209)
		<u>502,672</u>	<u>508,184</u>
<b>9.1 Work-in-process</b>			
Stock held with third party	9.1.1	<u>1,118</u>	<u>-</u>
9.1.1 Represents stock held with the supplier for the purpose of preparation of lugs.			
<b>9.2 Movement in provision of stock-in-trade is as follows:</b>			
Balance at the beginning of the year		17,209	2,177
Charge during the year	26	17,200	16,003
Reversed during the year	26	(1,936)	(971)
Balance at the end of the year		<u>32,473</u>	<u>17,209</u>
<b>10. TRADE DEBTS</b>			
<b>Unsecured</b>			
Considered good		134,255	129,508
Considered doubtful		1,420	1,362
Provision for doubtful debts	10.1	(1,420)	(1,362)
		<u>-</u>	<u>-</u>
		<u>134,255</u>	<u>129,508</u>
<b>10.1 Reconciliation of provision for impairment of trade debts is as follows:</b>			
Balance at the beginning of the year		1,362	3,561
Provision made during the year	28	58	514
Reversed during the year	31	-	(666)
Written off during the year against trade debts		-	(2,047)
Balance at the end of the year		<u>1,420</u>	<u>1,362</u>



**16. RESERVES****Revenue**

General

Unappropriated profit

Unrealised gain on revaluation of available-for-sale investment

**30 June  
2013****30 June  
2012****(Rupees in thousand)**

	<b>160,000</b>	160,000
	<b>666,215</b>	630,357
	<b>826,215</b>	790,357
	<b>611</b>	564
	<b>826,826</b>	790,921

**17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Represents finance lease entered into with a commercial bank for vehicles. Total lease rentals due under lease agreement aggregates to Rs. 11.461 (2012: Rs. 11.461) million and are payable in monthly installments latest by 2015. 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 is six months' KIBOR plus 250 bps (2012: six months' KIBOR plus 250 bps) per annum have been used as discounting factor. Purchase options can be exercised by the Company at the end of lease terms, by paying 10 percent of the leased amount. The movement in the finance lease liability is as follows:

	<b>2013</b>		<b>2012</b>	
	<b>Minimum lease payments</b>	<b>Present value</b>	<b>Minimum lease payments</b>	<b>Present value</b>
	----- (Rupees in thousand) -----			
Within one year	<b>4,380</b>	<b>4,039</b>	4,214	3,291
After one year but not more than five year	<b>1,677</b>	<b>1,626</b>	6,173	5,695
Total minimum lease payments	<b>6,057</b>	<b>5,665</b>	10,387	8,986
Amount representing finance charges	<b>(392)</b>	-	(1,401)	-
Present value of minimum lease payments	<b>5,665</b>	<b>5,665</b>	8,986	8,986
Current portion	<b>(4,039)</b>	<b>(4,039)</b>	(3,291)	(3,291)
	<b>1,626</b>	<b>1,626</b>	5,695	5,695

**18. LONG-TERM DEPOSITS****Note****30 June  
2013****30 June  
2012****(Rupees in thousand)**

Deposit from employees

18.1

**892**

784

**18.1** This represents 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**

Deferred tax liability

19.1

**40,404**

45,706

**19.1 Deferred tax liability comprises of:**

Liability on accelerated tax depreciation allowance

Deferred tax asset arising in respect of:

Provisions

Liabilities against assets subject to finance lease

**71,841**

74,425

**(29,511)**

(26,204)

**(1,926)**

(3,145)

**40,404**

45,076



	Note	30 June 2013	30 June 2012
(Rupees in thousand)			
<b>20. TRADE AND OTHER PAYABLES</b>			
Creditors		59,827	8,304
Other payables		9,802	6,642
Accrued liabilities		22,131	42,475
Advance from customers		1,143	2,863
Retention money		455	812
Security deposits		648	448
Compensated absences		6,648	6,100
Payable to Gratuity Fund	20.1	4,678	4,877
Payable to Provident Fund	20.2	235	1,123
Workers' Profits Participation Fund	20.3	1,976	1,763
Workers' Welfare Fund		5,271	8,017
Unclaimed dividend		3,347	3,152
Others		370	531
		<b>116,531</b>	<b>87,107</b>

#### 20.1 Payable to gratuity fund

The latest actuarial valuation was carried out as at 30 June 2013 using the Projected Unit Credit Method, according to which present value of gratuity obligation and fair value of plan assets were Rs. 54.053 million and Rs. 52.957 million respectively.

##### 20.1.1 Reconciliation of obligations as at year end

Present value of defined benefit obligation	20.1.4	54,053	48,152
Fair value of plan assets	20.1.5	(52,957)	(42,820)
		1,096	5,332
Unrecognised actuarial gain / (loss)		3,582	(455)
Net liability at end of the year		<b>4,678</b>	<b>4,877</b>

##### 20.1.2 Movement in net liability

Net liability at beginning of the year		4,877	5,209
Charge for the year	20.1.3	4,678	4,877
Contributions		(4,877)	(5,209)
Net liability at end of the year		<b>4,678</b>	<b>4,877</b>

##### 20.1.3 Charge for the year

Current service cost		3,613	3,731
Interest cost		6,565	5,721
Expected return on plan assets		(5,500)	(4,575)
Charge for the year		<b>4,678</b>	<b>4,877</b>

##### 20.1.4 Movement in defined benefit obligation

Present value of defined benefit obligation at beginning of the year		48,152	42,832
Current service cost		3,613	3,731
Interest cost		6,565	5,721
Benefits paid during the year		(2,515)	(3,938)
Actuarial gain		(1,762)	(194)
Present value of defined benefit obligation at end of the year		<b>54,053</b>	<b>48,152</b>



	30 June 2013	30 June 2012
<b>20.1.5 Movement in fair value of plan assets</b>	<b>(Rupees in thousand)</b>	
Fair value of plan assets at beginning of the year	42,820	37,490
Expected return on plan assets	5,500	4,575
Contributions made by the Company	4,877	5,209
Benefits paid during the year	(2,515)	(3,938)
Actuarial gain / (loss)	2,275	(516)
Fair value of plan assets at end of the year	<u>52,957</u>	<u>42,820</u>

**20.1.6** The principal assumptions used in the actuarial valuations carried out as of 30 June 2013 using the 'Projected Unit Credit' method are as follows:

	<b>Gratuity Fund</b>	
	2013	2012
	%	%
Rate of salary increase (per annum)	12.0	12.5
Rate of return (per annum)	12.0	12.5
Discount rate (per annum)	12.0	12.5
Expected mortality rate	EFU	EFU
Expected withdrawal rate	61-66 mortality table Age Dependent	61-66 mortality table Age Dependent
	<b>Note</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Rupees in thousand)</b>	
	<u>4,650</u>	<u>4,738</u>

**20.1.7 Actual return on plan assets**

**20.1.8 Plan assets comprise the following:**

	2013		2012	
	Rupees in thousand	%age	Rupees in thousand	%age
Equity (mutual funds)	12,642	23.87	7,744	23.50
Debt	38,399	72.51	34,368	74.29
Others	1,916	3.62	708	2.21
	<u>52,957</u>		<u>42,820</u>	

**20.1.9** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

**20.1.10** Expected contribution to the fund for the year ending 30 June 2014 is Rs. 3.040 million.

**20.1.11 Comparison for five years:**

	2013	2012	2011	2010	2009
	----- (Rupees in thousand) -----				
Present value of defined benefit					
Obligation	54,053	48,152	42,832	40,682	32,951
Fair value of plan assets	<u>(52,957)</u>	<u>(42,820)</u>	<u>(37,490)</u>	<u>(31,482)</u>	<u>(29,188)</u>
Surplus	<u>1,096</u>	<u>5,332</u>	<u>5,342</u>	<u>9,200</u>	<u>3,763</u>
Experience adjustments					
Gain / (loss) on plan liabilities	<u>1,762</u>	<u>(194)</u>	<u>(558)</u>	<u>(356)</u>	<u>(7,443)</u>
Gain / (loss) on plan assets	<u>2,275</u>	<u>(516)</u>	<u>3,947</u>	<u>(4,399)</u>	<u>(3,879)</u>



20.2	Provident fund	Note	Un-audited	30 June
			30 June 2013	2012
			(Rupees in thousand)	
	Size of the fund		116,200	101,054
	Cost of investments made		93,860	86,063
	Fair value of investments		96,266	87,381
	Percentage of investments made		82.85%	86.47%

20.2.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	30 June 2013		30 June 2012	
	Investments	Investment as size of the fund	Investments	Investment as size of the fund
	(Rs. in '000)	%	(Rs. in '000)	%
Pakistan Investment Bonds	4,500	3.87	4,500	4.45
Treasury Bill	23,509	20.23	23,361	23.12
Certificates of Investments	15,500	13.35	200	0.20
Mutual Funds	16,143	13.89	9,737	9.64
National Saving Bonds	-	-	22,780	22.54
TFCs	36,614	31.51	26,803	26.52
	<u>96,266</u>		<u>87,381</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.

20.3	Workers' Profits Participation Fund	Note	30 June	30 June
			2013	2012
			(Rupees in thousand)	
	Balance at the beginning of the year		1,763	7,454
	Interest on funds utilised in the Company's Business	29	55	272
	Allocation for the year		1,976	8,763
			<u>3,794</u>	<u>16,489</u>
	Payments made during the year		(1,818)	(14,726)
	Balance at the end of the year		<u>1,976</u>	<u>1,763</u>

21. ACCRUED MARK-UP

Accrued mark-up on short-term running finances		<u>1,124</u>	<u>149</u>
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22. SHORT-TERM BORROWINGS

Running finance under mark-up arrangement - secured	22.1	<u>-</u>	<u>70</u>
-----------------------------------------------------	------	----------	-----------

22.1 These facilities are obtained from two commercial banks under mark-up arrangement and are secured by way of hypothecation charge banking pari passu over Company's stock and debts amounting to Rs. 235 (2012: Rs. 235) million of which Rs. 235 (2012: Rs. 234.93) million remained unutilized as of the balance sheet date. The rates of mark-up on these finances are three months' KIBOR plus 125 basis points.

23. PROVISION FOR WARRANTY

Balance at the beginning of the year		4,091	14,676
Reversal made during the year	27	(1,028)	(10,418)
Adjustment during the year against claims		(120)	(167)
Balance at the end of the year		<u>2,943</u>	<u>4,091</u>



## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

**24.1.1** Indemnity bonds issued to Sui Southern Gas Company Limited amounted to Rs. 2.721 (2012: Rs. 2.721) million.

**24.1.2** 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 guarantee 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.

	Note	30 June 2013	30 June 2012
		(Rupees in thousand)	
<b>24.2 Commitments</b>			
Capital commitments - plant and machinery		939	2,321
Letters of credit issued by commercial banks		93,267	169,048
Duties and other charges payable on stock-in-transit		-	295

## 26. TURNOVER - Net

Local sales	25.1	1,323,055	1,712,652
Sales return		(6,498)	(13,443)
Sales tax		(183,095)	(234,356)
		(189,593)	(247,799)
Export sales		31,051	43,054
		1,164,513	1,507,907

**25.1** Includes scrap sales of Rs. 25.425 (2012: Rs. 40.071) million.





	Note	30 June 2013 (Rupees in thousand)	30 June 2012
<b>26. COST OF SALES</b>			
<b>Raw material and components consumed</b>			
Opening stock - Raw material		185,941	188,265
- Scrap		33,148	39,990
		<b>219,089</b>	<b>228,255</b>
Purchase		764,226	961,637
Closing stock - Raw material		(312,701)	(185,941)
- Scrap		(46,066)	(33,148)
		<b>(358,767)</b>	<b>(219,089)</b>
		<b>624,548</b>	<b>970,803</b>
<b>Manufacturing overheads</b>			
Salaries, wages and benefits	26.1	112,602	116,374
Stores, spare parts and loose tools consumed		58,171	73,620
Fuel and power		31,747	37,396
Depreciation	3.3	36,439	38,550
Outsourced job contractor		16,098	16,684
Staff transportation		11,978	12,028
Repairs and maintenance		2,702	2,972
Travelling and conveyance		124	734
Vehicle running expenses		2,181	2,374
Insurance		3,481	3,558
Communication		754	734
Entertainment		1,710	1,524
Printing and stationery		48	89
Subscription		233	197
Rent, rates and taxes		104	90
(Reversal) / provision for slow moving stores, spares and loose tools	8.1	(2,566)	7,509
Provision of slow moving stock-in-trade - net	9.2	15,264	15,032
Computer expense		108	184
Foreign specialist expense		273	850
Others		1,127	345
		<b>292,578</b>	<b>330,844</b>
		<b>917,126</b>	<b>1,301,647</b>
<b>Manufacturing cost</b>			
<b>Work-in-process</b>			
Opening		127,211	101,728
Closing		(113,895)	(127,211)
		<b>13,316</b>	<b>(25,483)</b>
<b>Cost of goods manufactured</b>			
		<b>930,442</b>	<b>1,276,164</b>
<b>Finished goods</b>			
Opening		156,569	110,994
Closing		(62,483)	(156,569)
		<b>94,086</b>	<b>(45,575)</b>
		<b>1,024,528</b>	<b>1,230,589</b>
<b>26.1 Included herein are the following employees' benefits costs:</b>			
Defined benefit plan - gratuity		3,508	3,657
Defined contribution plan - provident fund		2,413	2,145
Medical		3,768	3,240
Accrual for compensated absences		1,366	1,471
Bonus		5,656	10,135
		<b>16,711</b>	<b>20,648</b>



27. DISTRIBUTION COSTS	Note	30 June 2013	30 June 2012
(Rupees in thousand)			
Salaries and benefits	27.1	3,017	3,272
Carriage and forwarding		21,432	23,937
Reversal of provision for warranty claims	23	(1,028)	(10,418)
Selling expense - exports		944	1,675
Depreciation	3.3	35	27
Insurance		158	155
Advertisement		121	64
Vehicle running expenses		475	441
Utilities		370	436
Travelling and conveyance		36	125
Staff transportation		91	123
Communication		96	99
Entertainment		75	75
Computer expenses		37	43
Others		443	528
		<u>26,302</u>	<u>20,582</u>

**27.1 Included herein are the following employees' benefits costs:**

Defined benefit plan - gratuity	234	244
Defined contribution plan - provident fund	55	42
Medical	83	98
Accrual for compensated absences	47	62
Bonus	377	676
	<u>796</u>	<u>1,122</u>

**28. ADMINISTRATIVE EXPENSES**

Salaries and benefits	28.1	30,629	30,358
Depreciation	3.3	4,308	4,494
Amortization of intangible assets		110	110
Outsourced service expenses		7,033	6,130
Utilities		3,497	4,043
Vehicle running expenses		6,924	6,884
Communication		1,149	1,356
Rent, rates and taxes		1,891	1,891
Entertainment		3,019	2,672
General stores supplies		1,987	2,045
Corporate expenses		1,970	1,223
Travelling and conveyance		458	304
Auditors' remuneration	28.2	1,085	1,004
Legal and professional charges		412	195
Repairs and maintenance		325	592
Insurance		1,056	1,075
Staff transportation		1,277	979
Subscription		144	194
Printing and stationery		221	267
Advertisement		81	153
Provision for doubtful debts	10.1	58	514
Computer expense		608	801
Donations	28.3	46	20
Others		141	225
		<u>68,429</u>	<u>67,529</u>



	Note	30 June 2013	30 June 2012
		(Rupees in thousand)	
<b>28.1</b>	<b>Included herein are the following employees' benefits costs:</b>		
Defined benefit plan - gratuity		936	975
Defined contribution plan - provident fund		1,146	999
Medical		1,082	1,445
Accrual for compensated absences		241	327
Bonus		1,508	2,703
		<u>4,913</u>	<u>6,449</u>
<b>28.2</b>	<b>Auditors' remuneration</b>		
Audit fee		525	525
Fees for limited scope review and employees' funds		255	255
Tax and other advisory services		243	174
Out of pocket expenses		62	50
		<u>1,085</u>	<u>1,004</u>
<b>28.3</b>	No director or their spouse had any interest in any donee to which the donation was made.		
<b>29.</b>	<b>FINANCE COSTS</b>		
<b>Mark-up on:</b>			
Short-term borrowings		3,600	10,890
Murabaha		-	2,345
		<u>3,600</u>	<u>13,235</u>
Finance lease charges		832	873
Interest on Workers' Profits Participation Fund	20.3	55	272
Bank charges and excise duty		497	677
		<u>4,984</u>	<u>15,057</u>
<b>30.</b>	<b>OTHER OPERATING EXPENSES</b>		
Workers' Profits Participation Fund	20.3	1,976	8,763
Workers' Welfare Fund		950	3,696
Exchange loss - net		2,324	2,768
Impairment loss on plant and machinery	3.1	-	108
		<u>5,250</u>	<u>15,335</u>
<b>31.</b>	<b>OTHER OPERATING INCOME</b>		
Gain on sale of fixed assets	3.4	652	1,654
Reversal of provision for doubtful debts	10.1	-	666
Profit on deposit accounts		314	368
Income from mutual funds		266	582
Dividend income		38	29
Others		298	691
		<u>1,568</u>	<u>3,990</u>
<b>32.</b>	<b>TAXATION</b>		
Current		13,110	62,230
Prior		(27,709)	3,477
Deferred		(4,672)	(5,520)
	32.1	<u>(19,271)</u>	<u>60,187</u>



	30 June 2013	30 June 2012
	(Rupees in thousand)	
<b>33.2 Relationship between tax expense and accounting profit</b>		
Profit before taxation	36,588	162,805
Tax at the rate of 35% on above	12,806	56,982
Tax effects of prior year tax charge	-	3,477
Tax effect of prior year tax provision reversed-no longer considered payable	(27,709)	-
Tax effect of tax credit	(3,501)	(1,821)
Tax effects of permanent differences	(674)	780
Tax effect on export sales taxed at a lower rate	(193)	769
Tax expense for the year	(19,271)	60,187

### 33. BASIC AND DILUTED EARNINGS PER SHARE

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

Profit for the year after taxation (Rs. in '000)	55,859	102,618
Weighted average number of ordinary shares of Rs. 10/- each (in '000)	13,334	13,334
Basic earnings per share (Rupees)	4.19	7.70

### 34. UNAVAILED CREDIT FACILITIES

The facility for opening letters of credit and letters of guarantees amounted to Rs. 390 (2012: Rs. 390) million and Rs. 10 (2012: Rs. 10) million respectively, of which Rs. 295.793 (2012: Rs. 218.631) million and Rs. 7.279 (2012: Rs. 7.279) million respectively, remained unutilized as of the balance sheet date.

	30 June 2013	30 June 2012
	(Rupees in thousand)	
<b>35. CASH GENERATED FROM OPERATIONS</b>		
	<b>Note</b>	
Profit before taxation	36,588	162,805
<b>Adjustments for:</b>		
Depreciation	40,782	43,071
Amortisation	110	110
Gain loss on sale of fixed assets	(652)	(1,653)
Finance cost	4,984	15,057
(Reversal) / Provision for slow moving stores, spare parts and loose tools	(2,566)	7,509
Provision for slow moving stock-in-trade	15,264	15,032
Provision / (reversal) for doubtful debts	58	(152)
Provision for compensated absences	1,654	1,100
(Reversal) / provision for warranty	(1,028)	(10,418)
Provision for employees' benefits	4,678	4,877
Profit on deposit accounts	(314)	(368)
Dividend income	(38)	(29)
Gain on redemption of mutual fund units	(266)	(582)
	62,666	73,554
	99,254	236,359
Working capital changes	19,159	(51,944)
	118,413	184,415
	35.1	



**35.1 Working capital changes**

**30 June 2013**      **30 June 2012**  
(Rupees in thousand)

**Increase in current assets**

Stores, spare parts and loose tools	2,788	(1,732)
Stock-in-trade	(9,752)	(82,543)
Trade debts	(4,805)	6,055
Loans and advances	(7,874)	18,154
Trade deposits and short-term prepayments	(311)	(1,552)
Sales tax refundable - net	-	5,733

**Increase / (decrease) in current liabilities**

Trade and other payables	32,225	3,941
Sales tax payable- net	6,888	-
	<b>19,159</b>	<b>(51,944)</b>

**36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	----- (Rupees in thousand) -----							
Remuneration	3,294	2,742	6,204	7,019	4,420	2,730	13,918	12,491
Housing	1,482	1,234	2,792	3,088	1,989	1,151	6,263	5,473
Retirement benefits	604	1,263	5,346	6,728	503	1,162	6,453	9,153
Bonus	799	658	1,508	1,640	1,037	411	3,344	2,709
Medical expenses	(13)	379	437	490	372	179	796	1,048
Utilities	335	290	751	1,021	784	390	1,870	1,701
Leave fare assistance	463	593	1,177	230	30	30	1,670	853
	<b>6,964</b>	<b>7,159</b>	<b>18,215</b>	<b>20,216</b>	<b>9,135</b>	<b>6,053</b>	<b>34,314</b>	<b>33,428</b>
Number	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>9</b>	<b>9</b>

36.2 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.

36.3 Aggregate amount charged in the financial statements for fee to directors were Rs. 400,000/- (2012: Rs. 240,000/-).

**37. 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 program 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:

**37.1 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.

Concentrations 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 is mainly exposed to credit risk mainly on long-term deposits, trade debts, deposits, advances and bank balances. 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 table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.



	Carrying Values	
	30 June 2013	30 June 2012
	(Rupees in thousand)	
Long-term loans and advances - secured	1,818	1,740
Long-term deposits	4,636	9,082
Trade debts - unsecured	134,255	129,508
Loans and advances - secured	16,673	8,568
Trade deposits	2,250	2,050
Bank balances	34,713	48,331
	<b>194,345</b>	<b>199,279</b>

#### 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:

	Carrying Values	
	30 June 2013	30 June 2012
	(Rupees in thousand)	
<b>37.1.1 The ageing analysis of unimpaired trade debts at 30 June is as follows:</b>		
Neither past due nor impaired	109,917	118,168
Past due but not impaired		
- within 30 days	24,114	6,267
- over 90 days	224	5,073
	<b>134,255</b>	<b>129,508</b>

#### 37.1.2 Bank balances

	30 June 2013	30 June 2012
Ratings		
AI+	<b>34,713</b>	<b>48,331</b>

#### 37.2 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 cash and 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
(Rupees in thousand)					
<b>30 June 2013</b>					
Liabilities against asset subject to finance lease	-	1,030	3,009	1,626	5,665
Trade and other payables	109,284	-	-	-	109,284
Accrued mark-up	-	1,124	-	-	1,124
	<b>109,284</b>	<b>2,154</b>	<b>3,009</b>	<b>1,626</b>	<b>116,073</b>
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
(Rupees in thousand)					
<b>30 June 2012</b>					
Liabilities against asset subject to finance lease	-	779	2,512	5,695	8,986
Trade and other payables	77,327	-	-	-	77,327
Accrued mark-up	-	149	-	-	149
	<b>77,327</b>	<b>928</b>	<b>2,512</b>	<b>5,695</b>	<b>86,462</b>



**37.3 Market risk**

**i. 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:

	<b>30 June 2013</b>	<b>30 June 2012</b>
	.....(USD in thousand).....	
Trade debts	<u>13.52</u>	<u>40</u>

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

Exchange rate	<u>98.60</u>	<u>94.00</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.

	<b>Change in US dollar rate (%)</b>	<b>Effect on profit or (loss) (Rs. in '000)</b>
<b>30 June 2013</b>	+2	<u>27</u>
	-2	<u>(27)</u>
30 June 2012	+2	<u>75</u>
	-2	<u>(75)</u>

**ii. 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 long-term debt obligations, liabilities against assets subject to finance lease and short-term borrowings with floating interest rates.

	<b>Increase / decrease in interest rate</b>	<b>Effect on profit / (loss) before tax (Rs. in '000)</b>
<b>30 June 2013</b>	+2%	<u>(113)</u>
	-2%	<u>113</u>
30 June 2012	+2%	<u>(181)</u>
	-2%	<u>181</u>

**37.4 Fair value of financial instruments**

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



### 37.5 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 Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at 30 June 2013 and 2012 were as follows:

	30 June 2013	30 June 2012
	(Rupees in thousand)	
Short-term borrowings	-	70
Trade and other payables	116,531	87,107
Accrued mark-up	1,124	149
Total debt	<u>117,655</u>	<u>87,326</u>
Bank balances	<u>(34,713)</u>	<u>(48,331)</u>
<b>Net debts</b>	<b>82,942</b>	<b>38,995</b>
Equity	<b>960,169</b>	924,264
<b>Equity and net debts</b>	<b><u>1,043,111</u></b>	<u>963,259</u>
<b>Gearing ratio</b>	<b><u>7.95%</u></b>	<u>4.05%</u>

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.

### 38. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise holding company, associates, directors, key management personnel and retirement benefit plans. Amounts due from / to executives and remuneration of the Chief Executive, Directors and Executives are disclosed in respective notes to these financial statements. Other transactions with other related parties are as follows:

Relationship	Nature of transactions	30 June 2013	30 June 2012
		(Rupees in thousand)	
<b>Key management personnel</b>	Sale of vehicles / equipment	<u>875</u>	<u>1,017</u>
<b>Staff</b>	Sale of vehicles	<u>-</u>	<u>258</u>
<b>Staff retirement benefit plans</b>	Provident fund contribution during the year	<u>3,787</u>	<u>3,364</u>
	Contribution paid to gratuity fund	<u>4,678</u>	<u>4,877</u>





30 June  
2013  
30 June  
2012  
(Units in thousand)

### 39. PLANT CAPACITY AND ACTUAL PRODUCTION

Plant capacity - single shift (estimated)

850

850

Actual production

531

933

39.1 During the year actual production is below the capacity due the shortage of demand in the market.

### 40. NUMBER OF EMPLOYEES

Total number of employees at year end are 295 (2012: 297) and average number of employees during the year were 298 (2012: 299).

### 41. DIVIDEND AND APPROPRIATIONS

The Board of Directors has proposed a final dividend of Rs. 1.50 per share for the year ended 30 June 2013, amounting to Rs. 20.001 at its meeting held on 16 September, 2013 for approval of the members at the Annual General Meeting to be held on 26 October, 2013.

### 42. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison. Significant changes made during the year are as follows:

Reclassification		Note	Rs. in '000
From	To		
Trade and other payables Creditors	Trade and other payable Other payables	20	6,642

### 43. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on September 16, 2013.

### 44. GENERAL

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

**Razak H.M. Bengali**  
Chief Executive

**Muhammad Irfan Ghani**  
Director



## Six Years at a Glance

### BALANCE SHEET

	----- (Rupees in '000) -----					
	2008	2009	2010	2011	2012	2013
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Property, plant & equipment	374,795	410,982	399,774	394,140	360,700	354,354
Intangible asset	-	-	440	330	220	110
Long term investment	747	315	611	925	708	755
Long-term loans & advances	2,391	2,005	1,826	1,939	1,740	1,818
Long-term deposits	3,418	3,573	2,679	10,838	9,082	4,636
	<u>381,351</u>	<u>416,875</u>	<u>405,330</u>	<u>408,172</u>	<u>372,450</u>	<u>361,673</u>
<b>Current Assets</b>						
Stores, spare parts & loose tools	63,456	64,293	53,539	51,702	45,925	45,703
Stock-in-trade	275,420	325,773	403,513	440,673	508,184	502,672
Trade debts	98,689	92,550	120,664	133,364	129,508	134,255
Loans and advances	35,526	20,084	13,544	26,722	8,568	16,673
Trade deposits and short term prepayments	1,708	512	1,976	1,355	2,907	3,218
Investments	76,815	-	-	-	-	20,067
Other receivables	-	-	-	5,733	-	-
Taxation - net	-	3,435	-	-	-	18,773
Bank balances	52,205	30,510	12,377	41,391	48,331	34,713
	<u>603,819</u>	<u>537,157</u>	<u>605,613</u>	<u>700,940</u>	<u>743,423</u>	<u>776,074</u>
<b>TOTAL ASSETS</b>	<u>985,170</u>	<u>954,032</u>	<u>1,010,943</u>	<u>1,109,112</u>	<u>1,115,873</u>	<u>1,137,747</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital and Reserves</b>						
Authorised Capital						
25,000,000 Ord. shares of Rs. 10/- each	<u>150,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid up capital	133,343	133,343	133,343	133,343	133,343	133,343
Reserves	569,786	589,262	636,546	715,189	790,921	826,826
	<u>703,129</u>	<u>722,605</u>	<u>769,889</u>	<u>848,532</u>	<u>924,264</u>	<u>960,169</u>
<b>Non Current Liabilities</b>						
Long term financing	43,872	27,701	19,786	-	-	-
Liabilities against assets subject to finance lease	-	-	-	4,501	5,695	1,626
Long term deposits	444	327	154	335	784	892
Deferred liabilities	50,994	59,411	56,874	50,596	45,076	40,404
	<u>95,310</u>	<u>87,439</u>	<u>76,814</u>	<u>55,432</u>	<u>51,555</u>	<u>42,922</u>
<b>Current Liabilities</b>						
Trade and other payables	130,434	123,828	110,993	89,535	87,107	116,531
Accrued mark-up	89	1898	695	918	149	1124
Murabaha finance	-	-	9,930	6,773	-	-
Short term borrowings	-	-	-	67,473	70	-
Sales tax payable - net	-	-	-	-	3,131	10,019
Current portion of						
- long term financing	17,549	7,916	7,915	-	-	-
- liabilities against assets subject to finance lease	3,325	-	-	1,668	3,291	4,039
- long term deposits	64	218	369	117	-	-
Provision ofr warranty	13,650	10,128	13,760	14,676	4,091	2,943
Taxation-net	21,620	-	20,578	23,988	42,215	-
	<u>186,731</u>	<u>143,988</u>	<u>164,240</u>	<u>205,148</u>	<u>140,054</u>	<u>134,656</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>985,170</u>	<u>954,032</u>	<u>1,010,943</u>	<u>1,109,112</u>	<u>1,115,873</u>	<u>1,137,747</u>



## Six Years at a Glance

### PROFIT AND LOSS ACCOUNT

(Rupees in '000')

	2008	2009	2010	2011	2012	2013
Sales - net	1,234,731	1,095,824	1,380,901	1,465,209	1,507,907	1,164,513
Cost of Sales	968,588	963,741	1,113,091	1,206,963	1,230,589	1,024,528
Gross Profit	266,143	132,083	267,810	258,246	277,318	139,985
Distribution Cost	25,876	24,054	35,715	34,568	20,582	26,302
Administration Expenses	52,840	55,986	61,892	65,447	67,529	68,429
Other Operating Expenses	10,810	4,483	12,404	11,669	15,057	4,984
Finance Cost	15,251	18,455	12,219	10,100	15,335	5,250
	104,777	102,978	122,230	121,784	118,503	104,965
Operating Profit	161,366	29,105	145,580	136,462	158,815	35,020
Other Operating Income	9,017	23,902	2,775	2,094	3,990	1,568
Profit before Taxation	170,383	53,007	148,355	138,556	162,805	36,588
Taxation	(64,371)	(16,387)	(64,698)	(43,559)	(60,187)	19,271
Profit after Taxation	106,012	36,620	83,657	94,997	102,618	55,859
Basic Earnings per Share (Rupees)	7.95	2.75	6.27	7.12	7.70	4.19

### SIGNIFICANT RATIOS AND STATISTICS

	2008	2009	2010	2011	2012	2013
<b>Liquidity &amp; Leverage Ratios:</b>						
- Current Ratios	3.23	3.73	3.69	3.42	5.31	5.76
- Quick Ratios	1.42	1.02	0.90	1.02	1.35	1.69
- Liability as a % of Total Assets	28.63	24.26	23.84	23.49	17.17	15.61
- Debt Equity Ratio	8.92	4.96	3.97	1.99	1.99	
- Interest Cover Ratio (Times)	16.76	3.87	13.14	14.72	11.81	8.34
<b>Equity Ratios:</b>						
- Break up Value per Share (Rs)	52.73	54.19	57.74	63.64	69.32	72.00
- Dividend as a % of Capital	12.50	15.00	25.00	20.00	15.00	15.00
- Dividend Yield Ratio/ Cost of Equity (%)	2.12	5.36	8.62	6.27	5.17	3.06
- Dividend per Share (Rs)	1.25	1.50	2.50	2.00	1.50	1.50
<b>Profitability Ratios:</b>						
- Gross Profit (%)	21.55	12.05	19.39	17.63	18.39	12.02
- Operating Profit( %)	15.91	6.93	12.53	10.94	12.81	4.02
- Profit before Tax(%)	13.80	4.83	10.74	9.45	10.80	3.14
- Profit after Tax (%)	8.59	3.34	6.06	6.48	6.81	4.80
- Return on Capital Employed( %)	24.23	7.33	19.27	16.33	17.61	3.81
- Earnings per Share (Rs)	7.95	2.75	6.27	7.12	7.70	4.19
- Price Earning Ratio(Times)	7.42	10.20	4.63	4.48	3.76	11.70
- Dividend Payout Ratio (%)	15.72	54.62	39.85	28.07	19.49	35.81
- Dividend Cover (Times)	6.36	1.83	2.51	3.56	5.13	2.79
- Capital Turnover (Times)	1.76	1.52	1.79	1.73	1.63	1.21
- Return on Assets (%)	10.76	3.84	8.28	8.57	9.20	4.91
<b>Turnover/Efficiency Ratios:</b>						
- Inventory Turnover Ratio(Times)	2.71	2.64	2.63	2.54	2.35	1.86
- Debtor Turnover Ratio(Times)	11.60	11.46	12.95	11.54	11.47	8.83
- Fixed Assets Turnover Ratio(Times)	3.29	2.67	3.45	3.72	4.18	3.29
<b>Plant Capacity:</b>						
- Plant Capacity Utilisation (%)	122	71	98	98	110	62
<b>Share Performance:</b>						
- Year end Market Price per Share	59.00	28.00	29.00	31.90	29.00	49.00
- High Price per Share during the Year	96.40	59.00	40.95	41.00	32.00	49.00
- Low Price per Share during the Year	58.80	24.71	23.50	26.70	22.52	24.62



# 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: \_\_\_\_\_



# **BALUCHISTAN WHEELS LIMITED**

## **Admission Slip**

For the 33rd Annual General Meeting of Baluchistan Wheels Limited scheduled on Saturday the October 26, 2013 at 12:00 noon, at the Company's Registered Office, main RCD Highway, Hub Chowki, Lasbella, Balochistan.

Kindly bring this slip duly signed by you for attending the Meeting.

Company Secretary

Folio No. \_\_\_\_\_ / CDC Participant I.D. No. \_\_\_\_\_

Name

CNIC Number. \_\_\_\_\_ (Please attached photocopy)

**Signature**

### **NOTES:**

- i) The signature of the shareholder must tally with the CNIC or specimen signature on the company record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the meeting premises.
- iii) The Company transport will be available at the Karachi Stock Exchange Building to bring Only the shareholders to the place of meeting. It will leave KSE at 10:45 a.m.sharp. After the meeting the shareholders will be dropped at KSE.

**THIS ADMISSION SLIP IS NOT TRANSFERABLE**





# 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 26, 2013** and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2013

\_\_\_\_\_

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 National Identity Card or Passport with this proxy form.

The Proxy Form shall be witnessed by two persons whose names, addresses and NIC 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.

