

Annual Report

2020



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
Executive Director
Executive Director

Non Executive Directors

Dr. M. Humayun Khan
M. Zafar Khan
Khwaja Ahmad Hosain
Basit Waheed
Adnan Aurangzeb
Ms. Ayesha Humayun Khan

Chairman
Director
Director
Director
Director
Director

Independent Directors

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

Director
Director
Director
Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit & Risk Management Committee

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

HR & Remuneration Committee

Ehsan Mani	Chairman
Anwar Moin	Member
Dr. M. Humayun Khan	Member
Ms. Mehreen Hosain	Member
Ms. Syeda Shahbano Abbas	Member
Ms. Ayesha Humayun Khan	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim, Raza Khalil Abbasi Suhrawardy

Bankers

Allied Bank of Pakistan
National Bank of Pakistan
Bank of Khyber

Bank Alfalah Limited
United Bank Limited
Faysal 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 32ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 32nd Annual General Meeting of Biafo Industries Limited will be held on October 27, 2020 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, 2019.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2020 together with Auditors' report and Directors' report thereon.
3. To approve the payment of final cash dividend of Rs. 1.00 per share (10%) declared on September 22, 2020 and also the interim cash dividends of Rs. 1.50 per share (15%) declared on October 23, 2019, Rs. 1.50 per share (15%) declared on February 18, 2020 making a total of Rs. 4.00 per share (40%) cash dividend along with 10% bonus shares declared on September 22, 2020 and 10% bonus shares declared on February 18, 2020 making a total of 20% bonus shares for the year ended June 30, 2020.
4. To appoint Auditors for the year 2020-21 and to fix their remuneration. Retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible offer themselves for reappointment for the year 2020-21.
5. 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 22, 2020

NOTES

1. Share Transfer Books of the Company will remain closed from October 19, 2020 to October 27, 2020 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.

For CNIC & Zakat

4. 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.
5. 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:
- For filers of income tax returns 15%
 - For non-filers of income tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL on or before the date of approval of cash dividend at the Annual General Meeting on October 27, 2020 otherwise tax on their cash dividend will be deducted @ 30% instead of @ 15%.

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

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

- ii) 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.

STATEMENT OF UNCLAIMED OR UNPAID AMOUNTS UNDER SECTION 244 OF THE COMPANIES ACT, 2017

The Securities and Exchange Commission of Pakistan pursuant to section 244 read with section 510 of the Companies Act 2017 directs all Companies to submit a statement to the Commission through eServices portal (<https://eservices.secp.gov.pk/eServices/>) stating therein the number or amounts, as case may be, which remain unclaimed or unpaid for a period of three years from the date it is due and any other instrument or amount which remain unclaimed or unpaid, as may be specified.

Through this notice, the shareholders are intimated to contact with the Company for any unclaimed dividend/shares within a period of seven days after publishing this notice to meet the compliance of SECP Direction no. 16 of 2017 dated 07 July 2017. The Shareholders are requested to contact the Company on its registered address regarding any unclaimed dividends or undelivered shares (if any).

فائلر اور نان فائلر کا اسٹیٹس

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

الف- اکٹم ٹیکس ریٹرنز فائلرز کیلئے 15 فیصد

ب- اکٹم ٹیکس ریٹرنز نان فائلرز کیلئے 30 فیصد

کمپنی کو مالیت کے عوض 30 فیصد کے بجائے 15 فیصد کے حساب سے نقد منافع منقسمہ (Cash Dividend) پر ٹیکس کٹوتی کے قابل بنانے کیلئے ان تمام حصص داران جن کا نام ٹیکس فائلر ہونے کے باوجود، ایف بی آر کی ویب سائٹ پر موجود ایکٹو ٹیکس پیپرز لسٹ (ATL) میں موجود نہیں ہے، کو یہ بات یقینی بنانے کی ہدایت کی جاتی ہے کہ وہ 27 اکتوبر 2020 کو منعقد ہونے والے سالانہ عمومی اجلاس میں نقد منافع کی منظوری کی تاریخ تک یا اس سے قبل اپنا نام ATL میں درج کروالیں بصورت دیگر نقد منافع پر 15 فیصد کے بجائے 30 فیصد ٹیکس کی کٹوتی کی جائے گی

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

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

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

BIAFO ایڈسٹریز لمیٹڈ

1st فلور، BIAFO ہاؤس، پلاٹ نمبر 23، گلی نمبر 38-40، آئی ایڈیٹی سینٹر،

سیکٹر 4/10-G، اسلام آباد، پاکستان۔

ٹیلیفون 92-51-2353450-53، +92-51-2353458: 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، ہل ویو پلازہ، جناح ایویو، بلیو ایر یا اسلام آباد، پاکستان۔

فون: +92 51 2344223-4 فیکس: +92 51 2605658

iii- سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ حصص داران کیلئے نیشنل ٹیکس نمبر (NTN) ہونا لازمی ہے جو ان کے متعلقہ شرکت کنندہ کے ساتھ اپ ڈیٹ ہو جبکہ فزیکل شیئرز کے حامل کارپوریٹ ممبران اپنے NTN سرٹیفکیٹ کی نقل کمپنی یا اس کے شیئرز رجسٹرار میسرز ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ کو ارسال کرنا ضروری ہے۔ حصص داران اپنا NTN یا NTN سرٹیفکیٹ بھجوتے وقت، کسی بھی صورت میں کمپنی کا نام اور فوٹیو نمبر ضرور درج کریں۔

کمپنیز ایکٹ 2017 سیکشن 244 کے تحت بناء دعویٰ یا غیر ادا شدہ رقم کا بیان

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سیکشن 244 بمعہ سیکشن 510 آف دی کمپنیز ایکٹ 2017 تمام کمپنیوں کو ہدایت کی جاتی ہے کہ نمبر یا اکاؤنٹس جو بھی ہوں جو مقررہ تاریخ سے تین سال تک بناء کسی دعویٰ یا غیر ادا شدہ ہوں اور دیگر کسی انسٹرومنٹ یا رقم جو بناء دعویٰ یا غیر ادا شدہ ہو کمیشن کو بذریعہ ای سرورسز پورٹل (<https://eservices.secp.gov.pk/eServices/>) جمع کروائیں۔

بذریعہ نوٹس ہذا حصص داران کو مطلع کیا جاتا ہے کہ ایس ای سی پی کے حکم نمبر 07 of 2017 بتاریخ 16 جولائی 2017 کی شرائط کو پورا کرنے کے لیے اس اشتہار کی اشاعت کے 07 یام کے اندر بناء دعویٰ شدہ منافع منقسمہ/حصص کے بارے میں کمپنی سے رابطہ کریں۔ حصص داران سے درخواست ہے کسی بھی بناء دعویٰ شدہ منافع منقسمہ یا غیر موصول شدہ حصص (اگر کوئی ہوں) کو اس سلسلے میں کمپنی کے رجسٹرڈ پتہ پر رابطہ کریں۔

شئیر ہولڈرز کے 32 ویں سالانہ اجلاس عام کیلئے ممبران کو نوٹس

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ BIAFO انڈسٹریز لمیٹڈ کا 32 واں سالانہ اجلاس عام بتاریخ 27 اکتوبر، 2020 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 2019 کے منٹس کی توثیق۔
- 2 - 30 جون 2020 کو مکمل ہونے والے سال کے آڈٹ شدہ اکاؤنٹس بمع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، زیر غور لانا اور اختیار کرنا۔
- 3 - 22 ستمبر 2020 کو اعلان کردہ حتمی نقد منافع منقسمہ 1.00 روپیہ فی شیئر (10%) اور 23 اکتوبر 2019 کو اعلان کردہ عبوری نقد منافع منقسمہ 1.50 روپے فی شیئر (15%)، 18 فروری 2020 کو اعلان کردہ عبوری نقد منافع منقسمہ 1.50 روپے فی شیئر (15%) مجموعی طور پر 4.00 روپے فی شیئر (40%) نقد منافع منقسمہ بشمول 22 ستمبر 2020 کو اعلان کردہ 10 فیصد بونس شیئر اور 18 فروری 2020 کو اعلان کردہ 10 فیصد بونس شیئر، اس طرح 30 جون 2020 کو مکمل ہونے والے سال کے لیے 20 فیصد بونس شیئر کی منظوری۔
- 4 - 2020-21 لئے آڈیٹرز اور ان کے معاوضے کی تقرری۔ ریٹائرڈ ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر مادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہلیت کے حامل ہونے پر خود کو سال 2020-21 میں دوبارہ تعیناتی کیلئے پیش کیا ہے
- 5 - چیئرمین کی اجازت سے میٹنگ میں رکھے جانے والے کچھ دیگر امور کی انجام دہی کے لیے۔

بحکم بورڈ

خواجہ شائق تنویر
کمپنی سیکریٹری

اسلام آباد
مورخہ: 22 ستمبر، 2020

نوٹس

- 1 - کمپنی کی شیئر منتقلی کی کتب 19 اکتوبر 2020 تا 27 اکتوبر 2020 (بشمول دونوں ایام) بند رہیں گی۔
- 2 - اجلاس ہذا میں شرکت اور ووٹ دینے کا استحقاق رکھنے والے ممبر اپنی جگہ پر ووٹ دینے اور شرکت کرنے کے لیے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ مقررہ شخص کو مطالبہ پول پر بولنے اور ووٹ کرنے کے وہی حقوق حاصل ہوں گے جو کہ ممبر کو حاصل ہوتے ہیں۔ پراکسی کے موثر ہونے کیلئے ضروری ہے کہ ممبر شدہ، دستخط شدہ اور گواہی کے ساتھ پراکسیز (Proxies) کمپنی کے رجسٹرڈ آفس میں میٹنگ شروع ہونے سے 48 گھنٹے قبل پہنچ جانی چاہئیں۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری نہیں۔
- 3 - سی ڈی سی شیئر ہولڈرز یا ان کے پراکسی، سالانہ اجلاس عام میں شرکت کے وقت اپنے ہمراہ اصل شناختی کارڈز 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۔

کمپیوٹرائزڈ قومی شناختی کارڈ اور زکوٰۃ

- 4 - 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۔
- 5 - 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 ہوتو۔

ای ڈیونڈ

سرکاری اندراج یافتہ کمپنی ہونے کی صورت میں کمپنیز ایکٹ 2017 کے سیکشن 242 کی رو سے حصص داران (شیئر ہولڈرز) اپنے منافع کی نقد ادائیگی صرف الیکٹرانک طریقہ کار کے ذریعے براہ راست اپنے نامزد کردہ بینک اکاؤنٹ میں کر سکتے ہیں۔ اسی لئے نوٹس ہذا کے ذریعے تمام 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 (شیئر) رجسٹرار، میسرز ریاست اشتیاق کونسلنگ (پرائیویٹ) لمیٹڈ کو مہیا کریں۔ (حصص داران کے لئے) ای۔ ڈیونڈ مینڈیٹ فارم منسلک کیا گیا ہے۔



CHAIRMANS' REVIEW

CHAIRMANS' REVIEW

I am pleased to present the 32nd Annual Report of the Company for the year ended 30th June 2020.

On behalf of the Board and myself I would like to express our appreciation of the performance of the management and all the staff during the year. The Company reported a net turnover of Rs. 1,586.56 million during the period under review compared to Rs. 1,409.58 million during last year. The management team, led by the Chief Executive Officer, proactively adapted to face the challenge, and the disruption caused by the global pandemic Covid-19.

Blasting activities in some of the existing large construction projects increased while other sectors witnessed a decline due to the overall economic slowdown.

The Company earned a gross profit for the year of Rs. 563.70 million (2018-19: Rs. 608.76 million). This registered a decrease of 7.40% over the last year. Net Profit after tax stood at Rs. 245.87 million resulting in earnings per share of Rs. 7.06 (2018-19: Rs. 10.33 restated). Profitability declined mainly due to the impact of currency devaluation on imported raw materials. There was also an increase in financial charges. This situation may improve with the resumption of economic growth.

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

Over the years, the Company has a record of paying high dividends. The Board has recommended a final cash dividend @ 10% (Rs. 1.00 per share) for the year ended June 30, 2020 and 10% bonus shares. This is in addition to the interim cash dividends @ 30% (Rs 3.00 per share) and 10% bonus shares already declared, thus making a total of 40 % cash dividend and 20% bonus shares.

The Company incurred significant capital expenditure to the tune of Rs.38.02million to further strengthen its infrastructure and modernize plant & machinery.

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

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

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

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

Looking forward, the Company will continue to strengthen its position in the market to tap the opportunities emerging from the China Pakistan Economic Corridor (CPEC) and allied infrastructure projects.

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



Islamabad

22 September 2020

Dr. M. Humayun Khan
Chairman

چیئر مین کا جائزہ

میں 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کی 32 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ میں اپنی اور اپنے بورڈ کی جانب سے دوران سال انتظامیہ اور جملہ ملازمین کی کارکردگی کو تحسین پیش کرنا چاہتا ہوں۔ کمپنی نے زیر جائزہ عرصہ کے دوران 1,586.56 ملین روپے کا کاروبار کیا جبکہ گزشتہ سال یہ کاروبار 1,409.58 ملین روپے کا تھا۔ چیف ایگزیکٹو آفیسر کی قیادت میں انتظامیہ نے کوڈ-19 کی عالمی وباء کے پیش نظر رکاوٹوں سے نبرد آزما ہونے کیلئے بروقت اقدامات اٹھائے۔

بڑے تعمیراتی منصوبوں میں بلاسٹنگ سرگرمیوں میں تیزی واقع ہوئی جبکہ دیگر شعبوں میں معاشی سست روی کی بدولت تیزی واقع ہوئی۔ کمپنی نے اس سال 563.70 ملین روپے کا مجموعی منافع کمایا۔ (سال 2018-19 منافع 608.76 ملین روپے تھا) اس سال منافع میں 7.40 فیصد کمی ہوئی۔ جبکہ ٹیکس کی ادائیگی کے بعد خالص منافع 245.87 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 7.06 روپے رہی۔ (سال 2018-19 10.33 روپے)۔ منافع میں کمی پاکستانی روپے کی قدر میں گراوٹ کی وجہ سے درآمد شدہ خام مال کی قیمتوں میں اضافے کی وجہ سے ہوئی۔ سود کی ادائیگیوں میں بھی اضافہ ہوا۔ معاشی سرگرمیوں کی بحالی کے ساتھ صورتحال میں بہتری واقع ہو سکتی ہے۔

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

گزشتہ کئی برسوں کے دوران کمپنی اپنی پرفارمنس کی بنیاد پر اپنے شیئر ہولڈرز کو ریکارڈ منافع منقسمہ ادا کر رہی ہے۔ بورڈ نے 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کے منافع سے حتمی نقد منافع منقسمہ 10 فیصد (-/1.00 روپے فی شیئر) اور بونس شیئرز 10 فیصد کی سفارش کی ہے۔ یہ عبوری نقد منافع منقسمہ 30 فیصد (-/3.00 روپے فی شیئر) اور 10 فیصد بونس شیئر جو شیئر ہولڈرز کو ادا کیا جا چکا ہے سے اضافی ہے۔ اس طرح زیر غور عرصہ کے دوران مجموعی نقد منافع منقسمہ 40 فیصد اور 20 فیصد بونس شیئر رہا۔

کمپنی نے اپنے انفراسٹرکچر کو مضبوط اور پلانٹ اور مشینری میں جدت لانے کے لیے کثیر رقم 38.02 ملین روپے خرچ کی۔ بورڈ کو مینٹننس کے لیے جامع ایجنڈا اور معاون دستاویزات بروقت موصول ہوئیں ہیں، بورڈ کمپنی کی حکمت عملی اور وژن کو ترتیب دینے میں ہمہ تن مصروف ہے۔ کمپنی نے کوڈ آف کارپوریٹ گورننس جیسا کہ فہرستی ضوابط میں تفصیل سے بیان کیا گیا ہے، کے طے کردہ ضوابط سے کبھی انحراف نہیں کیا یا سوائے لسطہ کمپنیز میں موجود تعمیلی بیان کے انکشاف (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019)۔

بورڈ کے پاس کمپنی کے تمام متعلقہ شعبہ جات کے اپریشنز 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 مضبوط ہے جسے مؤثر طریقے سے کنٹرول اور مانیٹر کیا جاتا ہے۔

مستقبل میں کمپنی مارکیٹ میں اپنی پوزیشن کو مزید مضبوط بنائے گی تاکہ چائنہ پاکستان اقتصادی راہداری اور دیگر تعمیراتی منصوبوں سے استفادہ حاصل کر سکے۔ آخر میں، میں بورڈ کی جانب سے اپنے تمام محنتی ملازمین کی خدمات کا معترف ہوں کہ جن کی وجہ سے کمپنی کی تمام تر کامیابیاں ممکن ہو پائی ہیں۔ میں اپنے تمام شیئر ہولڈرز، صارفین، سپلائرز، بینکرز اور دیگر کاروباری شراکت داروں کا ہم پر اعتماد اور مدد کرنے پر نہایت مشکور ہوں۔ میں اپنے ساتھی ڈائریکٹرز کا بھی مشکور ہوں جن کے عزم اور اعنانت نے کمپنی کو کامیابیوں سے ہمکنار کیا۔

ڈاکٹر ایم۔ ہمایوں خان
چیئر مین

اسلام آباد
22 ستمبر 2020



DIRECTORS' REPORT

DIRECTORS' REPORT

The Board of Directors of Biafo Industries Limited are pleased to present the Annual Report 2020 accompanied by the audited financial statements for the year ended 30th June 2020.

FINANCIAL HIGHLIGHTS

During the year under review, the Company recorded net sales revenue of Rs.1,586.56 million as compared to the previous year's revenue of Rs. 1,409.58 million. This was largely due to significant increase in supplies to large projects. Supplies to rest of the sectors decreased due to economic downturn.

Gross profit for the year decreased by 7.40% to Rs. 563.70 million (2018-19: Rs. 608.76 million). The Company earned a net profit after tax of Rs. 245.87 million (2018-19: Rs. 359.89) resulting in earnings per share of Rs. 7.06 (2018-19: Rs. 10.33 restated). Profitability declined mainly due to the impact of currency devaluation on imported raw material. There was also a substantial increase in financial charges. This situation may improve once the economy revives post COVID-19 pandemic.

PRODUCTION:

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

Biafo is committed to ensuring that only the highest quality products are delivered to all our clientele. The Company continues to invest in the improvement in product efficiency, human resources, 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 continued its operations even during the pandemic lockdown with full compliance of all the required SOPs.

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

PANDEMIC-COVID-19

Biafo proactively managed all the logistics and adopted the SOPs in a stringent manner. Despite the pandemic, the Company managed to continue its operations without any major disruption.

FUTURE PROSPECTS:

Pakistan has faced the Covid-19 situation effectively, but the risk of a second wave is still there, which is hurting the economic environment. The Government has introduced several relief measures to counter the negative impact on the economy and industry.

We hope that official policies will help effectively revive the economy particularly infrastructure projects in hydel & construction sectors. The Government has started CPEC Phase II and approved/inaugurated large projects such as Kohala Hydro Power Project, ML-1, Munda/Mohmand and Diamer-Bhasha Hydro Power Projects. These would generate further opportunities for the Company.

RETURN TO SHAREHOLDERS

The Board has recommended a final cash dividend of Rs. 1.00 per share (10%) out of the profits for the year ended June 30, 2020. This is in addition to the interim cash dividends of Rs. 1.50 per share (15%) declared on October 23, 2019 and Rs. 1.50 per share (15%) declared on February 18, 2020 making a total of Rs. 4.00 per share (40%) cash dividend.

The Board has also recommended 10% bonus shares for the year ended June 30, 2020. This is in addition to 10% bonus shares declared on February 18, 2020 making a total of 20% bonus shares for the year ended June 30, 2020.

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILITY

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

COMPOSITION OF THE BOARD

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

- a. Male: Ten (10)
- b. Female: Four (4)

The composition of Board is as follows:

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

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

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

CODE OF CORPORATE GOVERNANCE

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

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

- Financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flow & changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable & prudent judgment.

- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The system itself is also subject to continuous review for enhancement 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 code of corporate governance, as detailed in the listing regulations except those disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance Regulations, 2019).
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2020 except for those stated in the financial statements.
- Five directors of the Company are exempt from directors training program on the basis of their level of education and length of experience as provided in the CCG. Further, five of the directors of the Company have obtained certification under directors training program as required under clause (xi) of the CCG during prior years. None of the directors have attended any training program during the year. Currently, the Company is in the process of arranging training of a Director appointed during the year.
- The values of investment of various funds, based on their respective accounts as at 30 June 2020 are as under:

DESCRIPTION	AMOUNT
Provident Fund	Rs. 114,128,153
Gratuity Fund	Rs. 52,412,073

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 the Board by its committees.

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

Audit Committee

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

HR & Remuneration Committee

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

CSR & HSE Committee

Ms. Ayesha Humayun Khan	Chairperson
M. Zafar Khan	Member
Basit Waheed	Member
Ms. Mehreen Hosain	Member

HUMAN RESOURCE

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

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

The Company did not lay off any of its employee during the pandemic Covid-19 despite lower profitability.

KEY OPERATING AND FINANCIAL DATA

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

AUDITORS

The present auditors M/s 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 met. 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.

For and on behalf of the Board



Anwar Moin
Chief Executive Officer



M. Afzal Khan
Deputy Chairman

Islamabad
22 September 2020

ڈائریکٹرز رپورٹ

30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کے لئے آڈٹ شدہ فنانشل سٹیٹمنٹ اور سالانہ رپورٹ 2020 پیش کرتے ہوئے بیافو انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز خوشی محسوس کر رہے ہیں۔

اہم مالیاتی نکات

زیر جائزہ سال کے دوران کمپنی کی فروخت کے شعبے میں اصل آمدنی 1,586.56 ملین روپے رہی جبکہ گزشتہ سال یہی آمدنی 1,409.58 ملین روپے تھی۔ اس اضافہ میں بنیادی وجہ بڑے منصوبوں میں سپلائر کا اضافہ تھا۔ معاشی سست روی کی وجہ سے دیگر شعبہ جات میں سپلائی میں کمی واقع ہوئی۔ اس سال کا مجموعی منافع 563.70 ملین روپے رہا جس میں گزشتہ سال کے مقابلے میں 7.40 فیصد کمی دیکھی گئی (سال 2018-19 میں منافع 608.76 ملین روپے تھا)۔ کمپنی کو ٹیکس ادائیگی کے بعد 245.87 ملین روپے خالص منافع حاصل ہوا (سال 2018-19 میں خالص منافع 359.89 ملین روپے تھا)۔ نتیجے کے طور پر فی شیئر 7.06 روپے آمدنی ہوئی۔ (سال 2018-19 میں کی فی شیئر آمدنی 10.33 روپے تھی)۔ منافع میں کمی پاکستانی روپے کی قدر میں گراؤ کی وجہ سے درآمد شدہ خام مال کی قیمتوں میں اضافے کی وجہ سے ہوئی۔ سود کی ادائیگیوں میں بھی اضافہ ہوا۔ کورونا وائرس کی وبا پر قابو پانے کے بعد معاشی سرگرمیوں کی بحالی کے ساتھ صورتحال میں بہتری واقع 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 کوڈ-19 کی عالمی وباء کے باوجود بھی موثر کارکردگی کا مظاہرہ کیا۔ بیافو کارکردگی میں مسلسل بہتری کے فلسفے پر یقین رکھتے ہوئے اپنے تمام معزز صارفین کو پروڈکٹس کا بہترین معیار فراہم کرنے میں مصروف عمل ہے۔ کمپنی پیداواری صلاحیت، قابل افرادی قوت اور محفوظ طرز عمل کو اپناتے ہوئے صارفین، عملے اور سٹیک ہولڈرز کے اعتماد میں اضافہ کر رہی ہے۔

صحت، حفاظت اور ماحول

بیافو کسی بھی ناکہانی 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 کوڈ-19 کی عالمی وباء کے دوران بھی تمام تر حفاظتی اقدامات کو یقینی بناتے ہوئے کام جاری رکھا۔ کمپنی نے OHSAS 18001: 2007 (پیشہ وارانہ صحت اور تحفظ کی مشاورتی خدمات) اور کوآپلی سرٹیفیکیشن ISO 9001: 2015 کی تجدید کروائی ہے۔ جس کے نتیجے میں اس سال کوئی بھی ناکہانی صورت حال پیش نہیں آئی۔ ادارے کی پلانٹ کیلئے طے شدہ ماحولیاتی معیار پر پورا اترنے کو یقینی بنانے کے لئے کی جانے والی کاوشیں جاری و ساری ہیں۔

کوڈ-19 کی عالمی وباء

بیافو نے تمام تر حفاظتی اقدامات کو یقینی بناتے ہوئے تمام لاجسٹکس کا انتظام کیا ہے۔ عالمی وباء کے باوجود بھی کمپنی بغیر کسی بڑی رکاوٹ کے اپنے تمام اپریشنز کامیابی سے چلاتی رہی ہے۔

مستقبل کے امکانات

پاکستان نے کورونا وائرس کی وباء کا کامیابی سے مقابلہ کیا ہے، لیکن عالمی وباء کا خطرہ ابھی ٹل نہیں ہے جس کی وجہ سے معاشی ماحول پر منفی اثرات مرتب ہو رہے ہیں۔ حکومت پاکستان نے عالمی وباء کے معیشت و صنعت پر پڑنے والے منفی اثرات سے نمٹنے کے لیے کئی اقدامات اٹھائے ہیں۔ ہم امید کرتے ہیں کہ معاشی ترقی کی حکومتی پالیسیاں بحال ہوں گی۔ ہائڈرو پاور اور کنسٹرکشن کے شعبے میں انفراسٹرکچر منصوبوں کا آغاز ہوگا۔ حکومت نے سی پیک کے دوسرے مرحلے کا آغاز کر دیا ہے اور کئی بڑے منصوبے جیسا کہ کوالہ ہائڈرو پاور پراجیکٹ، ایم ایل-1، منڈا/مہمند اور دیر بھاشا ہائڈرو پاور پراجیکٹس کی منظوری دے دی ہے۔ یہ منصوبے کمپنی کے لیے مزید مواقع پیدا کریں گے۔

شیئر ہولڈرز کیلئے منافع

بورڈ کی جانب سے 30 جون 2020 کو ختم ہونے والے سال کیلئے حتمی نقد منافع 1.00 روپیہ فی شیئر (10%) کی سفارش کی گئی ہے۔ یہ عبوری نقد منافع 23 اکتوبر 2019 کو اعلان کردہ 1.50 روپیہ (15%) اور 18 فروری 2020 کو اعلان کردہ 1.50 روپیہ (15%) سے اضافی ہے۔ مجموعی نقد منافع 4.00 روپیہ فی شیئر (40%) ہوا۔ بورڈ کی جانب سے 30 جون 2020 کو ختم ہونے والے سال کیلئے 10% بونس شیئر کی بھی سفارش کی گئی ہے۔ یہ 18 فروری 2020 کو اعلان کردہ 10 فیصد شیئر سے اضافی ہے۔ سال 30 جون 2020 کے لیے مجموعی بونس شیئر 20 فیصد رہا۔

رиск مینجمنٹ

ادارے کا ریسک مینجمنٹ فریم ورک سٹرپچیک، اپریٹل اور فنانشل ریسک کو تخفیف کرتا ہے۔ ایک خود مختار ریسک مینجمنٹ ڈیپارٹمنٹ جو کہ آڈٹ اور ریسک مینجمنٹ کمیٹی کو جواہدہ 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، ناکہانی آفتوں میں ریلیف کی فراہمی، ثقافت اور آرٹ کے شعبوں سے متعلق فلاحی اداروں کو عطیات فراہم کرتا ہے۔

بورڈ آف ڈائریکٹرز

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

مرد : (10) خواتین : چار (4)

بورڈ کی ساخت مندرجہ ذیل ہے۔

i.	آزاد ڈائریکٹرز	i - احسان مانی
		ii - محمد یعقوب
ii.	نان۔ ایگزیکٹو ڈائریکٹرز	i - ڈاکٹر ایم ہمایوں خان
		ii - ایم ظفر خان
		iii - خواجہ احمد حسین
		iv - عدنان اورنگزیب
		v - باسط وحید
iii.	ایگزیکٹو ڈائریکٹرز	i - ایم افضل خان
		ii - انور عین
		iii - جنرل ایس زہد ایم مسکری
iv.	خواتین ڈائریکٹرز	i - محترمہ شیریں صفدر (ایگزیکٹو ڈائریکٹر)
		ii - محترمہ عائشہ ہمایوں خان (نان ایگزیکٹو ڈائریکٹر)
		iii - محترمہ مہرین حسین (آزاد ڈائریکٹر)
		iv - محترمہ مسیدہ شاہ بانو عباس (آزاد ڈائریکٹر)

کمپنی پالیسی کے مطابق، نان۔ ایگزیکٹو ڈائریکٹرز بشمول آزاد 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 کمیٹی 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 پرعزم ہے۔

- جیسا کہ ضابطہ کارپوریٹ گورننس کی رو سے مطلوب ہے، آپ کے ڈائریکٹرز آپ کو اس امر سے آگاہ کرنے میں مسرت محسوس کرتے ہیں کہ:
- کمپنی کی اختتامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، منصفانہ طور پر کمپنی کی موجودہ حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔
- کمپنی کے اکاؤنٹس کے ریکارڈ کو باقاعدہ طور پر منظم کیا جاتا ہے۔
- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسی اختیار کی جاتی ہے اور کھاتوں کا تخمینہ مناسب محتاط طریقوں سے لگایا جاتا ہے۔
- مالی گوشواروں کی تیاری میں پاکستان میں لاگو مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی تعمیل کی جاتی ہے اور جہاں کہیں ان سے کوئی بھی انحراف کیا گیا اس کی موزوں طور پر وضاحت دی گئی۔
- اندرونی کنٹرول کا نظام ساخت میں ٹھوس ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔ نظام پر از خود بہتری کے لئے جب بھی اور جہاں بھی ضروری ہو مسلسل نظر ثانی کی جاتی ہے۔
- کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔
- فہرستی ضوابط میں بھی ان کارپوریٹ گورننس کے بہترین طریقوں سے کوئی بھی انحراف نہیں کیا گیا ماسوائے لیسڈ کمپنیز میں موجود تعمیلی بیان کے انکشاف (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019)۔
- ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مددیں 30 جون 2020 تک بقایا جاتے ہیں 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 ٹینک پروگرام سے مستثنیٰ ہیں جیسا کہ ضابطہ کارپوریٹ گورننس کے احکامات میں دیا گیا ہے۔ مزید پانچ ڈائریکٹرز گزشتہ سال کے دوران نے ڈائریکٹرز ٹینک 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۔ اس دفعہ کمپنی ڈائریکٹرز کی ٹریننگ کے لیے اہتمام کر رہی ہے۔
- 30 جون 2020 کو اپنے متعلقہ اکاؤنٹس کی بنیاد پر مختلف فنڈز کی سرمایہ کاری مالیت حسب ذیل ہے:

وضاحت	رقم
پروویڈنٹ فنڈ	114,128,153/- روپے
گریجویٹ فنڈ	52,412,073/- روپے

بورڈ آف ڈائریکٹرز کی ساخت، اس کی کمیٹی اور اجلاس

اس سال کے دوران بورڈ نے مختلف قوانین، میمورنڈم اور کمیٹی کے آرٹیکل آف ایسوسی ایشن کے تحت انتہائی فعال انداز میں اپنے فرائض اس مقصد کے لئے انجام دیئے کہ کمیٹی 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 انجام دینے 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۔

بورڈ کی کمیٹی اور اس کی ساخت درج ذیل ہے

آڈٹ کمیٹی	ایچ آر و معاوضہ جاتی کمیٹی
احسان مانی	احسان مانی
عدنان اورنگزیب	محترمہ مہرین حسین
محمد یعقوب	ڈاکٹر ایم ہمایوں
باسط وحید	انور معین (سی ای او)
خواجہ احمد حسین	محترمہ عائشہ ہمایوں خان
ڈاکٹر ایم ہمایوں خان	محترمہ سیدہ شاہ بانو عباس
چیئرمین	چیئرمین
ممبر	ممبر
ممبر	ممبر
ممبر	ممبر
ممبر	ممبر

سی ایس آر ایچ ایچ ایس ای کمیٹی

محترمہ عائشہ ہمایوں خان	چیئرمین
ایم ظفر خان	ممبر
باسط وحید	ممبر
محترمہ مہرین حسین	ممبر

ہیومن ریسورس

کمیٹی اپنے تمام ملازمین کے لیے سانگار ماحول کی فراہمی کو یقینی بناتی ہے۔ آپ کی کمیٹی تمام ملازمین کی تربیت پر خصوصی توجہ دیتی ہے۔ بورڈ کی ہیومن ریسورس اور معاوضہ جاتی کمیٹی (HR&R) ایچ آر سے متعلق معاملات کا جائزہ لیتی ہے۔ یہ کمیٹی 06 ارکان بشمول 03 آزاد ڈائریکٹرز، 02 نان ایگزیکٹو ڈائریکٹر اور چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ کمیٹی کا چیئرمین آزاد ڈائریکٹر ہے۔ کمیٹی حکمت عملی اور طریقہ کار کی جانچ پڑتال کے لیے اس سال 03 دفعہ اجلاس بلا یا ہے۔ کمیٹی نے کوڈ 19 کی مالی و باء کے باعث کم منافع کے باوجود کسی ملازم کو کمیٹی سے نہیں نکالا۔

بنیادی آپریٹنگ اور مالیاتی اعداد و شمار

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

آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سکدوش ہو رہے ہیں۔ اہل ہونے کے باعث انہوں نے دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ کمیٹی کی آڈٹ کمیٹی نے معاملے پر غور کیا اور سکدوش ہونے والے آڈیٹرز کی دوبارہ تقرری کی سفارش کی۔

اعتراف

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

شیئرز ہولڈنگ کا طریقہ کار

شیئرز ہولڈنگ کا طریقہ کار منسلک ہے۔

بورڈ کی جانب سے

انور معین

ایم افضل خان

ڈپٹی چیئرمین

انور معین

چیف ایگزیکٹو آفیسر

اسلام آباد 22 ستمبر 2020

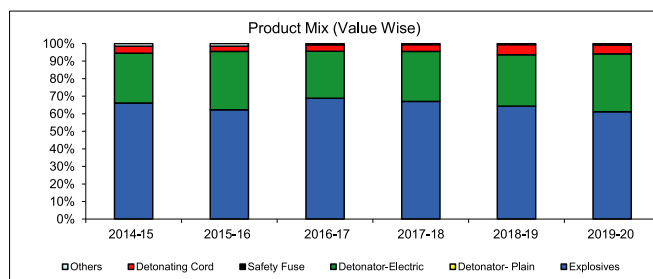
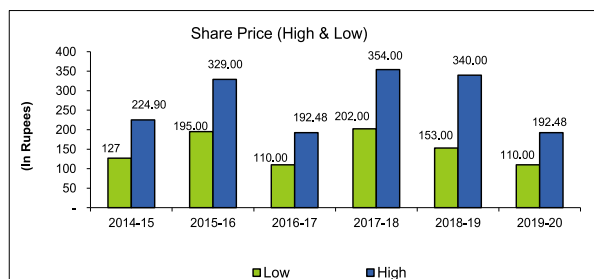
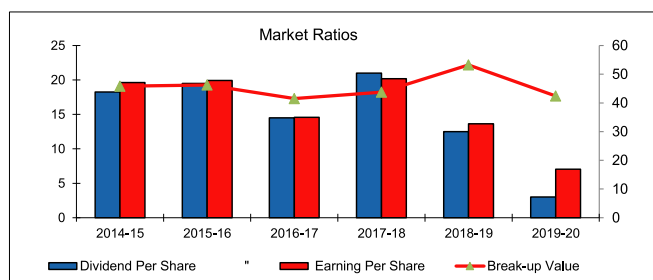
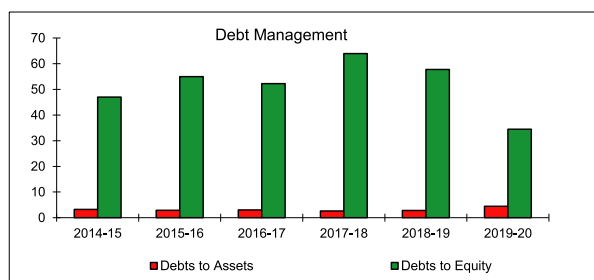
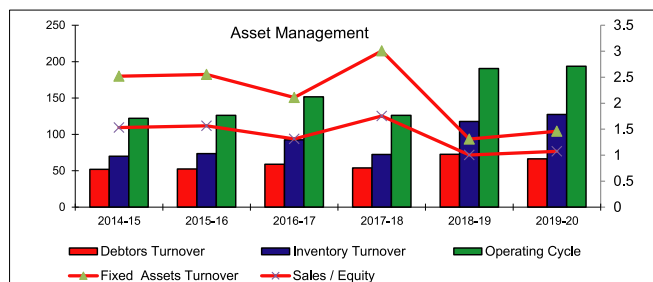
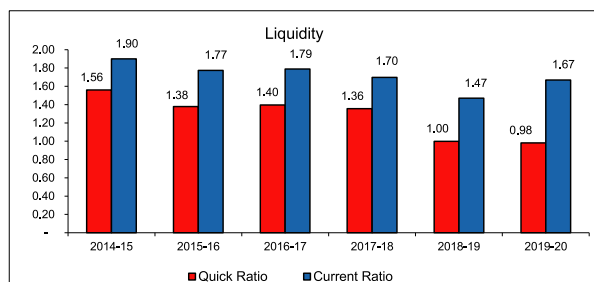
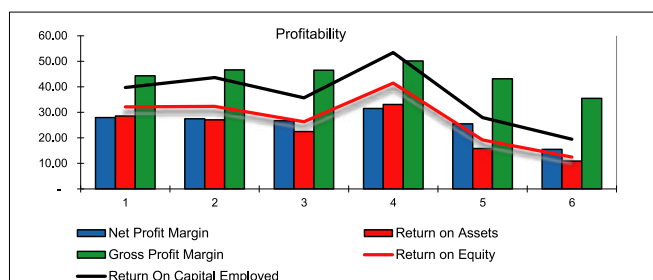
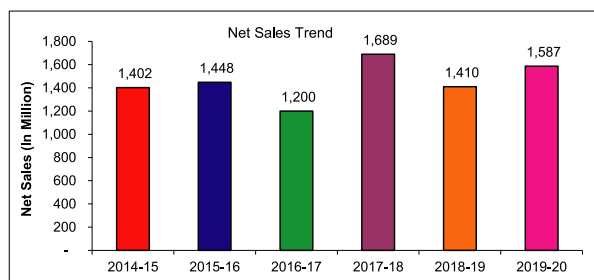
STAKEHOLDERS INFORMATION

		(In Thousands, "000")					
		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
BALANCE SHEET							
Paid up Capital	Rs. In '000	348,480	264,000	220,000	220,000	200,000	200,000
Shareholder Equity*	Rs. In '000	1,477,769	1,405,240	963,089	913,516	924,547	916,112
Fixed Assets	Rs. In '000	1,087,317	1,076,607	562,062	568,771	566,745	556,371
Long Term Debts	Rs. In '000	31,840	-	-	-	-	-
Fixed Assets Addition	Rs. In '000	38,022	85,068	17,656	24,739	31,420	75,750
Profit & Loss Account							
Net Sales	Rs. In '000	1,586,550	1,409,578	1,689,356	1,199,632	1,447,883	1,401,982
Gross Profit / (Loss)	Rs. In '000	563,704	608,765	847,650	558,292	675,500	621,458
Operating Profit / (Loss)	Rs. In '000	347,824	451,323	713,366	434,972	558,706	546,540
EBDIT	Rs. In '000	403,346	544,904	708,221	451,398	559,936	545,923
Profit / (Loss) after taxation	Rs. In '000	245,871	359,892	532,610	320,579	398,435	392,542
PROFITABILITY RATIOS							
Gross Profit/(Loss) Margin	%	35.53	43.19	50.18	46.54	46.65	44.33
Net Profit Margin	%	15.50	25.53	31.53	26.72	27.52	28.00
Return on Assets	%	10.92	15.84	33.11	22.50	27.11	28.58
Return on Shareholder Equity*	%	16.64	25.61	55.30	35.09	43.10	42.85
LIQUIDITY RATIOS							
Current Ratio	:	1.67	1.47	1.70	1.79	1.77	1.90
Quick Ratio	:	0.98	1.00	1.36	1.40	1.38	1.56
Cash Generation to Sales	:	94.79	104.65	92.38	101.67	101.09	97.59
ASSETS MANAGEMENT RATIOS							
Number of Days Stock	Days	127	118	72	93	74	70
Number of Days Trade Debts	Days	66	73	54	59	53	52
Operating Cycle	Days	194	190	126	152	126	122
Fixed Assets Turnover	Times	1.46	1.31	3.01	2.11	2.55	2.52
Sales /Shareholder Equity*	Times	1.07	1.00	1.75	1.31	1.57	1.53
DEBTS MANAGEMENT RATIOS							
Total Assets to Total Debts	Times	4.42	2.80	2.61	2.99	2.89	3.20
Debts to Shareholder Equity *	%	34	58	64	52	55	47
MARKET RATIOS							
Share Price at year end	Per Share	143.72	165.00	320.00	250.30	260.00	198.53
Share Price-High	Per Share	192.48	340.00	354.00	192.48	329.00	224.90
Share Price-Low	Per Share	110.00	153.00	202.00	110.00	195.00	127.50
Earning Per Share**	Rs. 10/Share	7.06	10.33	20.17	14.57	19.92	19.63
Price Earning Ratio	Times	20.37	15.98	15.87	17.18	13.05	10.11
Dividend Declared	Per Share (Rs)	4.00	12.50	21.00	14.50	19.50	18.25
Bonus Shares	%	20.00	20.00	20.00	10.00	-	-
Dividend Payout	%	42.52	121.04	104.12	99.51	97.89	92.97
Dividend Yield	%	2.09	7.58	6.56	5.79	7.50	9.19
Break-up Value	Rs. 10/Share	42.41	53.23	43.78	41.52	46.23	45.81

*Shareholder Equity is inclusive of Surplus on Revaluation of Fixed Assets (2020: 707.333 M)(2019 : 711.255 M)

**Restated EPS (2019-13.63)

STAKEHOLDERS INFORMATION



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

Name of Company **Biafo Industries Limited**

Year Ended **30th June, 2020**

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

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

- a. Male: Ten (10)
- b. Female: Four (4)

2. The composition of Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board 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 exempt from directors training program on the basis of their level of education and length of experience as provided in the CCG. Further, five of the directors of the Company have obtained certification under directors training program as required under clause (xi) of the CCG during prior years. None of the directors have attended any training program during the year. Currently, the Company is in the process of arranging training of a Director appointed during the year.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:
 - a) Audit & Risk Management Committee
 - i) Ehsan Mani (Chairman)
 - ii) Adnan Aurangzeb
 - iii) Muhammad Yaqoob
 - iv) Basit Waheed
 - v) Khwaja Ahmad Hosain
 - vi) Dr. M. Humayun Khan
 - b) HR and Remuneration Committee
 - i) Ehsan Mani (Chairman)
 - ii) Anwar Moin
 - iii) Dr. M. Humayun Khan
 - iv) Ms. Mehreen Hosain
 - v) Ms. Ayesha Humayun Khan
 - vi) 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 outsourced the internal audit function to Asad Ijaz & Co who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6*, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

- i. As required under clause 10(5), the Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Companies Act, 2017 (the Act) and the Company's Articles of Association. The Chairman is in process to issue letters to all the directors.
- ii. As required under clause 31(2), the performance appraisal of head of internal audit shall be done jointly by the Chairman of the audit committee and the chief executive officer. Appraisal of head of Internal Audit was done jointly by the Chairman of the Audit Committee and the Chief Executive Officer through verbal consultation. However, going forward Company will formalize the process.

* Regulation 6 Number of Directors are 14 and one third is 4.67 and 0.67 was not rounded.



Anwar Moin
Chief Executive Officer

Islamabad
22 September 2020



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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Biafo Industries Limited for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph 8, 19(i) and 19(ii) where these are 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 the Regulations.
ii	Paragraph 19(i)	As stated in paragraph 19(i), the Chairman is in the process to issue letters to all directors for setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association.
iii	Paragraph 19(ii)	As stated in paragraph 19(ii), formal process for the performance evaluation of head of internal audit jointly by the Chairman of the audit committee and the chief executive officer is not yet developed.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Date: 03 October 2020

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 2020, 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 2020 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 Matters

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

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

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Revenue recognition</p> <p>Refer note 5.6 and 24 to the financial statements.</p> <p>The Company is engaged in the production and sale of commercial explosives and blasting accessories including detonators and other materials. The Company recognized revenue from the sales of commercial explosives and blasting accessories amounting to Rs.1,586 million for the year ended 30 June 2020.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and give rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; comparing a sample of revenue 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 revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. assessing the appropriateness of accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards; and assessing the adequacy of disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.
2	<p>Allowance for trade debts under expected credit losses</p> <p>Refer note 5.17.1 and 09 to the financial statements.</p> <p>As at reporting date, the Company has trade debts of PKR 373.2 million, representing 32% of the Company's current assets.</p> <p>Determination of expected credit loss allowance for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We identified allowance for expected credit losses as key audit matter due to the significance of estimates and judgements in this regard.</p>	<p>Our audit procedures to assess the reasonableness of management judgment, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of and testing the design and implementation of management's key internal controls relating to recording Expected Credit Loss allowance; assessing the methodology developed and applied by the Company to estimate the ECL in relation to trade debts; assessing and evaluating the assumptions used in applying the ECL methodology and the integrity and quality of the data used for ECL computation; checking the mathematical accuracy of the ECL model by performing recalculation on test basis; involving specialist to review ECL model with regard to accuracy and reasonableness of assumption and methodology adopted by management; and assessing the adequacy of disclosures related to ECL as required under applicable accounting and 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 2020 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 03 October 2020

ANNUAL REPORT

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 June 2020 Rupees	30 June 2019 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	6	1,057,817,867	1,046,351,416
Investment property	7	29,499,358	30,255,752
Long - term deposits		1,777,650	1,793,600
		1,089,094,875	1,078,400,768
CURRENT ASSETS			
Inventories	8	383,602,284	330,795,309
Trade debts	9	373,238,956	279,538,533
Short term advances	10	11,372,700	14,151,399
Trade deposits, short term prepayments and other receivables	11	26,603,135	13,102,981
Short - term investments	12	267,619,583	491,618,034
Advance tax - net	13	57,704,434	24,139,827
Cash and bank balances	14	43,269,280	40,534,570
		1,163,410,372	1,193,880,653
CURRENT LIABILITIES			
Trade and other payables	15	189,505,531	182,056,475
Current portion of long term loan	17	10,861,805	-
Current portion of lease liabilities	19	1,984,151	-
Short-term borrowings	16	458,812,389	595,079,117
Unclaimed dividend		23,029,521	23,391,830
Unpaid dividend		13,061,372	11,295,615
		697,254,769	811,823,037
		466,155,603	382,057,616
NET CURRENT ASSETS			
NON - CURRENT LIABILITIES			
Long term loan	17	31,840,182	-
Employee benefits	18	5,182,759	5,438,514
Lease liabilities	19	6,060,656	-
Deferred tax liability - net	20	34,397,655	49,780,166
		77,481,252	55,218,680
		1,477,769,226	1,405,239,704
NET ASSETS			
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	21	348,480,000	264,000,000
Revenue reserve - unappropriated profit		421,955,643	429,984,402
Capital reserve - revaluation surplus on property, plant and equipment - net of tax	22	707,333,583	711,255,302
		1,477,769,226	1,405,239,704
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 41 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 2020**

	Note	30 June 2020 Rupees	30 June 2019 Rupees
REVENUE - NET	24	1,586,550,076	1,409,578,431
Cost of sales	25	(1,022,846,086)	(800,813,888)
GROSS PROFIT		563,703,990	608,764,543
Other income	26	5,295,074	5,487,108
Distribution expenses	27	(59,851,112)	(39,514,703)
Administrative expenses	28	(128,090,277)	(123,413,595)
Allowance for expected credit losses		(33,233,875)	-
OPERATING PROFIT		347,823,800	451,323,353
Finance costs	29	(71,602,785)	(63,245,156)
Finance income	30	51,089,578	97,538,010
Net finance cost / income		(20,513,207)	34,292,854
Workers' profit participation fund		(16,365,530)	(24,280,810)
Workers' welfare fund		(6,417,855)	(1,093,898)
PROFIT BEFORE TAX		304,527,208	460,241,499
Income tax expense	31	(58,656,561)	(100,349,495)
PROFIT FOR THE YEAR		245,870,647	359,892,004
EARNINGS PER SHARE			Restated
Basic and diluted	32	7.06	10.33

The annexed notes 1 to 41 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 2020

	30 June 2020 Rupees	30 June 2019 Rupees
Profit for the year	245,870,647	359,892,004
Other comprehensive income		
<i>Items that will not be reclassified to 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	898,875	(797,642)
Other comprehensive income for the year - net of tax	898,875	(10,871,908)
Total comprehensive income for the year	246,769,522	802,950,258

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



Chief Financial Officer



Chief Executive Officer



Chairman

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**
Balance at 01 July 2018
Total comprehensive income for the year

Profit for the year

Revaluation of property, plant and equipment - net of tax

Tax effect due to change in rate

Total comprehensive income for the year transferred to equity

Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax

Transferred from surplus on revaluation of property, plant and

equipment on account of incremental depreciation - net of deferred tax

Transactions with owners of the company
Distributions

Final dividend of 2018 @ Rs. 5.00 per share

First interim dividend of 2019 @ Rs. 2.25 per share

Issue of bonus shares for 2018 @ 20%

Second interim dividend of 2019 @ Rs. 3.25 per share

Third interim dividend of 2019 @ Rs. 4.00 per share

Total transactions with owners of the company
Balance at 30 June 2019
Balance at 01 July 2019
Total comprehensive income for the year

Profit for the year

Tax effect due to change in rate on revaluation of property, plant and equipment - net of tax

Total comprehensive income for the year transferred to equity

Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax

Transferred from surplus on revaluation of property, plant and

equipment on account of incremental depreciation - net of deferred tax

Transactions with owners of the company
Distributions

Final dividend of 2019 @ Rs. 3.00 per share

First interim dividend of 2020 @ Rs. 1.50 per share

2nd interim dividend of 2020 @ Rs. 1.50 per share

Issue of bonus shares for 2019 @ 20%

Issue of bonus shares for 2020 @ 10%

Total transactions with owners of the company
Balance at 30 June 2020

Share capital	Capital reserve Revaluation surplus on property, plant and equipment - net of tax	Revenue Reserve Unappropriated profits	Total equity
Rupees	Rupees	Rupees	Rupees
220,000,000	270,092,444	472,997,002	963,089,446
-	-	359,892,004	359,892,004
-	443,855,896	-	443,855,896
-	(797,642)	-	(797,642)
-	443,058,254	359,892,004	802,950,258
-	(1,895,396)	-	(1,895,396)
-	-	1,895,396	1,895,396
220,000,000	711,255,302	834,784,402	1,766,039,704
-	-	(110,000,000)	(110,000,000)
-	-	(59,400,000)	(59,400,000)
44,000,000	-	(44,000,000)	-
-	-	(85,800,000)	(85,800,000)
-	-	(105,600,000)	(105,600,000)
44,000,000	-	(404,800,000)	(360,800,000)
264,000,000	711,255,302	429,984,402	1,405,239,704
264,000,000	711,255,302	429,984,402	1,405,239,704
-	-	245,870,647	245,870,647
-	898,875	-	898,875
-	898,875	245,870,647	246,769,522
-	898,875	245,870,647	246,769,522
-	(4,820,594)	-	(4,820,594)
-	-	4,820,594	4,820,594
264,000,000	707,333,583	680,675,643	1,652,009,226
-	-	(79,200,000)	(79,200,000)
-	-	(47,520,000)	(47,520,000)
-	-	(47,520,000)	(47,520,000)
52,800,000	-	(52,800,000)	-
31,680,000	-	(31,680,000)	-
84,480,000	-	(258,720,000)	(174,240,000)
348,480,000	707,333,583	421,955,643	1,477,769,226

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

Chief Financial Officer

Chief Executive Officer

Chairman

ANNUAL REPORT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 Rupees	30 June 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		304,527,208	460,241,499
Adjustments for:			
Depreciation on property, plant and equipment	6	26,459,324	20,641,718
Depreciation on investment property	7	756,394	775,788
Finance costs	29	71,602,785	44,904,841
Provision for Workers' profit participation fund	15.1	16,365,530	24,280,810
Provision for Workers' welfare fund	15.2	2,191,161	1,093,898
Provision for gratuity	15.3	5,633,576	9,225,698
Provision for compensated leave absences	18	(227,788)	1,182,087
Allowance for expected credit losses		33,233,875	-
Dividend income	30	(34,545,204)	(51,854,927)
Unrealized (gain) / loss on remeasurement of investment	30	(7,841,575)	18,340,315
Loss / (gain) on sale of property, plant and equipment	26	96,596	(695,508)
Interest income	30	(3,309,743)	(2,000,802)
		110,414,931	65,893,918
		414,942,139	526,135,417
Changes in:			
Inventories		(52,806,975)	(144,929,283)
Trade debts		(126,934,298)	73,898,757
Advances, deposits, short term prepayments and other receivables		(10,705,505)	(13,307,827)
Trade and other payables		22,250,927	25,334,351
		(168,195,851)	(59,004,002)
Cash generated from operating activities		246,746,288	467,131,415
Finance costs paid		(71,602,785)	(44,904,841)
Gratuity paid	15.3	(9,225,698)	-
Compensated leave absences paid	18	(27,967)	-
Payments to workers' profit participation fund	15.1	(24,280,810)	(35,668,279)
Income taxes paid	13	(112,190,434)	(109,644,972)
		(217,327,694)	(190,218,092)
Net cash generated from operating activities		29,418,594	276,913,323
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(25,592,391)	(85,067,754)
Proceeds from sale of property, plant and equipment		-	3,730,596
Proceeds from sale / acquisition of investments		231,840,026	(54,258,378)
Dividend received	30	34,545,204	51,854,927
Interest received		3,309,743	2,000,802
Net cash generated from / (used in) investing activities		244,102,582	(81,739,807)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(172,836,552)	(350,158,117)
Proceeds from long term loan		42,701,987	-
Payment of lease liabilities		(4,385,173)	-
Net cash used in financing activities		(134,519,738)	(350,158,117)
Net increase / (decrease) in cash and cash equivalents		139,001,439	(154,984,601)
Cash and cash equivalents at beginning of the year		(554,544,547)	(399,559,946)
Cash and cash equivalents at end of the year	33	(415,543,109)	(554,544,547)

The annexed notes 1 to 41 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 2020

1 THE COMPANY AND ITS OPERATIONS

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

The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing and sale of commercial explosives and blasting accessories including detonators and other materials. The Company's license for manufacturing and sale of explosives is required to be renewed annually and current license will expire on 31 March 2021.

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

2 STATEMENT OF COMPLIANCE

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

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

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

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

3 BASIS OF MEASUREMENT

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

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

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

3.1 Functional and presentation currency

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

3.2 Use of judgements and estimates

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

- Note 5.1.1 useful lives, reassessed values, residual values and depreciation method of property, plant and equipment;
- Note 5.1.2 - Leases;
- Note 5.2 provision for slow moving inventories;
- Note 5.3 recognition of deferred tax liabilities and assets and estimation of income tax provisions;
- Note 5.4 useful lives, residual values and depreciation method of investment property;
- Note 5.5.3 measurement of defined benefit obligations: key actuarial assumptions;
- Note 5.12 and 5.19 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 5.17.1 measurement of expected credit allowance for trade debts;
- Note 5.17.2 impairment loss on non-financial assets other than inventories; and
- Note 5.9 – Financial instruments – fair values.

3.3 Measurement of fair values

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

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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 2020:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 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 crystallize. 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.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS - 16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 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.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- **Annual Improvements to IFRS standards 2018-2020:**

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The above amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have an impact on the Company's financial statements.

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:

a) IFRS 16 'Leases'

The Company has initially applied IFRS - 16 'Leases' from 01 July 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

At the initial application date, the Company has no lease assets. Leases acquired during the year were recorded under IFRS 16. Therefore, the adoption of the IFRS 16 has not resulted in any change to the financial statements. The detail of changes in accounting policies are disclosed below.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Relevant accounting policy notes on adoption of the new standard have been explained in note 5.1.2.

b) IAS 19 'Employee benefits'

The Company operates a funded gratuity scheme for all its employees. During the year, the Company has changed its accounting policy with regard to the employee benefits - gratuity. Previously, the Company measured provision an annual basis by way of charge to the statement of profit or loss in accordance with the rules of the fund. Under new accounting policy the Company measures provision by way of actuarial valuation using projected unit credit method.

The change in accounting policy is required to be applied retrospectively as per the requirements of the transitional provisions of IAS 19 "Employees Benefits". However, the financial statements have not been restated as the effect of retrospective application of this change in accounting policy is not material.

5.1 Property, plant and equipment

5.1.1 Owned

Recognition and measurement

Items included in property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except leasehold land, building on leasehold land, plant and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

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

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

Subsequent expenditure

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

Depreciation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.1.2 Leases

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

Right to use assets

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

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

Lease liability

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

Short-term leases and leases of low-value assets

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

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

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

5.2.2 Stock in trade

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Cost is determined as follows:

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

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

5.3 Income tax expense

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

5.3.1 Current tax

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

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

5.3.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

5.4 Investment property

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

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

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

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

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

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

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

5.5.2 Defined contribution plan – provident fund

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

5.5.3 Defined benefit plans:

The Company operates the following defined benefit plans:

a) Gratuity

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

Gratuity – accounting policy applied before 01 July 2019

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.

b) Compensated leave absences

The Company operates defined benefit plan comprising an unfunded compensated leave absences scheme covering all eligible employees as specified by the scheme.

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. Liability based on actuarial valuation has not been recognised in the financial statements as the management believes that the impact of actuarial valuation is immaterial in the context of over all financial statements.

5.6 Revenue recognition

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

5.6.1 Revenue from contracts with customers

a) Sale of goods

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

b) Contract Assets

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

c) Contract liabilities

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

d) Contract Cost

- 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.

5.7 Foreign currency transactions and balances

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

5.8 Finance income and finance costs

The Company's finance income and cost includes:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- Interest expense on loans and borrowings
- Interest expense on lease liabilities
- Bank charges

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

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

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

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

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

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

5.9 Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification

Financial assets

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

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

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

a) Amortized cost

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

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

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

Financial assets at FVTPL

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Financial liabilities - classification, subsequent measurement and gains and losses

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

iv) De-recognition**Financial asset**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Financial liabilities

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

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

v) Offsetting

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

5.10 Trade and other receivables

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

5.11 Trade and other payables

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

5.12 Provisions

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

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

5.13 Borrowing

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

5.14 Share capital

Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.15 Dividend

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

5.16 Cash and cash equivalents

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

5.17 Impairment**5.17.1 Financial assets**

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowance at an amount equal to lifetime ECLs.

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 amortised 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 amortised 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.

5.17.2 Non-financial assets

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

5.18 Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.19 Contingent liabilities

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

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 2020

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of carrying amounts

	Leasehold land	Owned										Total
		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 2018	292,159,350	100,227,075	137,566,171	3,154,690	2,853,646	2,606,600	11,401,781	8,822,580	15,695,599	29,480,893	1,519,365	605,487,750
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 from CWIP	-	-	38,741,043	-	-	-	-	-	-	-	(38,741,043)	-
Transfer from accumulated depreciation - net replacement value method	-	(9,535,381)	(45,004,331)	-	-	-	-	-	-	-	-	(54,539,712)
Revaluation surplus	410,506,600	1,986,678	41,436,884	-	-	-	-	-	-	-	-	453,930,162
Balance at 30 June 2019	702,665,950	95,577,417	177,000,001	3,154,690	3,270,446	2,606,600	13,135,431	10,809,923	15,903,579	30,973,734	30,266,103	1,085,363,874
Balance at 01 July 2019	702,665,950	95,577,417	177,000,001	3,154,690	3,270,446	2,606,600	13,135,431	10,809,923	15,903,579	30,973,734	30,266,103	1,085,363,874
Additions	-	1,151,520	3,243,625	-	1,078,388	-	1,944,162	1,728,912	1,178,210	1,593,302	23,104,101	38,022,371
Written off	-	-	(31,384)	-	(492,060)	-	(1,363,131)	(439,373)	(3,413,637)	-	-	(5,739,585)
Transfer from CWIP	-	36,416,372	3,430,296	-	-	-	-	-	-	-	(39,846,668)	-
Balance at 30 June 2020	702,665,950	133,145,309	183,642,538	3,154,690	3,856,774	2,606,600	13,716,462	12,099,462	13,668,152	32,567,036	13,523,536	1,117,646,660
Accumulated Depreciation												
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
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	-	-	-	1,814,266	1,271,882	1,616,062	6,127,182	3,806,436	15,254,614	9,122,016	-	39,012,458
Balance at 01 July 2019	-	-	-	1,814,266	1,271,882	1,616,062	6,127,182	3,806,436	15,254,614	9,122,016	-	39,012,458
Charge for the year	-	2,743,469	18,136,699	134,042	230,856	99,054	1,346,478	795,540	581,331	2,303,905	-	26,459,324
Written off	-	-	(3,147)	-	(483,255)	-	(1,329,776)	(413,174)	(3,413,637)	-	-	(5,642,989)
Balance at 30 June 2020	-	2,743,469	18,133,552	1,948,308	1,019,483	1,715,116	6,143,884	4,188,802	12,422,308	11,425,921	-	59,828,793
Carrying amounts												
- 30 June 2019	702,665,950	95,577,417	177,000,001	1,340,424	1,998,564	990,538	7,008,249	7,003,487	648,965	21,851,718	30,266,103	1,046,351,416
- 30 June 2020	702,665,950	130,401,840	165,508,986	1,206,382	2,837,291	891,484	7,572,578	7,910,660	1,245,844	21,141,115	13,523,536	2,912,201
												1,057,817,867

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6.2	Depreciation charge for the year has been allocated as follows:	Note	30 June 2020 Rupees	30 June 2019 Rupees
	Cost of sales	25	20,849,252	13,763,742
	Distribution expenses	27	322,136	357,929
	Administrative expenses	28	5,287,936	6,520,047
			<u>26,459,324</u>	<u>20,641,718</u>

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

Leasehold land, building on leasehold land and plant and machinery of the Company were revalued on 30 June 1996, 30 June 2005, 30 June 2010, 30 June 2015 and 30 June 2019. Last valuation was carried out by an independent valuer M/s Asrem (Private) Limited on 30 June 2019. Land and building were revalued on the market basis whereas plant and machinery under the depreciated replacement cost basis. Revaluation surplus net of incremental depreciation included in the book value of these assets as stated in note 22 amounted to Rs. 720.8 million (2019: Rs. 727.51 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, however, the forced sale values do not include the impact of subsequent additions.

	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 on leasehold and plant and machinery would have been as follows:

	Net book value	
	30 June 2020 Rupees	30 June 2019 Rupees
Leasehold land	44,033,883	44,033,883
Building on leasehold land	123,713,237	88,944,463
Plant and machinery	110,012,940	115,306,353
	<u>277,760,060</u>	<u>248,284,699</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 Rupees	30 June 2019 Rupees
6.5 Breakup of capital work in progress at the reporting date is as follows:		
Plant and machinery	1,756,610	3,032,421
Vehicles	9,844,080	-
Building on leasehold land	1,922,846	27,233,682
	13,523,536	30,266,103

7 INVESTMENT PROPERTY**7.1 Reconciliation of carrying amounts****Cost**

Balance at 01 July	32,848,608	32,848,608
Additions	-	-
Balance at 30 June	32,848,608	32,848,608

Accumulated depreciation

Balance at 01 July	(2,592,856)	(1,817,068)
Charge for the year	(756,394)	(775,788)
Balance at 30 June	(3,349,250)	(2,592,856)

Carrying amount

	29,499,358	30,255,752
Rate of depreciation per annum	2.5%	2.5%

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

As per latest valuation of investment property, fair value of investment property is Rs. 30,509,595 (2019: Rs. 30,828,928).

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 INVENTORIES

	Note	30 June 2020 Rupees	30 June 2019 Rupees
Stores, spare parts and loose tools	8.1	13,683,722	10,947,722
Stock in trade	8.2	369,918,562	319,847,587
		383,602,284	330,795,309

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 Rupees	30 June 2019 Rupees
8.1 Stores, spare parts and loose tools			
Mechanical store		11,762,100	10,977,363
Electrical store		5,082,401	2,981,025
General store		1,396,213	1,671,508
Safety equipment		363,579	238,397
		18,604,293	15,868,293
Provision for slow moving stores, spare parts and loose tools		(4,920,571)	(4,920,571)
		<u>13,683,722</u>	<u>10,947,722</u>
8.2 Stock in trade			
Raw materials	8.2.1	334,231,099	258,205,057
Packing materials		10,698,337	6,094,068
Work in process		5,223,559	7,507,482
Finished goods		19,765,567	48,040,980
		369,918,562	319,847,587
		<u>383,602,284</u>	<u>330,795,309</u>
8.2.1	This includes in transit stock amounting to Rs. 47,124,815 (2019: Rs. 27,514,760).		
9 TRADE DEBTS			
		30 June 2020 Rupees	30 June 2019 Rupees
Trade debts - unsecured		406,472,831	279,538,533
Less: allowance for expected credit losses		(33,233,875)	-
		<u>373,238,956</u>	<u>279,538,533</u>
10 SHORT TERM ADVANCES			
Advances to suppliers - considered good and unsecured		10,586,315	13,374,412
Advances to employees - interest free, considered good and unsecured		786,385	776,987
		<u>11,372,700</u>	<u>14,151,399</u>
11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits - interest free		2,293,386	1,598,737
Prepayments		15,363,203	4,004,825
Sales tax receivable		7,030,007	3,964,074
Receivable from related party		-	1,616,710
Others receivables		1,916,539	1,918,635
		<u>26,603,135</u>	<u>13,102,981</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12 SHORT - TERM INVESTMENTS

	<u>30 June 2020</u>	<u>30 June 2019</u>		<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Number of units</u>		<u>Note</u>	<u>Rupees</u>	<u>Rupees</u>
Investments at fair value through profit or loss:					
ABL Cash Fund	-	9,812,607	12.1	-	99,762,814
Faysal Money Market Fund	648,287	1,280,884	12.1	66,041,547	130,150,629
UBL Liquidity Plus Fund	1,077,967	1,700,034	12.1	108,830,013	171,276,585
				174,871,560	401,190,028
Amortized cost					
Term deposit receipt (TDR)			12.2	92,537,500	90,200,000
Accrued interest				210,523	228,006
				267,619,583	491,618,034

12.1 These investments are stated at fair value at the year end, using the year end redemption price. Gain on remeasurement is included in finance income. As stated in note 16, 581,803 units in Faysal Money Market Fund and 1,052,998 units in UBL Liquidity Plus Fund (2019: 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) are pledged as security against running finance facilities arranged with Allied Bank Limited, Faysal Bank Limited and United Bank Limited respectively.

12.2 This represents foreign currency term deposit receipt (TDR) amounting to USD 550,000 (2019: USD 550,000) including accrued mark - up due as at year end. This carries interest rate at 3.55% (2019: 3.50%) per annum. As stated in note 16.1, TDRs of USD 550,000 are given as security against running finance facility arranged with Allied Bank Limited.

	<u>Note</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
		<u>Rupees</u>	<u>Rupees</u>
13 ADVANCE TAX - net			
Balance at 01 July		24,139,827	10,399,824
Income tax expense for the year		(73,140,197)	(87,179,009)
Adjustment of Workers' welfare fund		(5,485,630)	(8,725,960)
Income tax paid during the year		112,190,434	109,644,972
Balance at 30 June		57,704,434	24,139,827

14 CASH AND BANK BALANCES

Cash at bank - conventional banking			
Current accounts	14.1	42,184,118	40,323,636
Saving accounts	14.2	1,003,232	138,684
		43,187,350	40,462,320
Cash in hand		81,930	72,250
		43,269,280	40,534,570

14.1 These include foreign currency balances amounting to Rs. 5,651,800 [USD 33,591.68] (2019: Rs. 4,251,566 [USD 25,924]).

14.2 These carry interest at the rate of 6.50% (2019: 10.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

15	TRADE AND OTHER PAYABLES	Note	30 June 2020	30 June 2019
			Rupees	Rupees
	Trade creditors		91,645,975	92,740,997
	Contract liability - unsecured		1,207,189	2,427,760
	Accrued liabilities		35,836,033	30,206,002
	Insurance payable		648,039	922,405
	Workers' profit participation fund payable	15.1	16,365,530	24,280,810
	Workers' welfare fund payable	15.2	6,417,855	9,712,324
	Payable to staff gratuity fund	15.3	5,633,576	9,225,698
	Payable to employees' provident fund		1,376,084	1,090,854
	Withholding tax payable		66,312	24,923
	Others		30,308,938	11,424,702
			189,505,531	182,056,475
15.1 Workers' profit participation fund payable				
	Balance at 01 July		24,280,810	35,668,279
	Charge for the year		16,365,530	24,280,810
	Payment during the year		(24,280,810)	(35,668,279)
	Balance at 30 June		16,365,530	24,280,810
15.2 Workers' welfare fund payable				
	Balance at 01 July		9,712,324	17,344,386
	Charge for the year		6,417,855	1,093,898
	Adjustment during the year		(9,712,324)	(8,725,960)
	Balance at 30 June		6,417,855	9,712,324
15.3 Defined benefit obligation gratuity				
15.3.1 The amounts recognized in the statement of financial position are as follows:				
	Present value of defined benefit obligation		58,614,775	49,289,422
	Fair value of plan assets		(52,981,199)	(40,063,724)
	Liability		5,633,576	9,225,698
15.3.2 Amount recognised in the profit or loss is as follows:				
	Current service cost		3,202,712	-
	Net interest cost		2,430,864	-
			5,633,576	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 Rupees	30 June 2019 Rupees
15.3.3 The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning	49,289,422	-
Current service cost	3,202,712	-
Interest cost	6,122,641	-
Benefits paid	-	-
Re-measurement of defined benefit obligation	-	-
Present value of defined benefit obligation at end	<u>58,614,775</u>	<u>-</u>
15.3.4 The movement in fair value of plan assets:		
Fair value of plan assets at beginning	40,063,724	-
Expected return on plan assets	3,691,777	-
Contributions	9,225,698	-
Benefits paid	-	-
Re-measurement of plan assets	-	-
Fair value of plan assets at end	<u>52,981,199</u>	<u>-</u>
15.3.5 Contributions expected to be paid to the plan during the next year		<u>10,454,344</u>
		<u>30 June 2020 Rupees</u>
15.3.6 Plan assets comprise of:		
National Savings		51,929,479
Cash and cash equivalents		<u>1,051,720</u>
		<u>52,981,199</u>
15.3.7 Principal actuarial assumptions used in the actuarial valuations are as follows:		<u>2020</u>
Discount rate		9%
Salary growth rate		8%

15.3.8 Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020	
	Defined benefit obligation	
	Effect of 1 percent increase	Effect of 1 percent decrease
	Rupees	
Discount rate	(5,804,920)	6,812,665
Future salary growth	6,546,156	5,661,182

- 15.3.9** During the year, the Company has changed its policy for gratuity provision, which is now determined based on actuarial estimates, resulting in decrease in gratuity liability by Rs. 4,549,140 as at 30 June 2019. This decrease is adjusted against current year charge. Since the effect of this change in accounting policy is not material, accordingly comparative financial statements have not been restated.

16	SHORT - TERM BORROWINGS	Note	30 June 2020	30 June 2019
			Rupees	Rupees
	Allied Bank Limited			
	- Running finance / ERF	16.1	309,341,695	346,928,891
	Faysal Bank Limited			
	- Running finance	16.2	51,023,219	98,423,800
	United Bank Limited			
	- Running finance	16.3	98,447,475	149,726,426
			458,812,389	595,079,117

- 16.1** This represents utilized amount of running finance facilities with cumulative sanctioned limit of Rs. 625 million (2019: Rs. 540 million) to meet the working capital requirements of the Company. These facilities include running finance facility - RF I with sanctioned limit of Rs. 300 million carrying mark-up at the rate of 3 months KIBOR + 1.00% of the utilized amount, running finance facility - RF 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 running finance facility - RF III with maximum sanctioned limit of Rs. 100 million carrying markup at the rate of 3 months KIBOR + 0.75% per annum of the utilized amount and secured against the investment made in the ABL term deposit receipts of USD 550,000 with 5% margin. Also refer note 12.

RF I has sub limit of letter of credit - usance (foreign) and letter of guarantees (LGs) secured against cash and cash equivalents with a margin of 10% along with a facility of Letter of Credit Foreign amounting to Rs. 50 million. Further, the Company has facilities aggregating to Rs. 75 million (2019: Rs. 75 million) for Export Refinance-I and Export Re-finance-II.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

These facilities are further secured by way of first charge amounting to Rs. 500 million on all present and future current assets (excluding financial assets) and fixed assets (excluding head office building) of the Company including equitable mortgage over industrial property of the Company, lien on valid import and export documents of the Company and corporate guarantee of the Company for each letter of guarantee in addition to the securities mentioned above.

16.2 This represents utilized amount of running finance facility to meet the working capital requirements of the Company with a sanctioned limit of Rs. 150 million (2019: Rs. 100 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 12.

16.3 This represents utilized amount of running finance facility of Rs. 200 million (2019: Rs. 200 million) for financing working capital requirements of the Company. The facility carries markup at the rate of 1 month KIBOR + 0.75% per annum. The facility is secured against investment in units of UBL Liquidity Plus Fund with 5% margin. Refer note 12.

	30 June 2020	30 June 2019
	Rupees	Rupees
17 LONG TERM LOAN - SECURED		
Loan under refinancing scheme	42,453,578	-
Less: current portion of long term loan	(10,613,396)	-
	<u>31,840,182</u>	<u>-</u>
Current portion		
Current portion of long term loan	10,613,396	-
Markup accrued	248,409	-
	<u>10,861,805</u>	<u>-</u>

17.1 This represents utilized amount of long term finance facilities under SBP's refinance scheme for payment of salaries and wages with cumulative sanctioned limit of Rs. 45 million (2019: Rs. Nil). The facility carries mark-up at the rate of SBP subsidized rate 3.00% of the utilized amount. The tenor of the facility is 2.5 years repayable in 08 equal quarterly installments starting from January 2021. The facility is secured by way of first charge on all present and future current assets (excluding financial assets) and fixed assets of the Company along with equitable mortgage over plot # 70 Phase III industrial Estate Hattar measuring 29.4 Acres.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18 EMPLOYEE BENEFITS	30 June 2020	30 June 2019
	Rupees	Rupees
Accumulated compensated absences		
Balance at 01 July	5,438,514	4,256,427
Charge for the year	(227,788)	1,182,087
Benefits paid during the year	(27,967)	-
Balance at 30 June	<u>5,182,759</u>	<u>5,438,514</u>

Liability based on actuarial valuation has not been recognised in the financial statements as the management believes that the impact of actuarial valuation is immaterial in the context of over all financial statements.

19 LEASE LIABILITIES	30 June 2020	30 June 2019
	Rupees	Rupees
Lease liabilities	8,044,807	-
Less: Current portion	(1,984,151)	-
Long term portion	<u>6,060,656</u>	<u>-</u>

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

	30 June 2020	30 June 2019
Note	Rupees	Rupees
Less than one year	2,972,644	-
One to five years	7,231,581	-
	<u>10,204,225</u>	<u>-</u>
Amounts recognized in the profit or loss		
Interest on lease liabilities	29 254,481	-
Depreciation	6 87,950	-
	<u>342,431</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

20 DEFERRED TAX LIABILITY - net

	Balance at 01 July 2019	Recognized in		Net balance at 30 June 2020
		Profit or loss	Other comprehensive income	
	Rupees			
2020				
Taxable temporary difference				
Property, plant and equipment	38,680,311	(10,219,901)	-	28,460,410
Leases	-	942,102	-	942,102
Surplus on revaluation of property, plant and equipment	15,896,602	(1,514,595)	(898,875)	13,483,132
Deductible temporary difference				
Employee benefits	(3,655,175)	1,302,622	-	(2,352,553)
Trade debts	-	(7,228,368)	-	(7,228,368)
Stores, spare parts and loose tools	(1,141,572)	71,348	-	(1,070,224)
Unrealised gains	-	2,163,156	-	2,163,156
	49,780,166	(14,483,636)	(898,875)	34,397,655

	Net balance at 01 July 2018	Recognized in		Net balance at 30 June 2019
		Profit or loss	Other comprehensive income	
	Rupees			
2019				
Taxable temporary difference				
Property, plant and equipment	22,338,035	16,342,276	-	38,680,311
Surplus on revaluation of property, plant and equipment	5,499,185	-	10,871,908	15,896,602
Deductible temporary difference				
Retirement benefits	(864,522)	(2,790,653)	-	(3,655,175)
Stores, spare parts and loose tools	(1,234,926)	93,354	-	(1,141,572)
Incremental depreciation	-	(474,491)	-	-
	25,737,772	13,170,486	10,871,908	49,780,166

- 20.1** Based on the Company's estimate of future export sales, adjustment of Rs. 38.18 million (2019: Rs. 42.91 million) has been made in the taxable temporary differences at the year end. This has resulted in increased after tax profit by Rs. 11.07 million (2019: Rs. 12.44 million) with corresponding decrease in deferred tax liability by the same amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

21 SHARE CAPITAL

21.1 Authorized share capital

60,000,000 (2019: 60,000,000) ordinary shares of Rs. 10 each.

21.2 Issued, subscribed and paid up capital

30 June 2020 (Number of shares)	30 June 2019		30 June 2020 Rupees	30 June 2019 Rupees
20,000,000	20,000,000	Ordinary shares of Rs. 10 each issued for cash	200,000,000	200,000,000
14,848,000	6,400,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	148,480,000	64,000,000
34,848,000	26,400,000		348,480,000	264,000,000

21.2.1 These include 22,330,975 i.e. 64.08% (2019: 12,906,625 i.e. 50.38%) ordinary shares of Rs. 10 each held by the Directors of the Company.

21.2.2 The Company through Board resolution dated 17 September 2019 and 18 February 2020 issued 5,280,000 and 3,168,000 bonus shares respectively.

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

21.3 Capital Management

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	30 June 2020 Rupees	30 June 2019 Rupees
Balance at 01 July	727,151,904	275,591,629
Surplus on revaluation for the year - gross	-	453,930,162
	<u>727,151,904</u>	<u>729,521,791</u>

Transferred to equity in respect of incremental depreciation - net of deferred tax	(4,820,594)	(1,895,396)
Related deferred tax on incremental depreciation	(1,514,595)	(474,491)
Incremental depreciation charged to statement of profit or loss	(6,335,189)	(2,369,887)
Balance at 30 June	<u>720,816,715</u>	<u>727,151,904</u>

Related deferred tax liability

Balance at 01 July	(15,896,602)	(5,499,185)
Reversed in statement of profit or loss on incremental depreciation	1,514,595	474,491
Movement due to change in rate	898,875	(797,642)
Tax on revaluation surplus for the year	-	(10,074,266)
Balance at 30 June	<u>(13,483,132)</u>	<u>(15,896,602)</u>
	<u>707,333,583</u>	<u>711,255,302</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 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 the original owners of the land for which lease was signed and full payment was made in 1991. The Company has not acknowledged the claim and has filed an appeal against the demand before the Civil Judge, Haripur on 02 May 2002. The Court has stayed the demand for settlement through arbitration. The Company contacted the Sarhad Development Authority several times for appointment of arbitrator but received no response in this regard. The Company has now filed an application for the appointment of arbitrator in the Court of Senior Civil Judge, Haripur. Pending the outcome of the appeal, no provision has been made in these financial statements for such demand as the management is confident that the appeal will be decided in the Company's favour.

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

23.2 Commitments

23.2.1 Letters of credit issued by Allied Bank Limited on behalf of the Company for import of raw materials, outstanding at the year end amounted to Rs. 5,137,204 (2019: Rs. 11,036,872).

23.2.2 Letter of guarantee issued by Allied Bank Limited on behalf of the Company for the issuance of performance bond to secure the contracts with different government and private entities outstanding at the year end amounted to Rs. 17,071,182 (2019: Rs. 17,071,182).

24	REVENUE - net	Note	30 June 2020 Rupees	30 June 2019 Rupees
	Revenue from contracts with customers		1,440,366,796	1,214,107,372
	Sales tax		(210,682,209)	(178,580,840)
	Local sales-net		1,229,684,587	1,035,526,532
	Export sales	24.1	356,865,489	374,051,899
		24.2 & 24.3	1,586,550,076	1,409,578,431

24.1 Export sales includes sales made through contracts with customers for Saindak and Dudder (2019: Saindak and Dudder) projects in Balochistan, Pakistan which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

24.2	Disaggregation of revenue based on product categories:	30 June 2020 Rupees	30 June 2019 Rupees
	Tovex	881,861,809	786,804,422
	Powder explosives	84,327,894	116,672,089
	Accessories	608,120,031	497,983,434
	Other finished goods	12,240,342	8,118,486
		1,586,550,076	1,409,578,431

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		30 June 2020 Rupees	30 June 2019 Rupees
24.3	Disaggregation of revenue based on customer segmentation:		
	Cement sector	180,787,999	267,931,045
	Oil and gas sector	264,579,963	277,499,039
	Construction sector	222,577,420	328,355,487
	Large projects	521,228,454	138,764,725
	Export sector	356,865,489	374,051,899
	Others	40,510,751	22,976,236
		1,586,550,076	1,409,578,431
24.4	Revenue amounting to Rs. 1,377,760 included in the opening contract liability has been recognized during the year.		
25	COST OF SALES		
	Note	30 June 2020 Rupees	30 June 2019 Rupees
Materials consumed	25.1	690,480,599	578,567,690
Stores, spare parts and loose tools consumed		14,901,093	9,031,984
Packing materials consumed		24,848,561	20,796,013
Fuel and power expenses		17,015,973	9,702,400
Salaries, wages and other benefits	25.2	140,526,247	120,380,625
Cost to fulfill a contract - insurance		5,280,929	5,175,469
Repairs and maintenance		6,635,555	7,496,351
Depreciation	6.2	20,849,252	13,763,742
Vehicle running and maintenance		2,322,214	1,805,316
Travelling and conveyance		4,927,004	5,711,318
Water charges		96,020	96,000
Telephone, telex and postage		233,437	184,117
Printing and stationery		196,886	262,235
Canteen		1,587,497	1,172,543
Cost to fulfill a contract - transportation		45,087,284	30,634,106
Fees and subscription		982,197	1,600,415
Vehicle rent		3,069,594	2,644,410
Security charges		5,662,168	5,274,816
Saindak expenses		3,552,195	3,426,520
Other manufacturing expenses		4,032,045	1,876,973
		992,286,750	819,603,043
Work in process:			
at beginning of the year		7,507,482	5,101,669
at end of the year		(5,223,559)	(7,507,482)
		2,283,923	(2,405,813)
Cost of goods manufactured		994,570,673	817,197,230
Finished goods:			
at beginning of the year		48,040,980	31,657,638
at end of the year		(19,765,567)	(48,040,980)
		28,275,413	(16,383,342)
		1,022,846,086	800,813,888

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

25.1 Materials consumed	30 June 2020 Rupees	30 June 2019 Rupees
Balance at 01 July	258,205,057	121,428,699
Purchases during the year	766,506,641	715,344,048
	1,024,711,698	836,772,747
Balance at 30 June	(334,231,099)	(258,205,057)
	690,480,599	578,567,690

25.2 This includes an amount of Rs. 11,881,383 (2019: Rs. 9,118,659) charged on account of employees' retirement benefits.

26 OTHER INCOME	Note	30 June 2020 Rupees	30 June 2019 Rupees
Rental income		700,000	4,791,600
Reversal of workers' welfare fund		4,226,694	-
Reversal of trade debt		380,876	-
Interest on bad debts recovered		84,100	-
(Loss) / gain on sale of property, plant and equipment		(96,596)	695,508
		5,295,074	5,487,108

27 DISTRIBUTION EXPENSES

Salaries, wages and other benefits	27.1	27,391,814	27,091,283
Incremental cost of obtaining a contract - sales commission		21,261,039	7,782,148
Staff travelling and conveyance		3,407,650	1,460,727
Telephone and postage		237,096	148,305
Entertainment		15,441	5,635
Printing and stationery		179,939	128,935
Vehicle running and maintenance		1,588,089	1,354,289
Insurance		110,208	173,896
Other charges		5,337,700	1,011,556
Depreciation	6.2	322,136	357,929
		59,851,112	39,514,703

27.1 This include anamount of Rs. 2,550,162 (2019: Rs. 3,064,083) charged on account of employees' retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

28	ADMINISTRATIVE EXPENSES	Note	30 June 2020 Rupees	30 June 2019 Rupees
	Chief Executive Officer and Directors' remuneration	28.1	39,669,623	46,395,000
	Salaries, wages and other benefits	28.1	39,637,631	33,095,896
	Directors' travelling and conveyance		17,174,642	17,101,155
	Staff travelling		835,100	9,267
	Electricity, gas and water charges		1,757,119	1,544,239
	Telephone, telex and postage		997,048	833,137
	Rent, rates and taxes		227,836	561,481
	Legal and professional charges		7,005,661	3,489,926
	Donation		-	2,340,000
	Auditors' remuneration	28.2	2,108,000	1,350,000
	Printing and stationery		1,057,716	812,163
	Entertainment		402,382	397,034
	Insurance		378,996	349,600
	Advertisements		415,863	501,008
	Vehicle running and maintenance		2,716,505	2,524,114
	Repair and maintenance		2,488,037	2,016,549
	Security charges		1,198,512	892,590
	General expenses		3,975,276	1,904,600
	Depreciation on investment property	7	756,394	775,788
	Depreciation	6.2	5,287,936	6,520,048
			128,090,277	123,413,595

28.1 These include Rs. 3,347,314 (2019: Rs. 3,420,500) charged on account of retirement benefits.

28.2	Auditors' remuneration	30 June 2020 Rupees	30 June 2019 Rupees
	Annual audit fee	800,000	750,000
	Half year review	300,000	200,000
	Other certifications	1,008,000	400,000
		2,108,000	1,350,000

29 FINANCE COSTS

Mark up on short term borrowings	68,463,261	42,477,240
Mark up on long term loans	248,409	-
Interest on lease liabilities	254,481	-
Bank charges	2,636,634	2,427,601
Loss on remeasurement of investments at fair value through profit or loss	-	18,340,315
	71,602,785	63,245,156

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 Rupees	30 June 2019 Rupees
30 FINANCE INCOME		
Dividend income	34,545,204	51,854,927
Gain on remeasurement of investments at fair value through profit or loss	7,841,575	-
Exchange gain - net	5,393,056	43,682,281
Interest on investment in TDRs	3,130,452	1,954,041
Interest on saving accounts	179,291	46,761
	51,089,578	97,538,010
31 INCOME TAX EXPENSE		
Current tax expense	73,140,197	87,179,009
Deferred tax (income) / expense	(14,483,636)	13,170,486
	58,656,561	100,349,495
31.1 Reconciliation of tax expense for the year		
Profit before tax	304,527,208	460,241,499
Tax rate @ 29% (2019 : 29%)		
Tax on accounting profit	88,312,890	133,470,035
Tax effect of income charged under final tax regime	(22,169,284)	(36,780,458)
Tax effect of income charged at lower tax rate	(5,934,149)	-
Tax effect of change in FTR restrictions	(3,111,260)	-
Others	1,558,364	3,659,918
	58,656,561	100,349,495
31.2	Tax assessments up to and including tax year 2019 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.	
31.3	The Officer Inland Revenue (OIR), LTU Islamabad while issuing appeal effect under order section 124 of the Income Tax Ordinance, 2001 for the Tax Year 2009, made some mistakes. Disallowed admissible deduction comprising of notional income aggregating to Rs. 1,766,063 and disallowed tax deposited / paid on exports amounting to Rs. 2,112,736. As a result of the above mistake tax refund has been restricted to Rs. 11,114,986. The Company has filed an application for rectification before OIR, LTU, Islamabad under section 221 of the Income Tax Ordinance, 2001, which is pending with OIR, LTU, Islamabad. Based on tax consultant's advise management expects favourable outcome in this regard.	
31.4	The Officer Inland Revenue (OIR), LTU Islamabad while issuing appeal effect under order section 124 of the Income Tax Ordinance, 2001 for the Tax Year 2010, made some mistakes. Disallowed admissible deduction comprising of notional income aggregating to Rs. 4,318,240 and disallowed salaries amounting to Rs. 6,878,798. As a result of the above mistake tax refund has been restricted to Rs. 8,853,548. The Company has filed an application for rectification before OIR, LTU, Islamabad under section 221 of the Income Tax Ordinance, 2001, which is pending with OIR, LTU, Islamabad. Based on tax consultant's advise management expects favourable outcome in this regard.	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 31.5** The tax authority while issuing appeal effect order under section 124 of the Income Tax Ordinance, 2001 [the "Ordinance"] for the Tax Year 2012 disallowed expenses amounting to Rs. 28,226,385 relating to Salaries, WPPF, donations and expenses relating to Final Tax Regime (FTR). Further, the tax credit has only been allowed to the extent of tax demand determined so there is no outstanding tax liability based on the appeal effect order. Being aggrieved with the order of CIR(A), the Company has filed an appeal before Appellate Tribunal and to date no hearing notice has been issued. Based on tax consultant's advise management expects favourable outcome in this regard.
- 31.6** The Add CIR, LTU, Islamabad had issued show cause notice u/s 122(5A) of the ITO 2001 relating to tax year 2014 and the Company has duly responded to the notices and provided the details/documents requested however, the Add CIR, LTU, Islamabad had issued an order u/s 122(5A) of the ITO 2001 dated 27 June 2020 wherein alleged tax demand of Rs. 340,682,982 has been determined. The Company is in the process of filing of appeal with CIR(A), Islamabad. Further, based on tax consultant's advise management expects favourable outcome in this regard.
- 31.7** The CIR, LTU, Islamabad has selected the Company for tax audit u/s 177 of the ITO 2001 for tax year 2015. The Company has adequately responded to the information Document Request (IDR). The OIR, LTU, Islamabad has issued an amended assessment order u/s 122/177 of the ITO 2001 and has created alleged tax demand of Rs. 111.92 million. The CIR (Appeal-I), Islamabad has remanded the case back to the OIR, LTU, Islamabad with the direction to reexamine the evidence after providing opportunity to the Company. Based on tax consultant's advise management expects favourable outcome in this regard.
- 31.8** The tax authority has issued letter contending short fall of Rs. 61,401,195 in advance tax paid by the Company for the Tax Year 2017. On writ petition filed by the Company, the Islamabad High Court has granted stay against recovery of tax demand till the next date of hearing. Based on tax consultant's advise management expects favourable outcome in this regard.

32 EARNINGS PER SHARE - basic and diluted

	30 June 2020	30 June 2019
Profit for the year (Rupees)	245,870,647	359,892,004
		Restated
Average number of shares outstanding during the year (Number)	34,848,000	34,848,000
Earnings per share (Rupees)	7.06	10.33

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

33 CASH AND CASH EQUIVALENTS	Note	30 June 2020 Rupees	30 June 2019 Rupees
Cash and bank balances	14	43,269,280	40,534,570
Short-term borrowings	16	(458,812,389)	(595,079,117)
		(415,543,109)	(554,544,547)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	Liabilities			
	Lease liabilities	Long term loan	Unpaid and unclaimed dividend	Total
	Rupees			
Balance at 01 July 2019	-	-	34,687,445	34,687,445
Changes from financing cash flows				
Dividend paid	-	-	(172,836,552)	(172,836,552)
Loans and borrowings	-	42,701,987	-	42,701,987
Lease liability paid	(4,385,173)	-	-	(4,385,173)
	(4,385,173)	42,701,987	(172,836,552)	(134,519,738)
Other changes				
Dividend announced	-	-	174,240,000	174,240,000
New leases	12,429,980	-	-	12,429,980
Balance at 30 June 2020	8,044,807	42,701,987	1,403,448	52,150,242
Balance at 01 July 2018		-	24,045,562	24,045,562
Changes from financing cash flows				
Dividend paid	-	-	(350,158,117)	(350,158,117)
Loans and borrowings	-	-	-	-
	-	-	(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

35 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer	Executive Directors	Executives	Total
	Rupees			
2020				
Managerial remuneration	15,625,000	21,480,000	53,697,600	90,802,600
Employee benefits	-	-	5,721,840	5,721,840
Bonus	2,750,000	3,690,000	8,949,600	15,389,600
Total	18,375,000	25,170,000	68,369,040	111,914,040
Number of persons	1	3	14	
2019				
Managerial remuneration	19,550,000	20,160,000	43,530,000	83,240,000
Employee benefits	1,108,333	-	2,576,000	3,684,333
Bonus	2,216,667	3,360,000	7,255,000	12,831,667
Total	22,875,000	23,520,000	53,361,000	99,756,000
Number of persons	2	3	11	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 35.1** The aggregate amount charged in the financial statements in respect of meeting fee paid to other than Chief Executive Officer and Executive Directors was Rs. 12,500,000 (2019: Rs. 13,011,000).
- 35.2** Chief Executive Officer, Executive Directors, Chief Operating Officer, General Manager (Technical) and Chief Financial Officer are provided with the Company maintained vehicles.
- 35.3** Number of persons include those who worked part of the year.

36 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Note	30 June 2020 Rupees	30 June 2019 Rupees
Dividend to non - executive directors		102,717,043	172,830,690
Other related parties			
Remuneration including benefits and perquisites of key management personnel		43,545,000	46,395,000
Dividend to key management personnel (Executive directors)		1,721,161	6,097,324
Contribution towards employees' provident fund		7,774,028	6,309,823
Contribution towards employees' gratuity fund		9,225,698	9,227,398
Expenses incurred on behalf of associated company		635,355	7,165
Balances			
Receivable from Auxin Biafo Chemicals (Private) Limited	36.1	-	1,616,710
Payable to Employees Provident Fund		1,376,084	1,090,854
Payable to Employees Gratuity Fund		5,633,576	9,225,698

- 36.1** During the year, receivable from Auxin Biafo Chemicals (Private) Limited amounts to Rs. 2,252,065 (2019: Rs. 1,616,710) has been written off with the approval of Board of Directors.

- 36.2** 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	Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Related Party	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
M. Humayun Khan	Chairman	104,544	0.30%
M. Afzal Khan	Deputy Chairman	237,600	0.68%
Anwar Moin	Chief Executive Officer	345	0.00%
Syed Zaffar Mehdi Askree	Director	27,878	0.08%
Shirin Safdar	Director	78,408	0.23%
Ayesha Humayun Khan	Director	8,412,000	24.14%
Mehreen Hosain	Director	19,238	0.06%
Muhammad Zafar Khan	Director	7,438,468	21.35%
Ehsan Mani	Director	138,520	0.40%
Adnan Aurangzeb	Director	170,536	0.49%
Syeda Shahbano Abbas	Director	1,439,856	4.13%
Khwaja Ahmad Hosain	Director	411,840	1.18%
Muhammad Yaqoob	Director	1,742	0.00%
Basit Waheed	Director	3,850,000	11.05%
Employees Provident Fund	Staff retirement fund	Nil	Nil
Employees Gratuity Fund	Staff retirement fund	Nil	Nil

37 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37.1 Fair value of financial assets and liabilities (continued)

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	3,535,345	-	-	3,535,345	-	-	-	-
Short-term investments	90,428,006	-	-	90,428,006	-	-	-	-
Bank balances	40,462,320	-	-	40,462,320	-	-	-	-
Total financial assets	414,741,191	404,582,365	-	819,323,556	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	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

37.2.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade debts from customers.

The carrying amount of financial assets represent the maximum credit exposure.

Expected credit losses on financial assets are recognised in statement of profit or loss are as follows.

	30 June 2020	30 June 2019
	Rupees	Rupees
Allowance for expected credit loss on trade debts	33,233,875	-
	33,233,875	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

i) **Trade debts**

The Company's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate. Detail of concentration of revenue are included in note 24.2 and 24.3.

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and are reviewed regularly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade debts by establishing a maximum payment period for corporate customer based on the assessment of risk management committee.

Maximum of the Company's customers have been transacting with the Company for many years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographical location, industry, trading history with the Company and existence of previous financial difficulties.

The Company has no collateral in respect of financial assets exposed to credit risk.

At reporting date, the exposure to credit risk for trade debts by type of customers is as follows.

	30 June 2020	30 June 2019
	Rupees	Rupees
Cement manufacturers	20,002,067	31,346,957
Oil and gas exploration service providers	56,756,967	51,759,774
Construction and mining entities	329,713,797	196,431,802
	406,472,831	279,538,533

A summary of the Company's exposure to credit risk for trade debts is as follows.

	30 June 2020	30 June 2019
	Rupees	Rupees
Customers without external credit rating	45,212,467	279,538,533
Customers with external credit rating	361,260,364	-
Gross carrying amount	406,472,831	279,538,533
Allowance for expected credit losses	(33,233,875)	-
	373,238,956	279,538,533

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	30 June 2020 Rupees	30 June 2019 Rupees
Not past due	132,621,826	122,040,894
Past due 0-30 days	94,927,200	79,914,702
Past due 31-60 days	51,804,818	62,783,540
Past due 61-90 days	27,256,419	14,799,397
Past due 91-365 days	99,862,568	-
	406,472,831	279,538,533

Expected credit loss assessment for customers as at 01 July 2019 and 30 June 2020

The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the loss (including but not limited to external ratings, audited financial statements, management accounts, cash flow projection and available press information about customers) and applying experienced credit judgment. Credit risk are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definition from agencies (Rating agencies Pakistan Credit Rating Agency (PACRA) and JCR - VIS).

Exposure within each credit risk are segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the two years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts.

The Company uses an allowance matrix to measure the ECLs of trade debts.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics - geographic region and age of customer relationship.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The following table provides information about the exposure to credit risk and ECL for trade debts on non-government at 30 June 2020.

	Weighted average loss rate	Gross carrying amount	Allowance for expected credit losses	Credit impaired
	Percentage		Rupees	
Not past due	0.01%	128,364,771	10,377	No
Past due 0-30 days	0.02%	72,977,442	11,730	No
Past due 31-60 days	0.05%	35,260,609	16,875	No
Past due 61-90 days	0.21%	11,543,331	23,814	No
Past due 91-120 days	0.89%	37,811,325	335,463	No
Past due 121-150 daysvvv	2.72%	-	-	-
Past due 151-180 days	12.06%	-	-	-
Past due 181-210 days	48.10%	4,179,680	2,010,627	No
Over 210 days	84.27%	36,577,387	30,824,989	No
Due from non-government		326,714,545	33,233,875	
Due from government		79,758,286	-	
Total trade debts		406,472,831	33,233,875	

Movement in the allowance for expected credit losses in respect of trade debts

The movement in the allowance for expected credit losses in respect of trade debts during the year was as follows.

	30 June 2020 Rupees	30 June 2019 Rupees
Balance at 01 July	-	-
Remeasurement of loss allowance	33,233,875	-
Balance as at 30 June	33,233,875	-

ii) Short term investments

The Company holds short term investments with the mutual funds and Banks. The credit ratings of the counterparties as per JCR-VIS and PCRA are as follows.

Impairment on short term investments has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term investments have low credit risk based on external credit rating of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Short term rating	Long term Rating	30 June 2020 Rupees	30 June 2019 Rupees
Fair value through profit or loss				
ABL Cash Fund	-	AA+	-	99,762,814
Faysal Money Market Fund	-	AA	66,041,547	130,150,629
UBL Liquidity Plus Fund	-	AA	108,830,013	171,276,585
			174,871,560	401,190,028
Amortized cost				
Term deposit receipts	A1+	AAA	92,748,023	90,428,006
			92,748,023	90,428,006

iii) **Bank balances**

The Company holds cash at various banks. The credit ratings of the banks as per JCR-VIS and PCRA are as follows.

Impairment on cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its cash at bank have low credit risk based on external credit rating of the counterparties.

	Short term rating	Long term Rating	30 June 2020 Rupees	30 June 2019 Rupees
Bank of Khyber	A1	A	1,739,205	2,423,331
National Bank of Pakistan	A1+	AAA	674,549	25,280,934
Muslim Commercial Bank	A1+	AAA	-	15,783
Askari Commercial Bank	A1+	AA+	25,147	25,147
Allied Bank Limited	A1+	AAA	7,615,002	5,837,814
United Bank Limited	A1+	AAA	32,130,215	6,363,388
Bank Al Falah Limited	A1+	AA+	1,003,232	515,922
			43,187,350	40,462,320

iv) **Long term deposits**

The Company holds long term deposits of Rs. 1.77 million at 30 June 2020 (2019: Rs. 1.79 million). These long term deposits are recoverable from Department of Explosives, WAPDA and others.

Impairment on long term deposits has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its long term advances have low credit risk based on recovery of these deposits from the Government institutions.

v) **Trade deposits and other receivables**

The Company holds trade deposit and other receivables of Rs. 4.21 million as at 30 June 2020 (2019: Rs. 5.13 million). These trade deposits and other receivables are recoverable from the Companies which are rated AAA to A, based on PACRA and JCR - VIS rating.

Impairment on trade deposits and other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its trade deposits and other receivables have low credit risk based on external credit rating of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

vi) **Advances to employees**

The Company holds advances to employees of Rs. 0.78 million as at 30 June 2020 (2019: Rs. 0.77 million). These long term advances are recoverable from the employees of the Company.

Impairment on advances to employees has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its advances to employees have low credit risk based on recovery of these advances from the final settlement of employees in case of default.

37.2.2 **Liquidity risk**

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

There were no defaults on loans payable during the year.

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

	Carrying amount	Contractual cash flows			
		Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years	Maturity after five years
30 June 2020	Rupees	Rupees			
Maturity upto one year					
Short-term borrowings	458,812,389	477,167,047	477,167,047	-	-
Unclaimed dividend	23,029,521	23,029,521	23,029,521	-	-
Unpaid dividend	13,061,372	13,061,372	13,061,372	-	-
Long term loan	42,701,987	42,701,987	10,861,805	31,840,182	-
Lease liabilities	8,044,807	10,204,225	2,972,644	7,231,581	-
Trade and other payables	165,448,645	165,448,645	165,448,645	-	-
	711,098,721	731,612,797	692,541,034	39,071,763	-
	711,098,721	731,612,797	692,541,034	39,071,763	-
30 June 2019					
Maturity upto one year					
Short-term borrowings	595,079,117	621,124,800	621,124,800	-	-
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	801,422,903	801,422,903	-	-
	775,377,220	801,422,903	801,422,903	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37.2.3 Market risk

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

a) Foreign currency risk management

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non - functional currency monetary items

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Exposure to foreign currency risk on year end monetary balances

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

	2020 USD	2019 USD
Trade debts	522,108	583,294
Bank balances	33,592	25,924
Investments	550,000	550,000
Trade creditors	134,762	72,127
	1,240,462	1,231,345

The significant exchange rates applied during the year were:

	Average rate		Reporting date - closing rate	
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
USD 1	166.13	142.70	168.25	164.00

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.

	2020 Rupees	2019 Rupees
Statement of profit or loss	16,336,030	17,828,292

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.

b) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Profile

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

	2020 %	2019 %	2020 Rupees	2019 Rupees
Fixed rate instruments				
Financial assets				
Term deposit receipt	3.15	3.50	92,748,023	90,428,006
Bank balances - saving accounts	6.50	10.25	1,003,232	138,684
			93,751,255	90,566,690
Financial liabilities				
Long term loan	3	-	42,701,987	-
			42,701,987	-
	Effective interest rate		Carrying amounts	
	2020	2019	2020	2019
	%	%	Rupees	Rupees
Variable rate instruments				
Financial liabilities				
	1 Month to 3 Months KIBOR plus Margin	1 Month to 3 Months KIBOR plus Margin	458,812,389	595,079,117
Short-term borrowings			458,812,389	595,079,117

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. 4,588,131 (2019: Rs. 4,300,713).

c) Price risk

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

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. 1,726,254 (2019: Rs. 12,793,525).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37.3 Determination of fair values

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

Investment in fair value through profit or loss

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

Non - derivative financial assets

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

Non - derivative financial liabilities

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

38 CAPACITY AND PRODUCTION

Products	Units	Rated production capacity	2020	2019
			Actual production	
Tovex water gel and powder	Kgs	6,000,000	3,204,400	3,326,533
Detonator - plain / electric	Nos.	9,000,000	1,944,629	2,796,772
Detonating cord	Meter	2,500,000	2,276,100	2,418,300

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 2020

39 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

Description	2020 Rupees	2019 Rupees
i) Loans / advances obtained as per Islamic mode	1,207,189	2,427,760
ii) Shariah compliant bank deposits / bank balances	42,184,118	40,323,636
iii) Profit earned from shariah compliant bank deposits / bank balances	-	-
iv) Net revenue earned from a shariah compliant business segment	1,586,550,076	1,409,578,431
v) Gain/loss or dividend earned from shariah compliant investments	-	-
vi) Exchange gain earned	5,393,056	43,682,281
vii) Markup paid on Islamic mode of financing	-	-
viii) Profits earned or interest paid on any conventional loan or advance:	-	-

For profits earned on conventional investments and finance cost on conventional short-term running finance facilities, refer notes 30 and 29 respectively.

ix) Relationship with shariah compliant banks:

The Company maintains bank balances placed under shariah permissible arrangement with Faysal Bank Limited and United Bank Limited. Further, the Company has made conventional investments in mutual funds (refer note 12) and obtained conventional short-term running facilities (refer note 16) with the abovementioned banks.

40 EMPLOYEES PROVIDENT FUND TRUST

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

41 GENERAL

41.1 Figures have been rounded off to the nearest rupee.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

41.3 Non - adjusting events after reporting date

The Board of Directors proposed final cash dividend at the rate of Rs. 1.00 per share and bonus shares at 10% (1 bonus shares for 10 shares held) in its meeting held on 22 September 2020.

41.4 Impact of COVID-19 on the financial statements

On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that there are no material implications of COVID-19 on the operations of the Company that require specific disclosure in the financial statements. Neither the Company operations were significantly effected due to COVID-19 during the year nor is expected to be adversely affected in the near future. Further, COVID-19 has no impact on the presented amounts and disclosures.

41.5 Number of persons employed

	2020	2019
Employees on year end (number)	215	210
Average employees during the year (number)	213	216

41.6 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 22 September 2020.



Chief Financial Officer



Chief Executive Officer



Chairman

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2020

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
238	1	100	8,354
375	101	500	99,076
267	501	1,000	209,034
397	1,001	5,000	889,002
100	5,001	10,000	696,933
31	10,001	15,000	380,738
23	15,001	20,000	412,763
7	20,001	25,000	157,789
10	25,001	30,000	270,137
6	30,001	35,000	194,247
2	35,001	40,000	79,200
3	40,001	45,000	127,250
3	45,001	50,000	139,736
4	50,001	55,000	209,651
1	55,001	60,000	55,756
6	60,001	80,000	450,073
1	80,001	100,000	82,300
4	100,001	120,000	433,884
1	120,001	140,000	138,520
1	140,001	160,000	150,480
4	160,001	180,000	684,016
3	180,001	240,000	679,534
2	300,001	360,000	656,568
2	360,001	420,000	808,140
1	420,001	600,000	521,136
3	1,000,001	1,500,000	3,922,776
1	2,500,001	3,500,000	2,690,439
1	3,500,001	5,000,000	3,850,000
1	5,000,001	7,500,000	7,438,468
1	7,500,001	8,500,000	8,412,000
1499			34,848,000

SHAREHOLDER'S CATEGORY	NUMBERS OF SHAREHOLDERS	NUMBERS OF SHARE HELD	PERCENTAGE
INDIVIDUALS	1,453	31,185,189	89.49%
JOINT STOCK COMPANIES	32	3,368,252	9.67%
INSURANCE COMPANIES	3	241,686	0.69%
OTHERS	4	39,086	0.11%
CHARITABLE TRUSTS	3	10,764	0.03%
MUTUAL FUNDS	4	3,023	0.01%
	1,499	34,848,000	100.00%

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2020**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	% AGE
Directors, CEO & their Spouse and Minor Children			
Ayesha Humayun Khan	1	8,412,000	24.14
M. Zafar Khan	1	7,438,468	21.35
Basit Waheed	1	3,850,000	11.05
Syeda Shahbano Abbas	1	1,439,856	4.13
Khwaja Ahmad Hosain	1	411,840	1.18
M. Afzal Khan	1	237,600	0.68
Adnan Aurangzeb	1	170,536	0.49
Ehsan Mani	1	138,520	0.40
M. Humayun Khan	1	104,544	0.30
Shirin Safdar	1	78,408	0.23
Syed Zaffar Mehdi Askree	1	27,878	0.08
Mehreen Hosain	1	19,238	0.06
Muhammad Yaqoob & Maliha Yaqoob	1	1,742	0.00
Anwar Moin	1	345	0.00
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, & Modarba	3	241,686	0.69
Mutual Funds:			
CDC - Trustee AKD Opportunity Fund	1	2,218	0.01
CDC - Trustee Alfalah GHP Stock Fund	1	378	0.00
CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	1	127	0.00
MCBFSL - Trustee AKD Islamic Stock Fund	1	300	0.00
Other Individuals	1,477	9,581,877	27.50
Shareholders holding 5% or more shares in the Company:			
Orient Trading Limited	1	2,690,439	7.72
TOTAL	1,499	34,848,000	100.00

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

	Shares Purchased/ Transferred In	Shares Sold / Transferred Out
Ayesha Humayun Khan	3,000,000	3,000,000
M. Zafar Khan	3,010,800	3,000,000
Basit Waheed	177,000	-
Syeda Shahbano Abbas	1,437,480	-
Adnan Aurangzeb	-	7,100

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 32nd 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 27, 2020 at 11:00 am and any adjournment thereof.

Signed _____ day of _____ 2020

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 ڈی سی پارٹیسپنٹ (Participant) شناختی کارڈ نمبر _____

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

جیسا کہ میرے/ہمارے Proxy نے کمپنی کے 32 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 27 اکتوبر، 2020ء 11:00 am اور کسی بھی اس

کے التواء کے منعقد ہوگا۔

دستخط _____ مورخہ _____ 2020 کو کئے گئے

دستخط

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

گواہان

۱۔ دستخط _____ ۲۔ دستخط _____

نام _____ نام _____

پتہ _____ پتہ _____

سی این آئی سی یا _____ سی این آئی سی یا _____

پاسپورٹ نمبر _____ پاسپورٹ نمبر _____

نوٹ:

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

ہونے کی ضرورت نہیں ہے۔

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

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

E-DIVIDEND MANDATE FORM

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

Bank account details for payment of Dividend through Electronic Mode

Dear Sir,

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

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

BIAFO INDUSTRIES LTD.

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