



# BIAFO INDUSTRIES LIMITED

Manufacturer of Tovex® Explosives  
& Blasting Accessories



ANNUAL REPORT

**2024**



**YEARS**

OF EXCELLENCE IN SERVICE



## TABLE OF CONTENTS

CORPORATE INFORMATION	01
NOTICE OF ANNUAL GENERAL MEETING	02
CHAIRMANS' REVIEW	09
DIRECTORS' REPORT	13
STAKEHOLDERS INFORMATION	21
STATEMENT OF COMPLIANCE	23
INDEPENDENT AUDITORS' REVIEW REPORT	26
INDEPENDENT AUDITORS' REPORT	27
STATEMENT OF FINANCIAL POSITION	32
STATEMENT OF PROFIT OR LOSS	33
STATEMENT OF COMPREHENSIVE INCOME	34
STATEMENT OF CHANGES IN EQUITY	35
STATEMENT OF CASH FLOWS	36
NOTES TO THE FINANCIAL STATEMENTS	37
PATTERN OF SHAREHOLDING	85
PROXY FORM	87
E-DIVIDEND MANDATE FORM	89



The image shows the exterior of a building named 'BIAFO HOUSE'. The building features a two-story design. The ground floor has a white facade with a central entrance reached by a set of brown stone steps. To the left of the steps is a ramp with a metal handrail. The upper floor is partially obscured by large, dark-framed windows that reflect the surrounding greenery. A prominent stone wall is visible on the left side of the building. The foreground consists of a paved area with yellow parking lines. Two potted plants are situated near the base of the building on the right.

# BIAFO HOUSE

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

M. Afzal Khan  
Anwar Moin

Deputy Chairman  
Chief Executive Officer

### NON EXECUTIVE DIRECTORS

Ms. Ayesha Humayun Khan  
Ms. Mehreen Hosain  
Ms. Syeda Shahbano Abbas  
M. Zafar Khan  
Khwaja Ahmad Hosain  
Muhammad Waheed

Director  
Director  
Director  
Director  
Director  
Director

### INDEPENDENT DIRECTORS

Ehsan Mani  
Syed Zomma Mohiuddin  
Adnan Afridi  
Himayat Ullah

Chairman  
Director  
Director  
Director

### COMPANY SECRETARY

Khawaja Shaiq Tanveer

### CHIEF FINANCIAL OFFICER

Syed Sajid Hussain Shah

### AUDIT & RISK MANAGEMENT COMMITTEE

Adnan Afridi	Chairman
Ms. Ayesha Humayun Khan	Member
Ehsan Mani	Member
Muhammad Waheed	Member
Himayat Ullah	Member

### HR & REMUNERATION COMMITTEE

Ehsan Mani	Chairman
Ms. Mehreen Hosain	Member
Ms. Syeda Shahbano Abbas	Member
Anwar Moin (CEO)	Member
Khwaja Ahmad Hosain	Member

### AUDITORS

Yousuf Adil Chartered Accountants

### LEGAL ADVISORS

Chima & Ibrahim, Raza Khalil Abbasi Suhrawardy

### BANKERS

Allied Bank Limited	Bank of Khyber
National Bank of Pakistan	United Bank Limited

### REGISTERED OFFICE

#### BIAFO INDUSTRIES LIMITED

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

### FACTORY

#### BIAFO INDUSTRIES LIMITED

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

### SHARES REGISTRAR

#### F.D. REGISTRAR SERVICES (PVT.) LTD.

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

## NOTICE OF 36<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 36th Annual General Meeting of Biafo Industries Limited will be held on October 24, 2024 at 11:00 a.m. at **Dewan-e-Khass, Islamabad Hotel, G-6 Civic Centre, Melody Market, Islamabad** to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on October 25, 2023.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024 together with Auditors' Report and Directors' Report thereon.
3. To approve the payment of final cash dividend of Rs. 2.30 per share (23%) and also the interim cash dividend of Rs. 2.30 per share (23%) declared on April 25, 2024, making a total of Rs. 4.60 per share (46%) cash dividend for the year ended June 30, 2024.
4. To appoint Auditors for the year 2024-25 and to fix their remuneration. Retiring Auditors M/s Yousuf Adil Chartered Accountants being eligible offer themselves for reappointment for the year 2024-25.

### SPECIAL BUSINESS:

5. To consider, and if deem fit, to pass with or without any amendment/modification the following resolution as special resolution, for the transmission of annual audited account through QR enabled code and weblink, which will be provided to the shareholders in the notice of general meeting, as allowed under S.R.O. 389 (1)/2023 issued by the Securities and Exchange Commission of Pakistan.

**"Resolved That**, notice of general meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.

**Resolved That**, the Company shall be considered compliant with the relevant requirements of section 223(6) of the Companies Act, 2017 by sending the Audited Financial Statements through e-mail to those shareholders who have provided their email address and/or sending a notice of meeting containing a QR code and the weblink address. In case a hard copy of Audited Financial Statements and/or Notice of AGM of the Company is desired, a specific request for the same by the shareholder will be made.

**FURTHER RESOLVED That** the Chief Executive Officer and Company Secretary are hereby jointly and severally authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution."

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

Statement under Section 134(3) of the Companies Act, 2017 in respect of special business contained in agenda item is being sent to the members along with the notice.

By Order of the Board



**Khawaja Shaiq Tanveer**  
Company Secretary

Islamabad  
September 24, 2024

### NOTES

1. Share Transfer Books of the Company will remain closed from October 17, 2024 to October 24, 2024 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.

## NOTICE OF 36<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

- 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

- 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.
- Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

### PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 dated March 03, 2021 has allowed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to physical attendance by the members as well.

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name with subject "**Registration for Biafo Industries Limited AGM - 2024**" along with valid copy of CNIC at [management@biafo.com](mailto:management@biafo.com). The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

### POSTAL BALLOT / E-VOTING

Members can exercise their right to vote through e-voting or postal ballot, subject to meeting the requirements of Sections 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018 (as the case may be).

### ELECTRONIC VOTING

- In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations,
- Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on October 18, 2024 by the e voting service provider.
- Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- Members shall cast vote online from October 21, 2024 at 9:00 A.M. till October 23, 2024 5:00 P.M. Voting shall close on October 23, 2024 at 5:00 P.M. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

### PROCEDURE FOR VOTING THROUGH POSTAL BALLOT

- Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website [www.biafo.com](http://www.biafo.com).
- The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, 1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan or email at [management@biafo.com](mailto:management@biafo.com) one day before the AGM, i.e., on October 23, 2024 before 5:00 P.M. A postal ballot received after this time / date shall not be considered for voting.
- The signature on the Ballot Paper shall match with signature on the CNIC.

### E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the

## NOTICE OF 36<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

entitled shareholders. Therefore, through this notice, all shareholders are requested to update their IBAN details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s F.D. Registrar Services (PVT) Ltd. E-Dividend mandate form is enclosed.

### DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

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

### FILER AND NON-FILER STATUS

i) In pursuance of Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a) For filers of income tax returns 15%
- b) For non-filers of income tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL on or before the date of approval of cash dividend at the Annual General Meeting on October 24, 2024 otherwise tax on their cash dividend will be deducted @ 30% instead of @ 15%.

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

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

#### **F.D. Registrar Services (PVT) Ltd.**

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

Tel: +92 21 32271905-6

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



## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

### **Circulation of Annual Audited Financial Statements through QR enabled code and weblink:**

The Securities and Exchange Commission of Pakistan (“SECP”) through its Notification No. S.R.O 389(1)/2023 dated March 21, 2023, has allowed companies to circulate the annual balance sheet and profit and loss account, auditor’s report and directors report, etc. (“annual audited financial statements”) to its members through QR enabled code and weblink.

The approval of the shareholders has to be obtained in the general meeting to circulate the annual audited financial statements to its members through the QR enabled code and weblink.

A shareholder may request the Company Secretary or Share Registrar of the Company to provide a hard copy of Annual Audited Accounts, and the same will be provided at shareholder’s registered addresses, free of cost within one week of the demand. In this regard, the Company’s designated email address / Share Registrar email address will be placed on website of the Company. A shareholder may also prefer to receive hard copies for all future Annual Audited Accounts.

In view of the above, it is proposed that the Special Resolution at Agenda 5 of the Notice of AGM be passed.

None of the Directors of the Company have any personal interest in the aforesaid Special Business except in their capacity as Shareholders or Directors of the Company.

# نوٹس برائے 36 واں سالانہ اجلاس عام

## پوسٹل بیلٹ کے ذریعے ووٹ ڈالنے کا طریقہ کار

- اراکین متبادل طور پر پوسٹل بیلٹ کا انتخاب کر سکتے ہیں۔ اراکین کی بھولت کے لیے، بیلٹ پیپر اس نوٹس کے ساتھ منسلک کیا گیا ہے اور یہ کمپنی کی ویب سائٹ (ویب سائٹ کا ایڈریس) پر بھی دستیاب ہے۔
- اراکین کو یقینی بنانا چاہیے کہ دستخط شدہ بیلٹ پیپر، شناختی کارڈ کی نقل کے ساتھ، کمپنی کے رجسٹرڈ ایڈریس (1st فلور BIAFO ہاؤس، پلاٹ نمبر 23، گلی نمبر 38-40، آئی اینڈ ٹی سینٹر، سیکٹر 10/4، اسلام آباد، پاکستان) یا ای میل (management@biafo.com) پر چھتر مین اجلاس کو سالانہ اجلاس عام کے ایک دن پہلے 23 اکتوبر 2024ء شام 5:00 بجے تک پہنچ جائے۔ اس وقت/تاریخ کے بعد موصول ہونے والا پوسٹل بیلٹ دو ٹنگ کے لیے قبول نہیں کیا جائے گا۔
- بیلٹ پیپر پر دستخط شناختی کارڈ پر موجود دستخط سے مماثلت رکھتے ہوں۔

## ای ڈیوڈنڈ

لہذا کمپنی ہونے کی صورت میں کمپنی ایکٹ 2017 کے سیکشن 242 کی روشنی میں شیئرز ہولڈرز اپنے منافع کی تعداد اسی گنگی صرف الیکٹرانک طریقہ کار کے ذریعے براہ راست اپنے نامزد کردہ بینک اکاؤنٹ میں کر سکتے ہیں۔ اسی لئے نوٹس ہذا کے ذریعے تمام شیئرز ہولڈرز سے استدعا کی جاتی ہے کہ بذریعہ متعلقہ شرکت کنندگان سینٹرل ڈیپازٹری سسٹم میں اپنے انٹرنیشنل بینک اکاؤنٹ (IBAN) کی تفصیلات کو اپ ڈیٹ کریں۔ فزیکل شیئرز کی صورت میں اپنے بینک اکاؤنٹ کی تفصیلات ہمارے شیئرز رجسٹر اریف ڈی رجسٹر اریف (پرائیویٹ) لمیٹڈ۔ ای۔ ڈیوڈنڈ مینڈیٹ فار منسلک کیا گیا ہے۔

## سی ڈی سی اکانونٹ میں فزیکل شیئرز کا ڈیپازٹ

کمپنی ایکٹ 2017 کے سیکشن 72 کی روشنی میں ہر موجودہ کمپنی کمپنی ایکٹ 2017 کے آغاز یعنی 31 مئی 2017 سے چار سال کے اندر ای سی ڈی سی میں موجود تفصیل کے مطابق اپنے فزیکل شیئرز ایکٹری فارم میں منتقل کرنے کی پابندی ہے۔ فزیکل شیئرز ہولڈنگ کے حامل شیئرز ہولڈرز کسی بروکر یا انونٹسٹر کاؤنٹ کے ذریعے سی ڈی سی میں براہ راست سی ڈی سی سب اکاؤنٹ کھولا سکتے ہیں اور اپنے شیئرز scrip-less فارم میں رکھ سکتے ہیں۔ یہ سی ڈی سی سے سود مند ہے خصوصاً حفاظت اور کسی بھی وقت شیئرز کی فروخت کیلئے کیوں کہ اسٹاک ایکسچینج کے موجودہ قواعد کے مطابق فزیکل شیئرز کی ٹریڈنگ کی اجازت نہیں ہے۔

## فائلر اور نان فائلر کا سٹیٹس

- انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے مطابق جس میں کمپنیوں کی جانب سے ادا کی جانے والی مالیت پر منافع کے دوہولڈنگ ٹیکس کی کوئی کے مختلف نرخ وضع کئے گئے ہیں۔ ٹیکس کے انراخ مندرجہ ذیل ہیں۔
  - الف۔ انکم ٹیکس ریٹرز فائلرز کیلئے 15 فیصد
  - ب۔ انکم ٹیکس ریٹرز 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 کوئی کے قابل بنانے کیلئے ان تمام شیئرز ہولڈرز جن کا نام ٹیکس فائلر ہونے کے باوجود، ایف بی آر کی ویب سائٹ پر موجود ایکٹیو ٹیکس لیٹرس (ATL) میں موجود نہیں ہے، کو یہ بات یقینی بنانے کی ہدایت کی جاتی ہے کہ وہ 24 اکتوبر 2024 کو متعلقہ ہونے والے سالانہ اجلاس عام میں نقد منافع کی منظوری کی تاریخ تک یا اس سے قبل اپنا نام ATL میں درج کروائیں بصورت دیگر نقد منافع پر 30 فیصد کے بجائے 15 فیصد ٹیکس کی کوئی کی جائے گی۔

مزید برآں، فیڈرل بورڈ آف ریونیو کی موصول شدہ وضاحت کے مطابق دوہولڈنگ ٹیکس کا تعین علیحدہ علیحدہ شیئرز ہولڈرز کے فائلر انان فائلر ہونے کی بنیاد پر کیا جائے گا۔ شیئرز کا وٹنس کی صورت میں بھی شیئرز کی مناسبت سے یہی طریقہ اختیار کیا جائے گا۔ اس سلسلے میں تمام شیئرز ہولڈرز جو مشترکہ طور پر شیئرز رکھتے ہیں وہ اپنے حصص کے تناسب کے بارے میں ہمارے شیئرز رجسٹر اور 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 یا شکایات معلومات کی صورت میں سرمایہ کار کمپنی یا شیئرز رجسٹر سے مندرجہ ذیل فون نمبر یا ای میل ایڈریس کے ذریعے رابطہ کر سکتے ہیں۔

## BIAFO انڈسٹریز لمیٹڈ

1st فلور، BIAFO ہاؤس، پلاٹ نمبر 23، گلی نمبر 38-40، آئی اینڈ ٹی سینٹر، سیکٹر 10/4، اسلام آباد، پاکستان۔  
 ٹیلیفون: 92-51-2353458-53, 2353455-57 +92-51-2353458  
 ویب سائٹ: www.biafo.com  
 ای میل: management@biafo.com

## ایف ڈی رجسٹر اریف (پرائیویٹ) لمیٹڈ

17th فلور، صائبر ٹیٹا ٹاور-A، آئی آئی چنڈر گھیر روڈ، کراچی  
 فون: 92 21 32271905-6

iii۔ سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیئرز ہولڈرز کیلئے بینٹل ٹیکس نمبر (NTN) ہونا لازمی ہے جو ان کے متعلقہ شرکت کنندہ کے ساتھ اپ ڈیٹ ہو جبکہ فزیکل شیئرز کے حامل کارپوریٹ ممبران کیلئے اپنے NTN سرٹیفکیٹ کی نقل کمپنی یا اس کے شیئرز رجسٹر اریف ڈی رجسٹر اریف (پرائیویٹ) لمیٹڈ کو ارسال کرنا ضروری ہے۔ شیئرز ہولڈرز اپنا NTN یا NTN سرٹیفکیٹ بھیجتے وقت، کمپنی کا نام اور نوٹیفیکیشن نمبر ضرور درج کریں۔

## کمپنی ایکٹ 2017 کے سیکشن (3) 134 کے تحت بیان

سالانہ آڈٹ شدہ مالیاتی گوشواروں کی QR کوڈ اور ویب لنک کے ذریعے ترسیل:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECPC") نے اپنے نوٹیفیکیشن نمبر S.R.O 389(I)/2023 مورخہ 21 مارچ 2023 کے ذریعے کمپنیوں کو اجازت دی ہے کہ وہ سالانہ بینٹل شیٹ، منافع و نقصان کا کھاتا، آڈیٹ کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ مالیاتی گوشوارے") اپنے ممبران کو QR کوڈ اور ویب لنک کے ذریعے فراہم کر سکیں۔

سالانہ آڈٹ شدہ مالیاتی گوشواروں کو QR کوڈ اور ویب لنک کے ذریعے فراہم کرنے کے لیے شیئرز ہولڈرز کی منظوری سالانہ اجلاس عام میں حاصل کرنی ہوگی۔

کوئی بھی شیئرز ہولڈرز کمپنی یا کمپنی کے شیئرز رجسٹر سے سالانہ آڈٹ شدہ اکاؤنٹس کی بارڈر کا پی ڈی درخواست کر سکتا ہے اور یہ کہ پی ڈی شیئرز ہولڈرز کے رجسٹرڈ پتے پر ایک ہفتے کے اندر بلا معاوضہ فراہم کی جائے گی۔ اس حوالے سے کمپنی کی مخصوص ای میل ایڈریس یا شیئرز رجسٹر اریف ای میل ایڈریس کمپنی کی ویب سائٹ پر فراہم کی جائے گی۔ کوئی بھی شیئرز ہولڈر آئندہ کے لیے سالانہ آڈٹ شدہ اکاؤنٹس کی بارڈر کا پی ڈی حاصل کرنے کو ترجیح دے سکتا ہے۔

مندرجہ بالا کے پیش نظر، سالانہ اجلاس عام کے نوٹس کے ایجنڈا نمبر 5 کے تحت خصوصی قرارداد منظور کرنے کی تجویز ہے۔

کمپنی کے سی ڈی سی یا ڈائریکٹرز کا خصوصی کاروبار میں کوئی ذاتی مفاد نہیں ہے، سوائے ان کے شیئرز ہولڈرز یا کمپنی کے ڈائریکٹرز ہونے کی حیثیت کے۔

## نوٹس برائے 36 واں سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ بیافو انڈسٹریز لمیٹڈ کا 36 واں سالانہ اجلاس عام مورخہ 24 اکتوبر 2024 دن 11:00 بجے دیوان خاص، اسلام آباد ہوٹل، G-6، سوک سینٹر، میلوڈی مارکیٹ اسلام آباد میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

### عمومی امور

- 1- سالانہ اجلاس عام منعقدہ 25 اکتوبر 2023 کے منٹس کی توثیق۔
  - 2- 30 جون 2024 کو ختم ہونے والے مالی سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں مع آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ کی وصولی اور منظوری
  - 3- 30 جون 2024 کو ختم ہونے والے مالی سال کیلئے حتمی نقد منافع منقسمہ بحساب 30 روپے فی شیئر (23 فیصد) اور 125 اپریل 2024 کو اعلان کردہ عبوری نقد منافع منقسمہ بحساب 2.30 روپے فی شیئر (23 فیصد) مجموعی منافع 4.60 روپے فی شیئر (46 فیصد) کی منظوری
  - 4- مالی سال 2024-25 کیلئے آڈیٹرز کی تعیناتی اور ان کے معاوضے کی منظوری۔ سبکدوش ہونے والے آڈیٹرز میسرز یوسف عادل چارڈا کا ڈائمنٹس اہل ہونے کی وجہ سے خود کو دوبارہ خدمات کیلئے پیش کیا ہے۔
- ### خصوصی امور
- 5- مندرجہ ذیل قرارداد کو بطور خصوصی قرارداد پاس کرنے پر غور کریں اور اگر مناسب سمجھیں تو بغیر کسی ترمیم یا تبدیلی کے یا ضروری ترمیمات کے ساتھ منظور کریں تاکہ سالانہ آڈٹ شدہ اکاؤنٹ کو آڈٹ کرکے اور ویب لنک کے ذریعے شیئر ہولڈرز کو فراہم کیا جاسکے، جو کہ اجلاس عام کے نوٹس میں شامل کیا جائے گا، جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ S.R.O. 389 (I)/2023 میں اجازت دی گئی ہے۔
  - 6- طے پایا کہ اجلاس عام کا نوٹس ایکٹ کی ضروریات کے مطابق ممبران کو ان کے رجسٹرڈ ایڈریس پر بھیجا جائے گا جس میں کیو آر کوڈ اور ویب لنک کا پتہ شامل ہوگا تاکہ سالانہ آڈٹ شدہ مالی گوشوارے اور اس کے ساتھ منسلک رپورٹس اور دستاویزات کو دیکھا اور ڈاؤن لوڈ کیا جاسکے جیسا کہ ایکٹ کے تحت درکار ہے۔
  - 7- طے پایا کہ کمپنی کیپٹیز ایکٹ 2017 کے سیکشن 223(6) کی متعلقہ ضروریات کی تعمیل کر رہی ہے، اگر وہ ان شیئر ہولڈرز کو آڈٹ شدہ مالی گوشوارے ای میل کے ذریعے ارسال کرتی ہے جنہوں نے اپنا ای میل پتہ فراہم کیا ہے، اور ای میلنگ کے نوٹس میں ایک کیو آر کوڈ اور ویب لنک کا پتہ شامل کیا ہے۔ اگر کسی شیئر ہولڈرز کو آڈٹ شدہ مالی گوشواروں اور یا کمپنی کے سالانہ اجلاس عام کا نوٹس ہاڈ کاپی میں درکار ہو تو وہ اس کے لیے الگ سے درخواست کرے گا۔
  - 8- مزید طے پایا کہ چیف ایگزیکٹو آفیسر اور کمپنی سیکرٹری کو اس قرارداد کے مقصد کو عملی جامہ پہنانے کے لیے تمام ضروری اقدامات اور کام کرنے کے لیے مشتیز طور پر اور الگ الگ طور پر اختیار دیا جاتا ہے۔
  - 9- چیئر مین کی اجازت سے میٹنگ میں رکھے جانے والے کچھ دیگر امور کی انجام دہی کے لیے۔
  - 10- ممبران کو ایجنڈا آئیٹیم میں شامل خصوصی امور سے متعلق بیان مع نوٹس کیپٹیز ایکٹ 2017 کے سیکشن 134(3) کے تحت ارسال کیے جا رہے ہیں۔

بجلم پورڈ  
خواجہ شائق تنویر  
کمپنی سیکرٹری

اسلام آباد،

مورخہ: 24 ستمبر 2024

### نوٹس

- 1- کمپنی کی شیئر منتقلی کی کتب 17 اکتوبر 2024 تا 24 اکتوبر 2024 (بشمول دونوں ایام) بند رہیں گی۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا استحقاق رکھنے والے ممبران کی جگہ پر ووٹ دینے اور شرکت کرنے کے لیے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ مقررہ گھنٹے کو شرکت، بولنے اور ووٹ کرنے کے وہی حقوق حاصل ہوں گے جو ممبر کو حاصل ہوتے ہیں۔ پراکسی کے موثر ہونے کیلئے ضروری ہے کہ ممبر شدہ، دستخط شدہ اور گواہی کے ساتھ پراکسی (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 کارڈ یا سپورٹس، یا شرکت کنندہ کے آئی ڈی نمبرز، اکاؤنٹ نمبرز ساتھ لائیں تاکہ ان کے 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 نہ کرانے کی صورت میں مستقبل کے تمام منافع روک لئے جائیں گے۔
- 5- ممبران سے استدعا کی جاتی ہے کہ وہ زکوٰۃ اور عشر آردینس 1980 کے مطابق زکوٰۃ سے متعلقہ کا بیان جمع کرائیں یا پتہ میں تبدیلی تجویز کریں، اگر ہوتو۔

### بذریعہ ویڈیو لنک سالانہ اجلاس عام میں شرکت کیلئے

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکل نمبر 6، مورخہ 3 مارچ 2021 کے ذریعے لسنڈ کمپنیز کو اجازت دی ہے کہ وہ شیئر ہولڈرز کے سالانہ اجلاس عام میں شرکت کے لیے ویڈیو لنک کی سہولت فراہم کر سکیں، اس کے علاوہ اراکین کی فزیکل حاضری بھی ممکن ہوگی۔

وہ شیئر ہولڈرز جو ویڈیو لنک کے ذریعے میٹنگ میں شرکت کے خواہشمند ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنا نام، فونو نمبر، موبائل نمبر، اور اپنے نام پر موجود شیئرز کی تعداد ای میل کریں جس کا موضوع ہو "Registration for Biafo Industries Limited AGM-2024" ساتھ ہی شناختی کارڈ کی موثر نقل [management@biafo.com](mailto:management@biafo.com) پر ای میل کریں۔ ویڈیو لنک اور لاگ ان تفصیلات صرف ان اراکین/متعلقہ پراکسیز کو فراہم کی جائیں گی جن کی ای میلز میں تمام مطلوبہ تفصیلات موجود ہوں اور ای میل سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے وصول ہو چکی ہوں گی۔

### پوسٹل بیلٹ / ای ووٹنگ

اراکین اپنے ووٹ کا حق ای ووٹنگ یا پوسٹل بیلٹ کے ذریعے استعمال کر سکتے ہیں، بشرطیکہ وہ کمپنیز ایکٹ، 2017 کے سیکشن 143-145 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کے متعلقہ کلاز کے تقاضے پورے کریں (جہاں لاگو ہو)۔

### الیکٹرانک ووٹنگ

- 1- کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کے مطابق، ہر لسنڈ کمپنی کے اراکین کو خصوصی امور کے لیے الیکٹرانک ووٹنگ کی سہولت فراہم کی جائے گی، جیسا کہ کمپنیز ایکٹ، 2017 کے تحت درجہ بیان کیا گیا ہے، اور یہ ریگولیشنز میں بیان کردہ شرائط کے مطابق ہوگا۔
- 2- ای ووٹنگ کی تفصیلات ان کمپنیز کے اراکین کو ای میل کے ذریعے شیئر کی جائیں گی جن کے درست موبائل نمبر/ای میل ایڈریس کمپنی کے رجسٹر میں دستیاب ہوں گے، 18 اکتوبر 2024 تک کاروباری دن کے اختتام تک۔
- 3- الیکٹرانک دستخط یا لاگ ان کے لیے توثیق کے ذریعے ووٹ ڈالنے کے خواہش مند اراکین کی شناخت کی تصدیق کی جائے گی۔
- 4- اراکین 21 اکتوبر 2024 صبح 9:00 بجے سے 23 اکتوبر 2024 شام 5:00 بجے تک آن لائن ووٹ دیں گے۔ ووٹنگ 23 اکتوبر 2024 شام 5:00 بجے بند ہو جائے گی۔ ایک بار جب رکن نے کسی قرارداد پر ووٹ دے دیا تو وہ اسے بعد میں تبدیل نہیں کر سکتے گا۔



**YEARS**

OF EXCELLENCE IN SERVICE





# CHAIRMANS' REVIEW

## CHAIRMANS' REVIEW

I am pleased to present the 36th Annual Report of the Company for the year ended 30th June 2024.

The Company reported a net turnover of Rs. 2,405.08 million during the period under review compared to Rs. 2,713.10 million last year, a decrease of 11.35%. The management team proactively faced the challenges emerging from higher cost of doing business, high inflation and the ongoing economic environment in the country.

Significant increases in supplies were made to mining, cement and mining export processing sectors. Supplies to the rest of the sectors decreased due to the economic downturn, including Oil and Gas exploration which was affected by security issues.

The Company earned a gross profit for the year of Rs. 1,015.50 million (2023: Rs. 1,183.96 million). Net Profit after tax stood at Rs. 295.03 million resulting in earnings per share of Rs. 6.36 (2023: Rs. 13.10). The profitability ratio decreased due to increases in finance costs, income taxes and recording of impairment loss against expected export proceeds from one of our customers in Africa, that become overdue, due to the circumstances in that country. The operating environment is expected to improve once the economy and security stabilizes and infrastructure projects gets revived.

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

Over the years, the Company has a record of paying high reasonable dividends. The Board has recommended a final cash dividend @ 23% (Rs. 2.30 per share) for the year ended June 30, 2024. This is in addition to the interim cash dividends @ 23% (Rs 2.30 per share) thus making a total of 46 % cash dividend.

The Company made significant investment in capital expenditure of Rs. 23 million in the last year to further strengthen its infrastructure and modernize plant & machinery.

The Board is responsible for the strategic planning process and developing the vision of the Company.

The Company has taken necessary measures to comply with the provisions of the code of corporate governance as incorporated in listing regulations of the Pakistan Stock Exchange. There has been no material departure from the best practices as 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 meet regularly to advise the Board. The system of internal control is sound in design and has been effectively implemented and monitored.

Looking forward, the Company will continue to strengthen its position in the local market to tap the opportunities emerging from large Mining and infrastructure projects. We are also exploring further opportunities in the international market, specifically in Africa and some other South Asian Countries.

In the end, on behalf of the Board, I wish to acknowledge the contribution of all our dedicated employees for 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  
24 September 2024



**Ehsan Mani**  
Chairman

## چیئر مین کا جائزہ

میں 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی 36 ویں سالانہ رپورٹ پیش کرتے ہوئے انتہائی خوش محسوس کرتا ہوں۔

کمپنی کا زیر جائزہ عرصہ کے دوران خالص ٹرن اوور 11.5 فیصد کی ساتھ 2,405.08 ملین روپے رہا جو کہ گزشتہ سال 2,713.10 ملین روپے کا تھا۔ انتظامیہ نے کاروبار کی بڑھتی ہوئی لاگت، مہنگائی اور ملک کی موجودہ معاشی صورتحال سے نبرد آزما ہونے کیلئے بروقت اقدامات اٹھائے۔

مانٹنگ، سینٹ اور مانٹنگ ایکسپورٹ پراسیسنگ سیکٹر میں سپلائرز میں خاطر خواہ اضافہ ہوا۔ دیگر شعبہ جات بشمول آئل اینڈ گیس کی دریافت کی سرگرمیوں میں ملک کی معاشی صورتحال اور سیکورٹی مسائل کی وجہ سے سپلائرز میں کمی واقع ہوئی۔

کمپنی نے اس سال 1,015.50 ملین روپے کا مجموعی منافع کمایا۔ (سال 2023: 1,183.96 ملین روپے) جبکہ ٹیکس کی ادائیگی کے بعد خالص منافع 295.03 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 6.36 روپے رہی۔ (سال 2023: 13.10 روپے)۔ منافع کی شرح میں کمی ہوئی کیونکہ شرح سود، آئٹم سیکسز اور افریقہ میں ہمارے ایک صارف سے متوقع برآمدات کی وصولیوں پر تاخیر کی وجہ سے اخراجات میں اضافہ ہوا جو اس ملک کی سیکورٹی صورتحال کی وجہ سے مقررہ وقت پر موصول نہیں ہو سکیں۔ کمپنی کے آپریٹنگ انواؤزمنٹ میں ملک کی معاشی و سیکورٹی صورتحال میں استحکام اور تعمیری منصوبہ جات کی بحالی کے ساتھ بہتری آئے گی۔

آپ کی کمپنی پیداواری استعداد میں اضافہ، انسانی وسائل کی ترقی اور حفاظتی اقدامات بڑھانے کے لیے سرمایہ کاری کرتی رہے گی تاکہ ہمارے صارفین 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 2024 کو ختم ہونے والے سال کے لیے کمپنی کے منافع سے حتمی نقد منافع منقسمہ 23 فیصد (-2.30) روپے فی شیئر) کی سفارش کی ہے۔ یہ عبوری نقد منافع منقسمہ 23 فیصد (-2.30) روپے فی شیئر) کے علاوہ ہے جو شیئر ہولڈرز کو ادا کیا جا چکا ہے۔ مجموعی نقد منافع 46 فیصد ہے

کمپنی نے اپنے انفراسٹرکچر کو مضبوط اور پلانٹ اور مشینری میں جدت لانے کے لیے 23 ملین روپے کی کثیر رقم خرچ کی۔

بورڈ کمپنی کی حکمت عملی اور وژن کو ترتیب دینے میں ہمہ تن مصروف ہے۔

کمپنی نے پاکستان سٹاک ایکسچینج کی فہرستی ضوابط میں دی گئی کوڈ آف کارپوریٹ گورننس کی دفعات پر عمل کرنے کیلئے ضروری اقدامات کیے ہیں۔ کمپنی نے فہرست شدہ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019) کے تعمیلی بیان کے طے کردہ ضوابط سے کبھی انحراف نہیں کیا۔

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

کمپنی کی آڈٹ ورک منجمنٹ کمیٹی اور انسانی وسائل و معاوضہ طے کرنے والی کمیٹی بورڈ کی مشاورت کیلئے باقاعدہ طور پر میٹنگز کا انعقاد کرتی ہے۔ کمپنی اندرونی طور پر بہت مضبوط ہے جسے موثر طریقے سے کنٹرول اور مانیٹر کیا جاتا ہے۔

مستقبل میں کمپنی مقامی مارکیٹ میں اپنی پوزیشن کو مزید مضبوط بنانے کی تاکہ بڑے کان کنی منصوبہ جات اور دیگر تعمیراتی منصوبوں سے استفادہ حاصل کر سکے۔ ہم بین الاقوامی مارکیٹ خصوصاً افریقہ اور جنوبی ایشیا کے دیگر ممالک میں بھی کاروباری مواقع تلاش کر رہے ہیں۔

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 اعانت نے کمپنی کو کامیابیوں سے ہمکنار کیا۔



احسان مانی  
چیئر مین

اسلام آباد

24 ستمبر 2024



# DIRECTORS' REPORT



## DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report for the year ended June 30, 2024. This report includes the Company's audited financial statements, providing a comprehensive overview of our financial performance and strategic initiatives taken during the past fiscal year.

### Company Profile

Biafo Industries Ltd., established in 1988, is a manufacturer of high-quality commercial explosives and blasting accessories. The company specializes in producing Tovex Water Gel Explosives, designed for a broad spectrum of applications such as Blasting, Breaking, Seismic Exploration, Coal Mining, and Presplitting. Additionally, Biafo offers Powder Explosives and a comprehensive range of Blasting Accessories, including detonators and other essential materials, ensuring safe, environmental friendly and precise blasting operations.

### Organizational Overview

Biafo operates a state-of-the-art, fully automated manufacturing facility that ensures the efficient production of Tovex and Powder explosives with exceptional quality and precision. The company also manufactures a comprehensive range of blasting accessories, using advanced technology originally sourced from Hanwha Group of South Korea. Through ongoing in-house research and development, Biafo remains at the forefront of the industry's evolving innovation in Products, continually adapting these to meet the growing demands of the market.

### Financial Performance

During the year under review, the Company achieved net sales revenue of Rs. 2,405.10 million, compared to Rs. 2,713.10 million in the previous year. Gross profit decreased by 14.30% to Rs. 1,015.50 million (2022-23: Rs. 1,183.96 million). The Company posted a net profit after tax of Rs. 295.03 million (2022-23: Rs. 607.68 million), resulting in earnings per share of Rs. 6.36 (2022-23: Rs. 13.10).

The decline in profitability is primarily attributable to higher finance costs, a reduction in sales due to the ongoing economic downturn, and the recognition of an impairment loss on expected export proceeds from a customer in Africa, which have become overdue because of the political unrest in that region. However, we have received assurances from the customer that the funds will be released. We anticipate the Market situation to improve once the economy stabilizes and infrastructure projects resume.

### Segment wise Sales and Market Performance

The Company recorded improvement in supplies to the mining, and cement, sectors during the year. However, supplies to other sectors saw a decline, largely due to the impact of the broader economic downturn and security issues facing especially the Oil and Gas exploration sector.

### Production

The production team demonstrated strong performance by successfully meeting customer demands and ensuring timely delivery of products, despite the challenging economic environment.

Biafo remains committed to delivering only the highest quality products to its clients. The Company continues to invest in enhancing product efficiency, developing human resources, and maintaining stringent safety practices to strengthen the trust and confidence of its customers, workforce, and stakeholders.

### Capital Expenditure

The Company remains committed to leveraging the latest production technologies to capitalize on emerging opportunities driven by technological advancements. During the year, Biafo invested Rs. 23 million in capital expenditures to maintain and enhance its manufacturing capacity, ensuring continued operational efficiency and readiness for future growth.

### Liquidity Management & Cash Flow Strategy

During the year, the Company generated Rs. 881.95 million from operational activities. By the end of the year, net borrowings from banks through running finance facilities stood at Rs. 172.12 million, after accounting for cash and bank balances.

## DIRECTORS' REPORT

To ensure smooth business operations, Biafo has implemented a formal cash flow monitoring system, which regularly projects and tracks inflows and outflows, enhancing the Company's ability to manage liquidity effectively.

### Evaluation of Company's Performance

To assess the Company's performance, management employs a range of indicators, including industry growth, previous years' performance, macroeconomic factors, and the broader business environment. Budgets are reviewed regularly, and actual performance is compared against these budgets. This approach allows for timely corrective actions and ensures effective management of the Company's strategic and operational objectives.

### Risk Management

Effective risk management is central to our daily operations. We are committed to exploring and developing opportunities to maintain our competitive edge and achieve our strategic goals. To support this, the Company has established an independent risk management department that reports directly to the Board's Audit and Risk Committee. This department has developed a comprehensive risk management process, outlined in the risk policy manual, which includes advanced tools and techniques for identifying, evaluating, assessing, mitigating, and reporting risks.

### Adequacy of Internal Financial Controls

The Board of Directors has instituted robust internal financial controls across all functions of the Company. The independent internal audit function routinely monitors the implementation of these controls, while the Audit Committee conducts regular reviews to ensure their effectiveness and compliance.

### Contribution to National Exchequer

The Company has contributed Rs. 253.35 million to the government during the year (2023: Rs. 216.32 million), encompassing various levies such as Income Tax and Sales Tax.

### Health, Safety & Environment

Handling explosives demands the highest standards of safety. At our Company, we prioritize the implementation of rigorous safety measures and control mechanisms to ensure the well-being of our workforce every day. Our goal is to foster a zero-accident culture.

We are certified to ISO 9001:2015 and OHSAS 18001:2007 standards, reflecting our commitment to quality and occupational health and safety. Our approach is guided by comprehensive standards, policy guidelines, operating procedures, and hazard identification systems, all of which are regularly reviewed and updated. In addition, we conduct routine risk assessments, audits, and inspections to maintain and enhance our safety and environmental safe practices.

### Human Resource

Our company is committed to upholding the highest standards of professionalism by recognizing and leveraging individual capabilities, productivity, commitment, and contributions. We firmly believe that the continued success of the company relies on a carefully selected, well-trained, and dedicated workforce. We place significant emphasis on the training and development of our personnel and strive to maintain a healthy and supportive work environment.

The Human Resource and Remuneration (HR&R) Committee of the Board oversees HR policy matters and met three times during the year to review and evaluate policies and procedures.

Despite the challenges of lower profitability, the Company did not implement any layoffs during the period, reflecting our commitment to our employees.

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a core value and a fundamental aspect of Biafo's mission. The Company actively supports a wide range of initiatives through donations to various organizations, hospitals, and charitable institutions. Our contributions span multiple areas, including healthcare, education, disaster relief, and the arts and culture, reflecting our commitment to making a positive impact in the community.

# DIRECTORS' REPORT

## Environmental, Social, Governance

BIAFO remains deeply committed to the sustainability agenda and recognizes that we are responsible for the sustainability of our operations, products and environment. In line with the SECPs ESG Regulatory Roadmap issued in 2022 and Guidelines on ESG Disclosures for Listed Companies, 2023, BIAFO is focusing on building a robust governance structure for our ESG efforts, starting with reviewing and acting on our highest priority ESG impacts. Given the cross-cutting nature of ESG, our current focus is to ensure that on-going efforts under various departmental domains (e.g. Health and Safety, Environment, CSR etc) are reviewed systematically through an ESG lens and the key performance indicators suggested by SECP are regularly monitored, reported and actioned to ensure compliance with regulatory frameworks and the forward-looking steer from the SECP and the PSX Primer on ESG issued in 2024. A more comprehensive reporting framework is being developed to highlight BIAFO's vision and efforts in this area.

## Return to Shareholders

The Board of Directors has recommended a final cash dividend of Rs. 2.30 per share (23%) based on the profits for the year ended June 30, 2024. This is in addition to the interim cash dividend of Rs. 2.30 per share (23%) declared on April 25, 2024, bringing the total cash dividend to Rs.4.60 per share (46%).

## Business Challenges and Future Prospects

The current economic environment poses significant challenges to the industry, including political instability, high interest rates, and sharp cost increases, which have collectively exerted a substantial strain on the sector.

Despite these difficulties, Biafo Industries Ltd. has demonstrated remarkable earnings growth over the years, reflecting our resilience amid market and economic instability. In response to these challenges, we are pursuing several strategic initiatives. We are exploring opportunities in large mining projects and expanding our export markets to East Africa, Central Asia and other targeted regions.

## COMPOSITION OF THE BOARD

The total number of directors are 12 as per the following composition:

Male: Nine (9)

Female: Three (3)

The composition of Board is as follows:

i.	Independent Directors	i) Ehsan Mani (Chairman)
		ii) Syed Zomma Mohiuddin
		iii) Adnan Afridi
		iv) Himayat Ullah
ii.	Non-Executive Directors	i) M. Zafar Khan
		ii) Khwaja Ahmad Hosain
		iii) Muhammad Waheed
iii.	Executive Directors	i) M. Afzal Khan
		ii) Anwar Moin (CEO)
iv.	Female Directors	i) Ms. Ayesha Humayun Khan (Non-Executive Director)
		ii) Ms. Mehreen Hosain (Non-Executive Director)
		iii) Ms. Syeda Shahbano Abbas (Non-Executive Director)

## DIRECTORS' REPORT

In accordance with Company policy, non-executive directors, including independent directors, receive only a meeting fee, the amount of which is approved by the Board of Directors.

The Board has established a formal process for evaluating its own performance. Additionally, it is in the process of developing a framework to assess the performance of its committees, in line with the requirements of the Code of Corporate Governance.

### Board of Directors Structure, Its Committees and Meetings

Throughout the year, the Board actively fulfilled its responsibilities in accordance with various laws and the Company's Memorandum and Articles of Association, with the primary goal of enhancing profitability and increasing shareholder returns. The Board is composed of members with the necessary skills, competence, knowledge, and experience to effectively address a range of business issues.

The Chairman of the Board is a non-executive director. During the year, the Board convened four times to review periodic financial statements and address both significant and routine matters, including those referred by its committees.

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

#### Audit & Risk Management Committee

Adnan Afridi	Chairman
Ehsan Mani	Member
Himayat Ullah	Member
Ms. Ayesha Humayun Khan	Member
Muhammad Waheed	Member

#### HR & Remuneration Committee

Ehsan Mani	Chairman
Anwar Moin (CEO)	Member
Ms. Syeda Shahbano Abbas	Member
Ms. Mehreen Hosain	Member
Khwaja Ahmad Hosain	Member

#### Executive Committee

M. Afzal Khan	Chairman
Anwar Moin (CEO)	Member
Ehsan Mani	Member
Himayat Ullah	Member
Khwaja Ahmad Hosain	Member

#### CSR & HSE Committee

M. Zafar Khan	Chairman
Ms. Mehreen Hosain	Member
Ms. Ayesha Humayun Khan	Member
Syeda Zomma Mohiuddin	Member

### Code of Corporate Governance

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

The Board consistently reviews the Company's strategic direction, including the business plans and targets set by the Chief Executive. We remain committed to upholding the highest standards of corporate governance. In accordance with the Code of Corporate Governance, your directors are pleased to provide the following report:

- 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 accounts 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.

## DIRECTORS' REPORT

- There has been no material departure from the best practices of the code of corporate governance, as detailed in the listing regulations except those disclosed in the 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, 2024 except for those stated in the financial statements.
- Four directors of the Company are exempt from the directors' training program on the basis of their level of education and length of experience as provided in the CCG. Further, six of the directors of the Company have obtained certification under the directors' training program as required under clause (xi) of the CCG during prior years. None of the directors attended any training program during the year.
- The values of investment of various funds, based on their respective accounts as at 30 June 2024 are as:

DESCRIPTION	AMOUNT
Provident Fund	Rs. 161,911,439
Gratuity Fund	Rs. 125,230,496

### Key Operating and Financial Data

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

### Auditors

The current auditors, M/s Yousuf Adil Chartered Accountants, will retire at the end of the fiscal year. Being eligible for reappointment, they have expressed their willingness to continue in their role. The Audit Committee, after careful consideration, recommends the reappointment of M/s Yousuf Adil Chartered Accountants as the External Auditors for the Company for the fiscal year 2024-25.

### Pattern of Share Holding

Pattern of shareholding is enclosed.

### Acknowledgement

The Board extends its sincere appreciation to all employees for their unwavering commitment and hard work. Their dedication has been instrumental in navigating the challenges and seizing new opportunities. We also wish to acknowledge the support and cooperation of our key stakeholders, including our valued customers, suppliers, and financial partners, particularly Allied Bank Ltd and United Bank Ltd.

On behalf of the Board



**Anwar Moin**  
Chief Executive Officer



**Ehsan Mani**  
Chairman

**Islamabad**  
**24 September 2024**

## ڈائریکٹرز رپورٹ

### کوڈ آف کارپوریشن گورننس

- ہمارے لئے یہ انتہائی خوشی کی بات ہے کہ کمپنی نے کوڈ آف کارپوریشن گورننس کی پیروی کے لئے پاکستان اسٹاک ایکسچینج کے فہرستی ضوابط کے مطابق ضروری اقدامات کئے ہیں۔
- بورڈ باقاعدگی سے کمپنی کی کلیدی سمت کا جائزہ لیتا ہے۔ چیف ایگزیکٹو کی جانب سے اہداف مقرر کئے جاتے ہیں اور بورڈ کی طرف سے ان کا باقاعدگی سے جائزہ دیا جاتا ہے۔ بورڈ اعلیٰ کارپوریشن گورننس کے معیارات قائم کرنے کیلئے پرعزم ہے۔
- جیسا کہ ضابطہ کارپوریشن گورننس کی رو سے مطلوب ہے، آپ کے ڈائریکٹرز آپ کو اس امر سے آگاہ کرنے میں مسرت محسوس کرتے ہیں کہ:
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، مصفاہ طور پر کمپنی کی موجودہ حالت، اس کے آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔
  - کمپنی کے اکاؤنٹس کے ریکارڈ کو باقاعدہ طور پر منظم کیا جاتا ہے۔
  - مالیاتی گوشواروں کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسی اختیار کی جاتی ہے اور کھاتوں کا تخمینہ مناسب ہتھاطر بقوں 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 ہے۔
  - اندرونی کنٹرول کا نظام ساخت میں ٹھوس ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔ نظام براہ خود بہتری کے لئے جب بھی اور جہاں بھی ضروری ہو مسلسل نظر ثانی کی جاتی ہے۔
  - کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔
  - فہرستی ضوابط میں درج کوڈ آف کارپوریشن گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا سوائے لیکویڈیٹی میں موجود تقابلی بیان کے (کوڈ آف کارپوریشن گورننس ریگولیشنز، 2019)۔
  - ٹیکس، ڈیویڈنڈ، بیوز اور چارجز کی مد میں 30 جون 2024 تک بتایا جاتا ہے کوئی بھی قانونی ادائیگی نہیں کرنی سوائے ان کے جو مالی گوشواروں میں بیان کی گئی ہیں۔
  - کمپنی کے چارڈائریکٹرز اپنی تعلیمی قابلیت اور وسیع تجربے کی بنیاد پر ڈائریکٹرز ٹینک پروگرام سے مستثنیٰ ہیں جیسا کہ کوڈ آف کارپوریشن گورننس کے احکامات میں دیا گیا ہے۔ مزید چارڈائریکٹرز نے گزشتہ سال کے دوران نے ڈائریکٹرز ٹینک پروگرام کے تحت سرٹیفکیٹ حاصل کر لیا ہے جیسا کہ کوڈ آف کارپوریشن گورننس کی شق (11) کے تحت مطلوب ہے۔ دوران سال کسی بھی ڈائریکٹر نے کسی بھی ٹینک پروگرام میں شرکت نہیں کی۔
  - 30 جون 2024 کو متعلقہ اکاؤنٹس کی بنیاد پر مختلف فنڈز کی سرمایہ کاری کی مالیت حسب ذیل ہے:

رقم	تفصیل
161,911,439/- روپے	پروڈیٹ فنڈ
125,230,496/- روپے	گرےجویٹی فنڈ

### اہم آپریٹنگ اور مالیاتی اعداد و شمار

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

### آڈیٹرز

موجودہ آڈیٹرز میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس اس مالی سال کے اختتام پر سبکدوش ہو رہے ہیں۔ اہل ہونے کے باعث انہوں نے دوبارہ تقرری کے لئے اپنی خدمات پیش کرنے کی پیشکش کی ہے۔ کمپنی کی آڈٹ کمیٹی نے معاملے پر غور کیا اور سبکدوش ہونے والے آڈیٹرز کی مالی سال 2024-25 کیلئے دوبارہ تقرری کی سفارش کی۔

### شیئر ہولڈنگ کا طریقہ کار

شیئر ہولڈنگ کا طریقہ کار لطف ہے۔

### اعتراف

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

بورڈ کی جانب سے



انور معین  
چیف ایگزیکٹو آفیسر



احسان مانی  
چیئر مین

اسلام آباد

24 ستمبر 2024

## ڈائریکٹرز رپورٹ

### ادارے کی سماجی ذمہ داری

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

### انوائسمنٹل، سوشل گورننس

بنیاد اپنے پائیداری ایجنڈے پر پوری طرح گامزن ہے اور اپنے آپریٹنگ، پراڈکٹس اور انوائسمنٹ میں پائیدار بہت کو یقینی بناتا ہے۔ ایس ای سی پی کا 2022 میں جاری کردہ ای ایس جی ریگولیشن روڈ میپ اور ای ایس جی Disclosures برائے سٹیک ہولڈرز 2023 پرنسپل ہیرا بیٹھائی ایس جی کاوشوں کیلئے ایک موثر گورننس اسٹریٹجی قائم کرنے پر توجہ مرکوز کیے ہوئے ہے جس کا آغاز ای ایس جی ایٹر پرائمری اور لیٹن ٹریج سے کیا گیا ہے۔ ای ایس جی کی جامع نوعیت کو مد نظر رکھتے ہوئے ہمارا موجودہ فوکس مختلف شعبہ جات (مثلاً صحت و حفاظت، ماحول اور سی ایس آر وغیرہ) میں جاری کاوشوں کا ای ایس جی لینڈ کے ذریعے منظم طریقے سے جائزہ لینا ہے اور ایس ای سی پی کے تجویز کردہ کارکردگی کے اہم اشاریوں کی باقاعدہ نگرانی اور رپورٹنگ کرنا ہے تاکہ 2024 میں جاری کردہ ای ایس جی ایس ای سی پی اور پاکستان اسٹاک ایکسچینج ریگولیشنز فریم ورک پر عملدرآمد یقینی بنایا جاسکے۔ ایک جامع رپورٹنگ فریم ورک ترتیب دیا جا رہا ہے تاکہ اس شعبے میں بنیادوں کے وژن کو واضح کیا جاسکے۔

### شیر ہولڈرز کیلئے منافع

بورڈ کی جانب سے 30 جون 2024 کو ختم ہونے والے سال کے منافع کی بنیاد پر حتمی نقد منافع 2.30 روپے (23 فیصد) فی شیئر کی گئی ہے۔ یہ منافع 25 اپریل 2024 کو اعلان کردہ 2.30 روپے فی شیئر (23 فیصد) سے اضافی ہے۔ مجموعی منافع 4.60 روپے (46 فیصد) فی شیئر۔

### کاروباری مسائل اور مستقبل کے امکانات

ملک کی موجودہ معاشی صورتحال بشمول سیاسی عدم استحکام، زیادہ شرح سود اور لاگت میں اضافہ اس وقت صنعت کیلئے بہت بڑا مسئلہ ہے جس نے بنیادوں کو بھی بری طرح متاثر کیا ہے۔ تاہم، تمام مسائل کے باوجود بنیادوں نے گزشتہ برسوں کی طرح اس سال بھی منافع کمایا جو ملک کی ابتر معاشی صورتحال کے پیش نظر انتہائی شاندار ہے۔ ان مسائل سے تیز رفتاری سے نمٹنے کیلئے ہم کئی اقدامات اٹھا رہے ہیں۔ ہم بڑے کان کنی منصوبوں میں نئے مواقع تلاش کر رہے ہیں اور اپنی ایکسپورٹ مارکیٹ کو مشرقی افریقہ، وسطی ایشیا اور دیگر ممالک تک پھیلا رہے ہیں۔

### بورڈ کی تشکیل

ادارے میں مجموعی طور پر 12 ڈائریکٹرز موجود ہیں جن میں سے مرد: نو (9) خواتین: تین (3) بورڈ کی تشکیل مندرجہ ذیل ہے۔

### خود مختار ڈائریکٹرز

i۔ احسان مانی (چیئر مین)

ii۔ سید زوماچی الدین

iii۔ عدنان آفریدی

iv۔ حمایت اللہ

### ایگزیکٹو ڈائریکٹرز

i۔ ایم افضل خان

ii۔ انور مبین (سی ای او)

### خواتین ڈائریکٹرز

i۔ محترمہ عائشہ ہمایوں خان (نان ایگزیکٹو ڈائریکٹر)

ii۔ محترمہ سیدہ شاہ بانو عباس (نان ایگزیکٹو ڈائریکٹر)

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

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

### بورڈ آف ڈائریکٹرز کی ساخت، کمیشنیاں اور اجلاس

اس سال کے دوران بورڈ نے مختلف قوانین، بیورڈنڈم اور کپنی کے آرٹیکل آف ایسوسی ایشن کے تحت انتہائی فعال انداز میں اپنے فرائض اس مقصد کے لئے انجام دیئے کہ کپنی اور شیر 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 چیئر مین نان ایگزیکٹو ڈائریکٹر ہیں۔ اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے تاکہ مخصوص دورانیے کی مالیاتی شیٹمنٹ کا جائزہ لیا جاسکے اور اہم اور عمومی نوعیت کے معاملات بشمول ان کے جو کہ بورڈ کپنی کو بھیجے گئے، پر غور کیا جاسکے۔

بورڈ کی کپنی اور اس کی ساخت درج ذیل ہے

### آڈٹ کپنی اور رسک مینجمنٹ کپنی

عدنان آفریدی چیئر مین

احسان مانی ممبر

محترمہ عائشہ ہمایوں خان ممبر

حمایت اللہ ممبر

محمد وحید ممبر

### ایگزیکٹو کپنی

ایم افضل خان چیئر مین

انور مبین (سی ای او) ممبر

احسان مانی ممبر

حمایت اللہ ممبر

خواجہ احمد حسین ممبر

### ایچ آر و معروضہ جاتی کپنی

احسان مانی چیئر مین

انور مبین (سی ای او) ممبر

محترمہ سیدہ شاہ بانو عباس ممبر

محترمہ مہرین حسین ممبر

خواجہ احمد حسین ممبر

### سی ایس آر ایچ ایس ای کپنی

ایم افضل خان چیئر مین

محترمہ عائشہ ہمایوں خان ممبر

محترمہ مہرین حسین ممبر

سید زوماچی الدین ممبر

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 30 جون 2024 کو اختتام پذیر ہونے والے مالی سال کے لئے کمپنی کی سالانہ رپورٹ مسرت کے ساتھ پیش کر رہے ہیں۔ اس رپورٹ میں گزشتہ مالی سال کے دوران مالی کارکردگی اور اقدامات پر مشتمل کمپنی کی آڈٹ شدہ فنانشل سٹیٹمنٹ شامل ہے۔

### کمپنی پروفائل

بیا فوائڈسٹریبلٹیڈ 1988 سے اعلیٰ معیار کے کمرشل ایکسپلو سوز (بارودی مواد) اور بلاسٹنگ اسرسز بنانے والی کمپنی ہے۔ بیا فوائڈسٹریبلٹیڈ ٹیکنالوجی اور انجینئرنگ میں بلاسٹنگ، بریکنگ، سیمیٹک ایکسپلو ریشن، کول مائنگ اور Presplitting شامل ہیں۔ بیا فوائڈسٹریبلٹیڈ اور ماحول دوست بلاسٹنگ آپریٹرز کو یقینی بنانے کیلئے پاؤڈر ایکسپلو سوز اور بلاسٹنگ اسرسز کی وسیع رینج بشمول ڈیٹونیشن اور دیگر ضروری ممبریل بھی بناتی ہے۔

### ادارہ جاتی جائزہ

بیا فو کے پاس ایک جدید اور سٹیٹ آف دی آرٹ میٹریٹل پراجیکٹ یونٹ ہے جو انتہائی آڈمیٹڈ ہے اور ٹیڈو کیس ایکسپلو سوز اور پاؤڈر ایکسپلو سوز بنا سکتا ہے۔ بیا فو جنوبی کوریا کے Hanwha گروپ سے حاصل کردہ ٹیکنالوجی کی بدولت ایکسپلو سوز کیلئے بلاسٹنگ اسرسز کی وسیع رینج بھی بناتی ہے۔ بیا فو میں تحقیق و ترقی پر خصوصی توجہ مرکوز کی جاتی ہے جس کی بدولت ضرورت کے مطابق نئی مصنوعات بھی تیار کی جاتی ہیں۔

### مالی کارکردگی

زیر جائزہ سال کے دوران کمپنی کی سلیز کے شعبے میں اصل آمدنی 2,405.10 ملین روپے رہی جبکہ گزشتہ سال یہی آمدنی 2,713.10 ملین روپے تھی۔ اس سال کے مجموعی منافع میں 14.30 فیصد کمی ہوئی جو اس سال 1,015.50 ملین روپے رہا۔ (سال 2022-23 میں منافع 1,183.96 ملین روپے تھا)۔ کمپنی کو ٹیکس ادائیگی کے بعد 295.03 ملین روپے خالص منافع حاصل ہوا (سال 2022-23 میں خالص منافع 607.68 ملین روپے تھا)۔ جس کے نتیجے میں فی شیئر 6.36 روپے آمدنی ہوئی۔ (سال 2022-23 میں فی شیئر آمدنی 13.10 روپے تھی)۔

منافع کی شرح میں کمی ہوئی کیونکہ مالیاتی اخراجات، معاشی ابتری کی وجہ سے سلیز میں کمی اور فریقہ میں ہمارے ایک صارف سے متوقع برآمدات کی وصولیوں پر ریکارڈ تاخیر کی وجہ سے اخراجات میں اضافہ ہوا جو اس ملک کی سیاسی عدم استحکام کی صورتحال کی وجہ سے مقررہ وقت پر موصول نہیں ہو سکیں۔ ہمارے صارف نے یقین دلا یا ہے کہ ادائیگی جلد از جلد کر دی جائے گی۔ ہمیں امید ہے کہ معاشی استحکام اور تعمیری منصوبہ جات کی بحالی کے ساتھ مارکیٹ بہتر ہوگی۔

### شعبے کے اعتبار سے فروخت اور مارکیٹ میں کارکردگی

زیر جائزہ عرصے کے دوران کمپنی کی کان کنی اور سیمنٹ کے شعبے کو سلیز میں اضافہ ہوا۔ تاہم دیگر دیگر شعبہ جات خاص طور پر آئل اور گیس کے شعبے میں معاشی ابتری اور یکپو رٹی مسائل کی وجہ سے سلائی میں کمی ہوئی۔

### پیداوار

پلانٹ پروڈکشن ٹیم نے صارفین کی ضروریات پوری کرنے اور مختلف پروڈکٹس اور سروسز کی طلب کو پورا کرنے کے لئے ملک کی معاشی ابتری کی باوجود بھی موثر کارکردگی کا مظاہرہ کیا۔ بیا فو کارکردگی میں مسلسل بہتری کے فلسفے پر یقین رکھتے ہوئے اپنے تمام معزز صارفین کو پروڈکٹس کا بہترین مینوفیکچرنگ فراہم کرنے میں مصروف عمل ہے۔ کمپنی پیداواری صلاحیت، قابل افرادی قوت اور محفوظ عمل کا پابند ہونے کے ساتھ ساتھ، عملے اور سٹیک ہولڈرز کے اعتماد میں اضافہ کر رہی ہے۔

### کمپنیل اخراجات

ٹیکنالوجی میں جدت کی بدولت پیدا ہونے والے نئے واقعوں سے استفادہ کرنے کی خاطر آپ کی کمپنی نئی پیداواری ٹیکنالوجیز میں سرمایہ کاری کرتی رہتی ہے۔ کمپنی نے میٹریٹل پراجیکٹ صلاحیت میں اضافے کیلئے اس سال 23 ملین روپے کی سرمایہ کاری کی ہے۔

### لیکچر ڈیٹا بیجمنٹ اور کیش فلو سٹریٹیجی

زیر جائزہ عرصہ میں آپریٹنگ سرگرمیوں سے 881.95 ملین روپے حاصل ہوئے۔ سال کے اختتام تک کمپنی نے ٹیکسوں سے 172.12 ملین روپے ادھار لیے۔

آپ کی کمپنی نے پیش فلو کی گمانی کیلئے ایک باقاعدہ نظام قائم کیا ہے جس میں باقاعدہ طور پر ادائیگیوں اور ادائیگیوں کا تخمینہ لگا یا جاتا ہے اور گمانی کی جاتی ہے۔

### کمپنی کی کارکردگی کی جانچ پڑتال

کمپنی کی کارکردگی کی جانچ پڑتال کیلئے بیجمنٹ کارکردگی کے مختلف اشاریے استعمال کرتی ہے جیسا کہ انڈسٹری گروٹھ، گزشتہ سال کی کارکردگی ٹیکو واکنا تک اشاریے اور کمپنی پرائز انڈاز ہونے والا ماحول۔ سال کے دوران مناسب وقتوں سے بجٹ تشکیل دیئے جاتے ہیں اور ان تشکیل دیئے گئے بجٹ کے مقابل کارکردگی کا جائزہ لیا جاتا ہے تاکہ وقت پر درستی کی جاسکے۔

### رسک بیجمنٹ

کمپنی میں ایک مضبوط اور موثر رسک بیجمنٹ کا نظام قائم ہے جو اس کی روزمرہ کی سرگرمیوں کا انتہائی اہم حصہ ہے۔ ہم مارکیٹ میں مقابلے اور اپنے اہداف کے حصول کیلئے ہمیشہ سرگرم رہتے ہیں۔ کمپنی میں ایک خود مختار رسک بیجمنٹ ڈیپارٹمنٹ ہے جو کہ آڈٹ اور رسک بیجمنٹ کمیٹی کو رپورٹ کرتا ہے۔ کمپنی نے ٹولز اور ٹیکنیک کے استعمال سے ایسا رسک بیجمنٹ کا نظام قائم کیا ہے جو رسک کی نشاندہی کرتا ہے، اس کی پڑتال کرتا ہے رسک پالیسی میٹریٹل میں رپورٹ کرتا ہے اور رسک کو کم کرنے کیلئے اقدامات کرتا ہے۔

### اندرونی فنانشل کنٹرولز کا نظام

کمپنی کے بورڈ آف ڈائریکٹرز نے تمام فنانشل میں اندرونی فنانشل کنٹرولز کا ایک موثر نظام قائم کر رکھا ہے۔ کمپنی کا ایک خود مختار اندرونی آڈٹ باقاعدگی سے فنانشل کنٹرولز پر عملداری کی نگرانی کرتا ہے اور آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

### قومی خزانے میں شراکت

آپ کی کمپنی نے مختلف لیویز بشمول آگ ٹیکس اور سیلز ٹیکس قومی خزانے میں 253.35 ملین روپے جمع کرائے ہیں (سال 2023، 216.32 ملین روپے)

### صحت، حفاظت اور ماحول

ایکسپلو سوز (بارودی مواد) پر کام کرتے ہوئے انتہائی احتیاط برتنے کی ضرورت ہوتی ہے۔ اپنے ملازمین کی حفاظت ہماری سب سے اولین ترجیح ہے جس کیلئے کمپنی حفاظتی اقدامات اور کنٹرول میکانزم پر سختی سے عملدرآمد یقینی بناتی ہے۔ ہم حادثات کے مکمل خاتمے کیلئے پرعزم ہیں۔

ہم ISO 9001:2015 اور OHSAS 18001:2007 سرٹیفائیڈ کمپنی ہیں جو اپنے ملازمین کے تحفظ کیلئے کئی طرح کے حفاظتی معیارات، پالیسی گائیڈ لائنز، آپریٹنگ پرائیجریز اور خطرات کی نشاندہی کے نظام پر سختی سے عمل پیرا ہیں اور ان معیارات کا باقاعدگی سے جائزہ بھی لیا جاتا ہے۔ کمپنی کی جانب سے باقاعدگی سے رسک کی تشخیص، آڈٹ اور پڑتال کی جاتی ہے۔

### ہیومن ریسورس (افراد کی قوت)

افراد کی قوت سے متعلق کمپنی کی پالیسی میں بہترین صلاحیت، عزم اور شراکت کے اہل افراد کو تعینات کرنا ہے۔ کمپنی کو اس بات پر یقین ہے کہ کسی بھی ادارے کی دیر پا کامیابی اس کی افرادی قوت سے عزم اور اہلیت پر مبنی ہے۔ کمپنی افرادی قوت کی تربیت پر خصوصی توجہ مرکوز کرتی ہے اور کام کیلئے سازگار ماحول کی فراہمی یقینی بناتی ہے۔

بورڈ کی ہیومن ریسورس اور معاوضہ جاتی کمیٹی ایچ آر سے متعلق پالیسی کا جائزہ لیتی ہے جس نے اس سال 3 بار اپنا اجلاس منعقد کیا۔

کمپنی نے باوجود کم منافع کے کسی ملازم کو ملازمت سے برخاست نہیں کیا ہے جو ہماری ملازمین کی فلاح سے متعلق پالیسیوں کی دلیل ہے۔



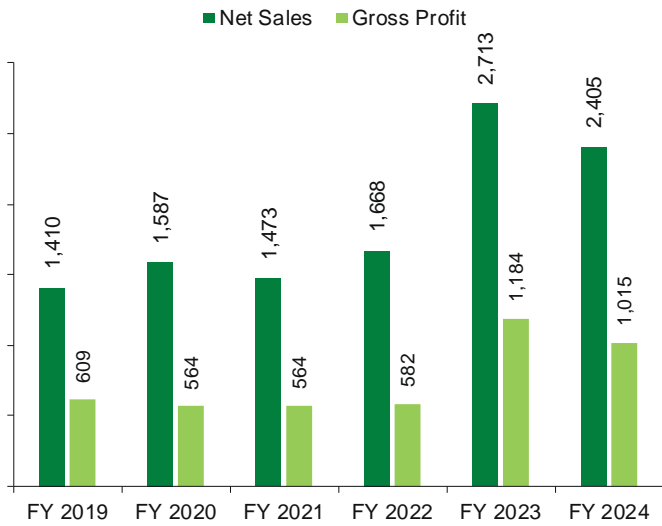
## STAKEHOLDERS INFORMATION

		2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
<b>BALANCE SHEET</b>							
Paid up Capital	Rs. In '000	463,827	463,827	463,827	383,328	348,480	264,000
Shareholder Equity*	Rs. In '000	2,936,113	2,931,652	2,336,308	1,544,246	1,477,769	1,405,240
Fixed Assets	Rs. In '000	2,246,811	2,308,419	2,058,052	1,205,020	1,087,317	1,076,607
Long Term Debts	Rs. In '000	61,302	122,603	183,905	90,619	31,840	-
Fixed Assets Addition	Rs. In '000	23,260	37,735	248,122	150,585	38,022	85,068
<b>Profit &amp; Loss Account</b>							
Net Sales	Rs. In '000	2,405,082	2,713,098	1,668,100	1,472,765	1,586,550	1,409,578
Gross Profit / (Loss)	Rs. In '000	1,015,497	1,183,963	581,981	563,956	563,704	608,765
Operating Profit / (Loss)	Rs. In '000	449,801	876,481	373,214	391,260	347,824	451,323
Profit / (Loss) before taxation	Rs. In '000						
EBDIT	Rs. In '000	547,397	979,071	460,803	410,399	403,346	544,904
Profit / (Loss) after taxation	Rs. In '000	295,027	607,679	247,729	254,039	245,871	359,892
<b>PROFITABILITY RATIOS</b>							
Gross Profit/(Loss) Margin	%	42.22	43.64	34.89	38.29	35.53	43.19
Net Profit Margin	%	12.27	22.40	14.85	17.25	15.50	25.53
Return on Assets	%	8.19	14.89	6.78	10.20	10.92	15.84
Return on Shareholder Equity*	%	10.05	20.73	10.60	16.45	16.64	25.61
Return On Capital Employed	%						
<b>LIQUIDITY RATIOS</b>							
Current Ratio	:	2.68	2.01	1.56	1.59	1.67	1.47
Quick Ratio	:	1.37	1.21	1.03	0.95	1.12	1.06
Cash Generation to Sales	:	106.65	90.30	93.25	102.43	94.79	104.65
<b>ASSETS MANAGEMENT RATIOS</b>							
Number of Days Stock	Days	179	149	177	180	127	118
Number of Days Trade Debts	Days	64	70	77	78	66	73
Operating Cycle	Days	243	218	254	258	194	190
Fixed Assets Turnover	Times	1.07	1.18	0.81	1.22	1.46	1.31
Sales /Shareholder Equity*	Times	0.82	0.93	0.71	0.95	1.07	1.00
<b>DEBTS MANAGEMENT RATIOS</b>							
Total Assets to Total Debts	Times	12.07	7.18	4.45	3.98	4.42	2.80
Debts to Shareholder Equity *	%	10	19	35	41	34	58
Long Term Debts to Equity	%						
<b>MARKET RATIOS</b>							
Share Price at year end	Per Share	102.00	66.00	67.00	138.20	143.72	165.00
Share Price-High	Per Share	146.00	78.99	143.90	192.89	192.48	340.00
Share Price-Low	Per Share	57.30	53.70	63.50	116.00	110.00	153.00
Earning Per Share**	Rs. 10/Share	6.36	13.10	5.34	5.48	6.41	10.33
Price Earning Ratio	Times	16.04	5.04	12.54	25.23	22.42	15.98
Dividend Declared	Per Share (Rs)	4.60	5.30	2.00	4.00	4.00	12.50
Bonus Shares	%	-	-	20.00	10.00	20.00	20.00
Dividend Payout	%	36.16	40.46	37.45	73.03	62.40	121.04
Dividend Yield	%	2.25	8.03	2.99	2.89	2.78	7.58
Break-up Value	Rs. 10/Share	63.30	63.21	50.37	40.29	42.41	53.23

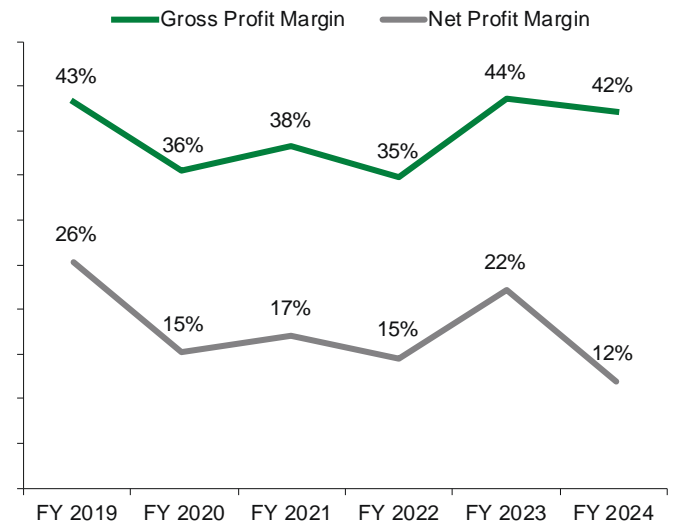
\*Shareholder Equity is inclusive of Surplus on Revaluation of Fixed Assets (2024:1,452.20 M) (2023 : 1,522.26 M)

# STAKEHOLDERS INFORMATION

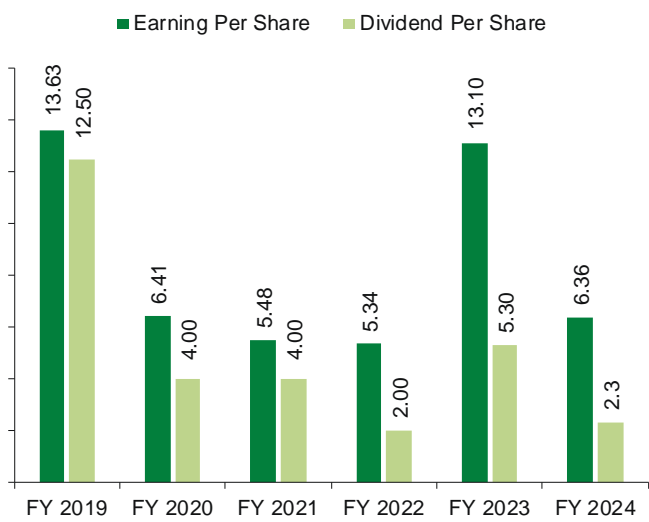
## Revenue & Gross Profit (Rs. Million)



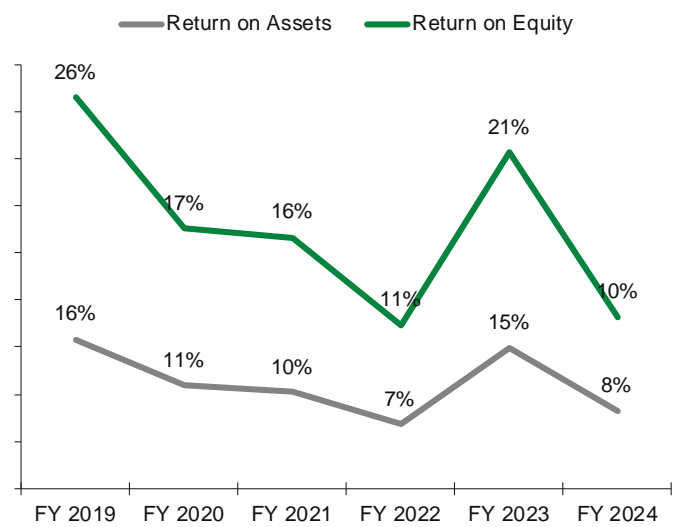
## Profitability Ratio (%)



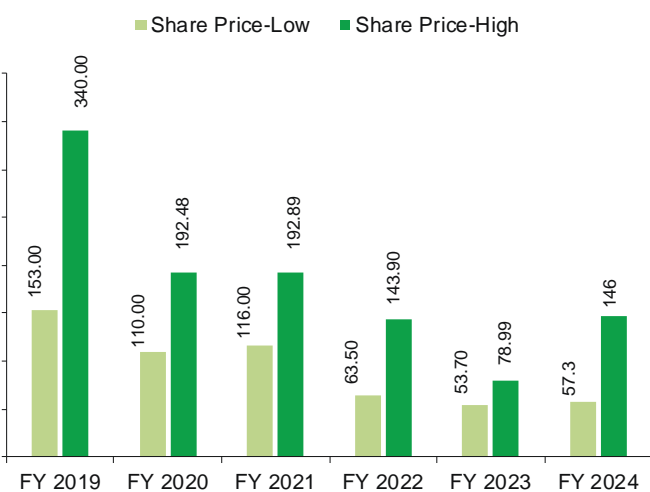
## Investors' Ratios (Rs.)



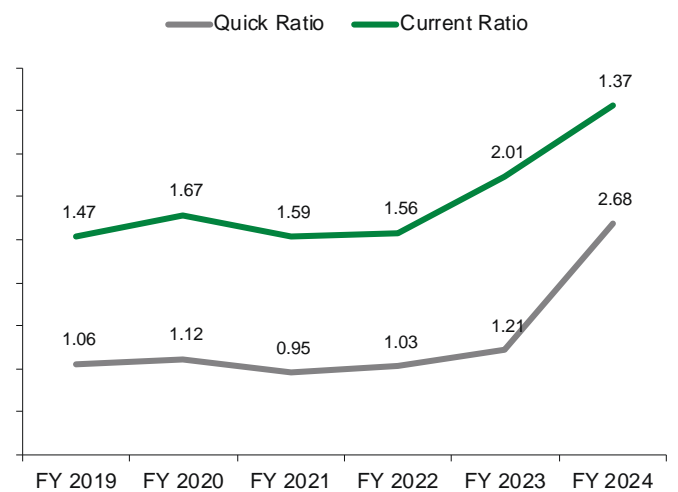
## Capital Return Ratios (%)



## Market Ratios (Rs./share)



## Liquidity Ratio (times)



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

Name of Company

**Biafo Industries Limited**

Year Ended

**30<sup>th</sup> June, 2024**

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

1. The total number of directors are 12 as per the following:
  - a. Male: Nine (9)
  - b. Female: Three (3)

2. The composition of Board is as follows:

i.	Independent Directors	i) Ehsan Mani (Chairman)
		ii) Syed Zomma Mohiuddin
		iii) Adnan Afridi
		iv) Himayat Ullah
ii.	Non-Executive Directors	i) M. Zafar Khan
		ii) Khwaja Ahmad Hosain
		iii) Muhammad Waheed
iii.	Executive Directors	i) M. Afzal Khan
		ii) Anwar Moin (CEO)
iv.	Female Directors	i) Ms. Ayesha Humayun Khan (Non-Executive Director)
		ii) Ms. Mehreen Hosain (Non-Executive Director)
		iii) Ms. Syeda Shahbano Abbas (Non-Executive 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Four 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, six of the directors of the Company have obtained certification under directors training program as required under clause (xi) of the CCG during prior years. None of the directors have attended any training program during the year.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

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

12. The Board has formed committees comprising of members given below:

a) Audit & Risk Management Committee

i)	Adnan Afridi	Chairman
ii)	Ms. Ayesha Humayun Khan	Member
iii)	Ehsan Mani	Member
iv)	Himayat Ullah	Member
v)	Muhammad Waheed	Member

b) HR and Remuneration Committee

i)	Ehsan Mani	Chairman
ii)	Ms. Mehreen Hosain	Member
iii)	Ms. Syeda Shahbano Abbas	Member
iv)	Anwar Moin (CEO)	Member
v)	Khwaja Ahmed Hosain	Member

- i) The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance.
- j) The frequency of meetings (quarterly/half yearly/ yearly) of the Committee were as per following:
- Audit & Risk Management Committee (quarterly)
  - HR and Remuneration Committee (quarterly)
- k) 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.
- l) 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;
- m) 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.
- n) We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
- o) Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are below:

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

Sr. No.	Requirement	Reg. No.	Explanation
i	The Chairman shall ensure that minutes of the meetings of the Board are kept in accordance with the requirements of section 178 and 179 of the Act.  A copy of the draft minutes of meeting of board shall be furnished to every director within fourteen working days of the date of meeting.	12(1)  CA 178 (4)	The copy of the draft minutes of the meeting of the board were furnished to every director with minor delays due to unavailability of key personnel. Strict compliance shall be ensured in future.
ii	The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29.1	The Board has not constituted nomination committee as the responsibility of the Committee is taken care by the Board itself.
iii	Companies are also encouraged to arrange training for:  (i) at least one female executive every year under the Directors' Training program from year July 2020.	19.3	Currently there is no female executive in the Company. The Company plans to enhance the gender diversity by inducting female representation at executive position.
iv	In order to effectively discharge its sustainability related duties, the board may establish a dedicated sustainability committee having at least one female director, or assign additional responsibilities to an existing board committee.	10A.5	At present Board provides governance and oversight regarding sustainability related duties. However, this requirement will be complied in future as per guidance of the Code.
v	The company may post the following on its website:  (1) key elements of its significant policies including but not limited to the following:  (i) communication and disclosure policy;  (ii) code of conduct for members of board of directors, senior management and other employees;  (iii) risk management policy;  (iv) internal control policy;  (v) whistle blowing policy;  (vi) corporate social responsibility/ environmental, social and governance (ESG) related policy; and  (vii) policies for promoting DE&I and protection against harassment at the workplace.	35.1, 3 and 4	Code of conduct is available on the website. Company will ensure that compliance of said provision be made as per requirement of the Code.



**Ehsan Mani**  
Chairman

## INDEPENDENT AUDITORS' REVIEW REPORT

### To the members of Biafo Industries Limited (the Company)

#### 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 June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Further, we highlight that certain non-compliances with non-mandatory requirements of the Regulations, along with their explanations, are reflected in clause (o) of the Statement of Compliance.



Chartered Accountants

Place: Islamabad

Date: September 26, 2024

UDIN: CR202410134Y4sSMqKt7

# INDEPENDENT AUDITORS' REPORT

## To 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 June 30, 2024, 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 material accounting policy and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (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.

## INDEPENDENT AUDITORS' REPORT

Following are the key audit matter(s):

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue recognition</b></p> <p>Refer note 6.8 and 26 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. 2,405 million for the year ended 30 June 2024.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and give rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents;</li> <li>• Testing journal entries relating to revenue recognized during the year based on identified risk criteria;</li> <li>• Assessing the appropriateness of accounting policy for revenue recognition in accordance with applicable accounting and reporting standards; and</li> <li>• Assessing the adequacy of disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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



## INDEPENDENT AUDITORS' REPORT

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



**Chartered Accountants**

**Place: Islamabad**

**Date: September 26, 2024**

**UDIN: AR202410134v8KQcSyk4**



A composite image featuring a man in a suit holding a laptop, a city skyline at night, and a blurred background of a building facade. The man is in the foreground, holding a laptop with both hands. The city skyline is in the middle ground, and the blurred building facade is in the background. The text "FINANCIAL STATEMENTS" is overlaid on the image.

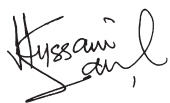
# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2024

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	7	2,173,805,479	2,239,860,635
Intangibles	8	6,827,324	1,696,906
Investment property	9	66,177,965	66,861,509
Long-term deposits		1,782,900	1,782,900
		<b>2,248,593,668</b>	2,310,201,950
<b>CURRENT ASSETS</b>			
Inventories	10	664,272,833	701,685,072
Trade debts	11	237,781,007	683,746,715
Short-term advances	12	30,166,480	24,620,394
Trade deposits, short-term prepayments and other receivables	13	40,839,336	48,899,350
Short-term investments	14	259,706,166	247,960,072
Advance tax - net	15	34,784,994	-
Cash and bank balances	16	85,126,346	65,061,864
		<b>1,352,677,162</b>	1,771,973,467
<b>CURRENT LIABILITIES</b>			
Trade, other payables and accrued liabilities	17	194,474,997	339,857,490
Current portion of long-term loan	19	62,841,143	63,608,865
Current portion of lease liabilities	21	2,218,147	4,446,011
Short-term borrowings	18	172,117,658	375,736,513
Provision for taxation	15	-	46,106,350
Unclaimed dividend		44,372,446	33,867,196
Unpaid dividend		27,821,548	17,288,408
		<b>503,845,939</b>	880,910,833
<b>NET CURRENT ASSETS</b>		<b>848,831,223</b>	891,062,634
<b>NON - CURRENT LIABILITIES</b>			
Long-term loan	19	61,301,556	122,603,091
Employee benefit	20	25,382,478	16,776,731
Lease liabilities	21	-	2,226,397
Deferred tax liability - net	22	74,627,586	128,006,728
		<b>161,311,620</b>	269,612,947
<b>NET ASSETS</b>		<b>2,936,113,271</b>	2,931,651,637
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	23	463,826,880	463,826,880
Revenue reserve - unappropriated profit		1,020,082,479	945,568,206
Capital reserve - revaluation surplus on property, plant and equipment - net of tax	24	1,452,203,912	1,522,256,551
		<b>2,936,113,271</b>	2,931,651,637
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

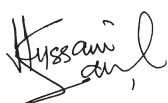


Director

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>Revenue - net</b>	26	2,405,081,595	2,713,098,089
Cost of sales	27	(1,389,584,113)	(1,529,135,366)
<b>Gross profit</b>		1,015,497,482	1,183,962,723
Other income	28	10,316,719	12,134,651
Distribution expenses	29	(88,569,476)	(68,384,745)
Administrative expenses	30	(217,648,275)	(183,111,361)
Net impairment losses on financial assets	11	(269,795,809)	(68,120,455)
<b>Operating profit</b>		449,800,641	876,480,813
Finance costs	31	(109,359,582)	(76,426,235)
Finance income	32	33,634,999	102,599,765
<b>Net finance cost</b>		(75,724,583)	26,173,530
Workers' profit participation fund		(18,703,803)	(45,132,717)
Workers' welfare fund		(7,334,825)	(17,699,105)
<b>Profit before income tax and final tax</b>		348,037,430	839,822,521
Final tax	33	(17,935,358)	(20,573,436)
<b>Profit before income tax for the year</b>		330,102,072	819,249,085
Income tax expense	34	(35,074,607)	(211,570,130)
<b>Profit after income tax for the year</b>		295,027,465	607,678,955
<b>Earnings per share</b>			
Basic and diluted	35	6.36	13.10

The annexed notes 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

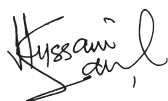


Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024 Rupees	30 June 2023 Rupees
<b>Profit for the year</b>	<b>295,027,465</b>	607,678,955
<b>Other comprehensive income for the year</b>		
<b>Items that will not be reclassified to profit or loss</b>	-	
Revaluation of property, plant and equipment	-	273,761,148
Tax effect on revaluation surplus for the year	<b>(44,682,568)</b>	(70,421,174)
Remeasurement of defined benefit plan	<b>(77,489)</b>	-
Tax on remeasurement of defined benefit plan	<b>22,472</b>	(2,314,474)
	<b>(44,737,585)</b>	201,025,499
<b>Total comprehensive income for the year</b>	<b>250,289,880</b>	808,704,455

The annexed notes from 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

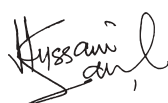


Director

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Capital Reserve Revaluation surplus on property, plant and equipment - net of tax	Revenue Reserve Unappropriated profits	Total equity
(Rupees)				
<b>Balance at 01 July 2022</b>	463,826,880	1,327,808,040	544,672,628	2,336,307,548
<b>Profit for the year ended 30 June 2023</b>	-	-	607,678,955	607,678,955
Other comprehensive income for the year				
Remeasurement of defined benefit plan	-	-	(3,259,823)	(3,259,823)
Tax on remeasurement of defined benefit plan	-	-	945,349	945,349
Revaluation of property, plant and equipment- net of tax	-	273,761,148	-	273,761,148
Tax on revaluation of property, plant and equipment - including effect of change in tax rate	-	(70,421,174)	-	(70,421,174)
	-	203,339,974	(2,314,474)	201,025,500
Total comprehensive income for the period transferred to equity	-	203,339,974	605,364,481	808,704,455
Surplus on revaluation of property, plant and equipment realized through depreciation for the period - net of deferred tax	-	(8,891,463)	-	(8,891,463)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	8,891,463	8,891,463
	463,826,880	1,522,256,551	1,158,928,572	3,145,012,003
<b>Transactions with owners of the company</b>				
<b>Distributions</b>				
Final cash dividend of 2022 @ Rs. 2.30 per share	-	-	(106,680,183)	(106,680,183)
1st Interim cash dividend of 2023 @ Rs. 2.30 per share	-	-	(106,680,183)	(106,680,183)
<b>Total transactions with owners of the Company</b>	-	-	(213,360,366)	(213,360,366)
<b>Balance at 30 June 2023</b>	463,826,880	1,522,256,551	945,568,206	2,931,651,637
<b>Balance at 01 July 2023</b>	463,826,880	1,522,256,551	945,568,206	2,931,651,637
Profit for the year	-	-	295,027,465	295,027,465
Other comprehensive income for the year				
Remeasurement of defined benefit plan	-	-	(77,489)	(77,489)
Tax on remeasurement of defined benefit plan	-	-	22,472	22,472
Revaluation of property, plant and equipment- net of tax	-	-	-	-
Tax on revaluation of property, plant and equipment - including effect of change in tax rate	-	(44,682,568)	-	(44,682,568)
	-	(44,682,568)	(55,017)	(44,737,585)
Total comprehensive income for the period transferred to equity	-	(44,682,568)	294,972,448	250,289,880
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(25,370,071)	25,370,071	-
	463,826,880	1,452,203,912	1,265,910,725	3,181,941,517
<b>Transactions with owners of the Company</b>				
<b>Distributions</b>				
Final cash dividend of 2023 @ Rs. 3.00 per share	-	-	(139,148,064)	(139,148,064)
1st Interim cash dividend of 2024 @ Rs. 2.30 per share	-	-	(106,680,182)	(106,680,182)
<b>Total transactions with owners of the Company</b>	-	-	(245,828,246)	(245,828,246)
<b>Balance at 30 June 2024</b>	463,826,880	1,452,203,912	1,020,082,479	2,936,113,271

The annexed notes from 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

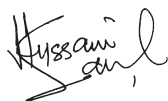


Director

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>330,102,072</b>	839,822,521
Adjustments for:			
Depreciation on property, plant and equipment	7	89,314,878	62,118,985
Amortization on intangibles	8	1,184	1,776
Depreciation on investment property	9	683,544	701,071
Finance costs		80,643,231	71,092,197
Provision for Workers' profit participation fund		18,703,803	45,132,717
Provision for Workers' welfare fund		7,334,825	14,184,700
Reversal for Workers' welfare fund		(4,897,969)	-
Provision for gratuity		24,388,583	15,814,354
Provision for slow moving inventory		-	(1,411,471)
Provision for compensated leave absences		169,907	698,582
Net impairment losses on financial assets		269,795,809	68,120,455
Dividend income		(19,328,316)	(21,195,676)
Rental income		(5,418,750)	(5,100,000)
Unrealized gain on remeasurement of investment		(169,152)	(720,295)
Unrealized exchange (gain)/ loss - net		15,285,445	(71,647,730)
Gain on sale of property, plant and equipment		-	(99,173)
Interest income		(14,137,531)	(9,526,529)
		<b>462,369,491</b>	168,163,963
		<b>792,471,563</b>	1,007,986,484
<b>Changes in working capital:</b>			
Inventories		37,412,239	(157,349,342)
Trade debts		160,884,455	(292,505,482)
Advances, deposits, short term prepayments and other receivables		2,226,802	88,634,271
Trade and other payables		(111,040,172)	(65,970,115)
		<b>89,483,324</b>	(427,190,668)
<b>Cash generated from operating activities</b>		<b>881,954,887</b>	580,795,816
Finance costs paid		(81,410,954)	(76,879,711)
Contributions to Gratuity fund		(15,814,354)	(11,418,605)
Employee Benefits paid		(60,900)	(537,800)
Payments to Workers' profit participation fund		(45,132,717)	(18,904,265)
Income taxes paid		(214,005,189)	(163,546,689)
		<b>(356,424,114)</b>	(271,287,070)
<b>Net cash from operating activities</b>		<b>525,530,773</b>	309,508,746
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(28,391,316)	(24,351,664)
Proceeds from sale of property, plant and equipment		-	99,173
Purchase of Investments		(11,576,942)	140,548,263
Rent received		5,418,750	5,100,000
Dividend received		19,328,316	21,195,676
Interest received		14,424,657	14,820,878
<b>Net cash generated from / (used in) investing activities</b>		<b>(796,535)</b>	157,412,326
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(235,295,106)	(211,514,043)
Repayment of long term loan		(61,301,534)	(71,914,924)
Payment of lease liabilities		(4,454,261)	(16,926,959)
<b>Net cash (used in) / generated from financing activities</b>		<b>(301,050,901)</b>	(300,355,926)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>223,683,337</b>	166,565,146
<b>Cash and cash equivalents at beginning of the period</b>		<b>(310,674,649)</b>	(477,239,795)
<b>Cash and cash equivalents at end of the period</b>	36	<b>(86,991,312)</b>	(310,674,649)

The annexed notes from 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 1 THE COMPANY AND ITS OPERATIONS

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

The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing and sale of commercial explosives and blasting accessories including detonators and other materials. The Company's license for manufacturing and sale of explosives is required to be renewed annually and current license is renewable on 31 March 2025.

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 material accounting policies are stated in note 6.

## 3. BASIS OF MEASUREMENT

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

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

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

### 3.1 Functional and presentation currency

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

### 3.2 Use of judgements and estimates

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

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 2024

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 6.2 measurement of intangibles and the amortization method on intangibles.
- Note 6.1.1 useful lives, reassessed values, residual values and depreciation method of property, plant and equipment;
- Note 6.4 recognition of deferred tax liabilities and assets and estimation of income tax provisions;
- Note 6.10.iv measurement of expected credit allowance for trade debts;
- Note 6.6.3 recognition of defined benefit plans;

### 3.3 Measurement of fair values

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

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

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

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

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

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

## 4. AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT PERIOD

### a) Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2023. These are either considered to be not relevant or do not have any significant impact on these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies January 01, 2023

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

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

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

Amendments to IAS 12 'Income taxes' - International Tax Reform - Pillar Two Model Rules January 01, 2023

**b) Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective**

There are certain other new amendments that are mandatory for the Company's accounting periods beginning on or after mentioned against each one, but are considered not to be relevant or will not have significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions. January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants. January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements January 01, 2024

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability January 01, 2025

IFRS 17 - Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17). January 01, 2026

Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments January 01, 2026

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## Standard

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

## 5 ADOPTION OF NEW ACCOUNTING POLICY

### 5.1 Accounting for minimum taxes and final taxes

During May 2024, The Institute of Chartered Accountants of Pakistan (ICAP) issued a guide 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the Guide) to provide guidance on accounting of minimum tax and final tax, as mentioned in the Income Tax Ordinance, 2001, under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards. The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide).

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 (as these are not based on taxable profits), hence, it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The Guide issued by ICAP provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicable to the Company. Accordingly, the Company has adopted the following approach:

The Company first designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21 "Levies"/IAS 37" Provisions, Contingent Liabilities and Contingent Assets".

Therefore, the effective rate of income tax is equal to the enacted rate of income tax and the deferred tax will be calculated at such rate.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guidance provided in the guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'advance taxation'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of financial statements since deferred tax liability recognised in the year ended June 30, 2023 was already at enacted rate and the application of this guide did not result any material differences except for reclassifications which are presented as below:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2024

	Current Classification	Previous Classification
	----- (Rupees) -----	
<b>Effect on statement of financial position:</b>		
<b>As at 30 June 2023</b>		
Prepaid levies	(19,428,171)	-
Advance income tax	(46,106,350)	(65,534,521)
<b>Effect on statement of profit or loss:</b>		
<b>For the year ended 30 June 2023</b>		
Final tax	(20,573,436)	-
Income tax expense	(211,570,130)	(232,143,566)

### 6 MATERIAL ACCOUNTING POLICIES INFORMATION

During the year, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1) from 01 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

#### 6.1 Property, plant and equipment

##### 6.1.1 Owned

###### **Recognition and measurement**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

### **Subsequent expenditure**

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

### **Depreciation**

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

- Buildings on leasehold land	2.5%
- Plant, machinery and equipment	10%
- 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.

### **6.1.2 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2024

### **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.

## **6.2 Intangibles**

Costs that are associated with identifiable softwares and economic benefits are probable for more than one year therefrom, are recognized as intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment if any, except assets that are not available for its intended use, which are stated at cost. Amortization is charged using the straight-line method at rates given in relevant note to write off the historical cost of assets over their estimated useful life. Amortization on additions is commenced from the day the asset is available for use upto the day preceding the day of disposal.

## **6.3 Inventories**

### **6.3.1 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.

### **6.3.2 Stock in trade**

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

Cost is determined as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

### 6.4 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.

#### 6.4.1 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 corporate tax rate/ tax rates enacted or substantially enacted at the reporting date. Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

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

#### 6.4.2 Deferred tax

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

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

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

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

### 6.5 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- (a) those outflows of resources that are within the scope of other standards.
- (b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid assets'.

### **i) Revenue Tax**

Revenue taxes includes amount representing excess of :

- a) minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;
- b) minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'

### **ii) Final Tax**

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

## **6.6 Investment property**

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

Depreciation is provided on a reducing balance method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 8. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

### **6.7 Employee benefits**

#### **6.7.1 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.

#### **6.7.2 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. Investments out of provident fund are made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

#### **6.7.3 Defined benefit plans:**

The Company operates the following defined benefit plans:

##### **a) Gratuity**

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

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

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

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### b) Compensated leave absences

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

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

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

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

## 6.8 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.

### 6.8.1 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.
- 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### b) Contract assets

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

### c) Contract liabilities

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

### d) Contract costs

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

## 6.9 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.

## 6.10 Finance income and finance costs

The Company's finance income and cost includes:

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

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:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- the gross carrying amount of the financial asset
- the amortized 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 amortized 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 amortized 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.

### 6.11 Financial instruments

#### i) Recognition and initial measurement

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

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

#### ii) Classification

##### Financial assets

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

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

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

##### a) Amortized cost

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 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 at amortised impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

#### Financial assets at FVTPL

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

#### Debt investments at FVOCI

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

#### Equity investments at FVOCI

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

### iv) Impairment of financial assets

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

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

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized 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.

### **v) De-recognition**

#### **Financial asset**

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

#### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognized 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.

### **vi) 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.

## **6.12 Trade and other receivables**

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 5.10.iv.

## **6.13 Trade and other payables**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 6.14 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.

### 6.15 Borrowing

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

### 6.16 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.

### 6.17 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.

### 6.18 Impairment of non-financial assets

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

### 6.19 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 2024

### 6.20 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.

### 6.21 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.

### 6.22 Operating Segments

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

- Revenue from external customers for products of the Company is disclosed in note 26.
- Revenue from three major customers of the Company constitutes 52% (2023: 52%) of the total revenue during the year ended 30 June 2024. All the Assets of the Company are based in Pakistan.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 7 PROPERTY, PLANT AND EQUIPMENT

### 7.1 Reconciliation of carrying amounts

	Owned											Right of use asset	Total		
	Leasehold land	Building on leasehold land	Plant, machinery & Equipments	Fork lifter	Tools and equipment	Tube well	IT & Appliances	Furniture and fixtures	Electrical appliances	Vehicles	Capital work in progress				
	----- (Rupees) -----														
<b>Cost / Revalued amount</b>															
Balance at 01 July 2022	1,230,705,025	206,665,243	487,500,000	3,154,690	3,856,774	2,606,600	15,219,448	13,370,124	15,776,496	19,889,601	3,796,927	34,571,609	2,037,112,537		
Additions	10,786,838	-	16,955,418	-	431,146	-	5,229,309	265,025	1,470,766	-	2,596,104	-	37,734,806		
Disposals	-	-	-	-	-	-	-	-	(332,094)	-	-	-	(332,094)		
Transfer from CWIP	-	3,796,925	2,596,106	-	-	-	-	-	-	-	(6,393,031)	-	-		
Transfer from accumulated depreciation net replacement value method	-	(5,259,214)	(49,060,794)	-	-	-	-	-	-	-	-	-	(54,320,008)		
Surplus for the year	20,266,485	26,485,393	227,009,270	-	-	-	-	-	-	-	-	-	273,761,148		
Reclassification (note 7.1.1)	-	-	9,327,404	(3,154,690)	(4,287,920)	(2,606,600)	14,482,284	-	(16,915,168)	3,154,690	-	-	-		
Balance at 30 June 2023	1,261,758,348	231,688,347	694,327,404	-	-	-	34,931,041	13,635,149	-	23,044,291	-	34,571,609	2,293,956,189		
<b>Balance at 01 July 2023</b>	<b>1,261,758,348</b>	<b>231,688,347</b>	<b>694,327,404</b>	-	-	-	<b>34,931,041</b>	<b>13,635,149</b>	-	<b>23,044,291</b>	-	<b>34,571,609</b>	<b>2,293,956,189</b>		
Additions	-	<b>3,499,847</b>	<b>1,951,864</b>	-	-	-	<b>9,190,621</b>	<b>2,890,132</b>	-	-	<b>5,727,258</b>	-	<b>23,259,722</b>		
Transfer	-	-	-	-	-	-	-	-	-	<b>21,012,825</b>	-	-	-		
Transfer from CWIP	-	<b>2,168,599</b>	<b>3,568,659</b>	-	-	-	-	-	-	-	<b>(5,727,258)</b>	-	-		
Transfer from accumulated depreciation net replacement value method	-	-	-	-	-	-	-	-	-	-	-	-	-		
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Balance at 30 Jun 2024</b>	<b>1,261,758,348</b>	<b>237,356,793</b>	<b>699,837,927</b>	-	-	-	<b>44,121,662</b>	<b>16,525,281</b>	-	<b>44,057,116</b>	-	<b>13,558,784</b>	<b>2,317,215,911</b>		
<b>Accumulated Depreciation</b>															
Balance at 01 July 2022	-	-	-	2,177,521	1,558,568	1,884,498	8,761,693	5,793,155	13,738,771	8,577,903	-	4,136,658	46,628,667		
Charge for the year	-	5,259,214	49,060,794	97,717	266,202	72,210	1,329,484	779,532	1,079,157	1,191,170	-	3,043,505	62,118,885		
Disposals	-	-	-	-	-	-	-	-	(332,091)	-	-	-	(332,091)		
Transfer from accumulated depreciation net replacement value method	-	(5,259,214)	(49,060,794)	-	-	-	-	-	-	-	-	-	(54,320,008)		
Reclassification (note 7.1.1)	-	-	6,082,629	(2,275,238)	(1824,770)	(1,956,708)	12,184,688	(14,485,837)	2,275,236	-	-	-	-		
Balance at 30 June 2023	-	-	6,082,629	-	-	-	22,275,865	6,572,687	-	11,984,309	-	7,180,063	54,095,553		
<b>Balance at 01 July 2023</b>	<b>-</b>	<b>-</b>	<b>6,082,629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,275,865</b>	<b>6,572,687</b>	<b>-</b>	<b>11,984,313</b>	<b>-</b>	<b>7,180,063</b>	<b>54,095,553</b>		
Charge for the year	-	<b>5,864,905</b>	<b>69,036,803</b>	-	-	-	<b>9,682,109</b>	<b>885,908</b>	-	<b>2,731,127</b>	-	<b>1,114,026</b>	<b>89,314,878</b>		
Transfer	-	-	-	-	-	-	-	-	-	<b>4,761,537</b>	-	<b>(4,761,537)</b>	-		
Transfer from accumulated depreciation net replacement value method	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Balance at 30 Jun 2024</b>	<b>-</b>	<b>5,864,905</b>	<b>75,119,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,957,974</b>	<b>7,458,595</b>	<b>-</b>	<b>19,476,977</b>	<b>-</b>	<b>3,532,552</b>	<b>143,410,431</b>		
Carrying amounts															
- 30 Jun 2023	1,261,758,348	231,688,347	688,244,775	-	-	-	12,655,176	7,062,462	-	11,059,982	-	27,391,546	2,239,860,639		
<b>- 30 Jun 2024</b>	<b>1,261,758,348</b>	<b>231,491,888</b>	<b>624,718,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,163,688</b>	<b>9,066,686</b>	<b>-</b>	<b>24,580,139</b>	<b>-</b>	<b>10,026,232</b>	<b>2,173,805,479</b>		

**7.1.1** During the period the company has changed the class of certain assets and combined them based on their major category. There is no financial impact of this classification change in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

7.2	Depreciation charge for the year has been allocated as follows:	Note	30 June 2024	30 June 2023
			Rupees	Rupees
	Cost of sales	27	<b>75,291,538</b>	55,271,369
	Distribution expenses	29	<b>474,133</b>	526,814
	Administrative expenses	30	<b>13,549,207</b>	6,320,802
			<b>89,314,878</b>	62,118,985

### 7.3 Revaluation of leasehold land, building on leasehold and plant and machinery

Leasehold land, building on leasehold land and plant and machinery of the Company were revalued on 30 June 1996, 30 June 2005, 30 June 2010, 30 June 2015, 30 June 2019, 30 June 2022 and 30 June 2023. Last valuation was carried out by an independent valuer M/s Asrem (Private) Limited on 30 June 2023. 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 24 amounted to Rs. 1,452 million (2023: Rs. 1,522 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 recent revaluation performed on 30 June 2023 were as follows, however, the forced sale values do not include the impact of subsequent additions.

	30 June 2023 Rupees
Leasehold land (Industrial Estate Hattar)	<b>952,560,000</b>
Building on leasehold land (Head office and Industrial Estate Hattar)	<b>532,378,000</b>
Plant and machinery (Industrial Estate Hattar)	<b>582,250,000</b>
	<b>2,067,188,000</b>

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

	Net book value	
	30 June 2024 Rupees	30 June 2023 Rupees
Leasehold land	<b>44,033,883</b>	54,820,721
Building on leasehold land	<b>183,611,111</b>	188,374,693
Plant and machinery	<b>298,247,465</b>	331,998,353
	<b>525,892,459</b>	575,193,767

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 7.4 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

## 7.5 Detail of disposal of property, plant and equipment:

Particulars	Cost	Book value	Sale proceeds	(Loss) / gain	Mode of disposal	To	Relationship of purchaser with Company or any of its' directors
<b>Rupees</b>							
June 2024	-	-	-	-			Not applicable
June 2023	332,091	-	99,173	99,173			

## 8 INTANGIBLES

Note

30 June 2024  
Rupees

30 June 2023  
Rupees

Computer software - in use	8.1	2,369	3,553
Capital work in progress - computer software	8.3	6,824,955	1,693,353
		<b>6,827,324</b>	<b>1,696,906</b>
<b>8.1 Computer software - in use</b>			
<b>Cost</b>			
Opening balance		340,000	340,000
Additions		-	-
Closing balance		<b>340,000</b>	<b>340,000</b>
<b>Accumulated depreciation on Software</b>			
Opening balance		(336,447)	(334,671)
Charge for the year		(1,184)	(1,776)
Closing balance		<b>(337,631)</b>	<b>(336,447)</b>
<b>Carrying amount</b>		<b>2,369</b>	<b>3,553</b>
Rate of amortization per annum		<b>33.3%</b>	33.3%

8.2 Amortization charge for the year has been allocated to administrative expenses.

## 8.3 Capital work in progress - computer software

	30 June 2024 Rupees	30 June 2023 Rupees
Opening balance	1,693,353	-
Additions	5,131,602	1,693,353
Transfer from CWIP	-	-
Closing balance	<b>6,824,955</b>	<b>1,693,353</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

<b>9 INVESTMENT PROPERTY</b>	<b>Note</b>	<b>30 June 2024 Rupees</b>	<b>30 June 2023 Rupees</b>
Building	9.1	<b>26,658,212</b>	27,341,756
Land		<b>39,519,753</b>	39,519,753
		<b>66,177,965</b>	66,861,509
<b>9.1 Building</b>			
<b>Cost</b>			
Opening balance		<b>32,848,608</b>	32,848,608
Additions		-	-
Closing balance		<b>32,848,608</b>	32,848,608
<b>Accumulated depreciation on Building</b>			
Opening balance		<b>(5,506,852)</b>	(4,805,781)
Charge for the year		<b>(683,544)</b>	(701,071)
Closing balance		<b>(6,190,396)</b>	(5,506,852)
<b>Carrying amount</b>		<b>26,658,212</b>	27,341,756
Rate of depreciation per annum		<b>2.5%</b>	2.5%

**9.2** The ground floor and mezzanine floor of the Biafo House (Head office) has been classified as Investment Property. These floors are held for earning rentals.

**9.3** During the year the Company earned rentals of Rs. 5,418,750 (2023: 5,100,000).

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

**9.5** As per latest valuation of investment property, fair value of investment property is Rs. 157,499,383 (2023: Rs. 156,812,989) and forced sale value is Rs. 141,749,233 (2023: 139,688,873).

**9.6** 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.

<b>10 INVENTORIES</b>	<b>Note</b>	<b>30 June 2024 Rupees</b>	<b>30 June 2023 Rupees</b>
Stores, spare parts and loose tools	10.1	<b>54,087,454</b>	44,801,832
Stock in trade	10.2	<b>610,185,379</b>	656,883,240
		<b>664,272,833</b>	701,685,072
<b>10.1 Stores, spare parts and loose tools</b>			
Mechanical store		<b>32,926,656</b>	24,694,375
Electrical store		<b>21,086,648</b>	20,661,333
General store		<b>3,958,402</b>	3,303,001
Safety equipment		<b>389,435</b>	416,810
		<b>58,361,141</b>	49,075,519
Provision for slow moving stores, spare parts and loose tools	10.2.2	<b>(4,273,687)</b>	(4,273,687)
		<b>54,087,454</b>	44,801,832

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>10.2 Stock in trade</b>			
Raw materials	10.2.1	491,247,947	509,812,632
Packing materials		17,491,807	21,166,591
Work in process		50,169,885	51,446,992
Finished goods		52,830,492	76,011,777
		<b>611,740,131</b>	658,437,992
Provision for slow moving stock in trade	10.2.2	(1,554,752)	(1,554,752)
		<b>610,185,379</b>	656,883,240
		<b>664,272,833</b>	701,685,072
<b>10.2.1</b>	This includes in transit stock amounting to Rs. Nil (2023: Rs. 3,269,577).		
<b>10.2.2 Movement in provision during the year</b>			
Opening balance		5,828,439	7,239,910
Charge / (Reversal) for the year		-	(1,411,471)
Closing balance		<b>5,828,439</b>	5,828,439
<b>11 TRADE DEBTS</b>			
Trade debts			
- Secured		107,113,870	143,075,481
- Unsecured		500,557,511	640,765,799
	11.1	<b>607,671,381</b>	783,841,280
Less: allowance for expected credit losses	11.2	(369,890,374)	(100,094,565)
		<b>237,781,007</b>	683,746,715
<b>11.1</b>	The amount includes receivable against export sales of Rs. 311,213,693 (2023: 336,393,760) and receivable against local sales of Rs. 296,457,688 (2023: 447,447,521). The amount includes receivable against export sales to a Company located in the northeast Africa region amounting to Rs. 306,845,813 (2023: 317,030,136) (exports are made against documents and payment is not processed due to issues within intermediary banks, therefore no litigation is filed against such receivable) and receivable against local sales to M/s Xian Senshe Electronic Technology Corporation (Pvt) Ltd (against whom the case is filed in Court) amounting to Rs. 25,696,593 (2023: Rs. 25,696,593). There are no sales to these parties during the year.		
<b>11.2 Movement of allowance for expected credit losses during the year</b>		30 June 2024 Rupees	30 June 2023 Rupees
Opening balance		100,094,565	31,974,110
Charge for the year		269,795,809	68,120,455
Closing balance		<b>369,890,374</b>	100,094,565
<b>12 SHORT TERM ADVANCES</b>			
Advances to suppliers - unsecured		29,360,686	22,511,728
Advances to employees - interest free - unsecured		805,794	2,108,666
		<b>30,166,480</b>	24,620,394

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 Rupees	30 June 2023 Rupees	
<b>13</b>	<b>TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
	Trade deposits - interest free	17,130,610	10,327,099	
	Prepayments	8,280,050	4,566,905	
	Sales tax receivable	13,394,579	33,029,226	
	Others receivables	2,034,097	976,120	
		<b>40,839,336</b>	<b>48,899,350</b>	
<b>14</b>	<b>SHORT - TERM INVESTMENTS</b>			
	Debt instrument at fair value through profit or loss:			
	UBL Liquidity Plus Fund (no of units 1,044,049 (2023: 881,782))	14.1	105,822,693	89,224,473
			<b>105,822,693</b>	89,224,473
	Debt instrument at Amortized cost			
	Term deposit receipt (TDR)	14.2	153,065,000	157,630,000
	Accrued interest		818,473	1,105,599
			<b>153,883,473</b>	158,735,599
			<b>259,706,166</b>	247,960,072
<b>14.1</b>	These investments are stated at fair value at the year end, using the year end redemption price. Gain on remeasurement is included in finance income. As stated in note 18, 1,044,049 units (2023: 881,782) in UBL Liquidity Plus Fund are pledged as security against running finance facilities arranged with United Bank Limited.			
<b>14.2</b>	This represents foreign currency term deposit receipt (TDR) amounting to USD 550,000 (2023: USD 550,000) including accrued mark - up due as at year end. This carries interest rate at 1% to 10.10% (2023: 1% to 5.50%) per annum. As stated in note 18.1, TDRs of USD 550,000 (2023: USD 550,000) are given as security against running finance facility arranged with Allied Bank Limited.			
<b>15</b>	<b>ADVANCE TAX - net</b>			
	Opening balance		(65,534,521)	40,510,943
	Reclassification to prepaid levies	17.4	19,428,171	8,192,610
	Adjusted opening balance		<b>(46,106,350)</b>	48,703,553
	Income tax expense for the year		(160,463,920)	(245,348,901)
	Adjustment of Workers' welfare fund		-	(3,669,816)
	Adjustment of Refund		27,350,075	-
	Income Tax paid with Return		38,184,446	-
	Income tax paid during the year		175,820,743	154,208,814
	Closing balance		<b>34,784,994</b>	(46,106,350)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

16	<b>CASH AND BANK BALANCES</b>	Note	30 June 2024 Rupees	30 June 2023 Rupees
	Cash at bank - conventional banking			
	Current accounts	16.1	<b>84,745,976</b>	64,781,366
	Saving accounts	16.2	<b>93,327</b>	66,853
			<b>84,839,303</b>	64,848,219
	Cash in hand		<b>287,043</b>	213,645
			<b>85,126,346</b>	65,061,864

**16.1** These include foreign currency balances amounting to Rs. 13,929,121 [USD 50,050.74] (2023: Rs. 1,730,325 [USD 6,037]).

**16.2** These carry interest at the rate of 20.50% (2023: 14.5%) per annum.

17	<b>TRADE, OTHER PAYABLES AND ACCRUED LIABILITIES</b>		30 June 2024 Rupees	30 June 2023 Rupees
	Trade creditors		<b>48,247,025</b>	157,655,022
	Contract liability - unsecured	17.1	<b>5,868,095</b>	1,486,508
	Accrued liabilities		<b>47,423,349</b>	42,684,504
	Insurance payable		<b>783,119</b>	811,553
	Workers' profit participation fund payable	17.2	<b>18,703,803</b>	45,132,717
	Workers' welfare fund payable	17.3	<b>7,334,825</b>	17,699,105
	Payable to employees' provident fund		<b>2,145,037</b>	1,846,948
	Levies payable	17.4	<b>26,691,772</b>	19,428,171
	Others		<b>37,277,972</b>	53,112,962
			<b>194,474,997</b>	339,857,490

**17.1** The contract liabilities outstanding as at 30 June 2024 amounting to Rs. 590,566 (30 June 2023 Rs. 248,588) have been fully recognized as revenue during the current year.

17.2	<b>Workers' profit participation fund payable</b>		30 June 2024 Rupees	30 June 2023 Rupees
	Opening balance		<b>45,132,717</b>	18,904,265
	Charge for the year		<b>18,703,803</b>	45,132,717
	Payment during the year		<b>(45,132,717)</b>	(18,904,265)
	Closing balance		<b>18,703,803</b>	45,132,717
17.3	<b>Workers' welfare fund payable</b>			
	Opening balance		<b>17,699,105</b>	7,184,221
	Charge for the year		<b>7,334,825</b>	17,699,105
	Adjustment during the year		<b>(17,699,105)</b>	(7,184,221)
	Closing balance		<b>7,334,825</b>	17,699,105
17.4	<b>Levies payable</b>			
	Opening balance		<b>19,428,171</b>	8,192,610
	Charge for the year		<b>17,935,358</b>	20,573,436
	Payment during the year		<b>(10,671,757)</b>	(9,337,875)
	Closing balance		<b>26,691,772</b>	19,428,171



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

18	<b>SHORT - TERM BORROWINGS</b>	Note	30 June 2024 Rupees	30 June 2023 Rupees
	<b>Allied Bank Limited</b>			
	- Running finance / ERF	18.1	169,833,596	371,313,268
	<b>United Bank Limited</b>			
	- Running finance	18.2	2,284,062	4,423,245
			<b>172,117,658</b>	<b>375,736,513</b>

**18.1** This represents utilized amount of running finance facilities with cumulative sanctioned limit of Rs. 500 million (2023: Rs. 500 million) to meet the working capital requirements of the Company. These facilities include running finance facility - RF I with sanctioned limit of Rs. 300 million carrying mark-up at the rate of 3 months KIBOR + 1.00% of the utilized amount, running finance facility - RF III with maximum sanctioned limit of Rs. 125 million carrying markup at the rate of 3 months KIBOR + 0.75% per annum of the utilized amount and secured against the investment made in the ABL term deposit receipts of USD 550,000 with 5% margin. Also refer note 15.2. These facilities also contain utilized amount of loan with cumulative sanctioned limit of Rs. 150 million (2023: Rs. 150 million) to finance raw material import. The loan carries mark-up at the rate of 1 months KIBOR + 2.50% of the utilized amount.

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 (2023: Rs. 75 million) for Export Re-finance-I and Export Re-finance-II.

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

**18.2** This represents utilized amount of running finance facility of Rs. 200 million (2023: Rs. 200 million) for financing working capital requirements of the Company. The facility carries markup at the rate of 1 month KIBOR + 0.75% per annum. The facility is secured against investment in units of UBL Liquidity Plus Fund with 5% margin. Refer note 14.1

RF facility has sub limit of letter of guarantees (LGs) secured against deposit under lien and or investment in UBL Funds with 5% margin amounting to Rs. 32 million.

19	<b>LONG TERM LOAN - SECURED</b>	Note	30 June 2024 Rupees	30 June 2023 Rupees
	Loan under refinancing schemes		122,603,093	183,904,627
	Less: current portion of long term loans		(61,301,537)	(61,301,536)
			<b>61,301,556</b>	<b>122,603,091</b>
<b>19.1</b>	<b>Current portion</b>			
	Current portion of long term loans		61,301,537	61,301,536
	Markup accrued		1,539,606	2,307,329
			<b>62,841,143</b>	<b>63,608,865</b>
	<b>Allied Bank Limited</b>			
	Loan for acquisition of Property, Plant and Equipment	19.1.1	122,603,093	183,904,627
			<b>122,603,093</b>	<b>183,904,627</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**19.1.1** This represents utilized amount of long term finance facilities under SBP's temporary economic refinance scheme for import of plant and machinery with cumulative sanctioned limit of Rs. 250 million (2023: Rs. 250 million). The facility carries mark-up at the rate of SBP rate + 4.00% of the utilized amount. The tenor of the facility is 5 years repayable in 16 equal quarterly installments started from July 2022. The facility is secured by way of first charge on all present and future current assets (excluding financial assets) and fixed assets of the Company along with equitable mortgage over plot # 70 Phase III industrial Estate Hattar measuring 29.4 Acres.

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>20 EMPLOYEE BENEFIT</b>			
Accumulated compensated absences	20.1	1,071,384	962,377
Payable to staff gratuity - fund (regular employees)	20.2	14,316,627	15,814,354
Payable to staff gratuity - non-funded (contractual employees)	20.3	9,994,467	-
		<b>25,382,478</b>	<b>16,776,731</b>
<b>20.1 Accumulated compensated absences</b>			
Opening balance		962,377	801,595
Charge for the year		169,907	698,582
Benefits paid during the year		(60,900)	(537,800)
Closing balance		<b>1,071,384</b>	<b>962,377</b>
<b>20.2 Defined benefit obligation - gratuity</b>			
<b>20.2.1 The amounts recognized in the statement of financial position are as follows:</b>			
Present value of defined benefit obligation		139,547,123	106,841,335
Fair value of plan assets		(125,230,496)	(91,026,981)
Liability		<b>14,316,627</b>	<b>15,814,354</b>
<b>20.2.2 Amount recognised in the profit or loss is as follows:</b>			
Current service cost		13,188,272	11,812,322
Net interest cost		1,205,844	742,209
		<b>14,394,116</b>	<b>12,554,531</b>
<b>20.2.3 Amount to be recognised in other comprehensive income</b>			
Actuarial (gain) / loss on obligation		4,886,721	3,503,010
Actuarial gain / (loss) on plan assets		(4,964,210)	(243,187)
		<b>(77,489)</b>	<b>3,259,823</b>
<b>20.2.4 The movement in the present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation at beginning		106,841,335	89,974,663
Current service cost		13,188,272	11,812,322
Interest cost		16,175,518	11,077,505
Benefits paid		(1,544,723)	(9,526,165)
Re-measurement of defined benefit obligation		4,886,721	3,503,010
Present value of defined benefit obligation at end		<b>139,547,123</b>	<b>106,841,335</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 20.2.5 The movement in fair value of plan assets:

Fair value of plan assets at beginning
Expected return on plan assets
Contributions
Benefits paid
Re-measurement of plan assets
Fair value of plan assets at end

### 20.2.6 Contributions expected to be paid to the plan during the next year

### 20.2.7 Plan assets comprise of:

National Savings
Government bonds
Mutual Funds

### 20.2.8 Principal actuarial assumptions used in the actuarial valuations are as follows:

Discount rate
Salary growth rate

### 20.2.9 Sensitivity analysis

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

	2024 Defined benefit obligation	
	Effect of 1 percent increase	Effect of 1 percent decrease
	Rupees	
Discount rate	(11,806,468)	13,626,966
Future salary growth	13,493,108	(11,877,149)

### 20.2.10 Projected payments

The weighted average of plan duration is 10.6 years (2023: 11.2 years). The year wise projected payments are as follows;

	30 June 2024 Rupees	30 June 2023 Rupees
	91,026,981	78,556,058
	14,969,674	10,335,296
	15,814,354	11,418,605
	(1,544,723)	(9,526,165)
	4,964,210	243,187
	<b>125,230,496</b>	<b>91,026,981</b>
	<b>17,706,623</b>	<b>15,814,354</b>
	-	41,100,940
	123,046,796	25,032,879
	2,182,753	24,444,365
	947	448,797
	<b>125,230,496</b>	<b>91,026,981</b>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>14.00%</b>	<b>15.25%</b>
	<b>13.00%</b>	<b>14.25%</b>

Years	Amount
2025	5,436,956
2026	9,857,323
2027	12,559,757
2028	18,479,102
2029	14,498,680
2030-34	173,486,893

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 20.2.10 Significant risk associated with the staff retirement benefit scheme:

### Longevity Risks:

### Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

### Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

**20.3** The amount represents gratuity payable to contractual employees of Saindak.

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>21 LEASE LIABILITIES</b>			
Lease liabilities	21.1	2,218,147	6,672,408
Less: Current portion		(2,218,147)	(4,446,011)
Long term portion		-	2,226,397
<b>21.1 Lease liabilities</b>			
Opening balance		6,672,408	12,812,529
Additions		-	10,786,838
Payments		(4,454,261)	(16,926,959)
Closing balance		2,218,147	6,672,408

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

	Note	30 June 2024 Rupees	30 June 2023 Rupees
Less than one year		2,218,147	4,446,011
One to five years		-	2,226,398
		2,218,147	6,672,409
<b>Amounts recognized in the profit or loss</b>			
Interest on lease liabilities	31	1,185,710	2,080,936
Depreciation	8	1,114,026	3,043,505
		2,299,736	5,124,441

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 22 DEFERRED TAX LIABILITY - net

### 2024

#### Taxable temporary difference

Property, plant and equipment
Right of use assets
Surplus on revaluation of property, plant and equipment

#### Deductible temporary difference

Employee benefits
Trade debts
Stores, spare parts and loose tools

Net balance at 01 July 2023	Recognized in		Net balance at 30 June 2024
	Profit or loss	OCI	
----- (Rupees) -----			
59,201,414	38,227,767	-	97,429,181
5,333,106	(2,287,953)	-	3,045,153
95,530,524	(8,793,772)	44,682,568	95,530,524
(4,793,735)	(5,919,524)	(22,472)	(10,735,731)
(25,764,341)	(118,492,905)	-	(144,257,246)
(1,500,240)	(772,851)	-	(2,273,091)
<b>128,006,728</b>	<b>(98,039,238)</b>	<b>44,660,096</b>	<b>74,627,586</b>

### 2023

#### Taxable temporary difference

Property, plant and equipment
Right of use assets
Surplus on revaluation of property, plant and equipment

#### Deductible temporary difference

Retirement benefits
Trade debts
Stores, spare parts and loose tools

Net balance at 01 July 2022	Recognized in		Net balance at 30 June 2023
	Profit or loss	OCI	
----- (Rupees) -----			
69,095,801	(9,894,388)	-	59,201,414
4,146,428	1,186,678	-	5,333,106
28,191,310	(3,081,959)	70,421,173	95,530,524
(2,830,212)	(1,963,523)	-	(4,793,735)
(6,385,508)	(19,378,833)	-	(25,764,341)
(853,493)	(646,747)	-	(25,764,341)
<b>91,364,326</b>	<b>(33,778,771)</b>	<b>70,421,173</b>	<b>128,006,728</b>

## 23 SHARE CAPITAL

### 23.1 Authorized share capital

150,000,000 (2023: 60,000,000) ordinary shares of Rs. 10 each.

### 23.2 Issued, subscribed and paid up capital

2024	2023		2024	2023
Number of Shares			Rupees	Rupees
20,000,000	20,000,000	Ordinary shares of Rs. 10 each issued for cash	200,000,000	200,000,000
26,382,688	26,382,688	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	263,826,880	263,826,880
<b>46,382,688</b>	<b>46,382,688</b>		<b>463,826,880</b>	<b>463,826,880</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**23.2.1** 14,855,360 ordinary shares i.e. 32.03% (2023: 13,844,038 ordinary shares i.e. 29.85%) Rs. 10 each are held by the Directors of the Company.

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

### 23.3 Capital management

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

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

	<b>30 June 2024 Rupees</b>	30 June 2023 Rupees
Debt	<b>298,478,504</b>	568,620,877
Equity	<b>2,936,113,271</b>	2,931,651,637
	<b>3,234,591,775</b>	3,500,272,514
Gearing Ratio	<b>9%</b>	16%
	<b>30 June 2024 Rupees</b>	30 June 2023 Rupees
<b>24 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT – net of tax</b>		
<b>Revaluation surplus – gross</b>		
Opening balance	<b>1,617,787,076</b>	1,355,999,350
Surplus on revaluation for the year – gross	-	273,761,148
	<b>1,617,787,076</b>	1,629,760,498
Transferred to equity in respect of incremental depreciation – net of deferred tax	<b>(25,370,071)</b>	(8,891,463)
Related deferred tax on incremental depreciation	<b>(8,793,773)</b>	(3,081,959)
Incremental depreciation charged to statement of profit or loss	<b>(34,163,844)</b>	(11,973,422)
Closing balance	<b>1,583,623,232</b>	1,617,787,076
<b>Related deferred tax liability</b>		
Opening balance	<b>(95,530,525)</b>	(28,191,310)
Reversed in statement of profit or loss on incremental depreciation	<b>8,793,773</b>	3,081,959
Effect of change in tax rate	<b>(44,682,568)</b>	(5,171,648)
Tax on revaluation surplus for the year	-	(65,249,526)
Closing balance	<b>(131,419,320)</b>	(95,530,525)
	<b>1,452,203,912</b>	1,522,256,551

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 25 CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

25.1.1 For contingencies relating to tax matters refer note 35 to the financial statements.

### 25.2 Commitments

25.2.1 Letters of credit issued by Allied Bank Limited on behalf of the Company for import of raw materials and acquisition of Fixed Assets, outstanding at the year end amounted to Rs. 10,705,920 (2023: Rs. 43,975,904). The Letter of Credit is secured by way of lien over valid import documents.

25.2.2 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. 20,340,970 (2023: Rs. 9,761,197). Letter of Guarantees are secured by 10% cash margin, counter guarantee of Biafo Industries Limited for each LG and Hypothecation charge/ mortgage on property as under RF-1 facility.

25.2.3 Letter of guarantee issued by United 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. 31,107,000 (2023: Rs.31,107,000). Letter of Guarantees are secured by 5% cash margin, counter guarantee of Biafo Industries Limited for each LG and lien on investment in UBL Funds under RF facility.

## 26 REVENUE - net

Local sales- gross

Sales tax

**Local sales-net**

**Export sales**

**30 June 2024**  
**Rupees**

**1,590,445,960**

**(242,676,581)**

**1,347,769,379**

**1,057,312,216**

**2,405,081,595**

30 Jun 2023  
Rupees

1,853,451,537

(276,150,866)

1,577,300,671

1,135,797,418

2,713,098,089

26.1 Export sales includes sales made through contracts with customers for Saindak, Dudder within Pakistan (2023: Saindak and Dudder) projects in Balochistan, Pakistan which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

26.2 Disaggregation of revenue based on product categories:

Tovex water gel explosives

Powder explosives

Accessories

Other finished goods

**30 June 2024**  
**Rupees**

**1,138,256,316**

**593,660,752**

**606,641,270**

**66,523,257**

**2,405,081,595**

30 Jun 2023  
Rupees

1,381,815,226

373,069,040

931,725,326

26,488,497

2,713,098,089

26.3 Disaggregation of revenue based on customer segmentation:

Cement sector

Oil and gas sector

Construction sector

Large projects

Export sector

Others

**386,712,725**

**432,995,433**

**344,005,636**

**143,995,378**

**1,057,312,216**

**40,060,207**

**2,405,081,595**

331,140,065

846,616,222

246,999,478

143,464,694

1,135,797,418

9,080,212

2,713,098,089

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 Rupees	30 June 2023 Rupees
<b>27 COST OF SALES</b>			
Materials consumed	27.1	825,389,860	940,475,983
Stores, spare parts and loose tools consumed		12,774,410	13,829,199
Packing materials consumed		21,405,377	25,376,424
Fuel and power expenses		29,582,881	25,569,887
Salaries, wages and other benefits	27.2	204,694,859	180,655,000
Insurance		7,579,546	8,069,008
Repairs and maintenance		14,462,556	8,334,463
Depreciation	7.2	75,291,538	55,271,369
Vehicle running and maintenance		6,662,999	3,917,844
Travelling and conveyance		2,865,466	766,529
Water charges		507,390	642,610
Telephone, telex and postage		570,381	564,802
Printing and stationery		508,745	447,148
Canteen		2,501,630	2,181,218
Transportation cost		129,642,107	95,220,548
Fees and subscription		1,329,221	1,893,679
Vehicle rent		5,088,000	4,389,000
Security charges		10,549,819	8,815,279
Export expenses		5,194,700	84,114,769
Other manufacturing expenses		8,524,236	8,802,014
		<b>1,365,125,721</b>	1,469,336,773
Work in process:			
at beginning of the year		51,446,992	19,084,209
at end of the year		(50,169,885)	(51,446,992)
		<b>1,277,107</b>	(32,362,783)
<b>Cost of goods manufactured</b>		<b>1,366,402,828</b>	1,436,973,990
Finished goods:			
at beginning of the year		76,011,777	168,173,153
at end of the year		(52,830,492)	(76,011,777)
		<b>23,181,285</b>	92,161,376
		<b>1,389,584,113</b>	1,529,135,366
<b>27.1 Materials consumed</b>			
Opening balance		509,812,632	300,460,766
Purchases during the year		806,825,175	1,149,827,849
		<b>1,316,637,807</b>	1,450,288,615
Closing balance		(491,247,947)	(509,812,632)
		<b>825,389,860</b>	940,475,983



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**27.2** This includes an amount of Rs. 26,768,961 (2023: Rs. 10,132,769) charged on account of employees' retirement benefits.

	Note	30 June 2024 Rupees	30 Jun 2023 Rupees
<b>28 OTHER INCOME</b>			
Rental income		5,418,750	5,100,000
Reversal of WWF		4,897,969	3,514,405
Misc. Income		-	3,421,073
Gain on sale of property, plant and equipment		-	99,173
		<b>10,316,719</b>	<b>12,134,651</b>
<b>29 DISTRIBUTION EXPENSES</b>			
Salaries, wages and other benefits	29.1	46,504,638	39,982,117
Sales commission		3,396,057	95,618
Staff travelling and conveyance		12,347,311	20,785,164
Business development		18,779,214	-
Fees and subscription		506,500	264,600
Telephone and postage		205,317	278,131
Entertainment		229,497	841,524
Printing and stationery		279,835	259,329
Vehicle running and maintenance		3,032,773	2,345,698
Insurance		162,949	164,753
Other charges		2,651,252	2,840,997
Depreciation	7.2	474,133	526,814
		<b>88,569,476</b>	<b>68,384,745</b>

**29.1** This include an amount of Rs. 4,296,874 (2023: Rs. 3,164,642) charged on account of employees' retirement benefits.

	Note	30 June 2024 Rupees	30 Jun 2023 Rupees
<b>30 ADMINISTRATIVE EXPENSES</b>			
Chief Executive Officer and Directors' remuneration	30.1	34,786,000	39,669,394
Salaries, wages and other benefits	30.1	78,281,250	66,346,502
Directors' travelling and conveyance		31,633,084	28,858,873
Staff travelling		1,321,176	3,633,063
Electricity, gas and water charges		2,017,421	1,935,217
Telephone, telex and postage		1,376,400	1,202,767
Rent, rates and taxes		184,896	540,452
Legal and professional charges		19,598,563	8,178,072
Donation	30.3	1,400,000	2,500,000
Auditors' remuneration	30.2	2,750,000	2,250,000
Printing and stationery		2,226,238	1,706,116
Entertainment		1,207,156	932,421
Insurance		634,046	557,509
Advertisements		595,612	2,027,334
Vehicle running and maintenance		9,922,865	8,444,862
Repair and maintenance		5,240,299	2,545,806
Security charges		1,977,600	1,470,747
General expenses		8,261,734	3,288,577
Depreciation on investment property	9	683,544	701,071
Amortization charge for the year	8.1	1,184	1,776
Depreciation	7.2	13,549,207	6,320,802
		<b>217,648,275</b>	<b>183,111,361</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**30.1** These include Rs. 5,586,057 (2023: Rs. 2,516,943) charged on account of retirement benefits.

## **30.2 Auditors' remuneration**

Annual audit fee  
Half year review  
Other certifications

<b>30 June 2024</b>	30 June 2023
<b>Rupees</b>	Rupees
<b>1,500,000</b>	1,500,000
<b>750,000</b>	300,000
<b>500,000</b>	450,000
<b>2,750,000</b>	2,250,000

These donations has been made to SAHIL and Frontier Association for the Mentally Handicapped. There is no interest of directors in these donations.

## **31 FINANCE COSTS**

Mark up on short term borrowings  
Mark up on long term loans  
Interest on lease liabilities  
Exchange Loss - Realized  
Exchange Loss - Unrealized  
Bank charges  
Mark up on WPPF

<b>30 June 2024</b>	30 June 2023
<b>Rupees</b>	Rupees
<b>70,344,105</b>	58,392,501
<b>7,357,344</b>	10,498,423
<b>1,185,710</b>	2,080,936
<b>6,327,539</b>	-
<b>15,285,445</b>	-
<b>7,103,367</b>	5,334,038
<b>1,756,072</b>	120,337
<b>109,359,582</b>	76,426,235

## **32 FINANCE INCOME**

Dividend income  
Gain on remeasurement of investments at fair value through profit or loss  
Exchange gain - Realized  
Exchange gain - Unrealized  
Interest on investment in TDRs  
Interest on saving accounts

<b>19,328,316</b>	21,195,676
<b>169,152</b>	720,295
-	71,647,730
-	-
<b>14,123,216</b>	9,026,523
<b>14,315</b>	9,541
<b>33,634,999</b>	102,599,765

## **33 MINIMUM TAX DIFFERENCIAL**

This represents portion of final tax paid under section 5 and 157 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

<b>34 INCOME TAX EXPENSE</b>	<b>30 June 2024 Rupees</b>	30 June 2023 Rupees
Current tax		
- For the year	<b>160,463,920</b>	245,348,901
- Prior years	<b>(27,350,075)</b>	-
	<b>133,113,845</b>	245,348,901
Deferred tax expense	<b>(98,039,238)</b>	(33,778,771)
Profit before tax	<b>35,074,607</b>	211,570,130
<b>34.1 Reconciliation of tax expense for the year</b>		
Profit before tax	<b>348,037,430</b>	839,822,521
Tax rate	<b>29%</b>	29%
Tax on accounting profit	<b>100,930,855</b>	243,548,531
Tax effect of income charged under final tax regime	<b>(113,038,392)</b>	(117,289,195)
Super tax effect	<b>39,797,816</b>	70,043,737
Amount not deductible for tax purposes	<b>180,495,439</b>	109,552,195
Amount deductible for tax purposes but not taken to the statement of profit and loss	<b>(75,071,873)</b>	(60,506,367)
Deferred tax impact	<b>(98,039,238)</b>	(33,778,771)
	<b>35,074,607</b>	211,570,130

**34.2** The aggregate of minimum / final tax and income tax, amounting to Rs. 243.55 million (2023: 265.92 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

### **34.3 Reconciliation of tax charged under ITO 2001 and its bifurcation**

Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	<b>Note</b>	<b>30 June 2024 Rupees</b>	30 June 2023 Rupees
Current tax liability for the year as per applicable tax laws		<b>151,049,203</b>	<b>265,922,337</b>
Portion of current tax liability as per tax laws, representing income tax under IAS 12	34	<b>(133,113,845)</b>	<b>(245,348,901)</b>
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	33	<b>(17,935,358)</b>	<b>(20,573,436)</b>
		<b>-</b>	<b>-</b>

**34.4** Tax assessments up to and including tax year 2023 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.

**34.5** 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 on 4 June 2015 for rectification before OIR, LTU, Islamabad under section 221 of the Income Tax Ordinance, 2001, which is pending with OIR, LTU, Islamabad. Based on tax consultant's advice management expects favorable outcome in this regard.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- 34.6** 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 on 4 June 2015 for rectification before OIR, LTU, Islamabad under section 221 of the Income Tax Ordinance, 2001, which is pending with OIR, LTU, Islamabad. Based on tax consultant's advice management expects favorable outcome in this regard.
- 34.7** 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 on 11 August 2016 before Appellate Tribunal and to date no hearing notice has been issued. Based on tax consultant's advice management expects favorable outcome in this regard.
- 34.8** The Add CIR. LTU. Islamabad had issued show cause notice u/s 122(5A) of the ITO 2001 relating to tax year 2014 and the Company has duly responded to the notices and provided the details/documents requested. However, the Add CIR. LTU. Islamabad had issued an order u/s 122(5A) of the ITO 2001 dated 27 June 2020 wherein alleged tax demand of Rs. 340,682,982 has been determined. The Company has filed appeal with CIR(A), Islamabad. The CIR (Appeals-I), Islamabad has remanded back the case to the assessing officer. The ADCIR, Islamabad has initiated the appeal effect proceedings and issued appeal effect order to reduce tax payable to Rs. 32,352,443/- as on 30 June 2024. The Company is planning to file appeal before Appellate Tribunal against order issued by ADCIR. Based on tax consultant's advice management expects favorable outcome in this regard.
- 34.9** 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 on 30 June 2017, the Islamabad High Court has granted stay against recovery of tax demand till the next date of hearing. Based on tax consultant's advice management expects favorable outcome in this regard.

		<b>30 June 2024</b>	30 June 2023
<b>35</b>	<b>EARNINGS PER SHARE - basic and diluted</b>		
	Profit for the year (Rupees)	<b>295,027,465</b>	607,678,955
	Average number of shares outstanding during the year (Number)	<b>46,382,688</b>	46,382,688
	Earnings per share (Rupees)	<b>6.36</b>	13.10
<b>36</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	<b>85,126,346</b>	65,061,864
	Short-term borrowings	<b>(172,117,658)</b>	(375,736,513)
		<b>(86,991,312)</b>	(310,674,649)

Note

16

18

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

	Liabilities			Total
	Lease liabilities	Long term loan	Unpaid and unclaimed dividend	
	----- (Rupees) -----			
<b>Balance at 01 July 2023</b>	<b>6,672,408</b>	<b>186,211,956</b>	<b>51,155,604</b>	<b>244,039,968</b>
<b>Changes from financing cash flows</b>				
Dividend paid	-	-	(235,295,106)	(235,295,106)
Repayment of loans and borrowings	-	(61,301,534)	-	(61,301,534)
Lease liability paid	(4,454,261)	-	-	(4,454,261)
	<b>(4,454,261)</b>	<b>(61,301,534)</b>	<b>(235,295,106)</b>	<b>(301,050,901)</b>
<b>Other changes</b>				
Dividend announced	-	-	245,828,246	245,828,246
Markup (paid) / accrued - (net)	-	(767,723)	10,505,250	9,737,527
<b>Balance at 30 June 2024</b>	<b>2,218,147</b>	<b>124,142,699</b>	<b>72,193,994</b>	<b>198,554,840</b>
<b>Balance at 01 July 2022</b>	12,812,529	261,319,830	42,841,884	316,974,243
<b>Changes from financing cash flows</b>				
Dividend paid	-	-	(211,514,043)	(211,514,043)
Repayment of loans and borrowings	-	(71,914,924)	-	(71,914,924)
Lease liability paid	(6,140,121)	-	-	(6,140,121)
	<b>(6,140,121)</b>	<b>(71,914,924)</b>	<b>(211,514,043)</b>	<b>(289,569,088)</b>
<b>Other changes</b>				
Dividend announced	-	-	213,360,366	213,360,366
Markup (paid) / accrued - (net)	-	(3,192,950)	6,467,397	3,274,447
<b>Balance at 30 June 2023</b>	<b>6,672,408</b>	<b>186,211,956</b>	<b>51,155,604</b>	<b>244,039,968</b>

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

	Chief Executive Officer	Executive Directors	Executives	Total
	----- (Rupees) -----			
<b>2024</b>				
Managerial remuneration	19,200,000	13,200,000	120,106,120	152,506,120
Employee benefits	-	-	14,149,081	14,149,081
Bonus	3,200,000	2,200,000	19,768,520	25,168,520
<b>Total</b>	<b>22,400,000</b>	<b>15,400,000</b>	<b>154,023,721</b>	<b>191,823,721</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>49</b>	
<b>2023</b>				
Managerial remuneration	19,200,000	11,580,000	100,035,120	130,815,120
Employee benefits	-	-	5,064,649	5,064,649
Bonus	3,200,000	1,930,000	16,672,520	21,802,520
<b>Total</b>	<b>22,400,000</b>	<b>13,510,000</b>	<b>121,772,289</b>	<b>157,682,289</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>39</b>	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- 38.1** 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. 13,800,000 (2023: Rs. 15,300,000).
- 38.2** Chief Executive Officer, Executive Directors, Chief Operating Officer, Chief Financial Officer, Chief Commercial Officer and Advisor Human Resource are provided with the Company maintained vehicles.
- 38.3** Number of persons include those who worked part of the year.

### 39 RELATED PARTIES

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

Sr. No.	Name of related party	Relationship	Direct % holding in the company
1	M. Afzal Khan	Director	11.109%
2	Syeda Shahbano Abbas	Director	7.366%
3	Ayesha Humayun Khan	Director	4.534%
4	Khwaja Ahmad Hosain	Director	1.182%
5	Ehsan Mani	Director	0.397%
6	Mehreen Hosain	Director	0.060%
7	Himayat Ullah	Director	0.008%
8	Anwar Moin	Director	0.006%
9	Muhammad Waheed	Director	0.003%
10	Syed Zomma Mohiuddin	Director	0.002%
11	M. Zafar Khan	Director	0.001%
12	Adnan Afridi	Director	0.001%

### 39.1 Related party transactions and disclosures

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 only with directors of the company on the basis of their shareholding. Transactions with the related parties are disclosed are as follows:

	30 June 2024 Rupees	30 June 2023 Rupees
<b>Dividend to non - executive directors</b>	<b>55,875,771</b>	88,718,838
<b>Other related parties</b>		
Remuneration including benefits and perquisites of key management personnel	<b>37,800,000</b>	35,910,000
Dividend to key management personnel (Executive directors)	<b>15,848,336</b>	13,858,829
Contribution towards employees' provident fund	<b>12,329,405</b>	10,566,812
Contribution towards employees' gratuity fund	<b>15,814,354</b>	11,077,505
<b>Balances</b>		
Payable to Employees Provident Fund	<b>2,145,037</b>	1,846,948
Payable to Employees Gratuity Fund	<b>21,854,526</b>	13,386,537

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 40 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 2024

## 40.1 Fair value of financial assets and liabilities

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

Financial assets and liabilities	Carrying amount				Fair value			
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>30 June 2024</b>	Rupees							
<b>Financial assets measured at fair value</b>	Rupees							
Short term investments	-	105,822,693	-	105,822,693	105,822,693	-	-	105,822,693
	-	105,822,693	-	105,822,693	105,822,693	-	-	105,822,693
<b>Financial assets not measured at fair value</b>	Rupees							
Trade debts	237,781,007	-	-	237,781,007	-	-	-	-
Advances to employees	805,794	-	-	805,794	-	-	-	-
Other receivables	2,034,097	-	-	2,034,097	-	-	-	-
Short-term investments	153,883,473	-	-	153,883,473	-	-	-	-
Bank balances	84,839,303	-	-	84,839,303	-	-	-	-
Trade deposits	17,130,610	-	-	17,130,610	-	-	-	-
Long-term deposits	1,782,900	-	-	1,782,900	-	-	-	-
<b>Total financial assets</b>	<b>498,257,184</b>	<b>105,822,693</b>	<b>-</b>	<b>604,079,877</b>	<b>105,822,693</b>	<b>-</b>	<b>-</b>	<b>105,822,693</b>
<b>Financial liabilities not measured at fair value</b>	Rupees							
Short-term borrowings	-	-	172,117,658	172,117,658	-	-	-	-
Unclaimed dividend	-	-	44,372,446	44,372,446	-	-	-	-
Unpaid dividend	-	-	27,821,548	27,821,548	-	-	-	-
Long term loans	-	-	125,682,304	125,682,304	-	-	-	-
Lease liabilities	-	-	2,218,147	2,218,147	-	-	-	-
Trade and other payables	-	-	160,423,237	160,423,237	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>532,635,340</b>	<b>532,635,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Financial assets and liabilities	Carrying amount				Fair value			
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>30 June 2023</b>	<b>Rupees</b>							
<b>Financial assets measured at fair value</b>	<b>Rupees</b>							
Short-term investments	-	89,224,473	-	89,224,473	89,224,473	-	-	89,224,473
	-	89,224,473	-	89,224,473	89,224,473	-	-	89,224,473
<b>Financial assets not measured at fair value</b>	<b>Rupees</b>							
Trade debts	683,746,715	-	-	683,746,715	-	-	-	-
Advances to employees	2,108,666	-	-	2,108,666	-	-	-	-
Other receivables	976,120	-	-	976,120	-	-	-	-
Short-term investments	158,735,599	-	-	158,735,599	-	-	-	-
Bank balances	64,848,219	-	-	64,848,219	-	-	-	-
Trade deposits	10,327,099	-	-	10,327,099	-	-	-	-
Long - term deposits	1,777,650	-	-	1,777,650	-	-	-	-
<b>Total financial assets</b>	922,520,068	89,224,473	-	1,011,744,541	89,224,473	-	-	89,224,473
<b>Financial liabilities not measured at fair value</b>	<b>Rupees</b>							
Short-term borrowings	-	-	375,736,513	375,736,513	-	-	-	-
Unclaimed dividend	-	-	33,867,196	33,867,196	-	-	-	-
Unpaid dividend	-	-	17,288,408	17,288,408	-	-	-	-
Long term loans	-	-	186,211,955	186,211,955	-	-	-	-
Lease liabilities	-	-	6,672,408	6,672,408	-	-	-	-
Trade and other payables	-	-	215,019,875	215,019,875	-	-	-	-
<b>Total financial liabilities</b>	-	-	834,796,355	834,796,355	-	-	-	-

**40.1.1** 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 2024

## 40.2 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 analyze 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.

### 40.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

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

	<b>2024 Rupees</b>	2023 Rupees
Long term deposits	<b>1,782,900</b>	1,782,900
Trade Debts	<b>237,781,007</b>	683,746,715
Short term investments	<b>259,706,166</b>	247,960,072
Advances to employees	<b>805,794</b>	2,108,666
Trade deposits and other receivables	<b>19,164,707</b>	11,303,210
Bank balances	<b>84,839,303</b>	64,848,219
	<b>604,079,877</b>	1,011,749,791

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognized a loss allowance of Rs. 269.8 million (2023: Rs. 68 million) against all local trade debts.

The following table provides information about the exposure to credit risk and ECL for trade debts as at 30 June 2024.

	Weighted average loss rate	Gross carrying amount	Allowance for expected credit losses	impaired
	Percentage		Rupees	
Not past due	8.97%	153,371,414	13,754,447	No
Past due 0-30 days	7.33%	43,849,380	3,213,828	No
Past due 31-60 days	10.21%	20,308,330	2,073,369	No
Past due 61-90 days	17.25%	133,765	23,072	No
Past due 91-120 days	21.15%	1,501,326	317,573	No
Past due 121-150 days	27.02%	19,173,713	5,180,038	No
Past due 151-180 days	26.18%	13,561,403	3,550,371	No
Past due 181-210 days	29.32%	9,174,800	2,689,809	No
Over 210 days	46.57%	14,054,944	6,545,561	Yes
Over 210 days (loss)	100.00%	332,542,306	332,542,306	Yes
		607,671,381	369,890,374	

### 40.2.2 Liquidity risk

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

There were no defaults on loans payable during the year.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

30 June 2024	Contractual cash flows				
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years	Maturity after five years
	Rupees	Rupees			
<b>Maturity upto one year</b>					
Short-term borrowings	172,117,658	172,117,658	172,117,658	-	-
Unclaimed dividend	44,372,446	44,372,446	44,372,446	-	-
Unpaid dividend	27,821,548	27,821,548	27,821,548	-	-
Long term loan	125,682,304	125,682,304	62,841,143	62,841,161	-
Lease liabilities	2,218,147	2,218,146	2,218,147	-	-
Trade and other payables	160,423,237	160,423,237	160,423,237	-	-
	<b>532,635,340</b>	<b>532,635,339</b>	<b>469,794,179</b>	<b>62,841,161</b>	<b>-</b>
	<b>532,635,340</b>	<b>532,635,339</b>	<b>469,794,179</b>	<b>62,841,161</b>	<b>-</b>
<b>30 June 2023</b>					
Short-term borrowings	375,736,513	375,736,513	375,736,513	-	-
Unclaimed dividend	33,867,196	33,867,196	33,867,196	-	-
Unpaid dividend	17,288,408	17,288,408	17,288,408	-	-
Long term loan	188,519,284	188,519,284	63,608,865	124,910,419	-
Lease liabilities	6,672,408	6,672,408	4,446,011	2,226,398	-
Trade and other payables	254,264,041	254,264,041	254,264,041	-	-
	876,347,850	876,347,850	749,211,034	127,136,817	-
	876,347,850	876,347,850	749,211,034	127,136,817	-

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.

## 40.2.3 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 optimizing the return.

### a) Foreign currency risk management

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The potential currency exposures are discussed below:

## Transactional exposure in respect of non – functional currency monetary items

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

## Transactional exposure in respect of non – functional currency expenditure and revenues

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

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

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

	2024 USD	2023 USD
<b>Asset:</b>		
Trade debts	1,118,267	1,173,740
Bank balances	50,051	6,037
Investments	550,000	593,000
	<b>1,718,318</b>	<b>1,772,777</b>
<b>Liability:</b>		
Trade creditors	6,738	135,791
	<b>6,738</b>	<b>135,791</b>

The significant exchange rates applied during the year were:

	Average rate		Reporting date – closing rate	
	2024 Rupees	2023 Rupees	2024 Rupees	2023 Rupees
<b>USD 1</b>	<b>282.45</b>	246.05	<b>278.30</b>	286.60

## 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.

	2024 Rupees	2023 Rupees
Statement of profit or loss	<b>47,633,278</b>	45,683,645

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 2024

## Profile

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

	2024 %	2023 %	2024 Rupees	2023 Rupees
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Term deposit receipt	1-10.10	2.50-5.50	153,883,473	158,735,599
Bank balances - saving accounts	20.50	14.50	93,327	66,853
			<b>153,976,800</b>	158,802,452
<b>Financial liabilities</b>				
Long term loan	3.00-5.00	3.00-5.00	125,682,304	188,519,284
			<b>125,682,304</b>	188,519,284
<b>Variable rate instruments</b>				
<b>Financial liabilities</b>				
Short-term borrowings	1 Month to 3 Months KIBOR plus Margin	1 Month to 3 Months KIBOR plus Margin	172,117,658	375,736,513
			<b>172,117,658</b>	375,736,513

## 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. 3,757,365 (2023: Rs. 5,490,953)

## 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.

## 40.3 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## 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.

## 41 CAPACITY AND PRODUCTION

Products	Units	Rated production capacity	2024	2023
			Actual production	
Tovex water gel and powder explosives	Kgs	6,000,000	<b>2,832,570</b>	3,231,632
Detonator - plain / electric	Nos	9,000,000	<b>629,399</b>	2,238,722
Detonating cord	Meters	2,500,000	<b>1,132,100</b>	2,270,100

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

## 42 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

Description	2024 Rupees	2023 Rupees
i) Loans / advances obtained as per Islamic mode	<b>5,868,095</b>	14,86,508
ii) Shariah compliant bank deposits / bank balances	-	-
iii) Profit earned from shariah compliant bank deposits / bank balances	-	-
iv) Net revenue earned from a shariah compliant business segment	<b>2,405,081,595</b>	2,713,098,089
v) Gain/loss or dividend earned from shariah compliant investments	-	-
vi) Exchange gain /(loss) earned	<b>(6,327,539)</b>	720,295
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 31 and 32 respectively.

## 43 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 44 CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

### 45 GENERAL

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

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

### 45.3 Non - adjusting events after reporting date

The Board of Directors proposed final cash dividend at the rate of Rs. 2.30 per share (23%) in its meeting held on 24 September 2024.

### 45.4 Number of persons employed

Employees on year end (number)

Regular

Contractual

Total employees at year end

Average employees during the year (number)

Note

2024

2023

184

177

55

66

239

243

238

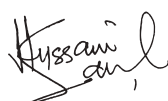
245

43.4.1

**45.4.1** Out of total 239 employees of the company at year end (2023: 243), 174 (2023: 180) are factory employees.

### 45.5 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 24 September 2024.



Chief Financial Officer



Chief Executive Officer



Director



## PATTERN OF SHAREHOLDING AS AT 30 JUNE 2024

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
315	1	100	9,922
387	101	500	115,134
193	501	1,000	156,099
526	1,001	5,000	1,222,394
113	5,001	10,000	828,858
44	10,001	15,000	533,508
23	15,001	20,000	397,142
22	20,001	25,000	505,799
11	25,001	30,000	298,167
15	30,001	35,000	494,961
9	35,001	40,000	332,782
3	40,001	45,000	129,600
5	45,001	50,000	249,501
3	50,001	60,000	160,736
3	60,001	70,000	195,662
1	70,001	80,000	74,210
1	80,001	90,000	82,498
2	90,001	100,000	196,800
2	100,001	125,000	222,559
3	125,001	150,000	415,308
4	150,001	175,000	651,738
3	175,001	200,000	575,670
1	200,001	225,000	210,976
2	225,001	250,000	463,826
1	275,001	300,000	283,000
1	375,001	400,000	400,000
1	525,001	550,000	548,158
1	675,001	700,000	692,630
3	2,000,001	2,500,000	6,395,700
2	3,000,001	3,500,000	6,829,732
1	3,500,001	4,000,000	3,587,133
1	4,500,001	5,000,000	5,000,000
1	5,000,001	5,500,000	5,152,680
1	8,500,001	9,000,000	8,969,805
<b>1,704</b>			<b>46,382,688</b>

SHAREHOLDER'S CATEGORY	NUMBERS OF SHAREHOLDERS	NUMBERS OF SHARE HELD	PERCENTAGE
INDIVIDUALS	1,659	45,092,601	97.22%
JOINT STOCK COMPANIES	27	761,900	1.64%
INSURANCE COMPANIES	3	27,062	0.06%
MUTUAL FUNDS	11	475,958	1.03%
OTHERS	4	25,167	0.05%
	<b>1,704</b>	<b>46,382,688</b>	<b>100.00%</b>

## PATTERN OF SHAREHOLDING AS AT 30 JUNE 2024

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	% AGE
<b>Directors, CEO &amp; their Spouse and Minor Children</b>			
Mohammad Afzal Khan	1	5,152,680	11.11
Syeda Shahbano Abbas	1	3,416,447	7.37
Ayesha Humayun Khan	1	2,102,834	4.53
Khwaja Ahmad Hosain	1	548,158	1.18
Ehsan Mani	1	184,369	0.40
Mehreen Hosain	1	27,920	0.06
Riffat Moin	1	15,770	0.03
Himayat Ullah	1	3,500	0.01
Anwar Moin	1	2,957	0.01
Muhammad Waheed	1	1,210	0.00
Syed Zomma Mohiuddin	1	1,000	0.00
Muhammad Zafar Khan	1	500	0.00
Adnan Afridi	1	500	0.00
<b>Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, &amp; Modarbas</b>	3	27,062	0.06
<b>Mutual Funds:</b>			
CDC - Trustee Al-Ameen Shariah Stock Fund	1	138,000	0.30
CDC - Trustee UBL Stock Advantage Fund	1	96,800	0.21
CDC - Trustee Atlas Islamic Stock Fund	1	50,000	0.11
CDC-Trustee Al-Ameen Islamic Ret. Sav. Fund - Equity Sub Fund	1	41,000	0.09
CDC - Trustee Al Habib Islamic Stock Fund	1	35,400	0.08
CDC - Trustee APIF - Equity Sub Fund	1	35,000	0.08
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	31,500	0.07
CDC - Trustee APF-Equity Sub Fund	1	25,000	0.05
CDC - Trustee Atlas Islamic Dedicated Stock Fund	1	20,000	0.04
CDC - Trustee AKD Opportunity Fund	1	2,950	0.01
CDC - Trustee Alfalah GHP Stock Fund	1	308	0.00
CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	1	167	0.00
<b>Other Individuals</b>	1,672	13,451,433	29.00
<b>Shareholders holding 5% or more shares in the Company:</b>			
Yasmin Hosain	1	8,969,805	19.34
Basit Waheed	1	5,000,000	10.78
Shireen Safdar	1	3,587,133	7.73
Syeda Shahnoor Abbas	1	3,413,285	7.36
<b>TOTAL</b>	<b>1,704</b>	<b>46,382,688</b>	<b>100.00</b>

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

	Shares Purchased / Transferred In	Shares Sold / Transferred Out
Mohammad Afzal Khan	1,667,074	3,000,000
Syeda Shahbano Abbas	1,500,000	-
Ayesha Humayun Khan	46,382	639,634
Himayat Ullah	-	62,500

# 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 36<sup>th</sup> Annual General Meeting of the  
Company to be held at Dewan-e-Khass, Islamabad Hotel, G-6, Civic-Centre, Melody Market, Islamabad  
on October 24, 2024 at 11:00 am and any adjournment thereof.

Signed ..... day of ..... 2024

Signature

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

WITNESSES:

1. Signature .....  
Name .....  
.....  
Address .....  
.....  
NIC or .....  
Passport No.....

WITNESSES:

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.

جناب سیکرٹری

بیا فوائڈسٹریز لمیٹڈ

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

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

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

\_\_\_\_\_ عمومی شیئرز کا حامل ہوں کے حامل ہیں اور ریسی 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 36 ویں سالانہ عمومی اجلاس میں میرے ہمارے حوالے سے ووٹ دینا ہے جو دیوان خاص، اسلام آباد ہوٹل،

G-6 سوک سینٹر، میلوڈی مارکیٹ، اسلام آباد میں 24 اکتوبر، 2024ء 11:00 am اور کسی بھی اس کے التواء کے منعقد ہوگا۔

دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_ 2024ء کو کئے گئے

دستخط

(دستخطی اس نمونہ جاتی سے متفق ہونا چاہیے جو کمپنی کے پاس مندرجہ 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 سکتے گا۔ Proxy کو کمپنی کارکن 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 بعد Proxy فارم کے ساتھ منسلک کرنا لازمی ہے۔

## E-DIVIDEND MANDATE FORM

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

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

**Dear Sir,**

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

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

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

Yours truly,

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

(Please affix company stamp in case of corporate entity)

#### Notes:








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










**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
notifications, corporate and  
regulatory actions)
-  Jamapunji application for  
mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

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

## **BIAFO INDUSTRIES LTD.**

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

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

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