

# Annual Report

## 2022



**BIAFO INDUSTRIES LTD.**  
Manufacturer of Tovex<sup>®</sup> Explosives & Blasting Accessories



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# CORPORATE INFORMATION

## Corporate Information

### Board of Directors

#### Executive Directors

M. Afzal Khan  
Anwar Moin  
Ms. Shirin Safdar  
Maj. Gen. (Ret'd.) S. Z. M. Askree

Deputy Chairman  
Chief Executive Officer  
Executive Director  
Executive Director

#### Non Executive Directors

Dr. M. Humayun Khan  
Ms. Zishan Afzal Khan  
Ms. Ayesha Humayun Khan  
M. Zafar Khan  
Khwaja Ahmad Hosain  
Muhammad Waheed

Chairman  
Director  
Director  
Director  
Director  
Director

#### Independent Directors

Ms. Mehreen Hosain  
Ms. Syeda Shahbano Abbas  
Ehsan Mani  
Muhammad Yaqoob

Director  
Director  
Director  
Director

#### Company Secretary

Khawaja Shaiq Tanveer

#### Chief Financial Officer

Syed Sajid Hussain Shah

#### Audit & Risk Management Committee

Ehsan Mani  
Ms. Zishan Afzal Khan  
Dr. M. Humayun Khan  
Khwaja Ahmad Hosain  
Muhammad Yaqoob  
Muhammad Waheed

Chairman  
Member  
Member  
Member  
Member  
Member

#### HR & Remuneration Committee

Ehsan Mani  
Ms. Mehreen Hosain  
Ms. Ayesha Humayun Khan  
Ms. Syeda Shahbano Abbas  
Dr. M. Humayun Khan  
Anwar Moin (CEO)  
M. Afzal Khan

Chairman  
Member  
Member  
Member  
Member  
Member  
Member

#### Auditors

Yousuf Adil Chartered Accountants

#### Legal Advisors

Chima & Ibrahim, Raza Khalil Abbasi Suhrawardy

#### Bankers

Allied Bank of Pakistan  
National Bank of Pakistan

Bank of Khyber  
United Bank Limited

#### Registered Office

##### Biafo Industries Limited

1st Floor, Biafo House, Plot No. 23, St No. 38-40,  
I&T Centre, G-10/4, Islamabad. Pakistan  
Tel: +92 51 2353450-53, 2353455-57 Fax: +92 51 2353458  
Website: www.biafo.com, E-mail: management@biafo.com

#### Factory

##### Biafo Industries Limited

Plot No: 70, Phase III, Industrial Estate, Hattar, Distt Haripur,  
Khyber Pakhtunkhwa. Pakistan  
Tel: +92 995 617830 Fax: +92 995 617497  
Website: www.biafo.com, E-mail: plant@biafo.com

#### Shares Registrar

##### F.D. Registrar Services (Pvt.) Ltd.

17th Floor, Saima Trade Tower-A, I.I.Chundigar Road, Karachi.  
Tel: +92 21 32271905-6 Fax: +92 21 32621233  
E-mail: info@fdregistrar.com | fdregistrar@yahoo.com

## NOTICE OF 34<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of Biafo Industries Limited will be held on October 25, 2022 at 11:00 a.m. at 1<sup>st</sup> Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on October 27, 2021.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2022 together with Auditors' report and Directors' report thereon.
3. To approve the payment of final cash dividend of Rs. 2.30 per share (23%) and also the interim cash dividend of Rs. 2.00 per share (20%) declared on February 16, 2022, making a total of Rs. 4.30 per share (43%) cash dividend along with 10% bonus shares declared on February 16, 2022 for the year ended June 30, 2022.
4. To appoint Auditors for the year 2022-23 and to fix their remuneration. Retiring Auditors M/s Yousuf Adil Chartered Accountants being eligible offer themselves for reappointment for the year 2022-23.
5. To elect 11 Directors of the Company, as fixed by the Board under the provisions of section 159(1) of the Companies Act, 2017 for a period of 3 years. The names of the retiring Directors are:

|                               |                                     |
|-------------------------------|-------------------------------------|
| (i) M. Afzal Khan             | (vii) Maj. Gen. (R) S. Z. M. Askree |
| (ii) Ehsan Mani               | (viii) Ms. Mehreen Hosain           |
| (iii) Ms. Zishan Afzal Khan   | (ix) Khwaja Ahmad Hosain            |
| (iv) Muhammad Waheed          | (x) Ms. Shirin Safdar               |
| (iv) Ms. Ayesha Humayun Khan  | (xi) M. Zafar Khan                  |
| (vi) Ms. Syeda Shahbano Abbas | (xii) Muhammad Yaqoob               |

6. To transact such other business as may be placed before the meeting with the permission of the Chairman.

The information as required under section 166(3) of the Companies Act, 2017 is being provided along with the Notice of the Annual General Meeting being sent to the Shareholders

By Order of the Board



**Khawaja Shaiq Tanveer**  
Company Secretary

**Islamabad**  
**September 23, 2022**

### NOTES

1. Share Transfer Books of the Company will remain closed from October 17, 2022 to October 25, 2022 both days inclusive.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her and proxy to attend, demand or join in demanding a poll, speak and vote instead of his/her and a proxy so appointed shall have such rights, as attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the registered office of the company not later than 48 hours before the meeting duly stamped, signed and witnessed. A proxy need not be a member of the Company.
3. CDC Shareholders or their proxies are required to bring with them their original National Identity cards or Passports along with the Participant's ID numbers and their Account Numbers at the time of attending the Annual General Meeting in order to authenticate their usual documents required for such purposes.
4. Any person who seeks to contest the election to the office of Director, shall file the following documents with the Company not later than fourteen (14) days before the date of Annual General Meeting.

## NOTICE OF 34<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

- a. Consent to act as director of the Company along with consent on Form 28 prescribed under the Act.
- b. A detailed profile along with office address as required under SECP SRO 634(I)2014 dated July 10, 2014.
- c. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019.
- d. Declaration that he/she is not ineligible to become a director in terms of Section 153 of the Act.
- e. A director must hold 500 shares of the Company at the time of filing his/her consent to act as director. The aforesaid requirement shall not be applicable for instances mentioned in the proviso to Section 153(i) of the Act.
- f. Independent Director(s) must meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations 2018, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as independent director:
  - i. Declaration by Independent Director(s) under Clause 6(2) of the Listed Companies (Code of Corporate Governance) Regulations 2017.
  - ii. Undertaking on non-judicial stamp paper that he/she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) regulations, 2018.

### For CNIC & Zakat

5. Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividends may be withheld.
6. Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

### E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their IBAN details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s F.D. Registrar Services (PVT) Ltd. E-Dividend mandate form is enclosed.

### DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

### FILER AND NON-FILER STATUS

- i) In pursuance of Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
  - a) For filers of income tax returns 15%
  - b) For non-filers of income tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL on or before the date of approval of cash dividend at the Annual General Meeting on October 25, 2022 otherwise tax on their cash dividend will be deducted @ 30% instead of @ 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:



NOTICE OF 34<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

| Company Name | Folio/<br>CDS<br>Account<br>No | Total<br>Shares | Principal Shareholder |  | Joint Shareholder    |  |
|--------------|--------------------------------|-----------------|-----------------------|--|----------------------|--|
|              |                                |                 | Name and<br>CNIC No.  | Shareholding<br>Proportion<br>(No. of<br>Shares) | Name and<br>CNIC No. | Shareholding<br>Proportion<br>(No. of<br>Shares) |
|              |                                |                 |                       |  |                      |  |

- ii) For any query / problem / information, the investors may contact the Company or the Share Registrar at the following addresses, phone numbers, email addresses:

**Biafo Industries Limited**

1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan.

Tel: +92 51 2353450-53, 2353455-57, Fax: +92 51 2353458

Website: www.biafo.com, E-mail: management@biafo.com

**F.D. Registrar Services (Pvt.) Ltd.**

17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi

Tel: +92 21 32271905-6

- iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members having physical shares should send a copy of their NTN certificate to the company or its Share Registrar i.e. M/s F.D. Registrar Services (PVT) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

## شیر ہولڈرز کے 34 ویں سالانہ اجلاس عام کیلئے ممبران کو نوٹس

### فائلر اور نان فائلر کا سٹیٹس

i۔ انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے مطابق جس میں کمپنیوں کی جانب سے ادا کی جانے والی مالیت پر منافع کے ود ہولڈنگ ٹیکس کی کٹوتی کے مختلف نرخ وضع کئے گئے ہیں۔ ٹیکس کے اخراج مندرجہ ذیل ہیں۔

الف۔ انکم ٹیکس ریٹرنز فائلر کیلئے 15 فیصد ب۔ انکم ٹیکس ریٹرنز نان فائلر کیلئے 30 فیصد

کمپنی کو مالیت کے عوض 30 فیصد کے بجائے 15 فیصد کے حساب سے نقد منافع منقسم (Cash Dividend) پر ٹیکس کٹوتی کے قابل بنانے کیلئے ان تمام حصص داران جن کا نام، ٹیکس فائلر ہونے کے باوجود، ایف بی آر کی ویب سائٹ پر موجود ایکٹو ٹیکس پیپر لسٹ (ATL) میں موجود نہیں ہے، کو یہ بات یقینی بنانے کی ہدایت کی جاتی ہے کہ وہ 25 اکتوبر 2022 کو منعقد ہونے والے سالانہ عمومی اجلاس میں نقد منافع کی منظوری کی تاریخ تک یا اس سے قبل اپنا نام ATL میں درج کروالیں بصورت دیگر نقد منافع پر 15 فیصد کے بجائے 30 فیصد ٹیکس کی کٹوتی کی جائے گی۔

مزید برآں، فیڈرل بورڈ آف ریونیو کی موصول شدہ وضاحت کے مطابق ود ہولڈنگ ٹیکس کا تعین علیحدہ علیحدہ شیر ہولڈرز کے فائلر / نان فائلر ہونے کی بنیاد پر کیا جائے گا۔ مشترکہ اکاؤنٹس کی صورت میں بھی شیرتزر کی مناسبت سے یہی طریقہ اختیار کیا جائے گا۔ اس سلسلے میں تمام شیرتزرز ہولڈرز جو مشترکہ طور پر شیرتزر رکھتے ہیں وہ اپنے حصہ کے تناسب کے بارے میں ہمارے شیرتزر رجسٹرار کو درج ذیل کے مطابق فراہم کریں (اگر پہلے فراہم نہیں کیا)۔

| Company Name | Folio/ CDS Account No | Total Shares | Principal Shareholder |   | Joint Shareholder |   |
|--------------|-----------------------|--------------|-----------------------|---|-------------------|---|
|              |                       |              | Name and CNIC No.     | Shareholding Proportion (No. of Shares) | Name and CNIC No. | Shareholding Proportion (No. of Shares) |
|              |                       |              |                       |   |                   |   |

ii۔ کسی بھی قسم کے استفسار / شکایات / معلومات کی صورت میں سرمایہ کار کمپنی یا شیرتزر رجسٹرار سے مندرجہ ذیل فون نمبر یا ای میل ایڈریس کے ذریعے رابطہ کر سکتا ہے۔

بیا فوائڈسٹریز لمیٹڈ

1st فلور، بیا فو ہاؤس، پلاٹ نمبر 23، گلی نمبر 40-38، آئی اینڈ ٹی سینٹر،

سیکٹر 10/4-G، اسلام آباد، پاکستان۔

ٹیلیفون: +92-51-2353450-53, 2353455-57 فیکس: +92-51-2353458

ویب سائٹ: www.biafo.com

ای میل: management@biafo.com

ایف۔ ڈی رجسٹرار سروسز (پرائیویٹ) لمیٹڈ

17th فلور، صائمہ ٹریڈ ٹاور-A، آئی آئی چندریگر روڈ، کراچی

فون: +92 21 32271905-6

iii۔ سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیرتزر ہولڈرز کیلئے نیشنل ٹیکس نمبر (NTN) ہونا لازمی ہے جو ان کے متعلقہ شرکت کنندہ کے ساتھ اپ ڈیٹ ہو جبکہ فزیکل شیرتزر کے

حامل کارپوریٹ ممبران اپنے NTN سرٹیفکیٹ کی نقل کمپنی یا اس کے شیرتزر رجسٹرار میسرز ایف۔ ڈی رجسٹرار سروسز (پرائیویٹ) لمیٹڈ کو ارسال کرنا ضروری ہے۔ شیرتزر ہولڈرز اپنا

NTN یا NTN سرٹیفکیٹ بھیجتے وقت کسی بھی صورت میں کمپنی کا نام اور فوئیو نمبر ضرور درج کریں۔

## شیر ہولڈرز کے 34 ویں سالانہ اجلاس عام کیلئے ممبران کو نوٹس

- 3- سی ڈی سی شیر ہولڈرز یا ان کے پراسی، سالانہ اجلاس عام میں شرکت کے وقت اپنے ہمراہ اصل شناختی کارڈ یا پاسپورٹس، یا شرکت کنندہ کے آئی ڈی نمبرز، اکاؤنٹ نمبرز ساتھ لائیں تاکہ ان مقاصد کیلئے ان کی عمومی دستاویزات کی توثیق کی جاسکے۔
- 4- کوئی بھی شخص جو ڈائریکٹر کے دفتر کے لیے الیکشن لڑنا چاہتا ہے، وہ سالانہ جنرل میٹنگ کی تاریخ سے چودہ (14) دن پہلے کمپنی کے پاس درج ذیل دستاویزات جمع کرائے گا۔
- (ا) ایکٹ کے تحت تجویز کردہ فارم 28 کمپنی کے ڈائریکٹر کے طور پر کام کرنے کی رضامندی۔
- (ب) SECP SRO 634(I) 2014 مورخہ 10 جولائی 2014 کے تحت دفتر کے پتے کے ساتھ ایک تفصیلی پروفائل۔
- (پ) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شق 3 کے تحت ڈیکلریشن۔
- (ت) ڈیکلریشن کہ وہ ایکٹ کے سیکشن 153 کے تحت ڈائریکٹر بننے کے لئے نااہل نہیں ہیں۔
- (ث) ڈائریکٹر کے طور پر کام کرنے کے لیے اپنی رضامندی داخل کرنے کے وقت ایک ڈائریکٹر کے پاس کمپنی کے 500 شیئرز ہونا ضروری ہیں۔ مذکورہ بالا ضرورت ایکٹ کے سیکشن 153(i) کے پروویژو میں مذکور مثالوں پر لاگو نہیں ہوگی۔
- (ث) انڈینڈ ڈائریکٹر کو ایکٹ کے سیکشن 166، اوکپنیز (آزاد ڈائریکٹر کا طریقہ کار اور انتخاب) ریگولیشنز 2018 کے معیار پر پورا اترنا چاہیے، اس کے مطابق انڈینڈ ڈائریکٹر کا انتخاب لڑنے کے خواہشمند امیدواروں کو درج ذیل اضافی دستاویزات جمع کرانا ہوں گی۔
- (ا) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شق (2) 6 کے تحت انڈینڈ ڈائریکٹر کی جانب سے ڈیکلریشن۔
- (ب) غیر عدالتی اسٹامپ پیپر پر اقرارنامہ کہ وہ کمپنیز (آزاد ڈائریکٹر کا طریقہ کار اور انتخاب) کے ضوابط، 2018 کے ضابطہ 4 کے ذیلی ضابطے (1) کے تقاضوں کو پورا کرتا کرتی ہے۔

## کمپیوٹرائزڈ قومی شناختی کارڈ اور زکوٰۃ

- 5- ممبران سے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل جمع کرانے کی استدعا کی جاتی ہے تاکہ ریکارڈ کو اپ ڈیٹ کیا جاسکے۔ کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل نہ جمع کرانے کی صورت میں مستقبل کے تمام ڈیویڈنڈ روک لئے جائیں گے۔
- 6- ممبران سے استدعا کی جاتی ہے کہ وہ زکوٰۃ اور عشر آئینس 1980 کے مطابق زکوٰۃ سے استثنیٰ کا بیان جمع کرائیں یا پتہ میں تبدیلی تجویز کریں، اگر ہو تو۔

## ای ڈیوڈنڈ

سرکاری اندراج یافتہ کمپنی ہونے کی صورت میں کمپنیز ایکٹ 2017 کے سیکشن 242 کی رو سے شیر ہولڈرز اپنے منافع کی نقد ادائیگی صرف الیکٹرانک طریقہ کار کے ذریعے براہ راست اپنے نامزد کردہ بینک اکاؤنٹ میں کر سکتے ہیں۔ اسی لئے نوٹس ہذا کے ذریعے تمام شیر ہولڈرز سے استدعا کی جاتی ہے کہ بذریعہ متعلقہ شرکت کنندگان سینٹرل ڈیپازٹری سسٹم میں اپنے انٹرنیشنل بینک اکاؤنٹس (IBAN) کی تفصیلات کو اپ ڈیٹ کریں۔ فزیکل شیرز کی صورت میں اپنے بینک اکاؤنٹ کی تفصیلات ہمارے شیر رجسٹرار، میسرز ایف۔ ڈی رجسٹرار سروسز (پرائیویٹ) لمیٹڈ کو مہیا کریں۔ ای۔ ڈیوڈنڈ مینڈیٹ فارم منسلک کیا گیا ہے۔

## سی ڈی سی اکاؤنٹ میں فزیکل شیرز کا ڈیپازٹ

کمپنیز ایکٹ 2017 کے سیکشن 72 کی روشنی میں ہر موجودہ کمپنی کمپنیز ایکٹ 2017 کے آغاز یعنی 31 مئی 2017 سے چار سال کے اندر ای سی ڈی پی میں موجود تفصیل کے مطابق اپنے فزیکل شیرز بک انٹری فارم میں منتقل کرنے کی پابند ہے۔

فزیکل شیر ہولڈنگ کے حامل شیر ہولڈرز کسی بروکر یا انویسٹر کاؤنٹ کے ذریعے سی ڈی سی میں براہ راست سی ڈی سی سب اکاؤنٹ کھلوا سکتے ہیں اور اپنے شیرز scrip-less فارم میں رکھ سکتے ہیں۔ یہی اعتبار سے سودمند ہے خصوصاً حفاظت اور کسی بھی وقت شیرز کی فروخت کیلئے کیوں کہ سٹاک ایکسچینج کے موجودہ قواعد کے مطابق فزیکل شیرز کی ٹریڈنگ کی اجازت نہیں ہے۔

## شیر ہولڈرز کے 34 ویں سالانہ اجلاس عام کیلئے ممبران کو نوٹس

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ بیافونڈسٹریز لمیٹڈ کا 34 واں سالانہ اجلاس عام بتاریخ 25 اکتوبر، 2022 بوقت 11:00 بجے صبح 1st فلور، بیافونہاؤس، پلاٹ نمبر 23، سٹریٹ 38-40، آئی اینڈ ٹی سینٹر، سیکٹر 10/4-G، اسلام آباد میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:


### عمومی امور

- 1- سالانہ اجلاس عام منعقدہ 27 اکتوبر 2021 کے منٹس کی توثیق۔
- 2- 30 جون 2022 کو مکمل ہونے والے سال کے آڈٹ شدہ اکاؤنٹس بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، زیر غور لانا اور اختیار کرنا۔
- 3- 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے حتمی نقد منافع منقسمہ فی شیر 2.30 روپے (23 فیصد) اور 16 فروری 2022 کو اعلان کردہ عبوری نقد منافع منقسمہ فی شیر 2.00 روپے (20 فیصد)، مجموعی طور پر نقد منافع منقسمہ فی شیر 4.30 روپے (43 فیصد) مع 16 فروری 2022 کو اعلان کردہ 10 فیصد بونس شیر کی منظوری
- 4- 2022-23 کیلئے آڈیٹرز اور ان کے معاوضے کی تقرری۔ بورڈ آف ڈائریکٹرز نے یوسف عادل چارٹڈ اکاؤنٹنٹس، جنہوں نے بطور آڈیٹرز اپنے فرائض سرانجام دینے کی خواہش ظاہر کی ہے کو کمپنی کے ایکسٹرنل آڈیٹرز مقرر کرنے کی سفارش کی ہے۔
- 5- بورڈ کی جانب سے متعین کمپنی کے 11 ڈائریکٹرز کے انتخاب بمطابق سیکشن (1) 159 کمپنیز ایکٹ 2017 برائے 03 سال کے لئے۔ ریٹائرڈ ہونے والے ڈائریکٹرز مندرجہ ذیل ہیں۔

|                                       |                                |
|---------------------------------------|--------------------------------|
| (i) ایم افضل خان                      | (ii) احسان مانی                |
| (iii) محترمہ ذیشان افضل خان           | (iv) محمد وحید                 |
| (v) محترمہ عائشہ ہمایوں خان           | (vi) محترمہ سیدہ شاہ بانو عباس |
| (vii) میجر جنرل (ر) ایس زید ایم عسکری | (viii) محترمہ مہرین حسین       |
| (ix) خواجہ احمد حسین                  | (x) محترمہ شیریں صفدر          |
| (xi) ایم ظفر خان                      | (xii) محمد یعقوب               |

- 6- چیئرمین کی اجازت سے میٹنگ میں رکھے جانے والے کچھ دیگر امور کی انجام دہی کے لیے۔
- کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت مطلوبہ معلومات سالانہ اجلاس عام کے نوٹس کے ساتھ فراہم کی جا رہی ہیں جو شیر ہولڈرز کو بھیجا جا رہا ہے۔

### بحکم بورڈ

  
خواجہ شفیق تنویر  
کمپنی سیکریٹری

اسلام آباد  
مورخہ: 23 ستمبر، 2022

### نوٹس

- 1- کمپنی کی شیر منتقلی کی کتب 17 اکتوبر 2022 تا 25 اکتوبر 2022 (بشمول دونوں ایام) بند رہیں گی۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا استحقاق رکھنے والے ممبر اپنی جگہ پر ووٹ دینے اور شرکت کرنے کے لیے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ مقررہ شخص کو مطالبہ پول پر بولنے اور ووٹ کرنے کے وہی حقوق حاصل ہوں گے جو کہ ممبر کو حاصل ہوتے ہیں۔ پراکسی کے موثر ہونے کیلئے ضروری ہے کہ ممبر شدہ، دستخط شدہ اور گواہی کے ساتھ پراکسیز (Proxies) کمپنی کے رجسٹرڈ آفس میں میٹنگ شروع ہونے سے 48 گھنٹے قبل پہنچ جانی چاہئیں۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری نہیں۔



# CHAIRMANS' REVIEW

## CHAIRMANS' REVIEW

I am pleased to present the 34th Annual Report of the Company for the year ended 30th June 2022.

On behalf of the Board and myself I would like to express our appreciation of the performance of the management and all the staff during the year. The Company reported a net turnover of Rs. 1,668.10 million during the period under review compared to Rs. 1,472.76 million during last year. The management team proactively adapted to the challenges emerging in the global supply chain due to pandemic Covid-19.

Blasting activities in some of the existing large construction projects decreased due to completion while rest of the sectors including export sector witnessed increase in sales.

The Company earned a gross profit for the year of Rs. 581.98 million (2020-21: Rs. 563.96 million). Net Profit after tax stood at Rs. 247.73 million resulting in earnings per share of Rs. 5.34 (2020-21: Rs. 5.48 restated). Profitability decreased due to increase in finance cost and income tax.

Your Company is continuing to increase investment for improvement in production efficiency, human capital development and safe practices to enhance the confidence of its customers and stakeholders.

Over the years, the Company has a record of paying high dividends. The Board has recommended a final cash dividend @ 23% (Rs. 2.30 per share) for the year ended June 30, 2022. This is in addition to the interim cash dividend @ 20% (Rs 2.00 per share) and bonus share @10% already declared, thus making a total of 43% cash dividend and 10% bonus shares.

The Company incurred significant capital expenditure to the tune of Rs.248.12 million to further strengthen its infrastructure and modernize plant & machinery.

The Board was able to fulfill its responsibilities as it received comprehensive agendas and supporting papers in a timely manner. It was fully involved in the strategic planning process and in developing the vision of the Company.

There has been no material departure from the best practices of code of corporate governance, as detailed in the listing regulations except those disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance Regulations, 2019).


The Board has put in place comprehensive policies for all relevant areas of the Company's operations and these policies are reviewed and updated from time to time.

The Audit & Risk Management Committee and Human Resources & Remuneration Committee of the Board met regularly to advise the Board. The system of internal control is sound in design and has been effectively implemented and monitored.

Looking forward, the Company will continue to strengthen its position in the local market to tap the opportunities emerging from mega projects and allied infrastructure projects. We are also exploring opportunities in international market specially in Africa.

In the end, on behalf of the Board, I wish to acknowledge once again, the contribution of all our dedicated employees to the success of the Company. I wish to thank our shareholders, customers, suppliers, bankers and other business partners for their continued confidence and support. I acknowledge the commitment and contribution made by my fellow directors towards the continuing success of the Company.

Islamabad  
23 September 2022

  
**M. Afzal Khan**  
Dy. Chairman

## چیئر مین کا جائزہ

میں 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کی 34 ویں سالانہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کرتا ہوں۔

میں اپنی اور اپنے بورڈ کی جانب سے دوران سال بہترین کارکردگی کا مظاہرہ کرنے پر انتظامیہ اور جملہ ملازمین کو خراج تحسین پیش کرنا چاہتا ہوں۔ کمپنی نے زیر جائزہ عرصہ کے دوران 1,668.10 ملین روپے کا کاروبار کیا جبکہ گزشتہ سال یہ کاروبار 1,472.76 ملین روپے کا تھا۔ انتظامیہ نے کوڈ-19 کی عالمی وباء کے پیش نظر عالمی سپلائی چین میں رکاوٹوں سے نبرد آزما ہونے کیلئے بروقت اقدامات اٹھائے۔

کچھ موجودہ بڑے تعمیراتی منصوبوں میں تکمیل کی وجہ سے بلاسٹنگ سرگرمیوں میں کمی واقع ہوئی، جبکہ دیگر شعبہ جات بشمول برآمدی شعبے میں فروخت میں اضافہ دیکھنے میں آیا۔

کمپنی نے اس سال 581.98 ملین روپے کا مجموعی منافع کمایا۔ (سال 2020-21 منافع 563.96 ملین روپے تھا) جبکہ ٹیکس کی ادائیگی کے بعد اصل منافع 247.73 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 5.34 روپے رہی۔ (سال 2020-21 5.48 روپے)۔ منافع میں شرح سود اور انکم ٹیکس میں اضافے کے سبب کمی واقع ہوئی۔

آپ کی کمپنی پیداواری استعداد میں اضافہ، انسانی وسائل کی ترقی اور حفاظتی اقدامات بڑھانے کے لیے سرمایہ کاری کرتی رہے گی تاکہ ہمارے صارفین اور سٹیک ہولڈرز کا کمپنی پر اعتماد برقرار رہے۔

گزشتہ کئی برسوں کے دوران کمپنی اپنی پرفارمنس کی بنیاد پر اپنے شیئر ہولڈرز کو زیادہ منافع منقسمہ ادا کر رہی ہے۔ بورڈ نے 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے منافع سے حتمی نقد منافع منقسمہ 23 فیصد (2.30 روپے فی شیئر) کی سفارش کی ہے۔ یہ عبوری نقد منافع منقسمہ 20 فیصد (2.00 روپے فی شیئر) اور بونس شیئر 10 فیصد جو شیئر ہولڈرز کو ادا کیا جا چکا ہے سے اضافی ہے۔ اس طرح زیر غور عرصہ کے دوران مجموعی نقد منافع منقسمہ 43 فیصد اور 10 فیصد بونس شیئر رہا۔

کمپنی نے اپنے انفراسٹرکچر کو مضبوط اور پلانٹ اور مشینری میں جدت لانے کے لیے کثیر رقم 248.12 ملین روپے خرچ کی۔

بورڈ کو مینٹننگز کے لیے جامع ایجنڈا اور معاون دستاویزات بروقت موصول ہوئیں ہیں، بورڈ کمپنی کی حکمت عملی اور وژن کو ترتیب دینے میں ہمہ تن مصروف ہے۔

کمپنی نے کوڈ آف کارپوریٹ گورننس جیسا کہ فہرستی ضوابط میں تفصیل سے بیان کیا گیا ہے، کے طے کردہ ضوابط سے کبھی انحراف نہیں کیا ماسوائے لسٹڈ کمپنیز میں موجود تبدیلی بیان کے (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019)۔

بورڈ نے کمپنی کے پریزنٹیشن کیلئے تمام متعلقہ شعبہ جات کیلئے جامع پالیسیاں مرتب کی ہوئیں ہیں جن کا وقت کے ساتھ ساتھ جائزہ لیا جاتا ہے۔

کمپنی کی آڈٹ ورسک مینجمنٹ کمیٹی اور انسانی وسائل و معاوضہ طے کرنے والی کمیٹی کمپنی کے افعال کو بہتر بنانے اور مجموعی طور پر کارکردگی کو جانچنے کے لیے باقاعدگی سے مینٹننگز کا انعقاد کرتی ہے۔ کمپنی اندرونی طور پر بہت مضبوط ہے جسے موثر طریقے سے کنٹرول اور مانیٹر کیا جاتا ہے۔

مستقبل میں کمپنی مقامی مارکیٹ میں اپنی پوزیشن کو مزید مضبوط بنائے گی تاکہ بڑے منصوبہ جات اور دیگر تعمیراتی منصوبوں سے استفادہ حاصل کر سکے۔ ہم بین الاقوامی مارکیٹ خصوصاً افریقہ میں بھی کاروباری مواقع تلاش کر رہے ہیں۔

آخر میں، میں بورڈ کی جانب سے اپنے تمام سختی ملازمین کی خدمات کا معترف ہوں کہ جن کی وجہ سے کمپنی کی تمام تر کامیابیاں ممکن ہو پائی ہیں۔ میں اپنے تمام شیئر ہولڈرز، صارفین، سپلائرز، بینکرز اور دیگر کاروباری شراکت داروں کا ہم پر اعتماد اور مدد کرنے پر نہایت مشکور ہوں۔ میں اپنے ساتھی ڈائریکٹرز کا بھی مشکور ہوں جن کے عزم اور اعانت نے کمپنی کو کامیابیوں سے ہمکنار کیا۔

احمد علی خان

ایم افضل خان  
ڈپٹی چیئر مین

اسلام آباد  
23 ستمبر 2022





# **DIRECTORS' REPORT**



## DIRECTORS' REPORT

The Board of Directors of Biafo Industries Limited are pleased to present the Annual Report 2022, accompanied by the audited financial statements for the year ended 30th June 2022.

### FINANCIAL HIGHLIGHTS

During the year under review, the Company recorded net sales revenue of Rs. 1,668.10 million as compared to the previous year's revenue of Rs. 1,472.76 million. Significant increase in supplies were made to the Oil & Gas and Construction sectors. Supplies to the rest of the sectors decreased due to economic downturn and end of blasting activities at some projects.

Gross profit for the year increased slightly by 3.20% to Rs. 581.98 million (2020-21: Rs. 563.96 million). The Company earned a net profit after tax of Rs. 247.73 million (2020-21: Rs. 254.04 million) resulting in earnings per share of Rs. 5.34 (2020-21: Rs. 5.48 restated). Profitability remained stable despite currency devaluation and high cost of imported raw material especially during first half of 2022. The situation is expected to improve once the economy stabilizes.

### PRODUCTION:

The production team at the plant performed well by meeting the requirement of customers and effectively fulfilling the demand for various products, despite the pandemic Covid-19.

Biafo is committed to ensuring that only the highest quality products are delivered to all our clientele. The Company continues to invest in improving the product efficiency, human resources, and safe practices to enhance the confidence of its users, workforce and stakeholders. The Company brought onto production the newly installed Signal Transmission Tube manufacturing facility.

### HEALTH, SAFETY & ENVIRONMENT

Biafo is committed to a safe and secure work environment by ensuring compliance with all HSE Policies.

The Company continued its operations with full compliance of all the required SOPs of Covid-19.

Biafo has renewed OHSAS (Occupational Health and Safety Advisory Services) 18001: 2007 and ISO 9001: 2015 quality certifications. As a result, it did not come across any major incident during the year. The Company continues its efforts to ensure that its manufacturing facility complies with all established environment quality standards.

### FUTURE PROSPECTS

Company effectively continued its operations in an uncertain economic environment. We hope that in future stable policies will help effectively revive the economy particularly the infrastructure projects in hydel & construction sectors. The Company has successfully established its share in the upcoming new projects such as Diamer Basha Hydro Power Project.

Your Company has continuously looked towards Market expansion, and we are pleased to report that we have started supplies to the African Market. Meanwhile, the Company is making good progress in other targeted Countries.

### RETURN TO SHAREHOLDERS

The Board has recommended a final cash dividend of Rs. 2.30 per share (23%) out of the profits for the year ended June 30, 2022. This is in addition to the interim cash dividend of Rs. 2.00 per share (20%) declared on February 16, 2022 making a total of Rs. 4.30 per share (43%) cash dividend along with 10% bonus shares declared on February 16, 2022.

### RISK MANAGEMENT

The Company's Risk Management framework seeks to mitigate strategic, operational, market and financial risks. An independent Risk Management Department, reports to the Audit & Risk Management Committee which evaluates and oversees the effectiveness of internal controls in place.

## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is one of the core values and an integral part of Biafo's overall mission. The Company is a donor to various organizations, hospitals, charitable institutes in the field of healthcare, education, disaster relief, arts and culture.

## COMPOSITION OF THE BOARD

The total number of directors are 14 as per the following:

- a. Male: Nine (9)
- b. Female: Five (5)

The composition of Board is as follows:

|      |                         |  |
|------|-------------------------|--|
| i.   | Independent Directors   | i) Ehsan Mani  |
|      |                         | ii) Muhammad Yaqoob                                  |
| ii.  | Non-Executive Directors | i) Dr. M. Humayun Khan                               |
|      |                         | ii) M. Zafar Khan                                    |
|      |                         | iii) Khwaja Ahmad Hosain                             |
|      |                         | v) Muhammad Waheed                                   |
| iii. | Executive Directors     | i) M. Afzal Khan                                     |
|      |                         | ii) Anwar Moin                                       |
|      |                         | iii) Maj. Gen. (Ret'd.) S. Z. M. Askree              |
| iv.  | Female Directors        | i) Ms. Shirin Safdar (Executive Director)            |
|      |                         | ii) Ms. Ayesha Humayun Khan (Non-Executive Director) |
|      |                         | iii) Ms. Zishan Afzal Khan (Non-Executive Director)  |
|      |                         | iv) Ms. Mehreen Hosain (Independent Director)        |
|      |                         | v) Ms. Syeda Shahbano Abbas (Independent Director)   |

As per the Company policy, non-executive directors including independent directors are only paid a meeting fee, which is approved by the Board of Directors.

The Board has set up a formal process of evaluation of the performance of the Board. Furthermore, the Board is in the process of developing the process of evaluation of performance of its Committees as per requirements of Code of Corporate Governance.

## CODE OF CORPORATE GOVERNANCE

We are pleased to report that the Company has taken necessary measures to comply with the Code of Corporate Governance as incorporated in the listing regulations of the Pakistan Stock Exchange.

The Board regularly reviews the Company's strategic direction. Business plans and targets set by the Chief Executive are reviewed by the Board. The Board is committed to maintain a high standard of good corporate governance. As required by the Code of Corporate Governance, your Directors are pleased to report that:

- Financial statements prepared by the management of the Company, present fairly, its state of affairs, the results of its operations, cash flow & changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable & prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The system itself is also subject to continuous review for enhancement as required.
- There is no significant doubt about the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of code of corporate governance, as detailed in the listing regulations except those disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance Regulations, 2019).
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2022 except for those stated in the financial statements.
- Five directors of the Company are exempt from directors training program on the basis of their level of education and length of experience as provided in the CCG. Further, except two female directors, six of the directors of the Company have obtained certification under directors training program as required under clause (xi) of the CCG during prior years. None of the directors attended any training program during the year.
- The value of investment of various funds, based on their respective accounts as at 30 June 2022 are as under:

| DESCRIPTION    | AMOUNT          |
|----------------|-----------------|
| Provident Fund | Rs. 170,383,512 |
| Gratuity Fund  | Rs. 77,902,928  |

### BOARD OF DIRECTORS STRUCTURE, ITS COMMITTEES AND MEETINGS

During the year the Board remained actively involved in performing their duties under various laws and the Memorandum and Articles of Association of the Company, with the ultimate objective of enhancing the profitability of the Company thus increasing shareholders return. The Board possesses necessary skills, competence, knowledge and experience to deal with various business issues. The Chairman of the Board is a non-executive director. During the year, four meetings of Board of Directors were held for review of periodic Financial Statements as well as for consideration of significant and routine matters including those referred to the Board by its committees.

The Committees of the Board and their composition is as follows:

#### Audit & Risk Management Committee

|                       |          |
|-----------------------|----------|
| Ehsan Mani            | Chairman |
| Ms. Zishan Afzal Khan | Member   |
| Dr. M. Humayun Khan   | Member   |
| Khwaja Ahmad Hosain   | Member   |
| Muhammad Yaqoob       | Member   |
| Muhammad Waheed       | Member   |

#### HR & Remuneration Committee

|                          |          |
|--------------------------|----------|
| Ehsan Mani               | Chairman |
| Ms. Mehreen Hosain       | Member   |
| Ms. Ayesha Humayun Khan  | Member   |
| Ms. Syeda Shahbano Abbas | Member   |
| Dr. M. Humayun Khan      | Member   |
| Anwar Moin (CEO)         | Member   |
| M. Afzal Khan            | Member   |

#### CSR & HSE Committee

|                         |             |
|-------------------------|-------------|
| Ms. Ayesha Humayun Khan | Chairperson |
| Ms. Mehreen Hosain      | Member      |
| M. Zafar Khan           | Member      |
| Muhammad Waheed         | Member      |

## HUMAN RESOURCE

The Company seeks to provide a healthy work environment for all employees. Your Company lays great emphasis on the training and development of its personnel.

The Human Resource and Remuneration (HR&R) Committee of the Board reviews the HR policy related matters. It comprises of six members including three independent Directors, two non-executive Directors and Chief Executive Officer. Chairman of the Committee is an independent Director. The Committee met three times during the year to evaluate policies and procedures.

The Company did not lay off any of its employee during the period despite lower profitability.

## KEY OPERATING AND FINANCIAL DATA

Key operating and financial data of last six years is enclosed.

## AUDITORS

The present auditors M/s Yousuf Adil Chartered Accountants retire and being eligible offer themselves for reappointment. The Audit Committee of the Company having considered the matter, recommend the retiring auditors for reappointment as External Auditors of the Company for the year 2022-23.

## ACKNOWLEDGEMENT

Your Board would like to take this opportunity to express its special appreciation to all the employees of the Company without whose continued commitment and hard work the challenges of new opportunities could not be met. We also acknowledge the support and cooperation of our major stakeholders, customers, suppliers and our Bankers specially Allied Bank Ltd and United Bank Ltd etc.

## PATTERN OF SHARE HOLDING

Pattern of shareholding is enclosed.

**For and on behalf of the Board**



**Anwar Moin**  
Chief Executive Officer



**M. Afzal Khan**  
Deputy Chairman

Islamabad  
23 September 2022

## بورڈ آف ڈائریکٹرز کی ساخت، کمیٹیاں اور اجلاس

اس سال کے دوران بورڈ نے مختلف قوانین، میورنڈم اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے تحت انتہائی فعال انداز میں اپنے فرائض اس مقصد کے لئے انجام دیئے کہ کمپنی اور شیئر ہولڈرز کے منافع میں اضافہ ہو۔ بورڈ کے پاس تیار ضروری مہارتیں، صلاحیتیں، معلومات اور تجربہ موجود ہے جو انہیں مختلف کاروباری امور انجام دینے کے لئے ضروری ہے۔ بورڈ کے چیئرمین نان۔ ایگزیکٹو ڈائریکٹر ہیں۔ اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے تاکہ مخصوص دورانیے کی مالیاتی سٹیٹمنٹ کا جائزہ لیا جاسکے اور اہم اور عمومی نوعیت کے معاملات بشمول ان کے جو کہ بورڈ کمپنی کو بھیجے گئے، پر غور کیا جاسکے۔

بورڈ کی کمپنی اور اس کی ساخت درج ذیل ہے:

| آڈٹ کمیٹی اور رسک مینجمنٹ کمیٹی |         | ایچ آر و معاوضہ جاتی کمیٹی |         |
|---------------------------------|---------|----------------------------|---------|
| احسان مانی                      | چیئرمین | احسان مانی                 | چیئرمین |
| محترمہ ذیشان افضل خان           | ممبر    | محترمہ مہرین حسین          | ممبر    |
| ڈاکٹر ایم ہمایوں خان            | ممبر    | محترمہ عائشہ ہمایوں خان    | ممبر    |
| خولجہ احمد حسین                 | ممبر    | محترمہ سیدہ شاہ بانو عباس  | ممبر    |
| محمد یعقوب                      | ممبر    | ڈاکٹر ایم ہمایوں خان       | ممبر    |
| محمد وحید                       | ممبر    | انور معین (سی ای او)       | ممبر    |
|                                 |         | ایم افضل خان               | ممبر    |
| سی ایس آر اینڈ ایچ ایس ای کمیٹی |         |                            |         |
| محترمہ عائشہ ہمایوں خان         | چیئرمین |                            |         |
| محترمہ مہرین حسین               | ممبر    |                            |         |
| ایم ظفر خان                     | ممبر    |                            |         |
| محمد وحید                       | ممبر    |                            |         |

## ہیومن ریسورس

کمپنی اپنے تمام ملازمین کے لیے سازگار ماحول کی فراہمی کو یقینی بناتی ہے۔ آپ کی کمپنی تمام ملازمین کی تربیت پر خصوصی توجہ دیتی ہے۔ بورڈ کی ہیومن ریسورس اور معاوضہ جاتی کمیٹی (HR&R) ایچ آر سے متعلق معاملات کا جائزہ لیتی ہے۔ یہ کمیٹی 06 اربکان بشمول 03 خود مختار ڈائریکٹرز، 02 نان ایگزیکٹو ڈائریکٹرز اور چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ کمیٹی کا چیئرمین آزاد ڈائریکٹر ہے۔ کمیٹی نے حکمت عملی اور طریقہ کار کی جانچ پڑتال کے لیے اس سال 03 دفعہ اجلاس بلایا ہے۔ کمپنی نے کم منافع کے باوجود کسی ملازم کو کمپنی سے نہیں نکالا۔

## بنیادی آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ چھ سال کے بنیادی آپریٹنگ اور مالیاتی اعداد و شمار منسلک ہیں:

## آڈیٹرز

موجودہ آڈیٹرز میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس سکدوش ہو رہے ہیں۔ اہل ہونے کے باعث انہوں نے دوبارہ تقرری کے لئے اپنی خدمات پیش کرنے کی پیشکش کی ہے۔ کمپنی کی آڈٹ کمیٹی نے معاملے پر غور کیا اور سکدوش ہونے والے آڈیٹرز کی مالی سال 2022-23 کیلئے دوبارہ تقرری کی سفارش کی۔

## اعتراف

آپ کا بورڈ اس موقع پر کمپنی کے تمام ملازمین کے لئے خصوصی ستائش کا اظہار کرنا چاہے گا جن کے مسلسل عزم اور سخت محنت کے بغیر نئے مواقعوں کے چیلنج سے نبھنا ممکن نہ تھا۔ ہم اس موقع پر اپنے اہم سٹیک ہولڈرز، صارفین، سپلائرز اور بینکوں خصوصاً الائیڈ بینک لمیٹڈ اور یونائیٹڈ بینک لمیٹڈ کا ان کی قابل قدر خدمات اور تعاون کا اعتراف کرتے ہیں۔

## شیئر ہولڈنگ کا طریقہ کار

شیئر ہولڈنگ کا طریقہ کار منسلک ہے۔

بورڈ کی جانب سے

انور معین

ایم افضل خان  
ڈپٹی چیئرمین

انور معین

ایگزیکٹو آفیسر

اسلام آباد 23 ستمبر 2022

## بورڈ کی ترتیب

ادارے میں مجموعی طور پر 14 ڈائریکٹرز موجود ہیں جن میں سے

مرد: (9) خواتین: (5) پانچ

بورڈ کی ترتیب مندرجہ ذیل ہے:

|      |                         |  |
|------|-------------------------|--|
| i.   | آزاد ڈائریکٹرز          | i - احسان مانی                                       |
|      |                         | ii - محمد یعقوب                                      |
| ii.  | نان۔ ایگزیکٹو ڈائریکٹرز | i - ڈاکٹر ایم ہمایوں خان                             |
|      |                         | ii - ایم ظفر خان                                     |
|      |                         | iii - خواجہ احمد حسین                                |
|      |                         | iv - محمد وحید                                       |
| iii. | ایگزیکٹو ڈائریکٹرز      | i - ایم افضل خان                                     |
|      |                         | ii - انور معین                                       |
|      |                         | iii - منجرجزل (ریٹائرڈ) ایس۔ زیڈ۔ ایم عسکری          |
| iv.  | خواتین ڈائریکٹرز        | i - محترمہ شیریں صفدر (ایگزیکٹو ڈائریکٹر)            |
|      |                         | ii - محترمہ عائشہ ہمایوں خان (نان ایگزیکٹو ڈائریکٹر) |
|      |                         | iii - محترمہ مہرین حسین (آزاد ڈائریکٹر)              |
|      |                         | iv - محترمہ سیدہ شاہ بانو عباس (آزاد ڈائریکٹر)       |
|      |                         | v - محترمہ ذیشان افضل خان (نان ایگزیکٹو ڈائریکٹر)    |

کمپنی پالیسی کے مطابق، نان۔ ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کو صرف میٹنگ میں شرکت کی فیس ادا کی جاتی ہے جو کہ بورڈ آف ڈائریکٹرز کی جانب سے منظور کی جاتی ہے۔

بورڈ نے ایک باضابطہ لائحہ عمل طے کیا ہے تاکہ براہ راست بورڈ کی کارکردگی کا جائزہ لیا جائے۔ اس کے ساتھ ساتھ بورڈ کی جانب سے کوڈ آف کارپوریٹ گورننس کے مطابق کمپنی ارکان کی کارکردگی کا جائزہ لینے بھی طریقہ کار وضع کیا جا رہا ہے۔

## کوڈ آف کارپوریٹ گورننس

ہمارے لئے یہ انتہائی خوشی کی بات ہے کہ کمپنی نے کوڈ آف کارپوریٹ گورننس کی پیروی کے لئے اسٹاک ایکسچینج کے فہرستی ضوابط کے مطابق ضروری اقدامات کئے ہیں۔

بورڈ باقاعدگی سے کمپنی کی کلیدی سمت کا جائزہ لیتا ہے۔ چیف ایگزیکٹو کی جانب سے اہداف مقرر کئے جاتے ہیں اور بورڈ کی طرف سے ان کا باقاعدگی سے جائزہ لیا جاتا ہے۔ بورڈ اعلیٰ کارپوریٹ گورننس کے معیارات قائم کرنے کیلئے پرعزم ہے۔ جیسا کہ ضابطہ کارپوریٹ گورننس کی رو سے مطلوب ہے، آپ کے ڈائریکٹرز آپ کو اس امر سے آگاہ کرنے میں مسرت محسوس کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، منصفانہ طور پر کمپنی کی موجودہ حالت، اس کے آپریشنز کے نتائج، کمیشن فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔
- کمپنی کے کاؤنٹس کے ریکارڈ کو باقاعدہ طور پر منظم کیا جاتا ہے۔

- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسی اختیار کی جاتی ہے اور کھاتوں کا تخمینہ مناسب محتاط طریقوں سے لگایا جاتا ہے۔

- مالی گوشواروں کی تیاری میں پاکستان میں لاگو مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی تعمیل کی جاتی ہے اور جہاں کہیں ان سے کوئی بھی انحراف کیا گیا اس کی موزوں طور پر وضاحت دی گئی۔

- اندرونی کنٹرول کا نظام ساخت میں ٹھوس ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔ نظام پر از خود بہتری کے لئے جب بھی اور جہاں بھی ضروری ہو مسلسل نظر ثانی کی جاتی ہے۔

- کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔

- فہرستی ضوابط میں درج کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا ماسوائے لکھنؤ میں موجود تعمیلی بیان کے (کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019)۔

- ٹیکس، ڈیوٹی، لیویز اور چارجز کی مددیں 30 جون 2022 تک بقایا جات میں کوئی بھی قانونی ادائیگی نہیں کرنی ماسوائے ان کے جو مالی گوشواروں میں بیان کی گئی ہیں۔

- کمپنی کے پانچ ڈائریکٹرز اپنی تعلیمی قابلیت اور وسیع تجربے کی بنیاد پر ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں جیسا کہ کوڈ آف کارپوریٹ گورننس کے احکامات میں دیا گیا ہے۔ مزید ماسوائے

دو خواتین ڈائریکٹرز کے چھ ڈائریکٹرز نے گزشتہ سال کے دوران نے ڈائریکٹرز ٹریننگ پروگرام کے تحت شوقیت حاصل کر لیا ہے جیسا کہ کوڈ آف کارپوریٹ گورننس کی شق (11) کے تحت مطلوب ہے۔

دوران سال کسی بھی ڈائریکٹر نے کسی بھی ٹریننگ پروگرام میں شرکت نہیں کی۔

- 30 جون 2022 کو متعلقہ اکاؤنٹس کی بنیاد پر مختلف فنڈز کی سرمایہ کاری کی مالیت حسب ذیل ہے:

| وضاحت        | رقم                |
|--------------|--------------------|
| پروویڈنٹ فنڈ | 170,383,512/- روپے |
| گریجویٹ فنڈ  | 77,902,928/- روپے  |

## ڈائریکٹر رپورٹ

30 جون 2022 کو اختتام پذیر ہونے والے مالی سال کے لئے آڈٹ شدہ فنانشل سٹیٹمنٹ اور سالانہ رپورٹ 2022 پیش کرتے ہوئے بیافو انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی خوشی محسوس کر رہے ہیں۔

### اہم مالیاتی نکات

زیر جائزہ سال کے دوران کمپنی کی کمزور کے شعبے میں اصل آمدنی 1,668.10 ملین روپے رہی جبکہ گزشتہ سال یہی آمدنی 1,472.76 ملین روپے تھی۔ اس اضافہ میں بنیادی وجہ آئل و گیس اور تعمیراتی شعبے میں سپلائرز کا اضافہ تھا۔ دیگر شعبہ جات میں سپلائرز میں کمی واقع ہوئی جس کی بنیادی وجہ معاشی سست روی اور کچھ منصوبہ جات میں بلاسٹنگ سرگرمیوں کا اختتام ہے۔

اس سال کے مجموعی منافع میں 3.20 فیصد کا معمولی اضافہ ہوا جو اس سال 581.98 ملین روپے رہا۔ (سال 2020-21 میں منافع 563.96 ملین روپے تھا)۔ کمپنی کو ٹیکس ادائیگی کے بعد 247.73 ملین روپے خالص منافع حاصل ہوا (سال 2020-21 میں خالص منافع 254.04 ملین روپے تھا)۔ جس کے نتیجے میں فی شیئر 5.34 روپے آمدنی ہوئی۔ (سال 2020-21 میں فی شیئر آمدنی 5.48 روپے تھی)۔ پاکستانی روپے کی قدر میں گراؤ اور درآمد شدہ خام مال کی اضافی لاگت کے باوجود بھی منافع میں استحکام رہا خاص طور پر مالی سال 2022 کی پہلی ششماہی میں۔ ملکی معیشت میں مزید استحکام کے ساتھ صورتحال میں بہتری کی امید ہے۔

### پیداوار

پلانٹ پروڈکشن ٹیم نے صارفین کی ضروریات پوری کرنے اور مختلف پروڈکٹس اور سروسز کی طلب کو پورا کرنے کے لئے کوڈ-19 کی عالمی وباء کے باوجود بھی موثر کارکردگی کا مظاہرہ کیا۔ بیافو کارکردگی میں مسلسل بہتری کے فلسفے پر یقین رکھتے ہوئے اپنے تمام معزز صارفین کو پروڈکٹس کا بہترین معیار فراہم کرنے میں مصروف عمل ہے۔ کمپنی پیداواری صلاحیت، قابل افرادی قوت اور محفوظ طرز عمل کو اپناتے ہوئے صارفین، عملے اور سٹیک ہولڈرز کے اعتماد میں اضافہ کر رہی ہے۔ کمپنی نے پیداواری پلانٹ میں سگنل ٹرانسمیشن ٹیوب مینوفیکچرنگ کی تنصیب کی ہے۔

### صحت، حفاظت اور ماحول

بیافو HSE پالیسیز پر عمل درآمد کرتے ہوئے محفوظ اور کام کیلئے سازگار ماحول فراہم کرنے کیلئے پُر عزم ہے۔ کمپنی نے کوڈ-19 کی عالمی وباء کے دوران بھی تمام تر حفاظتی اقدامات کو یقینی بناتے ہوئے کام جاری رکھا۔ کمپنی نے 2007: OHSAS 18001 (پیشہ وارانہ صحت اور تحفظ کی مشاورتی خدمات) اور کوالٹی سرٹیفیکیشن 2015: ISO 9001 کی تجدید کروالی ہے۔ جس کے نتیجے میں اس سال کوئی بھی ناگہانی صورت حال پیش نہیں آئی۔ ادارے کی پلانٹ کیلئے طے شدہ ماحولیاتی معیار پر پورا اترنے کو یقینی بنانے کے لئے کی جانے والی کاوشیں جاری و ساری ہیں۔

### مستقبل کے امکانات

کمپنی نے غیر یقینی معاشی صورتحال کے باوجود بھی اپنے کام کو جاری رکھا۔ ہمیں امید ہے کہ مستقبل میں معاشی استحکام کے ساتھ ہائیڈرول اور تعمیراتی شعبے میں سرگرمیوں کا اضافہ ہوگا۔ کمپنی نے آئندہ کے منصوبہ جات جیسا کہ دیامربھا شاہائیڈرو پاور پراجیکٹ میں اپنا شیئر حاصل کر لیا ہے۔

آپ کی کمپنی نے ہمیشہ کاروبار میں توسیع کی کوشش کی ہے اور ہمیں یہ رپورٹ کرتے ہوئے خوشی محسوس ہو رہی ہے کہ ہم نے افریقہ کی مارکیٹ میں بھی سپلائرز کی فراہمی کا آغاز کر دیا ہے۔ جبکہ کمپنی دیگر ممالک میں بھی کامیابی کے مراحل طے کر رہی ہے۔

### شیئر ہولڈرز کیلئے منافع

بورڈ کی جانب سے 30 جون 2022 کو ختم ہونے والے سال کیلئے حتمی نقد منافع 2.30 روپے (23 فیصد) فی شیئر کی سفارش کی گئی ہے۔ یہ منافع 16 فروری 2022 کو اعلان کردہ 2.00 روپے (20%) سے اضافی ہے۔ مجموعی منافع 4.30 روپے (43 فیصد) فی شیئر 16 فروری 2022 کو اعلان کردہ 10 فیصد بونس شیئر ہے۔

### رسک مینجمنٹ

ادارے کا رسک مینجمنٹ کے لئے طے کردہ فریم ورک سٹرٹیجک، آپریشنل، مارکیٹ اور فنانشل رسک کو محفوظ فراہم کرتا ہے۔ ایک خود مختار رسک مینجمنٹ ڈیپارٹمنٹ جو کہ آڈٹ اور رسک مینجمنٹ کمیٹی کو جوابدہ ہے، اندرونی کنٹرول کے موثر ہونے کے لئے اس کا تجزیہ اور نگرانی کرتا ہے۔

### ادارے کی سماجی ذمہ داری

ادارے کی سماجی ذمہ داری بنیادی اقدار میں شامل ہے اور بیافو کے نصب العین کا اہم ترین حصہ ہے۔ ادارہ کئی ایک اداروں بشمول ہسپتالوں اور صحت عامہ، تعلیم، ناگہانی آفتوں میں ریلیف کی فراہمی، ثقافت اور آرٹ کے شعبوں سے متعلق فلاحی اداروں کو عطیات فراہم کرتا ہے۔

## STAKEHOLDERS INFORMATION

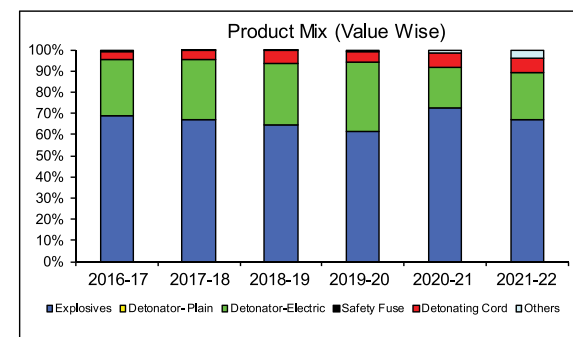
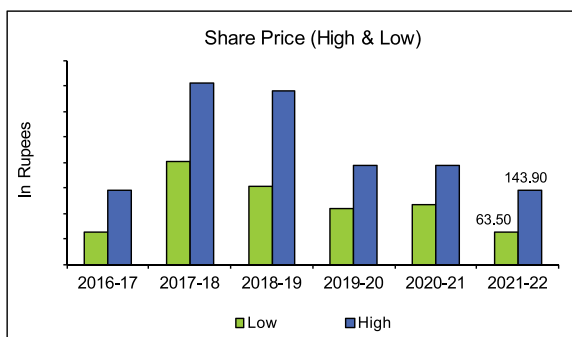
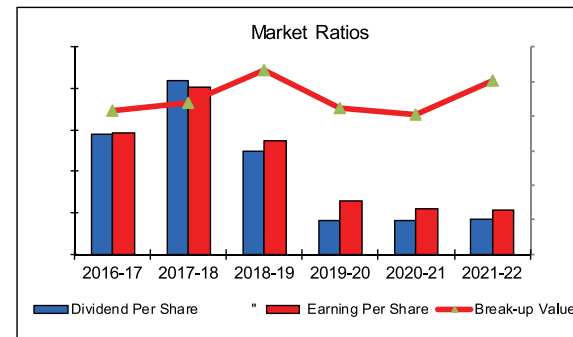
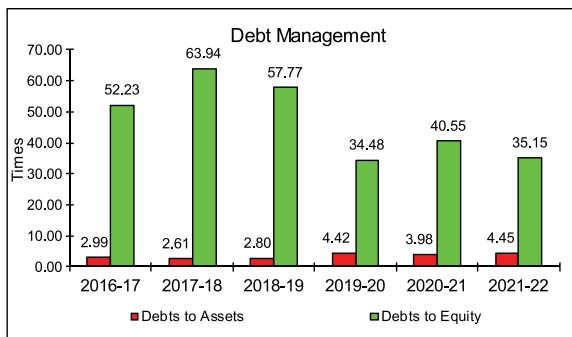
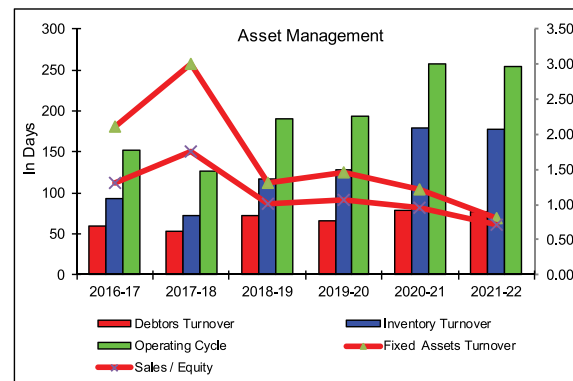
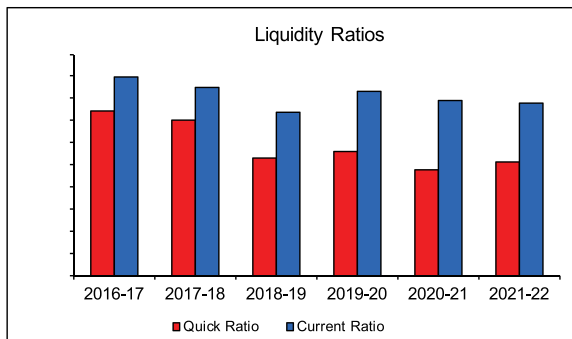
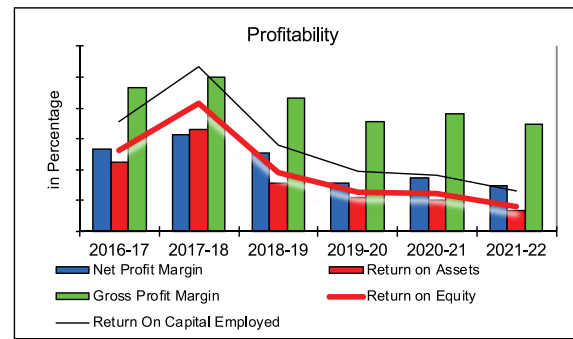
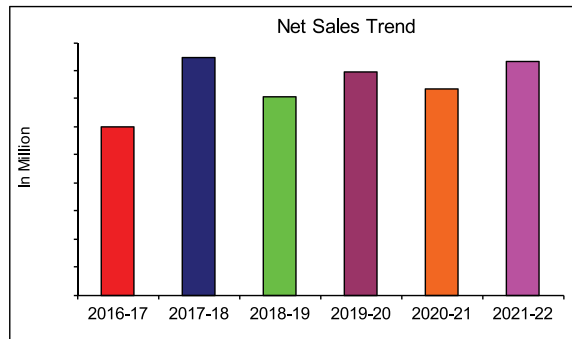
|                                  |                | 2021-22   | 2020-21   | 2019-20   | 2018-19   | 2017-18   | 2016-17   |
|----------------------------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>BALANCE SHEET</b>             |                |           |           |           |           |           |           |
| Paid up Capital                  | Rs. In '000    | 463,827   | 383,328   | 348,480   | 264,000   | 220,000   | 220,000   |
| Shareholder Equity*              | Rs. In '000    | 2,336,308 | 1,544,246 | 1,477,769 | 1,405,240 | 963,089   | 913,516   |
| Fixed Assets                     | Rs. In '000    | 2,058,052 | 1,205,020 | 1,087,317 | 1,076,607 | 562,062   | 568,771   |
| Long Term Debts                  | Rs. In '000    | 183,905   | 90,619    | 31,840    | -         | -         | -         |
| Fixed Assets Addition            | Rs. In '000    | 248,122   | 150,585   | 38,022    | 85,068    | 17,656    | 24,739    |
| <b>Profit &amp; Loss Account</b> |                |           |           |           |           |           |           |
| Net Sales                        | Rs. In '000    | 1,668,100 | 1,472,765 | 1,586,550 | 1,409,578 | 1,689,356 | 1,199,632 |
| Gross Profit / (Loss)            | Rs. In '000    | 581,981   | 563,956   | 563,704   | 608,765   | 847,650   | 558,292   |
| Operating Profit / (Loss)        | Rs. In '000    | 373,214   | 391,260   | 347,824   | 451,323   | 713,366   | 434,972   |
| EBDIT                            | Rs. In '000    | 460,803   | 410,399   | 403,346   | 544,904   | 708,221   | 451,398   |
| Profit / (Loss) after taxation   | Rs. In '000    | 247,729   | 254,039   | 245,871   | 359,892   | 532,610   | 320,579   |
| <b>PROFITABILITY RATIOS</b>      |                |           |           |           |           |           |           |
| Gross Profit/(Loss) Margin       | %              | 34.89     | 38.29     | 35.53     | 43.19     | 50.18     | 46.54     |
| Net Profit Margin                | %              | 14.85     | 17.25     | 15.50     | 25.53     | 31.53     | 26.72     |
| Return on Assets                 | %              | 6.78      | 10.20     | 10.92     | 15.84     | 33.11     | 22.50     |
| Return on Shareholder Equity*    | %              | 10.60     | 16.45     | 16.64     | 25.61     | 55.30     | 35.09     |
| <b>LIQUIDITY RATIOS</b>          |                |           |           |           |           |           |           |
| Current Ratio                    | :              | 1.56      | 1.58      | 1.67      | 1.47      | 1.70      | 1.79      |
| Quick Ratio                      | :              | 1.03      | 0.95      | 1.12      | 1.06      | 1.40      | 1.49      |
| Cash Generation to Sales         | :              | 93.25     | 102.43    | 94.79     | 104.65    | 92.38     | 101.67    |
| <b>ASSETS MANAGEMENT RATIOS</b>  |                |           |           |           |           |           |           |
| Number of Days Stock             | Days           | 177       | 180       | 127       | 118       | 72        | 93        |
| Number of Days Trade Debts       | Days           | 77        | 78        | 66        | 73        | 54        | 59        |
| Operating Cycle                  | Days           | 254       | 258       | 194       | 190       | 126       | 152       |
| Fixed Assets Turnover            | Times          | 0.81      | 1.22      | 1.46      | 1.31      | 3.01      | 2.11      |
| Sales /Shareholder Equity*       | Times          | 0.71      | 0.95      | 1.07      | 1.00      | 1.75      | 1.31      |
| <b>DEBTS MANAGEMENT RATIOS</b>   |                |           |           |           |           |           |           |
| Total Assets to Total Debts      | Times          | 4.45      | 3.98      | 4.42      | 2.80      | 2.61      | 2.99      |
| Debts to Shareholder Equity *    | %              | 35        | 41        | 34        | 58        | 64        | 52        |
| <b>MARKET RATIOS</b>             |                |           |           |           |           |           |           |
| Share Price at year end          | Per Share      | 67.00     | 138.20    | 143.72    | 165.00    | 320.00    | 250.30    |
| Share Price-High                 | Per Share      | 143.90    | 192.89    | 192.48    | 340.00    | 354.00    | 143.90    |
| Share Price-Low                  | Per Share      | 63.50     | 116.00    | 110.00    | 153.00    | 202.00    | 63.50     |
| Earning Per Share**              | Rs. 10/Share   | 5.34      | 5.48      | 6.41      | 10.33     | 20.17     | 14.57     |
| Price Earning Ratio              | Times          | 12.54     | 25.23     | 22.42     | 15.98     | 15.87     | 17.18     |
| Dividend Declared                | Per Share (Rs) | 4.30      | 4.00      | 4.00      | 12.50     | 21.00     | 14.50     |
| Bonus Shares                     | %              | 10.00     | 10.00     | 20.00     | 20.00     | 20.00     | 10.00     |
| Dividend Payout                  | %              | 80.51     | 73.03     | 62.40     | 121.04    | 104.12    | 99.51     |
| Dividend Yield                   | %              | 6.42      | 2.89      | 2.78      | 7.58      | 6.56      | 5.79      |
| Break-up Value                   | Rs. 10/Share   | 50.37     | 40.29     | 42.41     | 53.23     | 43.78     | 41.52     |

\*Shareholder Equity is inclusive of Surplus on Revaluation of Fixed Assets (2022: 1,327.81 M) (2021 : 702.86 M)

\*\*Restated EPS (2021-6.63)



## STAKEHOLDERS INFORMATION



## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company **Biafo Industries Limited**

Year Ended **June 30, 2022**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 14 as per the following:
  - a. Male: Nine (9)
  - b. Female: Five (5)
2. The composition of Board is as follows:

|      |                         |  |
|------|-------------------------|--|
| i.   | Independent Directors   | i) Ehsan Mani  |
|      |                         | ii) Muhammad Yaqoob                                  |
| ii.  | Non-Executive Directors | i) Dr. M. Humayun Khan                               |
|      |                         | ii) M. Zafar Khan                                    |
|      |                         | iii) Khwaja Ahmad Hosain                             |
|      |                         | v) Muhammad Waheed                                   |
| iii. | Executive Directors     | i) M. Afzal Khan                                     |
|      |                         | ii) Anwar Moin                                       |
|      |                         | iii) Maj. Gen. (Ret'd.) S. Z. M. Askree              |
| iv.  | Female Directors        | i) Ms. Shirin Safdar (Executive Director)            |
|      |                         | ii) Ms. Ayesha Humayun Khan (Non-Executive Director) |
|      |                         | iii) Ms. Zishan Afzal Khan (Non-Executive Director)  |
|      |                         | iv) Ms. Mehreen Hosain (Independent Director)        |
|      |                         | v) Ms. Syeda Shahbano Abbas (Independent Director)   |

3. None of the directors have confirmed that they are not serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Five directors of the Company are exempt from directors training program on the basis of their level of education and length of experience as provided in the CCG. Further, except two female directors, six of the directors of the Company have obtained certification under directors training program as required under clause (xi) of the CCG during prior years. None of the directors have attended any training program during the year.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:
  - a) Audit & Risk Management Committee
    - i) Ehsan Mani (Chairman)
    - ii) Ms. Zishan Afzal Khan
    - iii) Dr. M. Humayun Khan
    - iv) Khwaja Ahmad Hosain
    - v) Muhammad Yaqoob
    - vi) Muhammad Waheed
  - b) HR and Remuneration Committee
    - i) Ehsan Mani (Chairman)
    - ii) Ms. Mehreen Hosain
    - iii) Ms. Ayesha Humayun Khan
    - iv) Ms. Syeda Shahbano Abbas
    - v) Dr. M. Humayun Khan
    - vi) Anwar Moin (CEO)
    - vii) M. Afzal Khan
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the Committee were as per following:
  - a) Audit & Risk Management Committee (quarterly)
  - b) HR and Remuneration Committee (quarterly)
15. The Board has outsourced the internal audit function to Asad Ijaz & Co who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of Internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements are as follows:

- i. As required under clause 10(5), the Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Companies Act, 2017 (the Act) and the Company's Articles of Association. The Chairman is in process to issue letters to all the directors.
- ii. As required under clause regulation 06(1), a listed company shall have the board of directors at least two and preferably one third of the total members of the board (whichever is higher) as independent directors and shall explain the reasons, in the compliance report, if any fraction contained in one-third number which is not rounded up as one. However, as the Company has 14 number of directors and one third of total number of directors is 4.67 and 4.67 has not been rounded up and no explanation has been provided in this behalf.

Islamabad  
September 23, 2022



**M. Afzal Khan**  
Dy. Chairman

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Biafo Industries Limited (the Company)

### Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Biafo Industries Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

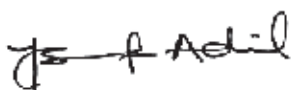
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instances of non - compliance with the requirements of the Regulations as reflected in the paragraph 19(i) and (ii), where these are stated in the Statement of Compliance:

| Reference         | Description   |
|-------------------|---|
| Paragraph 19 (i)  | As stated in paragraph 19(i), the Chairman is in the process to issue letters to all directors for setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association. |
| Paragraph 19 (ii) | As stated in paragraph 19(ii), the Company has neither rounded up the fraction of independent directors nor has provided the explanation in this behalf.  |



**Yousuf Adil**  
Chartered Accountants  
Engagement Partner: Shahzad Ali  
Islamabad  
Date: September 23, 2022  
UDIN: CR202210134t7ydLGZ4i

## INDEPENDENT AUDITORS' REPORT

To the members of Biafo Industries Limited  
Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Biafo Industries Limited (the Company), which comprises the statement of financial position as at June 30, 2022 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matter(s):

| Sr. No. | Key audit matters   | How the matter was addressed in our audit   |
|---------|---|---|
| 1       | <p><b>Revenue recognition</b></p> <p>Refer note 5.6 and 24 to the Financial statements.</p> <p>The Company is engaged in the production and sale of commercial explosives and blasting accessories including detonators and other materials. The Company recognized revenue from the sales of commercial explosives and blasting accessories amounting to Rs. 1,668 million for the year ended 30 June 2022.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and give rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents;</li> <li>• Testing journal entries relating to revenue recognized during the year based on identified risk criteria;</li> <li>• Assessing the appropriateness of accounting policy for revenue recognition in accordance with applicable accounting and reporting standards; and</li> <li>• Assessing the adequacy of disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul> |

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

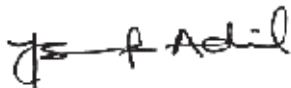


- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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.

#### Other Matter

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who have expressed unmodified opinion on those financial statements vide their opinion dated October 04, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahzad Ali.



**Yousuf Adil**  
**Chartered Accountants**  
**Engagement Partner: Shahzad Ali**  
**Islamabad**  
**Date: September 23, 2022**  
**UDIN: AR202210134kFJSr9W8P**

# ANNUAL REPORT

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

|   | Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|---|------|------------------------|------------------------|
| <b>NON - CURRENT ASSETS</b>   |      |                        |                        |
| Property, plant and equipment   | 6    | 1,990,489,199          | 1,136,738,217          |
| Investment property   | 7    | 67,562,580             | 68,281,627             |
| Long-term deposits  |      | 1,777,650              | 1,777,650              |
|   |      | <b>2,059,829,429</b>   | <b>1,206,797,494</b>   |
| <b>CURRENT ASSETS</b>   |      |                        |                        |
| Inventories   | 8    | 542,924,259            | 510,745,479            |
| Trade debts   | 9    | 459,361,686            | 333,158,182            |
| Short-term advances   | 10   | 109,639,300            | 34,297,781             |
| Trade deposits, short-term prepayments and other receivables                        | 11   | 52,519,965             | 40,892,454             |
| Short-term investments  | 12   | 316,860,605            | 265,638,961            |
| Advance tax - net   | 13   | 40,510,943             | 52,113,062             |
| Cash and bank balances  | 14   | 71,855,534             | 46,665,106             |
|   |      | <b>1,593,672,292</b>   | <b>1,283,511,025</b>   |
| <b>CURRENT LIABILITIES</b>  |      |                        |                        |
| Trade and other payables  | 15   | 349,656,098            | 240,232,017            |
| Current portion of long-term loan   | 17   | 75,299,188             | 21,982,562             |
| Current portion of lease liabilities  | 19   | 6,305,878              | 3,745,156              |
| Short-term borrowings   | 16   | 549,095,329            | 504,188,266            |
| Unclaimed dividend  |      | 27,399,799             | 24,567,634             |
| Unpaid dividend   |      | 15,442,085             | 14,641,304             |
|   |      | <b>1,023,198,377</b>   | <b>809,356,939</b>     |
| <b>NET CURRENT ASSETS</b>   |      | <b>570,473,915</b>     | <b>474,154,086</b>     |
| <b>NON - CURRENT LIABILITIES</b>  |      |                        |                        |
| Long-term loan  | 17   | 183,904,620            | 90,619,127             |
| Employee benefit  | 18   | 12,220,200             | 5,008,014              |
| Lease liabilities   | 19   | 6,506,651              | 5,715,577              |
| Deferred tax liability - net  | 20   | 91,364,325             | 35,362,872             |
|   |      | <b>293,995,796</b>     | <b>136,705,590</b>     |
| <b>NET ASSETS</b>   |      | <b>2,336,307,548</b>   | <b>1,544,245,990</b>   |
| <b>REPRESENTED BY:</b>  |      |                        |                        |
| <b>SHARE CAPITAL AND RESERVES</b>   |      |                        |                        |
| Share capital   | 21   | 463,826,880            | 383,328,000            |
| Revenue reserve - unappropriated profit   |      | 544,672,628            | 458,055,695            |
| Capital reserve - revaluation surplus on property, plant and equipment - net of tax | 22   | 1,327,808,040          | 702,862,295            |
|   |      | <b>2,336,307,548</b>   | <b>1,544,245,990</b>   |
| <b>CONTINGENCIES AND COMMITMENTS</b>  | 23   |                        |                        |

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2022**

|   | <b>Note</b> | <b>30 June 2022<br/>Rupees</b> | <b>30 June 2021<br/>Rupees</b> |
|---|-------------|--------------------------------|--------------------------------|
| <b>Revenue - net</b>                      | 24          | <b>1,668,099,587</b>           | 1,472,764,884                  |
| Cost of sales                             | 25          | (1,086,118,585)                | (908,809,328)                  |
| <b>Gross profit</b>                       |             | <b>581,981,002</b>             | 563,955,556                    |
| Other income                              | 26          | 7,661,089                      | 7,461,905                      |
| Distribution expenses                     | 27          | (53,956,789)                   | (56,684,243)                   |
| Administrative expenses                   | 28          | (157,653,870)                  | (129,550,464)                  |
| Net impairment losses on financial assets |             | (4,817,456)                    | 6,077,221                      |
| <b>Operating profit</b>                   |             | <b>373,213,976</b>             | 391,259,975                    |
| Finance costs                             | 29          | (71,030,843)                   | (53,806,200)                   |
| Finance income                            | 30          | 75,902,172                     | 13,459,924                     |
| <b>Net finance cost</b>                   |             | <b>4,871,329</b>               | (40,346,276)                   |
| Workers' profit participation fund        |             | (18,904,265)                   | (17,545,685)                   |
| Workers' welfare fund                     |             | (7,184,221)                    | (4,740,141)                    |
| <b>Profit before tax</b>                  |             | <b>351,996,819</b>             | 328,627,873                    |
| Income tax expense                        | 31          | (104,267,632)                  | (74,588,498)                   |
| <b>Profit for the year</b>                |             | <b>247,729,187</b>             | 254,039,375                    |
| <b>Earnings per share</b>                 |             |                                | <b>Restated</b>                |
| Basic and diluted                         | 32          | <b>5.34</b>                    | 5.48                           |

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# ANNUAL REPORT

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

|  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|--|------------------------|------------------------|
| <b>Profit for the year</b>                                   | <b>247,729,187</b>     | 254,039,375            |
| <b>Other comprehensive income for the year</b>               | -                      | -                      |
| <b>Items that will not be reclassified to profit or loss</b> |                        |                        |
| Revaluation of property, plant and equipment                 | 646,051,563            | -                      |
| Tax effect on revaluation surplus for the year               | (17,072,170)           | -                      |
| Remeasurement of defined benefit plan - net of tax           | (314,862)              | 616,589                |
|  | <b>628,664,531</b>     | 616,589                |
| <b>Total comprehensive income for the year</b>               | <b>876,393,718</b>     | 254,655,964            |

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

|   | Share capital | Capital Reserve<br>Revaluation<br>surplus on<br>property, plant<br>and equipment<br>- net of tax | Revenue Reserve<br>Unappropriated<br>profits | Total equity  |
|---|---------------|--|--|---------------|
|   | (Rupees)      |  |  |               |
| <b>Balance at June 30, 2020 (Audited)</b>   | 348,480,000   | 707,333,583  | 421,955,643                                  | 1,477,769,226 |
| <b>Total comprehensive income for the year</b>  |               |  |  |               |
| Profit for the year   | -             | -  | 254,655,964                                  | 254,655,964   |
| Tax effect due to change in rate on revaluation of property, plant and equipment - net of tax   | -             | -  | -  | -             |
| <b>Total comprehensive income for the year transferred to equity</b>  | -             | -  | 254,655,964                                  | 254,655,964   |
| Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax              | -             | (4,471,288)  | -  | (4,471,288)   |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | -             | -  | 4,471,288                                    | 4,471,288     |
|   | 348,480,000   | 702,862,295  | 681,082,895                                  | 1,732,425,190 |
| <b>Transactions with owners of the company</b>  |               |  |  |               |
| <b>Distributions</b>  |               |  |  |               |
| Final dividend of 2020 @ Rs. 1.00 per share   | -             | -  | (34,848,000)                                 | (34,848,000)  |
| 1st interim dividend of 2021 @ Rs. 2 per share  | -             | -  | (76,665,600)                                 | (76,665,600)  |
| 2nd interim dividend of 2021 @ Rs. 2 per share  | -             | -  | (76,665,600)                                 | (76,665,600)  |
| Issue of bonus shares for 2020 @ 10%  | 34,848,000    | -  | (34,848,000)                                 | -             |
| <b>Total transactions with owners of the company</b>  | 34,848,000    | -  | (223,027,200)                                | (188,179,200) |
| <b>Balance at 30 June 2021</b>  | 383,328,000   | 702,862,295  | 458,055,695                                  | 1,544,245,990 |
| <b>Balance at 01 July 2021</b>  | 383,328,000   | 702,862,295  | 458,055,695                                  | 1,544,245,990 |
| <b>Total comprehensive income for the year</b>  |               |  |  |               |
| Profit for the year   | -             | -  | 247,414,325                                  | 247,414,325   |
| Revaluation of property, plant and equipment - net of tax   | -             | 628,979,393  | -  | 628,979,393   |
| <b>Total comprehensive income for the year transferred to equity</b>  | -             | 628,979,393  | 247,414,325                                  | 876,393,718   |
| Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax              | -             | (4,033,648)  | -  | (4,033,648)   |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | -             | -  | 4,033,648                                    | 4,033,648     |
|   | 383,328,000   | 1,327,808,040  | 709,503,668                                  | 2,420,639,708 |
| <b>Transactions with owners of the company</b>  |               |  |  |               |
| <b>Distributions</b>  |               |  |  |               |
| Issue of bonus shares for 2021 @ 10%  | 38,332,800    | -  | (38,332,800)                                 | -             |
| 1st Interim dividend of 2022 @ Rs. 2.00 per share   | -             | -  | (84,332,160)                                 | (84,332,160)  |
| Issue of bonus shares for 2022 @ 10%  | 42,166,080    | -  | (42,166,080)                                 | -             |
| <b>Total transactions with owners of the company</b>  | 80,498,880    | -  | (164,831,040)                                | (84,332,160)  |
| <b>Balance at 30 June 2022</b>  | 463,826,880   | 1,327,808,040  | 544,672,628                                  | 2,336,307,548 |

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# ANNUAL REPORT

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

#### Profit before tax

#### Adjustments for:

Depreciation on property, plant and equipment  
Depreciation on investment property  
Finance costs  
Net impairment losses on financial assets  
Provision for Workers' profit participation fund  
Provision for Workers' welfare fund net of reversal  
Provision for gratuity  
Provision for slow moving inventory  
Provision for compensated leave absences  
Dividend income  
Rental Income  
Unrealized gain on remeasurement of investment  
Unrealized exchange gain/ (loss) -net  
Gain on sale of property, plant and equipment  
Interest income  
Exchange loss

| Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|------|------------------------|------------------------|
|      | 351,996,819            | 328,627,873            |
| 6    | 37,056,740             | 27,227,124             |
| 7    | 719,047                | 737,484                |
|      | 66,749,665             | 32,962,600             |
|      | 4,817,456              | (6,077,221)            |
|      | 18,904,265             | 17,454,685             |
|      | 6,925,436              | 2,796,673              |
|      | 11,418,605             | 9,796,698              |
|      | 2,319,341              | -                      |
|      | 152,112                | (4,503,968)            |
|      | (18,428,466)           | (11,792,125)           |
|      | (5,100,000)            | (1,775,000)            |
|      | (125,616)              | (96,982)               |
|      | (55,287,408)           | -                      |
|      | (2,302,304)            | (3,743,437)            |
|      | (2,060,682)            | (1,570,816)            |
|      | -                      | 17,746,079             |
|      | 65,758,191             | 79,161,793             |
|      | 417,755,010            | 407,789,666            |

#### Changes in:

Inventories  
Trade debts  
Advances, deposits, short term prepayments and other receivables  
Trade and other payables

|               |               |
|---------------|---------------|
| (34,498,121)  | (127,143,195) |
| (131,020,960) | 46,157,995    |
| (86,969,030)  | (37,214,400)  |
| 105,621,421   | 40,337,494    |
| (146,866,690) | (77,862,106)  |

#### Cash generated from operating activities

Finance costs paid  
Contributions to Gratuity fund  
Employee Benefits paid  
Payments to Workers' profit participation fund  
Income taxes paid

|               |               |
|---------------|---------------|
| 270,888,320   | 329,927,560   |
| (56,819,794)  | (36,353,441)  |
| (4,329,223)   | (10,232,619)  |
| (4,529,308)   | (180,000)     |
| (17,545,685)  | (16,365,530)  |
| (58,217,585)  | (72,758,142)  |
| (141,441,595) | (135,889,732) |

#### Net cash from operating activities

129,446,725 194,037,828

### CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment  
Proceeds from sale of property, plant and equipment  
Disposal of investments  
Rent received  
Dividend received  
Interest received

|               |               |
|---------------|---------------|
| (234,044,358) | (142,934,607) |
| 5,667,917     | 6,904,168     |
| -             | 7,475,247     |
| 5,100,000     | 1,575,000     |
| 17,747,912    | 11,792,125    |
| 1,700,347     | 1,570,816     |

#### Net cash used in investing activities

(203,828,182) (113,617,250)

### CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid  
Proceeds from long term loan  
Repayment of long term loan  
Payment of lease liabilities

|              |               |
|--------------|---------------|
| (80,699,212) | (185,061,155) |
| 167,316,446  | 80,761,507    |
| (21,226,792) | (10,861,805)  |
| (10,725,620) | (7,330,176)   |

#### Net cash used in financing activities

54,664,822 (122,491,629)

#### Net increase / (decrease) in cash and cash equivalents

(19,716,635) (41,980,051)

#### Cash and cash equivalents at beginning of the year

(457,523,160) (415,543,109)

#### Cash and cash equivalents at end of the year

33 (477,239,795) (457,523,160)

The annexed notes 1 to 41 form an integral part of these financial statements.

*Hussain*

Chief Financial Officer

*Aul*

Chief Executive Officer

*J. Abdul Kader*

Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**1 THE COMPANY AND ITS OPERATIONS**

Biafo Industries Limited ("the Company") was incorporated in Pakistan on 07 September 1988 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited.

The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing and sale of commercial explosives and blasting accessories including detonators and other materials. The Company's license for manufacturing and sale of explosives is required to be renewed annually and current license is renewable on 31 March 2023.

The Company's production facility is situated at Plot 70, Phase III, Hattar Industrial Estate, Khyber Pakhtunkhwa, with its registered office located at 1st Floor, Biafo House, Plot No. 23, Street No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan.

**2 STATEMENT OF COMPLIANCE**

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Details of the Company's significant accounting policies are stated in note 5.

**3 BASIS OF MEASUREMENT**

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

- Leasehold land, buildings on leasehold land and plant and machinery have been measured at revalued amounts; and
- Liabilities related to defined benefit - gratuity and compensated absences which is stated at present value of the defined benefit liability, determined through actuarial valuation.
- Investments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are disclosed in the respective policy notes.

**3.1 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee (PKR), which is also the Company's functional currency. All amounts have been rounded to the nearest PKR, unless otherwise indicated.

**3.2 Use of judgements and estimates**

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 5.1.1 useful lives, reassessed values, residual values and depreciation method of property, plant and equipment;
- Note 5.3 recognition of deferred tax liabilities and assets and estimation of income tax provisions;
- Note 5.17.1 measurement of expected credit allowance for trade debts;
- Note 5.3.3 recognition of defined benefit plans;

### 3.3 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 4 New accounting standards, amendments and IFRS interpretations that became effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**Effective from Accounting period beginning on or after**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) January 01, 2020

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021 April 01, 2021

**New accounting standards, amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Effective from Accounting period beginning on or after**

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 01, 2022

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – cost of fulfilling a contract January 01, 2022

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41) January 01, 2022

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2023

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies January 01, 2023

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates January 01, 2023

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. January 01, 2023

Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**5 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

**5.1 Property, plant and equipment****5.1.1 Owned*****Recognition and measurement***

Items included in property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except leasehold land, building on leasehold land, plant and machinery and capital work in progress. Leasehold land is stated at revalued amount. Building on leasehold land and plant and machinery is stated at revalued amount less accumulated depreciation. Capital work in progress is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are recognised in the statement of profit or loss during the financial period in which they are incurred.

Leasehold land, building on leasehold land and plant and machinery are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to capital reserve in shareholders' equity and presented as a separate line item in statement of financial position.

Increases in the carrying amounts arising on revaluation of property, plant and equipment is recognised in statement of comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals of property, plant and equipment are recognised in the statement of profit or loss.

***Subsequent expenditure***

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

***Depreciation***

Leasehold land is not depreciated. Depreciation on other assets is calculated using the reducing balance method except for electric appliances which are depreciated on straight line method to allocate their cost / revalued amount less residual value over their estimated useful lives at the following annual rates:

|                               |           |
|-------------------------------|-----------|
| - Buildings on leasehold land | 2.5%      |
| - Plant and machinery         | 10%       |
| - Fork lifter                 | 10%       |
| - Tools and equipment         | 10%       |
| - Tube well                   | 10%       |
| - Office equipment            | 10-33.33% |
| - Furniture and fixtures      | 10%       |
| - Electrical appliances       | 33.33%    |
| - Vehicles - owned and leased | 10%       |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

Depreciation on additions to property, plant and equipment is charged from the date at which property, plant and equipment is acquired or capitalized to the date at which property, plant and equipment is disposed off / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**5.1.2 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Right to use assets**

The Company recognises right-of-use assets at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right to use assets is subsequently depreciated using the reducing balance method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right of use asset reflect that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

**Lease liability**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below Rs 100,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**5.2 Inventories****5.2.1 Stores, spare parts and loose tools**

Stores, spare parts and loose tools are valued at lower of weighted average cost and net realizable value less impairment, if any. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 5.2.2 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

Cost is determined as follows:

|                      |   |
|----------------------|---|
| Material in transit: | at material cost plus other charges paid thereon                            |
| Raw material:        | at moving average cost  |
| Work in process:     | at cost of direct materials and appropriate portion of production overheads |
| Finished goods:      | at moving average standard cost   |

The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade.

### 5.3 Income tax expense

Income tax expense comprises current and deferred tax. It is recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

#### 5.3.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria is met.

#### 5.3.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**5.4 Investment property**

Investment property is the property held either to earn rental or for capital appreciation or for both, but not for sale in ordinary course of business. Investment property is initially measured at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing cost.

Depreciation is provided on a reducing balance method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 7. Depreciation is charged from the month asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in statement of profit or loss. Gains and losses on disposal of investment property are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognized net within "other income" in statement of profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**5.5 Employee benefits****5.5.1 Short-term employee benefits:**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**5.5.2 Defined contribution plan – provident fund**

The Company has established a recognized provident fund for the eligible employees of the Company. Provision is made in the financial statements for the amount payable by the Company to the fund and in this regard contributions are made monthly at the rate of 10% of basic salary equally by the Company and the employee. Obligations for contributions to plan is recognized as an employee benefit expense in statement of profit or loss when they are due.

**5.5.3 Defined benefit plans:**

The Company operates the following defined benefit plans:

**a) Gratuity**

The Company operates a defined benefit plan comprising a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme.

The Company's net liability in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit liability is performed by a qualified actuary using the projected unit credit method (PUC).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in statement of other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**b) Compensated leave absences**

The Company operates defined benefit plan comprising an unfunded compensated leave absences scheme covering all eligible employees as specified by the scheme. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to profit and loss account. The amount recognized in the statement of financial position represents the present value of defined benefit obligations.

**Compensated leave absences Policy applied before 01 July 2020**

The Company made provision for compensated un-availed absences accumulated by its employees and charge for the year is recognized in statement of profit or loss. Liability based on actuarial valuation has not been recognised in the financial statements as the management believes that the impact of actuarial valuation is immaterial in the context of over all financial statements.

The liability in respect of staff gratuity has been computed by the Company without incorporating the effects of an actuarial valuation, as required under International Accounting Standard (IAS) - 19 "Employee Benefits", as the Company believes that this will not result in any material additional liability.

**5.6 Revenue recognition**

Revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts, if any. Revenue from the sale of goods is recognised when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is recognised when specific criteria have been met for each of the Company's activities as described below.

**5.6.1 Revenue from contracts with customers**

**a) Sale of goods**

The Company manufactures and sells commercial explosives and blasting accessories including detonators and other materials. Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Company also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates).

The nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies are as follows:

- i) Ex-Site** - The Company's performance obligation is to deliver the goods to the customers' premises i.e., the Company bears the related freight and insurance expense for transportation and the control of the goods is transferred to the customer at the point in time where goods are delivered to customers' premises, which is the point in time where performance obligation of the contract is met.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- ii) Ex-Factory - The Company's performance obligation is ex - factory i.e., the customer bears the related freight and insurance expense for transportation and the control of the goods is transferred to the customer at the point in time where goods are loaded in customers' transportation vessel at the Company's factory premises which is the point in time where performance obligation of the contract is met.

The normal credit term is generally 15 to 45 days under both of the above selling terms of the contract.

**b) Contract assets**

The contract assets primarily relate to the Company's rights to consideration for sale of goods provided these are not yet billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

**c) Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

**d) Contract costs**

- i) Costs to obtain a contract – Incremental costs of obtaining a contract i.e., sales commission paid to third parties are accounted for as contract costs and are transferred to profit or loss account based on the systematic pattern of revenue. The Company capitalizes such costs if revenue relating to such contract has not been recognized and the Company expects to recover such costs.
- ii) Costs to fulfill a contract – Costs that relate directly to a contract and are specifically identified, generate or enhance resources of the entity and are expected to be recovered i.e., direct transportation and insurance costs are accounted for as contract costs and are transferred to profit or loss account based on the systematic pattern of revenue. The Company capitalizes such costs if revenue relating to such contract has not been recognized.

**5.7 Foreign currency transactions and balances**

Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

**5.8 Finance income and finance costs**

The Company's finance income and cost includes:

- Dividend income
- Gain on remeasurement of investments at fair value through profit or loss
- Interest on investment in TDRs
- Exchange gain - net (non - derivative financial instruments)
- Interest on saving accounts
- Interest expense on short term borrowings
- Interest expense on loans and borrowings
- Interest expense on lease liabilities
- Bank charges



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Interest income and expense is recognized using effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset
- the amortised cost of the financial liability

In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Income on short term investments, classified as financial assets at fair value through profit or loss, are re-measured to fair value at each reporting date until the assets are de-recognized. The gains and losses arising from changes in fair value are included in the statement of profit or loss in the period in which they occur.

Dividend income is recorded in the statement of profit or loss when the right to receive is established.

## 5.9 Financial instruments

### i) Recognition and initial measurement

The Company initially recognises financial assets on the date when they are originated. Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

### ii) Classification

#### *Financial assets*

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL) "

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**iii) Subsequent measurement and gains and losses****Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by at amortised impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective at FVOCI interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net at FVOCI gains and losses are recognised in OCI and are never reclassified to profit or loss.

**iv) Impairment of financial assets**

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company recognises a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**Financial liabilities - classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### iv) De-recognition

#### Financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### v) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 5.10 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 5.17.1.

### 5.11 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

### 5.12 Provisions

A provision is recognized in statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognized as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**5.13 Borrowing**

Borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost.

**5.14 Dividend**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

**5.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and short-term borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried in the statement of financial position at amortized cost.

**5.16 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

**5.17 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**5.18 Contingent liabilities**

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognised in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 5.19 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

### 5.20 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment. The financial statements have been prepared on the basis of a single reportable segment.

- Revenue from external customers for products of the Company is disclosed in note 24.
- Revenue from three major customers of the Company constitutes 43% (2021: 52%) of the total revenue during the year ended 30 June 2022. All the Assets of the Company are based in Pakistan.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

| <b>6.2 Depreciation charge for the year has been allocated as follows:</b> | <b>Note</b> | <b>30 June 2022<br/>Rupees</b> | <b>30 June 2021<br/>Rupees</b> |
|--|-------------|--------------------------------|--------------------------------|
| Cost of sales  | 25          | <b>30,913,212</b>              | 21,341,501                     |
| Distribution expenses  | 27          | <b>153,886</b>                 | 289,922                        |
| Administrative expenses  | 28          | <b>5,989,642</b>               | 5,595,701                      |
|  |             | <b>37,056,740</b>              | 27,227,124                     |

**6.3 Revaluation of leasehold land, building on leasehold and plant and machinery**

Leasehold land, building on leasehold land and plant and machinery of the Company were revalued on 30 June 1996, 30 June 2005, 30 June 2010, 30 June 2015, 30 June 2019 and 30 June 2022. Last valuation was carried out by an independent valuer M/s Asrem (Private) Limited on 30 June 2022. Land and building were revalued on the market basis whereas plant and machinery under the depreciated replacement cost basis. Revaluation surplus net of incremental depreciation included in the book value of these assets as stated in note 22 amounted to Rs. 1,440 million (2021: Rs. 715.10 million) at the year end. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable inputs is not available.

Forced sale values as per revaluation performed on 30 June 2022 were as follows, however, the forced sale values do not include the impact of subsequent additions.

|   | <b>30 June 2022<br/>Rupees</b> | <b>30 June 2021<br/>Rupees</b> |
|---|--------------------------------|--------------------------------|
| Leasehold land (Industrial Estate Hattar)             | <b>926,100,000</b>             | 529,200,000                    |
| Building on leasehold land (Industrial Estate Hattar) | <b>139,272,000</b>             | 40,000,000                     |
| Plant and machinery (Industrial Estate Hattar)        | <b>414,375,000</b>             | 150,450,000                    |
| Head office land and building                         | <b>367,694,000</b>             | 176,884,000                    |
|   | <b>1,847,441,000</b>           | <b>896,534,000</b>             |

Had there been no revaluations, related figures of revalued leasehold land, building on leasehold and plant and machinery would have been as follows:

|                            | <b>Net book value</b>          |                                |
|----------------------------|--------------------------------|--------------------------------|
|                            | <b>30 June 2022<br/>Rupees</b> | <b>30 June 2021<br/>Rupees</b> |
| Leasehold land             | <b>44,033,883</b>              | 44,033,883                     |
| Building on leasehold land | <b>193,302,170</b>             | 138,721,321                    |
| Plant and machinery        | <b>371,059,450</b>             | 107,187,583                    |
|                            | <b>608,395,503</b>             | 289,942,787                    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**6.4 Leasehold lands of the Company are located at the following locations:**

| Location   | Usage                | Area          |
|--|----------------------|---------------|
| Plot 70, Phase 3, Hattar Industrial Estate, Hattar | Production Plant     | 29.40 Acres   |
| Plot 23, I&T Centre, G-10/4, Islamabad             | Head Office Building | 533.33 Sq Yds |

**6.5 Detail of disposal of property, plant and equipment:**

| Particulars                  | Cost             | Book value       | Sale proceeds    | (Loss) / gain    | Mode of disposal | To                                    | Relationship of purchaser with Company or any of its' directors |
|------------------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------------|---|
|                              | Rupees           |                  |                  |                  |                  |                                       |   |
| Toyota Corolla GLI [EJ-661]  | 1,945,774        | 992,951          | 2,019,917        | 1,026,966        | Quotation        | Awais Naseem Malik                    | Open Market   |
| Suzuki Swift [AFC 732]       | 1,406,184        | 898,629          | 1,425,000        | 526,371          | Quotation        | Hafeezullah EFU General Insurance Co. | Employee  |
| Toyota Corolla GLI [AGT-731] | 2,272,154        | 1,474,033        | 2,223,000        | 748,967          | Insurance Claim  |                                       | Insurance Company   |
| <b>June 2022</b>             | <b>5,624,112</b> | <b>3,365,613</b> | <b>5,667,917</b> | <b>2,302,304</b> |                  |                                       |   |
| June 2021                    | 7,140,758        | 3,160,731        | 6,904,168        | 3,743,437        |                  |                                       |   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|   | Note | 30 June 2022<br>Rupees         | 30 June 2021<br>Rupees         |
|---|------|--------------------------------|--------------------------------|
| <b>6.6 Breakup of capital work in progress at the reporting date is as follows:</b> |      |                                |                                |
| Plant and machinery   |      | -                              | 101,753,883                    |
| Building on leasehold land  |      | <b>3,796,925</b>               | 13,790,857                     |
|   |      | <b>3,796,925</b>               | 115,544,740                    |
| <b>7 INVESTMENT PROPERTY</b>  |      | <b>30 June 2022<br/>Rupees</b> | <b>30 June 2021<br/>Rupees</b> |
| Building  | 7.1  | <b>28,042,827</b>              | Restated<br>28,761,874         |
| Land  | 7.5  | <b>39,519,753</b>              | 39,519,753                     |
|   |      | <b>67,562,580</b>              | 68,281,627                     |
| <b>7.1 Building</b>   |      |                                |                                |
| <b>Cost</b>   |      |                                |                                |
| Balance at 01 July  |      | <b>32,848,608</b>              | 32,848,608                     |
| Additions   |      | -                              | -                              |
| Balance at 30 June  |      | <b>32,848,608</b>              | 32,848,608                     |
| <b>Accumulated depreciation on Building</b>   |      |                                |                                |
| Balance at 01 July  |      | <b>(4,086,734)</b>             | (3,349,250)                    |
| Charge for the year   |      | <b>(719,047)</b>               | (737,484)                      |
| Balance at 30 June  |      | <b>(4,805,781)</b>             | (4,086,734)                    |
| <b>Carrying amount</b>  |      | <b>28,042,827</b>              | 28,761,874                     |
| Rate of depreciation per annum  |      | <b>2.5%</b>                    | 2.5%                           |

**7.2** Depreciation charge for the year has been allocated to administrative expenses.

**7.3** As per latest valuation of investment property, fair value of investment property is Rs. 155,248,498 (2021: Rs. 71,720,471).

**7.4** The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value falls in level 3 hierarchy, is measured for disclosure purpose only. Sensitivity analysis has not been presented since data about observable input is not available.

**7.5** The Company recognised part of the Buildings as Investment property in the financial statements for the year ended June 30, 2016. However, the related cost of the land was previously recorded in Property, Plant and equipment. During the current year, the Company has reclassified the respective cost of land amounting to Rs. 39 million from Property and equipment to Investment property retrospectively to reflect its more appropriate treatment. The Company has not presented the three columnar Statement of Financial Position for the year as the disclosure impact on the Statement of Financial Position for the year then ended is same as reflected for the year ended June 30, 2021 which is not material. The impact of this reclassification is as follows:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(a) Impact of change on the Statement of Financial Position as at June 30, 2020:

|                               | As previously reported | Adjustment   | Restated Amount |
|-------------------------------|------------------------|--------------|-----------------|
| Property, Plant and equipment | 702,665,950            | (39,519,753) | 663,146,197     |
| Investment Property           | 29,499,358             | 39,519,753   | 69,019,111      |

(b) Impact of change on the Statement of Financial Position as at June 30, 2021:

|                               | As previously reported | Adjustment   | Restated Amount |
|-------------------------------|------------------------|--------------|-----------------|
| Property, Plant and equipment | 702,665,950            | (39,519,753) | 663,146,197     |
| Investment Property           | 28,761,874             | 39,519,753   | 68,281,627      |

**8 INVENTORIES**Stores, spare parts and loose tools  
Stock in trade

| Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|------|------------------------|------------------------|
| 8.1  | 39,582,058             | 33,354,474             |
| 8.2  | 503,342,201            | 477,391,005            |
|      | <b>542,924,259</b>     | <b>510,745,479</b>     |

**8.1 Stores, spare parts and loose tools**Mechanical store  
Electrical store  
General store  
Safety equipment

|            |            |
|------------|------------|
| 25,115,744 | 23,059,348 |
| 15,757,894 | 12,263,639 |
| 2,613,077  | 1,882,354  |
| 369,030    | 422,820    |

Provision for slow moving stores, spare parts and loose tools

|                   |                   |
|-------------------|-------------------|
| 43,855,745        | 37,628,161        |
| 8.2.2 (4,273,687) | (4,273,687)       |
| <b>39,582,058</b> | <b>33,354,474</b> |

**8.2 Stock in trade**Raw materials  
Packing materials  
Work in process  
Finished goods

|       |                    |                    |
|-------|--------------------|--------------------|
| 8.2.1 | 300,460,766        | 336,977,816        |
|       | 18,590,296         | 18,131,932         |
|       | 19,084,209         | 8,376,890          |
|       | 168,173,153        | 114,551,251        |
|       | <b>506,308,424</b> | <b>478,037,889</b> |
| 8.2.2 | (2,966,223)        | (646,884)          |
|       | <b>503,342,201</b> | <b>477,391,005</b> |
|       | <b>542,924,259</b> | <b>510,745,479</b> |

Provision for slow moving stock in trade

**8.2.1** This includes in transit stock amounting to Rs. 3,549,755 (2021: Rs.49,536,089).**8.2.2 Movement in provision during the year**Opening balance  
Charge for the year  
Closing balance

| Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|------|------------------------|------------------------|
|      | 4,920,571              | 4,920,571              |
|      | 2,319,341              | -                      |
|      | <b>7,239,912</b>       | <b>4,920,571</b>       |

**9 TRADE DEBTS**Trade debts - unsecured  
Less: allowance for expected credit losses

|     |                    |                    |
|-----|--------------------|--------------------|
| 9.1 | 491,335,796        | 360,314,836        |
|     | (31,974,110)       | (27,156,654)       |
|     | <b>459,361,686</b> | <b>333,158,182</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|             |   |                        |                     | 30 June 2022<br>Rupees         | 30 June 2021<br>Rupees         |
|-------------|---|------------------------|---------------------|--------------------------------|--------------------------------|
| <b>9.1</b>  | <b>Movement of allowance for expected credit loss during the year</b>   |                        |                     |                                |                                |
|             | Opening balance   |                        |                     | 27,156,654                     | 33,233,875                     |
|             | Charge/ (reversal) for the year   |                        |                     | 4,817,456                      | (6,077,221)                    |
|             | Closing balance   |                        |                     | 31,974,110                     | 27,156,654                     |
| <b>10</b>   | <b>SHORT TERM ADVANCES</b>  |                        |                     |                                |                                |
|             | Advances to suppliers - unsecured   |                        |                     | 105,138,584                    | 32,902,100                     |
|             | Advances to employees - interest free - unsecured   |                        |                     | 4,500,716                      | 1,395,681                      |
|             |   |                        |                     | 109,639,300                    | 34,297,781                     |
| <b>11</b>   | <b>TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>   |                        |                     |                                |                                |
|             | Trade deposits - interest free  |                        |                     | 18,305,486                     | 7,127,760                      |
|             | Prepayments   |                        |                     | 4,020,524                      | 4,217,814                      |
|             | Sales tax receivable  |                        |                     | 27,489,014                     | 27,839,762                     |
|             | Others receivables  |                        |                     | 2,704,941                      | 1,707,118                      |
|             |   |                        |                     | 52,519,965                     | 40,892,454                     |
| <b>12</b>   | <b>SHORT - TERM INVESTMENTS</b>   |                        |                     |                                |                                |
|             |   | <b>30 June 2022</b>    | <b>30 June 2021</b> | <b>30 June 2022</b>            | <b>30 June 2021</b>            |
|             |   | <b>Number of units</b> | <b>Note</b>         | <b>Rupees</b>                  | <b>Rupees</b>                  |
|             | <b>Investments at fair value through profit or loss:</b>  |                        |                     |                                |                                |
|             | UBL Liquidity Plus Fund   | 1,924,817              | 12.1                | 194,576,089                    | 178,786,279                    |
|             |   |                        |                     | 194,576,089                    | 178,786,279                    |
|             | <b>Amortized cost</b>   |                        |                     |                                |                                |
|             | Term deposit receipt (TDR)  |                        | 12.2                | 121,861,500                    | 86,790,000                     |
|             | Accrued interest  |                        |                     | 423,016                        | 62,682                         |
|             |   |                        |                     | 316,860,605                    | 265,638,961                    |
| <b>12.1</b> | These investments are stated at fair value at the year end, using the year end redemption price. Gain on remeasurement is included in finance income. As stated in note 16, 1,924,817 units (2021: 1,743,362) in UBL Liquidity Plus Fund) are pledged as security against running finance facilities arranged with United Bank Limited.   |                        |                     |                                |                                |
| <b>12.2</b> | This represents foreign currency term deposit receipt (TDR) amounting to USD 593,000 (2021: USD 550,000) including accrued mark - up due as at year end. This carries interest rate at 1% to 5.5% (2021: 0.70% to 3.55%) per annum. As stated in note 16.1, TDRs of USD 550,000 (2021: USD 550,000) are given as security against running finance facility arranged with Allied Bank Limited. |                        |                     |                                |                                |
|             |   |                        | <b>Note</b>         | <b>30 June 2022<br/>Rupees</b> | <b>30 June 2021<br/>Rupees</b> |
| <b>13</b>   | <b>ADVANCE TAX - net</b>  |                        |                     |                                |                                |
|             | Balance at 01 July  |                        |                     | 52,113,062                     | 57,704,434                     |
|             | Income tax expense for the year   |                        |                     | (65,338,348)                   | (73,875,127)                   |
|             | Adjustment of Workers' welfare fund   |                        |                     | (4,481,356)                    | (4,474,387)                    |
|             | Income tax paid during the year   |                        |                     | 58,217,585                     | 72,758,142                     |
|             | Balance at 30 June  |                        |                     | 40,510,943                     | 52,113,062                     |
| <b>14</b>   | <b>CASH AND BANK BALANCES</b>   |                        |                     |                                |                                |
|             | Cash at bank - conventional banking   |                        |                     |                                |                                |
|             | Current accounts  |                        | 14.1                | 71,685,445                     | 46,544,520                     |
|             | Saving accounts   |                        | 14.2                | 64,023                         | 25,076                         |
|             |   |                        |                     | 71,749,468                     | 46,569,596                     |
|             | Cash in hand  |                        |                     | 106,066                        | 95,510                         |
|             |   |                        |                     | 71,855,534                     | 46,665,106                     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**14.1** These include foreign currency balances amounting to Rs. 1,482,485.22 [USD 7,214.04] (2021: Rs. 6,742,903 [USD 42,730.69]).

**14.2** These carry interest at the rate of 12.25% (2021: 6.50%) per annum.

|  | Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|--|------|------------------------|------------------------|
| <b>15 TRADE AND OTHER PAYABLES</b>                     |      |                        |                        |
| Trade creditors  |      | 149,907,644            | 168,474,934            |
| Contract liability - unsecured                         |      | 104,590,587            | 5,183,847              |
| Accrued liabilities                                    |      | 23,526,542             | 4,270,389              |
| Insurance payable                                      |      | 972,652                | 847,718                |
| Workers' profit participation fund payable             | 15.1 | 18,904,265             | 17,545,685             |
| Workers' welfare fund payable                          | 15.2 | 7,184,221              | 4,740,141              |
| Payable to employees' provident fund                   |      | 1,951,500              | 1,706,627              |
| Withholding tax payable                                |      | 2,005,650              | -                      |
| Others   |      | 40,613,037             | 37,462,676             |
|  |      | <b>349,656,098</b>     | <b>240,232,017</b>     |
| <b>15.1 Workers' profit participation fund payable</b> |      |                        |                        |
| Balance at 01 July                                     |      | 17,545,685             | 16,365,530             |
| Charge for the year                                    |      | 18,904,265             | 17,545,685             |
| Payment during the year                                |      | (17,545,685)           | (16,365,530)           |
| Balance at 30 June                                     |      | <b>18,904,265</b>      | <b>17,545,685</b>      |
| <b>15.2 Workers' welfare fund payable</b>              |      |                        |                        |
| Balance at 01 July                                     |      | 4,740,141              | 6,417,855              |
| Charge for the year                                    |      | 7,184,221              | 4,740,141              |
| Adjustment during the year                             |      | (4,740,141)            | (6,417,855)            |
| Balance at 30 June                                     |      | <b>7,184,221</b>       | <b>4,740,141</b>       |
| <b>16 SHORT - TERM BORROWINGS</b>                      |      |                        |                        |
| <b>Allied Bank Limited</b>                             |      |                        |                        |
| - Running finance / ERF                                | 16.1 | 424,436,153            | 389,755,417            |
| <b>United Bank Limited</b>                             |      |                        |                        |
| - Running finance                                      | 16.2 | 124,659,176            | 114,432,849            |
|  |      | <b>549,095,329</b>     | <b>504,188,266</b>     |

**16.1** This represents utilized amount of running finance facilities with cumulative sanctioned limit of Rs. 500 million (2021: Rs. 475 million) to meet the working capital requirements of the Company. These facilities include running finance facility - RF I with sanctioned limit of Rs. 300 million carrying mark-up at the rate of 3 months KIBOR + 1.00% of the utilized amount, running finance facility - RF III with maximum sanctioned limit of Rs. 125 million carrying markup at the rate of 3 months KIBOR + 0.75% per annum of the utilized amount and secured against the investment made in the ABL term deposit receipts of USD 550,000 with 5% margin. Also refer note 12.2

RF I has sub limit of letter of credit - usance (foreign) and letter of guarantees (LGs) secured against cash and cash equivalents with a margin of 10% along with a facility of Letter of Credit Foreign amounting to Rs. 50 million. Further, the Company has facilities aggregating to Rs. 75 million (2021: Rs. 75 million) for Export Re-finance-I and Export Re-finance-II.

These facilities are further secured by way of first charge amounting to Rs. 993 million on all present and future current assets (excluding financial assets) and fixed assets (excluding head office building) of the Company including equitable mortgage over industrial property of the Company, lien on valid import and export documents of the Company and corporate guarantee of the Company for each letter of guarantee in addition to the securities mentioned above.

**16.2** This represents utilized amount of running finance facility of Rs. 200 million (2021: Rs. 200 million) for financing working capital requirements of the Company. The facility carries markup at the rate of 1 month KIBOR + 0.75% per annum. The facility is secured against investment in units of UBL Liquidity Plus Fund with 5% margin. Refer note 12.1

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|   | Note  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|---|---|------------------------|------------------------|
| <b>17 LONG TERM LOAN - SECURED</b>  |   |                        |                        |
| Loan under refinancing schemes  |   | 255,819,551            | 111,845,919            |
| Less: current portion of long term loans  |   | (71,914,931)           | (21,226,792)           |
|   |   | <b>183,904,620</b>     | <b>90,619,127</b>      |
| <b>Current portion</b>  |   |                        |                        |
| Current portion of long term loans  |   | 71,914,931             | 21,226,792             |
| Markup accrued  |   | 3,384,257              | 755,770                |
|   |   | <b>75,299,188</b>      | <b>21,982,562</b>      |
| <b>Allied Bank Limited</b>  |   |                        |                        |
| Loan for Salary and Wages   | 17.1  | 10,613,389             | 31,840,181             |
| Loan for acquisition of Property, Plant and Equipment                                       | 17.2  | 245,206,162            | 80,005,738             |
|   |   | <b>255,819,551</b>     | <b>111,845,919</b>     |
| <b>17.1</b>   | This represents utilized amount of long term finance facilities under SBP's refinance scheme for payment of salaries and wages with cumulative sanctioned limit of Rs. 45 million (2021: Rs. 45 million). The facility carries mark-up at the rate of SBP subsidized rate 3.00% of the utilized amount. The tenor of the facility is 2.5 years repayable in 08 equal quarterly installments starting from January 2021. The facility is secured by way of first charge on all present and future current assets (excluding financial assets) and fixed assets of the Company along with equitable mortgage over plot # 70 Phase III industrial Estate Hattar measuring 29.4 Acres.        |                        |                        |
| <b>17.2</b>   | This represents utilized amount of long term finance facilities under SBP's temporary economic refinance scheme for import of plant and machinery with cumulative sanctioned limit of Rs. 250 million (2021: Rs. 250 million). The facility carries mark-up at the rate of SBP rate + 4.00% of the utilized amount. The tenor of the facility is 5 years repayable in 16 equal quarterly installments starting from July 2022. The facility is secured by way of first charge on all present and future current assets (excluding financial assets) and fixed assets of the Company along with equitable mortgage over plot # 70 Phase III industrial Estate Hattar measuring 29.4 Acres. |                        |                        |
|   | Note  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
| <b>18 EMPLOYEE BENEFIT</b>  |   |                        |                        |
| Accumulated compensated absences  | 18.1  | 801,595                | 678,791                |
| Payable to staff gratuity fund  | 18.2  | 11,418,605             | 4,329,223              |
|   |   | <b>12,220,200</b>      | <b>5,008,014</b>       |
| <b>18.1 Accumulated compensated absences</b>  |   |                        |                        |
| Balance at 01 July  |   | 678,791                | 5,182,759              |
| Charge for the year   |   | 152,112                | 858,791                |
| Reversal of opening provisions  |   | -                      | (5,182,759)            |
| Benefits paid during the year   |   | (29,308)               | (180,000)              |
| Balance at 30 June  |   | <b>801,595</b>         | <b>678,791</b>         |
| <b>18.2 Defined benefit obligation - gratuity</b>   |   |                        |                        |
| <b>18.2.1 The amounts recognized in the statement of financial position are as follows:</b> |   |                        |                        |
| Present value of defined benefit obligation   |   | 89,974,663             | 72,998,605             |
| Fair value of plan assets   |   | (78,556,058)           | (68,669,382)           |
| Liability   |   | <b>11,418,605</b>      | <b>4,329,223</b>       |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|--|------------------------|------------------------|
| <b>18.2.2 Amount recognised in the profit or loss is as follows:</b>                           |                        |                        |
| Current service cost   | 10,758,677             | 9,750,147              |
| Net interest cost  | 216,461                | 46,551                 |
|  | <b>10,975,138</b>      | <b>9,796,698</b>       |
| <b>18.2.3 Amount to be recognised in other comprehensive income</b>                            |                        |                        |
| Actuarial (gain) / loss on obligation  | (102,007)              | (641,647)              |
| Actuarial gain / (loss) on plan assets   | 545,474                | (226,788)              |
|  | <b>443,467</b>         | <b>(868,435)</b>       |
| <b>18.2.4 The movement in the present value of defined benefit obligation is as follows:</b>   |                        |                        |
| Present value of defined benefit obligation at beginning                                       | 72,998,605             | 58,614,775             |
| Current service cost   | 10,758,677             | 9,750,147              |
| Interest cost  | 7,253,171              | 5,275,330              |
| Benefits paid  | (933,783)              | -                      |
| Re-measurement of defined benefit obligation   | (102,007)              | (641,647)              |
| Present value of defined benefit obligation at end   | <b>89,974,663</b>      | <b>72,998,605</b>      |
| <b>18.2.5 The movement in fair value of plan assets:</b>                                       |                        |                        |
| Fair value of plan assets at beginning   | 68,669,382             | 52,981,199             |
| Expected return on plan assets   | 7,036,710              | 5,228,776              |
| Contributions  | 4,329,223              | 10,232,619             |
| Benefits paid  | (933,783)              | -                      |
| Re-measurement of plan assets  | (545,474)              | 226,788                |
| Fair value of plan assets at end   | <b>78,556,058</b>      | <b>68,669,382</b>      |
| <b>18.2.6 Contributions expected to be paid to the plan during the next year</b>               | <b>11,418,605</b>      | <b>4,329,223</b>       |
| <b>18.2.7 Plan assets comprise of:</b>   |                        |                        |
| National Savings   | 42,053,353             | 47,122,201             |
| Government bonds   | 9,062,324              | -                      |
| Mutual Funds   | 26,536,161             | 20,899,209             |
| Cash and cash equivalents  | 904,220                | 647,972                |
|  | <b>78,556,058</b>      | <b>68,669,382</b>      |
|  | <b>30 June 2022</b>    | <b>30 June 2021</b>    |
| <b>18.2.8 Principal actuarial assumptions used in the actuarial valuations are as follows:</b> |                        |                        |
| Discount rate  | 13%                    | 10%                    |
| Salary growth rate   | 12%                    | 9%                     |

**18.2.9 Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|                      | 2022                         |                              |
|----------------------|------------------------------|------------------------------|
|                      | Defined benefit obligation   |                              |
|                      | Effect of 1 percent increase | Effect of 1 percent decrease |
|                      | Rupees                       |                              |
| Discount rate        | (7,855,605)                  | (6,870,306)                  |
| Future salary growth | 8,997,400                    | 7,805,853                    |

**18.2.10 Significant risk associated with the staff retirement benefit scheme:**

|                              |   |
|------------------------------|---|
| <b>Longevity Risks:</b>      | The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.  |
| <b>Salary Increase Risk:</b> | The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly. |
| <b>Withdrawal Risk:</b>      | The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.   |

|                             | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|-----------------------------|------------------------|------------------------|
| <b>19 LEASE LIABILITIES</b> |                        |                        |
| Lease liabilities           | 12,812,529             | 9,460,733              |
| Less: Current portion       | (6,305,878)            | (3,745,156)            |
| Long term portion           | 6,506,651              | 5,715,577              |

**19.1** Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follow:

|   | Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|---|------|------------------------|------------------------|
| Less than one year                              |      | 8,192,511              | 4,584,427              |
| One to five years                               |      | 7,669,112              | 6,377,649              |
|   |      | 15,861,623             | 10,962,076             |
| <b>Amounts recognized in the profit or loss</b> |      |                        |                        |
| Interest on lease liabilities                   | 29   | 1,767,597              | 1,096,140              |
| Depreciation                                    | 6    | 2,497,742              | 1,550,865              |
|   |      | 4,265,339              | 2,647,005              |

**20 DEFERRED TAX LIABILITY - net**

|   | Balance at<br>01 July 2021 | Recognized in  |            | Net balance at<br>30 Jun 2022 |
|---|----------------------------|----------------|------------|-------------------------------|
|   |                            | Profit or loss | OCI        |                               |
| 2022  | ----- (Rupees) -----       |                |            |                               |
| <b>Taxable temporary difference</b>                     |                            |                |            |                               |
| Property, plant and equipment                           | 29,264,607                 | 34,606,590     | -          | 63,871,197                    |
| Right of use assets                                     | 2,043,335                  | 1,789,564      | -          | 3,832,899                     |
| Surplus on revaluation of property, plant and equipment | 12,240,314                 | (1,121,174)    | 17,072,170 | 28,191,310                    |
| Super tax impact  | -                          | 6,435,160      | -          | 6,435,160                     |
|   |                            | -              |            |                               |
| <b>Deductible temporary difference</b>                  |                            |                |            |                               |
| Employee benefits                                       | (1,460,434)                | (1,621,911)    | -          | (3,082,345)                   |
| Trade debts   | (5,906,572)                | (1,047,797)    | -          | (6,954,369)                   |
| Stores, spare parts and loose tools                     | (1,070,224)                | 140,697        | -          | (929,527)                     |
| Post Retirement employee benefits                       | 251,846                    | (251,846)      | -          | -                             |
|   | 35,362,872                 | 38,929,283     | 17,072,170 | 91,364,325                    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|   | Net balance<br>at 01 July<br>2020 | Recognized in  |                | Net balance at<br>30 June 2021 |
|---|-----------------------------------|----------------|----------------|--------------------------------|
|   |                                   | Profit or loss | OCI            |                                |
|   | (Rupees)                          |                |                |                                |
| <b>2021</b>   |                                   |                |                |                                |
| <b>Taxable temporary difference</b>                     |                                   |                |                |                                |
| Property, plant and equipment                           | 28,460,410                        | 804,197        | -              | 29,264,607                     |
| Right of use assets                                     | 942,102                           | 1,101,233      | -              | 2,043,335                      |
| Surplus on revaluation of property, plant and equipment | 13,483,132                        | (1,242,818)    | -              | 12,240,314                     |
| Post Retirement employee benefits                       | -                                 | -              | 251,846        | 251,846                        |
| <b>Deductible temporary difference</b>                  |                                   |                |                |                                |
| Retirement benefits                                     | (2,352,553)                       | 892,119        | -              | (1,460,434)                    |
| Trade debts   | (7,228,368)                       | 1,321,796      | -              | (5,906,572)                    |
| Stores, spare parts and loose tools                     | (1,070,224)                       | -              | -              | (1,070,224)                    |
| Unrealised gains  | 2,163,156                         | (2,163,156)    | -              | -                              |
|   | <b>34,397,655</b>                 | <b>713,371</b> | <b>251,846</b> | <b>35,362,872</b>              |

**21 SHARE CAPITAL****21.1 Authorized share capital**

60,000,000 (2021: 60,000,000) ordinary shares of Rs. 10 each.

**21.2 Issued, subscribed and paid up capital**

| 2022<br>Number of Shares | 2021<br>Number of Shares |  | 2022<br>Rupees     | 2021<br>Rupees |
|--------------------------|--------------------------|--|--------------------|----------------|
| <b>20,000,000</b>        | 20,000,000               | Ordinary shares of Rs. 10 each issued for cash                   | <b>200,000,000</b> | 200,000,000    |
| <b>26,382,688</b>        | 18,332,800               | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | <b>263,826,880</b> | 183,328,000    |
| <b>46,382,688</b>        | 38,332,800               |  | <b>463,826,880</b> | 383,328,000    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**21.2.1** 24,230,574 ordinary shares i.e. 52.24% (2021: 18,825,624 ordinary shares i.e. 49.11%) Rs. 10 each are held by the Directors of the Company.

**21.2.2** The company issued 3,833,280 and 4,216,608 shares (2021: 3,484,800 through Board resolution dated September 22, 2020) through Board resolution dated 23th September 2021 and 16th February 2022 respectively.

**21.2.3** All ordinary share holders have same rights regarding voting, board election, right of first refusal and block voting

**21.3 Capital management**

The Company's objective when managing capital is to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stake holders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to share holders and/or issue new shares. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

|               | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|---------------|------------------------|------------------------|
| Debt          | 732,999,949            | 594,807,393            |
| Equity        | 2,336,307,548          | 1,544,245,990          |
|               | <b>3,069,307,497</b>   | <b>2,139,053,383</b>   |
| Gearing Ratio | <b>24%</b>             | <b>28%</b>             |

**22 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - net of tax**

**Revaluation surplus - gross**

|  |                      |                    |
|--|----------------------|--------------------|
| Balance at 01 July   | 715,102,609          | 720,816,715        |
| Surplus on revaluation for the year - gross  | 646,051,563          | -                  |
|  | <b>1,361,154,172</b> | <b>720,816,715</b> |
| Transferred to equity in respect of incremental depreciation - net of deferred tax | (4,033,648)          | (4,471,288)        |
| Related deferred tax on incremental depreciation                                   | (1,121,174)          | (1,242,818)        |
| Incremental depreciation charged to statement of profit or loss                    | (5,154,822)          | (5,714,106)        |
| Balance at 30 June   | <b>1,355,999,350</b> | <b>715,102,609</b> |

**Related deferred tax liability**

|   |                      |                     |
|---|----------------------|---------------------|
| Balance at 01 July  | (12,240,314)         | (13,483,132)        |
| Reversed in statement of profit or loss on incremental depreciation | 1,121,174            | 1,242,818           |
| Movement due to change in rate                                      |                      |                     |
| Tax on revaluation surplus for the year                             | (17,072,170)         | -                   |
| Balance at 30 June  | <b>(28,191,310)</b>  | <b>(12,240,314)</b> |
|   | <b>1,327,808,040</b> | <b>702,862,295</b>  |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**23 CONTINGENCIES AND COMMITMENTS****23.1 Contingencies**

**23.1.1** Industrial Estate Hattar of Khyber Pakhtunkhwa Economic Zone Development and Management Company (KPEZDMC) (formally Sarhad Development Authority), Khyber Pakhtunkhwa has raised an additional demand of Rs. 6,203,400 against the Company relating to additional payment to be made to the original owners of the land for which lease was signed and full payment was made in 1991. The Company has not acknowledged the claim and has filed an appeal against the demand before the Civil Judge, Haripur on 02 May 2002. The Court has stayed the demand for settlement through arbitration. The Company contacted the KPEZDMC several times for appointment of arbitrator but received no response in this regard. The Company has now filed an application for the appointment of arbitrator in the Court of Senior Civil Judge, Haripur. Pending the outcome of the appeal, no provision has been made in these financial statements for such demand as the management is confident that the appeal will be decided in the Company's favour.

**23.1.2** For contingencies relating to tax matters refer note 31 to the financial statements.

**23.2 Commitments**

**23.2.1** Letters of credit issued by Allied Bank Limited on behalf of the Company for import of raw materials and acquisition of Fixed Assets, outstanding at the year end amounted to Rs. 36,311,645 (2021: Rs. 174,486,769). The Letter of Credit is secured by way of lien over valid import documents.

**23.2.2** Letter of guarantee issued by Allied Bank Limited on behalf of the Company for the issuance of performance bond to secure the contracts with different government and private entities outstanding at the year end amounted to Rs. 22,60,742 (2021: Rs. 17,071,182). Letter of Guarantees are secured by 10% cash margin, counter guarantee of Biafo Industries Limited for each LG and Hypothecation charge/ mortgage on property as under RF-1 facility.

**24 REVENUE - net**

Local sales- gross  
Sales tax

**Local sales-net**

**Export sales**

**30 June 2022**  
**Rupees**

**30 June 2021**  
**Rupees**

|                      |               |
|----------------------|---------------|
| <b>1,387,835,870</b> | 1,213,876,508 |
| <b>(202,472,765)</b> | (177,910,224) |
| <b>1,185,363,105</b> | 1,035,966,284 |
| <b>482,736,482</b>   | 436,798,600   |
| <b>1,668,099,587</b> | 1,472,764,884 |

**24.1** Export sales includes sales made through contracts with customers for Saindak, Dudder with in Pakistan (2021: Saindak and Dudder) projects in Balochistan, Pakistan which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

**30 June 2022**  
**Rupees**

**30 June 2021**  
**Rupees**

**24.2** Disaggregation of revenue based on product categories:

Tovex water gel explosives  
Powder explosives  
Accessories  
Other finished goods

|                      |               |
|----------------------|---------------|
| <b>752,003,892</b>   | 840,112,417   |
| <b>362,004,206</b>   | 222,588,258   |
| <b>490,060,800</b>   | 386,451,296   |
| <b>64,030,689</b>    | 23,612,913    |
| <b>1,668,099,587</b> | 1,472,764,884 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|  | Note  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|--|---|------------------------|------------------------|
| <b>24.3</b>                                  | Disaggregation of revenue based on customer segmentation: |                        |                        |
| Cement sector                                |   | 277,340,779            | 227,881,188            |
| Oil and gas sector                           |   | 300,971,290            | 231,694,215            |
| Construction sector                          |   | 274,875,734            | 241,356,796            |
| Large projects                               |   | 274,717,888            | 286,897,945            |
| Export sector                                |   | 482,736,483            | 436,798,600            |
| Others                                       |   | 57,457,414             | 48,136,139             |
|  |   | <b>1,668,099,588</b>   | <b>1,472,764,884</b>   |
| <b>25</b>                                    | <b>COST OF SALES</b>                                      |                        |                        |
| Materials consumed                           | 25.1  | 783,516,363            | 691,967,436            |
| Stores, spare parts and loose tools consumed |   | 9,996,954              | 19,864,930             |
| Packing materials consumed                   |   | 26,279,218             | 26,288,455             |
| Fuel and power expenses                      |   | 24,316,359             | 18,265,288             |
| Salaries, wages and other benefits           | 25.2  | 157,719,238            | 136,305,820            |
| Insurance                                    |   | 5,881,130              | 5,033,046              |
| Repairs and maintenance                      |   | 10,655,280             | 5,688,622              |
| Depreciation                                 | 6.2   | 30,913,212             | 21,341,501             |
| Vehicle running and maintenance              |   | 3,994,358              | 4,852,331              |
| Travelling and conveyance                    |   | 713,656                | 733,637                |
| Water charges                                |   | 135,300                | 96,000                 |
| Telephone, telex and postage                 |   | 950,221                | 260,718                |
| Printing and stationery                      |   | 412,943                | 553,916                |
| Canteen                                      |   | 2,404,166              | 1,925,610              |
| Transportation cost                          |   | 65,653,720             | 52,198,462             |
| Fees and subscription                        |   | 1,615,032              | 1,284,202              |
| Vehicle rent                                 |   | 3,114,301              | 2,933,204              |
| Security charges                             |   | 6,917,784              | 6,792,468              |
| Saindak expenses                             |   | 3,990,422              | 4,778,310              |
| Other manufacturing expenses                 |   | 8,948,808              | 5,584,388              |
| Provision for slow moving inventory          |   | 2,319,341              | -                      |
|  |   | <b>1,150,447,806</b>   | <b>1,006,748,343</b>   |
| Work in process:                             |   |                        |                        |
| at beginning of the year                     |   | 8,376,890              | 5,223,559              |
| at end of the year                           |   | (19,084,209)           | (8,376,890)            |
|  |   | <b>(10,707,319)</b>    | <b>(3,153,331)</b>     |
| <b>Cost of goods manufactured</b>            |   | <b>1,139,740,487</b>   | <b>1,003,595,012</b>   |
| Finished goods:                              |   |                        |                        |
| at beginning of the year                     |   | 114,551,251            | 19,765,567             |
| at end of the year                           |   | (168,173,153)          | (114,551,251)          |
|  |   | <b>(53,621,902)</b>    | <b>(94,785,684)</b>    |
|  |   | <b>1,086,118,585</b>   | <b>908,809,328</b>     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|             |  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|-------------|--|------------------------|------------------------|
| <b>25.1</b> | <b>Materials consumed</b>  |                        |                        |
|             | Balance at 01 July   | 336,977,816            | 334,231,099            |
|             | Purchases during the year  | 746,999,313            | 694,714,155            |
|             |  | 1,083,977,129          | 1,028,945,254          |
|             | Balance at 30 June   | (300,460,766)          | (336,977,816)          |
|             |  | 783,516,363            | 691,967,438            |
| <b>25.2</b> | This includes an amount of Rs. 13,601,262 (2021: Rs. 10,232,909) charged on account of employees' retirement benefits. |                        |                        |
|             |  |                        |                        |
|             |  | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
| <b>26</b>   | <b>OTHER INCOME</b>  |                        |                        |
|             | Rental income  | 5,100,000              | 1,775,000              |
|             | Reversal of workers' welfare   | 258,785                | 1,943,468              |
|             | Gain on sale of property, plant  | 2,302,304              | 3,743,437              |
|             |  | 7,661,089              | 7,461,905              |
| <b>27</b>   | <b>DISTRIBUTION EXPENSES</b>   |                        |                        |
|             | Salaries, wages and other benefits   | 27.1 33,498,421        | 28,204,286             |
|             | Sales commission   | 11,899,467             | 9,000,245              |
|             | Staff travelling and conveyance  | 3,441,343              | 10,487,849             |
|             | Fees and subscription  | -                      | 150,000                |
|             | Telephone and postage  | 199,885                | 151,103                |
|             | Entertainment  | 54,479                 | 14,893                 |
|             | Printing and stationery  | 316,594                | 236,698                |
|             | Vehicle running and maintenance  | 1,490,567              | 1,877,260              |
|             | Insurance  | 62,515                 | 100,660                |
|             | Other charges  | 2,839,632              | 6,171,327              |
|             | Depreciation   | 6.2 153,886            | 289,922                |
|             |  | 53,956,789             | 56,684,243             |

**27.1** This include an amount of Rs. 3,545,635 (2021: Rs. 3,187,995) charged on account of employees' retirement benefits.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|  |  |  | 30 June 2022        | 30 June 2021        |
|--|--|--|---------------------|---------------------|
|  | Note   |  | Rupees              | Rupees              |
| <b>28</b>  | <b>ADMINISTRATIVE EXPENSES</b>   |  |                     |                     |
| Chief Executive Officer and Directors' remuneratic | 28.1   |  | 48,855,960          | 40,311,251          |
| Salaries, wages and other benefits                 | 28.1   |  | 48,085,367          | 41,637,810          |
| Directors' travelling and conveyance               |  |  | 20,349,815          | 13,438,609          |
| Staff travelling                                   |  |  | 336,903             | 275,247             |
| Electricity, gas and water charges                 |  |  | 1,454,222           | 1,547,116           |
| Telephone, telex and postage                       |  |  | 1,038,193           | 924,461             |
| Rent, rates and taxes                              |  |  | 224,458             | 184,902             |
| Legal and professional charges                     |  |  | 9,671,130           | 7,402,044           |
| Donation   | 28.3   |  | 2,660,500           | 2,510,000           |
| Auditors' remuneration                             | 28.2   |  | 2,250,000           | 2,250,000           |
| Printing and stationery                            |  |  | 1,707,873           | 1,277,893           |
| Entertainment                                      |  |  | 650,382             | 636,492             |
| Insurance  |  |  | 547,806             | 447,864             |
| Advertisements                                     |  |  | 462,227             | 507,923             |
| Vehicle running and maintenance                    |  |  | 5,672,650           | 3,037,849           |
| Repair and maintenance                             |  |  | 2,150,142           | 3,432,008           |
| Security charges                                   |  |  | 1,140,506           | 1,096,832           |
| General expenses                                   |  |  | 3,687,046           | 2,298,978           |
| Depreciation on investment property                | 7  |  | 719,047             | 737,484             |
| Depreciation                                       | 6.2  |  | 5,989,643           | 5,595,701           |
|  |  |  | <b>157,653,870</b>  | <b>129,550,464</b>  |
| <b>28.1</b>  | These include Rs. 4,132,589 (2021: Rs. 3,576,434) charged on account of retirement benefits.   |  | <b>30 June 2022</b> | <b>30 June 2021</b> |
|  |  |  | <b>Rupees</b>       | <b>Rupees</b>       |
| <b>28.2</b>  | <b>Auditors' remuneration</b>  |  |                     |                     |
| Annual audit fee                                   |  |  | 1,500,000           | 1,500,000           |
| Half year review                                   |  |  | 300,000             | 300,000             |
| Other certifications                               |  |  | 450,000             | 450,000             |
|  |  |  | <b>2,250,000</b>    | <b>2,250,000</b>    |
| <b>28.3</b>  | These donations has been made to The Frontier Association for Mentally Handicapped Mardan, Behbud Association and Hope Uplift Foundation Lahore. There is no interest of directors in this donation. |  | <b>30 June 2022</b> | <b>30 June 2021</b> |
|  |  |  | <b>Rupees</b>       | <b>Rupees</b>       |
| <b>29</b>  | <b>FINANCE COSTS</b>   |  |                     |                     |
| Mark up on short term borrowings                   |  |  | 51,708,780          | 29,461,384          |
| Mark up on long term loans                         |  |  | 11,586,017          | 2,405,076           |
| Interest on lease liabilities                      |  |  | 1,767,597           | 1,096,140           |
| Bank charges                                       |  |  | 4,281,179           | 3,097,521           |
| Mark up on WPPF                                    |  |  | 1,687,270           | -                   |
| Exchange Loss                                      |  |  | -                   | 17,746,079          |
|  |  |  | <b>71,030,843</b>   | <b>53,806,200</b>   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|   | 30 June 2022<br>Rupees   | 30 June 2021<br>Rupees |
|---|--|------------------------|
| <b>30 FINANCE INCOME</b>  |  |                        |
| Dividend income   | 18,428,466   | 11,792,125             |
| Gain on remeasurement of investments at fair value through profit or loss | 125,616  | 96,982                 |
| Exchange gain - net   | 55,287,408   | -                      |
| Interest on investment in TDRs  | 2,038,029  | 1,563,882              |
| Interest on saving accounts   | 22,653   | 6,935                  |
|   | <b>75,902,172</b>  | <b>13,459,924</b>      |
| <b>31 INCOME TAX EXPENSE</b>  |  |                        |
| Current tax expense   | 65,338,348   | 73,875,127             |
| Deferred tax expense  | 38,929,283   | 713,371                |
|   | <b>104,267,632</b>   | <b>74,588,498</b>      |
| <b>31.1 Reconciliation of tax expense for the year</b>                    |  |                        |
| Profit before tax   | <b>351,996,819</b>   | <b>328,627,873</b>     |
| Tax rate  | 29%  | 29%                    |
| Tax on accounting profit  | 102,079,078  | 95,302,083             |
| Tax effect of income charged under final tax regime                       | (45,759,747)   | (23,983,853)           |
| Tax effect of income charged at lower tax rate                            | -  | (1,650,898)            |
| Super tax effect  | 5,137,699  | -                      |
| Others  | 3,881,318  | 4,207,794              |
| Deferred tax impact   | 38,929,283   | 713,371                |
|   | <b>104,267,632</b>   | <b>74,588,497</b>      |
| <b>31.2</b>   | Tax assessments up to and including tax year 2021 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.  |                        |
| <b>31.3</b>   | The Officer Inland Revenue (OIR), LTU Islamabad while issuing appeal effect under order section 124 of the Income Tax Ordinance, 2001 for the Tax Year 2009, made some mistakes. Disallowed admissible deduction comprising of notional income aggregating to Rs. 1,766,063 and disallowed tax deposited / paid on exports amounting to Rs. 2,112,736. As a result of the above mistake tax refund has been restricted to Rs. 11,114,986. The Company has filed an application for rectification before OIR, LTU, Islamabad under section 221 of the Income Tax Ordinance, 2001, which is pending with OIR, LTU, Islamabad. Based on tax consultant's advice management expects favourable outcome in this regard. |                        |
| <b>31.4</b>   | The Officer Inland Revenue (OIR), LTU Islamabad while issuing appeal effect under order section 124 of the Income Tax Ordinance, 2001 for the Tax Year 2010, made some mistakes. Disallowed admissible deduction comprising of notional income aggregating to Rs. 4,318,240 and disallowed salaries amounting to Rs. 6,878,798. As a result of the above mistake tax refund has been restricted to Rs. 8,853,548. The Company has filed an application for rectification before OIR, LTU, Islamabad under section 221 of the Income Tax Ordinance, 2001, which is pending with OIR, LTU, Islamabad. Based on tax consultant's advice management expects favourable outcome in this regard.                         |                        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 31.5** The tax authority while issuing appeal effect order under section 124 of the Income Tax Ordinance, 2001 [the "Ordinance"] for the Tax Year 2012 disallowed expenses amounting to Rs. 28,226,385 relating to Salaries, WPPF, donations and expenses relating to Final Tax Regime (FTR). Further, the tax credit has only been allowed to the extent of tax demand determined so there is no outstanding tax liability based on the appeal effect order. Being aggrieved with the order of CIR(A), the Company has filed an appeal before Appellate Tribunal and to date no hearing notice has been issued. Based on tax consultant's advice management expects favourable outcome in this regard.
- 31.6** The Add CIR. LTU. Islamabad had issued show cause notice u/s 122(5A) of the ITO 2001 relating to tax year 2014 and the Company has duly responded to the notices and provided the details/documents requested. However, the Add CIR. LTU. Islamabad had issued an order u/s 122(5A) of the ITO 2001 dated 27 June 2020 wherein alleged tax demand of Rs. 340,682,982 has been determined. The Company has filed appeal with CIR(A), Islamabad. The CIR (Appeals-I), Islamabad has remanded back the case to the assessing officer. The DCIR, Islamabad has initiated the appeal effect proceedings. Based on tax consultant's advice management expects favourable outcome in this regard.
- 31.7** The tax authority has issued letter contending short fall of Rs. 61,401,195 in advance tax paid by the Company for the Tax Year 2017. On writ petition filed by the Company, the Islamabad High Court has granted stay against recovery of tax emand till the next date of hearing. Based on tax consultant's advice management expects favourable outcome in this regard.

|   | 30 June 2022       | 30 June 2021       |
|---|--------------------|--------------------|
| <b>32 EARNINGS PER SHARE - basic and diluted</b>              |                    |                    |
| Profit for the year (Rupees)                                  | <u>247,729,187</u> | <u>254,039,375</u> |
|   |                    | Restated           |
| Average number of shares outstanding during the year (Number) | <u>46,382,688</u>  | <u>46,382,688</u>  |
| Earnings per share (Rupees)                                   | <u>5.34</u>        | <u>5.48</u>        |

- 32.1** Comparative for earnings per share has been restated to incorporate the impact of bonus shares issued during the year.

|                                     | Note | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|-------------------------------------|------|------------------------|------------------------|
| <b>33 CASH AND CASH EQUIVALENTS</b> |      |                        |                        |
| Cash and bank balances              | 14   | 71,855,534             | 46,665,106             |
| Short-term borrowings               | 16   | <u>(549,095,329)</u>   | <u>(504,188,266)</u>   |
|                                     |      | <u>(477,239,795)</u>   | <u>(457,523,160)</u>   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 34 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

|  | Liabilities       |                    |                               |                    |
|--|-------------------|--------------------|-------------------------------|--------------------|
|  | Lease liabilities | Long term loan     | Unpaid and unclaimed dividend | Total              |
|  | (Rupees)          |                    |                               |                    |
| <b>Balance at 01 July 2021</b>           | 9,460,733         | 112,601,689        | 39,208,938                    | 161,271,360        |
| <b>Changes from financing cash flows</b> |                   |                    |                               |                    |
| Dividend paid                            | -                 | -                  | (80,699,212)                  | (80,699,212)       |
| Loans and borrowings                     | -                 | 148,718,141        | -                             | 148,718,141        |
| Lease liability paid                     | (10,725,620)      | -                  | -                             | (10,725,620)       |
|  | (10,725,620)      | 148,718,141        | (80,699,212)                  | 57,293,309         |
| <b>Other changes</b>                     |                   |                    |                               |                    |
| Dividend announced                       | -                 | -                  | 84,332,160                    | 84,332,160         |
| New leases                               | 14,077,416        | -                  | -                             | 14,077,416         |
| <b>Balance at 30 June 2022</b>           | <b>12,812,529</b> | <b>261,319,830</b> | <b>42,841,886</b>             | <b>316,974,245</b> |
| <b>Balance at 01 July 2020</b>           | 8,044,807         | 42,701,987         | 36,090,893                    | 86,837,687         |
| <b>Changes from financing cash flows</b> |                   |                    |                               |                    |
| Dividend paid                            | -                 | -                  | (185,061,155)                 | (185,061,155)      |
| Loans and borrowings                     | -                 | 69,899,702         | -                             | 69,899,702         |
| Lease liability paid                     | (7,330,176)       | -                  | -                             | (7,330,176)        |
|  | (7,330,176)       | 69,899,702         | (185,061,155)                 | (122,491,629)      |
| <b>Other changes</b>                     |                   |                    |                               |                    |
| Dividend announced                       | -                 | -                  | 188,179,200                   | 188,179,200        |
| New leases                               | 8,746,102         | -                  | -                             | 8,746,102          |
| <b>Balance at 30 June 2021</b>           | <b>9,460,733</b>  | <b>112,601,689</b> | <b>39,208,938</b>             | <b>161,271,360</b> |

## 35 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

|                          | Chief Executive Officer | Executive Directors | Executives         | Total              |
|--------------------------|-------------------------|---------------------|--------------------|--------------------|
|                          | (Rupees)                |                     |                    |                    |
| <b>2022</b>              |                         |                     |                    |                    |
| Managerial remuneration  | 18,500,000              | 22,140,000          | 86,126,100         | 126,766,100        |
| Employee benefits        | 4,500,000               | -                   | 10,597,537         | 15,097,537         |
| Bonus                    | 1,600,000               | 1,845,000           | 7,177,175          | 10,622,175         |
| <b>Total</b>             | <b>24,600,000</b>       | <b>23,985,000</b>   | <b>103,900,812</b> | <b>152,485,812</b> |
| <b>Number of persons</b> | <b>1</b>                | <b>3</b>            | <b>39</b>          |                    |
| <b>2021</b>              |                         |                     |                    |                    |
| Managerial remuneration  | 17,125,000              | 22,140,000          | 96,295,512         | 135,560,512        |
| Employee benefits        | -                       | -                   | 12,003,349         | 12,003,349         |
| Bonus                    | 1,500,000               | 1,845,000           | 8,024,626          | 11,369,626         |
| <b>Total</b>             | <b>18,625,000</b>       | <b>23,985,000</b>   | <b>116,323,487</b> | <b>158,933,487</b> |
| <b>Number of persons</b> | <b>1</b>                | <b>3</b>            | <b>43</b>          |                    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 35.1** The aggregate amount charged in the financial statements in respect of meeting fee paid to other than Chief Executive Officer and Executive Directors was Rs. 14,875,000 (2021: Rs. 11,875,000).
- 35.2** Chief Executive Officer, Executive Directors, Chief Operating Officer and Chief Financial Officer are provided with the Company maintained vehicles.
- 35.3** Number of persons include those who worked part of the year.

**36 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise of associated undertakings, directors, key management personnel, entities over which the directors are able to exercise influence, employees' provident fund and gratuity fund. Transactions with related parties and balances outstanding at the year end are as follows:

|   | 30 June 2022<br>Rupees | 30 June 2021<br>Rupees |
|---|------------------------|------------------------|
| <b>Dividend to non - executive directors</b>                                | <b>35,303,332</b>      | 79,616,726             |
| <b>Other related parties</b>  |                        |                        |
| Remuneration including benefits and perquisites of key management personnel | <b>48,585,000</b>      | 42,610,000             |
| Dividend to key management personnel (Executive directors)                  | <b>5,735,006</b>       | 12,797,133             |
| Bonus shares issued during the year   | <b>42,052,910</b>      | 17,115,140             |
| Contribution towards employees' provident fund                              | <b>9,712,769</b>       | 8,836,257              |
| Contribution towards employees' gratuity fund                               | <b>4,329,223</b>       | 10,232,619             |
| <b>Balances</b>   |                        |                        |
| Payable to Employees Provident Fund   | <b>1,951,500</b>       | 1,706,627              |
| Payable to Employees Gratuity Fund  | <b>11,418,605</b>      | 4,329,223              |

**37 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 37.1 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

| Financial assets and liabilities                 | Carrying amount |                                   |   |               | Fair value  |         |         |             |
|--|-----------------|-----------------------------------|---|---------------|-------------|---------|---------|-------------|
|  | Amortized cost  | Fair value through profit or loss | Financial liabilities at amortized cost | Total         | Level 1     | Level 2 | Level 3 | Total       |
| 30 June 2022                                     |                 |                                   |   |               |             |         |         |             |
| Financial assets measured at fair value          |                 |                                   |   |               |             |         |         |             |
| Rupees   |                 |                                   |   |               |             |         |         |             |
| Short term investments                           | -               | 194,576,089                       | -                                       | 194,576,089   | 194,576,089 | -       | -       | 194,576,089 |
|  | -               | 194,576,089                       | -                                       | 194,576,089   | 194,576,089 | -       | -       | 194,576,089 |
| Financial assets not measured at fair value      |                 |                                   |   |               |             |         |         |             |
| Trade debts                                      | 459,361,686     | -                                 | -                                       | 459,361,686   | -           | -       | -       | -           |
| Advances to employees                            | 4,500,716       | -                                 | -                                       | 4,500,716     | -           | -       | -       | -           |
| Other receivables                                | 2,704,941       | -                                 | -                                       | 2,704,941     | -           | -       | -       | -           |
| Short-term investments                           | 122,284,516     | -                                 | -                                       | 122,284,516   | -           | -       | -       | -           |
| Bank balances                                    | 71,855,534      | -                                 | -                                       | 71,855,534    | -           | -       | -       | -           |
| Trade deposits                                   | 18,305,486      | -                                 | -                                       | 18,305,486    | -           | -       | -       | -           |
| Long - term deposits                             | 1,777,650       | -                                 | -                                       | 1,777,650     | -           | -       | -       | -           |
| Total financial assets                           | 680,790,529     | 194,576,089                       | -                                       | 875,366,618   | 194,576,089 | -       | -       | 194,576,089 |
| Financial liabilities not measured at fair value |                 |                                   |   |               |             |         |         |             |
| Short-term borrowings                            | -               | -                                 | 549,095,329                             | 549,095,329   | -           | -       | -       | -           |
| Unclaimed dividend                               | -               | -                                 | 27,399,799                              | 27,399,799    | -           | -       | -       | -           |
| Unpaid dividend                                  | -               | -                                 | 15,442,085                              | 15,442,085    | -           | -       | -       | -           |
| Long term loans                                  | -               | -                                 | 259,203,807                             | 259,203,807   | -           | -       | -       | -           |
| Lease liabilities                                | -               | -                                 | 12,812,529                              | 12,812,529    | -           | -       | -       | -           |
| Trade and other payables                         | -               | -                                 | 215,019,875                             | 215,019,875   | -           | -       | -       | -           |
| Total financial liabilities                      | -               | -                                 | 1,078,973,424                           | 1,078,973,424 | -           | -       | -       | -           |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 37.1 Fair value of financial assets and liabilities (continued)

| Financial assets and liabilities                 | Carrying amount |                                   |   |             | Fair value  |         |         |             |
|--|-----------------|-----------------------------------|---|-------------|-------------|---------|---------|-------------|
|  | Amortized cost  | Fair value through profit or loss | Financial liabilities at amortized cost | Total       | Level 1     | Level 2 | Level 3 | Total       |
|  |                 |                                   |   |             |             |         |         |             |
| 30 June 2021                                     | Rupees          |                                   |   |             | Rupees      |         |         |             |
| Financial assets measured at fair value          |                 |                                   |   |             |             |         |         |             |
| Short-term investments                           | -               | 178,786,279                       | -                                       | 178,786,279 | 178,786,279 | -       | -       | 178,786,279 |
|  | -               | 178,786,279                       | -                                       | 178,786,279 | 178,786,279 | -       | -       | 178,786,279 |
| Financial assets not measured at fair value      |                 |                                   |   |             |             |         |         |             |
| Trade debts                                      | 333,158,182     | -                                 | -                                       | 333,158,182 | -           | -       | -       | -           |
| Advances to employees                            | 1,395,681       | -                                 | -                                       | 1,395,681   | -           | -       | -       | -           |
| Other receivables                                | 1,707,118       | -                                 | -                                       | 1,707,118   | -           | -       | -       | -           |
| Short-term investments                           | 86,852,682      | -                                 | -                                       | 86,852,682  | -           | -       | -       | -           |
| Bank balances                                    | 46,569,596      | -                                 | -                                       | 46,569,596  | -           | -       | -       | -           |
| Trade deposits                                   | 7,127,760       | -                                 | -                                       | 7,127,760   | -           | -       | -       | -           |
| Long - term deposits                             | 1,777,650       | -                                 | -                                       | 1,777,650   | -           | -       | -       | -           |
| Total financial assets                           | 478,588,669     | 178,786,279                       | -                                       | 657,374,948 | 178,786,279 | -       | -       | 178,786,279 |
| Financial liabilities not measured at fair value |                 |                                   |   |             |             |         |         |             |
| Short-term borrowings                            | -               | -                                 | 504,188,266                             | 504,188,266 | -           | -       | -       | -           |
| Unclaimed dividend                               | -               | -                                 | 24,567,634                              | 24,567,634  | -           | -       | -       | -           |
| Unpaid dividend                                  | -               | -                                 | 14,641,304                              | 14,641,304  | -           | -       | -       | -           |
| Long term loans                                  | -               | -                                 | 112,601,689                             | 112,601,689 | -           | -       | -       | -           |
| Lease liabilities                                | -               | -                                 | 9,460,733                               | 9,460,733   | -           | -       | -       | -           |
| Trade and other payables                         | -               | -                                 | 244,561,240                             | 244,561,240 | -           | -       | -       | -           |
| Total financial liabilities                      | -               | -                                 | 910,020,866                             | 910,020,866 | -           | -       | -       | -           |

37.1.1 The Company has not disclosed the fair values of financial assets and liabilities which are either short term in nature or reprise periodically.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**37.2 Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Auditor. Internal Auditor undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**37.2.1 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, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties 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 does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, deposits, advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows;

|                                      | 2022<br>Rupees     | 2021<br>Rupees     |
|--------------------------------------|--------------------|--------------------|
| Long term deposits                   | 1,777,650          | 1,777,650          |
| Trade Debts                          | 459,361,686        | 333,158,182        |
| Short term investments               | 316,860,605        | 265,576,279        |
| Advances to employees                | 4,500,716          | 1,395,681          |
| Trade deposits and other receivables | 21,010,427         | 8,834,878          |
| Bank balances                        | 71,749,468         | 46,569,596         |
|                                      | <b>875,260,552</b> | <b>657,312,266</b> |

The trade debts are due from foreign and local customers for export and local sales respectively. Majority of the trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of Rs. 7.9 million (2021: Rs. 6 million) against all local trade debts.

The following table provides information about the exposure to credit risk and ECL for trade debts as at 30 June 2022

|                       | Weighted<br>average loss<br>rate | Gross carrying<br>amount | Allowance for<br>expected credit<br>losses | Credit<br>impaired |
|-----------------------|----------------------------------|--------------------------|--|--------------------|
|                       | Percentage                       |                          | Rupees                                     |                    |
| Not past due          | 0.03%                            | 144,011,672              | 43,205                                     | No                 |
| Past due 0-30 days    | 0.02%                            | 51,075,144               | 10,215                                     | No                 |
| Past due 31-60 days   | 0.13%                            | 151,933,175              | 197,513                                    | No                 |
| Past due 61-90 days   | 0.59%                            | 51,129,408               | 301,664                                    | No                 |
| Past due 91-120 days  | 1.80%                            | 45,688,652               | 822,396                                    | No                 |
| Past due 121-150 days | 4.51%                            | 8,607,651                | 388,205                                    | No                 |
| Past due 151-180 days | 14.63%                           | 7,312,132                | 1,061,958                                  | No                 |
| Past due 181-210 days | 38.09%                           | -                        | -  | No                 |
| Over 210 days         | 58.70%                           | 5,881,368                | 3,452,363                                  | No                 |
| Over 210 days (loss)  | 100.00%                          | 25,696,594               | 25,696,591                                 | Yes                |
|                       |                                  | <b>491,335,796</b>       | <b>31,974,110</b>                          |                    |

### 37.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

There were no defaults on loans payable during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

|                          |                 | Contractual cash flows |                         |  |                           |
|--------------------------|-----------------|------------------------|-------------------------|--|---------------------------|
|                          | Carrying amount | Contractual cash flows | Maturity up to one year | Maturity after one year and up to five years | Maturity after five years |
| 30 June 2022             | Rupees          | Rupees                 |                         |  |                           |
| Maturity upto one year   |                 |                        |                         |  |                           |
| Short-term borrowings    | 549,095,329     | 549,095,329            | 549,095,329             | -  | -                         |
| Unclaimed dividend       | 27,399,799      | 27,399,799             | 27,399,799              | -  | -                         |
| Unpaid dividend          | 15,442,085      | 15,442,085             | 15,442,085              | -  | -                         |
| Long term loan           | 259,203,807     | 259,203,807            | 75,299,188              | 183,904,619                                  | -                         |
| Lease liabilities        | 12,812,529      | 15,861,623             | 8,192,511               | 7,669,112                                    | -                         |
| Trade and other payables | 215,019,875     | 215,019,875            | 215,019,875             | -  | -                         |
|                          | 1,078,973,424   | 1,082,022,518          | 890,448,787             | 191,573,731                                  | -                         |
|                          | 1,078,973,424   | 1,082,022,518          | 890,448,787             | 191,573,731                                  | -                         |
| 30 June 2021             |                 |                        |                         |  |                           |
| Maturity upto one year   |                 |                        |                         |  |                           |
| Short-term borrowings    | 504,188,266     | 504,188,266            | 504,188,266             | -  | -                         |
| Unclaimed dividend       | 24,567,634      | 24,567,634             | 24,567,634              | -  | -                         |
| Unpaid dividend          | 14,641,304      | 14,641,304             | 14,641,304              | -  | -                         |
| Long term loan           | 112,601,689     | 112,601,689            | 21,982,562              | 90,619,127                                   | -                         |
| Lease liabilities        | 9,460,733       | 10,962,076             | 4,584,427               | 6,377,649                                    | -                         |
| Trade and other payables | 244,561,240     | 244,561,240            | 244,561,240             | -  | -                         |
|                          | 910,020,866     | 911,522,209            | 814,525,433             | 96,996,776                                   | -                         |
|                          | 910,020,866     | 911,522,209            | 814,525,433             | 96,996,776                                   | -                         |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to loans and borrowings have been determined on the basis of expected markup rates.

### 37.2.3 Market risk

Market risk is the risk that changes in market prices e.g. foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market price management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### a) Foreign currency risk management

The Pakistan Rupee (PKR) is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than PKR. The Company's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditures and revenues.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The potential currency exposures are discussed below:

**Transactional exposure in respect of non - functional currency monetary items**

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

**Transactional exposure in respect of non - functional currency expenditure and revenues**

Certain operating and capital expenditures is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

**Exposure to foreign currency risk on year end monetary balances**

The Company's exposure to foreign currency risk was as follows based on following amounts:

|                   | 2022<br>USD      | 2021<br>USD      |
|-------------------|------------------|------------------|
| <b>Asset:</b>     |                  |                  |
| Trade debts       | 537,922          | 1,509,095        |
| Bank balances     | 7,214            | 9,395            |
| Investments       | 593,000          | 550,000          |
|                   | <b>1,138,136</b> | <b>2,068,490</b> |
| <b>Liability:</b> |                  |                  |
| Trade creditors   | 80,569           | 204,018          |
|                   | <b>80,569</b>    | <b>204,018</b>   |

The significant exchange rates applied during the year were:

|              | Average rate   |                | Reporting date - closing rate |                |
|--------------|----------------|----------------|-------------------------------|----------------|
|              | 2022<br>Rupees | 2021<br>Rupees | 2022<br>Rupees                | 2021<br>Rupees |
| <b>USD 1</b> | <b>181.65</b>  | 163.03         | <b>205.50</b>                 | 157.80         |

**Sensitivity analysis**

A 10 percent strengthening of the PKR against the USD at 30 June would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

|                             | 2022<br>Rupees    | 2021<br>Rupees |
|-----------------------------|-------------------|----------------|
| Statement of profit or loss | <b>21,733,011</b> | 16,336,030     |

A 10 percent strengthening of the PKR against the USD at 30 June would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**b) Interest rate risk**

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company has long term and short term Pakistan Rupees based loans and borrowing arrangements at variable rates. The local currency loans and borrowings have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

**Profile**

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

|                                  | 2022<br>%                                      | 2021<br>%                                      | 2022<br>Rupees          | 2021<br>Rupees     |
|----------------------------------|--|--|-------------------------|--------------------|
| <b>Fixed rate instruments</b>    |  |  |                         |                    |
| <b>Financial assets</b>          |  |  |                         |                    |
| Term deposit receipt             | 2.50-5.50                                      | 1.00   | 122,284,516             | 86,852,682         |
| Bank balances - saving accounts  | 12.25  | 5.50   | 64,023                  | 25,076             |
|                                  |  |  | <b>122,348,539</b>      | <b>86,877,758</b>  |
| <b>Financial liabilities</b>     |  |  |                         |                    |
| Long term loan                   | 3.00-5.00                                      | 3.00-5.00                                      | 259,203,807             | 112,601,689        |
|                                  |  |  | <b>259,203,807</b>      | <b>112,601,689</b> |
|                                  | <b>Effective interest rate</b>                 |  | <b>Carrying amounts</b> |                    |
|                                  | 2022<br>%                                      | 2021<br>%                                      | 2022<br>Rupees          | 2021<br>Rupees     |
| <b>Variable rate instruments</b> |  |  |                         |                    |
| <b>Financial liabilities</b>     |  |  |                         |                    |
|                                  | 1 Month to 3<br>Months<br>KIBOR plus<br>Margin | 1 Month to 3<br>Months<br>KIBOR plus<br>Margin | 549,095,329             | 504,188,266        |
| Short-term borrowings            |  |  | <b>549,095,329</b>      | <b>504,188,266</b> |

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates would have increased / (decreased) profit or loss by Rs. 5,490,953 (2021: Rs. 5,041,883)

**c) Price risk**

The Company is exposed to price risk because of investment in marketable securities held by the Company in Faysal Money Market Fund and UBL Liquidity Plus Fund. These investments are classified as investments at fair value through profit or loss. The Company makes investment in securities in accordance with the Board of Directors' approval.

**37.3 Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

**Investment in fair value through profit or loss**

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

**Non - derivative financial assets**

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

**Non - derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**38 CAPACITY AND PRODUCTION**

| Products                              | Units  | Rated<br>production<br>capacity | 2022              | 2021      |
|---------------------------------------|--------|---------------------------------|-------------------|-----------|
|                                       |        |                                 | Actual production |           |
| Tovex water gel and powder explosives | Kgs    | 6,000,000                       | <b>3,695,271</b>  | 3,746,000 |
| Detonator - plain / electric          | Nos    | 9,000,000                       | <b>1,135,940</b>  | 980,537   |
| Detonating cord                       | Meters | 2,500,000                       | <b>3,016,750</b>  | 2,952,720 |

The shortfall in production of certain products is due to the gap between market demand and the available capacity.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**39 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES**

Following information has been disclosed with reference to circular No. 14 of 2015 dated 21 April 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

| Description  | 2022<br>Rupees | 2021<br>Rupees |
|--|----------------|----------------|
| i) Loans / advances obtained as per Islamic mode   | 104,590,587    | 5,183,847      |
| ii) Shariah compliant bank deposits / bank balances  | 71,685,445     | 46,544,520     |
| iii) Profit earned from shariah compliant bank deposits / bank balances  | -              | -              |
| iv) Net revenue earned from a shariah compliant business segment   | 1,668,099,587  | 1,472,764,884  |
| v) Gain/loss or dividend earned from shariah compliant investments   | -              | -              |
| vi) Exchange gain /(loss) earned   | 55,287,408     | (11,448,579)   |
| vii) Markup paid on Islamic mode of financing  | -              | -              |
| viii) Profits earned or interest paid on any conventional loan or advance:   | -              | -              |
| For profits earned on conventional investments and finance cost on conventional short-term running finance facilities, refer notes 30 and 29 respectively. |                |                |

**40 EMPLOYEES PROVIDENT FUND TRUST**

All the investments in collective investment schemes and debt securities out of provident fund trust and contributory gratuity fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

**41 GENERAL**

**41.1** Figures have been rounded off to the nearest rupee.

**41.2** Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of better presentation and comparison.

**41.3 Non - adjusting events after reporting date**

The Board of Directors proposed final cash dividend at the rate of Rs. 2.30 per share in its meeting held on 23 September 2022.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 41.4 Number of persons employed

|  | 2022 | 2021 |
|--|------|------|
| Employees on year end (number)             | 232  | 219  |
| Average employees during the year (number) | 230  | 217  |

### 41.5 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 23 September, 2022.



Chief Financial Officer



Chief Executive Officer



Director

PATTERN OF SHAREHOLDING  
AS AT 30 JUNE 2022

| NO. OF<br>SHAREHOLDERS | SHARE HOLDING |            | TOTAL NUMBER OF<br>SHARES HELD |
|------------------------|---------------|------------|--------------------------------|
|                        | FROM          | TO         |                                |
| 268                    | 1             | 100        | 7,823                          |
| 482                    | 101           | 500        | 127,391                        |
| 263                    | 501           | 1,000      | 194,504                        |
| 686                    | 1,001         | 5,000      | 1,487,945                      |
| 125                    | 5,001         | 10,000     | 874,643                        |
| 50                     | 10,001        | 15,000     | 593,979                        |
| 26                     | 15,001        | 20,000     | 442,155                        |
| 16                     | 20,001        | 25,000     | 359,754                        |
| 5                      | 25,001        | 30,000     | 138,154                        |
| 9                      | 30,001        | 35,000     | 298,822                        |
| 9                      | 35,001        | 40,000     | 336,684                        |
| 3                      | 40,001        | 45,000     | 128,450                        |
| 1                      | 45,001        | 50,000     | 48,037                         |
| 1                      | 50,001        | 60,000     | 52,050                         |
| 2                      | 60,001        | 70,000     | 130,720                        |
| 3                      | 70,001        | 80,000     | 217,372                        |
| 1                      | 80,001        | 90,000     | 87,195                         |
| 3                      | 100,001       | 125,000    | 325,577                        |
| 4                      | 125,001       | 150,000    | 545,861                        |
| 3                      | 150,001       | 175,000    | 490,812                        |
| 2                      | 175,001       | 200,000    | 375,670                        |
| 2                      | 200,001       | 225,000    | 430,591                        |
| 2                      | 225,001       | 250,000    | 463,826                        |
| 1                      | 300,001       | 325,000    | 312,617                        |
| 1                      | 400,001       | 425,000    | 417,443                        |
| 2                      | 525,001       | 550,000    | 1,075,633                      |
| 1                      | 675,001       | 700,000    | 693,630                        |
| 3                      | 1,500,001     | 2,000,000  | 5,496,806                      |
| 1                      | 2,500,001     | 3,000,000  | 2,696,086                      |
| 1                      | 3,000,001     | 3,500,000  | 3,012,332                      |
| 2                      | 5,000,001     | 5,500,000  | 10,626,531                     |
| 1                      | 13,000,001    | 14,000,000 | 13,893,595                     |
| 1979                   |               |            | 46,382,688                     |

| SHAREHOLDER'S CATEGORY | NUMBERS OF<br>SHAREHOLDERS | NUMBERS OF<br>SHARE HELD | PERCENTAGE |
|------------------------|----------------------------|--------------------------|------------|
| INDIVIDUALS            | 1,948                      | 45,369,809               | 97.82%     |
| JOINT STOCK COMPANIES  | 24                         | 649,887                  | 1.40%      |
| INSURANCE COMPANIES    | 3                          | 321,679                  | 0.69%      |
| OTHERS                 | 1                          | 37,695                   | 0.08%      |
| MUTUAL FUNDS           | 3                          | 3,618                    | 0.01%      |
|                        | 1,979                      | 46,382,688               | 100.00%    |

**PATTERN OF SHAREHOLDING  
AS AT 30 JUNE 2022**

| CATEGORIES OF SHAREHOLDERS  | NUMBER       | SHARES HELD       | % AGE         |
|---|--------------|-------------------|---------------|
| Directors, CEO & their Spouse and Minor Children  |              |                   |               |
| Muhammad Zafar Khan   | 1            | 13,893,595        | 29.95         |
| M. Afzal Khan   | 1            | 3,012,332         | 6.49          |
| Ayesha Humayun Khan   | 1            | 2,696,086         | 5.81          |
| Syeda Shahbano Abbas  | 1            | 1,916,447         | 4.13          |
| Zishan Afzal Khan   | 1            | 1,667,074         | 3.59          |
| Khwaja Ahmad Hosain   | 1            | 548,158           | 1.18          |
| Ehsan Mani  | 1            | 184,369           | 0.40          |
| M. Humayun Khan   | 1            | 139,146           | 0.30          |
| Shirin Safdar   | 1            | 104,359           | 0.22          |
| Syed Zaffar Mehdi Askree  | 1            | 37,104            | 0.08          |
| Mehreen Hosain  | 1            | 27,920            | 0.06          |
| Riffat Moin   | 1            | 11,770            | 0.03          |
| Muhammad Yaqoob / Maliha Yaqoob   | 1            | 2,317             | 0.00          |
| Muhammad Waheed   | 1            | 1,210             | 0.00          |
| Anwar Moin  | 1            | 457               | 0.00          |
| Banks, Development Finance Institutions,<br>Non Banking Finance Institutions, Insurance Companies, &<br>Modarba | 3            | 321,679           | 0.69          |
| Mutual Funds:   |              |                   |               |
| CDC - Trustee AKD Opportunity Fund  | 1            | 2,950             | 0.01          |
| CDC - Trustee Alfalah GHP Stock Fund  | 1            | 501               | 0.00          |
| CDC - Trustee Pakistan Pension Fund - Equity Sub Fund   | 1            | 167               | 0.00          |
| Other Individuals   | 1,956        | 11,188,516        | 24.12         |
| Shareholders holding 5% or more shares in the Company:  |              |                   |               |
| Yasmin Hosain   | 1            | 5,496,531         | 11.85         |
| Basit Waheed  | 1            | 5,130,000         | 11.06         |
| <b>TOTAL</b>  | <b>1,979</b> | <b>46,382,688</b> | <b>100.00</b> |

Details of transactions in the shares by the Director, CEO, CFO, Company Secretary and their Spouses and minor children:

|                       | Shares Purchased | Shares Sold |
|-----------------------|------------------|-------------|
| Riffat Moin           | 9,700            | -           |
| Khawaja Shaiq Tanveer | 8,300            | -           |

**PROXY FORM**

The Secretary  
Biafo Industries Limited  
1st Floor, Biafo House,  
Plot No. 23, St No. 38-40  
I&T Centre, G-10/4,  
Islamabad.

I/We \_\_\_\_\_ of \_\_\_\_\_

being member of BIAFO INDUSTRIES LIMITED and Holder of \_\_\_\_\_ Ordinary Shares as per Share

Register Folio (Number) \_\_\_\_\_ and/ or CDC Participant I.D. No. \_\_\_\_\_ and Sub

Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (Name)

as my/our proxy to vote for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held at its registered office, 1st Floor, Biafo house, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad on October 25, 2022 at 11:00 am and any adjournment thereof.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature  
(Signature should agree with the specimen  
signature registered with the Company)

**WITNESSES:**

1. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
NIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
NIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

**Note:**

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him/her. A proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with the proxy form.

## Proxy فارم

جناب سیکرٹری

بیا فوائڈسٹریز لمیٹڈ

فسٹ فلور، بیا فوائڈس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40،

آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد۔

میں رہم۔ بحیثیت رکن بیا فوائڈسٹریز لمیٹڈ اور شیئرز رجسٹر فلیو (نمبر) \_\_\_\_\_ کے مطابق

\_\_\_\_\_ عمومی شیئرز کا حامل ہوں/کے حامل ہیں اور/یا سی ڈی سی پارٹیسپنٹ (Participant) شناختی کارڈ نمبر \_\_\_\_\_

اور ذیلی کھاتہ نمبر \_\_\_\_\_ بذریعہ ہذا \_\_\_\_\_ کو \_\_\_\_\_ (نام) کو مقرر کرتا ہوں۔

جیسا کہ میرے/ہمارے Proxy نے کمپنی کے 34 ویں سالانہ عمومی اجلاس میں میرے/ہمارے حوالے سے ووٹ دینا ہے جو اس کے رجسٹرڈ دفتر پہلی

منزل، بیا فوائڈس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40، آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد میں 25 اکتوبر، 2022ء 11:00 am اور کسی بھی اس

کے التواء کے منعقد ہوگا۔

دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_ 2022 کو کئے گئے

دستخط

(دستخطی اس نمونہ جاتی سے متفق ہونا چاہیے جو کمپنی کے پاس مندرج شدہ ہیں)

گواہان

|             |             |
|-------------|-------------|
| _____ دستخط | _____ دستخط |
| _____ نام   | _____ نام   |
| _____ پتہ   | _____ پتہ   |
| _____       | _____       |

|                        |                        |
|------------------------|------------------------|
| _____ سی این آئی سی یا | _____ سی این آئی سی یا |
| _____ پاسپورٹ نمبر     | _____ پاسپورٹ نمبر     |

نوٹ:

۱۔ کوئی بھی رکن جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ہو وہ اجلاس میں اپنی جگہ شرکت اور ووٹ دینے کے لیے کسی کو Proxy مقرر کر سکے گا۔ Proxy کو کمپنی کا رکن

ہونے کی ضرورت نہیں ہے۔

۲۔ بغرض موثریت Proxy فارم، کمپنی کے رجسٹرڈ آفس میں اجلاس سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیے۔

۳۔ جملہ سی ڈی سی شیئرز ہولڈرز اور ان کے Proxies کو قومی شناختی کارڈ یا پاسپورٹ کی نقل بمعہ Proxy فارم کے ساتھ منسلک کرنا لازمی ہے۔

**E-DIVIDEND MANDATE FORM****The Secretary****Biafo Industries Limited**

1st Floor, Biafo House,  
Plot No. 23, St No. 38-40,  
I&T Centre, G-10/4,  
Islamabad.

**Bank account details for payment of Dividend through Electronic Mode**

Dear Sir,

I/We/Messrs. \_\_\_\_\_,  
being shareholder(s) of Biafo Industries Limited hereby authorize the Company to directly credit  
cash dividends declared by it, in my bank account as detailed below:

|  |  |
|--|--|
| <b>(i) Shareholder's details:</b>                |  |
| Name of the Shareholder                          |  |
| CDC Participant ID & Sub-Account No. /CDC IAS    |  |
| CNIC/NICOP/Passport/NTN No. (please attach copy) |  |
| Contact Number (Landline & Cell Nos.)            |  |
| Shareholder's Address                            |  |
| <b>(ii) Shareholder's Bank account details:</b>  |  |
| Title of Account                                 |  |
| IBAN *   |  |
| Bank's Name                                      |  |
| Branch Name & Code No.                           |  |
| Branch Address                                   |  |

It is stated that the above particulars given by me are correct and I shall keep the Company  
informed in case of any changes in the said particulars in future.

Yours truly,

\_\_\_\_\_  
**Signature of Shareholder**

(Please affix company stamp in case of corporate entity)

**Notes:**

- \* Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
- \*\* This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.












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\*Mobile apps are also available for download for android and ios devices

# BIAFO INDUSTRIES LTD.

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Email: [management@biafo.com](mailto:management@biafo.com), [www.biafo.com](http://www.biafo.com)