BWHL: FY26 Corporate Briefing Takeaways

Friday, September 25, 2026

Flashnote: Automobile Parts & Accessories – Baluchsitan Wheels Limited (BWHL)

- Baluchistan Wheels limited (BWHL) manufacturers a wide range of steel wheels for passenger cars, commercial vehicles, 4x4s and agricultural tractors. The Company is located in Hub industrial zone where they cover an area for manufacturing facility of 16,000 square metres and possesses an annual production capacity of up to 3Mn wheels. The Company's primary OEM customers include Pak Suzuki, Indus Motor, Lucky Motors, Millat Tractors, Al-Ghazi Tractors, Ghandhara Industries, Ghandhara Automobiles and Hinopak Motors. The Company's plant is equipped with advanced machinery including CNC laser cutting , spinning machines for CKD truck/bus discs, CO2/submerged arc welding and cathodic electro deposition (ED) coating.
- In FY26, the Company achieved a total production volume of 379,440 units, representing a 4%YoY growth. Total sales volume grew 14%YoY to 399,553 units. Overall plant capacity utilization slightly increased 2ppts to 45%.
- The Company reported its highest ever net sales of ~PKR 2.9Bn for FY26, a 27%YoY increase, mainly driven by truck/bus wheels (+66% to PKR 833Mn), car wheels (+22% to PKR 1,412Mn). Gross profit jumped 46% to PKR 830Mn, supported by higher sales volume. However, PAT declined marginally by 1%YoY to PKR 313Mn (EPS: PKR 23.44), primarily due to a higher effective tax rate of 46%.
- The Management stated that the FY26 effective tax rate increased to 46% due to Super Tax and conservative provisioning for ongoing tax audits and litigations pending before First Appeals, Tribunals and the High Court. The Management expects the effective tax rate to normalize to ~35% in FY27 as Super Tax rates ease.
- The Company anticipates continued positive momentum in automobile sales into FY27, expecting double-digit sector growth. Key growth catalyst include new vehicle variant launches, auto financing improvements and the entry of new OEM brands into the domestic market.
- The Management stated that the steel price increases are directly passed on to OEMs under existing contractual arrangements.

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- Moreover, the Management has budgeted FY27 turnover at PKR 3.5Bn, with potential to reach PKR 4.0Bn if geopolitical conditions, including US-Iran tensions, improve. EPS is projected to exceed PKR 25.00 in FY27, while 1QFY27 is expected to show improvement in both turnover and profitability compared to the same period last year. However, geopolitical risks could continue to affect supply chain continuity, shipping costs and raw material price stability.

- Lastly, the Company does not plan to manufacture alloy wheels, as the segment requires different technology and significant CAPEX of over USD 5Mn. Given the relatively small domestic alloy wheel market of 300,000–400,000 wheels annually, the payback period would exceed 20 years, while OEMs currently prefer importing alloy wheels.

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- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Frequently Used Acronyms

TP	Target Price	**DDM**	Dividend Discount Model	**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DCF**	Discounted Cash Flows
PE	Price to Earnings ratio	**PB**	Price to Book ratio	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**ROE**	Return on Equity
ROA	Return on Assets	**SOTP**	Sum of the Parts	**JPB**	Justified Price to Book

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FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio	**P/BVPS**	Price to Book ratio
P/S	Price to Sales	**EVA**	Economic Valued Added	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield
ROE	Return on Equity	**ROA**	Return on Assets	**JPB**	Justified Price to Book

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