

DIRECTOR'S REVIEW REPORT

The Directors of the company are pleased to present their review along with the interim financial statements of the Company for the quarter ending on September 30, 2023.

OPERATIONAL RESULTS

Under the challenging economic scenario, the Company developed the effective plans and strategies to navigate through these challenges. Consequently, the Company reported sales of Rs. 170.81 million during the 1st quarter ended on September 30, 2023, representing a 33.68% increase compared to the same period last year. This increase in sales led to significant improvement in gross profit and subsequently translated in net profit of Rs.3.1 M comparing net loss of (Rs. 1.5 M) in the corresponding period. This improvement in financial performance was achieved through expanding market coverage, optimizing prices and reduction in cost of production.

FUTURE OUTLOOK

The Company's management is closely monitoring the economic situation and its impact on the business environment. Management is devising strategies to identify the available growth opportunities within the paint industry and looking to fully capitalize on these.

The Board takes this opportunity to express its gratitude towards the employees, customers, banks, suppliers and other stakeholders for the confidence and faith they have always reposed in the company.

On behalf of the Board

Chief Executive

Director

Dated: October 28, 2023

Buxly Paints Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 30 September 2023

	<i>Note</i>	Un-Audited 30-Sep 2023	Audited 30-June 2023
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property and equipment		171,376	171,457
Investment properties		3,651	3,690
Long term loans and advances		7,645	5,873
Long term receivable		10,350	9,900
Long term security deposits		361	361
		<u>193,383</u>	<u>191,281</u>
Current assets			
Stock-in-trade		82,512	81,599
Trade debts		184,583	160,679
Advances and deposits		4,159	6,261
Prepayments and other receivables		99	69
Term deposit receipts / account		150	150
Markup receivable		13	8
Current portion of long term loans and advances		549	585
Taxation - net		6,874	6,420
Cash and bank balances		42,449	43,261
		<u>321,388</u>	<u>299,032</u>
Total assets		<u>514,771</u>	<u>490,313</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2021: 5,000,000) Ordinary shares of Rs.10 each		<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital		14,400	14,400
Capital reserves			
Surplus on revaluation of property		168,934	168,934
Revenue reserves			
General reserve		5,993	5,993
Accumulated loss		<u>(6,016)</u>	<u>(8,945)</u>
		183,311	180,382
Non-current liabilities			
Long term finance		-	-
Lease liability		680	977
		<u>680</u>	<u>977</u>
Current liabilities			
Markup accrued		2,665	2,414
Current portion of long term finance		-	-
Current portion of lease liability		559	343
Unpaid dividend		217	217
Unclaimed dividend		102	102
Short term borrowing	4	40,369	43,473
Trade and other payables		286,868	262,405
		<u>330,780</u>	<u>308,954</u>
Contingencies and commitments	5	-	-
Total equity and liabilities		<u>514,771</u>	<u>490,313</u>

The annexed notes 1 to 9 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 or Loss and Other Comprehensive Income (Un-audited)
For the Quarter ended 30 September 2023**

		30 September	
	<i>Note</i>	2023	2022
		(Rupees in thousand)	
Sales		170,805	127,769
Cost of sales	6	(142,648)	(114,736)
Gross profit		<u>28,157</u>	<u>13,033</u>
Distribution and selling expenses		(14,629)	(9,015)
Administrative expenses		(6,091)	(3,069)
		<u>(20,720)</u>	<u>(12,084)</u>
		7,437	949
Other income		909	910
		<u>8,346</u>	<u>1,859</u>
Finance cost		(2,907)	(1,860)
Other charges		(375)	-
Profit/Loss before tax for the period		<u>5,064</u>	<u>(1)</u>
Taxation		(2,135)	(1,597)
Profit/Loss after tax for the period		<u><u>2,929</u></u>	<u><u>(1,598)</u></u>
Earning per share - basic and diluted		<u><u>2.03</u></u>	<u><u>(1.11)</u></u>

The annexed notes 1 to 9 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 Quarter ended 30 September 2023

		<u>Capital reserve</u>	<u>Revenue reserves</u>		
	Issued subscribed and paid-up capital	Surplus on revaluation of property	General reserve	Accumulated loss	Total
(Rupees in thousand)					
Balance as at 01 July 2022	14,400	130,352	5,993	(11,662)	139,083
Revaluation surplus recognised during the year		38,582		(38,582)	
Total comprehensive income for the year	-	-	-	41,299	41,299
Balance as at 30 June 2023	<u>14,400</u>	<u>168,934</u>	<u>5,993</u>	<u>(8,945)</u>	<u>180,382</u>
Total comprehensive income for the year	-	-	-	2,929	2,929
Balance as at 30 September 2023	<u><u>14,400</u></u>	<u><u>168,934</u></u>	<u><u>5,993</u></u>	<u><u>(6,016)</u></u>	<u><u>183,311</u></u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Statement Comprehensive Income (Un-audited)
For the Quarter ended 30 September 2023

	30 September	
	2023	2022
	(Rupees in thousand)	
Profit/Loss after tax for the period	2,929	(1,598)
Other Comprehensive income	-	-
Total comprehensive income	<u>2,929</u>	<u>(1,598)</u>

The annexed notes 1 to 9 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 Quarter ended 30 September 2023

	30 September	
	2023	2022
	(Rupees in thousand)	
Cash flows from operating activities		
Profit/Loss before tax for the period	5,064	(1)
Adjustments for:		
Depreciation	120	140
Finance cost	2,907	1,860
Markup on term deposit receipts	(2)	(7)
Impairment allowance for expected credit loss	2,500	(482)
Provision for Other Charges	375	-
Rental income	(450)	-
	10,514	1,510
(Increase) / decrease in current assets		
Stock-in-trade	(913)	(7,247)
Trade debts	(23,904)	(10,993)
Advances and deposits	(99)	(606)
Prepayments and other receivables	(30)	239
	(24,946)	(18,607)
(Decrease) / increase in current liabilities		
Trade and other payables	24,463	(5,950)
Net cash generated from / (used in) operations	10,030	(23,047)
Income tax paid	(2,589)	(2,236)
Finance cost paid	(2,656)	(1,267)
Net cash (used in) / generated from operating activities	4,785	(26,550)
Cash flows from investing activities		
Additions to property and equipment	(8)	-
Long term receivable	(450)	(450)
Markup received on term deposit receipts	(3)	-
Long term loans and advances	(1,736)	145
Net cash (used in) investing activities	(2,196)	(305)
Cash flows from financing activities		
Long term finance	-	-
Payment of lease liability	(297)	-
Short term borrowing	(3,104)	(748)
Net cash (used in) financing activities	(3,401)	(748)
Net decrease in cash and cash equivalents during the year	(812)	(27,603)
Cash and cash equivalents at the beginning of the period	43,261	29,717
Cash and cash equivalents at the end of the period	42,449	2,114

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Notes to the Financial Statements (Un-audited)
For the Quarter ended 30 September 2023

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 Act, 2017) 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 pack the products and deliver 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
a	Registered Office	Karachi	X-3, Manghopir Road, S.I.T.E, Karachi, Sindh,
b	Lahore Office	Lahore	The Annexed, 36-Industrial Estate, Kot lakh pat, Lahore
c	Islamabad	Islamabad	The Annexed, Plot No. 201, Street No. I, Sector I-10/3, Industrial Area, Islamabad

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Standards Board as are notified , provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of, or directives issued under the Companies Act, 2017 shall prevail.

The company's balance sheet presented in these financial statements as at 30 June 2023 has been extracted from audited financial statements of the company for the year ended 30 June 2023. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are same as those applied in preparation of the annual audited accounts of the company for the year ended 30 June 2023.

4 SHORT TERM BORROWINGS - SECURED

The Company has entered into an agreement with JS Bank Limited for short term running finance facility under markup arrangement. This arrangement is secured against first hypothecation charge of Rs. 107 million over stocks and receivables of the Company and additional comfort of first equitable mortgage charge of Rs. 67 million on industry property of the Company situated at Plot # X-3, Manghopir Road, S.I.T.E., Karachi. The running finance facility carries markup of 3 months KIBOR + 2% per annum. Total limit available to the Company is amounting to Rs. 50 million.

5 CONTINGENCIES AND COMMITMENTS

There is no change in Contingencies and Commitments as reported in 30 June 2023.

6 COST OF SALES

	30 September 2023	30 September 2022
	(Rupees in thousand)	
Opening Stock of Finished goods	80,911	96,869
Add: Cost of goods manufactured	140,646	122,219
	221,557	219,088
Less: Closing Stock of Finished goods	(78,908)	(104,352)
Cost of Sales	<u>142,648</u>	<u>114,736</u>

7 TRANSACTIONS WITH RELATED PARTIES

	30 September 2023	30 September 2022
	(Rupees in thousand)	
Transactions with Berger Paints Pakistan Limited		
Purchases	149,489	82,731
Toll manufacturing expenses incurred	10,637	7,570
Rental expense and service charges	300	300
Carriage outward expenses	3,883	2,069
Rental income	453	453
Buxly Paints Limited Provident Fund		
Company's Contribution	245	201

8 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 28 October 2023.

9 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive Officer

Director

Chief Financial Officer