

CHAIRMAN'S REVIEW

It is my pleasure to submit this review report to the stakeholders of Buxly Paints Pakistan Limited (the "Company") on the overall performance of the Board of Directors and its effectiveness in achieving the Company's objectives.

In building an effective governance, risk management and control environment, the Board has implemented a transparent and robust system of adhering to best corporate governance practices and promoting ethical and fair behavior throughout the company, which has been reinforced in the organization's culture and values through appropriate dissemination of the Code of Conduct.

The Board of Directors has its two sub-committees:

1. Audit Committee
2. Human Resources Committee

These committees assisted the Board of Directors in the effective performance of its duties. These sub-committees met and reported to the Board as set out in the Code of Corporate Governance 2019.


An annual evaluation of the Board was conducted in accordance with the Code of Corporate Governance to ensure that the overall performance of the Board was in line with the developed comprehensive criteria. During the year under review, the Board played an effective role in managing the affairs of the Company, with successful operational and satisfactory financial results.

The Board of Directors has developed a mechanism to regularly evaluate the Company's objectives, strategies and business and financial performance by cooperating with management, internal auditors and other independent consultants in a timely manner and providing appropriate guidance.

Management is responsible for executing day-to-day business activities and turning the board's strategies into action. Especially in an unprecedented situation of political instability, management under the supervision of the board ensured business continuity while maintaining the safety and well-being of employees and other stakeholders.

The Board of Directors will continue to play a critical role in setting the direction of the Company, supporting its success and performance, and guiding management to conduct operations in accordance with the strategies approved by the Board of Directors while adhering to the principles of good corporate governance.

On behalf of Buxly, I would like to acknowledge the contribution of management, all our employees, creditors, our vendors and our valued shareholders for their trust, continued support and commitment to the company.


Mr. Bashir Ahmad
Chairman

September 24, 2022

DIRECTORS' REPORT

The Directors of your company submit the Annual Report of the Company along with the Audited Accounts and the Auditors' Report thereon for the year ended June 30, 2022. Financial Results are as follows:

Financial Results:	2022
	(Rs.000's)
Profit before taxation	10,676
Taxation	(6,464)
Profit after taxation	4,212
Profit per share	Rs. 2.93

MACROECONOMIC REVIEW

The commodity price shock from the Russia-Ukraine conflict exacerbated the cost of living for millions of people. Inflation in most of the leading economies stood higher than expected.

The COVID related restrictions in China and subsequent supply bottlenecks are crimping the world's patchy pandemic recovery. The outlook remains extremely uncertain. Further disruption in the natural gas supply to Europe could plunge many economies into recession and trigger a global energy crisis. The outlook for the global economy has "darkened significantly" and the world faces an increasing risk of recession in the next 12 months.

Pakistan's economy is also witnessing high inflation and external sector pressure especially on exchange rate.

BUSINESS PERFORMANCE REVIEW

Despite intense competition your company has achieved sales value of Rs. 516.47 million as against Rs. 354.58 million of last year which is 46% more than the last year. Gross profit achieved in 2022 amounts to Rs. 67.86 million as compared to Rs. 57.94 million for the year 2021. Increase in input costs adversely affected the performance of your company. Strict cost control measures, selling, marketing and Administrative expenses stood Rs. 54.60 million compared with 45.62 million of the last year resultantly the company reported after tax profit Rs. 4,212 million.

BUXLY PAINTS LIMITED

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OUTLOOK FOR THE YEAR 2023

While given economic challenges will likely to play their part in the next year as well, Government is taking all possible measures to counter these pressures for sustainable growth. Devastating floods in Pakistan, however, will impact the overall economic landscape of Pakistan.

BOARD OF DIRECTORS

The Board of Directors currently comprises of a non-executive Chairman, Chief Executive Officer, three independent Directors and three non-executive Directors.

BOARD OF DIRECTORS' MEETINGS

During the year, 4 (four) meetings of the Board of Directors were held and attendance was as follows:

Name of Directors	Attendance
Mr. Bashir Ahmed	4
Mr. Shamshad Ali	4
Ms. Rubina Rizvi	3
Mr. Fakhru Arfin	2
Mr. Muhammad Hanif Idrees	4
Mr. Sheikh Asim Rafiq (NIT Nominee)	4
Mr. Major (R) Naseer Ahmed	4
Mr. Adnan Iqbal (CEO)	4

Leaves of absence was granted to the Directors who were unable to attend the meetings.

AUDIT COMMITTEE

During the year, four meetings of Audit Committee were held.

HUMAN RESOURCE COMMITTEE

During the year, one meeting of Human Resource Committee was held.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding is provided hereafter.

EARNING PER SHARE

Earnings Per share is Rs. 2.93 [2021: Rs. 1.92]

AUDITORS

The present auditors, M/s Rehman Rahim Iqbal Rafiq, Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board has approved & recommended the appointment of M/s Rehman Rahim Iqbal Rafiq, Chartered Accountants to the shareholders as auditors of the Company for the year ended 2022-23.

REASONS FOR NON DECLARATION OF DIVIDEND

As Company is facing Working capital constrains, the Directors did not recommend any dividend for the year ended June 30, 2022.

HEALTH, SAFETY & ENVIRONMENT

Company being customer-focused is committed to ensure safer and environment-friendly operations, products and services. Your company is certified in ISO-9001-2015. Your company is also working to promote a quality conscious and safe working environment. Training sessions are conducted for employees to enhance the security awareness.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to certain inherent risks and uncertainties includes; operational, market, compliance and financial risk. The company works with internal and external stakeholders to mitigate/reduce to acceptable level the likely impacts of aforesaid risks.

INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to internal financial controls. Through discussion with Management and auditors (both internal and external), they confirm that adequate controls have been implemented by the company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance with the code of corporate governance is annexed with the report.

MATERIAL CHANGES

There have been no material changes since June 30, 2022 to date of the report and company has not entered into any commitment during the period, which would have adverse impact on the financial position of the company.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required under the Code of Corporate Governance incorporated in the Listing Rules of Stock Exchanges in the country, the Directors are pleased to state as follows:

- (i) The financial statements together with the notes thereon have been drawn up to the conformity with the Companies Act, 2017. These Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow 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 and are based on reasonable and prudent judgment.
- (iv) International financial reporting standards as applicable in Pakistan, have been followed in preparation of financial statements.
- (v) The system of internal control is satisfactory and has been effectively implemented.
- (vi) Information about taxes and levies is given in the notes to and forming part of financial statements.
- (vii) There are no significant doubts upon the Company's ability to continue as a going concern.
- (viii) There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations except for those highlighted by the auditors in their report. The management continues endeavoring to make your company fully compliant with these regulations.
- ix) The key operating and financial data of last six years is provided hereafter.
- (x) Value of investment of employees' provident fund as on June 30, 2022 is Rs.6.188 million (2021: Rs.5.475 million)



Chief Executive Officer



Director

Karachi: September 24, 2022

BUXLY PAINTS LIMITED.

Financial Statements For The

Year Ended 30 June 2022

