

BUXLY PAINTS LIMTIED
QUARTERLY ACCOUNTS
NINE MONTHS ENDED MARCH 31, 2019

COMPANY INFORMATION

Board of Directors:

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Chief Executive Officer
Mr. Fakhru Arfin	
Mr. S.T Kureshi	
Mr. Fareed Khan	
Mr. Muhammad Hanif Idrees	
Mr. Sheikh Asim Rafiq	(NIT Nominee)

Audit Committee:

Mr. Muhammad Hanif Idrees	Chairman
Mr. Saeed Mohammad Sheikh	Member
Mr. Fakhru Arfin	Member

Human Resource and Remuneration Committee :

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Member

CFO & Company Secretary:

Mr. Asad Ali

Auditors:

Rehman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor:

Mr. Laiq Ahmed Khan

Bankers:

Habib Metropolitan Bank Limited
Habib Bank Limited
MIB Bank Limited
National Bank of Pakistan
JS Bank Limited

Share Registrar :

THK Associates (Pvt.) Ltd.
1st Floor, 40-C, Block 6, P.E.C.H.S., Karachi
Ph: 021-111-000-322
Fax: 021-34168271

Registered Office:

X-3, Manghopir Road, S.I.T.E., Karachi-75700

Web Site Address:

<http://www.buxly.com>

Buxly Paints Limited

Directors' Review

The Board of Directors of your company present the interim financial statements of the company for the nine months ended March 31, 2019.

Operational Results

During the period under review, high inflation and continuous Rupee devaluation lead to increased raw material costs, and slow down of business activities in general. Despite of these challenges, however, the Company managed to attain sales at Rs. 203.222 million which is 9.67% less than sales of the corresponding period last year. Further, increase in raw materials cost unfavorably affected the performance of your company. The gross margin stood at 11.47% compared with the 15.74% for the same period last year.

Future Outlook

In the light of stiff competition of the local market, the management of the company is putting its professional efforts to compete in the paint industry. Management has made structural changes in the company to maintain focused approach towards targets. Company is approaching unattended industries and projects to enhance its customer base. Subject to overall economic growth and stability in political situation, your company is focused to improve the results in the last quarter of the year.

Chief Executive Officer

Director

**Karachi:
April 25, 2019**

مجلسِ نظما کی رپورٹ

آپ کی کمپنی کے ناظمین 31 مارچ 2019ء کو اختتام ہونے والے 9 ماہ پر عبوری مالیاتی گوشوارے بمعہ اپنے تبصرے کے پیش کرتے ہیں۔

مالیاتی کارکردگی

مسلل روپیہ کی قدر میں کمی کے باعث خام مال کی لاگت میں اضافہ ہوا، جس نے کاروباری سرگرمیوں کو عمومی طور پر کم کیا۔ مقابلہ کے ساتھ نبرہ آزا ہونے کے باوجود کمپنی کی سیلز 203.222 ملین روپے ہوئی جو کہ گزشتہ برس اسی مدت میں ہونے والی سیلز سے 9.67 فیصد کم ہے۔ مزید برآں خام مال کی قیمتوں میں غیر متوقع اضافہ نے آپ کی کمپنی کی کارکردگی پر گہرا اثر ڈالا۔ مجموعی طور پر منافع 11.47 فیصد رہا جو کہ اسی دوران گزشتہ برس کے 15.74 فیصد پر تھا۔

مستقبل کا لائحہ عمل

لوکل مارکیٹ میں سخت مقابلہ کے پیش نظر، آپ کی کمپنی کے منتظمین (مینجمنٹ) رنگ سازی کی صنعت (پینٹس انڈسٹری) میں مقابلہ کے لیے پیشہ وارانہ صلاحیتوں کو بروئے کار لارہی ہے۔ منتظمین اس ضمن میں ہدف کے حصول کے لیے کمپنی کے انتظامی ڈھانچے میں تبدیلی لائچکے ہیں۔ کمپنی کا مطح نظر صنعتوں اور منصوبوں کی صارفین تک رسائی ہے۔ معاشی اضافہ اور سیاسی استحکام کے پیش نظر، آپ کی کمپنی کی سال کی آخری سماہی میں بہترین نتائج پر توجہ مرکوز ہے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 25 اپریل 2019ء

Buxly Paints Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 31 March 2019

	<i>Note</i>	Un-audited 31 March 2019	Audited 30 June 2018
(Rupees in '000)			
ASSETS			
Non-Current Assets			
Property and equipment	6	131,663	131,608
Investment properties		4,440	4,589
Long term loans and advances		2,651	2,787
Long term receivable		2,250	900
Long term security deposits		91	91
Deferred taxation	7	-	-
		141,095	139,975
Current Assets			
Stock-in-trade		49,688	61,146
Trade debts - unsecured		69,938	80,757
Advances and deposits		15,931	15,511
Prepayments and other receivables		4,728	6,084
Term deposit receipts / accounts		7,217	7,217
Mark-up receivable		95	170
Current portion of long term loans and advances		240	375
Tax Adjustable / Recoverable		10,876	8,142
Cash and bank balances		2,929	1,139
		161,643	180,541
Total Assets		302,739	320,516
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
5,000,000 (30 June 2018: 5,000,000) Ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid-up capital			
1,440,000 (30 June 2018: 1,440,000) ordinary shares of Rs. 10 each		14,400	14,400
Capital reserves			
Surplus on revaluation of property	8	130,352	130,352
Revenue Reserves			
General Reserve		5,993	5,993
Accumulated loss		(14,479)	(2,996)
		136,266	147,749
Current Liabilities			
Markup Accrued		1,366	987
Unpaid Dividend		217	217
Unclaimed Dividend		102	102
Short term borrowings - secured	9	36,024	43,193
Trade and other payables		128,764	128,268
		166,473	172,767
Contingencies and commitments	10	-	-
Total Equity and Liabilities		302,739	320,516

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Statement of Profit and Loss (Un-audited)
For the Nine Months ended Mar 31, 2019

	<i>Note</i>	<u>Nine months period ended</u>		<u>Quarter ended</u>	
		31 March	31 March	31 March	31 March
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
Sales - net	11	203,222	224,989	66,278	89,232
Cost of sales	12	(179,903)	(189,573)	(58,038)	(80,229)
Gross profit		23,319	35,416	8,240	9,003
		11.5%	15.7%	12.4%	10.1%
Distribution and selling expenses	13	(24,580)	(28,279)	(7,728)	(8,459)
Administrative expenses	14	(7,339)	(6,749)	(1,962)	(2,105)
		(31,919)	(35,028)	(9,690)	(10,564)
		(8,600)	388	(1,450)	(1,561)
Other Income		3,734	3,098	1,041	1,070
		(4,866)	3,486	(409)	(491)
Financial cost	15	(4,077)	(3,167)	(1,398)	(1,326)
Other charges		-	-	-	150
		(4,077)	(3,167)	(1,398)	(1,176)
(Loss)/ Profitbefore tax		(8,943)	319	(1,807)	(1,667)
Taxation		(2,540)	(2,812)	(828)	(1,115)
(Loss)/Profit for the period		(11,483)	(2,493)	(2,636)	(2,782)
(Loss)/Earning per share - basic and diluted		(7.97)	(1.73)	(1.83)	(1.93)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Nine Months ended Mar 31, 2019

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	----- (Rupees in '000) -----			
(Loss)/Profit after taxation	(11,483)	(2,493)	(2,636)	(2,782)
Other comprehensive income	-	-	-	-
Total comprehensive (Loss) / Income	<u>(11,483)</u>	<u>(2,493)</u>	<u>(2,636)</u>	<u>(2,782)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the Nine Months ended Mar 31, 2019

	31 March 2019	31 March 2018
	----- (Rupees in '000) -----	
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	(8,943)	319
Adjustments for:		
Depreciation	226	245
Mark-up on term deposit receipt	(283)	(272)
Finance cost	4,077	3,167
Rental Income	(1,350)	-
	<u>2,670</u>	<u>3,140</u>
Operating cash flows before working capital changes	(6,273)	3,459
Working capital changes		
(Increase)/Decrease in Current Assets:		
Stock-in-Trade	11,458	(21,507)
Trade Debts	10,819	(16,962)
Advances and deposits	(420)	(1,563)
Prepayments and other receivables	1,356	(999)
Increase/(Decrease) in Current Liabilities:		
Trade & other payables	496	26,339
	<u>23,709</u>	<u>(14,692)</u>
Cash (used in)/ generated from operations	17,436	(11,233)
Finance Cost paid	(3,698)	(2,725)
Income Tax paid	(5,274)	(5,713)
	<u>(8,972)</u>	<u>(8,438)</u>
Net Cash used in from Operating Activities	<u>8,464</u>	<u>(19,671)</u>
Cash Flows from Investing Activities		
Additions to Property and Equipments	(132)	(47)
Mark up received on term deposit receipts	358	453
Long term loans and advances	272	(1,455)
Net Cash (used in)/ generated from Investing Activities	<u>497</u>	<u>(1,049)</u>
Cash Flows from Financing Activities		
Short term borrowings - secured	(7,169)	10,146
Net Cash generated from Financing Activities	<u>(7,169)</u>	<u>10,146</u>
Net (decrease)/Increase in Cash and Cash Equivalents during the period	1,792	(10,574)
Cash and Cash Equivalents at the beginning of the period	1,139	18,192
Cash and Cash Equivalents at the end of the period	<u>2,929</u>	<u>7,618</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the Nine Months ended Mar 31, 2019

	Issued, subscribed and paid-up capital	Revenue Reserve		Capital Reserve	Total
		General reserve	Accumulated Profit/(loss)	Surplus on revaluation of fixed assets	
----- (Rupees in '000)-----					
Balance as at 01 July 2017	14,400	5,993	2,399	60,435	83,227
<i>Total comprehensive income for the year</i>	-	-	(5,395)	69,917	64,522
Balance as at 30 June 2018	14,400	5,993	(2,996)	130,352	147,749
Total comprehensive profit for the nine months period ended 31 March 2019	-	-	(11,483)	-	(11,483)
Balance as at 31 March 2019	14,400	5,993	(14,479)	130,352	136,266

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the Nine Months ended Mar 31, 2019

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) with registered office in Karachi, Sindh and subsequently converted into a public limited company in May 1985. Its shares are listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of paints, pigments, protective surface coating, varnishes and other related products under a toll manufacturing agreement with Berger Paints Pakistan Limited, at a specified toll manufacturing fees. As per the agreement, the Company will deliver the materials, packing, filling and other bulk components, together with other ingredients to Berger Paints Pakistan Limited, who will process the ingredients and packs the products and delivers the products to the Company or designated party in Pakistan indicated by the Company.

Geographical location and address of business units/plants

	Purpose	Location	Address
	Registered		
a	Office	Karachi	X-3, Manghopir Road, S.I.T.E. Karachi, Sindh, Pakistan.
	Lahore		
b	Office	Lahore	The Annexe, 36- Industrial Estate, Kotlukh Pat, Lahore
c	Islamabad Office	Islamabad	The Annexe, Plot No. 201, Street No. 1, Sector 1-10/3, Industrial Area, Islamabad

2 STATEMENT OF COMPLIANCE

This condensed financial information of the Company for the period nine months ended 31 Mar 2019 has been prepared in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is un-audited and is being submitted as required by Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2018.

4. ESTIMATES

The preparation of financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at the year ended 30 June 2018.

5. RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2018.

31 March	30 June
2019	2018
(Un-audited)	(Audited)
(Rupees in '000)	

6. PROPERTY AND EQUIPMENT

Opening written down value	131,608	131,627
Additions during the period-at cost	132	83
Depreciation charged	(77)	(102)
	<u>131,663</u>	<u>131,608</u>

7. DEFERRED TAXATION

Deferred tax asset has not been recognised on account of taxable losses and deductible temporary differences (net of taxable temporary differences) as it is not probable that the offset will be available in future.

31 March	30 June
2019	2018
(Un-audited)	(Audited)
(Rupees in '000)	

8. SURPLUS ON REVALUATION OF FIXED ASSETS

<u>130,352</u>	<u>130,352</u>
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The surplus is in respect of the land located at Plot No. X-3, Manghopir Road, S.I.T.E, Karachi, which was previously held at cost. The said plot was revalued on July 18, 2013 by an independent valuer M/s Iqbal A. Nanjee & Co. (Private) Limited, Karachi. The valuation of land has been made on the basis of fair market value. The valuation resulted in net surplus of Rs. 130.352 million. The aforementioned surplus amount has been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

9. SHORT TERM BORROWINGS - SECURED

Company entered into an agreement with JS Bank Limited for short term running finance facility under mark-up arrangement. This arrangement is secured against hypothecation charge over stocks and receivables of the company along with additional comfort on equitable mortgage on industrial property of the company situated at Plot # X-3, Manghopir Road, S.I.T.E., Karachi. The running finance facility carries mark-up of 3 months KIBOR + 2%.

10. CONTINGENCIES AND COMMITMENTS

Contingencies are amounted to (March 2019, of Rs.19.252 million) (June 2018, of Rs.17.706 million).

The Deputy Commissioner Inland Revenue has issued income tax demand of Rs. 5,741,025 through assessment order under section 122 of the ordinance for the Tax Year 2014 on January 31, 2019. We contested that selection of the case for audit under section 214C as the name of the Company did not appear in the random ballot list issued by the FBR. The company filed an appeal before Commissioner Inland Revenue-Appeal and also obtained stay order at the Sindh High Court to stop the recovery measures.

Nine months period ended		Quarter ended	
31 March 2019	31 March 2018	31 March 2019	31 March 2018

------(Rupees in '000)-----

11. SALES - net

Gross sales	242,850	268,138	79,627	106,412
Sales tax	(39,277)	(42,812)	(13,292)	(17,027)
	203,573	225,326	66,335	89,385
Commission and discounts	(351)	(337)	(57)	(153)
	203,222	224,989	66,278	89,232

12. COST OF SALES

Opening stock				
Container and packing material	3,059	551	2,546	1,590
	3,059	551	2,546	1,590
Add: Purchases				
Raw material	135,493	170,821	37,056	66,020
Container and packing material	16,837	19,763	4,764	8,600
	152,330	190,584	41,820	74,620
	155,389	191,135	44,366	76,210
Less: Closing stock				
Container and packing material	(4,060)	(1,809)	(4,060)	(1,809)
Raw and packing material consumed	151,329	189,326	40,306	74,401
Manufacturing expenses				
Toll manufacturing expenses	16,115	20,496	4,592	8,689
	167,444	209,822	44,898	83,090
Work in process				
Opening stock	8,817	895	3,887	6,713
Closing stock	(4,817)	(6,274)	(4,817)	(6,274)
	4,000	(5,379)	(930)	439
Cost of goods manufactured	171,444	204,443	43,968	83,529
Finished goods:				
Opening stock	54,027	35,565	59,638	47,135
Closing stock	(45,568)	(50,435)	(45,568)	(50,435)
	8,459	(14,870)	14,070	(3,300)
Cost of goods sold	179,903	189,573	58,037	80,229

13. SELLING AND DISTRIBUTION EXPENSES

Nine months period ended		Quarter ended	
31 March 2019	31 March 2018	31 March 2019	31 March 2018

------(Rupees in '000)-----

Salaries, wages and other benefits	14,668	16,267	4,628	4,589
Advertising expenses/sales promotion	424	1,212	(155)	351
Carriage outward	5,623	6,262	1,769	2,345
Depreciation	45	49	15	18
Printing and Stationery	269	702	140	629
Rent Rates and Taxes	411	280	148	70
Postage, telephone and fax	117	106	34	54
Others	3,023	3,401	1,149	403
	24,580	28,279	7,728	8,459

Nine months period ended		Quarter ended	
31 March	31 March	31 March	31 March
2019	2018	2019	2018

-----**(Rupees in '000)**-----

14. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	3,733	2,799	1,178	1,108
Depreciation	181	196	61	73
Printing and Stationery	251	259	-	26
Postage, telephone and fax	46	66	-	12
Repair & maintenance	18	469	-	70
Travelling & conveyance	286	195	155	38
Directors' fee	313	313	88	100
Auditors' fee	113	113	-	-
Others	2,398	2,339	480	678
	7,339	6,749	1,962	2,105

15. FINANCIAL CHARGES

Bank Interest and Charges	4,077	3,167	1,398	1,326
	4,077	3,167	1,398	1,326

16. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

Related parties comprises of Berger Paints Pakistan Limited, directors of the Company, major share holders and their close family members and key management personnel and employee retirement benefits plans. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions at agreed rates. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their terms of engagements. Details of transactions with related parties and balances receivables & payables, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Nine months period ended	
	31 March	31 March
	2019	2018

(Rupees in'000)

Associated undertakings		
Berger Paints Pakistan Limited		
Purchases during the period	135,493	170,821
Toll manufacturing expenses incurred	16,115	20,496
Royalty income (under royalty agreement)	742	1,467
Rent income	2,700	1,350
License fee Income	9	9
Rental expense and service charges	900	900
Due to Berger Paints Pakistan Limited.	102,773	99,577
Remuneration of Key Management Personnel		
Management remuneration	1,266	2,427
House rent and other benefits	398	784
Buxly Paints Limited Provident Fund		
Company's contribution	448	329

17. GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees.

17.2 Previous year figures have been re-arranged wherever necessary for the purpose of comparison.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 25-April-2019.

Chief Executive Officer

Director

Chief Financial Officer