

DIRECTORS' REVIEW

The Directors of the Company are pleased to present their review along with the interim financial statements of the Company for the nine months ended on March 31, 2021.

Economy of Pakistan is reviving from one of its deepest recessions and has started to demonstrate recovery after the crisis caused by COVID-19. Overall financial performance of industry during the period under review was largely due to low interest rates.

Despite challenges, the Company achieved sales of Rs. 256 million in comparison to Rs. 226 million in corresponding period last year, with an increase of 14%. By keeping the operating costs in check, the Company achieved profit after tax Rs.2.422 million representing a reasonable increase against the corresponding period of previous year.

Despite uncertainty of Covid-19 still prevalent with its third wave, the management will try its best to keep the momentum in the months ahead.

On behalf of the Board



Chief Executive

Karachi



Director

Dated: 24 April 2021

Buxly Paints Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 31 March, 2021

	Note	Un-audited 31 March 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
ASSETS			
Non-Current Assets			
Property and equipment	6	131,567	131,554
Investment properties		4,066	4,201
Long term loans and advances		2,208	2,315
Long term receivable		5,850	4,500
Long term security deposits		141	141
Deferred taxation	7	-	-
		143,832	142,711
Current Assets			
Stock-in-trade		94,604	72,243
Trade debts - unsecured		105,659	79,244
Advances and deposits		10,838	10,218
Prepayments and other receivables		522	613
Term deposit receipts / accounts		150	150
Mark-up receivable		8	11
Current portion of long term loans and advances		336	382
Taxation - net		7,345	8,191
Cash and bank balances		1,076	10,859
		220,538	181,911
Total assets		364,370	324,622
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital			
5,000,000 (30 June 2020: 5,000,000) Ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid-up capital			
1,440,000 (30 June 2020: 1,440,000) ordinary shares of Rs. 10 each		14,400	14,400
Capital reserves			
Surplus on revaluation of property	7	130,352	130,352
Revenue reserves		5,993	5,993
General Reserve		5,993	5,993
		(16,217)	(18,639)
Accumulated (Loss)		134,528	132,106
Non Current liabilities			
Long Term Finance - secured	8	3,138	1,385
Current liabilities			
Markup Accrued		1,051	1,225
Current portion of long term Finance		523	462
Unpaid Dividend		217	217
Unclaimed Dividend		102	102
Short term borrowings - secured	9	58,695	45,882
Trade and other payables		166,116	143,243
		226,704	191,131
Contingencies and commitments	10	-	-
Total Equity and Liabilities		364,370	324,622

The annexed notes 1 to 14 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 Period ended 31 March, 2021

	Note	For the nine months ended		For the quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
----- (Rupees in '000) -----					
Sales - net	11	256,386	225,797	101,089	61,508
Cost of sales		(212,376)	(181,077)	(83,135)	(48,402)
Gross profit		44,010	44,720	17,954	13,106
		17.17%		17.76%	
Distribution and selling expenses		(28,522)	(30,555)	(10,971)	(8,686)
Administrative expenses		(7,516)	(8,114)	(2,453)	(3,011)
		(36,038)	(38,669)	(13,424)	(11,697)
		7,972	6,051	4,530	1,409
Other Income		2,718	3,283	906	1,133
		10,690	9,334	5,436	2,542
Financial cost		(3,951)	(5,606)	(1,709)	(1,914)
Other charges		(472)	(186)	(261)	(31)
		(4,423)	(5,792)	(1,970)	(1,945)
Profit before tax		6,267	3,542	3,466	597
Taxation		(3,846)	(3,387)	(1,516)	(923)
Profit / (Loss) for the period		2,422	155	1,950	(325)
Earning / (Loss) per share - basic and diluted		1.68	0.11	1.35	(0.23)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

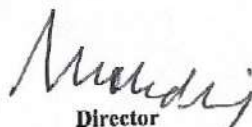
Buxly Paints Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Period ended 31 March, 2021

	<u>For the nine months ended</u>		<u>For the quarter ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>(Rupees in '000)</u>			
Profit / (Loss) after taxation	2,422	155	1,950	(325)
Other comprehensive income - net of tax	-	-	-	-
Items that will be classified to profit or loss account	-	-	-	-
Items that will never be classified to profit or loss account	-	-	-	-
Total comprehensive (Loss) / Income for the period	<u>2,422</u>	<u>155</u>	<u>1,950</u>	<u>(325)</u>

The annexed notes 1 to 14 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 Period ended 31 March, 2021

	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 2019	14,400	5,993	(18,691)	130,352	132,054
Total comprehensive income/loss for the nine months period ended 31 March 2020	-	-	155	-	155
Balance as at 31 March 2019	14,400	5,993	(18,536)	130,352	132,209
Total comprehensive income/loss for the period year 30-June-2020	-	-	(103)	-	(103)
Balance as at 30- June 2021	14,400	5,993	(18,639)	130,352	132,106
Total comprehensive income/loss for the nine months period ended 31 March 2021	-	-	2,422	-	2,422
Balance as at 31 March 2021	14,400	5,993	(16,217)	130,352	134,528

The annexed notes 1 to 14 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 Period ended 31 March, 2021

	31 March 2021	31 March 2020
	----- (Rupees in '000) -----	
Cash Flows from Operating Activities		
Profit/(Loss)/Profit before taxation	6,267	3,542
Adjustments for:		
Depreciation	192	203
Workers' Profit Participation Fund	337	—
Workers' Welfare Fund	135	—
Mark-up on term deposit receipt	(9)	(546)
Finance cost	3,951	5,606
Rental Income	(1,350)	(1,350)
	<u>3,256</u>	<u>3,913</u>
Operating cash flows before working capital changes	9,524	7,455
Working capital changes		
(Increase)/Decrease in Current Assets:		
Stock-in-Trade	(22,361)	(17,385)
Trade Debts	(26,415)	(30,598)
Advances and deposits	(620)	6,347
Prepayments and other receivables	91	1,260
Increase/(Decrease) in Current Liabilities:		
Trade & other payables	22,401	42,962
	<u>(26,904)</u>	<u>2,586</u>
Cash (used in)/ generated from operations	(17,381)	10,041
Finance Cost paid	(4,125)	(5,258)
Income Tax paid	(3,000)	(2,191)
Long term security deposits	1	(50)
	<u>(7,124)</u>	<u>(7,499)</u>
Net Cash used in from Operating Activities	<u>(24,504)</u>	<u>2,542</u>
Cash Flows from Investing Activities		
Additions to Property and Equipments	(71)	-
Mark up received on term deposit receipts	12	127
Long term loans and advances	153	(366)
Net Cash (used in)/ generated from Investing Activities	<u>94</u>	<u>(239)</u>
Cash Flows from Financing Activities		
Long term Finance	1,814	-
Short term borrowings - secured	12,813	(11,341)
Net Cash generated from Financing Activities	<u>14,627</u>	<u>(11,341)</u>
Net (decrease)/Increase in Cash and Cash Equivalents during the period	<u>(9,783)</u>	<u>(9,038)</u>
Cash and Cash Equivalents at the beginning of the period	10,859	18,284
Cash and Cash Equivalents at the end of the period	<u>1,076</u>	<u>9,245</u>

The annexed notes 1 to 14 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 Period ended 31 March, 2021

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 the 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
a	Registered Office Karachi	X-3, Manghopir Road, S.I.T.E. Karachi, Sindh, Pakistan.
b	Lahore 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 2020 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 these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

4. ESTIMATES

The preparation of condensed interim 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 2020.

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 2020.

6. PROPERTY AND EQUIPMENT

Opening written down value
Additions during the period-at cost
Disposal/transfer during the year/period
Depreciation charged

31 March 2021 (Un-audited)	30 June 2020 (Audited)
131,554	131,637
-	-
-	-
(58)	(83)
131,496	131,554

7. SURPLUS ON REVALUATION OF FIXED ASSETS

The surplus is in respect of the land located at Plot No. X-3, Manghopir Road, S.I.T.E, Karachi. The plot is revalued on June 30, 2018 by an independent valuer M/s Harvester Services (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 shown as part of equity. Previously such revaluation was carried out in July 2013 by independent valuer M/S Iqbal A. Nanjee & Co (Pvt.) Limited.

31 March 2021 (Un-audited)	30 June 2020 (Audited)
130,352	130,352

8. LONG TERM FINANCE-SECURED

A term finance facility under the refinance scheme for payment of wages and salaries to the workers and employees of business concerns of State Bank of Pakistan has been obtained for an amount up to Rs. 5 Million for a term of 2.5 years with grace period of 6 months. This facility is sanctioned to finance wages and salaries of permanent, contractual, outsourced, daily wagers. 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. This facility is being repaid in 8 equal quarterly instalments ending on October 2022. It carries markup @ SBP + 3% p.a. The aforementioned facility has been obtained from JS Bank Limited.

9. SHORT TERM BORROWINGS - SECURED

Company has entered into an agreement with JS Bank Limited for short term running finance facility under mark-up 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 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 1 months KIBOR + 2%. Total limit available to the Company amounting to Rs. 50 million (2018: 50 million). The amount in excess is due to issuance of cheques no presented till cut off date.

10. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in note 20 to annual audited financial statements of the Company for the year ended 30 June 2020.

11. **RELATED PARTY RELATIONSHIP AND TRANSACTIONS**

Related parties comprises of associated undertakings, directors of the company, major shareholders and their close family members and key management personnel and employee retirement benefits plans. The transactions with related parties are entered into at commercial / agreed terms and conditions. Transactions with key management personnel are made as per the term of employment.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:

	For the nine months ended	
	31 March 2021	31 March 2020
	----- (Rupees in '000) -----	
Associated undertakings:		
Berger Paints Pakistan Limited		
Purchases during the period	<u>198,570</u>	<u>168,194</u>
Toll manufacturing expenses incurred	<u>19,869</u>	<u>16,631</u>
Royalty income (under royalty agreement)	<u>-</u>	<u>27</u>
Rent income	<u>2,700</u>	<u>2,700</u>
License fee Income	<u>9</u>	<u>9</u>
Rental expense and service charges	<u>900</u>	<u>900</u>
Due to Berger Paints Pakistan Limited.	<u>148,536</u>	<u>157,336</u>
Remuneration of Key Management Personnel		
Management remuneration	<u>1,781</u>	<u>5,448</u>
House rent and other benefits	<u>635</u>	<u>1,231</u>
Buxly Paints Limited Provident Fund		
Company's contribution	<u>414</u>	<u>349</u>

12. **GENERAL**

- 12.1 Figures have been rounded off to the nearest thousand rupees.
12.2 Previous year figures have been re-arranged wherever necessary for the purpose of comparison.

13. **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information has been authorized for issue on April 24, 2020 by the Board of Directors.


Chief Executive Officer


Director


Chief Financial Officer