

Annual Report

2019



BIAFO INDUSTRIES LTD.
Manufacturers of Tovex® Explosives & Blasting Accessories

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CORPORATE INFORMATION

Corporate Information

Board of Directors

Executive Directors

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

Deputy Chairman
Chief Executive Officer
Director
Director

Non Executive Directors

Dr. M. Humayun Khan
M. Zafar Khan
Adnan Aurangzeb
Ms. Ayesha Humayun Khan

Chairman
Director
Director
Director

Independent Directors

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

Director
Director
Director
Director
Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit & Risk Management Committee

Ehsan Mani	Chairman
Adnan Aurangzeb	Member
Muhammad Yaqoob	Member
Ms. Ayesha Humayun Khan	Member
Khwaja Ahmad Hosain	Member
Dr. M. Humayun Khan	Member

HR & Remuneration Committee

Khwaja Ahmad Hosain	Chairman
Dr. M. Humayun Khan	Member
Ms. Mehreen Hosain	Member
Anwar Moin	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member
Ms. Shirin Safdar	Member
Ms. Syeda Shahbano Abbas	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim, Mian Imran Law Associates

Bankers

Allied Bank of Pakistan
National Bank of Pakistan
Bank of Khyber
Askari Bank Limited

Bank Alfalah Limited
United Bank Limited
Faysal Bank Limited
MCB 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

Riasat Ishtiaq Consulting (Pvt) Ltd

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad.
Tel: +92 51 2344223-4 Fax: +92 51 2605658

NOTICE OF 31st ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 31st Annual General Meeting of Biafo Industries Limited will be held on October 24, 2019 at 11:00 a.m. at 1st 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 24, 2018.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2019 together with Auditors' report and Directors' report thereon.
3. To approve the payment of final cash dividend of Rs. 3 per share (30%) and also the interim cash dividends of Rs. 2.25 per share (22.5%) declared on October 24, 2018, Rs. 3.25 per share (32.5%) declared on February 25, 2019 and Rs. 4.00 per share (40%) declared on April 25, 2019 making a total of Rs. 12.5 per share (125%) cash dividend and 20% bonus shares for the year ended June 30, 2019.
4. To appoint Auditors for the year 2019-20 and to fix their remuneration. Retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible offer themselves for reappointment for the year 2019-20.
5. To elect 13 Directors of the Company, as fixed by the Board under the provisions of section 159 of the Companies Act, 2017 for a period of 3 years. The names of the retiring Directors are:
(i) Dr. M. Humayun Khan (ii) Ehsan Mani (iii) Adnan Aurangzeb (iv) M. Afzal Khan (v) Ms. Ayesha Humayun Khan (vi) Ms. Syeda Shahbano Abbas (vii) Maj. Gen. @ S. Z. M. Askree (viii) Ms. Mehreen Hosain (ix) Khwaja Ahmad Hosain (x) Ms. Shirin Safdar (xi) M. Zafar Khan (xii) Muhammad Yaqoob
6. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board



Khawaja Shaiq Tanveer
Company Secretary

Islamabad
September 17, 2019

NOTES

1. Share Transfer Books of the Company will remain closed from October 16, 2019 to October 24, 2019 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.
 - 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 2017.
 - 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 dividend warrants 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 Riasat Ishtiaq Consulting (Pvt) Ltd. E-Dividend mandate form is enclosed.

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 Taxpayers 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 24, 2019 otherwise tax on their cash dividend will be deducted @ 30% instead of @ 15%.

- 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

Riasat Ishtiaq Consulting (Pvt) Limited

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan.

Tel: +92 51 2344223-4, Fax: +92 51 2605658

- 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 Riasat Ishtiaq Consulting (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

س۔ آزادڈائریکٹرز کے لیے ایکٹ کے سیکشن 166 اوپینیز (آزادڈائریکٹرز کا انتخاب اور قواعد) ریگولیشنز 2018 میں موجود طریقہ کار پر اتنا ضروری ہے۔ امیدواران جو آزادڈائریکٹرز کا انتخاب کرنا چاہتے ہیں کے لیے درج ذیل اضافی دستاویزات جمع کروانا ضروری ہے۔

- (i) سٹاک ہولڈرز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 شق (2) 6 کے تحت آزادڈائریکٹرز کا اقرارنامہ
- (ii) غیر عدالتی سٹپ پیپر پر حلف نامہ کہ وہ ذیلی ریگولیشن (1) آف ریگولیشنز 4 آف اوپینیز (آزادڈائریکٹرز کا انتخاب اور قواعد) ریگولیشنز 2018 کی شرائط پورا کرتا ہے / 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 جمع کرانے کی صورت میں مستقبل کے تمام منقسمہ روک لئے جائیں گے۔
- 6- ممبران سے استدعا کی جاتی ہے کہ وہ زکوٰۃ اور عشر آرڈیننس 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 حصص داران (شیئرز ہولڈرز) اپنے منافع کی تعداد ایگلی صرف الیکٹرانک طریقہ کار کے ذریعے براہ راست اپنے نامزد کردہ بینک اکاؤنٹ میں حاصل کر سکتے ہیں۔ اسی لئے نوٹس ہذا کے ذریعے تمام حصص داران کو مطلع کیا جاتا ہے کہ سینٹرل ڈیپازٹری سسٹم میں متعلقہ درخواست دہندگان اپنے انٹرنیشنل بینک اکاؤنٹس (IBAN) کی تفصیلات کو اپ ڈیٹ کریں۔ مادی حصص (Physical Shares) کی صورت میں اپنے بینک اکاؤنٹ کی تفصیلات ہمارے حصص (شیئرز) رجسٹرار، میسرز ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ کو مہیا کریں۔ (حصص داران کے لئے) ای۔ ڈیوڈنڈ مینڈیٹ فارم منسلک کیا گیا ہے۔

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 وہ ہولڈنگ ٹیکس کی کوٹنگی کے نرخ وضع کئے گئے ہیں۔ ٹیکس کے انراخ مندرجہ ذیل ہیں۔
 - الف۔ انکم ٹیکس ریٹرز فائلر کیلئے (15%)
 - ب۔ انکم ٹیکس ریٹرز نان فائلر کیلئے (30%)
- کمپنی کو مالیت کے عوض 30% کے بجائے 15% کے حساب سے نقد منافع منقسمہ (Cash Dividend) پر ٹیکس کوٹنگی کے قابل بنانے کیلئے ان تمام حصص داران جن کا نام، ٹیکس فائلر ہونے کے باوجود، ایف بی آر کی ویب سائٹ پر موجود ایکسٹرنل سٹاک ہولڈرز (ATL) میں موجود نہیں ہے، کو یہ بات یقینی بنانے کی ہدایت کی جاتی ہے کہ وہ 24 اکتوبر 2019 کو منعقد ہونے والے عمومی اجلاس میں نقد منافع کی منظوری کی تاریخ تک یا اس سے قبل اپنا نام ATL میں درج کروائیں بصورت دیگر نقد منافع پر 15% فیصد کی بجائے 30% ٹیکس کی کوٹنگی کی جائے گی
- ii۔ کسی بھی قسم کے استفسار یا شکایت / معلومات کی صورت میں سرمایہ کار کمپنی یا شیئرز رجسٹرار سے مندرجہ ذیل فون نمبر یا ای میل ایڈریس کے ذریعے رابطہ کر سکتا ہے۔

بیا فو افسٹرز لمیٹڈ

1st فلور، BIAFO ہاؤس، پلاٹ نمبر 23، گلی نمبر 40-38، آئی اینڈ ٹی سینٹر،
 سیکٹر 10/4، اسلام آباد، پاکستان۔ ٹیلیفون: 92-51-2353450-53، 92-51-2353458-57 فیکس: 92-51-2353458
 ویب سائٹ: www.biafo.com، ای میل: management@biafo.com

ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ

آفس نمبر 19-20، سیکنڈ فلور، بل و پلازہ، جناح ایونیو، بلیو ایریا اسلام آباد، پاکستان۔
 فون: 92-51-2344223-4 فیکس: 92-51-2605658

- iii۔ سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیئرز ہولڈرز (حصص یافتگان) اپنے قومی ٹیکس نمبر (این ٹی این) کو اپنے متعلقہ پارٹنرس کے پاس اپ ڈیٹ کروائیں۔ جبکہ فزیکل شیئرز کے حامل کارپوریٹ ممبران اپنے این ٹی این سرٹیفکیٹ کی ایک کاپی کمپنی کو یا اس کے شیئرز رجسٹرار یا ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ کو ارسال کریں۔ شیئرز ہولڈرز (حصص یافتگان) این ٹی این یا این ٹی این سرٹیفکیٹس جیسی بھی صورت ہو، ارسال کرتے وقت لازمی طور پر کمپنی کا نام اور اپنے متعلقہ فوئیو نمبرز درج کریں۔

شیئر ہولڈرز کے 31 ویں سالانہ اجلاس عام کیلئے ممبران کو نوٹس

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ BIAFO انڈسٹریز لمیٹڈ کا 31 واں سالانہ اجلاس عام بتاریخ 24 اکتوبر، 2019 بوقت 11:00 بجے صبح 1st فلور، BIAFO ہاؤس، پلاٹ نمبر 23، گلی نمبر 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 24 اکتوبر 2018 کے منٹس کی توثیق۔
- 2- 30 جون 2019 کو مکمل ہونے والے سال کے آڈٹ شدہ اکاؤنٹس بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، زیر غور لانا اور اختیار کرنا۔
- 3- 17 ستمبر 2019 کو اعلان کردہ حتمی نقد منافع منقسمہ 3 روپیہ فی شیئر (30%)، 24 اکتوبر 2018 کو اعلان کردہ عبوری نقد منافع منقسمہ 2.25 روپیہ فی عمومی شیئر (22.5%)، 25 فروری 2019 کو اعلان کردہ عبوری نقد منافع منقسمہ 3.25 روپیہ فی عمومی شیئر (32.5%)، 25 اپریل 2019 کو اعلان کردہ عبوری نقد منافع منقسمہ 4.00 روپیہ فی عمومی شیئر (40%) اور 30 جون 2019 کو مکمل ہونے والے سال میں مجموعی طور پر 12.50 روپیہ فی شیئر (125%) نقد منافع منقسمہ اور 20 فیصد بونس شیئرز کی منظوری۔
- 4- 2019-20 لئے آڈیٹرز اور ان کے معاوضے کی تقرری۔ ریٹائرڈ ہونے والے آڈیٹرز میسرز کے پی ایم جی تاخیر اینڈ ہادی کمپنی چارٹرڈ اکاؤنٹنٹ نے اہلیت کے حامل ہونے پر خود کو سال 2019-20 کی تعیناتی کیلئے پیش کیا ہے۔
- 5- زیر تفتیش کمپنیز ایکٹ 2017 سیکشن 159 عرصہ 03 سال کیلئے کمپنی کے 13 ڈائریکٹرز کا انتخاب۔ کمپنی کے ریٹائرڈ ہونے والے ڈائریکٹرز درج ذیل ہیں۔
(i) ڈاکٹر ایم۔ ہمایوں خان (ii) احسان مانی (iii) عدنان اورنگزیب (iv) ایم افضل خان (v) مس عائشہ ہمایوں خان (vi) مس سیدہ شہناز عباس (vii) میجر جنرل (ریٹائرڈ) ایس زیڈ ایم عسکری (viii) مس مہرین حسین (ix) خواجہ احمد حسین (x) مس شیریں صفدر (xi) ایم ظفر خان (xii) محمد یعقوب
- 6- چیئرمین کی اجازت سے میننگ میں رکھے جانے والے کچھ دیگر امور کی انجام دہی کے لیے۔

بحکم بورڈ



خواجہ شائق تنویر
کمپنی سیکرٹری

اسلام آباد

17 ستمبر، 2019

نوٹس

- 1- کمپنی کی شیئر منتقلی کی کتابیں 16 اکتوبر 2019 تا 24 اکتوبر 2019 (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 میننگ شروع ہونے سے 48 گھنٹے قبل پہنچ جانی چاہئیں۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری نہیں۔
- 3- سی ڈی سی شیئر ہولڈرز یا ان کے پراکسی، 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- ایسا شخص جو ڈائریکٹر آفس کے لیے انتخاب لڑنا چاہتا ہے اس کے لیے کمپنی کو سالانہ اجلاس عام سے پہلے 14 ایام کے اندر درج ذیل دستاویزات جمع کروانا ضروری ہوں گی۔

- ا- کمپنی کے ڈائریکٹر کے طور پر کام کرنے کی رضامندی بمعہ زیر تفتیش ایکٹ مجوزہ فارم 28 پر رضامندی
- ب- ایس ای سی پی ایس آر او 2014 (I) 634 بتاریخ 10 جولائی 2014 کے تحت تفصیلی پروفائل بمعہ دفتر کا پتہ
- ج- اقرار نامہ زیر تفتیش 3، سلیڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2017
- د- اقرار نامہ کہ وہ ایکٹ کے سیکشن 153 کے مطابق ڈائریکٹر بننے کے لیے نااہل نہیں ہے۔
- ر- ڈائریکٹر کے پاس اپنا اقرار نامہ دائر کرتے ہوئے کم از کم کمپنی کے 500 شیئرز ضرور ہونے چاہیے۔ درج بالا شرائط ایکٹ کے سیکشن (i) 153 میں درج قوانین پر عائد نہیں ہوں گی۔



CHAIRMANS' REVIEW

CHAIRMANS' REVIEW

I am pleased to present the 31st Annual Report of the Company for the year ended 30 June 2019.

I would like to appreciate the performance of the management and all the staff in devising tactical, operational and financial strategies for the company. The Company has reported a net turnover of Rs. 1,409.58/- Million during the period under review compared to Rs. 1,689.36 Million during last year owing to negative economic indicators and slow growth. Blasting activities in some of the existing large road construction projects was completed on some projects. The overall Industrial activity witnessed a downward trend due to a weak economy.

Despite this year, Company earned gross profit for the year of Rs. 608.77 Million (2017-18: Rs. 847.65 Million) whilst registering a decrease of 28.18% and Net Profit after taxation recorded at Rs. 359.89 Million resulting in earnings per share of Rs. 13.63 (2017-18: Rs. 20.17). Increase in the prices of imported raw materials, Pak Rupee depreciation, increase in interest rates and lower sales volume put pressure on the Company's profitability. This situation may improve once the economic indicators become stable coupled with start of economic growth. The Directors' Report will further highlight the past year of operations and achievements.

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

Over the years, the Company has a record of paying high dividends based on the performance of the Company. The Board has recommended a final cash dividend @ 30 % (Rs.3/- per share of Rs 10/- each) out of the profits for the year ended June 30, 2019 and bonus shares in the proportion of two share for every ten shares held (20%). This is in addition to the interim cash dividend @ 95% (Rs 9.5/- per share of Rs 10/- each) declared and paid to the shareholders, thus making a total of 125 % cash dividend for the year under review. Further additionally, an amount of Rs. 44 Million has been transferred from reserve for issue of bonus shares in the proportion of two share for every ten shares held (20%) during the year.

During the period under review the Board approved appointment of Mr. Anwar Moin as the new CEO for a term of three years after extensive process of evaluation and negotiation. Mr. Anwar Moin assumed his duties from February, 2019.

The Company incurred significant capital expenditure to the tune of Rs.85.07 Million to further strengthen its infrastructure and modernize plant & machinery.

The Board received comprehensive agendas and supporting papers in a timely manner for its meetings and was fully involved in the strategic planning process and in developing the vision of the Company.

The Company has taken necessary measures to comply with the provisions of the Code of Corporate Governance as incorporated in listing regulations of the Pakistan Stock Exchange.

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

All Directors, including Independent Directors, fully participated in and made contributions to the decision-making process of the Board.

The Board has 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 strengthen the functions of the Board and overall governance. The system of internal control is sound in design and has been effectively implemented and monitored.

Besides generating profits Biafo also plays its part towards Corporate Social Responsibility and considers its core value which is integral part of its overall mission. The Company is a donor to various organizations, hospitals, charitable institutes in the field of healthcare, education, disaster relief, arts and culture.

Looking forward, the company will continue to strengthen its position in the market to tap the opportunities likely to emerge from the China Pakistan Economic Corridor (CPEC) and allied infrastructure projects, and would try to explore some export market especially in Africa.

In the end, on behalf of the Board I wish to acknowledge the contribution of all our dedicated employees in 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

17 September 2019



Dr. M. Humayun Khan

Chairman

کمپنی نے ضابطہ برائے کارپوریٹ نظم و نسق (کوڈ آف کارپوریٹ گورننس) کے احکامات کی تکمیل کرنے کے لیے ضروری اقدامات لیے ہیں جیسا کہ پاکستان سٹاک ایکسچینج کے فہرستی ضوابط میں شامل ہے۔

کارپوریٹ گورننس کے بہترین طریقوں کی اجزائے ترکیبی سے انحراف نہیں کیا گیا جیسا کہ فہرستی قواعد (لسٹنگ ریگولیشنز) میں تفصیل ہے۔ آزاد ڈائریکٹروں سمیت تمام ڈائریکٹروں نے بورڈ کے فیصلہ سازی کے عمل میں مکمل طور پر شرکت کی اور اس میں اپنا کردار ادا کیا۔ بورڈ کے پاس کمپنی کے تمام متعلقہ شعبہ جات کے پریزنٹرز کے لیے جامع پالیسی ہے، بورڈ ان پالیسیوں کا بروقت جائزہ لیتا ہے اور اپ ڈیٹ کرتا رہتا 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 میٹنگز کا انعقاد کرتی ہے۔ کمپنی اندرونی طور پر بہت مضبوط ہے جسے موثر طریقے سے کنٹرول اور مانیٹر کیا جاتا ہے۔

بیا فوائیک منافع مند کمپنی ہونے کے علاوہ کارپوریٹ سماجی ذمہ داری نبھانے میں بھی اہم کردار ادا کرتی ہے اور اسے کمپنی کا ایک اہم جز تصور کرتی ہے۔ کمپنی مختلف آرگنائزیشنز، ہسپتالوں اور کئی خیراتی اداروں کی صحت، تعلیم، قدرتی آفات، فنون لطیفہ اور ثقافتی شعبوں میں مالی معاونت کرتی ہے۔

مستقبل میں کمپنی مارکیٹ میں اپنی پوزیشن کو مزید مضبوط بنائے گی تاکہ چائنہ پاکستان اقتصادی راہداری اور دیگر تعمیراتی شعبوں میں پیدا ہونے والے مواقع سے بھرپور فائدہ اٹھا سکے۔ اسکے علاوہ کمپنی ایکسپورٹ مارکیٹ خصوصاً افریقہ میں نئے مواقع تلاش کرے گی۔

آخر 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 شیئرز، 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 اعنانت نے کمپنی کو کامیابیوں سے ہمکنار کیا۔

ڈاکٹر۔ ایم۔ ہمایوں خان
چیئر مین

اسلام آباد
17 ستمبر 2019

چیمبر مین کا جائزہ

میں 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کی 31 ویں سالانہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کرتا ہوں۔ میں دوران سال بہترین کارکردگی حاصل کرنے پر انتظامیہ اور جملہ ملازمین کو تحسین پیش کرنا چاہتا ہوں۔ کمپنی نے زیر جائزہ عرصہ کے دوران 1,409.58 ملین روپے کا کاروبار کیا جبکہ گزشتہ سال یہ کاروبار 1,689.36 ملین روپے کا تھا۔ اس کمی کی وجہ ملک کی منفی معاشی صورتحال اور سست روی سے معیشت کا ترقی کرنا ہے۔ کچھ موجودہ بڑے روڈ پراجیکٹس پر بلاسٹنگ سرگرمیاں مکمل کر لی گئیں ہیں۔ مجموعی طور پر صنعتی سرگرمیوں میں ملک کی کمزور معیشت کی وجہ سے کمی واقع ہوئی ہے۔

اس کے باوجود، کمپنی نے اس سال 608.77 ملین روپے کا خام منافع کمایا۔ (سال 2017-18 منافع 847.65 ملین روپے تھا) اس سال منافع میں 28.18 فیصد کمی ہوئی۔ جبکہ ٹیکس کی ادائیگی کے بعد خالص منافع 359.89 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 13.63 روپے رہی۔ (سال 2017-18 20.17 روپے)۔ درآمد شدہ خام مال کی قیمتوں میں اضافہ، پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ اور فروخت میں کمی کمپنی کے منافع میں کمی کا سبب بنی۔ ملک میں معیشت کے استحکام کے ساتھ ہی اس صورتحال میں بہتری واقع ہوگی۔ ڈائریکٹر رپورٹ گزشتہ سال کے اپریشنز اور کامیابیوں کا تفصیلی جائزہ پیش کرے گی۔

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، ملازمین اور دیگر سٹیک ہولڈرز کا کمپنی پر اعتماد برقرار رہے۔

گزشتہ کئی برسوں کے دوران کمپنی اپنی پرفارمنس کی بنیاد پر اپنے شیئر ہولڈرز کو ریکارڈ منافع منقسمہ ادا کر رہی ہے۔ بورڈ نے 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کے منافع سے حتمی نقد منافع منقسمہ 30 فیصد (-/3 روپے فی شیئر ملکیتی -/10 روپے) اور ہر دس شیئرز کے حامل کو دو بونس شیئرز (20 فیصد) کی سفارش کی ہے۔ یہ عبوری نقد منافع منقسمہ 95 فیصد (-/9.5 روپے فی شیئر ملکیتی 10 روپے) جو شیئر ہولڈرز کو ادا کیا جا چکا ہے سے اضافی ہے۔ اس طرح زیر غور عرصہ کے دوران مجموعی نقد منافع منقسمہ 125 فیصد رہا۔ مزید برآں کمپنی نے ریزرو سے 44 ملین روپے جاری کیے ہیں تاکہ ہر دس شیئرز کے حامل کو دو بونس شیئرز (20 فیصد) کا اجراء کیا جاسکے۔

زیر غور عرصہ کے دوران بورڈ نے سخت جانچ پڑتال اور مذاکرات کے بعد جناب انور معین کو 03 سال کے عرصہ کے لیے چیف ایگزیکٹو تعینات کیا۔ جناب انور معین نے فروری 2019 سے اپنی ذمہ داریاں نبھانا شروع کیں۔

کمپنی نے اپنے انفراسٹرکچر کو مضبوط اور پلانٹ اور مشینری میں جدت لانے کے لیے بھاری رقم 85.07 ملین روپے خرچ کی۔ بورڈ کو میٹنگز 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۔



DIRECTORS' REPORT

DIRECTORS' REPORT

It gives me great pleasure to present the performance report and audited financial statements for the year ended 30th June 2019.

FINANCIAL HIGHLIGHTS

During the year under review, the Company recorded net sales revenue of Rs.1,409.58 million as compared to the previous year's revenue of Rs. 1,689.36 Million, as significant decline was witnessed in supplies to large road construction projects due to completion of blasting activities at some projects and slow down of other ongoing projects. So far the Government has not initiated any new infrastructure project which would have impact on the Company's profitability. The overall Industrial activity witnessed a downward trend due to sliding economic indicators and slow business growth.

Gross profit for the year decreased by 28.18% to Rs. 608.76 Million (2017-18: Rs. 847.65 Million). The Company earned a Net profit after taxation of Rs. 359.89 Million resulting in earnings per share of Rs. 13.63 (2017-18: Rs. 20.17). Increase in the price of imported raw materials due to Pak Rupee depreciation, increase in interest rates and lower sales volume have put pressure on the Company's profitability. This situation would improve once the economy becomes stable and there is increase in economic activity in major projects like Dams, roads and other infrastructure areas.

PRODUCTION:

The production team at the plant performed well by meeting the requirement of customers and effectively fulfilled the demand for various products & services.

Product and service quality is a prerequisite for the Company's achievements and plays an essential role in consumer satisfaction. Biafo is committed to a continuous improvement philosophy and ensure that only the highest quality and standard products are delivered to all our valuable clientele. The Company continue to invest for the improvement in Production efficiency, Human Resource, and safe practices to enhance the confidence of its users, workforce and stakeholders.

HEALTH, SAFETY & ENVIRONMENT

Biafo is committed to protect its employees from any incident and strives to minimize the impact on the environment by ensuring compliance with all HSE Policies.

The Company has renewed OHSAS (Occupational Health and Safety Advisory Services) 18001: 2007 and ISO 9001: 2015 quality Certifications. The Company is continuing its efforts to ensure that its plant complies with established environment quality standards.

FUTURE PROSPECTS:

We hope that the Government policies will revive the economy and start infrastructure projects in hydel & construction which will create business opportunities for the Company in the coming years. The challenges of the country's current account deficits and reprioritization of expenditure will clarify availability of funds for infrastructure development sector on which your Company is dependent for its business. Review of CPEC may lead to deferral / extension of time lines of

projects. Finalization of projects like Kohala Hydro Power Project, ML-1, Munda/Mohmand and Diamer-Bhasha Hydro Power Projects would improve the Company's profit.

RETURN TO SHAREHOLDERS

The Board has recommended a final cash dividend @ 30 % (Rs. 3/- per share of Rs. 10/- each) out of the profits for the year ended June 30, 2019 and bonus shares in the proportion of two share for every ten shares held (20%). This is in addition to the interim cash dividend @ 95% (Rs. 9.5/- per share of Rs. 10/- each) declared and paid to the shareholders, thus making a total of 125% cash dividend for the year under review. In addition to this, an amount of Rs. 44 Million transferred from reserves for issue of bonus shares in the proportion of two share for every ten shares held (20%) during the year.

RISK MANAGEMENT

The Company's Risk Management framework seeks to protect the investments and growth potential. An independent Risk Management Department, reporting to the Audit & Risk Management Committee which evaluates and oversees the effectiveness of internal controls which are 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. During the period under review an amount of Rs. 2,340,000 was given as donation to Pakistan Special Olympics, Baluchistan Rural Support Programme, Pakistan Sweet Home, Roshni Homes Trust and Frontier Association for Mentally Handicapped for its work for mentally handicapped persons.

BOARD OF DIRECTORS

The total number of directors are 13 as per the following:

- a. Male: Nine (9)
- b. Female: Four (4)

The composition of Board is as follows:

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

As per 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 performance of the Board directly. 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 listing regulations of the 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. The Company is in the process of implementing the provisions set out by Securities & Exchange Commission of Pakistan (SECP) and the amended listing rules by the Stock Exchange.

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 wherever and whenever necessary.
- 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 corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2019 except for those stated in the financial statements.
- Five directors of the Company are exempted from Directors Training Program on the basis of their level of education and length of experience as provided in the CCG.

Further, four of the directors of the Company have obtained certification under Directors training program as required under clause (xi) of the CCG. None of the Directors had attended any training program during the year.

- The values of investment of various funds, based on their respective accounts as at 30 June 2019 are as under:

DESCRIPTION	AMOUNT
Provident Fund	Rs. 91,825,968/-
Gratuity Fund	Rs. 38,450,000/-

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, five 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 it by Board committees.

Audit Committee

The Audit Committee consists of six members comprising of non-executive directors including three independent directors and the Chairman of the Committee is an independent director having relevant expertise and experience. The Audit Committee met four times during the year and these meetings were held prior to the Board meetings.

Human Resource & Remuneration Committee

The Human Resource and Remuneration (HR&R) Committee of the Board comprises of eight members including four independent directors and Chief Executive Officer. Chairman of the Committee is an independent director. The Committee met five times during the year to review the HR related matters.

Attendance by Directors in the meeting

S. No.	NAME	Meetings attended / Eligible to attend		
		Board of Director Meetings	Audit Committee Meetings	HR&R Committee meetings
1	Dr. M. Humayun Khan	5/5	4/4	5/5
2	Anwar Moin (CEO)	2/2		3/3
3	*Khawaja Amanullah Askari	2/3		2/2
4	M. Afzal Khan	5/5		
5	Maj. Gen (R) S.Z. M Askree	5/5		
6	Adnan Aurangzeb	5/5	4/4	5/5
7	Ehsan Mani	5/5	4/4	

8	Khawaja Ahmed Hosain	5/5	4/4	5/5
9	M. Zafar Khan	5/5		
10	Muhammad Yaqoob	5/5	4/4	5/5
11	Ms. Mehreen Hosain	5/5		5/5
12	Ms. Shirin Safdar	4/5		4/5
13	Khawaja Shahid Hussain (Alternate Director: Ms. Syeda Shahbano Abbas)	1/1		1/1
14	Ms. Syeda Shahbano Abbas	3/4		2/4
15	Ms. Ayesha Humayun Khan	5/5	4/4	

* This director resigned from the Board during the year.

Leave of absence is granted in all cases to the Directors.

KEY OPERATING AND FINANCIAL DATA

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

AUDITORS

The present auditors M/s KPMG Taseer Hadi & Company, 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.

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 achieved. We also acknowledge the support and cooperation of our major stakeholders, customers, suppliers and our Bankers specially Allied Bank Ltd, United Bank Ltd and Faysal Bank Ltd etc.

PATTERN OF SHARE HOLDING

Pattern of shareholding is enclosed.

On Behalf of the Board



Anwar Moin
Chief Executive Officer

Islamabad
17 September 2019

اجلاس میں شریک ہونے والے / اجلاس میں شرکت کیلئے اہل

نمبر شمار	نام	بورڈ آف ڈائریکٹرز کا اجلاس	آڈٹ کمیٹی کا اجلاس	ایچ آر اینڈ آر کمیٹی کا اجلاس
1	ڈاکٹر محمد ہمایوں خان	5/5	4/4	5/5
2	انور معین (سی ای او)	2/2		3/3
3	خواجہ امان اللہ عسکری *	2/3		2/2
4	ایم افضل خان	5/5		
5	میجر جنرل (ریٹائرڈ) ایس زید ایم عسکری	5/5		
6	عدنان اورنگزیب	5/5	4/4	5/5
7	احسان مانی	5/5	4/4	
8	خواجہ احمد حسین	5/5	4/4	5/5
9	ایم ظفر خان	5/5		
10	محمد یعقوب	5/5	4/4	5/5
11	محترمہ مہرین حسین	5/5		5/5
12	محترمہ شیریں صفدر	4/5		4/5
13	خواجہ شاہد حسین (متبادل ڈائریکٹر: سیدہ شاہ بانو عباس)	1/1		1/1
14	سیدہ شاہ بانو عباس	3/4		2/4
15	محترمہ عائشہ ہمایوں خان	5/5	4/4	

* دوران سال ان ڈائریکٹرز نے بورڈ کے عہدے سے استعفیٰ دے دیا۔

تمام کیسز میں ڈائریکٹرز کو چھٹی دی گئی۔

کلیدی آپریٹنگ اور مالیاتی اعداد و شمار

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

آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سکدش ہو رہے ہیں۔ اہل ہونے کے باعث انہوں نے دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ کمپنی کی آڈٹ کمیٹی نے معاملے پر غور کیا اور سکدش ہونے والے آڈیٹرز کی 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 نمٹنا ممکن نہ تھا۔ ہم اس موقع پر اپنے اہم سٹیک ہولڈرز، صارفین، سپلائرز اور بینکوں خصوصاً الائیڈ بینک لمیٹڈ، یونائیٹڈ بینک لمیٹڈ اور فیصل 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

چیف ایگزیکٹو آفیسر

اسلام آباد

17 ستمبر 2019

- کمپنی کے اکاؤنٹس کے ریکارڈ کو باقاعدہ طور پر منظم کیا 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 بھی ان کارپوریٹ گورننس کے بہترین طریقوں سے کوئی بھی انحراف نہیں کیا گیا۔
- ٹیکس، ڈیوٹی اور چارجز اور دیگر محصولات کی مد میں 30 جون 2019 کو 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 ضابطہ کارپوریٹ گورننس کے احکامات میں دیا گیا ہے۔ مزید چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفکیٹ حاصل کر لیا ہے جیسا کہ ضابطہ 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 2019 کو اپنے متعلقہ اکاؤنٹس کی بنیاد پر مختلف فنڈز کی سرمایہ کاری مالیت حسب ذیل ہے:

رقم	وضاحت
91,825,968/- روپے	پراویڈنٹ فنڈ
38,450,000/- روپے	گریجویٹ فنڈ

بورڈ آف ڈائریکٹرز کی ساخت، اس کی کمیٹی اور اجلاس

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

آڈٹ کمیٹی

آڈٹ کمیٹی کے ارکان چھ نان۔ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ان میں تین خود مختار ڈائریکٹرز ہیں، چیئرمین کمیٹی بھی خود مختار ڈائریکٹر ہے جن کو متعلقہ شعبے میں مہارت اور تجربہ حاصل ہے۔ اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ یہ اجلاس بورڈ میننگ سے پہلے ہوئے۔

ہیومن ریسورس اور معاوضہ کے ادائیگی کی کمیٹی (ایچ آر اینڈ آر)

یہ کمیٹی آٹھ اراکین پر مشتمل۔ اس میں چار خود مختار ڈائریکٹرز اور چیف ایگزیکٹو آفیسر شامل ہیں۔ کمیٹی کے چیئرمین ایک خود مختار ڈائریکٹر ہیں۔ اس سال کے دوران کمیٹی کے پانچ اجلاس ہوئے تاکہ ہیومن ریسورس سے متعلقہ امور کا جائزہ لیا جاسکے۔

بورڈ کی ساخت مندرجہ ذیل ہے۔

الف۔ خود مختار ڈائریکٹرز

- i- خواجہ احمد حسین
- ii- محمد یعقوب
- iii- احسان مانی
- iv- محترمہ مہرین حسین
- v- محترمہ سیدہ شاہ بانو عباس

ب۔ دیگر نان۔ ایگزیکٹو ڈائریکٹرز

- i- ڈاکٹر محمد ہمایوں خان
- ii- ایم ظفر خان
- iii- عدنان اورنگزیب
- iv- محترمہ عائشہ ہمایوں خان

ج۔ ایگزیکٹو ڈائریکٹرز

- i- ایم افضل خان
- ii- انور معین (سی ای او)
- iii- میجر جنرل (ریٹائرڈ) ایس۔ زیڈ۔ ایم عسکری
- iv- محترمہ شیریں صفدر

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 شدہ 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۔

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 برعزم ہے۔ کمپنی سیکورٹیز ایکسچینج کمیشن پاکستان کی جانب سے مقرر کردہ احکامات اور اسٹاک ایکسچینج کی جانب سے موزوں طریقے سے ترمیم شدہ فہرستی قواعد کو لاگو کرنے کے عمل سے گزر رہا 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، نقدی بہاؤ اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔

مستقبل کے امکانات

ہم امید کرتے ہیں کہ معاشی ترقی کی حکومتی پالیسیاں بحال ہونگی۔ ہائیڈرول اور کنسٹرکشن کے شعبے میں انفراسٹرکچر منصوبوں کا آغاز ہوگا جس کے باعث آنے والے سالوں میں ادارے کے لئے کاروباری مواقع پیدا ہونگے۔ ملک میں موجودہ اکاؤنٹ کے خسارے اور اخراجات کے لئے ترجیحات طے ہونگی اور انفراسٹرکچر کی تعمیر کے لئے مالی وسائل کی دستیابی کی صورت حال واضح ہوگی، جس پر کمپنی کی کاروباری ترقی کا انحصار ہے۔

سی پیک پروگرامز کا از سر نو جائزہ منصوبوں میں تاخیر / طے شدہ مدت میں توسیع کا سبب بن سکتا ہے۔ کوہالہ ہائیڈرو پاور پراجیکٹ، ایم ایل-1، منڈال مہمند اور دیامیر بھاشا ہائیڈرو پاور پراجیکٹس جیسے منصوبوں کو حتمی شکل دینے کے بعد کمپنی کے منافع کی صورت حال میں بہترین متوقع ہے۔

شیر ہولڈرز کیلئے منافع

بورڈ کی جانب سے 30 جون 2019 کو ختم ہونے والے سال کیلئے 30% حتمی نقد منافع (ہر 10 روپے کے شیر پر 3 روپے) اور ہر دس شیرز کے حامل کو دو بونس شیرز (20 فیصد) کی سفارش کی ہے۔ یہ عبوری نقد منافع جو کہ شیر ہولڈرز کے لئے 95% (ہر شیر کے 10 روپے میں سے 9.5% تھا) طے اور ادا کیا گیا تھا، کے علاوہ ہے۔ اس طرح پیش نظر سال میں شیر ہولڈرز کو مجموعی طور پر 125% نقد منافع ادا کیا گیا۔ اس کے علاوہ اس سال کے دوران ذخائر میں سے 44 ملین روپے کی رقم بونس شیرز کیلئے منتقل کی گئی تاکہ ہر دس شیرز کے حامل کو دو بونس شیرز (20 فیصد) کا اجراء کیا جاسکے۔

رиск مینجمنٹ

ادارے کا ریسک مینجمنٹ کے لئے طے کردہ فریم ورک سرمایہ کاری اور ترقی کے مواقعوں کو تحفظ فراہم کرتا ہے۔ ایک خود مختار ریسک مینجمنٹ ڈیپارٹمنٹ جو کہ آڈٹ اور ریسک 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۔ پیش نظر سال کے دوران ادارے کی جانب سے 2,340,000 روپے کی رقم پاکستان سپیشل الپیکس، بلوچستان رورل سپورٹ پروگرام، پاکستان سویٹ ہومز، روشنی ہومز ٹرسٹ اور فرنیچر ایسوسی ایشن برائے دماغی معذوران کو عطیہ کی گئی۔

بورڈ آف ڈائریکٹرز

ادارے میں مجموعی طور پر 13 ڈائریکٹرز موجود ہیں جن میں سے

مرد: (9)

خواتین: (4)

ڈائریکٹر رپورٹ

جون 2019 کو اختتام پذیر ہونے والے مالی سال کے لئے آڈٹ شدہ فنانشل سٹیٹمنٹ اور کارکردگی کی رپورٹ پیش کرتے ہوئے میں انتہائی خوشی محسوس کر رہا ہوں۔

اہم مالیاتی نکات

پیش نظر سال کے دوران کمپنی کی خالص فروخت 1,409.58 ملین روپے رہی جبکہ گزشتہ سال یہی خالص فروخت 1,689.36 ملین روپے تھی۔ بڑی شاہراہوں کی تعمیر کے منصوبوں کے لئے سپلائی میں کمی دیکھی گئی جس کی وجہ سے کچھ بلاسٹنگ سرگرمیوں کی تکمیل اور کچھ جاری منصوبوں کی سرگرمیوں میں سست روی تھی۔ تاوقت موجودہ حکومت کی جانب سے انفراسٹرکچر کی تعمیر کا کوئی منصوبہ شروع نہیں کیا گیا جس کے باعث کمپنی کی کارکردگی پر اثرات مرتب ہوئے۔ مجموعی طور پر صنعتی سرگرمیوں میں تنزلی دیکھی گئی جس کی وجہ سے کاروباری اور اقتصادی ترقی میں کمی ہے۔

اس سال کا خام منافع 608.76 ملین روپے تھا جس میں گزشتہ سال کے مقابلے میں % 28.18 کمی دیکھی گئی (سال 2017-18 میں منافع 847.65 ملین روپے تھا)۔ کمپنی کو ٹیکس ادائیگی کے بعد 359.89 ملین روپے خالص منافع حاصل ہوا۔ نتیجے کے طور پر فی شیئر 13.63 روپے آمدنی ہوئی (سال 2017-18 میں آمدنی 20.17 روپے تھی)۔ درآمد شدہ خام مال کی قیمتوں میں اضافے، پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ اور سیلز میں کمی کے باعث کمپنی کے منافع پر بوجھ پڑا۔ یہ صورتحال معاشی استحکام اور بڑے منصوبوں مثلاً ڈیم، سڑکوں اور دیگر انفراسٹرکچر کی تعمیر کے باعث پیدا ہونے والی معاشی سرگرمیوں کے نتیجے میں بہتر ہو سکتی ہے۔

پیداوار

پلانٹ پروڈکشن ٹیم نے صارفین کی ضروریات پوری کرنے اور مختلف پروڈکٹس اور سروسز کی طلب کو پورا کرنے کے لئے موثر کارکردگی کا مظاہرہ کیا۔ کمپنی کی کامیابی اور صارفین کے اطمینان کیلئے پروڈکٹس اور سروسز کا بہترین معیار بنیادی اہمیت کا حامل ہے۔ 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 افراد کی قوت اور محفوظ طرز عمل کو اپناتے ہوئے صارفین، عملے اور سٹیک ہولڈرز کے اعتماد میں اضافہ کر رہی ہے۔

صحت، حفاظت اور ماحول

بیافو کسی بھی ناگہانی واقعے سے اپنے عملے کے تحفظ کے لئے ہر لمحہ پر عزم ہے۔ اسکے علاوہ ادارہ HSE پالیسیز کی پابندی کو یقینی بنا کر ارد گرد کے ماحول پر منفی اثرات میں کمی کیلئے کوشاں ہے۔

کمپنی نے OHSAS18001: 2007 (پیشہ وارانہ صحت اور تحفظ کی مشاورتی خدمات) اور کوالٹی سرٹیفیکیشن ISO 9001: 2015 کی تجدید کروالی ہے۔ ادارے کی پلانٹ کیلئے طے شدہ ماحولیاتی معیار پر پورا اترنے کو یقینی بنانے کے لئے کی جانے والی کاوشیں جاری و ساری ہیں۔

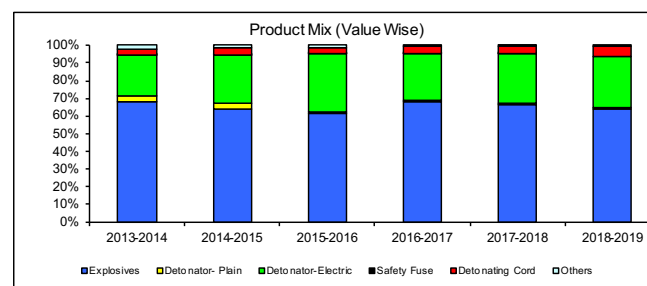
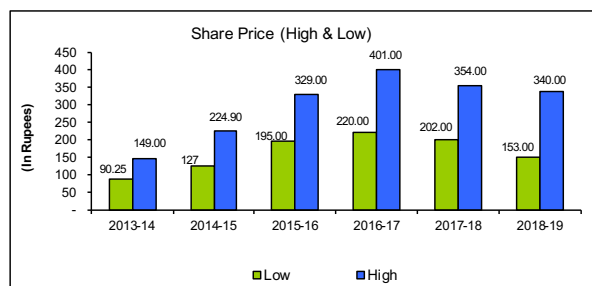
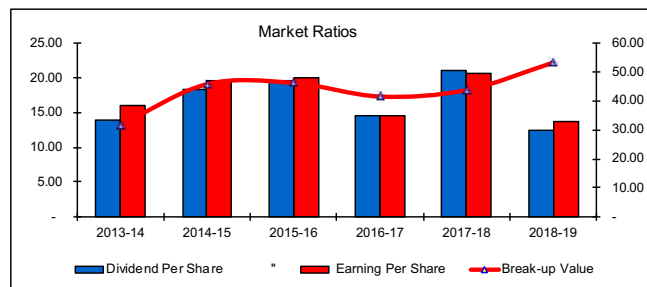
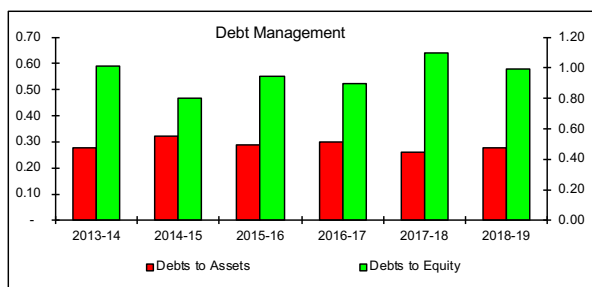
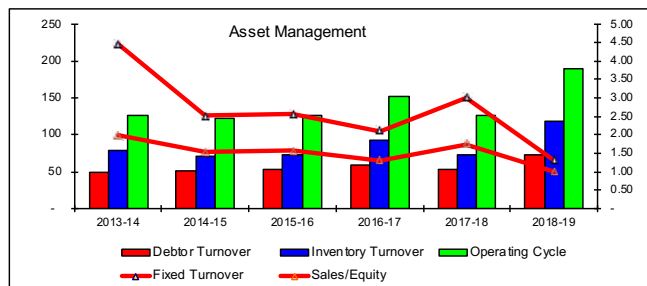
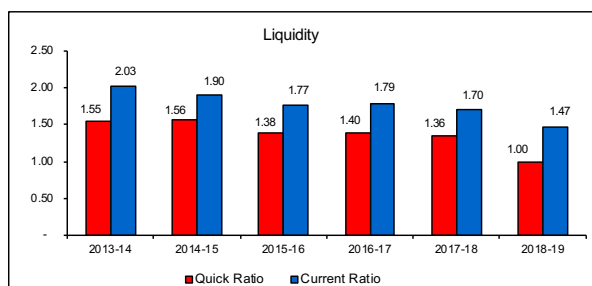
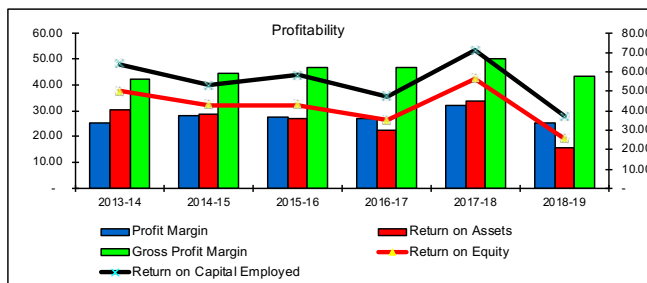
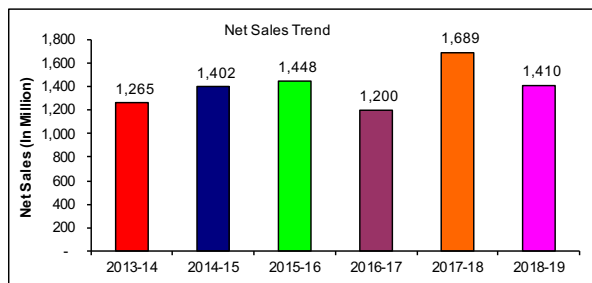
STAKEHOLDERS INFORMATION

		(In Thousands, "000")					
		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
BALANCE SHEET							
Paid up Capital	Rs. In '000	264,000	220,000	220,000	200,000	200,000	200,000
Shareholder Equity*	Rs. In '000	1,405,240	963,089	913,516	924,547	916,112	634,347
Fixed Assets	Rs. In '000	1,076,607	562,062	568,771	566,745	556,371	283,730
Fixed Assets Addition	Rs. In '000	85,068	17,656	24,739	31,420	75,750	44,347
Profit & Loss Account							
Net Sales	Rs. In '000	1,409,578	1,689,356	1,199,632	1,447,883	1,401,982	1,264,579
Gross Profit / (Loss)	Rs. In '000	608,765	847,650	558,292	675,500	621,458	537,456
Operating Profit / (Loss)	Rs. In '000	485,616	713,366	434,972	558,706	546,540	464,560
EBDIT	Rs. In '000	544,128	708,221	451,398	559,936	545,923	463,079
Profit / (Loss) after taxation	Rs. In '000	359,892	532,610	320,579	398,435	392,542	318,641
PROFITABILITY RATIOS							
Gross Profit/(Loss) Margin	%	43.19	50.18	46.54	46.65	44.33	42.50
Net Profit Margin	%	25.53	31.53	26.72	27.52	28.00	25.20
Return on Assets*	%	15.84	33.11	22.50	27.11	28.58	30.61
Return on Shareholder Equity*	%	25.61	55.30	35.09	43.10	42.85	50.23
LIQUIDITY RATIOS							
Current Ratio	:	1.47	1.70	1.79	1.77	1.90	2.03
Quick Ratio	:	1.00	1.36	1.40	1.38	1.56	1.55
Cash Generation to Sales	:	104.65	92.38	101.67	101.09	97.59	98.25
ASSETS MANAGEMENT RATIOS							
Number of Days Stock	Days	118	72	93	74	70	78
Number of Days Trade Debts	Days	73	54	59	53	52	50
Operating Cycle	Days	190	126	152	126	122	127
Fixed Assets Turnover*	Times	1.31	3.01	2.11	2.55	2.52	4.46
Sales /Shareholder Equity*	Times	1.00	1.75	1.31	1.57	1.53	1.99
DEBTS MANAGEMENT RATIOS							
Total Assets to Total Debts*	Times	2.80	2.61	2.99	2.89	3.20	2.78
Debts to Shareholder Equity *	%	58	64	52	55	47	59
MARKET RATIOS							
Share Price at year end	Per Share	165.00	320.00	250.30	260.00	198.53	132.00
Share Price-High	Per Share	340.00	354.00	401.00	329.00	224.90	149.00
Share Price-Low	Per Share	153.00	202.00	220.00	195.00	127.50	90.25
Earning Per Share**	Rs. 10/Share	13.63	20.17	14.57	19.92	19.63	15.93
Price Earning Ratio	Times	12.10	15.87	17.18	13.05	10.11	8.29
Dividend Declared	Per Share (Rs)	12.50	21.00	14.50	19.50	18.25	14.00
Bonus Shares	%	20.00	20.00	10.00	-	-	-
Dividend Payout	%	91.69	104.12	99.51	97.89	92.97	87.87
Dividend Yield	%	7.58	6.56	5.79	7.50	9.19	10.61
Break-up Value	Rs. 10/Share	53.23	43.78	41.52	46.23	45.81	31.72

*Shareholder Equity is inclusive of Surplus on Revaluation of Fixed Assets (2018: 270.092 M)(2019 : 711.255 M)

**Restated EPS (2018-24.21)

STAKEHOLDERS INFORMATION



**STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2017**

Name of Company Biafo Industries Limited

Year Ended 30th June, 2019

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

1. The total number of directors are 13 as per the following:
 - a. Male: Nine (9)
 - b. Female: Four (4)
2. The composition of Board is as follows:

a) Independent Directors	<ol style="list-style-type: none"> i) Khwaja Ahmad Hosain ii) Muhammad Yaqoob iii) Ehsan Mani iv) Ms. Mehreen Hosain v) Ms. Syeda Shahbano Abbas
b) Other Non-Executive Directors	<ol style="list-style-type: none"> i) Dr. M. Humayun Khan ii) M. Zafar Khan iii) Adnan Aurangzeb iv) Ms. Ayesha Humayun Khan
c) Executive Directors	<ol style="list-style-type: none"> i) M. Afzal Khan ii) Anwar Moin iii) Maj. Gen. (Ret'd.) S. Z. M. Askree iv) Ms. Shirin Safdar
3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (Excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 of Directors is in process of developing 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 exempted from directors Training Program on the basis of their level of education and length of experience as provided in the CCG. Further four 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 had attended any training program during the year.
10. The board has approved appointment of CFO, 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. CFO and CEO 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) Adnan Aurangzeb
 - iii) Muhammad Yaqoob
 - iv) Ms. Ayesha Humayun Khan
 - v) Khwaja Ahmad Hosain
 - vi) Dr. M. Humayun Khan
 - b) HR and Remuneration Committee
 - i) Khwaja Ahmad Hosain (Chairman)
 - ii) Ms. Mehreen Hosain
 - iii) Dr. M. Humayun Khan
 - iv) Anwar Moin
 - v) Muhammad Yaqoob
 - vi) Adnan Aurangzeb
 - vii) Ms. Shirin Safdar
 - viii) Ms. Syeda Shahbano Abbas
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 set up an effective internal audit function/ or has outsourced the internal audit function to Riasat Ishtiaq & 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 other requirements of the Regulations have been complied with.

Islamabad
17 September 2019



Dr. M. Humayun Khan
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT**To the members of Biafo Industries Limited****Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Biafo Industries Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instance of non - compliance with the requirement of the Regulations as reflected in the paragraph where it is stated in the Statement of Compliance:

	Reference	Description
i.	Paragraph 8	As stated in paragraph 8, the Board of Directors is in process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.


KPMG Taseer Hadi & Co.**Chartered Accountants**

September 20, 2019

Islamabad

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 comprise the statement of financial position as at 30 June 2019, 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, 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 30 June 2019 and of the profit, the 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 Auditors' 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 (the Code) 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 Matter

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 is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue recognition</p> <p>Refer note 5 and 23 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 has changed its accounting policy for</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recognition of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of sales; comparing a sample of sales transactions recorded during the year with sales orders,

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>revenue recognition on adoption of IFRS 15 'Revenue from Contracts with Customers'. The Company recognized revenue from the sales of commercial explosives and blasting accessories amounting to Rs.1,409 million for the year ended 30 June 2019.</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 gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>sales invoices, delivery documents and other relevant underlying documents;</p> <ul style="list-style-type: none"> ▪ comparing a sample of sales transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; ▪ comparing the details of journal entries posted to sales accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; ▪ considering the appropriateness of accounting policy for revenue recognition and comparing it with the applicable accounting standards; and ▪ assessing the adequacy of disclosures related to revenue as required under applicable financial reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditors' 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 our audit of the 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 other 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.



KPMG Taseer Hadi & Co.
Chartered Accountants

September 20, 2019
Islamabad

ANNUAL REPORT

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

		30 June 2019	30 June 2018
	Note	Rupees	Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	6	1,046,351,416	531,030,305
Investment property	7	30,255,752	31,031,540
Long - term deposits		1,793,600	1,793,600
		1,078,400,768	563,855,445
CURRENT ASSETS			
Stores, spare parts and loose tools	8	10,947,722	4,881,880
Stock in trade	9	319,847,587	180,984,146
Trade debts	10	279,538,533	353,437,290
Advances	11	14,151,399	5,767,595
Trade deposits and short - term prepayments	12	5,603,562	4,650,777
Advance tax		24,139,827	10,399,824
Other receivables	13	7,499,419	3,528,181
Short - term investments	14	491,618,034	455,699,971
Cash and bank balances	15	40,534,570	25,630,333
		1,193,880,653	1,044,979,997
CURRENT LIABILITIES			
Trade and other payables	16	182,056,475	166,515,956
Short-term borrowings	17	595,079,117	425,190,279
Unclaimed dividend		23,391,830	16,136,061
Unpaid dividend		11,295,615	7,909,501
		811,823,037	615,751,797
NET CURRENT ASSETS		382,057,616	429,228,200
NON - CURRENT LIABILITIES			
Employee benefits	18	5,438,514	4,256,427
Deferred tax liability - net	19	49,780,166	25,737,772
		55,218,680	29,994,199
NET ASSETS		1,405,239,704	963,089,446
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	20	264,000,000	220,000,000
Revenue reserve			
Unappropriated profit		429,984,402	472,997,002
Capital reserve			
Revaluation surplus on property, plant and equipment - net of tax	21	711,255,302	270,092,444
		1,405,239,704	963,089,446
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019**

		30 June 2019	30 June 2018
	Note	Rupees	Rupees
NET TURNOVER	23	1,409,578,431	1,689,356,111
Cost of sales	24	(800,813,888)	(841,706,262)
GROSS PROFIT		608,764,543	847,649,849
Distribution expenses	25	(39,514,703)	(39,575,480)
Administrative expenses	26	(123,413,595)	(119,065,144)
Finance costs - net	27	(63,245,156)	(22,997,414)
Other income	28	103,025,118	47,353,766
OPERATING PROFIT		485,616,207	713,365,577
Workers' profit participation fund		(24,280,810)	(35,668,279)
Workers' welfare fund		(1,093,898)	(14,267,312)
PROFIT BEFORE TAXATION		460,241,499	663,429,986
TAXATION			
Current	29	(87,179,009)	(134,520,258)
Deferred	29	(13,170,486)	3,700,639
		(100,349,495)	(130,819,619)
PROFIT FOR THE YEAR		359,892,004	532,610,367
			Restated
EARNINGS PER SHARE			
- Basic and diluted	30	13.63	20.17

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

ANNUAL REPORT

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	30 June 2019 Rupees	30 June 2018 Rupees
Profit for the year	359,892,004	532,610,367
Other comprehensive income for the year		
<i>Items that will not be re-classified to statement of profit or loss</i>		
Revaluation of property, plant and equipment	453,930,162	-
Related tax		
Tax effect on revaluation surplus for the year	(10,074,266)	-
Tax effect due to change in rate	(797,642)	962,602
	(10,871,908)	962,602
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	802,950,258	533,572,969

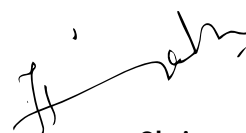
The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		30 June 2019 Rupees	30 June 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	Note	460,241,499	663,429,986
Adjustments for:			
Depreciation	6 & 7	21,417,506	22,677,893
Finance costs	28	63,245,156	22,908,377
Provision for Workers' profit participation fund		24,280,810	35,668,279
Provision for Workers' welfare fund		1,093,898	14,267,312
Provision for employee benefits		10,407,785	9,352,670
Dividend income		(51,854,927)	-
Unrealized loss / (gain) on remeasurement of investment	27 & 28	18,340,315	(27,604,860)
(Gain) / loss on disposal of property, plant and equipment	27 & 28	(695,508)	89,037
Interest income	28	(2,000,802)	(1,188,111)
Unrealized exchange gain	28	(13,890,960)	(12,157,595)
		70,343,273	64,013,002
		530,584,772	727,442,988
Changes in:			
Stores, spare parts and loose tools		(6,065,842)	(147,168)
Inventories		(138,863,441)	(38,231,921)
Trade debts		73,898,757	(133,204,337)
Advances, deposits, prepayments and other receivables		(13,186,736)	5,651,249
Trade and other payables		25,334,352	3,579,719
		(58,882,910)	(162,352,458)
Cash generated from operations		471,701,862	565,090,530
Finance costs paid		(63,245,156)	(28,043,838)
Employee benefits paid		-	(8,827,709)
Payments to Workers' profit participation fund		(35,668,279)	(21,748,612)
Payments to Workers' welfare fund		-	(5,622,371)
Income taxes paid		(100,919,012)	(124,356,314)
		(199,832,447)	(188,598,844)
Net cash from operating activities		271,869,415	376,491,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(85,067,754)	(17,656,409)
Proceeds from disposal of property, plant and equipment		3,730,596	1,598,311
Net investment during the year		(62,130,339)	1,443,723
Dividend received		51,854,927	-
Interest received on saving accounts and TDRs		1,879,711	1,170,858
Net cash used in investing activities		(89,732,859)	(13,443,517)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(350,158,117)	(489,061,335)
Net cash used in financing activities		(350,158,117)	(489,061,335)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(168,021,561)	(126,013,166)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(399,559,946)	(274,109,649)
Effect of movement in exchange rates on bank balance		13,036,960	562,869
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	31	(554,544,547)	(399,559,946)

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

ANNUAL REPORT


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Capital reserve Revaluation surplus on property, plant and equipment - net of tax	Revenue reserve Unappropriated profit	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance at 01 July 2017	220,000,000	271,087,143	422,429,334	913,516,477
Total comprehensive income for the year				
Profit for the year	-	-	532,610,367	532,610,367
Tax effect due to change in rate	-	962,602	-	962,602
Total comprehensive income for the year transferred to equity	-	962,602	532,610,367	533,572,969
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	(1,957,301)	-	(1,957,301)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	1,957,301	1,957,301
	220,000,000	270,092,444	956,997,002	1,447,089,446
Transactions with members recorded directly in equity				
Distribution to members				
Final dividend of 2017 @ Rs. 6.00 per share	-	-	(132,000,000)	(132,000,000)
First interim dividend of 2018 @ Rs. 2.50 per share	-	-	(55,000,000)	(55,000,000)
Second interim dividend of 2018 @ Rs. 6.50 per share	-	-	(143,000,000)	(143,000,000)
Third interim dividend of 2018 @ Rs. 7.00 per share	-	-	(154,000,000)	(154,000,000)
Total distribution to members	-	-	(484,000,000)	(484,000,000)
Balance at 30 June 2018	220,000,000	270,092,444	472,997,002	963,089,446
Balance at 01 July 2018	220,000,000	270,092,444	472,997,002	963,089,446
Total comprehensive income for the year				
Profit for the year	-	-	359,892,004	359,892,004
Revaluation of property, plant and equipment - net of tax	-	443,855,896	-	443,855,896
Tax effect due to change in rate	-	(797,642)	-	(797,642)
Total comprehensive income for the year transferred to equity	-	443,058,254	359,892,004	802,950,258
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	(1,895,396)	-	(1,895,396)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	1,895,396	1,895,396
	220,000,000	711,255,302	834,784,402	1,766,039,704
Transactions with members recorded directly in equity				
Distribution to members				
Final dividend of 2018 @ Rs. 5.00 per share	-	-	(110,000,000)	(110,000,000)
First interim dividend of 2019 @ Rs. 2.25 per share	-	-	(59,400,000)	(59,400,000)
Issue of bonus shares for 2018 @ 20%	44,000,000	-	(44,000,000)	-
Second interim dividend of 2019 @ Rs. 3.25 per share	-	-	(85,800,000)	(85,800,000)
Third interim dividend of 2019 @ Rs. 4.00 per share	-	-	(105,600,000)	(105,600,000)
Total distribution to members	44,000,000	-	(404,800,000)	(360,800,000)
Balance at 30 June 2019	264,000,000	711,255,302	429,984,402	1,405,239,704

The annexed notes 1 to 42 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 LEGAL STATUS AND OPERATIONS**1.1 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 (repealed with the enactment of 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.

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.

3 BASIS OF PRESENTATION AND MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following:

- certain classes of property, plant and equipment (leasehold land, buildings on leasehold land and plant and machinery) have been measured at revalued amounts; and
- investments at fair value through profit or loss is 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 the Company's functional currency. All financial information presented in PKR has been rounded off to the nearest of PKR, unless otherwise stated.

3.2 Significant accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Judgments made by management in the application of accounting and reporting standards as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

(a) Property, plant and equipment and investment property

The Company reviews the useful lives and residual value of property, plant and equipment and investment property on each reporting date. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. In addition, the Company reviews the carrying value of its revalued property, plant and equipment with sufficient regularity to ensure the amounts recognized in the financial statements reflect the values which are not significantly different from the fair values at the reporting dates. The changes are recognized through revaluation surplus.

(b) Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive obligations. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

(c) Impairment of financial and non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of the respective assets with a corresponding effect on the impairment.

(d) Taxation

Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred tax assets, which arise from temporary differences and carry forward losses. The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax authorities 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 disclosed as contingent liabilities.

The Company regularly reviews the trend of proportion of incomes between Presumptive Tax Regime and Normal Tax Regime and the change in proportions, if significant, is accounted for in the year of change.

(e) Stock in trade

The Company regularly monitors the net realizable value of stock in trade for adjustments on an annual basis. Net realizable value is determined with reference to estimated selling price less estimated cost of completion and estimated expenditure to make the sales.

(f) Investment at fair value through profit or loss

The fair value of investments at fair value through profit or loss is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate in future years might affect the carrying amounts of the respective assets with the corresponding effect in statement of profit or loss.

(g) Provision against trade debts, advances and other receivables

The Company regularly reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision using expected credit loss model except for balances due from the Government of Pakistan entities for which recoverability is assessed using incurred cost model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(h) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities. Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support its conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring fair value of an asset or a liability, the Company uses observable and available 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, which are observable and available 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 and available market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or 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 of 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 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact on the Company's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. At present, the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as indicated below:

- The Company has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of 01 July 2018. IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

As a result of application of IFRS 15, sales commission expense – incremental cost of obtaining a contract, previously presented as deduction from gross turnover has now been presented under distribution expenses.

The change in accounting policy as a result of application of IFRS 15 has been applied retrospectively and comparative figures in the statement of profit or loss have been reclassified. The following table summarises the impact of adopting IFRS 15 on the comparative figures as presented in the statement of profit or loss for each of the line items effected.

	Net turnover Rupees	Distribution expense Rupees
As previously reported	1,678,537,097	(28,756,466)
Effect of change in accounting policy	10,819,014	(10,819,014)
Reclassified amount	1,689,356,111	(39,575,480)

There was no significant impact on the comparative figures presented in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount of unappropriated profit as at 01 July 2017. Relevant accounting policy notes on adoption of the new standard have been explained in note 5.8.

- The Company has adopted IFRS 9 'Financial Instruments' with a date of initial application of 01 July 2018. IFRS 9 replaced IAS 39 'Financial Instruments – Recognition and Measurement' and includes requirements on the classification and measurement of financial assets and liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model. The Securities and Exchange Commission of Pakistan vide its notification dated 02 September 2019 has deferred the application of expected credit loss model on financial assets due from the Government of Pakistan which continues to be accounted for under the previously applicable requirements of IAS 39 "Financial Instruments: Recognition and Measurement" till 30 June 2021. The Company has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. Further, effective 01 July 2018, the Company implemented an expected credit loss impairment model for financial assets other than those due from the Government of Pakistan entities. For trade receivables, the calculation methodology has been updated to consider expected losses based on ageing profile and forward looking estimates such as economic profiling related to trade debts. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

5.1 Property, plant and equipment

Property, plant and equipment other than leasehold land, building on leasehold land, plant and machinery and capital work in progress, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Depreciation is recognized in statement of profit or loss on a reducing balance method except for electric appliances which are depreciated on straight line method at the rates specified in note 6 to the financial statements. Depreciation is charged from the date at which the asset becomes available for use to the date it is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Items in property, plant and equipment are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to a 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 other 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.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in statement of profit or loss

5.2 Stock in trade

Stock in trade is measured at lower of cost and net realizable value. 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 cost

Cost comprises of purchase and other costs incurred in bringing the material to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses necessarily to be incurred to make a sale.

5.3 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value less impairment. Cost is determined on a weighted average basis and comprises costs of purchase and other costs incurred in bringing the items to their present location and condition. Provision is made for slow moving items where necessary and is recognized in the statement of profit or loss. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

5.4 Investments

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

An investment is classified at fair value through profit or loss if it is not classified as measured at amortized cost or at fair value through OCI. Attributable transaction costs are recognized in statement profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognized in statement of profit or loss.

5.5 Income tax

Income tax comprises current and deferred tax. Taxation is recognized in the statement of profit or loss except to the extent that it relates to items recognized outside statement of profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized directly in equity or in other comprehensive income.

5.5.1 Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous years.

5.5.2 Deferred tax

Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. 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. The effect on deferred taxation of the portion of income expected to fall under presumptive tax regime is adjusted in accordance with the requirements of accounting technical release 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax is recognized using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial statements and the corresponding tax bases used in the computation of tax. In addition, the Company also records deferred tax asset on available tax losses. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further the Company also recognizes deferred tax liability on surplus on revaluation of depreciable fixed assets which is adjusted against the related surplus. The effect on deferred taxation of the portion of income expected to fall under presumptive tax regime is adjusted in accordance with the requirements of accounting technical release 27 of the Institute of Chartered Accountants of Pakistan.

5.6 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

5.7 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policies for employee retirement benefits are described below:

5.7.1 Accumulating compensated absences

The Company makes provision for compensated un-availed absences accumulated by its employees and charge for the year is recognized in statement of profit or loss. Actuarial valuation has not been carried out as the impact of present valuation is considered immaterial in the context of over all financial statements.

5.7.2 Provident fund - defined contribution plan

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.

5.7.3 Gratuity fund - defined contribution plan

The Company operates a funded gratuity scheme for all its employees. Provision is made on an annual basis by way of a charge to the statement of profit or loss, in accordance with the rules of fund approved by Board of Trustees.

5.8 Revenue recognition

(a) Revenue from sale of goods

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those 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 comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts, if any. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

- (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 the point in time where performance obligation of the contract is met.

The normal credit term is generally 30 to 90 days under both of the above selling terms of the contract.

Transaction price allocated to remaining performance obligations

The Company applies the practical expedient as per paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

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.

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.

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 full fill 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.

(b) Income on short term investments

Unrealized income on investments at fair value through profit or loss

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

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

5.9 Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

5.10 Finance income and finance costs

Finance income includes interest income on funds invested. Markup / interest income is recognised as it accrues using the effective interest rate method on time proportion basis.

Finance cost comprises interest expense on borrowings and bank charges. Finance expenses are recognised using the effective interest rate method. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss.

5.11 Financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

5.11.1 Financial assets

Classification

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 2019

Subsequent measurement

Financial assets at amortised cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized 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 recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

De-recognition

The Company derecognizes 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 over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

5.11.2 Financial liabilities

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5.11.3 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 realize the asset and settle the liability simultaneously.

5.11.4 Financial instruments – accounting policy applied before 01 July 2018

The Company classified financial assets into the following categories:

- (a) financial assets at fair value through profit or loss (FVTPL); and
- (b) loans and receivables

Subsequent to initial recognition, financial assets at FVTPL were measured at fair value and changes therein including interest or dividend income were recognized in profit or loss. Loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial liabilities were initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost and are classified into other financial liabilities category.

5.12 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 5.18.

5.13 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.

5.14 Provisions

A provision is recognized in the 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 reviewed at each reporting date and if required are adjusted to reflect the current best estimate.

5.15 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.

5.16 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which the dividends are approved.

5.17 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand and at bank and short term borrowings that form an integral part of the Company's cash management. Cash and cash equivalents are carried in the statement of financial position at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5.18 Impairment**5.18.1 Financial assets**

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For recognition of impairment on financial assets due from the Government of Pakistan entities, the Company continues to apply the accounting policy as stated below.

5.18.2 Impairment of financial assets – accounting policy applied before 01 July 2018

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in statement of profit or loss. An impairment loss is reversed in the statement of profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

5.18.3 Non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS). 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.

5.20 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6 PROPERTY, PLANT AND EQUIPMENT

	Owned											Total
Leasehold land	Building on leasehold land	Plant and machinery	Fork lifter	Tools and equipment	Tube well	Office equipment	Furniture and fixtures	Electrical appliances	Vehicles	Capital work in progress (Note 6.5)		
Rupees												
Cost / Revalued amount												
Balance at 01 July 2017	292,159,350	98,595,997	126,855,276	3,154,690	1,375,926	2,606,600	8,684,574	8,350,602	15,272,699	26,574,505	7,116,285	590,746,504
Additions	-	1,001,968	2,984,449	-	1,477,720	-	2,082,967	471,978	459,550	5,574,972	3,602,805	17,656,409
Disposals	-	-	(209,930)	-	-	-	-	-	(36,650)	(2,668,584)	-	(2,915,164)
Transfer in / (out)	-	629,110	7,936,375	-	-	-	634,240	-	-	-	(9,199,725)	-
Balance at 30 June 2018	292,159,350	100,227,075	137,566,170	3,154,690	2,853,646	2,606,600	11,401,781	8,822,580	15,695,599	29,480,893	1,519,365	605,487,749
Balance at 01 July 2018	292,159,350	100,227,075	137,566,170	3,154,690	2,853,646	2,606,600	11,401,781	8,822,580	15,695,599	29,480,893	1,519,365	605,487,749
Additions	-	2,899,045	4,260,234	-	416,800	-	1,870,050	1,987,343	207,980	5,938,521	67,487,781	85,067,754
Disposals	-	-	-	-	-	-	(136,400)	-	-	(4,445,680)	-	(4,582,080)
Transfer in / (out)	-	-	38,741,043	-	-	-	-	-	-	-	(38,741,043)	-
Transfer from accumulated depreciation - net replacement value method	-	(9,535,381)	(45,004,331)	-	-	-	-	-	-	-	-	(54,539,712)
Surplus for the year	410,506,600	1,986,678	41,436,884	-	-	-	-	-	-	-	-	453,930,162
Balance at 30 June 2019	702,665,950	95,577,417	177,000,000	3,154,690	3,270,446	2,606,600	13,135,431	10,809,923	15,903,579	30,973,734	30,266,103	1,085,363,873
Depreciation												
Balance at 01 July 2017	-	4,802,955	22,436,490	1,499,846	929,507	1,383,713	4,129,703	2,491,767	8,755,470	7,373,597	-	53,803,048
Charge for the year	-	2,345,290	11,094,092	165,484	155,077	122,289	946,386	629,483	4,248,606	2,175,506	-	21,882,213
On disposals	-	-	(50,956)	-	-	-	-	-	(20,374)	(1,156,487)	-	(1,227,817)
Balance at 30 June 2018	-	7,148,245	33,479,626	1,665,330	1,084,584	1,506,002	5,076,089	3,121,250	12,983,702	8,392,616	-	74,457,444
Balance at 01 July 2018	-	7,148,245	33,479,626	1,665,330	1,084,584	1,506,002	5,076,089	3,121,250	12,983,702	8,392,616	-	74,457,444
Charge for the year	-	2,387,136	11,524,705	148,936	187,298	110,060	1,117,313	685,186	2,270,912	2,210,172	-	20,641,718
On disposals	-	-	-	-	-	-	(66,220)	-	-	(1,480,772)	-	(1,546,992)
Transfer from accumulated depreciation - net replacement value method	-	(9,535,381)	(45,004,331)	-	-	-	-	-	-	-	-	(54,539,712)
Balance at 30 June 2019	-	-	-	-	-	-	-	-	-	-	-	39,012,458
Carrying amounts - 2018	292,159,350	93,078,830	104,086,544	1,489,360	1,769,062	1,100,598	6,325,691	5,701,330	2,711,897	21,088,277	1,519,365	531,030,305
Carrying amounts - 2019	702,665,950	95,577,417	177,000,001	1,340,424	1,998,565	990,538	7,008,249	7,003,487	648,965	21,851,718	30,266,103	1,046,351,416
Rates of depreciation per annum	-	2.50%	10%	10%	10%	10%	10-33.33%	10%	33.33%	10%	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6.1 Depreciation for the year has been allocated as follows:

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Cost of sales	24	13,763,742	13,343,116
Distribution expenses	25	357,929	276,444
Administrative expenses	26	6,520,047	8,262,653
		20,641,718	21,882,213

6.2 Revaluation of land, building, 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 and 30 June 2019. Latest valuation for 2019 was carried out by an independent valuer M/S Asrem Private Limited. Land and building were revalued on the market basis whereas plant and machinery under the depreciated replacement cost basis. Revaluation for the year resulted in net surplus of Rs. 453.930 million. Balance of revaluation surplus net of incremental depreciation included in the book value of these assets as stated in note 21 amounted to Rs. 727.151 million (2018: Rs. 275.6 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 2019 were as follows:

	Rupees
Leasehold land	632,319,000
Building on leasehold land	113,765,000
Plant and machinery	150,450,000

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

	Net book value	
	30 June 2019 Rupees	30 June 2018 Rupees
Leasehold land	44,033,883	44,033,883
Building on leasehold land	88,944,463	88,494,523
Plant and machinery	115,306,353	81,204,690
	248,284,699	213,733,096

6.3 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						
Motor Cycle 70 - [CP - 636]	49,462	26,918	14,583	(12,335)	Quotation	M. Tahir	Employee
Toyota Corolla - Altis [AAX - 655]	2,453,124	1,858,624	2,300,000	441,376	Insurance Claim	Jubilee General Insurance Co.	Insurance Company
HP 840 Elite Book	104,900	68,601	68,601	-	Negotiation	Khawaja Amanullah Askari	Ex - Chief Executive Officer
Laptop - Acer - Mini Laptop	31,500	1,579	1,579	-	Negotiation	Khawaja Amanullah Askari	Ex - Chief Executive Officer
Toyota GLI - [ZZ - 521]	1,943,094	1,079,366	1,345,833	266,467	Quotation	Rehan Ashraf	Deputy Manager
June 2019	4,582,080	3,035,088	3,730,596	695,508			
June 2018	2,915,164	1,687,347	1,598,311	(89,037)			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 Components of capital work in progress

	30 June 2019	30 June 2018
	Rupees	Rupees
Plant and machinery	464,125	1,253,365
Others	29,801,978	266,000
	30,266,103	1,519,365

7 INVESTMENT PROPERTY

Cost at 01 July	32,848,608	32,848,608
Accumulated depreciation at 01 July	(1,817,068)	(1,021,387)
Carrying amount at 01 July	31,031,540	31,827,221
Transfers in / (out)	-	-
Depreciation charge for the year (2.5% per annum)	(775,788)	(795,681)
Carrying amount at 30 June	30,255,752	31,031,540
Cost at 30 June	32,848,608	32,848,608
Accumulated depreciation at 30 June	(2,592,857)	(1,817,068)
Carrying amount at 30 June	30,255,751	31,031,540

As per latest valuation of investment property, fair value of investment property is Rs. 30,828,928 (2018: Rs. 32,905,399) and the forced sale value as on 30 June 2019 is Rs. 27,745,871.

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.

8 STORES, SPARE PARTS AND LOOSE TOOLS

	30 June 2019	30 June 2018
	Rupees	Rupees
Mechanical Store	10,977,363	7,485,151
Electrical Store	2,981,025	2,564,982
General Store	1,671,508	689,454
Safety equipment	238,397	222,382
	15,868,293	10,961,969
Provision for slow moving stores, spare parts and loose tools	(4,920,571)	(6,080,089)
	10,947,722	4,881,880

8.1 Movement of stores, spare parts and loose tools for the year is as follows:

Balance at 01 July	6,080,089	6,080,089
Written off during the year	(1,159,518)	-
Balance at 30 June	4,920,571	6,080,089

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
9 STOCK IN TRADE			
Raw materials		230,690,297	121,428,699
Packing materials		6,094,068	4,160,665
Work in process		7,507,482	5,101,669
Finished goods		48,040,980	31,657,638
Goods in transit		27,514,760	18,635,475
		319,847,587	180,984,146
10 TRADE DEBTS			
Unsecured - considered good		279,538,533	353,437,290
11 ADVANCES			
Advances to suppliers - considered good and unsecured		13,374,412	5,049,128
Advances to employees - interest free, considered good and unsecured		776,987	718,467
		14,151,399	5,767,595
12 TRADE DEPOSITS AND SHORT - TERM PREPAYMENTS			
Trade deposits - interest free		1,598,737	2,032,071
Prepayments		4,004,825	2,618,706
		5,603,562	4,650,777
13 OTHER RECEIVABLES			
Considered good:			
Sales tax receivable - net		3,964,074	-
Receivable from related party	13.1	1,616,710	1,609,545
Others		1,918,635	1,918,636
		7,499,419	3,528,181
13.1	This represents amount receivable for expenses incurred on behalf of related party, Auxin Biafo Chemicals (Private) Limited ("AuxinBiafo"), a private company limited by shares, which was incorporated on 09 November 2017 under the Companies Act, 2017, with the objective of manufacturing and marketing emulsion explosives, and to have the capability to supply ground station design construction and operation as well as on-site mixed explosive vehicles for customers. The year - end balance also represents the maximum aggregate amount outstanding at any time during the year from AuxinBiafo.		
14 SHORT - TERM INVESTMENTS			
		30 June 2019 Number of units	30 June 2018 Rupees
Investments at fair value through profit or loss:			
ABL Cash Fund	14.1	9,812,607	9,473,693
Faysal Money Market Fund	14.1	1,280,884	1,144,138
UBL Liquidity Plus Fund	14.1	1,700,034	1,567,182
		401,190,028	388,823,056
Amortized cost / (2018: Loans and receivable)			
Term deposit receipt (TDR)	14.2	90,428,006	66,876,915
		491,618,034	455,699,971

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 14.1** These investments are stated at fair value at the year end, using the year end redemption price. Gain on remeasurement is included in other operating income. As stated in note 17, 9,473,685 units in ABL Cash Fund, 1,144,138 units in Faysal Money Market Fund and 1,567,182 units in UBL Liquidity Plus Fund (2018: 9,473,693 units in ABL Cash Fund, 1,144,138 units in Faysal Money Market Fund and 1,567,182 units in UBL Liquidity Plus Fund) are pledged as security against running finance facilities arranged with Allied Bank Limited, Faysal Bank Limited and United Bank Limited respectively.
- 14.2** This represents foreign currency term deposit receipt (TDR) amounting to USD 550,000 (2018: USD 550,000) including accrued mark - up due as at year end. This carries interest rate at 3.50% (2018: 2.10%) per annum. As stated in note 17.1, TDRs of USD 550,000 are given as security against running finance facility arranged with Allied Bank Limited.

	Note	30 June 2019 Rupees	30 June 2018 Rupees
15 CASH AND BANK BALANCES			
Cash at bank - conventional banking			
Current accounts	15.1	40,323,636	25,560,789
Saving accounts	15.2	138,684	29,886
		40,462,320	25,590,675
Cash in hand		72,250	39,658
		40,534,570	25,630,333

- 15.1** These include foreign currency balances amounting to Rs. 4,251,566 (USD 25,924), (2018: Rs. 1,746,229) (USD 14,384).

- 15.2** These carry interest at the rate of 10.25% (2018: 3.75%) per annum.

	Note	30 June 2019 Rupees	30 June 2018 Rupees
16 TRADE AND OTHER PAYABLES			
Trade creditors		92,740,997	58,873,898
Contract liability - advances from customers		2,427,760	8,560,158
Accrued liabilities		30,206,002	26,201,036
Sales tax payable - net		-	9,319,573
Insurance		922,405	1,026,019
Workers' profit participation fund payable	16.1	24,280,810	35,668,279
Workers' welfare fund payable	16.2	9,712,324	17,344,386
Payable to staff gratuity fund - unsecured	16.3	9,225,698	-
Payable to employees' provident fund - unsecured		1,090,854	-
Withholding tax payable		24,923	30,839
Others		11,424,702	9,491,768
		182,056,475	166,515,956

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
16.1 Workers' profit participation fund payable			
Balance at beginning of the year		35,668,279	21,748,612
Charge for the year		24,280,810	35,668,279
		59,949,089	57,416,891
Payment during the year		(35,668,279)	(21,748,612)
		24,280,810	35,668,279
16.2 Workers' welfare fund payable			
Balance at beginning of the year		17,344,386	8,699,445
Charge for the year		1,093,898	14,267,312
		18,438,284	22,966,757
Adjustment during the year		(8,725,960)	(5,622,371)
		9,712,324	17,344,386
16.3 Payable to staff gratuity fund - unsecured			
Balance at the beginning of the year		-	-
Provision made during the year		9,225,698	8,796,483
Contribution made to the fund during the year		-	(8,796,483)
Balance at the end of the year		9,225,698	-
17 SHORT - TERM BORROWINGS			
<i>From banking companies - under mark-up arrangement (secured)</i>			
Amortized cost			
Allied Bank Limited			
Running finance / ERF	17.1	346,928,891	207,153,623
Faysal Bank Limited			
Running finance	17.2	98,423,800	87,836,760
United Bank Limited			
Running finance	17.3	149,726,426	130,199,896
		595,079,117	425,190,279
17.1	This represents utilized amount of running finance facilities with cumulative sanctioned limit of Rs. 540 million (2018: Rs. 284.34 million). These facilities include running finance facility - RF I with sanctioned limit of Rs. 200 million carrying mark-up at the rate of 3 months KIBOR + 1.00% of the utilized amount, running finance facility - RF II with a maximum sanctioned limit of Rs. 150 million carrying markup at the rate of 3 months KIBOR + 0.75% per annum of the utilized amount and secured against investment in units of ABL Cash Fund with 5% margin, and running finance facility - RF III with maximum sanctioned limit of Rs. 75 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. Refer note 14.		
	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. 40 million. Further, the Company has facilities aggregating to Rs. 75 million (2018: Rs. 80 million) for Export Re-finance and FCEF.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 17.2** This represents utilized amount of running finance facility with a sanctioned limit of Rs. 100 million (2018: Rs. 150 million) and carries mark up at the rate of 3 months KIBOR + 1% per annum payable on quarterly basis. The facility is secured against investment in units of Faysal Money Market Fund with a 5% margin. Refer note 14.
- 17.3** This represents utilized amount of running finance facility of Rs. 200 million (2018: 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 14.
- 17.4** The facilities mentioned in note 17.1 are secured by way of first charge amounting to Rs. 366.66 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 as a counter guarantee for each letter of guarantee in addition to the security mentioned in note 17.1.

18 EMPLOYEE BENEFITS**Accumulating compensated absences**

Balance at 01 July

Charge for the year

Benefits paid during the year

Balance at 30 June

	30 June 2019 Rupees	30 June 2018 Rupees
Balance at 01 July	4,256,427	3,731,466
Charge for the year	1,182,087	556,187
	5,438,514	4,287,653
Benefits paid during the year	-	(31,226)
Balance at 30 June	5,438,514	4,256,427

Actuarial valuation of accumulating compensated absences has not been carried out as the impact of such valuation is deemed immaterial.

19 DEFERRED TAX LIABILITY- net

The net balance of deferred tax is in respect of
the following temporary differences:

Accelerated depreciation on property, plant and equipment

Retirement benefits

Provision for slow moving stores, spare parts and loose tools

Surplus on revaluation of property, plant and equipment

	30 June 2019 Rupees	30 June 2018 Rupees
Accelerated depreciation on property, plant and equipment	38,680,311	22,338,035
Retirement benefits	(3,655,175)	(864,522)
Provision for slow moving stores, spare parts and loose tools	(1,141,572)	(1,234,926)
Surplus on revaluation of property, plant and equipment	15,896,602	5,499,185
	49,780,166	25,737,772

The movement in respect of deferred taxation is as follows:

Balance at 01 July

Charged to statement of profit or loss

Charged to statement of other comprehensive income

Balance at 30 June

Balance at 01 July	25,737,772	30,401,013
Charged to statement of profit or loss	13,170,486	(3,700,639)
Charged to statement of other comprehensive income	10,871,908	962,602
Balance at 30 June	49,780,166	25,737,772

- 19.1** Based on the Company's estimate of future export sales, adjustment of Rs. 42.91 million (2018: Rs. 25.30 million) has been made in the taxable temporary differences at the year end. This has resulted in increased after tax profit by Rs. 12.44 million (2018: Rs. 6.4 million) with corresponding decrease in deferred tax liability by the same amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

20 SHARE CAPITAL

20.1 Authorized share capital

This represents 60,000,000 (2018: 60,000,000) ordinary shares of Rs. 10 each.

20.2 Issued, subscribed and fully paid up capital

30 June 2019	30 June 2018		30 June 2019	30 June 2018
(Number of shares)			(Rupees)	
		Ordinary shares of Rs. 10 each issued for cash		
20,000,000	20,000,000		200,000,000	200,000,000
6,400,000	2,000,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	64,000,000	20,000,000
26,400,000	22,000,000		264,000,000	220,000,000

20.2.1 These include 13,301,425 (2018: 11,085,136) ordinary shares of Rs. 10 each held by the Directors of the Company.

20.2.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

Revaluation surplus - gross

Balance at 01 July

Surplus on revaluation for the year - gross

Transferred to equity in respect of incremental depreciation - net of deferred tax

Related deferred tax on incremental depreciation

Incremental depreciation charged to statement of profit or loss

Balance at 30 June

Related deferred tax liability

Balance at 01 July

Reversed in statement of profit or loss on incremental depreciation

Movement due to change in rate

Tax on revaluation surplus for the year

Balance at 30 June

30 June 2019	30 June 2018
Rupees	Rupees
275,591,629	278,214,654
453,930,162	-
729,521,791	278,214,654
(1,895,396)	(1,957,301)
(474,491)	(665,724)
(2,369,887)	(2,623,025)
727,151,904	275,591,629
(5,499,185)	(7,127,511)
474,491	665,724
(797,642)	962,602
(10,074,266)	-
(15,896,602)	(5,499,185)
711,255,302	270,092,444

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22 CONTINGENCIES AND COMMITMENTS**22.1 Contingencies**

22.1.1 Industrial Estate Hattar of Khyber Pakhtunkhwa Economic Zone Development and Management Company (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 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. Company contacted the Sarhad Development Authority several times for appointment of arbitrator but received no response in this regard. The Company has now filed an application for 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.

22.2 Commitments

22.2.1 Letters of credit issued by Allied Bank Limited on behalf of the Company for import of raw materials, outstanding at the year end amounted to Rs. 11,036,872 (2018: Rs. 40,300,867).

22.2.2 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 amounting to Rs. 17,071,182 (2018: Rs. 17,071,182).

	Note	30 June 2019 Rupees	30 June 2018 Rupees
23 NET TURNOVER			
Turnover		1,214,107,372	1,445,876,971
Sales tax		(178,580,840)	(210,669,435)
Net local sales		1,035,526,532	1,235,207,536
Net export sales	23.1	374,051,899	454,148,575
	23.2	1,409,578,431	1,689,356,111

23.1 Export sales represent sales made through contracts with customers for Saindak and Dudder (2018: Saindak and Dudder) projects in Balochistan, Pakistan which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

	30 June 2019 Rupees	30 June 2018 Rupees
23.2 Disaggregation of revenue based on product categories:		
Tovex	786,804,422	948,917,321
Powder explosives	116,672,089	177,030,208
Accessories	497,983,434	553,728,353
Other finished goods	8,118,486	9,680,229
	1,409,578,431	1,689,356,111
Disaggregation of revenue based on customer segmentation:		
Cement sector	267,931,045	252,750,690
Oil and gas sector	277,499,039	296,694,223
Construction sector	328,355,487	579,215,869
Large projects	138,764,725	86,369,797
Export sector	374,051,899	454,148,575
Others	22,976,236	20,176,957
	1,409,578,431	1,689,356,111

23.3 Revenue amounting to Rs. 7,414,868 included in the opening contract liability balance has been recognized during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
24 COST OF SALES			
Materials consumed	24.1	578,567,690	603,690,392
Stores, spare parts and loose tools consumed		9,031,984	13,677,370
Packing materials consumed		20,796,013	22,307,900
Electricity charges		9,702,400	8,899,733
Salaries, wages and other benefits	24.2	120,380,625	107,398,639
Cost to fulfill a contract - insurance		5,175,469	6,320,888
Repairs and maintenance		7,496,351	7,527,225
Depreciation	6.1	13,763,742	13,343,116
Vehicle running and maintenance		1,805,316	1,778,522
Travelling and conveyance		5,711,318	1,318,518
Water charges		96,000	72,000
Telephone, telex and postage		184,117	205,846
Printing and stationery		262,235	254,122
Canteen		1,172,543	1,100,977
Cost to fulfill a contract - transportation		30,634,106	50,601,986
Fees and subscription		1,600,415	1,122,666
Vehicle rent		2,644,410	2,294,755
Security charges		5,274,816	4,816,832
Saindak expenses		3,426,520	4,695,503
Miscellaneous expenses		1,876,973	1,181,656
		819,603,043	852,608,646
Work in process:			
at beginning of the year		5,101,669	3,331,212
at end of the year		(7,507,482)	(5,101,669)
		(2,405,813)	(1,770,457)
Cost of goods manufactured		817,197,230	850,838,189
Finished goods:			
at beginning of the year		31,657,638	22,525,711
at end of the year		(48,040,980)	(31,657,638)
		(16,383,342)	(9,131,927)
		800,813,888	841,706,262
24.1 Materials consumed			
Balance at 01 July		121,428,699	99,220,748
Purchases during the year		687,829,288	625,898,343
		809,257,987	725,119,091
Balance at 30 June		(230,690,297)	(121,428,699)
		578,567,690	603,690,392

- 24.2** This includes Rs. 9,118,659 (2018: Rs. 7,933,771) charged on account of gratuity, provident fund and employees compensated absences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
25 DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	25.1	27,091,283	22,403,406
Incremental cost of obtaining a contract - sales commission		7,782,148	10,819,014
Staff travelling and conveyance		1,460,727	3,825,452
Telephone and postage		148,305	145,282
Entertainment		5,635	688,481
Printing and stationery		128,935	152,570
Vehicle running and maintenance		1,354,289	1,070,836
Insurance		173,896	191,835
Other charges		1,011,556	2,160
Depreciation	6.1	357,929	276,444
		39,514,703	39,575,480

25.1 This include Rs. 3,064,083 (2018: Rs. 2,536,261) charged on account of gratuity, provident fund and employees compensated absences.

	Note	30 June 2019 Rupees	30 June 2018 Rupees
26 ADMINISTRATIVE EXPENSES			
Chief Executive and Directors' remuneration	26.1	46,395,000	48,810,000
Salaries, wages and other benefits	26.1	33,095,896	25,687,357
Directors' travelling and conveyance		17,101,155	19,906,575
Staff travelling		9,267	30,490
Electricity, gas and water charges		1,544,239	985,534
Telephone, telex and postage		833,137	1,054,363
Rent, rates and taxes		561,481	92,904
Legal and professional charges		3,489,926	3,503,083
Donation		2,340,000	1,000,000
Auditors' remuneration	26.2	1,350,000	1,200,000
Printing and stationery		812,163	890,799
Entertainment		397,034	372,861
Insurance		349,600	284,206
Advertisements		501,008	666,041
Vehicle running and maintenance		2,524,114	2,043,738
Repair and maintenance		2,016,549	1,656,865
Security charges - head office		892,590	740,040
General expenses		1,904,600	1,081,954
Depreciation on investment property		775,788	795,681
Depreciation	6.1	6,520,048	8,262,653
		123,413,595	119,065,144

26.1 These include Rs. 3,420,500 (2018: Rs. 4,373,608) charged on account of gratuity, provident fund and employees compensated absences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
26.2 Auditors' remuneration			
Statutory audit		731,250	650,000
Half year review		168,750	150,000
Other certifications		450,000	400,000
		1,350,000	1,200,000
27 FINANCE COSTS - net			
Mark up on short term borrowings - secured		42,477,240	20,165,246
Bank charges		2,427,601	2,743,132
Loss on remeasurement of investments at fair value through profit or loss - conventional		18,340,315	-
Loss on disposal of property, plant and equipment	6.3	-	89,037
		63,245,156	22,997,414
28 OTHER INCOME			
From financial assets			
Dividend income		51,854,927	-
Gain on remeasurement of investments at fair value through profit or loss - conventional		-	27,604,860
Interest on investment in TDRs		1,954,041	1,166,737
Exchange gain - net (non - derivative financial instruments)		43,682,281	12,157,595
Income from services		-	450,000
Interest on saving accounts		46,761	21,374
		97,538,010	41,400,566
From non - financial assets			
Rental income		4,791,600	5,953,200
Gain on disposal of property, plant and equipment	6.3	695,508	-
		5,487,108	5,953,200
		103,025,118	47,353,766
29 TAXATION			
Current			
- Prior years		-	(54,431)
- For the year		87,179,008	134,574,689
		87,179,008	134,520,258
Deferred		13,170,486	(3,700,639)
		100,349,494	130,819,619

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	30 June 2019 Rupees	30 June 2018 Rupees
29.1 Reconciliation of tax expense with tax on accounting profit		
Profit before taxation	460,241,498	663,429,986
Tax rate	29%	30%
Tax on accounting profit	133,470,034	199,028,996
Tax effect of income charged at lower tax rate	(36,780,458)	(56,644,270)
Tax effect of prior years	-	(54,431)
Others	3,659,918	(11,510,676)
	100,349,494	130,819,619

29.2 The income tax returns till Tax Year 2018 have been filed by the Company which is to be treated as the deemed assessment order. The Commissioner Inland Revenue can amend the deemed assessment within 5 years of the end of the financial year in which income tax return was filed by the Company.

29.3 The Officer Inland Revenue passed appeal effect order under section 124 of the Income Tax Ordinance, 2001 [the "Ordinance"] for the Tax Year 2012 and 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 Officer Inland Revenue and CIR (A), the Company filed an appeal before Appellate Tribunal which is pending for adjudication.

29.4 The Company has also been selected for audit of its income tax affairs for the Tax Year 2015 and the Commissioner required the Company to furnish detailed records. The Company has adequately responded to the information document request and no order is yet framed by the assessing officer.

29.5 The Officer Inland Revenue 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 demand till the next date of hearing.

	30 June 2019	30 June 2018
30 EARNINGS PER SHARE - basic and diluted		
Profit for the year (Rupees)	359,892,004	532,610,367
		Restated
Average number of shares outstanding during the year (Number)	26,400,000	26,400,000
Earnings per share (Rupees)	13.63	20.17

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

	Note	30 June 2019 Rupees	30 June 2018 Rupees
31 CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	40,534,570	25,630,333
Short-term borrowings	17	(595,079,117)	(425,190,279)
Cash and cash equivalents for the purpose of statement of cash flows		(554,544,547)	(399,559,946)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

32 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	
	Unpaid and unclaimed dividend	Total
	Rupees	
Balance at 01 July 2018	24,045,562	24,045,562
Changes from financing cash flows		
Dividend paid	(350,158,117)	(350,158,117)
Other changes		
Dividend announced	360,800,000	360,800,000
Balance at 30 June 2019	34,687,445	34,687,445
Balance at 01 July 2017	29,106,897	29,106,897
Changes from financing cash flows		
Dividend paid	(489,061,335)	(489,061,335)
Other changes		
Dividend announced	484,000,000	484,000,000
Balance at 30 June 2018	24,045,562	24,045,562

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer	Executive Directors	Executives	Total
2019	(Rupees)			
Managerial remuneration	19,550,000	20,160,000	59,940,000	99,650,000
Employee benefits	1,108,333	-	4,034,667	5,143,000
Bonus	2,216,667	3,360,000	9,990,000	15,566,667
Total	22,875,000	23,520,000	73,964,667	120,359,667
Number of persons	2	3	23	
2018				
Managerial remuneration	22,800,000	20,160,000	52,164,000	95,124,000
Employee benefits	1,900,000	-	5,505,808	7,405,808
Bonus	2,050,000	1,900,000	8,694,000	12,644,000
Total	26,750,000	22,060,000	66,363,808	115,173,808
Number of persons	1	3	22	

33.1 The aggregate amount charged in these financial statements in respect of meeting fee paid to other than Chief Executive Officer and three Directors (2018: Three) was Rs. 13,011,000 (2018: Rs. 14,325,000).

33.2 Chief Executive Officer, Executive Directors, Chief Operating Officer and Chief Technical Advisor are provided with the Company maintained cars.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

34 RELATED PARTY TRANSACTIONS

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 2019	30 June 2018
	Rupees	Rupees
Dividend to non - executive directors	172,830,690	231,858,792
Other related parties		
Remuneration including benefits and perquisites of key management personnel	46,395,000	48,810,000
Dividend to key management personnel (Executive directors)	6,097,324	12,014,200
Contribution towards employees' provident fund	6,309,823	5,443,593
Contribution towards employees' gratuity fund	9,227,398	8,796,483
Receivable from Auxin Biafo Chemicals (Private) Limited	1,616,710	1,609,545

Following are the related parties with whom the Company had entered into transactions during the year:

Associated company	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Auxin Biafo Chemicals (Private) Limited	Common Directorship	Nil	-

Related Party	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
M. Humayun Khan	Chairman	79,200	0.30%
M. Afzal Khan	Deputy Chairman	180,000	0.68%
Anwar Moin	Chief Executive Officer	262	0.00%
Syed Zaffar Mehdi Askree	Director	21,120	0.08%
Shirin Safdar	Director	59,400	0.23%
Ayesha Humayun Khan	Director	6,600,000	25.00%
Mehreen Hosain	Director	14,575	0.06%
Muhammad Zafar Khan	Director	5,397,132	20.44%
Ehsan Mani	Director	104,940	0.40%
Adnan Aurangzeb	Director	134,876	0.51%
Syeda Shahbano Abbas	Director	1,800	0.01%
Khawaja Ahmad Hosain	Director	312,000	1.18%
Muhammad Yaqoob	Director	1,320	0.01%
Employees Provident Fund	Contributory Provident Fund	1,090,854	-
Employees Gratuity Fund	Contributory Gratuity Fund	9,225,698	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35 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 2019

35.1 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:

	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 2019	Rupees			Rupees				
Financial assets measured at fair value								
Short term investments	-	401,190,028	-	401,190,028	401,190,028	-	-	401,190,028
Trade deposits	-	1,598,737	-	1,598,737	-	-	1,598,737	1,598,737
Long - term deposits	-	1,793,600	-	1,793,600	-	-	1,793,600	1,793,600
	-	404,582,365	-	404,582,365	401,190,028	-	3,392,337	404,582,365
Financial assets not measured at fair value								
Trade debts	279,538,533	-	-	279,538,533	-	-	-	-
Advances to employees	776,987	-	-	776,987	-	-	-	-
Other receivables	5,453,980	-	-	5,453,980	-	-	-	-
Short-term investments	90,428,006	-	-	90,428,006	-	-	-	-
Bank balances	40,462,320	-	-	40,462,320	-	-	-	-
Total financial assets	416,659,826	404,582,365	-	821,242,191	401,190,028	-	3,392,337	404,582,365
Financial liabilities not measured at fair value								
Short-term borrowings	-	-	595,079,117	595,079,117	-	-	-	-
Unclaimed dividend	-	-	23,391,830	23,391,830	-	-	-	-
Unpaid dividend	-	-	11,295,615	11,295,615	-	-	-	-
Trade and other payables	-	-	145,610,658	145,610,658	-	-	-	-
Total financial liabilities	-	-	775,377,220	775,377,220	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35.1 Fair value of financial assets and liabilities (continued)

	Carrying amount			Fair value				
	Loans and receivables	Held at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018	Rupees			Rupees				
Financial assets measured at fair value								
Short-term investments	-	388,823,056	-	388,823,056	388,823,056	-	-	388,823,056
Financial assets not measured at fair value								
Trade debts	353,437,290	-	-	353,437,290	-	-	-	-
Advances to employees	718,467	-	-	718,467	-	-	-	-
Trade deposits	2,032,071	-	-	2,032,071	-	-	-	-
Other receivables	3,528,181	-	-	3,528,181	-	-	-	-
Short-term investments	66,876,915	-	-	66,876,915	-	-	-	-
Long-term deposits	1,793,600	-	-	1,793,600	-	-	-	-
Bank balances	25,590,675	-	-	25,590,675	-	-	-	-
Total financial assets	453,977,199	388,823,056	-	842,800,255	388,823,056	-	-	388,823,056
Financial liabilities not measured at fair value								
Short-term borrowings	-	-	425,190,279	425,190,279	-	-	-	-
Unclaimed dividend	-	-	16,136,061	16,136,061	-	-	-	-
Unpaid dividend	-	-	7,909,501	7,909,501	-	-	-	-
Trade and other payables	-	-	95,592,721	95,592,721	-	-	-	-
Total financial liabilities	-	-	544,828,562	544,828,562	-	-	-	-

35.2 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 2019

35.2 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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.

35.2.1 Credit risk

Credit risk refers to the risk that the counterparty will fail to perform or fail to pay amounts due, resulting in financial loss to the Company. The primary activities of the Company are manufacturing and sale of commercial explosives. The Company is exposed to credit risk from its operation and certain investing activities.

The Company's credit risk exposures are categorised under the following headings:

Counterparties

In relation to the Company's exposure to credit risk, trade debtors and financial institutions are major counterparties and the Company's policies to manage risk in relation to these counter parties are explained in the following paragraphs.

Trade debts

Credit risk with respect to trade debts is diversified due to the number of entities comprising the Company's customer base. Trade debts are essentially due from the entities engaged in cement manufacturing, construction, mining and oil and gas exploration service providers. The Company has a credit policy that governs the management of credit risk, including the establishment of counterparty credit repayment timeline and specific transaction approvals. The Company limits credit risk by assessing credit worthiness of potential counterparties before entering into transactions with them and continuing to evaluate their credit worthiness after transactions have been initiated. Further the Company for all major customers enters into a written agreement, and amongst the provisions agreed are product rates and repayment terms. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Collectability is assessed based on the review of a minimum two year historic model relating to payment patterns such as days invoices have remained outstanding for customer categories, current financial / credit worthiness checks of the counter party adjusted by forward looking estimates such as economic environment at large and its' impact on the related business conditions.

Bank balances and investments

The Company maintains its bank balances and makes investments in term deposit receipts (TDRs) with financial institutions of high credit ratings. The investment made in term deposit receipt with Allied Bank Limited (ABL) is exposed to minimal credit risk as the bank has a sound credit rating and the Company has been regularly trading with such bank and also holds counter borrowings for credit risk management, while other bank balances in current and saving accounts can either be redeemed upon demand and are also placed with high credit rating financial institutions, therefore, also bear minimal risk.

Exposure to credit risk

The carrying amount of financial assets of the Company represents the maximum credit exposure. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics and the maximum financial exposure due to credit risk on the Company's financial assets as at the reporting date is as follows:

	30 June 2019	30 June 2018
	Rupees	Rupees
Trade debts	279,538,533	353,437,290
Advances to employees	776,987	718,467
Trade deposits	-	2,032,071
Other receivables	3,535,345	3,528,181
Short-term investments	90,428,006	66,876,915
Long-term deposits	-	1,793,600
Bank balances	40,462,320	25,590,675
	414,741,191	453,977,199

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date by type of customers' is as follows:

	30 June 2019	30 June 2018
	Rupees	Rupees
Cement manufacturers	31,346,957	28,405,317
Oil and gas exploration service providers	51,759,774	76,083,259
Construction and mining entities	196,431,802	248,948,714
	279,538,533	353,437,290

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Impairment losses

The aging of trade debts as at the reporting date is as follows:

	30 June 2019		30 June 2018	
	Gross debts	Impairment	Gross debts	Impairment
	Rupees	Rupees	Rupees	Rupees
Not past due	122,040,894	-	136,242,185	-
Past due 0-30 days	79,914,702	-	118,582,008	-
Past due 31-60 days	62,783,540	-	66,745,841	-
Past due 61-90 days	14,799,397	-	31,867,256	-
Past due 91-365 days	-	-	-	-
Over 365 days	-	-	-	-
	<u>279,538,533</u>		<u>353,437,290</u>	

The movement in impairment in respect of trade receivables during the year is as follows:

	30 June 2019	30 June 2018
	Rupees	Rupees
Balance at 01 July	-	612,270
Doubtful debts recovered	-	(612,270)
Balance at 30 June	<u>-</u>	<u>-</u>

The management of the Company transacts with its' customers based on credit worthiness checks of the counter parties, further, the business of the Company is with such industries which have shown sound financial results as a result of the assessment of historic pattern of recoverability of invoices, further, credit worthiness of its' customers is also evaluated on an on going basis to identify balances for which significant credit risk has arisen and meets the criterion of write - off as per Company's defined policies of prudent financial reporting practices. The management has assessed a default credit risk on its gross portfolio of trade debts amounting to zero based on an assessment of historic pattern of invoices recoverability adjusted by the forward looking estimates as at the reporting date. For this assessment, management has performed peer group analysis on its' balance of trade debts based on industry segmentation of its' customers and after deducting its' portfolio pertaining to Government entities other than corporate companies and subsequent recoveries, time value of money impact as derived from the Company's expected credit loss model is considered to be immaterial in the overall context of financial statements and hence not accounted for as at the start and end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35.2.2 Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of borrowings and paying its suppliers. The responsibility for liquidity risk management rests with the Board of Directors of the Company and their approach in this regard is to ensure that the Company always has sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. Beyond effective working capital and cash management, the Company mitigates liquidity risk by arranging short term financing from highly rated financial institutions.

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

		Contractual cash flows					
	Carrying amount	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
30 June 2019	Rupees						
Maturity upto one year							
Short-term borrowings	595,079,117	595,079,117	595,079,117	-	-	-	-
Unclaimed dividend	23,391,830	23,391,830	23,391,830	-	-	-	-
Unpaid dividend	11,295,615	11,295,615	11,295,615	-	-	-	-
Trade and other payables	145,610,658	145,610,658	145,610,658	-	-	-	-
	775,377,220	775,377,220	775,377,220	-	-	-	-
	775,377,220	775,377,220	775,377,220	-	-	-	-
30 June 2018							
Maturity upto one year							
Short-term borrowings	425,190,279	425,190,279	425,190,279	-	-	-	-
Unclaimed dividend	16,136,061	16,136,061	16,136,061	-	-	-	-
Unpaid dividend	7,909,501	7,909,501	7,909,501	-	-	-	-
Trade and other payables	95,592,721	95,592,721	95,592,721	-	-	-	-
	544,828,562	544,828,562	544,828,562	-	-	-	-
	544,828,562	544,828,562	544,828,562	-	-	-	-

35.2.3 Market risk

Market fluctuations may result in cash flow and profit volatility risk for the Company. The Company's operating activities as well as its investment and financing activities are affected by changes in foreign exchange rates, interest rates and security prices. To optimize the allocation of the financial resources as well as secure an optimal return for its shareholders, the Company identifies, analyzes and proactively manages the associated financial market risks. The Company seeks to manage and control these risks primarily through its regular operating and financing activities.

A Foreign currency risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than PKR as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprise;

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

The potential currency exposures are discussed below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 statement of 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 expenditure is incurred by the Company in currency 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 a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to foreign currency risk

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

	30 June 2019 USD	30 June 2018 USD
Trade debts	583,294	572,940
Bank balances and investments	575,924	564,384
Trade creditors	72,127	78,472
	<u>1,231,345</u>	<u>1,215,796</u>

The significant exchange rates applied during the year were:

	Average rate		Reporting date - closing rate	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	Rupees	Rupees	Rupees	Rupees
USD 1	<u>142.70</u>	<u>113.10</u>	<u>164.00</u>	<u>121.40</u>

Sensitivity analysis

A 10 percent weakening of the PKR against the USD at 30 June would have increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 June 2019 Rupees	30 June 2018 Rupees
Statement of profit or loss	<u>20,194,066</u>	<u>14,759,763</u>

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 2019

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. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk arising on its financial assets is minimized by investing in fixed rate investments like TDRs.

Profile

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

	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	%	%	Rupees	Rupees
Financial assets				
Fixed rate instruments				
Term deposit receipt	3.50	2.10	90,428,006	66,876,915
Bank balances - saving accounts	10.25	3.75	138,684	29,886
			<u>90,566,690</u>	<u>66,906,801</u>
Financial liabilities				
Variable rate instruments				
Short-term borrowings	3.00 - 13.55	7.01 - 7.37	595,079,117	425,190,279
			<u>595,079,117</u>	<u>425,190,279</u>

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.

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. 4,300,713 (2018: Rs. 5,273,280).

C Price risk

The Company is exposed to price risk because of investment in marketable securities held by the Company in ABL Cash Fund, 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.

Sensitivity analysis – equity price risk

A change of Rs. 1 in value of investment at fair value through profit or loss would have increased / decreased profit or loss by Rs. 12,793,525 (2018: Rs. 12,185,012).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35.3 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.

36 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 shareholders and benefits for other stakeholders, 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 shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

37 CAPACITY AND PRODUCTION

Products	Units	Rated production capacity	30 June 2019	30 June 2018
			Actual production	
Tovex water gel and powder explosives	Kgs	6,000,000	3,326,533	4,745,850
Detonator - plain / electric	Nos.	9,000,000	2,796,772	608,179
Safety fuse	Meter	500,000	-	-
Detonating cord	Meter	2,500,000	2,418,300	2,269,244

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 2019

38 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

Description	30 June 2019 Rupees	30 June 2018 Rupees
i) Loans / advances obtained as per Islamic mode	2,427,760	8,560,158
ii) Shariah compliant bank deposits / bank balances	40,323,636	25,560,789
iii) Profit earned from shariah compliant bank deposits / bank	-	-
iv) Net revenue earned from a shariah compliant business segment	1,409,578,431	1,689,356,111
v) Gain/loss or dividend earned from shariah compliant investments	-	-
vi) Exchange gain earned	43,682,281	12,157,595
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 25 and 28 respectively.		
ix) Relationship with shariah compliant banks:		
The Company maintains bank balances placed under shariah permissible arrangement with Faysal Bank Limited, Allied Bank Limited and United Bank Limited. Further, the Company has made conventional investments in mutual funds (refer note 14) and obtained conventional short-term running facilities (refer note 17) with the abovementioned banks.		

39 EMPLOYEES PROVIDENT FUND TRUST

	Un-audited 30 June 2019 Rupees	Audited 30 June 2018 Rupees
Size of the fund (total assets)	96,062,904	77,633,018
Cost of investments made	92,309,383	76,141,462
Fair value of investments	91,825,968	76,382,624
	%	%
Percentage of investments made	96.09	98.08

Breakup of investments is as follows:

	30 June 2019		30 June 2018	
	Rupees	%	Rupees	%
Regular Income Certificates	60,150,000	65.16	37,700,000	49.51
Short Term Saving Certificates	14,000,000	15.17	-	0.00
NAFA Islamic Income Fund	18,159,383	19.67	-	0.00
NAFA Money Market Fund	-	0.00	14,849,893	19.50
NAFA Stock Fund	-	0.00	9,636,398	12.66
Meezan Sovereign Fund	-	0.00	13,955,171	18.33
	92,309,383	100	76,141,462	100

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

40 NON - ADJUSTING EVENT AFTER REPORTING DATE

- 40.1** The Board of Directors proposed final cash dividend of Rs. 3 per share and bonus shares at 20% (2 bonus shares for 10 shares held) in its meeting held on 17 September 2019.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on September 17, 2019.

42 GENERAL

- 42.1** Figures have been rounded off to the nearest rupee.

- 42.2** Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of better presentation and comparison. There have been no significant re-arrangements and re-classifications during the current year.

42.2 Number of persons employed

	<u>30 June 2019</u>	<u>30 June 2018</u>
Employees on year end (number)	210	222
Average employees during the year (number)	216	205



Chief Financial Officer



Chief Executive Officer



Chairman

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2019

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
204	1	100	8,123
286	101	500	73,152
241	501	1,000	167,900
311	1,001	5,000	688,208
63	5,001	10,000	443,297
27	10,001	15,000	331,425
12	15,001	20,000	223,946
10	20,001	25,000	225,997
6	25,001	30,000	171,564
1	30,001	35,000	32,626
4	35,001	40,000	158,770
2	40,001	45,000	83,506
1	45,001	50,000	49,440
1	50,001	55,000	51,087
4	55,001	60,000	235,844
2	60,001	80,000	158,040
2	80,001	100,000	170,661
4	100,001	120,000	434,300
5	120,001	140,000	648,476
2	140,001	160,000	315,614
2	160,001	180,000	357,936
1	180,001	240,000	237,600
2	240,001	300,000	500,464
2	300,001	360,000	642,000
1	360,001	420,000	394,800
1	420,001	600,000	577,680
1	600,001	700,000	718,212
1	700,001	800,000	792,000
1	800,001	1,500,000	1,320,000
1	1,500,001	2,500,000	2,178,000
1	2,500,001	3,500,000	2,617,600
1	3,500,001	5,000,000	4,791,732
1	5,000,001	6,600,000	6,600,000
1204			26,400,000

SHAREHOLDER'S CATEGORY	NUMBERS OF SHAREHOLDERS	NUMBERS OF SHARE HELD	PERCENTAGE
INDIVIDUALS	1,164	23,465,316	88.88%
JOINT STOCK COMPANIES	25	2,537,349	9.61%
INSURANCE COMPANIES	2	179,136	0.68%
OTHERS	4	34,916	0.13%
INVESTMENT COMPANIES	1	4,000	0.02%
FINANCIAL INSTITUTIONS	1	2,628	0.01%
CHARITABLE TRUSTS	1	4,680	0.02%
MUTUAL FUNDS	6	171,975	0.65%
	1,204	26,400,000	100.00%

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2019**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	% AGE
Directors, CEO & their Spouse and Minor Children			
Ayesha Humayun Khan	1	6,600,000	25.00
M. Zafar Khan	1	5,397,132	20.44
Khawaja Amanullah Askari & Ishrat Askari	1	262	0.00
Khwaja Ahmad Hosain	1	312,000	1.18
M. Afzal Khan	1	180,000	0.68
Adnan Aurangzeb	1	134,876	0.51
Ehsan Mani	1	104,940	0.40
M. Humayun Khan	1	79,200	0.30
Shirin Safdar	1	59,400	0.23
Syed Zaffar Mehdi Askree	1	21,120	0.08
Mehreen Hosain	1	14,575	0.06
Syeda Shahbano Abbas	1	1,800	0.01
Muhammad Yaqoob & Maliha Yaqoob	1	1,320	0.01
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, & Modarba	15	662,279	2.51
Mutual Funds:			
CDC - Trustee AKD Opportunity Fund	1	160,431	0.61
MCBFSL - Trustee AKD Islamic Stock Fund	1	11,160	0.04
CDC - Trustee Alfalah GHP Stock Fund	1	287	0.00
CDC - Trustee Pakistan Pension Fund	1	97	0.00
Other Individuals	1,169	5,700,709	21.59
Shareholders holding 5% or more shares in the Company:			
Basit Waheed	1	2,742,200	10.39
Shayan Afzal Khan Abbas	1	2,178,000	8.25
Orient Trading Limited	1	2,038,212	7.72
TOTAL	1,204	26,400,000	100.00

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

	Shares Purchased	Shares Sold / Transferred
Adnan Aurangzeb	-	1,000

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 31st 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 24, 2019 at 11:00 am and any adjournment thereof.

Signed _____ day of _____ 2019

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

بانیفو انڈسٹریز لمیٹڈ

فسٹ فلور، بانیفو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40،

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

میں رہم _____ بحیثیت رکن بانیفو انڈسٹریز لمیٹڈ اور شیئرز رجسٹر فلیو (نمبر) _____ کے مطابق

_____ عمومی شیئرز کا حامل ہوں/کے حامل ہیں اور/یا سی پارتیسیپنٹ (Participant) شناختی کارڈ نمبر _____

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

جیسا کہ میرے/ہمارے Proxy نے کمپنی کے 31 ویں سالانہ عمومی اجلاس میں میرے/ہمارے حوالے سے ووٹ دینا ہے جو اس کے رجسٹرڈ دفتر پہلی

منزل، بانیفو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40، آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد میں 24 اکتوبر، 2019ء 11:00 am اور کسی بھی اس

کے التواء کے منعقد ہوگا۔

دستخط _____ مورخہ _____ 2019 کو کئے گئے

دستخط

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

گواہان

_____ دستخط ۱۔	_____ دستخط ۲۔
_____ 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 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:

(i) Shareholder's details:	
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	
(ii) Shareholder's Bank account details:	
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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