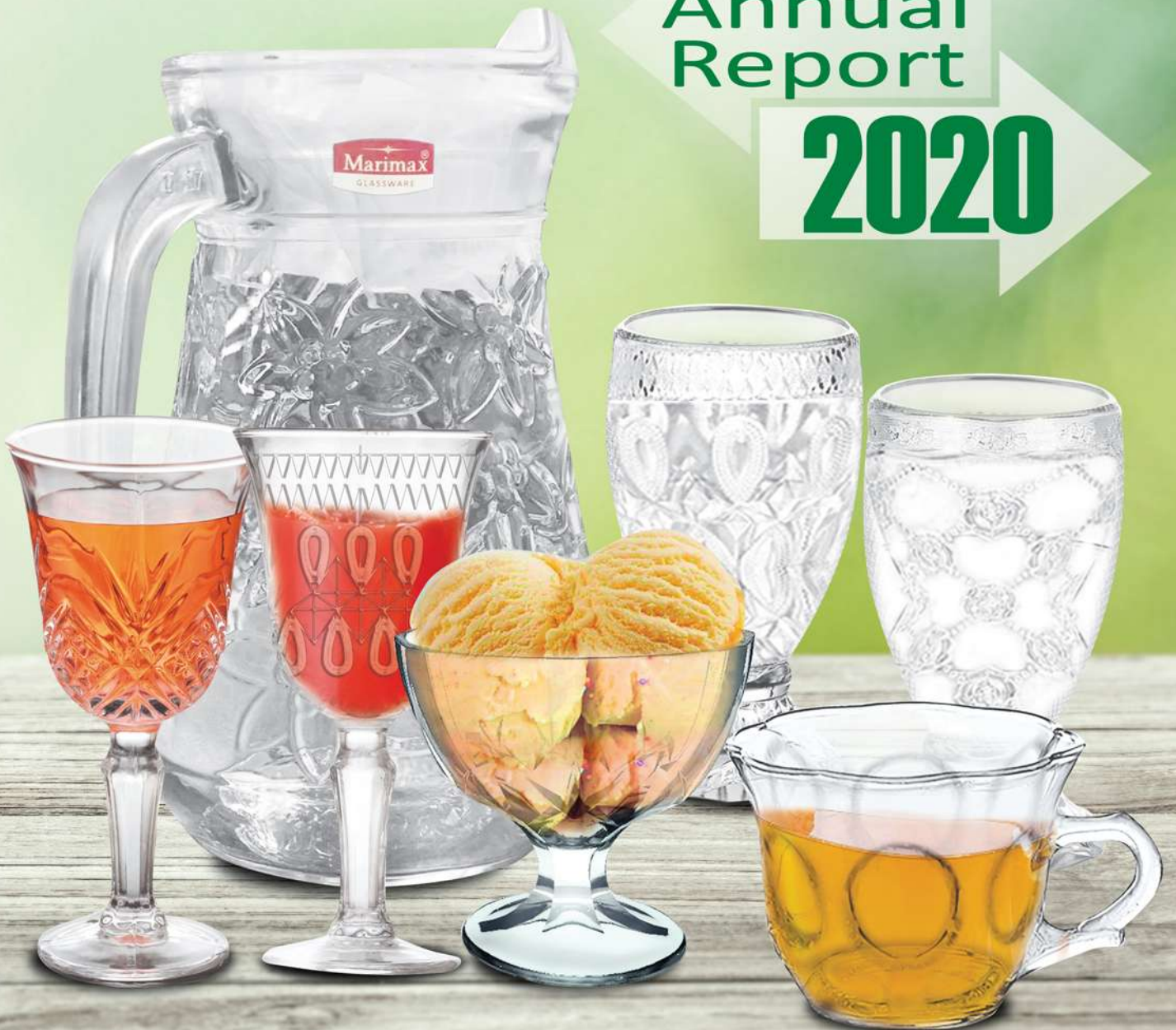




BALUCHISTAN GLASS LIMITED

Annual
Report

2020



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BOARD OF DIRECTORS

Mr. Muhammad Tousif Paracha	Chairman
Mr. Mian Nazir Ahmed Paracha	CEO
Mr. Faisal Aftab Ahmad	
Mrs. Tabassum Tousif Paracha	
Mr. Shaffi Uddin Paracha	
Mr. Muhammad Niaz Paracha	
Mr. Sana Ullah Khan Ghory	



AUDIT COMMITTEE

Mr. Faisal Aftab Ahmad	Chairman
Mr. Muhammad Tousif Paracha	Member
Mr. Muhammad Niaz Paracha	Member

HR & REMUNIRATION COMMITTEE

Mr. Sana Ullah Khan Ghory	Chairman
Mr. Muhammad Tousif Paracha	Member
Mr. Mian Nazir Ahmed Paracha	Member



COMPANY SECRETARY

Mr. Shams Ul Islam, ACA



BANKERS

The Bank of Punjab
 Bank Al Falah Limited
 Al Baraka Bank (Pakistan) Limited
 Faysal Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan
 United Bank Limited
 BankIslami Pakistan Limited
 JS Bank Limited
 MCB Bank Limited



AUDITORS

PKF F.R.A.N.T.S.
 Chartered Accountants

LEGAL ADVISOR

Masood Khan Ghory
 (Advocate & Legal Consultant)



REGISTERED OFFICE

Plot no. 8, Sector M, H.I.T.E.,
 Hub, District Lasbella, Balochistan.
 Tel : 0853 - 363657

HEAD OFFICE

12-KM, Sheikhpura Road,
 Kot Abdul Malik, Lahore.
 Tel: 042 37164071
 Web: www.balochistanglass.com
 Email: info@balochistanglass.com

FACTORIES

UNIT-I

Plot no. 8, Sector M, H.I.T.E.,
 Hub, District Lasbella,
 Balochistan.

UNIT-II

29-KM, Sheikhpura Road,
 Sheikhpura.

UNIT-III

12-KM, Sheikhpura Road,
 Kot Abdul Malik, Lahore.

SHARE REGISTRAR

Corplink (Pvt.) Limited
 Wings Arcade, 1-K, Commercial,
 Model Town, Lahore



Vision

To attain and maintain second to none status in Quality, Customers' Satisfaction, Cost Effectiveness and Market Leadership

Mission



To Establish, Maintain and continuously improve the management system by:

- * Developing and maintaining the Lean organization structure
- * Monitoring and reducing the cost without compromising the quality
- * Establishing, maintaining and continuous improvement of process efficiency and effectiveness
- * Developing a culture of process ownership



NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that **40th Annual General Meeting of Balochistan Glass Limited** will be held on **October 28, 2020** at 12:00 p.m. at Plot # M-8, H.I.T.E. Hub, Hub Industrial Estate Lasbela, Balochistan to transact the following businesses:

Ordinary Business

1. To read and confirm the minutes of Last Extra Ordinary General Meeting held on January 27, 2020.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2020 together with Auditor's and Director's report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2021 and to fix their remuneration.
4. To transact any other business with the permission of chairman

Date: October 01, 2020
Place: Lahore

By Order of the Board

Shams Ul Islam, ACA

Company Secretary

Notes:

1. The share transfer books will remain closed from October 21, 2020 to October 28, 2020 both days inclusive. Transfer received by the share registrar of the company Corplink (Pvt) Ltd, 1-k commercial, Model Town, Lahore up to October 20, 2020 will be considered in time for the purpose of attendance at AGM.
2. A member entitled to attend and vote at the AGM may appoint another member as his /her proxy to attend, speak and vote instead of him/her. Forms of proxy to be valid must be properly filled in /executed and received at the registered office of the company not later than 48 hours before the time of the meeting.
3. Shareholders whose shares are deposited with Central Depository Company are requested to bring their CNIC along with their CDC Account Number for verification. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. For attending the meeting and appointing proxies CDC account holders will further have to follow the guidelines as laid down in circular 01 dated January 26, 2000 issued by the SECP.
5. Members are requested to notify the share registrar of the company promptly of any change in their addresses and also provide copy of their CNIC for updating record.
6. **In light of the COVID-19 situation**, the Company ensures proper safety measures as defined by Securities & Exchange Commission of Pakistan (SECP) through its circular no. 5 dated March 17, 2020 and circular no. 25 dated August 31, 2020. Whereas the shareholders may send their comments & suggestions relating to the agenda items of the AGM at least two working days before the AGM, at the email address shams@balochistanglass.com. However, the financial statements of the company for the year ended June 30, 2020 have been placed on the website of the company www.balochistanglass.com
7. **Circulate Audited Financial Statements along with Notice of AGM through e-mail:**
The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven (7) days of receipt of such request.

In order to avail this facility a Standard Request Form is available at the Company's website and in annual report of 2020.

CNIC of Members/Shareholders & Dividend Payment

8. It has already been notified that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 275(I)/2016 dated 31st March 2016 read with Notification S.R.O. 19(I)/2014 dated 10th January 2014 and Notification S.R.O. 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

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.

Declaration as per Zakat & Usher Ordinance 1980

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

Transmitting of Annual Audited Accounts on CD/DVD/USB instead Of Transmitting in Printed Copy

The Securities and Exchange Commission of Pakistan by their SRO No. 470(I)/2016 dated May 31, 2016 allowed to transmit annual audited financial statements, auditor's report and directors report etc. to the Company's shareholders/members at their registered addresses in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy, provided consent of shareholders has been obtained in a general meeting and an option of hard copy of the same information is offered to any interested shareholder.

To proceed towards paperless environment and to fulfill the responsibility towards environment, Company has already passed resolution with the consent of its shareholder in Annual General Meeting held on October 31, 2016, therefore, accounts are circulated in soft copies instead of printed copy. If any shareholder wants to receive hard copy then he can fill the form which is available on our website and company will provide the same.

E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants/stock brokers. In case of physical shares, please provide bank account details (IBAN account no.) directly to our Share Registrar, M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore. E-Dividend mandate form is enclosed and available at our website as well.

Please note that already, now after October 31, 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

UNCLAIMED DIVIDENDS & BONUS SHARES

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government /SECP and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

VIDEO CONFERENCE FACILITY

Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in other cities and holding at least 10% of the total paid up capital may demand the Company to provide the facility of video link for participation in the meeting. The demand for video-link facility shall be received at Shares Registrar address given hereinabove at least 7 days prior to the date of AGM.

Statement Under Rule 4(2) of the Companies (Investment In Associated Companies and Undertakings) Regulations 2012 (Ref: Section 199 Of Companies Act, 2017)

As per resolution passed by members in AGM held on October 31, 2016, it was approved to invest up to Rs. 150 million in associated company "Paidar Hong Glass (Pvt.) Limited (PHGL)" out of which PKR 125.63 Million have been invested in equity of PHGL at par value of Rs 10/- per share.

Since the Company owns 49.99% shares in Paidar Hong Glass (Private) Limited (a joint venture between the Company and Chinese investors) and have a joint control with the Chinese investors having object to engage in the business of manufacturing of USP Type-I Borosilicate glass tubes, vials and ampules. Some of the machinery items for manufacturing of above mentioned products have reached in the Company premises which are not been installed yet. However, the project could not be operative because of non-execution of contractual responsibilities by Chinese partner with respect to establishing the project; but the management is addressing this issue and is confident the matter shall be resolved in due course of time.

As per unaudited accounts of PHGL total equity including accumulated profit till June 30, 2020 is 271.327 million, total assets are PKR 281.513 million including bank of PKR 178.301 million.

The Directors of your company are pleased to present the Annual Report along with the Audited Financial Statements of your company for the year ended June 30, 2020.

COMPANY PERFORMANCE

Analysis of key operating results for the current year in comparison with the previous year is given below

	2020	2019
	Rupees in thousands	
Sales - Net	1,494,183	1,121,781
Gross (Loss)	(44,449)	(103,908)
Operating (Loss)	(333,281)	(61,273)
Depreciation for the year	144,053	151,461
(Loss) before Tax	(447,245)	(144,039)
(Loss) after Tax	(464,205)	(135,623)
Basic and diluted (Loss) per share Rs.	(1.77)	(0.52)

During the current year, sales revenue of the Company has been increased by 33.2% as compared to previous year while the gross loss has been decreased by 57.2% from the previous year. The increase in revenue is attributed mainly because of tableware glass division which remained operative at Unit - III (Kot Abdul Malik) continuously during year. The pharmaceutical glass operations at Unit - I (HUB) also added to the turnover of the Company during the year.

In tableware glass division, the Company achieved better results in terms of product quality, net efficiency, smooth operations and also achieved attractive market response that contributed good margin in net revenue of the company. This is also important to highlight that this Unit remained operative with one furnace having half of the total capacity of the Plant during the year.

Unfortunately, the outbreak of Coronavirus damaged the whole economy of the country and worldwide badly, that also affected our targeted sales revenue due to country wide lock-downs in the months of March, April and May. During this phase, the management took advantage and arranged short-term repair of the running furnace which reduced the consumption of energy in later months. Further the management put extra efforts to overcome the opportunity-loss appeared in during lock-down phase, in subsequent months by focusing on different market strategies which resulted better outcomes since last month of the current year. In addition to this, management also used alternative source of energy i.e. Furnace oil to manage the energy cost effects during the year.

Further the management is still confident to continue the expansion plan for tableware glass production at this Unit by refurbishing the second furnace having double of the existing operational capacity, which would also reduce the impact of fixed cost and help to get better results based on the desirable market conditions.

FUTURE OUTLOOK

Since the Company is getting better results at Unit - III in tableware glass section and decided to expand the installed capacity. The proposed operational capacity would increase to 90 tons per day from 35 tons per day. Subsequent to the year end, the management has placed the order for Furnace Bricks and allied refractory material with the foreign supplier and established the Letter of Credit at sight for this expansion project. Further the civil work and other necessary dismantling work have been initiated which are estimated to complete in start of the next calendar year.

The operations at Unit - I & II are still suspended and management intends to replan the operational strategies at these Units after successful expansion of tableware glass operations at Unit - III and subject to availability of funds. However, the management is fully committed to resolve all the operational related matters and revive these projects.

COMMENTS ON AUDITORS OBSERVATIONS /QUALIFICATION

Going Concern Assumption

Auditors' has raised their observation about going concern of company. In assessing the going concern status of the Company, management has carefully assessed a number of factors covering the operational performance of the business, the ability to implement a significant debt restructuring of the Company's existing debts and the appetite of directors & associates to continue financial support.

Based on the analysis of these facts, and key management efforts and decisions as mentioned above, and considering the factors given below, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.

- Favorable and desiring operational results at tableware glass division during the year.
- Execution of the expansion plan at Unit - III by more than double of the existing installed capacity.
- Continuous efforts by the management to increase the market share. New tableware products i.e. (Jug, Printed products and others) have been added to the company's portfolio which has received good response from the market.
- Prices have also been increased for pharma products in the subsequent period which would reduce the impact of cost inflation.
- Continued financial support of its sponsors and associates.
- Deferment granted by the financial institutions on the basis of economic conditions of the country due to Covid-19 as per State Bank of Pakistan economic relief package and honoring the payments as per agreed schedules with financial institutions.
- Extension in the existing short term Running Finance facilities.
- Potential market of the tableware and other glass products.

We feel that by considering all the above factors, performance of glass industry, present and future demand of glass products in local & export market and continued support and commitment of directors & associates, management of the company is fully justified to prepare the financial statements by using going concern assumption.

Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts of the Company have been maintained.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. Management feels that there is no significant doubt on the Company's ability to continue as going concern. We had already provided our reply on Auditors' Observation in this report and mitigating factors are also disclosed in detail.
- vii. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Company has also constituted Audit Committee and HR & R Committee and its members are disclosed in annual report.
- viii. The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of shareholding annexed with this report.
- ix. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.
- x. Key operating and financial data for last six years is annexed.
- xi. The pattern of shareholding is also annexed.
- xii. The Company has fulfilled its major statutory and financial obligations, except as disclosed in the Financial Statements in detail (refer note 12 & 18) due to liquidity issues.
- xiii. No dividend or bonus shares are declared because of loss during the year.
- xiv. Company has arranged in house training programs for its directors; however, most of directors meet criteria as laid down in code of corporate governance regarding directors' training.
- xv. The Statement of compliance with the best practices of Code of Corporate Governance is annexed with this report.

Annual Evaluation of Board of Directors

The Board performs three major roles in a company - it provides direction (i.e. sets the strategic direction of the company), it controls (i.e. monitors the management) and provides support and advice (advisory role). The Board has set an in-house Board performance evaluation mechanism which typically examines these roles of the Board and the entailing responsibilities, and assesses how effectively these are fulfilled by the Board. The evaluation of the performance of the Boards is essentially an assessment of how the Board has performed on all of the following parameters

- a) Board Structure: its composition, constitution and diversity and that of its Committees, competencies of the members, Board and Committee charters, frequency of meetings, procedures;
- b) Dynamics and Functioning of the Board: annual Board calendar, information availability, interactions and communication with CEO and senior executives, Board agenda, cohesiveness and the quality of participation in Board meetings;

- c) Business Strategy Governance: Board's role in company strategy;
- d) Financial Reporting Process, Internal Audit and Internal Controls: The integrity and the robustness of the financial and other controls regarding abusive related party transactions, vigil mechanism and risk management;
- e) Monitoring Role: Monitoring of policies, strategy implementation and systems; and
- f) Supporting and Advisory Role.

Composition of the Board:

1. The total number of directors are 7 as per the following:
 - a. Male: 6
 - b. Female: 1
2. Board of Directors of the Company Comprises

Category	Names
Independent Director	Mr. Faisal Aftab Ahmad Mr. Sana Ullah Khan Ghory
Executive Director	Mr. Shaffi Uddin Paracha Mr. Mian Nazir Ahmed Paracha
Non-Executive Directors	Mr. Muhammad Tousif Paracha Mrs. Tabsum Tousif Paracha Mr. Muhammad Niaz Paracha

3. The Board has formed committees comprising of members given below:
 - a. **Audit Committee**
 - Mr. Faisal Aftab Ahmad
 - Mr. Muhammad Tousif Paracha
 - Mr. Muhammad Niaz Paracha
 - b. **HR & Remuneration Committee**
 - Mr. Sana Ullah Khan Ghory
 - Mr. Muhammad Tousif Paracha
 - Mr. Mian Nazir Ahmed Paracha

BOARD & AUDIT COMMITTEE MEETINGS

Attendances by each director at the Board of Directors (BOD), Board Audit Committee (BAC) and HR&R Committee (HR&R) meetings are as under:

Number of meetings held	Meetings attended		
	BOD	BAC	HR&R
1. Mr. Muhammad Tousif Paracha	5	-	-
2. Mrs. Tabsum Tousif Paracha	3	-	-
3. Mr. Nazir Ahmad Paracha	5	-	1
4. Mr. Niaz Paracha	5	4	1
5. Mr. Shaffi ud Din Paracha	5	-	-
6. Mr. Muhammad Mustafa Tousif Paracha (retired on 27-01-2020)	2	2	1
7. Mr. Shamim Anwer (resigned on 17-11-2019)	2	2	-
8. Mr. Faisal Aftab Ahmad	3	2	-
9. Mr. Sana Ullah Khan Ghory	3	2	-

Board was elected on 27-01-2020.

DIRECTORS' REPORT



Auditors

The auditors of the company M/s PKF F.R.A.N.T.S. Chartered Accountants retire and are eligible for re-appointment for the next year. Audit Committee has recommended the re-appointment of M/s PKF F.R.A.N.T.S. Chartered Accountants, as auditors of the Company for the forthcoming year.

Acknowledgment

Board of Directors appreciates the assistance and co-operation extended by our banks and financial institutions as well as efforts, dedication and commitment demonstrated by all the employees and contractors of the Company as well as support & cooperation extended by our distributors, dealers, suppliers and other stakeholders of the company.

For and on behalf of the Board

Mr. Faisal Aftab Ahmad
Director

Mian Nazir Ahmad Paracha
CEO

Lahore : 01 October 2020

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020ء کو اختتام پذیر سال کے لئے آپ کی کمپنی کی سالانہ رپورٹ بمعہ پڑتال شدہ مالیاتی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

کمپنی کی کارکردگی

گذشتہ برس کے مقابلہ میں رواں برس اہم آپریٹنگ نتائج کا جائزہ مندرجہ ذیل ہے:

2019	2020	
ہزار روپوں میں		
1,121,781	1,494,183	سیلز - خالص
(103,908)	(44,449)	مجموعی (خسارہ)
(61,273)	(333,281)	آپریٹنگ (خسارہ)
151,461	144,053	سال بھر میں تخصیص
(144,039)	(447,245)	(خسارہ) بمعہ ٹیکس
(135,623)	(464,205)	(خسارہ) علاوہ ٹیکس
(0.52)	(1.77)	بنیادی وڈائی لیوٹڈ (خسارہ) فی حصص (روپے)

رواں برس کمپنی کے سیلز ریویونیو میں گذشتہ برس کے مقابلہ میں 33.2 فی صد اضافہ ہوا جب کہ گذشتہ برس کے مقابلہ میں مجموعی خسارہ میں 57.2 فی صد کمی واقع ہوئی۔ آمدنی میں اضافہ ٹیبل ویئر گلاس ڈیویژن سے منسوب کیا جاتا ہے جو یونٹ III (کوٹ عبدالملک) میں سال بھر فعال رہا۔ یونٹ I (حب) میں فارماسیوٹیکل گلاس آپریشنز سے بھی سال بھر کمپنی کی آمدنی میں اضافہ ہوتا رہا۔

ٹیبل ویئر گلاس ڈیویژن میں کمپنی نے مصنوعات کے معیار، خالص کارکردگی، آپریشنز میں روانی کی مدد میں بہتر نتائج حاصل کئے ہیں اور منڈی سے مثبت ردعمل حاصل کیا ہے جس کے نتیجے میں کمپنی نے خالص آمدنی کے اچھے اہداف حاصل کئے ہیں۔ یہاں یہ عیاں کرنا بھی ضروری ہے کہ یہ یونٹ سال بھر میں پلانٹ کی نصف صلاحیت پر صرف ایک بھٹی کے ساتھ فعال رہا۔ بد قسمتی سے کورونا وائرس کے حملہ سے قومی و بین الاقوامی مجموعی معیشت بری طرح متاثر ہوئی اور مارچ، اپریل اور مئی کے مہینوں میں ملکی سطح پر لاک ڈاؤن کی وجہ سے سیلز ریویونیو کے ہمارے اہداف متاثر ہوئے۔ اس صورت حال سے فائدہ اٹھا کر انتظامیہ نے فعال بھٹی کی مرمت کا انتظام کیا جس کی وجہ آئندہ مہینوں میں توانائی کی کھپت میں کمی واقع ہوئی۔ مزید یہ کہ انتظامیہ نے

ڈائریکٹرز رپورٹ

لاک ڈاؤن کے دوران واقعاتی خسارہ سے نبرد آزما ہونے کے لئے اضافی کوششیں کیں۔ جس میں منڈی سے متعلق مختلف حکمت عملی پر توجہ شامل ہے جس کے نتیجے میں رواں سال کے آخری ماہ سے بہتر نتائج آرہے ہیں۔ مزید برآں، انتظامیہ نے توانائی کے متبادل ذرائع یعنی فرنس آئل کو بھی استعمال کیا تاکہ سال کے دوران توانائی پر لاگت کو کنٹرول کیا جاسکے۔

مزید برآں، حالیہ صلاحیت سے دوگنی صلاحیت کی حامل دوسری بٹھی کو مرمت کر کے انتظامیہ اس یونٹ پر ٹیبل ویئر گلاس کی پیداوار کے لئے پلانٹ میں توسیع جاری رکھنے کے لئے پر عزم ہے۔ جس سے مستقل لاگت کے اثرات کو کم کرنے اور منڈی کے موافق حالات کی بنیاد پر بہتر نتائج حاصل کرنے میں مدد ملے گی۔

مستقبل کا منظر نامہ

کمپنی یونٹ III پر گلاس ویئر سیکشن میں بہتر نتائج دکھا رہی ہے اور نصب صلاحیت میں توسیع کیا فیصلہ کیا گیا ہے۔ مجوزہ آپریشنل صلاحیت 35 ٹن یومیہ سے 90 ٹن یومیہ ہو جائے گی۔ سال کے اختتام پر انتظامیہ نے ایک غیر ملکی سپلائر کو بٹھی کے لئے اینٹوں اور الائیڈ ریفریکٹری میٹریل کا آرڈر دے دیا ہے اور اس توسیعی منصوبہ کے لئے سائٹ پر لیٹر آف کریڈٹ بھی تیار کر لیا ہے۔ مزید برآں، سول ورک اور منہدم کرنے کا آغاز ہو چکا ہے اور اگلے برس کے آغاز میں یہ مکمل ہونے کی امید ہے۔

یونٹ-I اور II بھی تک معطل ہیں اور انتظامیہ یونٹ III پر ٹیبل ویئر گلاس آپریشنز کی کامیاب توسیع کے بعد ان یونٹس پر فعالی حکمت عملی پر منصوبہ بندی کا ارادہ رکھتی ہے۔ تاہم، انتظامیہ آپریشنز سے متعلق تمام معاملات کو حل کرنے اور ان منصوبوں کو بحال کرنے کے لئے پر عزم ہے۔

آڈیٹرز کے مشاہدات/اہلیت پر رائے

کاروبار جاری رکھنے کی توقعات

آڈیٹرز نے کمپنی کے جاری کاروبار پر اپنے تحفظات اٹھائے ہیں۔ کمپنی کے جاری کاروبار کی حیثیت کو جانچتے ہوئے انتظامیہ نے کمپنی کی فعالی کارکردگی، کمپنی کے موجودہ قرضوں کی ری سٹرکچرنگ کے نفاذ کی اہلیت اور ڈائریکٹرز اور معاونین کی جانب سے مالیاتی مدد جاری رکھنے کی صلاحیت پر محیط متعدد عوامل کا تفصیلی جائزہ ہے۔

ان حقائق کے تجزیہ اور مذکورہ بالا اہم انتظامی کاوشوں اور فصلوں کی بنیاد پر اور درج ذیل عوامل کو مدنظر رکھتے ہوئے انتظامیہ پر امید ہے کہ کمپنی مستقبل میں کاروبار جاری رکھنے کی صلاحیت حاصل کر لے گی۔

- رواں سال ٹیبل ویئر گلاس ڈیویژن کے مطلوبہ اور موافق آپریشنل نتائج۔
- مارکیٹ میں اپنا کردار بڑھانے کے لئے انتظامیہ کی جانب سے لگاتار کوششیں۔ نئی ٹیبل ویئر پروڈکٹس یعنی (جگ،

ڈائریکٹرز رپورٹ

پرنسٹون مصنوعات و دیگر (کمپنی) کے پورٹ فولیو میں شامل کیا گیا ہے اور منڈی سے اس پر اچھا رد عمل سامنے آیا ہے۔ بعد میں فارما پروڈکٹس کی قیمتوں میں اضافہ بھی کیا گیا ہے جس سے لاگت میں اضافہ کے اثرات میں کمی نظر آئے گی۔

اپنے معاونین اور ایسوسی ایٹس کی جاری مالیاتی امداد۔

اسٹیٹ بینک آف پاکستان کے معاشی ریلیف پیکج کے تحت Covid-19 کی وجہ سے ملک کی معاشی صورت حال کو مدنظر رکھتے ہوئے مالیاتی اداروں کی جانب سے التوا کی سہولت اور مالیاتی اداروں کے ساتھ طے شدہ شیڈول کے مطابق ادائیگی کی حمایت۔

موجودہ قلیل مدتی رنگ فائننس سہولیات میں توسیع

ٹیبل ویئر اور دیگر گلاس مصنوعات کی ممکنہ مارکیٹ

ہم محسوس کرتے ہیں کہ مذکورہ بالا عوامل کو مدنظر رکھتے ہوئے گلاس انڈسٹری کی کارکردگی، مقامی اور درآمدی منڈیوں میں گلاس مصنوعات کی طلب اور ڈائریکٹرز اور ایسوسی ایٹس کا مسلسل عزم اور حمایت سے کمپنی کی انتظامیہ کاروبار جاری رکھنے کی توقعات کو استعمال کرتے ہوئے مالیاتی اسٹیٹمنٹس کی تیاری کے لئے مکمل طور پر حق بجانب ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کی تعمیل میں ہم کاروباری و مالیاتی رپورٹنگ فریم ورک پر مندرجہ ذیل بیانات دیتے ہیں:

i. کمپنی کی انتظامیہ کی مرتب کردہ مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کی بھرپور عکاسی کرتی ہیں۔

ii. کمپنی کے کھاتوں کی باقاعدہ کتابیں مرتب کی گئی ہیں۔

iii. مالیاتی اسٹیٹمنٹس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا لگاتار اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موافق اور موزوں فیصلے کی بنیاد پر لگائے جاتے ہیں۔

iv. ان مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے اور ان میں کسی بھی قسم کے ابہام کو واضح بیان کیا گیا ہے۔

v. داخلی نظم و ضبط کا ایک مربوط نظام موجود ہے اور اس کو مؤثر انداز میں لاگو کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔

vi. انتظامیہ محسوس کرتی ہے کہ کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی ابہام موجود نہ ہے۔ ہم نے اس رپورٹ میں آڈیٹرز کے تحفظات جو اب بھی فراہم کر دیا ہے اور تدارک کے عوامل کو تفصیل سے بیان کیا ہے۔

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- vii. لسٹنگ ریگولیشنز میں موجود کارپوریٹ گورننس کی بہترین عمل داری میں کوئی مادی نقص موجود نہ ہے۔ کمپنی نے ایک آڈٹ کمیٹی اور HR&R کمیٹی تشکیل دی ہے اور ان کے اراکین کو سالانہ رپورٹ میں ظاہر کیا ہے۔
- viii. ڈائریکٹرز، CEO، CFO اور کمپنی سیکریٹری اور ان کی اہلیہ اور کمسن بچوں کی جانب سے کمپنی کے حصص میں تجارت کی تفصیل اس رپورٹ کے ساتھ منسلک شیئر ہولڈنگ کی وضع میں بیان کی گئی ہے۔
- ix. ان مالیاتی اسٹیٹمنٹس اور ڈائریکٹرز رپورٹ سے متعلقہ مالیاتی سال کے اختتام کے دوران کمپنی کی مالیاتی حالت پر اثر انداز ہونے والی کوئی بھی تبدیلی واقع نہیں ہوئی ہے۔
- x. گذشتہ چھ برس کا اہم آپریٹنگ اور مالیاتی ڈیٹا لف ہذا ہے۔
- xi. شیئر ہولڈنگ کی وضع بھی لف ہذا ہے۔
- xii. لیکویڈٹی مسائل کی وجہ سے مالیاتی اسٹیٹمنٹس (نوٹ 12 اور 18) کے مندرجات کے علاوہ کمپنی نے اپنی تمام قانونی اور مالیاتی واجبات ادا کر دیئے ہیں۔
- xiii. سال بھر میں خسارہ کی وجہ سے کسی بھی قسم کے منافع منقسمہ اور بونس حصص کا اعلان نہ کیا گیا ہے۔
- xiv. کمپنی نے اپنے ڈائریکٹرز کے لئے ان ہاؤس ٹریننگ پروگرام کا انتظام کیا ہے تاہم ڈائریکٹرز کی کثیر تعداد ڈائریکٹرز کی ٹریننگ سے متعلق کوڈ آف کارپوریٹ گورننس میں بیان کردہ معیار پر پورا اترتے ہیں۔
- xv. کارپوریٹ گورننس کی بہترین عمل داری کا تعمیلی بیان اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز کا سالانہ تجزیہ

بورڈ کمپنی کے تین اہم فرائض سرانجام دیتا ہے۔ یہ سمت کا تعین کرتا ہے (یعنی کمپنی کی سٹریٹجک سمت طے کرتا ہے) اور مدد اور تجاویز دیتا ہے (ایڈوائزری فرض)۔ بورڈ نے ایک ان ہاؤس بورڈ کارکردگی جائزہ کا نظام مرتب کیا ہے جو بورڈ کے ان فرائض اور متعلقہ ذمہ داریوں کا خصوصی جائزہ لیتا ہے اور تعین کرتا ہے کہ بورڈ کس طرح مؤثر انداز میں ان کو پورا کرتا ہے۔ بورڈ کارکردگی کا جائزہ ظاہر کرتا ہے کہ بورڈ کیسے مندرجہ ذیل امور میں اپنی کارکردگی دکھاتا ہے:

(a) بورڈ کا خاکہ: بورڈ اور اس کی کمیٹیوں کی ترکیب، تشکیل اور تنوع، اراکین کی اہلیت، بورڈ اور کمیٹی چارٹر، اجلاس کا تعدد، طریقہ ہائے کار:

(b) بورڈ کے ڈائنامک اور کام: سالانہ بورڈ کیلنڈر، معلومات کی دستیابی، CEO اور سینئر ایگزیکٹوز کے ساتھ تعلق اور

رابطہ سازی، بورڈ ایجنڈا، ہم آہنگی اور بورڈ اجلاس میں شرکت کا معیار

(c) کاروباری حکمت عملی کی گورننس: کمپنی کی حکمت عملی میں بورڈ کا کردار

- (d) مالیاتی رپورٹنگ، داخلی آڈٹ اور داخلی نظم و ضبط کا عمل: متعلقہ فریقین کے ساتھ مشکوک لین دین، نگرانی کا طریقہ کار اور رسک مینجمنٹ سے متعلق مالیاتی و دیگر کنٹرولز کی سلیبٹ اور استحکام۔
- (e) مانیٹرنگ کردار: پالیسیوں کی نگرانی، حکمت عملی پر عمل درآمد اور نظام اور
- (f) سپورٹنگ اور ایڈوائزری کردار

بورڈ کی ترکیب

1. ڈائریکٹرز کی کل تعداد 7 ہے اور جنس کے اعتبار سے ترکیب مندرجہ ذیل ہے:
- a. مرد ڈائریکٹرز: 6
- b. خواتین ڈائریکٹرز: 1
2. کمپنی کا بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

درجہ	نام
آزاد ڈائریکٹرز	مسٹر فیصل آفتاب احمد مسٹر ثنا اللہ خان غوری
ایگزیکٹو ڈائریکٹرز	مسٹر شفیع الدین پراچہ مسٹر میاں نذیر احمد پراچہ
نان ایگزیکٹو ڈائریکٹرز	مسٹر محمد توفیق پراچہ مسٹر تبسم توفیق پراچہ مسٹر محمد نیاز پراچہ

3. بورڈ نے مندرجہ بالا کین پر مشتمل کمیٹیاں قائم کی ہیں:

a. آڈٹ کمیٹی	
-	مسٹر فیصل آفتاب احمد
-	مسٹر محمد توفیق پراچہ
-	مسٹر محمد نیاز پراچہ

ڈائریکٹرز رپورٹ

.b	ایچ آر اینڈ ریمونزیشن کمیٹی
-	مسٹر ثناء اللہ خان غوری
-	مسٹر محمد تو صیف پراچہ
-	مسٹر میاں نذیر احمد پراچہ

بورڈ اور آڈٹ کمیٹی اجلاس

بورڈ آف ڈائریکٹرز (BOD)، بورڈ آڈٹ کمیٹی (BAC) اور HR&R کمیٹی (HR&R) کے اجلاس میں تمام ڈائریکٹرز کی حاضری کی تفصیلات مندرجہ ذیل ہیں:

اجلاس میں حاضری			منعقدہ اجلاس کی تعداد
HR&R	BAC	BOD	
1	4	5	
-	-	5	1. مسٹر محمد تو صیف پراچہ
-	-	3	2. مسٹر تبسم تو صیف پراچہ
1	-	5	3. مسٹر نذیر احمد پراچہ
1	4	5	4. مسٹر نیاز پراچہ
-	-	5	5. مسٹر شفیع الدین پراچہ
1	2	2	6. مسٹر محمد مصطفیٰ تو صیف پراچہ (27-01-2020 کو ریٹائر ہوئے)
-	2	2	7. مسٹر شمیم انور (17-11-2019 کو مستعفی ہوئے)
-	2	3	8. مسٹر فیصل آفتاب احمد
-	2	2	9. مسٹر ثناء اللہ خان غوری

27-01-2020 کو بورڈ کا انتخاب کیا گیا۔

آڈیٹرز

کمپنی میسرز پی کے ایف F.R.A.N.T.S چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہلیت کی بنا پر آئندہ برس کے لئے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ آڈٹ کمیٹی نے پی کے ایف F.R.A.N.T.S چارٹرڈ اکاؤنٹنٹس کو آئندہ برس کے لئے کمپنی آڈیٹر مقرر کرنے کی تجویز دی ہے۔

ڈائریکٹرز رپورٹ

اعتراف

بورڈ آف ڈائریکٹرز ہمارے بینکوں اور مالیاتی اداروں کے بھرپور تعاون اور رہنمائی کو سراہتے ہیں اور کمپنی کے تمام ملازمین اور کنٹریکٹرز کی کوششوں، جذبہ اور عزم کو قدر کی نگاہ سے دیکھتے ہیں اور ڈسٹری بیوٹرز، ڈیلرز، سپلائرز اور کمپنی کے دیگر سٹیک ہولڈرز کی حمایت اور معاونت پر ان کا تہ دل سے شکریہ ادا کرتے ہیں۔

منجانب/ برائے بورڈ آف ڈائریکٹرز



میاں نذیر احمد پراچہ

CEO



مسٹر فیصل آفتاب احمد

ڈائریکٹر

لاہور: 01 اکتوبر 2020ء

Balochistan Glass Limited (BGL) places the highest value on the integrity of the Company as integrity is a bedrock principle of all our behaviors. All employees must abide by and uphold the Code of Business Conduct and all laws. All directors, officers and employees and all representatives, including all agents, consultants, independent contractors and suppliers of BGL, are responsible for complying with all applicable laws and regulations and complying with this Code of Business Conduct and other policies of the Company. Violations of law or this Code or other policies of the Company are subject to disciplinary action, which may include termination. The policies in this Code apply across BGL.

BGL provides this Code of Conduct to its employees for their guidance in recognizing and resolving properly the ethical and legal issues they may encounter in conducting the Company's business. The Code and its terms may be modified or eliminated at any time by the Company. Directors, officers and employees and other representatives of the Company are responsible for being familiar with its contents. The Code does not include all of the policies of the Company. Each BGL employee shall comply with the letter and spirit of the Code of Business Conduct and with the policies and procedures of the Company, and shall communicate any suspected violations promptly.

1. Relationship with the Company and Each Other

BGL most important resource is its employees whose skills, energy and commitment to excellence and the Company's vision and values are the source of the Company's character and central to its leadership and success.

2. We Respect the Individual and Diversity

Company recognizes the dignity of each individual, respects each employee, provides compensation and benefits that are competitive, promotes self-development through training that broadens workrelated skills, and values diversity and different perspectives and ideas.

3. We Live Our Values

As representatives of the Company to the outside world, and regardless of the pressures inherent in conducting business, BGL employees are expected to act responsibly and in a manner that reflects favorably on Company. We will carry out our assignments guided by the principles set forth in our vision and values and in compliance with this Code of Business Conduct and our corporate policies.

4. We Avoid Conflicts of Interest

Each of us and our immediate families should avoid any situation that may create or appear to create a conflict between our personal interests and the interests of the Company.

5. We Invite Full Participation and Support Diversity

BGL is committed to an all-inclusive work culture. We believe and recognize that all people should be respected for their individual abilities and contributions. The Company aims to provide challenging, meaningful and rewarding opportunities for personal and professional growth to all employees without regard to gender, race, ethnicity, sexual orientation, physical or mental disability, age, pregnancy, religion, veteran status, national origin etc.

6. We Work in a Positive Environment

BGL endeavors to provide all employees an environment that is conducive to conducting business and allows individuals to excel, be creative, take initiatives, seek new ways to solve problems, generate opportunities and be accountable for their actions. The Company also encourages teamwork in order to leverage our diverse talents and expertise through effective collaboration and cooperation.

7. We Do Not Employ Child or Forced Labor

BGL does not and will not employ child labor or forced labor. BGL defines a child as anyone under the age of eighteen.

8. We Provide a Safe Workplace

It's BGL policy to establish and manage a safe and healthy work environment and to manage its business in ways that are sensitive to the environment. The Company will comply with all regulatory requirements regarding health, safety and protection of the environment.

9. We Safeguard Company Property and Business Information

Safeguarding Company assets is the responsibility of all directors, officers and employees and Company representatives. All employees, directors' must use and maintain such assets with care and respect while guarding against waste and abuse. Similarly, all directors, officers and employees and Company representatives are not expected to share any business secrets, inside information or strategies with BGL competitors either directly or indirectly.



CODE OF CONDUCT



- 10. We Maintain Accurate Books and Records and Report Results with Integrity**
BGL financial, accounting, and other reports and records will accurately and fairly reflect the transactions and financial condition of the Company in reasonable detail, and in accordance with generally accepted and Company-approved accounting principles, practices and procedures and applicable government regulations.
- 11. Our Relationship with Our Customers**
BGL serves many industrial, corporate and non-corporate enterprises, dealers and distributors as well as of governmental bodies and individual consumers, for whom we design, develop, manufacture and market quality products
- 12. We Obey All Laws and Regulations**
Our customer relationships are critical to BGL. In meeting our customers' needs, the Company is committed to doing business with integrity and according to all applicable laws. Products must be designed and produced to internal standards and to comply with external regulations, the standards of the appropriate approval entities, and any applicable contractual obligations.
- 13. We Provide Quality Products and Services**
Committed to being a Six Sigma Company, we strive to provide products and services that meet or exceed our customers' expectations for quality, reliability and value, and to satisfy their requirements with on-time deliveries.
- 14. We Seek Business Openly and Honestly**
Sales are the lifeblood of the organization, and we commit that we will market our products fairly and vigorously based on their proven quality, integrity, reliability, delivery and value to our customer.
- 15. We Follow Accurate Billing Procedures**
It is the Company's policy to reflect accurately on all invoices to customers the sale price and other terms of sales. Every employee has the responsibility to maintain accurate and complete records. No false, misleading or artificial entries may be made in BGL books and records.
- 16. Our Relationship with our Suppliers**
BGL suppliers are our partners in Six Sigma Plus. The high caliber of the materials, goods and services they provide is linked directly to the quality, reliability, values and prompt delivery of the Company's products to our customers and, thus, leads to customer's satisfaction.
- 17. We Will Not Be Influenced by Gifts**
We will not be influenced by gifts or favors of any kind from our suppliers or potential suppliers. The Company expects each employee to exercise reasonable judgment and discretion in accepting any gratuity or gift offered to the employee in connection with employment at BGL.
- 18. We Do Not Make Improper Political Contributions**
Company funds generally can not to be used for political contributions, directly or indirectly, in support of any party or candidate.
- 19. We Protect the Environment**
BGL abides by all applicable health, safety and environmental laws and regulations. We will also abide by Company's own standards.
- 20. We Comply with Export Control and Import Laws**
BGL will comply with all Export Control and Import laws and regulations that govern the exportation and importation of commodities and technical data, including items that are hand-carried as samples or demonstration units in luggage.
- 21. Supervisory Personnel**
Managers and supervisors have key roles in the Integrity and Compliance Program and are expected to demonstrate their personal commitment to the Company's standards of conduct and to lead their employees accordingly.

22. Trading in Company's Shares

All executives and directors of the company who purchase company shares must inform the company secretary in writing about their sale and purchase transactions. However, no employee, director or executive of the company is allowed to trade during 'closed period', as intimated prior to the announcement of interim/final results, and business decisions, and all directors, employees and officers are prohibited to take advantage from any price sensitive information which may materially affect the market price of company's securities.

23. Smoking & Use Of Alcohol

Employees are prohibited from smoking at restricted places and they are also prohibited to use Alcohol inside organization at any place during working hours.

Balochistan Glass Limited (the Company) is fully committed to perform its role as a responsible corporate citizen and fulfills its responsibilities through energy conservation, environment protection and occupational safety and health through restricting unnecessary usage of artificial lighting, implementing tobacco control law and "No Smoking Zone", and providing a safe and healthy work environment. Since many years, the company supported community by distributing the poor people Sadqa on regular basis. The company is also running/ maintaining a Masjid for the convenience of the people living & working near our all factory premises.

The Company further takes the corporate social responsibilities (CSR) seriously and is fully committed to developing the policies and systems across the company to address and monitor all aspects of CSR that are relevant to the business. The Board further takes ultimate responsibility for CSR and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for shareholders and all stakeholders.

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REVIEW REPORT BY THE CHAIRMAN



I am pleased to present you the Annual Report on the performance of the Company for the year ended June 30, 2020. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Balochistan Glass Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

Further, the board carried out its annual self-evaluation for the year ended 30, 2020. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The Board also identified areas of improvement in line with the global best practices.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings.

The board meets frequently enough to adequately discharge its responsibilities. All Directors, including Independent Director, fully participated in and made contributions to the decision making process of the Board. The Audit Committee and Human Resources & Remuneration committee met regularly to strengthen the functions of the board.

As the SECP is continuously implementing regulatory changes to further regulate the industry. The management is also committed to focus on corporate compliances, which will give overall positive impact.

Looking ahead, with improved regulatory environment the company will continue to strengthen its position in the market. I would like to thank company's valued customers, suppliers and shareholders for their continued trust and appreciate the efforts of all employees for working in difficult conditions.

Mr. Faisal Aftab Nabi
Director / (Acting Chairman)

Dated: October 01, 2020



SUMMARY OF FINANCIAL HIGHLIGHTS



	2020	2019	2018	2017	2016	2015
Rupees are in thousands						
Operating Results						
Net Sales	1,494,183	1,121,781	475,518	674,149	1,494,503	1,605,793
Gross profit / (loss)	(44,449)	(103,908)	(206,682)	(265,232)	(280,014)	(141,874)
Profit /(loss) before Tax	(447,245)	(144,038)	(289,554)	(488,663)	528,081	(461,597)
Profit /(Loss) after Tax	(464,205)	(135,622)	(284,034)	(491,751)	524,329	(459,487)
Dividend / bonus	-	-	-	-	-	-
Financial Position						
Property, plant and equipment	1,907,683	1,989,838	2,100,348	1,372,672	1,377,110	1,450,322
Current Assets	716,321	1,029,331	552,757	775,741	717,844	548,844
Current Liabilities	1,594,735	1,686,257	1,256,396	1,664,255	1,861,172	1,637,102
Current portion of Long Term Liabilities	25,920	83,131	188,251	284,057	222,567	231,017
Long Term Loans	26,927	35,130	119,948	266,415	1,592,116	1,101,947
Director's loan - unsecured	313,235	313,080	3,153,002	3,143,201	-	-
Subordinated Loan-unsecured	3,635,082	3,635,082	482,080	482,080	482,080	482,080
Share Capital	2,616,000	2,616,000	2,616,000	1,716,000	1,716,000	1,716,000
Financial Ratios						
Gross Profit/(Loss) ratio	-2.97%	-9.26%	-43.46%	-39.34%	-18.74%	-8.84%
Profit/(Loss) before tax ratio	-29.93%	-12.84%	-60.89%	-72.49%	35.33%	-28.75%
Profit/(Loss) after tax ratio	-31.07%	-12.09%	-59.73%	-72.94%	35.08%	-28.61%
Current ratio	0.45	0.61	0.44	0.47	0.39	0.34
Working Capital	(878,414)	(656,926)	(703,639)	(888,514)	(1,143,328)	(1,088,258)

REPORT OF THE AUDIT COMMITTEE

ON ADHERENCE TO THE CODE OF CORPORATE GOVERNANCE



The Board Audit Committee has concluded its annual review of the conduct and operations of the company for the year ended 30 June 2020 and reports that:

- i. The company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance, Company's Code of Conduct and Values and the international best practices of governance throughout the year.
- ii. The company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the auditors of the company.
- iii. Appropriate accounting policies have been consistently applied except those disclosed in financial statements. Applicable accounting standards were followed in preparation of the financial statements of the company on a going concern basis for the financial year ended 30 June 2020, which present fairly the state of affairs, results of operations, loss, cash flows and changes in equity of the company for the year under review.
- iv. The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the company and the Chairman and Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.
- v. Accounting estimates are based on reasonable and prudent judgment. Proper, accurate and adequate accounting records have been maintained by the company in accordance with the Companies Ordinance, 1984 / Companies Act 2017.
- vi. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and applicable International Accounting Standards and International Financial Reporting Standards notified by the SECP.
- vii. All direct and indirect trading in and holdings of the company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction. All such transactions have been disclosed.

INTERNAL AUDIT FUNCTION

- viii. The internal control framework was effectively implemented from the last many years. Presently the Company's internal Audit function is being looked after by the Chief Internal Auditor in compliance of the Code of Corporate Governance. The Chief Internal Auditor reports directly to the Chairman of the Board Audit Committee.
- ix. The company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- x. The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the company.
- xi. Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- xii. The statutory auditors of the company, PKF F.R.A.N.T.S., Chartered Accountants, have completed their audit of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2020 and shall retire on the conclusion of the 40th Annual General Meeting.
- xiii. The final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- xiv. The Audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.

- xv. Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends their reappointment for the financial year ending 30 June 2021 on terms & remuneration as negotiated by the Chief Executive Officer and approved in AGM.

Roles and Responsibilities of the Chairman and Chief Executive:

The Chairman and the Chief Executive Officer have separate distinct roles

The Chairman has all the powers vested under the Code of Corporate Governance and presides over all the Board Meetings and his primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy at Board level. The Chairman of the Board ensures effective operations of the Board and its Committees in conformity with the highest standards of corporate governance and ensures that all Board committees are properly established, composed and operated. He is also responsible for setting the agenda, style and tone of Board discussions to promote constructive debate and effective decision making. The Chairman also plays an integral role in promoting effective relationships and communications between non-executive directors.

The Company is run by its Board of Directors and its affairs are managed on a day to day basis by the Chief Executive under the direction and control of the Board. The Chief Executive Officer is responsible for day to day operations and execution of the business strategy by devising business plans and monitoring the same and performs his duties under the powers vested by the law and the Board. He is responsible for preparing business strategy, overall control and operation of the company as well as implementing the business plans approved by the Board. In performing his task the Chief Executive is required to protect and improve the shareholders' value and the long-term health of the Company. The Chief Executive is responsible for implementing the Company's long and short term plans.

STATEMENT OF COMPLIANCE

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



Balochistan Glass Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Six
 - b. Female: One
2. The company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:


Category	Names	<i>Board is constituted on 27th Jan 2020</i>
Independent Director	Mr. Faisal Aftab Ahmad Mr. Sana Ullah Khan Ghory	
Executive Director	Mr. Shaffi Uddin Paracha Mr. Mian Nazir Ahmed Paracha	
Non-Executive Directors	Mr. Muhammad Tousif Peracha Mr. Muhammad Niaz Paracha	
Female / Non-Executive Director	Mrs. Tabsum Tousif Paracha	

In a Board comprising of 7 directors, one third would equate 2.333 persons. Since the fraction is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations.
7. The meetings of Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their directors' training program. Three out of seven directors of the Company are exempted from directors training program on the basis of their level of education and length of experience as provided in the Regulations. One director has already attended the Director's Training Program in prior years. The Company shall arrange training program of other newly elected directors as provided under Regulations' requirements within one year of their appointment, as due to COVID-19, the Company could not materialize the plans for training during the current year.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:

- a. Audit Committee
 - Mr. Faisal Aftab Ahmad (Independent Director)
 - Mr. Muhammad Niaz Paracha
 - Mr. Muhammad Tousif Peracha
- b. HR & Remuneration Committee
 - Mr. Sana Ullah Khan Ghory (Independent Director)
 - Mr. Muhammad Tousif Peracha
 - Mr. Mian Nazir Ahmed Paracha
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
 - a. Audit Committee: Quarterly
 - b. HR and Remuneration Committee: Yearly
15. The Board has set up an effective internal audit function, comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. The internal audit function is involved in Internal Audit on full time basis relating to the business and other affairs of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) 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 ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of Board of Directors



Mr. Faisal Aftab Ahmad
Director



Mian Nazir Ahmad Paracha
CEO

Dated: October 01, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BALOCHISTAN GLASS LIMITED
Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019



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

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

As a part of our audit of 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 Director's 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 requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approvals its related party transactions and also ensure compliance with the requirements of section 208 of Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Lahore: October 01, 2020

A handwritten signature in black ink, appearing to read 'PKF F.R.A.N.T.S.', is written over the printed name of the engagement partner.

PKF F.R.A.N.T.S
Chartered Accountants
Engagement Partner : Nouman Razaq Khan



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALOCHISTAN GLASS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



Opinion

We have audited the annexed financial statements of **Balochistan Glass Limited** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other 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, 2020 and of the loss and other comprehensive loss, 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.

Material Uncertainty relating to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of Rs. 464.205 million during the year ended June 30, 2020 and, as of that date, its accumulated loss of Rs. 5,776.366 million have resulted in net capital deficiency of Rs. 3,059.044 million and its current liabilities exceeded its current assets by Rs. 878.414 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the Material Uncertainty relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
<p>1. COVID-19</p> <p>Refer note 42 to the financial statements regarding the impact of COVID-19.</p> <p>As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty.</p> <p>Management carried out a financial and liquidity risk analysis addressing amongst other future compliance with financing conditions as well as financing and cash requirements to ensure continuation of the company's operations.</p>	<p>We considered the uncertainties arising from COVID-19 in planning and performing our audit. Our procedures included:</p> <ul style="list-style-type: none"> ● evaluated the company's most recent financial results, forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy; ● assessed the reliability of the forecasted cash flows by comparing with the historical performance and market expectations ● discussed the most recent forecast with management to understand their views on going concern and the potential impact of COVID-19 on the company; ● evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities and projected key ratios for covenant calculations;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALOCHISTAN GLASS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



Key Audit Matter

How the matter was addressed in our audit

- inspected supporting documentation such as contracts and underlying calculations and correspondence with financing and other relevant parties;
- evaluated the company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19, including trade receivables and inventory provisioning; and
- considered the appropriateness of the disclosures made in the financial statements in respect of the potential impact of COVID-19.

2. Stock in trade

As at the year end, the Company held stock in trade amounting to Rs. 249.439 million, after write down of Rs. 10.972 million, as disclosed in note 20 to the accompanying financial statements. The stock in trade write down is calculated by considering the NRV of related stock in trade while mainly keeping in view the estimated selling price and cost necessary to be incurred to make the sale.

We have considered this area to be a key audit matter due to judgements involved in estimating the NRV of underlying stock in trade as well as the management judgment in determining an appropriate costing basis and assessing its valuation.

Our audit procedures included the following:

- observing physical inventory counts to ascertain the condition and existence of stock in trade;
- understanding and evaluating the appropriateness of the basis of identification of the obsolete stock;
- evaluating the historical accuracy of writing down of stock in trade to its NRV assessed by management by comparing the actual loss to historical written down value of stock in trade recognized, on a sample basis;
- performing tests on sample of items to assess the NRV of the stock in trade held,
- evaluating the adequacy of calculation of NRV as at the yearend;
- testing cost of goods with underlying invoices and expenses accounted for in accordance with stock valuation method;
- reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence;
- testing the NRV of the stock held by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products; and
- We further assessed the adequacy of financial statement disclosures in accordance with the applicable reporting framework.

3. Long term investment

The company has owns 49.99% shares in its associated company i.e. Paidar Hong Glass (Pvt.) Limited. As at June 30, 2020, the carrying amount of investment in associated company is Rs. 125.631 million.

We have considered this as a key audit matter because the project is stagnant since 2018 due to the non-execution of contractual responsibility by the joint venture partner.

Our audit procedures in relation to assessment of carrying value of investment in associated company included:

- Assessed the appropriateness of management's evaluation of investment in the associated company, its accounting and determination of fair value;
- Considered management's process for identifying the existence of impairment indicators, if any, in respect of investment in associated company;
- Obtaining the relevant record and documentations and applying impairment test to identify any impairment in the value of investment;
- Obtaining management plan of action relating to functioning of project; and
- Finally, we assessed the adequacy of the related disclosures in this regard.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALOCHISTAN GLASS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALOCHISTAN GLASS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



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 and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Nouman Razaq Khan.

Lahore: October 01, 2020


PKF F.R.A.N.T.S
Chartered Accountants



AUDITED FINACIAL STATEMENTS 2020

STATEMENT OF FINANCIAL POSITION

As At June 30, 2020



	Note	2020	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
(Rupees in Thousands)			
Authorized share capital	4	2,666,000	2,666,000
Issued, subscribed and paid-up share capital	5	2,616,000	2,616,000
Discount on shares	6	(514,800)	(514,800)
		2,101,200	2,101,200
Capital reserve			
Revaluation surplus on property, plant and equipment - net of deferred tax	7	616,122	629,597
Revenue reserve			
Accumulated loss		(5,776,366)	(5,325,636)
		(3,059,044)	(2,594,839)
Subordinated loans - unsecured	8	3,635,082	3,635,082
Director's loan - unsecured	9	313,235	313,080
		889,273	1,353,323
NON-CURRENT LIABILITIES			
Long term liabilities	10	197,838	35,130
Deferred liabilities	11	67,789	70,090
		265,627	105,220
CURRENT LIABILITIES			
Trade and other payables	12	739,409	810,328
Unclaimed dividend		164	164
Markup accrued	13	117,184	107,907
Short term borrowings	14	712,058	684,727
Current maturity of long term loans	15	25,920	83,131
		1,594,735	1,686,257
CONTINGENCIES AND COMMITMENTS			
	16		
TOTAL EQUITY AND LIABILITIES		2,749,635	3,144,800
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,907,683	1,989,838
Long term investment	18	125,631	125,631
		2,033,314	2,115,469
CURRENT ASSETS			
Stores, spare parts and loose tools	19	138,924	137,909
Stock in trade	20	249,439	495,183
Trade debts	21	106,181	216,308
Loans and advances	22	38,123	39,970
Trade deposits, prepayments and other receivable	23	7,155	71,257
Taxes recoverable	24	31,015	58,971
Cash and bank balances	25	145,484	9,733
		716,321	1,029,331
TOTAL ASSETS		2,749,635	3,144,800

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF PROFIT OR LOSS

For The Year Ended June 30, 2020



	Note	2020	2019
(Rupees in Thousands)			
Sales - net	26	1,494,183	1,121,781
Cost of sales	27	(1,538,632)	(1,225,689)
Gross loss		(44,449)	(103,908)
Administrative and selling expenses	28	(100,309)	(84,880)
Other expenses	29	(190,342)	(4,217)
Other income	30	1,819	131,732
Operating loss		(333,281)	(61,273)
Finance cost	31	(113,964)	(82,766)
Loss before taxation		(447,245)	(144,039)
Taxation - net	32	(16,960)	8,416
Loss after taxation		(464,205)	(135,623)
Loss per share - basic and diluted (Rs.)	33	(1.77)	(0.52)

The annexed notes from 1 to 43 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF OTHER COMPREHENSIVE INCOME

For The Year Ended June 30, 2020



	Note	2020	2019
(Rupees in Thousands)			
Loss after taxation		(464,205)	(135,623)
Other comprehensive income		-	-
Total comprehensive loss for the year		(464,205)	(135,623)

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2020



			Capital reserve	Revenue reserve	
	Issued, Subscribed and Paid up Share Capital	Discount on shares	Revaluation surplus on property, plant and equipment	Accumulated Loss	Total Equity
(Rupees in thousands)					
Balance as on June 30, 2018	2,616,000	(514,800)	644,465	(5,204,881)	(2,459,216)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax) - note 7	-	-	(14,868)	14,868	-
Total comprehensive loss for the year					
Loss after taxation for the year	-	-	-	(135,623)	(135,623)
Other comprehensive income for the year	-	-	-	-	-
	-	-	(14,868)	(120,755)	(135,623)
Balance as on June 30, 2019	2,616,000	(514,800)	629,597	(5,325,636)	(2,594,839)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax) - note 7	-	-	(13,475)	13,475	-
Total comprehensive loss for the year					
Loss after taxation for the year	-	-	-	(464,205)	(464,205)
Other comprehensive income for the year	-	-	-	-	-
	-	-	(13,475)	(450,730)	(464,205)
Balance as on June 30, 2020	2,616,000	(514,800)	616,122	(5,776,366)	(3,059,044)

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2020



	Note	2020	2019
(Rupees in Thousands)			
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(447,245)	(144,039)
Adjustments for non-cash charges and other items:			
Depreciation	17.2	144,053	151,461
Provision for doubtful balances	29	4,496	4,217
Provision for balance GIDC	29	185,846	-
Reversal of provision for default surcharge on taxation	30	-	(11,109)
Liability reversed / written back on settlement with financial institutions	30	-	(120,518)
Gain on disposal of operating fixed assets	30	(1,056)	-
Finance cost	31	113,964	82,766
Operating profit/ (loss) before working capital changes		58	(37,222)
Working capital changes			
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(1,015)	(26,875)
Stock in trade		245,744	(363,724)
Trade debts		105,631	(97,092)
Loans and advances		1,847	(1,740)
Trade deposits, prepayments and other receivables		64,102	(6,184)
(Decrease) / Increase in current liabilities			
Trade and other payables		(61,039)	158,905
		355,270	(336,710)
Cash generated from / (used in) operations		355,328	(373,932)
Payments for:			
Finance cost		(104,687)	(69,978)
Taxes		(14,903)	(11,919)
Gratuity		(1,217)	(310)
Net cash inflow / (outflow) from operating activities	A	234,521	(456,139)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(62,001)	(63,484)
Proceeds from disposal of operating fixed assets		1,159	-
Net cash outflow from investing activities	B	(60,842)	(63,484)
CASH FLOW FROM FINANCING ACTIVITIES			
Director's loan - net		155	313,080
Long term loans - net		(65,414)	(191,420)
Lease liabilities paid		-	(31,874)
Short term borrowings - net		27,331	434,741
Net cash (outflow) / inflow from financing activities	C	(37,928)	524,527
Net increase in cash and cash equivalents	A+B+C	135,751	4,904
Cash and cash equivalents at beginning of the year		9,733	4,829
Cash and cash equivalents at end of the year	25	145,484	9,733

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



1 STATUS AND NATURE OF BUSINESS

Balochistan Glass Limited (the Company) was incorporated in Pakistan as a public limited company in 1980 under the repealed Companies Act, 1913 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells.

The registered office of the Company is situated at Plot no. 8, Block – M, Hub Industrial Trading Estate, Distt. Lasbella Hub, Balochistan whereas head office of the Company is situated at 27-H Pace Tower, 1st floor, College Road, MM Alam Extension, Gulberg II, Lahore.

Locations and addresses of all the manufacturing facilities of the Company are disclosed in note 17.3 to these financial statements.

2 GOING CONCERN ASSUMPTION

During the current year, the Company made comparatively better progress in terms of improving its operational performance and tapping into potential business opportunities, including continuous running of tableware glass production resulting into significant increase in revenue of the Company as compared to last two corresponding periods in a row and the gross loss has also been reduced significantly as compared to previous year. However, the financial statements for the year ended June 30, 2020 are showing loss after taxation amounting to Rs. 464.205 million (2019: loss Rs. 135.623 million), (after incorporating the balance GIDC provision of Rs.185.846 million), and has accumulated loss of Rs. 5,776.366 million (2019: Rs. 5,325.636 million) at the year-end which resulted in negative equity of Rs. 3,059.044 million (2019: Rs. 2,594.839 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 878.414 million (2019: Rs. 656.926 million).

Although the accumulated financial results may raise doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liability in normal course of business but based on recent improvement in revenue figures, continuing support from directors and associates along with future prospects of industry and other steps taken by the management, Board of Directors' feels that Company will have adequate resources to operate its business on a sustainable basis for foreseeable future, therefore, these financial statements have been prepared on going concern basis. A brief on the basis/rationale of the aforementioned inference is briefly explained as below:

The increase in net sales revenue is mainly attributable to the production of pharmaceutical products at Unit - I (Hub) and continued production of tableware glass products at Unit – III (Kot Abdul Malik) during the last two years. This increase in sales has contributed towards better operational and financial results in comparison with previous years. During the year, the Company was able to meet its cash flow requirements substantially through its own resources without getting extra contribution from the sponsors as compare to previous years.

Production at Unit – I was suspended in November 2019 due to some technical and input cost related issues, however, availability of sufficient stock enabled the Company to meet the customer demand during this closure period. Management is optimistic to resume the production at Unit – I and is working on a plan to implement the necessary improvements in technical areas including furnace and machinery efficiencies.

During the year, Company managed to obtain enhanced financing facility limit from its associated company “Gharibwal Cement Limited” from Rs. 350.000 million to Rs. 600.000 million. Company has also availed deferment of its loan liabilities under a scheme issued by the State Bank of Pakistan in context with the Covid-19 hardships, resulting in ease of working capital management to an extent. Furthermore, the management is honoring all restructured arrangements with banks and has complied with respective repayment terms which reduced the liability by Rs 65.414 million towards financial institutions. Hence the management feels confident that it will be able to handle the Company's liquidity related issues in future with the help of profitable operational results.

Since the company has planned the expansion of tableware glass production in Unit – III by refurbishing its second furnace and procurement of press machineries, budget of which is estimated upto Rs 250 million, and management has arranged the procurement of furnace bricks by establishing the letter of credit and committed to complete its expansion plan till the third quarter of the next financial year. This expansion will increase the production capacity of glass table ware products that will result in reduced fixed cost, increase in margins and productivity. As per management strategy, Unit II (Sheikhupura) remained closed during the year since November 2016, for the purpose of modernization of its production facilities in due course of time.

Despite of the outbreak of Covid-19, resultant lock down & suspension of production of Unit -III for almost one and a half month, slowdown of economy and increase in fuel costs in the earlier half of the financial year, the management took advantage of this period and arranged short-term repair of the existing Furnace which resulted into better production quality, efficiency and revenue results in subsequent months.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

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

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

3.2 New and revised laws, standards and interpretations

3.2.1 Standards, amendments and Interpretations adopted during the year

The Company has adopted the following standards and amendments of IFRSs which became effective for the current year:

IFRS 3	Business Combination - Amendments regarding previously held Interests in a joint operation
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
IFRS 11	Joint Arrangements – Amendment regarding re-measurement of previously held Interests in a joint operation
IFRS 14	Regulatory Deferral Accounts - notified by the Securities and Exchange Commission of Pakistan (SECP)
IFRS 16	Leases - This standard supersedes the previous standard IAS 17 - 'Leases'
IAS 12	Income Taxes - Amendments regarding income tax consequences of payments on financial instruments classified as equity
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements
IAS 23	Borrowing Costs – Amendments regarding borrowing costs eligible for capitalization
IAS 28	Investment in Associates and Joint Ventures - Amendments regarding long term interests in associates and joint ventures
IFRIC 23	Uncertainty Over Income Tax; Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

The adoption of the above amendments to accounting standards did not have any significant impact on the financial statements, except some additional disclosures.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company as on the reporting date

The following new/revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standards or interpretations	Effective date (reporting period beginning on or after)	
IFRS 3	Business Combinations - Amendments regarding the definition of business	January 1, 2020
IFRS 3	Business Combinations - Amendments updating reference to the Conceptual Framework	January 1, 2022
IFRS 4	Insurance Contracts - Amendments regarding expiry date of the deferral approach	January 1, 2023
IFRS 7 / IFRS 9 / IAS 39	Financial Instruments - Amendments regarding pre-replacement issues in the context of Interest Rate Benchmark Reform	January 1, 2020
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Fees in the '10 per cent' test for derecognition of financial liabilities)	January 1, 2022



IFRS 10 / IAS 28	IFRS 10: Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures - Amendments regarding sale or contribution of assets between an investor and its associate or joint venture	Date yet to be determined. Earlier application is permitted.
IFRS 16	Leases – Amendments to provide practical relief for lessees in accounting for rent concessions (COVID-19 related)	June 1, 2020
IAS 1	Presentation of Financial Statements – Amendments regarding definition of material	January 1, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding classification of liabilities as current and non-current	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 1, 2020
IAS 16	Property, plant and equipment – Amendments prohibiting a company from deducting from the cost of asset the amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
IAS 41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (Taxation in fair value measurements)	January 1, 2022

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

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

The following interpretations issued by the IASB have been waived off by SECP:

- IFRIC 4 - Determining whether an arrangement contains lease
- IFRIC 12 - Service concession arrangements

3.3 Basis of preparation

These financial statements have been prepared under the historical cost convention except otherwise stated in the respective notes and policies. In these financial statements, except for the amounts reflected in statement of cash flows, all transactions have been accounted for on accrual basis. The Company's significant accounting policies are stated in note 3.5.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.4.1 Income taxes

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

3.4.2 Property, plant and equipment

The Company reviews the appropriateness of rate of depreciation, useful lives and residual value of property, plant and equipment on regular basis. The estimates of revalued amount of land and buildings are based on valuation carried out by a professional valuer. Further where applicable, an estimate of recoverable amount of an asset is made for possible impairment on annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.4.3 Provision for doubtful receivables

The Company reviews its doubtful trade debts and other receivables at each reporting date to assess whether provision should be recorded in the statement of profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3.4.4 Inventories

The Company reviews the net realizable value of inventories, including stock-in-trade, stores, spare parts and loose tools, to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of inventories with a corresponding effect on related cost and impairment.

3.4.5 Contingencies

The Company discloses its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

3.5 SIGNIFICANT ACCOUNTING POLICIES

3.5.1 Staff retirement benefits - provident fund

The Company operates a contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary. The Company's contributions are recognized as staff retirement benefit expense when they are due.

3.5.2 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is provided using the statement of financial position liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all major taxable temporary differences. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.



Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- when receivables and payables are stated with the amount including sales tax;
- when the sales tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in that case sales tax is recognized as part of the cost of acquisition of asset or as part of the expense item, as applicable.

Net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.5.3 Property, plant and equipment and depreciation

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any except for freehold land & building which is stated at revalued amount less accumulated depreciation. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress at cost less any recognized impairment loss. Borrowing costs pertaining to erection / construction of qualifying assets are capitalized as part of the historical cost as stated in note 3.5.10. These are transferred to specific assets as and when these assets are available for use.

Depreciation charge is based on the reducing balance method at the rates specified in note 17 to the financial statements.

Depreciation on additions is charged from the month in which the asset is available for use and on disposals no depreciation is charged in the month of disposal.

The moulds whose entire output capacity is expected to be utilized in one year are classified as store inventory as per IAS 2 - Inventories. The moulds whose entire output capacity is expected to be utilized in more than one year are recognized in property, plant and equipment as per IAS 16 - Property, Plant & Equipment. Depreciation / consumption on moulds is charged to statement of profit or loss on the basis of units produced.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to statement of profit or loss.

Right of use asset and related liability

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received and initial direct costs.

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

Depreciation is charged to income by applying reducing balance method to write-off the depreciable amounts of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Lease liability is initially measured at present value of the lease payments over the period of lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate

Revaluation

Revaluation of land and building is carried out with sufficient regularity to ensure that carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of land and building is recognized, net of deferred tax, in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in statement of profit or loss, in which case the increase is first recognized in statement of profit or loss to the extent of decrease previously charged. Any decreases that reverse previous increases of same asset are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss.

The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of deferred tax, is reclassified from revaluation surplus to unappropriated profit / accumulated loss.

Advance against purchase of fixed assets

Advance payments for the purchase of fixed assets are classified under the non-current assets.

3.5.4 Stores, spare parts and loose tools

These are valued at lower of average cost and net realizable value except for those in transit, which are valued at cost. Provision is made for slow moving and obsolete stores and spares, if required.

3.5.5 Stock in trade

These are stated at the lower of cost and net realizable value. The cost is determined as follows:

Raw and packing materials	Weighted average cost
Work in process	Average material cost only. Conversion costs are not included as these are not significant.
Finished goods	Weighted average cost which includes prime cost and appropriate portion of production overheads.
Items in transit	Cost comprising invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale.

3.5.6 Trade debts and other receivables

Trade debts are carried at original invoice amount, which approximates fair value and subsequently measured at amortized cost, less an estimate made for doubtful receivable balances based on review of outstanding amounts at the year end. A provision for doubtful debt is created when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivable. The provision is recognized in the statement of profit or loss. When trade debt is uncollectable, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to statement of profit or loss.

3.5.7 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchanges ruling at the date of transaction.

Assets and liabilities in foreign currencies are translated into Rupees at exchanges rates approximating those prevailing at the statement of financial position date except where forward exchange contracts have been entered into, in which case the rates contracted for are used.

All other exchanges differences are taken into statement of profit or loss.



3.5.8 Transaction with related parties

Transactions with related parties are based on the policy that all the transactions between the Company and related parties are carried out at arm's length. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

3.5.9 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable on the following basis :

- Revenue from local sale of goods is recognized at a point in time when a performance obligation is satisfied by transferring control of promised goods to a customer which coincides with the dispatch of goods to the customer.
- Revenue from export sale of goods is recognized on shipment basis.
- Profit on bank deposits is recognized on a time proportion basis at the rate applicable.
- All other income is accounted for on an accrual basis.

3.5.10 Borrowings and borrowing costs

Borrowings are recognized initially at fair value and are subsequently carried at amortized cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.5.11 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.5.12 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset.

3.5.13 Classification of financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification depends on the purpose for which the financial assets were acquired. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. These financial assets are subsequently remeasured to fair value, amortized cost or cost as the case may be. Management determines the classification of its financial assets at the time of initial recognition.

- Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

3.5.14 Financial liabilities

All financial liabilities are initially recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

3.5.15 Trade and other payables

Short term liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.5.16 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the statement of profit or loss.

3.5.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of change in value.

3.5.18 Loans, advances and deposits

These are initially recognized at cost, which is the fair value of consideration given. Subsequent to the initial recognition assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying value. Loans, advances and deposits paid by the Company are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets.

3.5.19 Investment in equity instruments of associated company

Investments in an associated company is accounted for by using equity basis of accounting, under which the investments in associated company is initially recognized at cost and the carrying amounts are increased or decreased to recognize the company's share of profit or loss of the associated company after the date of acquisition. The company's share of profit or loss of the associated company is recognized in the Company's profit or loss. Distributions received from the associated company reduce the carrying amount of investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associated company arising from changes in the associated company's equity that have not been recognized in the associated company's profit or loss. The Company's share of those changes is recognized directly in equity of the company.

3.5.20 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.5.21 Segment reporting

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 of the Company that makes strategic decisions.

3.5.22 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.

3.5.23 Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into and post tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares.

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For The Year Ended June 30, 2020



4 AUTHORIZED SHARE CAPITAL

2020	2019	Note	2020	2019
Numbers of shares			(Rupees in Thousands)	
261,600,000	261,600,000	Ordinary shares of Rs. 10 each Preference shares of Rs. 10 each	2,616,000	2,616,000
5,000,000	5,000,000		50,000	50,000
266,600,000	266,600,000		2,666,000	2,666,000

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

175,300,000	175,300,000	Ordinary shares of Rs.10 each fully paid in cash	1,753,000	1,753,000
85,800,000	85,800,000	Ordinary shares of Rs.10 issued on 60% discount each fully paid in cash	858,000	858,000
500,000	500,000	Ordinary shares of Rs.10 each issued as fully paid Bonus Shares	5,000	5,000
261,600,000	261,600,000		2,616,000	2,616,000

5.1 27,391,422 (2019: 27,791,422) ordinary shares of the Company are held by associated company Pak Hy Oils Limited.

6 DISCOUNT ON SHARES

In September 2012, the Company had issued 85.800 million ordinary shares to Mr. Muhammad Tousif Paracha (CEO) at 60% discount against the outstanding share deposit money of Rs. 343.200 million and recorded Rs. 514.800 million as discount on shares.

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

Opening Balance - net of deferred tax	629,597	644,465
Revaluation surplus transferred to accumulated loss in respect of: - incremental depreciation charged during the year - net of deferred tax	(13,475)	(14,868)
Closing Balance - net of deferred tax	616,122	629,597

This represents surplus arisen on revaluation of freehold land and building on freehold land (factory & non-factory). The latest valuation of freehold land and building on freehold land (factory and non-factory) was carried out on June 30, 2018, by M/s Hamid Mukhtar & Co. (Pvt) Limited, an independent valuer not connected with the Company.

The fair valuation of the revalued assets are considered to represent a level 2 valuation of fair value hierarchy based on significant observable inputs. The fair values are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the observable inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land:

Revalued amount of freehold land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas.



Building on freehold land:

Revalued amount of building on freehold land has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

	Note	2020	2019
(Rupees in Thousands)			
8 SUBORDINATED LOANS - Unsecured			
Subordinated loans from directors and their associate - unsecured	8.1	482,080	482,080
Subordinated loans - unsecured	8.2	3,153,002	3,153,002
		3,635,082	3,635,082
8.1 Subordinated loans from directors and their associate - unsecured			
From related parties (Directors)			
- Local currency		82,493	82,493
From sponsors and shareholders			
- Foreign currency		399,587	399,587
		482,080	482,080
8.1.1	The above loans are interest free, unsecured and were repayable in respective currencies. These loans shall be treated as subordinated to the principal amounts of the debts owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.		
8.1.2	Keeping in view the heavy losses incurred by the Company, foreign currency loans have been frozen by the mutual consent of the directors / sponsors of the Company at exchange rates prevailing at June 30, 2007. The loans will be payable in foreign currencies equivalent to the rupee amounts reflected as on June 30, 2007, thereby eliminating the effect of foreign currency translation loss to the Company.		
8.1.3	In the absence of identifiable repayment period due to peculiarity of Company's circumstances and unconditional right held by the Company to delay the payment till the availability of ample resources for its repayment, these loans are not measured at amortized cost using effective interest rate method as per requirement of financial reporting standards rather these loans are classified in accordance with the guidance provided by the Institute of Chartered Accountants of Pakistan through Technical Release (TR-32 "Accounting Directors' Loan") and are measured at their face values as initially recognized.		
8.2 Subordinated loans - unsecured			
- Muhammad Tousif Paracha			
- Long term loan	8.2.1	1,793,045	1,793,045
- Deferred mark-up	8.2.2	1,024,821	1,024,821
		2,817,866	2,817,866
- Shaffi Uddin Paracha			
- Long term loan	8.2.1	97,399	94,899
- Mian Nazir Ahmed Paracha			
- Long term loan	8.2.1	100,001	102,501
- Other associate			
- Long term loan	8.2.1	104,670	104,670
- Deferred mark-up	8.2.2	33,066	33,066
		137,736	137,736
	8.2.3	3,153,002	3,153,002

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



- 8.2.1 These represent the long term loans provided by the directors / director's associate which were previously classified as long term loans under the mark up arrangement. Pursuant to the arrangements between the Company and the directors and their associate, these have become interest free and payable at the discretion of the Company. Therefore, these loans are not measured at amortized cost as per requirements of financial reporting standards, rather these are treated as equity in accordance with the Technical Release -32 ("Accounting Director' Loan") issued by the Institute of Chartered Accountants of Pakistan.
- 8.2.2 These represent the amount of mark up charged, on long term loans from directors and their associate, which was previously classified as deferred mark up. Pursuant to the arrangement between the Company and the directors and their associate, no mark up is to be charged in the subsequent periods and outstanding balances of mark up have become payable at the discretion of the Company.
- 8.2.3 During the previous financial year, subordination of such loans have been made vide Debt Subordination Agreement with Bank of Punjab (note : 14.1)

	Note	2020	2019
(Rupees in Thousands)			
9 DIRECTOR'S LOAN - Unsecured			
Muhammad Tousif Paracha			
Long term loan	9.1	313,235	313,080
9.1			
During the year, the Company received net funds of Rs. 0.155 million (2019: Rs. 313.080 million) from Mr. Muhammad Tausif Paracha (Director) to meet its capital and operational requirements. The loan is interest free and payable at the discretion of the Company, accordingly, the said loan is not measured at amortized cost as per requirements of applicable financial reporting standards, rather treated as equity in accordance with the Technical Release -32 ("Accounting Director' Loan") issued by the Institute of Chartered Accountants of Pakistan.			
10 LONG TERM LIABILITIES			
Long term loans - secured	10.1	26,927	35,130
GIDC payable	10.2	170,911	-
		197,838	35,130
10.1 Long term loans - secured			
From banks and financial institutions - Secured			
FBL - Mark up	10.1.1	21,698	52,154
NBP - DF I	10.1.2	11,373	17,873
NBP - DF II (Frozen Markup)	10.1.2	6,725	10,577
AlBaraka - Restructured loan	10.1.3	13,051	37,657
		52,847	118,261
Current and overdue portion presented under current liabilities			
FBL - Deferred markup	10.1.1	(13,080)	(39,144)
FBL - Restructured loan - over due	10.1.1	(2,180)	-
NBP - DF I	10.1.2	(1,625)	(6,500)
NBP - DF I - overdue	10.1.2	-	(1,625)
NBP - DF II (Frozen Markup)	10.1.2	(963)	(3,852)
NBP - DF II (Frozen Markup) - overdue	10.1.2	-	(963)
AlBaraka - Restructured loan	10.1.3	(8,072)	(23,245)
AlBaraka - Restructured loan- overdue	10.1.3	-	(7,802)
		(25,920)	(83,131)
		26,927	35,130



10.1.1 The Company had entered into an amicable restructuring of its running finance facility, overdue amount of letter of credit along with markup thereon with Faysal Bank Limited in March 2016. Through restructuring agreement, amount of loan of Rs. 104.170 million after the adjustment of upfront payment of Rs. 14.686 million was repayable in 65 monthly stepped up installments upto August-2021, however, Company repaid the entire principal amount during the previous year. It carried markup @ 3 month KIBOR plus 0% payable on the outstanding value of the finance only. Previous and future markup was payable in 19 monthly equal installments, after the adjustment of the principal liability, till March 2023, however, Company started repaying its outstanding markup before stipulated time, that amidst Covid-19 circumstances was deferred from October, 2020 to December 2021 under the SBP relief.

This facility is secured against the first pari passu hypothecation charge over current assets of the Company amounting to Rs. 34.000 million, pari passu charge over plant and machinery of the Company amounting to Rs. 234.000 million and personal guarantees of the directors of the Company.

10.1.2 The Company had entered into an amicable compromised restructuring of its running finance facility alongwith markup with National Bank of Pakistan in November 2016. Through this arrangement, balance of running finance facility amounting to Rs. 32.498 million after making the upfront payment of Rs. 17.499 million is repayable in 5 years in 20 quarterly installments @ 3 months KIBOR plus 1%. The Bank has also restructured the mark up amounting to Rs. 19.253 million after the upfront payment of Rs. 10.367 million, that is repayable in 20 equal quarterly installments over 5 years. The facility is secured against first pari passu hypothecation charge on plant and machinery and equitable mortgage charge over the land of the Company amounting to Rs. 67.000 million each.

Company has sought SBP relief under Covid-19 circumstance, for deferment of repayment instalment from December, 2021 to December, 2022.

10.1.3 The Company had entered into a restructuring arrangement with Al Baraka Bank (Pakistan) Limited in respect of its outstanding credit facility amounting to Rs. 102.500 million in September 2016. Through this arrangement balance of credit facility amounting to Rs. 89.688 million after the upfront payment of Rs. 12.812 million is payable in 48 equal monthly installments. It carries mark up @ matching KIBOR plus 1.50% per annum. This facility is secured against the hypothecation charge over stock and receivables, charge over fixed assets and equitable mortgage charge over the fixed assets and post dated cheques of the Company. Personal guarantees of directors including pledge of listed securities held by director in associated Company and corporate guarantee of associated company are also the part of securities.

Company has sought SBP relief under Covid-19 circumstance, for reduction in repayment instalment amount resulting in enhanced repayment period from August, 2020 to December, 2021.

	2020	2019
10.2 GIDC payable	(Rupees in Thousands)	
GIDC payable	315,527	-
Current portion shown under trade and other payables	(144,616)	-
	170,911	-

The Federal Government issued Gas Infrastructure Development Cess (GIDC) Laws in the years 2011, 2014 and 2015. Matter related to legitimacy of respective laws have been subject of thorough debate and consideration at Honorable High Courts as well as the Supreme Court of Pakistan.

On 13 August 2020, the Supreme Court of Pakistan issued its verdict and held that the levy imposed under Gas Infrastructure Development Cess Act, 2015 is in accordance with the provisions of the Constitution. The Supreme Court has also held that “the provisions of Section 8 of the Act, which give retrospective effect to the charge and recovery of ‘Cess’ levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.” The Court has ordered that GIDC shall be recovered in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge.

In context with the above decision, management has reviewed adequacy of already provided amount of Rs. 129.680 million in financial statements and accounted for balance amount of Rs. 185.846 million in the current

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



year being the differential amount arising consequent to the above mentioned decision of apex court on the basis of the computation provided by the Gas Companies.

Despite, recognizing the entire liability, management has apprehensions w.r.t computation of amount determined by the Gas Companies and Company has filed writ petition in Honorable Lahore High Court, for determination of actual amount of liability as per law. Company has been granted conditional stay by the Honorable High Court and the matter is sub judice. Company also intends to file the similar writ petition in Honorable Sindh High Court.

	Note	2020	2019
(Rupees in Thousands)			
11 DEFERRED LIABILITIES			
Deferred taxation - net	11.1	56,794	57,878
Employees retirements benefits - gratuity	11.5	10,995	12,212
		67,789	70,090
11.1 Deferred taxation - net			
Credit balances arising due to:			
- Accelerated tax depreciation allowances		143,034	182,423
Debit balances arising due to:			
- Staff gratuity		(3,145)	(3,508)
- relating to provisions		(49,469)	(48,395)
- Unused tax losses	11.2	(891,422)	(728,893)
- Available tax credits	11.3	(24,425)	(6,741)
Deferred tax asset		(825,427)	(605,114)
Deferred tax asset not recognized	11.4	825,427	605,114
		-	-
Deferred tax asset on tax credits u/s 65B (reversible)		-	(4,420)
Deferred tax liability relating to revaluation surplus on property, plant and equipment - opening balance		62,298	68,371
Incremental depreciation		(5,504)	(6,073)
		56,794	62,298
Deferred tax liability - net		56,794	57,878
11.2 Expiry of business and depreciation losses is as follows:		Unused Tax Losses (Rs. '000')	Expiry in Tax Year
Nature			
Business loss for Tax Year 2014		420,305	2020
Business loss for Tax Year 2016		427,152	2022
Business loss for Tax Year 2018		181,094	2024
Business loss for Tax Year 2019		12,036	2025
Business loss for Tax Year 2020		298,453	2026
		1,339,040	
Depreciation loss		1,734,830	No expiry
		3,073,870	
11.3 Expiry of available tax credits is as follows :			
Minimum tax for Tax year 2017		6,741	2022
Minimum tax for Tax year 2020		17,684	2025
		24,425	



11.4 Deferred tax asset has not been recognized as the future taxable profits may not be available against which the tax losses will be adjusted.

	Note	2020	2019
(Rupees in Thousands)			
11.5 Employees retirements benefits			
Staff gratuity:			
Opening balance		12,212	12,522
Less: Payments during the year		1,217	310
Charge for the year	11.5.1	-	-
Closing balance	11.5.2	10,995	12,212
11.5.1 Charge for the year			
Service cost		-	-
11.5.2 Statement of financial position reconciliation			
Present value of defined benefit obligations		10,995	12,212

11.5.3 The Company had decided to change its employees' retirement benefit plan from defined benefit plan (Gratuity) to defined contribution plan (Provident Fund) from June 30, 2017. Liabilities of the employees as at June 30, 2017 had been computed on the assumption that liability was payable as at June 30, 2017. These balances shall be frozen till the employees leave the Company. Previously defined benefits were valued in accordance with the requirements of IAS-19 "Employee benefits" and last actuarial valuation was carried out on June 30, 2016 using the 'projected unit credit method'.

12 TRADE AND OTHER PAYABLES

Trade creditors		247,058	310,065
Accrued expenses	12.1	132,038	182,369
Advances from customers		51,101	59,733
Employees' Provident Fund	12.2	5,922	3,387
Sales tax payable		57,377	-
Income taxes payable		63,009	61,582
Current portion of GIDC payable		144,616	129,680
Others		38,288	63,512
		739,409	810,328

12.1 This includes Rs. 21.780 million (2019: Rs. 21.780 million) against the rent payable to the Director.

12.2 The Company initiated the employee contribution plan (provident fund) and discontinued defined benefit plan (gratuity) for the permanent employees as disclosed in note 11.5.3 to the financial statements. The Company is in the process of registration of Workers' Provident Fund Trust as at the statement of financial position date. Contributions collected from the employees and contributed by the Company have not been deposited in a remunerative bank account being separately maintained for the provident fund.

13 MARK UP ACCRUED

Markup accrued	13.1	117,184	107,907
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13.1 This includes an amount of Rs. 107.765 million (2019: Rs. 97.009 million) payable to associated persons.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



	Note	2020	2019
(Rupees in Thousands)			
14 SHORT TERM BORROWINGS			
From Bank - Bank of Punjab (secured)			
Short term running finance	14.1	171,067	240,788
From related parties - Unsecured			
Associated company	14.2	538,390	338,525
Directors			
-Mr. Shaffi uddin Paracha		2,601	2,851
-Mr. Nazir Ahmed Paracha		-	10,000
	14.3	2,601	12,851
Others - Unsecured, interest free			
Temporary bank overdraft	14.4	-	92,563
		712,058	684,727
14.1	This represents running finance facility limit of Rs. 210.000 million (2019: Rs. 250.000 million) with accepted condition of reduction of exposure by Rs. 5.000 million every month during the currency of limit from Bank of Punjab (BOP) availed by the company to meet the working capital requirements. The facility is secured against ranking charge of Rs. 833.334 million over present and future fixed assets, ranking charge of Rs. 334.000 million over current assets, pledge of 58.000 million shares of Gharibwal Cement Limited in the name of Directors and personal guarantee of Director and subordination of loans as stated in note 8.2.3. This facility is extended upto May 31, 2021. The unutilized portion of this facility as at year end amounting to Rs. 16.439 million (2019: Rs. 9.212 million)		
14.2	This represents unsecured loan / short term advance facility of Rs. 600.000 million (2019: Rs. 350.000 million) obtained from the associated company, Gharibwal Cement Limited (GCL), to meet the working capital requirements of the Company and carries mark up at 3 months KIBOR + 3.5% p.a. This balance also included settlement of payable amount of Rs. 74.533 million (2019 : Rs. 77.441 million) on account of purchase of stores and spares from GCL during the year. The unavailed portion from the above facility amounted to Rs. 61.610 million (2019: Rs. 11.475 million)		
14.3	This represents temporary loan obtained from directors for working capital requirements. The loan is unsecured and interest free.		
14.4	This includes cheques issued of nil (2019: Rs. 63.000 million) to sponsoring director of the Company on account of temporary repayment of working capital support provided by sponsoring director.		
15 CURRENT MATURITY OF LONG TERM LOANS			
From banks and financial institutions - Secured			
FBL - Frozen Markup	10.1.1	15,260	39,144
NBP - DF I	10.1.2	1,625	8,125
NBP - DF II (Frozen Markup)	10.1.2	963	4,815
AlBaraka - Restructured loan	10.1.3	8,072	23,245
AlBaraka - Restructured loan- overdue	10.1.3	-	7,802
		25,920	83,131
16 CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
16.1.1	Bank guarantees amounting to Rs. 149.906 million (2019: Rs. 149.906 million) have been given by various banks on behalf of the Company.		



16.1.2 Company is defendant in various legal proceedings initiated by various ex-employees, suppliers and contractors in various labor / civil / high courts. The aggregate of suit amounts is Rs. 25.643 million (2019: Rs. 25.643 million). The Company expects decisions in its favor based on grounds of cases, therefore, the Company has not made provision of amounts referred above.

Tax related contingencies

16.1.3 Company was selected for Sales Tax Audit for Year 2011-12 through random computer balloting. Assistant Commissioner Inland Revenue, RTO Quetta has issued a notice no. ACIR/Z-01/U-01/RTO/QTA/20R/2013-14 dated 31-10-2013 for provision of certain information in this regard. The company has submitted all the required information vide letter no: BGL/S.TAX/AUDIT/HUB/12/01 dated 23 November 2013. Further proceedings are still awaited.

16.1.4 Company was selected for Income Tax Audit for Tax Year 2015 u/s 177 by the Commissioner Inland Revenue, RTO Quetta. The assessment has been finalized vide order dated 30th of March 2017 by making additions of Rs. 1,044.898 million. CIR (A) confirmed the order of DCIR (Audit) vide order no: ITA-39-2018-19 dated 31-10-2018. Appeal has been filed in ITAT on 19-12-2018 Karachi. Rectification application u/s 221 of the ITO, 2001 on the issue of imposition of Minimum Tax of Rs. 15.290 million was also rejected by CIR (A) vide order no: IT/56/2018-19 dated 31-12-2018. Appeal has been filed in ITAT Karachi. Further proceedings are still awaited.

16.1.5 Assistant Commissioner Inland Revenue, Hub has issued notice for Sales Tax Audit for tax period July 2014 to June 2015 & required records U/s 25 of the Sales tax Act, 1990. The record has been provided as per requirement and reply of show cause notice complied vide letter no: BGL/ACIR/ST AUDIT/2014-2015/ 06 dated 23-08-2019. Further proceedings are still awaited.

16.1.6 Assessment under Section 161 / 205 of the Income Tax Ordinance, 2001, in respect of tax year 2016 to 2018 was finalized vide order 24/02 & 25/02 dated March 15, 2019 through which total tax demand of Rs. 42.007 million was raised. Out of above said demand, Rs. 28.255 million was adjusted against available tax refunds. Appeal has been filed before Commissioner Inland Revenue (Appeals), Quetta. Relief of Rs. 8.165 million by CIR(A) Quetta vide order dated 16-10-2019 & 21-10-2019 was provided. Request for appeal effect has been submitted.

16.1.7 Company was selected for Income Tax Audit for Tax Year 2016 u/s 177 by the Commissioner Inland Revenue, RTO Quetta vide intimation notice no: 100000032556266 dated 25-04-2018. DCIR (RTO), Quetta issued notice for requisition of required information vide notice dated 29-11-2018. Reply to this notice was submitted vide letter no: BGL/I.TAX AUDIT/214C/TY 2016/03 dated 04-01-2019 challenging the selection of Audit. & required information also submitted. Further proceedings are still awaited.

16.1.8 Keeping in view the nature of proceedings and availability of tax losses and tax related provisions, management is of considered opinion that Company may not be liable for any major liability in addition to what has already been recorded in the books as on June 30, 2020.

16.2 Commitments

Commitments in respect of letters of credit for import of moulds, stores, spares and loose tools amounting to Rs. 4.792 million (2019: Rs. 2.867 million).

	Note	2020	2019
(Rupees in Thousands)			
17 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	1,880,672	1,962,827
Capital work in progress	17.6	27,011	27,011
		1,907,683	1,989,838

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



17.1 Operating fixed assets

Particulars	2020											
	Cost / Revaluation					Depreciation / Impairment					Book value As at June 30, 2020	Rate % / Method
	Opening July 01, 2019	Additions / Transfer	Revaluation surplus	Disposal / Transfer	Closing June 30, 2020	Opening July 01, 2019	For the year	Disposal / Transfer	Closing June 30, 2020			
----- (Rupees in thousands) -----												
Freehold land	522,243	-	-	-	522,243	-	-	-	-	522,243	-	
Building on freehold land												
Factory	369,115	-	-	-	369,115	149,495	21,962	-	171,457	197,658	10	
Non factory	85,639	-	-	-	85,639	29,853	2,789	-	32,642	52,997	5	
Plant and machinery												
Owned	3,034,013	-	-	-	3,034,013	2,022,455	110,272	-	2,132,727	901,286	10 & 15	
Electric and gas installation	81,126	82	-	-	81,208	38,558	4,263	-	42,821	38,387	10	
Furniture and fixtures	12,876	-	-	-	12,876	10,198	268	-	10,466	2,410	10	
Office equipment	9,436	-	-	-	9,436	6,394	304	-	6,698	2,738	10	
Vehicles												
Owned	36,885	1,200	-	(1,995)	36,090	29,558	1,629	(1,892)	29,295	6,795	20	
Moulds	238,131	60,719	-	-	298,850	140,126	2,566	-	142,692	156,158	Units Produced	
	4,389,464	62,001	-	(1,995)	4,449,470	2,426,637	144,053	(1,892)	2,568,798	1,880,672		

Particulars	2019											
	Cost / Revaluation					Depreciation / Impairment					Book value As at June 30, 2019	Rate % / Method
	Opening July 01, 2018	Additions / Transfer	Revaluation surplus	Disposal / Transfer	Closing June 30, 2019	Opening July 01, 2018	For the year	Disposal / Transfer	Closing June 30, 2019			
----- (Rupees in thousands) -----												
Freehold land	522,243	-	-	-	522,243	-	-	-	-	522,243	-	
Building on freehold land												
Factory	338,111	31,004	-	-	369,115	126,573	22,922	-	149,495	219,620	10	
Non factory	85,639	-	-	-	85,639	26,917	2,936	-	29,853	55,786	5	
Plant and machinery												
Owned	2,413,163	324,841	-	296,009	3,034,013	1,697,768	110,289	214,398	2,022,455	1,011,558	10 & 15	
Leased	296,009	-	-	(296,009)	-	206,124	8,274	(214,398)	-	-	10	
Electric and gas installation	77,699	3,427	-	-	81,126	33,960	4,598	-	38,558	42,568	10	
Furniture and fixtures	12,857	19	-	-	12,876	9,901	297	-	10,198	2,678	10	
Office equipment	8,840	596	-	-	9,436	6,081	313	-	6,394	3,042	10	
Vehicles												
Owned	33,008	-	-	3,877	36,885	23,998	1,802	3,758	29,558	7,327	20	
Leased	3,877	-	-	(3,877)	-	3,728	30	(3,758)	-	-	20	
Moulds	238,131	-	-	-	238,131	140,126	-	-	140,126	98,005	Units Produced	
	4,029,577	359,887	-	-	4,389,464	2,275,176	151,461	-	2,426,637	1,962,827		

Note

	2020	2019
	(Rupees in Thousands)	

17.2 Depreciation charge for the year has been allocated as follows:

Cost of sales	141,622	148,905
Administrative and selling expenses	2,431	2,556
	144,053	151,461



- 17.3 Particulars of immovable fixed assets (i.e. freehold land and building on freehold land) of the Company are as follows:

Sr.	Location	Purpose	Total area (acre)
1	Plot no. 8, Block – M, Hub Industrial Trading Estate, Distt. Lasbella Hub, Balochistan	Production Unit I	21.95
2	29 – Km Lahore - Sheikhpura Road, Sheikhpura	Production Unit II	10.43
3	12 – Km Lahore - Sheikhpura Road near Total Pump, Kot Abdul Mallik, Distt. Sheikhpura	Production Unit III	4.65

- 17.4 The forced sale value of the revalued freehold land and building on freehold land as on the date of revaluation i.e. June 30, 2018 was determined to be Rs. 417.790 million and Rs. 216.208 million respectively.

- 17.5 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets would have been as under:

	Cost as at June 30, 2020	Accumulated Depreciation as at June 30, 2020	Book Value as at June 30, 2020	Book Value as at June 30, 2019
	(Rupees in thousands)			
Freehold land	45,167	-	45,167	45,167
Building on freehold land				
Factory	102,566	53,292	49,274	54,749
Non factory	19,353	13,828	5,525	5,816
	167,086	67,120	99,966	105,732

	Note	2020	2019
		(Rupees in Thousands)	
17.6 Capital work in progress - Movement			
Opening		27,011	345,947
Add: Additions during the year		-	18,032
Less: Transferred to operating fixed assets		-	(305,970)
Adjustment of claim receivable - machinery		-	(30,998)
		-	(336,968)
Closing		27,011	27,011
17.7 Capital work in progress - Breakup			
Plant and Machinery		27,011	27,011

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



17.8 Details of disposal of operating fixed assets:

Description	Cost	Acc. Dep.	Net Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of purchaser
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(Rupees in thousands)

Vehicles (NBV below Rs. 0.500 million)	1,995	1,892	103	1,159	1,056	Negotiation	Miscellaneous
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Note

	2020	2019
	(Rupees in Thousands)	

18 LONG TERM INVESTMENT

Investment in associated company

	125,631	125,631
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The Company owns 49.99% shares in Paidar Hong Glass (Private) Limited (an associated company which is a joint venture between the Company and Chinese investors) and has a joint control with the Chinese investors. The joint venture has its registered office at 12 km Sheikhpura Road, Lahore. The objective of this joint venture is to engage in the business of manufacturing of USP Type-I Borosilicate glass tubes, vials and ampules. During the financial year 2018, some of the machinery items for manufacturing of above mentioned products have reached in the Company premises. However, the machinery has not been installed yet as the project is stagnant because of non execution of contractual responsibility by Chinese investor with respect to establishing, running and functioning of project.

Management is addressing the issue and is confident that matter shall be resolved in due course of time. However, impairment on this investment is not required because the recoverable value of machinery is greater than carrying amount of the machinery. Moreover, majority of the funds are still available in bank accounts of the investee company. Owing to joint control of the Company and Chinese investor in the investee company, investment in associate has been accounted for under the equity method of accounting.

As per unaudited financial statements of Paidar Hong Glass (Private) Limited for the year ended June 30, 2020, the paid up capital of the investee company is Rs.251.263 million (2019: Rs.251.263 million), its total equity including accumulated profit till June 30, 2020 amounts to Rs. 271.327 million (2019: Rs. 263.907 million), total assets amount to Rs. 281.513 million (2019: Rs. 270.759 million) including bank balance of Rs. 178.301 million (Rs. 169.163 million).

In view of this, the expected fair value of the investment does not materially differ from the carrying amount of the investment at year-end and therefore, the Company has not accounted for its share of profit / (loss) from the associated company.

19 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools
Moulds

	56,868	51,952
	82,056	85,957
	138,924	137,909

20 STOCK IN TRADE

Raw and packing materials
Work in process
Finished goods

20.1

	45,915	57,181
	837	3,213
	202,687	434,789
	249,439	495,183

20.1 Adjustments amounting to Rs. 10.972 million (2019: Rs. 24.261 million) have been made to closing inventory of finished goods to write down stocks to their net realizable value.



		Note	2020	2019
(Rupees in Thousands)				
21	TRADE DEBTS			
	Unsecured but considered good		106,181	216,308
	Unsecured but considered doubtful		63,319	58,823
	Allowance for expected credit losses	21.1	169,500 (63,319)	275,131 (58,823)
			106,181	216,308
	21.1 Allowance for expected credit losses			
	Balance as at July 01		58,823	54,606
	Charge for the year		4,496	4,217
	Balance as at June 30	21.2	63,319	58,823

		1-60 days	61-90 days	91-210 days	211-365 days	365-730 days	730 days above	Total
21.2	Description							
	As at June 30, 2020							
	Expected credit loss rate	0%	0.25%	1%	10%	50%	100%	
	Expected total gross carrying amount at default	26,871	13,550	41,686	22,960	7,722	56,711	169,500
	Expected credit loss	-	34	417	2,296	3,861	56,711	63,319
	As at June 30, 2019							
	Expected credit loss rate	0%	0.25%	1%	10%	50%	100%	
	Expected total gross carrying amount at default	119,500	54,643	36,858	2,625	6,899	54,606	275,131
	Expected credit loss	-	136	368	263	3,450	54,606	58,823

		Note	2020	2019
(Rupees in Thousands)				
22	LOANS AND ADVANCES			
	Employees	22.1	1,928	1,742
	Suppliers	22.2	95,117	98,074
	Against expenses		16,148	15,224
			113,193	115,040
	Less: Allowance for expected credit losses:			
	- advances to suppliers		(62,361)	(62,361)
	- advances to employees and expenses		(12,709)	(12,709)
			(75,070)	(75,070)
			38,123	39,970

22.1 Aggregate amount due from executives of the Company is Rs. 0.606 million (2019: Rs. 0.606 million).

22.2 This includes an advance of Rs. 2.596 million (2019: 0.066 million) from associated company.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



	Note	2020	2019
(Rupees in Thousands)			
23	TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE		
	Short term deposits	22,310	55,295
	Prepaid insurance	301	420
	Other receivable	19,120	19,120
	Claim receivable - machinery	-	30,998
		41,731	105,833
	Less: Allowance for doubtful short term deposits	(16,381)	(16,381)
	Allowance for doubtful other receivables	(18,195)	(18,195)
		(34,576)	(34,576)
		7,155	71,257
	23.1 This includes receivable from related party amounting to Rs. 0.925 million (2019: Rs. 0.925 million)		
24	TAXES RECOVERABLE		
	Sales tax refundable	-	3,692
	Advance income tax - net	5,391	5,007
	Income tax refundable	25,624	50,272
		31,015	58,971
25	CASH AND BANK BALANCES		
	Cash in hand	417	172
	Cash at banks		
	- Current accounts	139,516	9,544
	- Saving accounts	5,551	17
		145,067	9,561
		145,484	9,733
	25.1 These carry mark up at the rates ranging from 5.50 % to 11.25 % (2019: 5.50% to 8.83%) per annum.		
26	SALES - Net		
	Local Sales - gross	1,742,928	1,312,907
	Export Sales - gross	20,566	10,586
		1,763,494	1,323,493
	Less: Sales tax	(269,311)	(201,712)
		1,494,183	1,121,781



	Note	2020	2019
(Rupees in Thousands)			
27 COST OF SALES			
Raw material consumed:			
Opening stock		57,181	38,529
Purchases		400,367	522,866
		457,548	561,395
Closing stock	20	(45,915)	(57,181)
		411,633	504,214
Power, fuel and water		446,664	521,578
Salaries, wages and other benefits	27.1	197,552	272,965
Stores and spares		47,740	78,627
Oil & lubricants		42,058	24,533
Repairs and maintenance		2,114	6,254
Communication		385	779
Traveling and conveyance		2,336	5,664
Legal and professional		502	253
Stationery, fees and subscription		293	661
Insurance		1,973	2,242
Entertainment		495	784
Depreciation	17.2	141,622	148,905
Rent, rates and taxes		8,787	3,302
		1,304,154	1,570,761
Adjustment of work in process:			
Opening Stock		3,213	811
Closing Stock	20	(837)	(3,213)
Cost of Goods Manufactured		1,306,530	1,568,359
Adjustment of finished goods:			
Opening Stock		434,789	92,119
Closing Stock	20	(202,687)	(434,789)
		1,538,632	1,225,689
27.1 Salaries, wages and other benefits include amount of Rs. 0.475 million (2019: Rs. 0.337 million) relating to staff retirement benefits.			
28 ADMINISTRATIVE AND SELLING EXPENSES			
Salaries and other benefits	28.1	14,107	9,250
Communication		817	1,556
Rent, rates and taxes		7,096	6,486
Traveling and conveyance		8,668	12,711
Legal and professional		4,012	3,325
Advertisement		141	291
Stationery, fees and subscription		994	378
Power, fuel and water		848	724
Entertainment		475	728
Auditor's remuneration	28.2	1,312	1,364
Depreciation	17.2	2,431	2,556
Repairs and maintenance		434	263
Promotional discounts and incentives		17,104	-
Freight, handling and forwarding on local sale		41,672	45,120
Freight, handling and forwarding on export sale		27	50
Charity and donation	28.3	171	78
		100,309	84,880

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



28.1 Salaries and other benefits include amount of Rs. 1.002 million (2019: Rs. 0.664 million) relating to staff retirement benefits.

	Note	2020	2019
(Rupees in Thousands)			
28.2 Auditor's remuneration:			
Statutory audit fee		819	819
Half yearly review		420	420
Certification related services		53	105
Out of pocket expenses		20	20
		1,312	1,364

28.3 Recipients of donation do not include any donee in whom a director or his spouse had any interest.

29 OTHER EXPENSES

Allowance for doubtful balances - trade debts	21.1	4,496	4,217
Provision for balance GIDC	10.2	185,846	-
		190,342	4,217

30 OTHER INCOME

Income from non financial assets			
Gain on disposal of fixed assets		1,056	-
Reversal of provision for default surcharge on taxation		-	11,109
Income from financial assets			
Liabilities and mark up written back on settlement with financial institutions		-	120,518
Profit from bank deposits		479	1
Exchange gain on foreign transactions		284	104
		1,819	131,732

31 FINANCE COST

Mark up on			
- Long term loans			
- banks and financial institutions		5,817	11,898
- Short term borrowings			
- banks and financial institutions		31,845	23,709
- related parties		73,289	37,734
Bank charges		3,013	9,425
		113,964	82,766

32 TAXATION

Current		17,890	-
Prior		154	(97)
Deferred		(1,084)	(8,319)
		16,960	(8,416)



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



Tax credit available u/s 65B of the Income Tax Ordinance, 2001 amounted to Rs. 4.420 million (2019: Rs. 18.416 million) against minimum or final tax.

For the purpose of current taxation, the tax losses available for carry forward as at June 30, 2020 are estimated at Rs. 3,073.870 million (2019: Rs. 2,513.425 million).

The Company is not presenting the tax charge reconciliation because the Company has incurred tax loss during the year.

The current tax expense for the year represents minimum tax under section 113 of the Income Tax Ordinance, 2001.

		2020	2019
		(Rupees in Thousands)	
33	LOSS PER SHARE - Basic and diluted		
	There is no dilutive effect on the basic loss per share of the Company, which is based on:		
	Loss after taxation	(464,205)	(135,623)
		2020	2019
		Number of shares	
	Weighted average ordinary shares in issue during the year	261,600,000	261,600,000
	Loss per share - Basic and diluted	(1.77)	(0.52)

	Note	2020	2019
		(Rupees in Thousands)	
34	FINANCIAL INSTRUMENTS BY CATEGORY		
	FINANCIAL ASSETS		
	At amortized cost		
	Trade debts - net	21 106,181	216,308
	Loans and advances	22 1,928	1,742
	Deposits and other receivables - net	23 6,854	70,837
	Cash and bank balances	25 145,484	9,733
		260,447	298,620
	At fair value through profit or loss		
	Long term investment	18 125,631	125,631
		386,078	424,251
	FINANCIAL LIABILITIES		
	At amortized cost		
	Director's loan - unsecured	9 313,235	313,080
	Long term loans (including current portion)	10.1 52,847	118,261
	Trade and other payables	12 423,306	689,013
	Unclaimed dividend	164	164
	Markup accrued	13 117,184	107,907
	Short term borrowings	14 712,058	684,727
		1,618,794	1,913,152

35 FINANCIAL RISK MANAGEMENT

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	2020	2019
(Rupees in Thousands)			
Trade debts		106,181	216,308
Loans and advances		1,928	1,742
Deposits and other receivables		6,854	70,837
Bank balances		145,067	9,561
		260,030	298,448

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management.

Based on the past experience, management believes that no additional impairment allowance except as provided in note 21.2 of these financial statements is necessary in respect of trade debts as management believes that the same will be recovered in short course of time. The credit quality of the Company's receivable can be assessed with their past performance. At June 30, 2020, the Company has 4 customers that owed more than Rs. 5.000 million each (2019: 13 customers that owed more than Rs. 5.000 million each) and accounted for approximately 31% (2019: 49%) of all trade debts.

The credit quality of some of the Company's banks can be assessed by their external credit ratings:

Name of Bank	Rating Agency	Rating	
		Short term	Long term
United Bank Limited	JCR-VIS	A 1+	AAA
MCB Bank Limited	PACRA	A 1+	AAA
Meezan Bank Limited	JCR-VIS	A 1+	AA+
Bank Alfalah Limited	PACRA	A 1+	AA+
Al-Baraka Bank (Pakistan) Limited	PACRA	A 1	A
Faysal Bank Limited	PACRA	A 1+	AA
The Bank of Punjab	PACRA	A 1+	AA
National Bank of Pakistan	JCR-VIS	A 1+	AAA
J S Bank Limited	PACRA	A 1 +	AA -
Bank Islami Pakistan	PACRA	A 1	A +
Askari Bank Limited	PACRA	A 1+	AA+



Due to Company's long standing relationship with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

35.2 Liquidity risk

Liquidity risk reflects an company's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	2020				
	Carrying Amount	Contractual Cash Flow	Upto One year	One to Five Years	More Than Five Years
	(Rupees in Thousands)				
Financial Liabilities					
Director's loan - unsecured	313,235	313,235	-	-	313,235
Long term loans (including current portion)	52,847	52,847	25,920	26,927	-
Trade and other payables	423,306	423,306	423,306	-	-
Unclaimed dividend	164	164	164	-	-
Markup accrued	117,184	117,184	117,184	-	-
Short term borrowings	712,058	712,058	712,058	-	-
	1,618,794	1,618,794	1,278,632	26,927	313,235
	2019				
	Carrying Amount	Contractual Cash Flow	Upto One year	One to Five Years	More Than Five Years
	(Rupees in Thousands)				
Financial Liabilities					
Director's loan - unsecured	313,080	313,080	-	-	313,080
Long term loans (including current portion)	118,261	118,261	83,131	35,130	-
Trade and other payables	689,013	689,013	689,013	-	-
Unclaimed dividend	164	164	164	-	-
Markup accrued	107,907	107,907	107,907	-	-
Short term borrowings	684,727	684,727	684,727	-	-
	1,913,152	1,913,152	1,564,942	35,130	313,080

All the financial liabilities of the Company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30. The rates of mark-up have been disclosed in note 10.1 and 14 to these financial statements.

Liquidity risk management

The Company's approach of managing the liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity for meeting its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. The Company manages the liquidity risk through finance from the sponsor directors, financial institutions and associated entities of the Company.

35.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The Company is exposed to currency risk and interest rate risk only.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



35.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company is not exposed to any material foreign currency risk as at June 30, 2020.

35.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the following:

	2020	2019
	(Rupees in Thousands)	
Variable rate instruments at carrying amounts:		
Financial liabilities		
Long term financing	24,424	55,530
Short term borrowings	709,457	579,313
	733,881	634,843

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial assets at fair value through profit or loss, 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 at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

Effect on loss due to change of 100 BPs		
Increase / (decrease)	7,339	6,348

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

35.4 Fair value hierarchy

The carrying values of the financial assets and financial liabilities approximate their fair values. The fair value measurement assumes that the asset or liability is exchanged in an orderly transactions between market participants to sell the asset or transfer the liability at measurement date under current market conditions.

The fair value measurement assumes that the transactions to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability; or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The different levels for fair value estimation used by the Company have been explained as follows:

- i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- ii) 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).
- iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There are no material level 1, 2 or 3 assets or liabilities during the current or preceding year, other than those which have already been disclosed in note 7 to these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



35.5 Capital risk management

The Company's prime objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-adjusted capital ratios at June 30, 2020 and June 30, 2019 were as follows:

	2020	2019
	(Rupees in Thousands)	
Total debt (including directors' interest free loan)	4,713,222	4,751,150
Less: Cash and bank balances	(145,484)	(9,733)
Net debt	4,567,738	4,741,417
Total equity	(3,059,044)	(2,594,839)

The equity of the Company is negative and the Company is being financially supported by its directors and associates as mentioned in note 2 of these financial statements.

35.6 Off statement of financial position financial instruments

Off statement of financial position financial instruments are disclosed in note 16 to the financial statements.

36. REMUNERATION OF CHEIF EXECUTIVE, DIRECTORS AND EXECUTIES

	Chief Executive		Director		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in Thousands)							
Managerial remuneration	-	-	-	-	6,299	7,335	6,299	7,335
House rent allowance	-	-	-	-	3,779	3,301	3,779	3,301
Utilities	-	-	-	-	1,890	734	1,890	734
Medical	-	-	-	-	1,890	122	1,890	122
Conveyance	-	-	-	-	140	734	140	734
Number of persons	-	-	-	-	13,998	12,226	13,998	12,226
	1	1	1	1	6	5	8	7

Two directors and some executives have been provided with Company maintained cars. No payment is made to directors for attending the meeting of board of directors.

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Significant related party transactions made during the year are as follows: -

	% age shareholding	2020	2019
		(Rupees in Thousands)	
Associated Entities:			
Gharibwal Cement Limited (Common directorship)			
Short term loan received - net		199,865	86,166
Markup charged on the loan		77,108	37,734
Markup paid during the period		66,352	(7,670)
Rent charged during the period		5,500	4,844
Paidar Hong Glass (Private) Limited (Common directorship)			
Expenses reimbursed		-	(113)
Expenses paid on behalf of associated company		-	392

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



	% age shareholding	2020	2019
(Rupees in Thousands)			
Pak Hy Oils Limited (Shareholding)	10.47%		
Purchases		-	871
Advance payment against supplies		(2,530)	(923)
Directors & their associates:			
Mr. Tousif Paracha (Director)	67.25%		
Loan received- net		155	313,080
Mian Nazir Ahmed Paracha (Director/ CEO)	0.0002%		
Loan (paid) / received - net		(12,500)	10,000
Shafi Uddin Paracha (Director)	0.0002%		
Loan received - net		2,250	2,851

38 INFORMATION ABOUT BUSINESS SEGMENTS

38.1 For management purposes, the activities of the Company are organized into business units based on their products and has two reportable operating segments. The glass containers segment mainly relates to production of glass containers and tableware. Plastic shells segment includes production of plastic shells. The analysis for segments is given below:

	2020		
	Glass Containers	Plastic Shells	Total
(Rupees in Thousands)			
Revenue:			
Sales to external customers	1,763,494	-	1,763,494
Gross Revenue	1,763,494	-	1,763,494
Less: Sales tax	(269,311)	-	(269,311)
Net Revenue	1,494,183	-	1,494,183
Cost of goods sold	(1,538,632)	-	(1,538,632)
Admin and selling expenses	(100,309)	-	(100,309)
Other expenses	(190,342)	-	(190,342)
Other income	1,819	-	1,819
	(1,827,464)	-	(1,827,464)
Segment result	(333,281)	-	(333,281)
Financial charges	(113,964)	-	(113,964)
Taxation			(16,960)
Loss for the year			(464,205)
Other Information:			
Capital expenditure	62,001	-	
Depreciation	144,053	-	



	2019		Total
	Glass Containers	Plastic Shells	
	(Rupees in Thousands)		
Revenue:			
Sales to external customers	1,323,493	-	1,323,493
Gross Revenue	1,323,493	-	1,323,493
Less: Sales tax	(201,712)	-	(201,712)
Net Revenue	1,121,781	-	1,121,781
Cost of goods sold	(1,225,689)	-	(1,225,689)
Admin and selling expenses	(84,880)	-	(84,880)
Other expenses	(4,217)	-	(4,217)
Other income	131,732	-	131,732
	(1,183,054)	-	(1,183,054)
Segment result	(61,273)	-	(61,273)
Financial charges	(82,766)	-	(82,766)
Taxation			8,416
Loss for the year			(135,623)
Other Information:			
Capital expenditure - Net	63,484	-	
Depreciation	151,461	-	

38.2 GEOGRAPHICAL INFORMATION

Revenue from external customers :

	2020	2019
Pakistan	1,473,617	1,111,195
Exports (Asia)	20,566	10,586
	1,494,183	1,121,781

The revenue information above is based on the location of customers.

All non-current assets of the Company as at 30 June 2020 are located in Pakistan. The detail of segment assets have not been disclosed in these financial statements as these are not reported to the chief operating decision maker on regular basis.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



39 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Loan from directors and others - Unsecured	Long term loans including current portion	Short term borrowings	Accrued/Deferred Mark up
(Rupees in Thousands)				
Balance as at July 01, 2019	313,080	118,261	684,727	107,907
Changes from financing cash flows				
Proceeds from loans	155	-	199,865	-
Repayments of loans	-	(65,414)	(172,534)	-
Total Changes from financing activities	155	(65,414)	27,331	-
Other Changes				
Finance cost	-	-	-	113,964
Finance cost paid	-	-	-	(104,687)
Total liability related other changes	-	-	-	9,277
Balance as at June 30, 2020	313,235	52,847	712,058	117,184

	Subordinated loans - Unsecured	Loan from directors and others - Unsecured	Long term loans including current portion	Lease Liabilities	Short term borrowings	Accrued/Deferred Mark up
(Rupees in Thousands)						
Balance as at July 01, 2018	482,080	3,153,002	252,496	55,703	249,986	270,992
Changes from financing cash flows						
Proceeds from loans	-	313,080	-	-	-	-
Repayment of loans	-	-	(191,420)	-	-	-
Lease liabilities paid	-	-	-	(31,874)	-	-
Changes in short term borrowings	-	-	-	-	434,741	-
Total Changes from financing activities	-	313,080	(191,420)	(31,874)	434,741	-
Other Changes						
Finance cost	-	-	-	-	-	82,766
Finance cost paid	-	-	-	-	-	(69,978)
Markup paid on lease liabilities	-	-	-	-	-	(19,602)
Conversion of deferred markup on FBL to long term loan	-	-	57,185	-	-	(57,185)
Liabilities and mark up written back on settlement	-	-	-	-	-	(99,087)
Conversion of director loan to subordinated loan	3,153,002	(3,153,002)	-	-	-	-
Settlement of lease liability	-	-	-	(23,829)	-	-
Total liability related other changes	3,153,002	(3,153,002)	57,185	(23,829)	-	(163,085)
Balance as at June 30, 2019	3,635,082	313,080	118,261	-	684,727	107,907



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



40 CAPACITY AND PRODUCTION

Particulars	Unit	2020		2019	
		Capacity	Production	Capacity	Production
Based on 360 working days					
Glass containers	Tons	127,800	16,473	120,400	27,157
Plastic shells					
Full depth	Pieces	1,500,000	-	1,500,000	-
Half depth	Pieces	800,000	-	800,000	-
	Pieces	2,300,000	-	2,300,000	-

40.1 Shortfall between the plant capacity and actual production is due to closure of units during the substantial period of the year for the purpose of refurbishing of the production facilities.

41 NUMBER OF EMPLOYEES

	2020	2019
	Numbers	
Number of employees at end of the year	283	597
Average number of employees during the year	388	410

42 IMPACT OF COVID -19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various businesses.

The operations of the Company were affected to some extent due to the above situation. Prior to the pandemic, the Company's financial results presented healthy growth till the nine months period ended March 31, 2020 as compared to its corresponding period. The factory remained closed from March 26, 2020 till April 08, 2020 which affected the business operations. Due to the effects of Covid-19 pandemic, as stated above, the State Bank of Pakistan (SBP) took various measures to support the economy and in context therewith Company applied for deferment of payments of its long term loans, which were acceded to by the banks. Currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear.

The Company is conducting business with some modifications to employees' working, while following all necessary Standard Operating Procedures (SOPs) recommended by the Government. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of the employees, customers and other stakeholders.

However, the management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial condition in future period or the carrying amount of assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2020



43 GENERAL

- 43.1 These financial statements are presented in Pak Rupees and figures have been rounded off to the nearest thousand rupees.
- 43.2 Corresponding figures have been re-arranged or reclassified whenever necessary, for better and fair presentation. However, no significant reclassification / re-arrangement has been made in these financial statements except as follows:

Reclassification from	Reclassification to	Rs. (000)
Accrued expenses (Trade and other payables - note 12)	Current portion of GIDC payable (Trade and other payables - note 12)	129,680

- 43.3 These financial statements are authorized for issue on October 01, 2020 in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



PATTERN OF SHAREHOLDING (JUNE 30, 2020)

THE COMPANIES ACT, 2019 SECTION 227(2) (F)



2.2 No. of Shareholders	From	To	Total Shares Held
791	1	100	24,809
646	101	500	217,722
460	501	1,000	426,144
883	1,001	5,000	2,616,221
319	5,001	10,000	2,636,505
114	10,001	15,000	1,482,475
53	15,001	20,000	971,500
48	20,001	25,000	1,142,000
42	25,001	30,000	1,213,500
21	30,001	35,000	699,267
18	35,001	40,000	706,000
7	40,001	45,000	306,500
22	45,001	50,000	1,096,500
7	50,001	55,000	372,080
9	55,001	60,000	522,500
8	60,001	65,000	503,000
6	65,001	70,000	408,500
5	70,001	75,000	362,000
1	75,001	80,000	80,000
1	80,001	85,000	85,000
1	90,001	95,000	91,000
17	95,001	100,000	1,694,000
2	100,001	105,000	209,000
4	105,001	110,000	432,000
5	115,001	120,000	587,039
3	120,001	125,000	368,000
1	130,001	135,000	134,500
3	135,001	140,000	416,550
1	140,001	145,000	143,000
2	145,001	150,000	296,000
2	150,001	155,000	306,000
1	170,001	175,000	172,590
2	180,001	185,000	367,000
3	195,001	200,000	600,000
1	215,001	220,000	217,500
1	260,001	265,000	265,000
1	265,001	270,000	270,000
1	305,001	310,000	306,001
1	360,001	365,000	365,000
1	370,001	375,000	373,000
1	375,001	380,000	380,000
1	495,001	500,000	500,000
1	545,001	550,000	550,000
1	610,001	615,000	612,000
1	625,001	630,000	626,558
1	685,001	690,000	689,000
1	995,001	1,000,000	1,000,000
1	1,295,001	1,300,000	1,300,000
1	1,415,001	1,420,000	1,417,000
1	1,675,001	1,680,000	1,677,266
1	2,005,001	2,010,000	2,009,708
1	2,150,001	2,155,000	2,151,000
1	3,990,001	3,995,000	3,995,000
1	4,555,001	4,560,000	4,557,635
1	10,995,001	11,000,000	11,000,000
1	14,995,001	15,000,000	15,000,000
1	25,710,001	25,715,000	25,714,156
1	164,935,001	164,940,000	164,935,274
3532			261,600,000

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2020



2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	177,982,201	68.0360%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	27,391,422	10.4707%
2.3.3 NIT and ICP	50	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions	582	0.0002%
2.3.5 Insurance Companies	172,640	0.0660%
2.3.6 Modarabas and Mutual Funds	1,410,000	0.5390%
2.3.7 Share holdersholding 10% or more	203,327,346	77.7245%
2.3.8 General Public (Local)	33,004,314	12.6163%
(Foreign)	534,137	0.2042%
2.3.9 Others (to be specified)		
Pension Funds	54,080	0.0207%
Foreign Companies	15,351,039	5.8681%
Joint Stock Companies	5,607,066	2.1434%
Other Companies	92,469	0.0353%



CATAGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG) AS AT JUNE 30, 2020



Sr. No. Name	No. of Shares Held	Percentage	
AAssociated Companies, Undertakings and Related Parties (Name Wise Detail):			
1 PAK HY-OILS LIMITED	27,391,422	10.4707%	
Mutual Funds (Name Wise Detail)			
1 CDC TRUSTEE AKD OPPORTUNITY FUND	1,300,000	0.4969%	
2 GOLDEN ARROW SELECTED STOCKS FUND LIMITED	110,000	0.0420%	
Directors and their Spouse and Minor Children (Name Wise Detail):			
1 MR. MUHAMMAD TAUSEEF PARACHA	175,935,924	67.2538%	
2 MR. MUHAMMAD NIAZ PARACHA	500	0.0002%	
3 MIAN NAZIR AHMED PARACHA	1,000	0.0004%	
4 MR. SHAFFI UD DIN PARACHA	500	0.0002%	
5 MRS. TABASSAM TOUSIF PERACHA	2,042,945	0.7809%	
6 MR. FAISAL AFTAB AHMAD	500	0.0002%	
7 MR. SANA ULLAH KHAN GHORI	832	0.0003%	
Executives:	-	-	
Public Sector Companies & Corporations:	-	-	
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	227,302	0.0869%	
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1 MR. MUHAMMAD TAUSEEF PARACHA	175,935,924	67.2538%	
2 PAK HY-OILS LIMITED.	27,391,422	10.4707%	
3 GLOBALINK GLASS TECHNOLOGY AND EQUIPMENT COMPANY LIMITED	15,000,000	5.7339%	
All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:			
S.No	NAME	SALE	PURCHASE
1	MR. FAISAL AFTAB AHMAD		500
2	MR. SANAULLAH KHAN GHORI		832

Standard Request Form for Circulation of Annual Audited Accounts



The Share Registrar,
Corplink (Pvt) Limited,
Wings Arcade, 1-K Commercial,
Model Town, Lahore.
Tel: 0423 591 6714;
Email: corplink786@gmail.com

Subject: Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Electronic Media

The Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated 08-09-2014 and SRO 470(1)/2016 dated 31-05-2016, allowed the companies to circulate their annual audited accounts (i.e. Annual Statement of Financial Position, Statement of Profit or Loss, Statements of Comprehensive Income, Statement of Cash Flows, Notes to the Financial Statements, Auditor's and Director's Report) along with notice of general meeting to its members in the form of soft copy through email/DVD/CD/USB.

Balochistan Glass Limited has already passed resolution with the consent of its shareholders in Annual General Meeting held on October 31, 2016 to circulate its Annual Reports and notice of AGM through CD/DVD.

Shareholders who wish to receive the softcopy through email OR hardcopy of Annual Report shall have to fill the below form and send us to Company's address.

I/We wish and hereby consent to receive Annual Report along with notice of AGM as per below selected options instead of delivery these to me through CD/DVD:

Option 1: via email at email address _____ ; OR

Option 2: hard copy at mailing address _____

I/We hereby confirm that the information provided in this form is correct and in case of any change therein, I/we will immediately intimate to the Company's Shares Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

Shareholder's signature
Name of the Members/ Shareholders: _____

CNIC /NTN/Passport #: _____

Folio / CDC Account Number: _____

E-DIVIDEND MANDATE LETTER

AS AT JUNE 30, 2020



Mandatory Bank account details for payment of Dividend through electronic mode

Dear Sir,

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

Shareholder's Details	
Name of the Shareholder(s)	
Folio No. CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy) - Mandatory	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
Zakat Status (Payable or not payable) (submit declaration as per Zakat & Ushr Ordinance 1980, if zakat not payable)	

Shareholder's Bank Account Details	
Title of Bank Account	
IBAN *	
Bank's Name	
Branch Name	
Branch Code No	
Branch Address	

* Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

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)

Note:

This letter must be sent by shareholders to his Stock broker or to CDC in case of Investor Account with CDC 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.

In case of physical shares, please send directly to our share registrar (M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore).

PROXY FORM



The Secretary
Balochistan Glass Limited
Unit-III, 12 Km, Sheikupura Road,
Lahore.

I/We of being a member of

Balochistan Glass Limited, and holder of Ordinary Shares as per Shares Register

Folio No. hereby appoint Mr./Mrs./Ms.

of

Folio No. who is also a member of Balochistan Glass Limited as my/our proxy to attend and vote for and on my / our behalf at the 40th Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 at 12:00 noon at the registered office of the Company (Balochistan Glass Limited, M-8 H.I.T.E. Hub industrial Estate Lasbela Balochistan and at any adjournment thereof.

As witnessed given under my / our hand (s) day of ,
2020.

Witness:

Signature

Name

Address

Note:

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.

Signature

On Five
Rupees
Revenue
Stamp

www.balochistanglass.com



**REGISTERED OFFICE: Plot no. 8, Sector M, H.I.T.E., Hub,
District Lasbella, Balochistan. Tel : 0853 - 363657**

**HEAD OFFICE: Unit III, 12 Km, Sheikhpura Road, Kot Abdul Malik Lahore.
Tel: 042 37164071 Email:info@balochistanglass.com**