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Annual Report

2020

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Company Information

Board of Directors:

Mr. Bashir Ahmed	Director
Mr. Shamshad Ali	Chairman
Mr. Adnan Iqbal	Chief Executive Office
Mr. Fakhr-ul- Arfin	Director
Ms. Rubina Rizvi	Director
Mr. S.T. Kureshi	Director
Mr. Muhammad Hanif Idrees	Director
Mr. Sheikh Asim Rafiq	Director

Audit Committee:

Mr. Muhammad Hanif Idrees	Chairman
Mr. Fakhr-ul- Arfin	Director
Mr. S.T. Kureshi	Director

Human Resource and Remuneration Committee:

Mr. Bashir Ahmed	Member
Mr. Shamshad Ali	Member
Mr. Rubina Rizvi	Chairman

Chief Financial Officer

Mr. Nauman Afzal

Company Secretary

Ms. Aneela Naz

Auditors:

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor:

Mr. Laiq Ahmed Khan

Bankers:

Habib Metropolitan Bank Limited
Habib Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan Limited
JS Bank Limited

Share Registrar:

THK Associates (Pvt.) Ltd,
1st Floor, 40-C Block 6, P.E.CH.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>

Notice of Annual General Meeting

Notice is hereby given that the 66th Annual General Meeting of Buxly Paints Limited will be held virtually via video video-link/Zoom Cloud meeting for the well being of shareholders in the light of the posed by the evolving COVID-19 situation on Friday, October 23, 2020 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 28, 2019.
2. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2020 together with Directors' and Auditors' Report thereon.
3. To appoint M/S Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants as Auditor of the Company for the year ending June 30, 2021 and fix their remuneration.
4. To transact any other business with the permission of the chair.

By Order of the Board

Karachi: - October 02, 2020

Aneela Naz
Company Secretary

Registered Office:
X-3, Manghopir Road,
S.I.T.E., Karachi.

Note:

1. Share Transfer Books of the Company will remain closed from Saturday, October 17, 2020 to Friday, October 23, 2020 (both days inclusive). Transfers received in order up to the close of business on October 16, 2020 at the registered address of the Company at X-3, Manghopir Road, SITE Karachi will be entitled to voting rights at the Annual General Meeting.
2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of a Corporation by representative. The instrument of proxy duly executed should be lodged at the corporate office of the company at the registered address of the Company at X-3, Manghopir Road, SITE Karachi not later than 48 hours before the time of meeting.
3. In view of threat by the coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their planning for Annual General Meeting in order to protect the well-being of the shareholders.
4. The entitled shareholders whose name appear in the Books of Company by the close of business in October 16, 2020 who are interested to attend AGM through online platform are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM at rizwan.baloch@buxly.com

Name of Shareholders	CNIC No.	Folio No./ CDS No.	Cell Number	Email Address

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Upon the receipt of above information from interested shareholders, the Company will send the login details at their email addresses.

5. The company has been dispatching the notice of AGM to all the members through post to their registered address. In addition, the Notice along with the proxy form is available on Company website www.buxly.com.pk. and has been sent to the PSX via the PUCARS system. In the event of any difficulty in accessing the Notice or proxy form, members can contact the Company via email at rizwan.baloch@buxly.com the Company will send a copy of the Notice and proxy form via e-mail only to those members who place a request in writing and have provided their e-mail addresses to the Share Registrar of the Company, THK Associate (Private) Limited.
6. Any individual benefit Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his/her computerized national identity card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or passport. Representative of corporate members should bring the usual documents required for such purpose.
7. Member are requested to immediately inform the company's Share Registrar of any change in their mailing address.
8. Members are requested to provide by mail, photocopy of their CNIC or Passport (in case of foreigner), unless it has been provided earlier, enabling the company to comply with relevant laws.
9. SECP through its SRO 470(1)/2016, dated 31 May 2016, had allowed companies to circulate Annual Audited Accounts to its members through CD/DVD/USB at their registered addresses. In view of this, the Company will send its 2020 annual report to its shareholders in form of CD. Any member requiring printed copy of 2020 annual report may send a request with identification details, the Company will send the hard copy of printed accounts 2020 free of cost within one week.
10. In accordance with Section 132 (2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in the place subject to availability of such facility in that place. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address.
11. Shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if a shareholder, in addition, request for hard copy of the Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of request.

سالانہ اجلاس عام کی اطلاع

اس کے ذریعے نوٹس دیا گیا ہے کہ بکسلے پیٹنس لمیٹڈ کا 66 واں سالانہ اجلاس 23 اکتوبر 2020ء بروز جمعہ کو صبح 10 بجے کروانا کی صورت حال کے پیش نظر شیئر ہولڈرز کی فلاح و بہبود کے لیے ویڈیو لنک/زوم کاؤڈ میٹنگ کے ذریعے عملی طور پر انعقاد پذیر ہوگا۔

- 1- مورخہ 28 اکتوبر 2019ء کو منعقد ہونے والی سالانہ اجلاس عام کی کارروائی کی توثیق۔
- 2- مورخہ 30 جون 2020ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ اکاؤنٹس، بعد از ایکسٹرنل آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- 3- مورخہ 30 جون 2021ء کو ختم ہونے والے سال کیلئے میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کی آڈیٹرز کے طور پر تقرری اور ان کے معاوضہ کا تعین۔
- 4- چیئرمین کی اجازت سے کوئی بھی دیگر کاروباری لین دین۔

حسب الحکم بورڈ

کراچی: 2 اکتوبر 2020ء
رجسٹرڈ آفس:
X-3، منگھوپیر روڈ، سائٹ، کراچی

ایٹاناز
کمپنی سیکریٹری

نوٹ:

- 1- کمپنی کی شیئر ٹرانسفر بکس بروز ہفتہ، 17 اکتوبر 2020ء سے بروز جمعہ، 23 اکتوبر 2020ء (بشمول دونوں ایام) بند رہے گی۔ کمپنی کے رجسٹرڈ ایڈریس X-3، منگھوپیر روڈ، سائٹ کراچی پر مورخہ 16 اکتوبر 2020ء کے روز کاروبار بند ہونے تک موصول ہونے والی ٹرانسفر سالانہ اجلاس عام میں ووٹ دینے کی ہتھکڑی ہوگی۔
- 2- میٹنگ میں شامل ہونے اور ووٹ دینے کی اہلیت رکھنے والا کمپنی کا کوئی بھی ممبر اپنی طرف سے شمولیت کرنے اور ووٹ دینے کیلئے کسی دوسرے ممبر کو پراکسی مقرر کر سکتا ہے۔ ووٹس ذاتی طور پر یا پراکسی کے ذریعے یا وکیل کے ذریعے یا کارپوریشن کی صورت میں نمائندہ کے ذریعے دیئے جاسکتے ہیں۔ پراکسی کی پہلے سے مکمل کی گئی دستاویز کمپنی کے کارپوریٹ آفس میں کمپنی کے رجسٹرڈ ایڈریس X-3، منگھوپیر روڈ، سائٹ کراچی پر میٹنگ کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہیے۔
- 3- کروانا وائرس کی صورتحال سے ہونے والے خطرے کے پیش نظر، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 17 مارچ 2020ء کو سرکل نمبر 5 کے تحت کمپنی کو سالانہ اجلاس کے لیے اپنی منصوبہ بندی میں ترمیم کرنے کا مشورہ دیا ہے تاکہ شیئر ہولڈرز کی حفاظت کی جاسکے۔
- 4- مستحق شیئر ہولڈرز جن کے نام کمپنی کی بکس میں کاروبار کے اختتام پر 16 اکتوبر 2020ء میں ظاہر ہوں گے اور جو کمپنی کے سالانہ اجلاس میں شرکت کے خواہاں ہیں تو وہ اپنے مندرجہ ذیل کوائف سالانہ اجلاس سے 48 گھنٹے قبل کمپنی سیکریٹری کو ای میل rizwan.baloch@buxly.com پر ارسال کر دیں۔

شیئر ہولڈر کا نام شناختی کارڈ نمبر فوئیو نمبر/سی ڈی ایس نمبر رابطہ نمبر ای میل ایڈریس

ڈیجیٹل رکنے والے شیئر ہولڈرز سے مذکورہ بالا کوائف کی وصولی کے بعد کمپنی لاگ ان کے ای میل ایڈریس پر بھجوائے گی۔

- 5- کمپنی تمام ممبران کو سالانہ اجلاس کا نوٹس بذریعہ ڈاک رجسٹرڈ پتہ جات پر بھیج رہی ہے۔ اس کے علاوہ پراکسی فارم کے ساتھ نوٹس کمپنی کی ویب سائٹ www.buxly.com پر بھی دستیاب ہے اور اسے PUCARS کے نظام کے توسط سے PSX کو بھیجا گیا ہے۔ نوٹس یا پراکسی فارم تک رسائی حاصل کرنے میں کسی قسم کی پریشانی کی صورت میں ممبران ای میل rizwan.baloch@buxly.com کے ذریعے کمپنی سے رابطہ کر سکتے ہیں۔ کمپنی نوٹس اور پراکسی فارم کی کاپی صرف ان لوگوں کو ای میل کے ذریعے بھجوائے گی جو ممبران تحریری طور پر درخواست دیتے ہیں اور کمپنی کے شیئر رجسٹرارٹی۔ ایچ۔ کے ایسوسی ایٹ (پرائیویٹ) لمیٹڈ کو اپنے ای میل ایڈریس فراہم کرتے ہیں۔

- 6۔ سنٹرل ڈپازٹری کمپنی (سی۔ ڈی۔ سی) کے کسی بھی فرد کو فائدہ پہنچانے اور اس اجلاس میں ووٹ ڈالنے کا حقدار ہے۔ اسے اپنا کمپوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (ملک سے باہر ہونے کی صورت میں) لانا ہوگا تاکہ وہ اس کی شناخت اور پراسی فارم کی صورت میں اسے اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کرنا ہوگی۔ کارپوریٹ ممبران کے نمائندوں اس مقصد کے لیے درکار دستاویزات ہمراہ لائیں۔
- 7۔ ممبران سے گزارش ہے کہ کمپنی کے شیئرز رجسٹر ارنووری طور پر اپنے پیسے میں کسی تبدیلی کی اطلاع دیں۔
- 8۔ ممبران سے درخواست ہے کہ وہ اپنے شناختی کارڈ یا پاسپورٹ (اگر وہ ملک سے باہر ہیں) بذریعہ ای میل ارسال کریں، اگر یہ پہلے سے فراہم نہ کی گئی ہوں تاکہ کمپنی کو متعلقہ قوانین کی تعمیل کرنے کے قابل بنائے۔
- 9۔ ایس۔ ای۔ سی۔ پی نے اپنے ایس۔ آر۔ اے۔ 470(1)/2016 کے ذریعہ مورخہ 31 مئی 2016ء کو کمپنیوں کو اپنے ممبران کو سالانہ آڈٹ شدہ اکاؤنٹس کو اپنے اندراج شدہ پتہ جات پر سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے بھیجنے کی اجازت دی تھی۔ اس کے پیش نظر کمپنی اپنی 2020ء کی سالانہ رپورٹ اپنے شیئرز ہولڈرز کو سی ڈی کی شکل میں بھیجے گی۔ 2020ء سالانہ رپورٹ کی طباعت شدہ کاپی کا تقاضا کرنے والا کوئی بھی ممبر شناخت کی تفصیلات کے ساتھ درخواست بھیج سکتا ہے، کمپنی ایک ہفتہ کے اندر اندر طباعت شدہ اکاؤنٹس 2020ء کی مفت کاپی بھیج دے گی۔
- 10۔ کمپنیز ایکٹ 2017ء کے سیکشن (2) 132 کے مطابق اگر کمپنی کم سے کم 10 دن قبل ویڈیو کانفرنس کے ذریعے اجلاس میں حصہ لینے کے لیے جنرل ایفائیٹی مقام پر مقیم 10 فیصد یا اس سے زیادہ شیئرز ہولڈرز کے ممبران سے رضامندی حاصل کرتی ہے۔ سالانہ اجلاس کی تاریخ، کمپنی اس جگہ پروویڈیو کانفرنس کی سہولت کا بندوبست کرے گی۔ اس سہولت سے فائدہ اٹھانے کے لیے کمپنی سیکرٹری کے دیئے گئے ای میل ایڈریس پر جمع کروانی ہے۔
- 11۔ شیئرز ہولڈرز کے پاس ای میل کے ذریعے سالانہ آڈٹ شدہ مالیاتی بیانات اور سالانہ اجلاس کا نوٹس وصول کرنے کا اختیار ہے۔ تاہم اگر کوئی حصہ دار اس کے علاوہ آڈٹ شدہ مالیاتی بیانات کی دستاویز کا بھی مطالبہ کرتا ہے تو درخواست کی وصولی کے سات دن کے اندر اسے مفت فراہم کی جائے گی۔

Chairman's Review

Buxly Paints Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the “Board”) of Buxly Paints Limited (the “Company”) 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 Purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended June 30, 2020 and I report that: The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as Satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. **Diversity and Mix:** The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in all key matters and decisions of the Board.
2. **Engagement in strategic planning:** Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further, the Board has spent sufficient time on Strategy formulation and it has set annual goals and targets for the management in all major performance areas.
3. **Diligence:** The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Business Strategies, Corporate Objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
4. **Monitoring of organization's business activities:** The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.
5. **Human Resource Management:** The Board, being cognizant of importance of human development, formed a human resource committee to look after human resource policies and training and development needs of employees, based on its vast experience in that field.
6. **Governance and Control Environment:** The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the company.

Shamshad Ali

Chairman

Dated: September 26, 2020

چیرمین کا جائزہ

بسکے پیٹنس لمیٹڈ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ ہائے کار اور مینٹننگ کے سلسلے میں کمپنیز ایکٹ 2017 میں طے شدہ تقاضوں اور سلیڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پوری طرح تعمیل کرتی ہے۔ کوڈ آف کارپوریٹ گورننس کے تقاضے کے تحت بسکے پیٹنس لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز ("بورڈ") کی سالانہ تفتیش کی جاتی ہے۔ اس تفتیش کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور فعالیت کی جانچ کی جائے اور کمپنی کے طے شدہ مقاصد کے تناظر میں توقعات کے مقابلے میں اس کا معیار قائم کیا جائے۔ جن شعبوں میں بہتری کی ضرورت ہوتی ہے ان پر باقاعدگی سے غور کیا جاتا ہے اور عملی منصوبے تیار کئے جاتے ہیں۔

بورڈ کی تفتیش کے مقصد کیلئے ایک جامع معیار تیار کیا گیا ہے۔ بورڈ نے 30 جون 2020 کو ختم ہوئے سال کیلئے حال میں اپنی سالانہ ذاتی تفتیش مکمل کی ہے اور میں رپورٹ کرتا ہوں کہ: سال کیلئے منظور شدہ معیار کی بنیاد پر بورڈ کی مجموعی کارکردگی کی جانچ تسلی بخش رہی۔ مجموعی تعین تسلی بخش ہے جس کی بنیاد درج ذیل لازمی اجزاء کی تفتیش پر مبنی ہے جن کا کمپنی کے مقاصد کے حصول میں بورڈ کے کردار پر براہ راست اثر پڑتا ہے:

1- تنوع اور ترکیب:

بورڈ کے ممبرز موثر انداز میں بورڈ میں تنوع لاتے ہیں اور آزا اور نان ایگزیکٹو ڈائریکٹرز کی ترکیب بناتے ہیں۔ نان ایگزیکٹو اور آزا ڈائریکٹرز بورڈ کے تمام اہم معاملات اور فیصلوں میں مساوی طور پر شریک ہوتے۔

2- حکمت عملی کی منصوبہ بندی میں مشغولیت:

بورڈ کو اپنے متعلقین (شیئر ہولڈرز، صارفین، ملازمین، وینڈرز، اور معاشرے) کی واضح سمجھ ہے جن کو کمپنی خدمات فراہم کرتی ہے۔ بورڈ حکمت عملی کی بصیرت رکھتا ہے کہ اس کے سبب سے پانچ برسوں کے دوران ادارے کو کس طرح آگے بڑھنا چاہیے۔ مزید یہ کہ بورڈ نے حکمت عملی تشکیل دینے پر کافی وقت صرف کیا ہے اور اس نے کارکردگی کے تمام بڑے شعبوں میں انتظامیہ کیلئے سالانہ اہداف اور مقاصد طے کر دیئے ہیں۔

3- جانفشانی:

بورڈ ممبرز نے پوری تہذیب کے ساتھ اپنے فرائض سرانجام دیئے اور کاروباری حکمت عملیوں، کارپوریٹ مقاصد، منصوبوں، بجٹس، مالیاتی گوشواروں اور دیگر پورٹس کا پوری طرح جائزہ لیا، ان پر بحث کی اور منظوری دی۔ انہوں نے بورڈ اور کمیٹی مینٹننگ سے پہلے کافی وقت میں واضح و جامع ایجنڈے اور معاون تحریری مواد وصول کیا۔ بورڈ نے اپنی ذمہ داریوں کو موزوں طور پر نبھانے کیلئے کثرت سے ملاقاتیں کیں۔

4- ادارے کی کاروباری سرگرمیوں کی نگرانی:

بورڈ اپنی انتظامیہ، انٹرنل اور ایکسٹرنل آڈیٹرز اور دیگر آڈیٹرز کی طرف سے باقاعدہ بنیادوں پر ملنے والی پریمیٹیشنز کے ذریعے کمپنی کے مقاصد، اہداف، حکمت عملیوں اور مالی کارکردگیوں کے حوالے سے پوری طرح باخبر رہا۔ بورڈ نے بروقت بنیادوں پر نگرانی اور موزوں سمت میں رہنمائی کی۔

5- انسانی وسائل کا انتظام:

بورڈ نے انسانی ترقی کی اہمیت کو سمجھتے ہوئے اس شعبے میں اپنے وسیع تجربے کی بنیاد پر انسانی وسائل کی پالیسیوں اور ملازمین کی تربیت اور ترقی کی ضروریات کو پورا کرنے کیلئے انسانی وسائل کی ایک کمیٹی تشکیل دی۔

6- گورننس اور کنٹرول ماحول:

بورڈ نے گورننس کے شفاف اور مضبوط نظام کو عملی جامہ پہناتے ہوئے موثر انداز میں اپنی قائدانہ صلاحیتوں کا مظاہرہ کیا ہے۔ ایک موثر کنٹرول ماحول کے قیام، کارپوریٹ گورننس کے بہترین طریقہ کار کی تعمیل اور پوری کمپنی میں اخلاقی اور منصفانہ طرز عمل کے فروغ کے ذریعے اس کی پوری طرح عکاسی ہوتی ہے۔

شمشاد علی

چیرمین

مورخہ: 26 ستمبر 2020ء

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 30 June 2020. Financial Results are as follows:

	2020 <i>(Rs.000's)</i>
Financial Results:	
Profit before taxation	4,180
Taxation	(4,128)
Profit after taxation	52
Earning per share	Rs. 0.04

MACROECONOMIC REVIEW

The emergence of COVID-19 has caused major disruptions to economic activity around the world including Pakistan. The Country's economy faced most challenging situation due to this pandemic. Monetary and fiscal policy interventions, such as interest rate reduction, payroll financing, announcement of stimulus packages, have been made to ensure liquidity to cushion growth and employment. On the fiscal front, weak collection and higher expenditures in 4QFY 20 mainly due to COVID-19 related development resulted in a fiscal deficit of 9.5% of GDP.

BUSINESS PERFORMANCE REVIEW

Despite intense competition, your company has achieved sales value of Rs. 275.216 million as against Rs. 256.670 million of last year which is 7.23% more than the last year. Gross profit achieved in 2020 amounts to Rs. 53.099 million as compared to Rs. 30.960 million for the year 2019. Gross profit increased to 19.29% from previous year to 12.06%. Increase in input costs adversely affected the performance of your company. Due to stringent cost control measures, selling, marketing and Administrative expenses restricted to Rs. 45.805 compared with 43.101 million of the last year resultantly the company reported after tax profit 0.052 million against after tax loss of Rs. 15.695 million.

FUTURE OUTLOOK

Although uncertainty is prevailing because of COVID-19, your company is fully geared up to have optimum sales growth in the coming year by exploring new ways of reaching its customers. However, expected inflationary pressure can adversely affect the profitability. Your Company is improving its gross margins by increasing selling prices and rationalizing the burden of increased raw material and manufacturing cost. We are hopeful for the positive outcome in year 2021.

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 meetings of the Board of Directors were held and attendance was as follows:

Name of Directors	Attendance
Mr. Bashir Ahmed	3
Mr. Shamshad Ali	3
Mr. Adnan Iqbal (CEO) from January 01, 2020	1
Ms. Rubina Rizvi from October 28, 2019	3
Mr. Fakhru Arfin	3
Mr. Muhammad Hanif Idrees	3
Mr. S. T. Kureshi	3
Mr. Sheikh Asim Rafiq (NIT Nominee)	3
4 th Meeting held on 26 th April 2020 due to COVID-19 through circulation	

Mr. Shamshad Ali has resigned from the position of Chief Executive Officer from January 01, 2020 and Mr. Adnan Iqbal has been appointed as Chief Executive Officer from January 01, 2020.

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

Earning/(Loss) Per share is Rs. 0.04 [2019: Rs. (10.90)]

AUDITORS

The present auditors Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retires and being eligible, have offered themselves for re-appointment.

REASONS FOR NON DECLARATION OF DIVIDEND

Due to accumulated losses, the Directors of the Company did not recommend any dividend for the year ended June 30, 2020.

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, 2020 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, 2020 is Rs.5.140 million (2019: Rs.4.73 million) for the year ended June 30, 2020

Chief Executive Office
Karachi: September 26, 2020

Director

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020ء کو ختم ہوئے سال کیلئے کمپنی کی سالانہ رپورٹ کے ساتھ آڈٹ شدہ اکاؤنٹس اور آڈیٹرز کی رپورٹ پیش کرتے ہیں۔ مالیاتی نتائج حسب ذیل ہیں۔

2020 (Rs.000's)	مالیاتی نتائج:
4,180	ٹیکس کی کٹوتی سے قبل منافع
(4,128)	لاگو ٹیکس
52	ٹیکس کی کٹوتی کے بعد منافع
0.04 روپے	فی شیئر آمدنی

میکرو اکنامکس کا جائزہ

کوویڈ 19 کی وباء کے باعث پاکستان سمیت دنیا بھر میں معاشی سرگرمی کی راہ میں بڑی رکاوٹیں آئیں۔ اس عالمی وباء کی وجہ سے ملک کو انتہائی مشکل صورتحال کا سامنا کرنا پڑا۔ مالی اور مالیاتی پالیسی مداخلت جیسے شرح سود میں کمی، تنخواہوں کی سرمایہ کاری، محرک پیکیجز کا اعلان، کٹن گروتھ اور ملازمت میں لیکویڈیٹی کو یقینی بنانے کیلئے کی گئی۔ مالی محاذ پر، بنیادی طور پر کوویڈ 19 سے متعلقہ ڈیپولپمنٹ کی وجہ سے مالی سال 20 کی چوتھی سہ ماہی میں کمزور وصولی اور بھاری اخراجات کے نتیجے میں جی ڈی پی کا 9.5 فیصد مالی خسارہ ہوا۔

کاروباری کارکردگی کا جائزہ

شدید مسابقت کے باوجود آپ کی کمپنی نے پچھلے سال کے 256.670 ملین کے مقابلے میں 275.216 ملین روپے کی فروخت کی جو کہ پچھلے سال میں مقابلے میں 7.23% زیادہ ہے۔ 2020 میں حاصل ہونے والے منافع کی رقم 53.099 ملین روپے رہی جو کہ سال 2019 میں 30.960 ملین روپے تھی۔ مجموعی منافع پچھلے سال کے 12.06 فیصد کے مقابلے میں بڑھ کر 19.29 فیصد ہو گیا۔ ان پٹ کی لاگت میں اضافے نے آپ کی کمپنی کی کارکردگی کو بری طرح متاثر کیا۔ لاگت پر قابو پانے کے سخت اقدامات کی وجہ سے فروخت، مارکیٹنگ اور انتظامی اخراجات 45.805 ملین روپے تک محدود رہے جو کہ پچھلے سال 43.101 ملین روپے تھے اس کے نتیجے میں کمپنی نے بعد از ٹیکس 15.695 روپے خسارہ کے برخلاف بعد از ٹیکس منافع 0.052 ملین روپے رپورٹ کیا۔

مستقبل کا منظر نامہ

اگرچہ کوویڈ 19 کی وجہ غیر یقینی صورتحال چھائی ہوئی ہے، آپ کی کمپنی آنے والے سال کے دوران فروخت میں زیادہ سے زیادہ پیشرفت کیلئے پوری طرح تیار ہے۔ تاہم متوقع افراط زر کا دباؤ منافع پر منفی اثر ڈال سکتا ہے۔ آپ کی کمپنی خام مال اور مینوفیکچرنگ کی لاگت میں اضافے کے بوجھ کو معقول بنا کر قیمت فروخت میں اضافے کے ذریعے اپنے مجموعی مارجن کو بہتر بنا رہی ہے۔ ہم سال 2021ء میں مثبت نتائج کیلئے پُر امید ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز فی الحال ایک نان ایگزیکٹو چیئرمین، چیف ایگزیکٹو آفیسر، تین آزاد ڈائریکٹرز اور تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگز

سال کے دوران، بورڈ آف ڈائریکٹرز کی 4 میٹنگز ہوئیں اور حاضری حسب ذیل تھی:

حاضری	ڈائریکٹرز کے نام
3	جناب بشیر احمد
3	جناب شمشاد علی
1	جناب عدنان اقبال (سی ای او) یکم جنوری 2020ء سے
3	محترمہ روبینہ رضوی 28 اکتوبر 2019ء سے
3	جناب فخر العارفین
3	جناب محمد حنیف ادریس
3	جناب ایس ٹی قریشی
4	جناب شیخ عاصم رفیق (این آئی ٹی کے نامزد کردہ)

COVID-19 کی وجہ سے چھوٹی میٹنگ برائے زیریہ اطلاع نام منعقد ہوئی تھی 26 اپریل 2020ء۔

جناب شمشاد علی یکم جنوری 2020ء کو چیف ایگزیکٹو آفیسر کے عہدہ سے مستعفی ہو گئے اور جناب عدنان اقبال یکم جنوری 2020ء سے بطور چیف ایگزیکٹو آفیسر تعینات کئے گئے۔ غیر حاضری کی چھٹیاں ان ڈائریکٹرز کو دی گئیں جو میٹنگز میں شمولیت سے قاصر تھے۔

آڈٹ کمیٹی

سال کے دوران، آڈٹ کمیٹی کی چار میٹنگز منعقد ہوئیں۔

ہیومن ریسورس کمیٹی

سال کے دوران، ہیومن ریسورس کمیٹی کی ایک میٹنگ منعقد ہوئی۔

شیئر ہولڈنگ کا خاکہ

شیئر ہولڈنگ کا خاکہ پیش کرنے والی سٹیٹمنٹ بعد ازاں فراہم کر دی گئی ہے۔

آمدنی فی شیئر

منافع / (خسارہ) فی شیئر 0.04 روپے ہے۔ [2019: (10.90) روپے]

آڈیٹرز

موجودہ آڈیٹرز جن سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر، خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔

ڈیویڈنڈ کا اعلان نہ کرنے کی وجوہات

جمع شدہ خساروں کی وجہ سے، کمپنی کے ڈائریکٹرز نے 30 جون 2020ء کو ختم ہوئے سال کیلئے کوئی ڈیویڈنڈ تجویز نہیں کیا۔

صحت، تحفظ اور ماحولیات

کمپنی کسٹمز پر موز ہونے کی حیثیت سے محفوظ اور ماحول دوست آپریٹرز، مصنوعات اور خدمات کو یقینی بنانے میں مصروف عمل ہے۔ آپ کی کمپنی ISO-9001-2015 میں سند یافتہ ہے۔ آپ کی کمپنی کام کی جگہ پر معیاری اور محفوظ ماحول کو فروغ دینے کیلئے بھی کوشاں ہے۔ ملازمین میں تحفظ کا شعور جاگرا کرنے کیلئے تربیتی سیشن منعقد کئے جاتے ہیں۔

بنیادی خطرات اور غیر یقینی صورت حالات

کمپنی کو کچھ موروثی خطرات اور غیر یقینی صورتحال کا سامنا ہے جن میں آپریشنل، مارکیٹ، تعمیل اور مالی خطرات شامل ہیں۔ کمپنی ان خطرات کے ممکنہ اثرات کو کم کرنے / قابل قبول سطح پر لانے کیلئے اندرونی اور بیرونی سٹیک ہولڈرز کے ساتھ مل کر کام کرتی ہے۔

اندرونی مالیاتی کنٹرولز

اندرونی مالیاتی کنٹرولز کے سلسلے میں ڈائریکٹرز اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ وہ انتظامیہ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے ساتھ بات چیت کے ذریعے اس بات کی تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرولز نافذ کر دیئے گئے ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان اس رپورٹ کے ساتھ منسلک ہے۔

مواد کی تبدیلیاں

رپورٹ میں 30 جون 2020ء سے لے کر اب تک کوئی مواد کی تبدیلیاں نہیں کی گئیں اور کمپنی نے اس عرصہ کے دوران کوئی ایسا معاہدہ نہیں کیا جس سے کمپنی کی مالی حیثیت پر کوئی منفی اثر پڑتا۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

ملک میں اسٹاک ایکسچینجوں کے لسٹنگ رولز میں شامل کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق، ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہے کہ:

- i- مالیاتی گوشواروں کے ساتھ ساتھ نوٹس بھی کمپنیز ایکٹ 2017 کے مطابق بنائے گئے ہیں۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ ان گوشواروں میں کمپنی کے معاملات، اس کی کاروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کیا گیا ہے۔
- ii- کمپنی کی اکاؤنٹس کی کتابیں ٹھیک طریقے سے برقرار رکھی گئی ہیں۔
- iii- مالیاتی گوشواروں کی تیاری اور حساب کتاب کے تخمینوں میں موزوں اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور یہ معقول اور محتاط فیصلے کی بنیاد پر بنائی گئی ہیں۔
- iv- مالیاتی گوشواروں کی تیاری میں، پاکستان میں رائج انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی پیروی کی گئی ہے۔
- v- اندرونی کنٹرول کا نظام تسلی بخش ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے۔
- vi- نیکیوں اور محصولات کے بارے میں معلومات نوٹس میں دی گئی ہیں اور یہ مالیاتی گوشواروں کا تشکیلی جزو ہیں۔
- vii- کمپنی کے ایک منافع بخش کاروباری ادارے کے طور پر جاری رہنے کی صلاحیت میں کوئی نمایاں شکوک و شبہات نہیں ہیں۔

- viii- کارپوریٹ گورننس کے بہترین معمولات سے کسی قسم کا انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے دیا گیا ہے ماسوائے ان کے جن کی نشاندہی آڈیٹرز نے اپنی رپورٹ میں کی ہے۔ انتظامیہ آپ کی کمپنی کو پوری طرح ان قواعد و ضوابط کے مطابق بنانے کیلئے مسلسل کوشاں ہے۔
- ix- پچھلے چھ برسوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار بعد از آں فراہم کر دیئے گئے ہیں۔
- x- 30 جون 2020ء کو ختم ہوئے سال کیلئے ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2020ء کو 5.140 ملین روپے ہے۔ (2019ء: 4.73 ملین روپے)

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی، 26 ستمبر 2020ء

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Buxly Paints Limited

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Buxly Paints Limited for the year ended 30 June 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 the 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 Directors' 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 require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the 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 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph

	Reference	Description
i.	Paragraph 10	Same Person – CFO / Company Secretary
ii.	Paragraph 12 (b)	Composition of HR and Remuneration Committee

Also refer paragraph 19 for explanation.

Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants

Engagement Partner: Rashid Rahman Mir

Place: Lahore
Date: September 26, 2020

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

The company has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors are 7 as per the following, :-
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board is as follows:
 - i) Independent Directors
Mr. Muhammad Hanif Idrees
Mr. S.T.Kureshi
Ms. Rubina Rizvi
 - ii) Non-Executive Director
Mr. Bashir Ahmed
Mr. Fakhrul Arfin
Mr. Sheikh Asim Rafiq
Mr. Shamshad Ali (Chairman)
 - iii) Executive Directors
-
 - iv) Female Directors
Ms. Rubina Rizvi

The Chief Executive is not the director of the company.

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
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 Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of seven, two directors have completed directors training program (DTP) approved by SECP, two directors viz. Mr. Bashir Ahmad and Mr. S.T. Kureshi have minimum 14 years of education and 15 years' experience on the board of listed company hence are exempt from directors training program (DTP). DTP was not arranged during the year however the company is planning to arrange DTP for remaining directors.
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. Presently same person in holding position of CFO and Company Secretary. Board intends to segregate the positions as soon as possible.
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. Muhammad Hanif Idrees – Chairman
Mr. S.T.Kureshi- Member
Mr. Fakhrul Arfin – Member |
| b) | HR and Remuneration Committee | Mr. Bashir Ahmed – Chairman (Non-Executive Director)
Ms. Rubina Rizvi – Member
Mr. Shamshad Ali – Member |

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 committee were as per following;

- | | | |
|----|-------------------------------|------------|
| a) | Audit Committee | 4 meetings |
| b) | HR and Remuneration Committee | 1 meeting |

15. The board has set up an effective internal audit function and the person in-charge is suitably qualified and experienced for the purpose and are conversant with the policies and procedures 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 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 Institute of Chartered Accountants of Pakistan 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable)

Regulation – 24 (Paragraph 10 of the Statement) Presently position of CFO and Company Secretary is held by one person. Board intends to segregate the positions as soon as possible.

Regulation – 28 (Paragraph 12 of the Statement Presently Chairman of HR and Remuneration Committee is Non-Executive Director. Board intends to appoint Independent director as chairman as soon as possible.

Signature
Shamshad Ali
Chairman

Signature
Adnan Iqbal
Chief Executive Officer

Dated : September 26, 2020

Independent Auditor's Report

To the members of Buxly Paints Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Buxly Paints Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, statement of 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, statement of 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 profit and other comprehensive income, 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 Auditors' 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.

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.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	COVID-19 - Impact	
	<p>A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19.</p> <p>Due to COVID-19 lockdowns and partial operations generally all business are adversely affected. The management while preparing financial statements is responsible to assess</p>	<p>In planning and performing audit, our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; • Evaluated management's going concern assessment by considering going concern factors at planning and finalization stage. whether going concern assumption is appropriate;

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p>COVID-19 - Impact</p> <p>the possible impact of COVID -19 crisis on the company's liquidity, realisability of inventories /trade debts, continuity of operations and appropriate disclosures in this regard in the financial statements. Refer note 36 to the financial statements.</p> <p>The management therefore examined the following key areas to assess the COVID- 19 impact in the Financial statements:</p> <ul style="list-style-type: none"> • going concern assumption used for the preparation of the financial statements; • expected credit losses (ECL) under IFRS 9; • the net realisable value (NRV) of inventory; and • the debt covenants of the loans obtained from the banks <p>The assessment of COVID -19 impact involves significant management judgement in preparation of the financial statements, hence it has been considered as key audit matter.</p>	<ul style="list-style-type: none"> • Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model; • Reviewed the computation of NRV of inventory and its reasonableness; • Reviewed the key debt covenants of the loan agreements and compliance with these covenants; and • Reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.
(ii)	<p>Valuation of Trade Debts</p> <p>The Company has a significant balance of trade debts amounting to Rs 79.244 million. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECLs) as disclosed in note 10 with related policies in 3.5 & 3.12.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.</p>	<ul style="list-style-type: none"> • Our audit procedures to assess the valuation of trade debts, amongst others, included the following: • Obtain understanding of procedures and system of the company for recording and accounting such type of financial assets; • obtaining an understanding of the basis for the determination of provision required at the year end and the receivables collection process; and • checking the accuracy of the data on test basis extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.
(iii)	<p>Inventory existence and valuation</p> <p>As at the year end, the Company held inventories amounting to Rs. 72.243 million, after considering allowance for inventories obsolescence amounting to Rs. 4.757 million, as disclosed in note 9 with related policies in note 3.6 to the accompanying financial statements. The inventories obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in</p>	<ul style="list-style-type: none"> • Our audit procedures included, amongst others, reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end.

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates.</p> <p>We have considered this area to be a key audit matter due to its materiality and significance in terms of judgments involved in estimating the NRV of underlying inventories.</p>	<ul style="list-style-type: none"> • Further, our audit procedures included, amongst others, understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method. • We further tested the NRV of the inventories 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.

Information Other than the Financial Statements and Auditors' 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 auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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 auditors' 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, statement of 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 auditors' report is **Mr. Rashid Rahman Mir**.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Lahore:
September 26, 2020

Statement of Financial Position

As at June 30, 2020

	Note	2020	2019
(Rupees in '000)			
ASSETS			
Non current assets			
Property and equipment	4	131,554	131,637
Investment properties	5	4,201	4,390
Long term loans and advances	6	2,315	2,166
Long term receivable	7	4,500	2,700
Long term security deposits		141	91
Deferred taxation	8	-	-
		142,711	140,984
Current assets			
Stock-in-trade	9	72,243	63,546
Trade debts - unsecured	10	79,244	64,284
Advances and deposits	11	10,218	14,985
Prepayments and other receivables	12	613	4,415
Term deposit receipts / account	13	150	7,217
Mark up receivable		11	188
Current portion of long term loans and advances	6	382	449
Taxation - net		8,191	10,455
Cash and bank balances	14	10,859	18,284
		181,911	183,823
Total assets		324,622	324,807
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2019: 5,000,000) Ordinary shares of Rs.10 each		50,000	50,000
Issued, subscribed and paid-up capital	15	14,400	14,400
Capital reserves			
Surplus on revaluation of property	16	130,352	130,352
Revenue reserves			
General Reserve		5,993	5,993
Accumulated (Loss)		(18,639)	(18,691)
		132,106	132,054
Non Current liabilities			
Long Term Finance	17	1,385	-
Current liabilities			
Markup Accrued		1,225	1,407
Current portion of long term Finance	17	462	-
Unpaid Dividend		217	217
Unclaimed Dividend		102	102
Short term borrowing - secured	18	45,882	62,303
Trade and other payables	19	143,243	128,724
		191,131	192,753
Contingencies and commitments	20		
Total equity and liabilities		324,622	324,807

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Statement of Profit or Loss

For the year ended June 30, 2020

	<i>Note</i>	2020	2019
(Rupees in '000)			
Sales	21	275,216	256,670
Cost of sales	22	(222,117)	(225,710)
Gross profit		53,099	30,960
Distribution and selling expenses	23	(35,136)	(33,143)
Administrative expenses	24	(10,669)	(9,958)
		(45,805)	(43,101)
		7,294	(12,141)
Other income	25	4,258	5,538
		11,552	(6,603)
Finance cost	26	(7,057)	(5,884)
Other charges		(315)	-
		(7,372)	(5,884)
Profit/(Loss) before tax		4,180	(12,487)
Taxation	27	(4,128)	(3,208)
Profit/(Loss) Loss for the year		52	(15,695)
(Rupees)			
Earning/(Loss) per share - basic and diluted	28	0.04	(10.90)

The annexed notes 1 to 38 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended June 30, 2020

	<i>Note</i>	2020 (Rupees in '000)	2019
Profit/(Loss) after tax		52	(15,695)
Other comprehensive income / (loss):			
<i>Items not to be reclassified to statement of profit or loss:</i>			
Revaluation surplus recognised during the year		-	-
Adjustment of surplus pertaining to property transferred to investment property		-	-
	16	-	-
Total comprehensive Income/(loss)		52	(15,695)

The annexed notes 1 to 38 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended June 30, 2020

	<i>Note</i>	2020	2019
(Rupees in '000)			
Cash flows from operating activities			
Profit/(Loss) before tax		4,180	(12,487)
Adjustments for:			
Depreciation		272	302
Finance cost		7,057	5,884
Mark-up on term deposit receipts		(619)	(378)
Provision for doubtful debts		328	(133)
Rental Income		(1,800)	(1,800)
		9,418	(8,612)
(Increase) / decrease in current assets			
Stock-in-trade		(8,697)	(2,400)
Trade debts		(15,288)	16,606
Advances and deposits		4,767	526
Prepayments and other receivables		3,802	1,669
		(15,416)	16,401
(Decrease) / increase in current liabilities			
Trade and other payables		14,519	456
Net cash (used in) / generated from operating activities		8,521	8,245
Income tax paid		(1,864)	(5,521)
Finance cost paid		(7,239)	(5,464)
Net cash used in operations		(582)	(2,740)
Cash flows from investing activities			
Additions to property and equipment		-	(132)
Proceeds from term deposit receipts		7,067	-
Long term security deposits		(50)	-
Mark up received on term deposit receipts		796	360
Long term loans and advances - given		(82)	547
Net cash (used in) / generated from investing activities		7,731	775
Cash flows from financing activities			
Long term Finance		1,847	-
Short term borrowing - secured		(16,421)	19,110
Net cash generated from financing activities		(14,574)	19,110
Net increase in cash and cash equivalents during the year		(7,425)	17,145
Cash and cash equivalents at beginning of the year		18,284	1,139
Cash and cash equivalents at end of the year	<i>14</i>	10,859	18,284

The annexed notes 1 to 38 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended June 30, 2020

	Capital Reserves		Revenue Reserves		Total
	Issued subscribed and paid-up capital	Surplus on revaluation of property	General reserve	Accumulated profit/ (loss)	
----- (Rupees in '000) -----					
Balance as at July 1, 2018	14,400	130,352	5,993	(2,996)	147,749
Total comprehensive (loss) for the year	-	-	-	(15,695)	(15,695)
Balance as at 30 June 2019	14,400	130,352	5,993	(18,691)	132,054
Total comprehensive Income for the year	-	-	-	52	52
Balance as at 30 June 2020	14,400	130,352	5,993	(18,639)	132,106

The annexed notes 1 to 38 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended June 30, 2020

1. NATURE AND STATUS OF THE COMPANY

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, Pakistan
b	Lahore Office	Lahore	The Annexe, 36-Industrial Estate, Kot lakh pat, Lahore.
c	Islamabad	Islamabad	The Annexe, Plot No. 201, Street No. I, Sector I-10/3, Industrial Area, Islamabad

2 BASIS OF PREPARATION

2.1 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except for financial instruments and land which are recognized at fair value. The financial statements except for cash flow information have been prepared under accrual basis of accounting.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.4 Re-classification and re-arrangements

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. Appropriate disclosures are given in relevant notes in case of material re-classifications and re-arrangements.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment relates to :

- Estimated useful lives of property and equipment and measurement of revalued amounts (notes 3.1,3.2 and 4)
- Recognition of taxation and deferred taxation (notes 3.9 , 8 and 27)
- Provisions and contingencies (note 3.11 & note 20)
- Classification of investment properties (notes 3.3 and 5)
- Provision against trade debts and other receivables (notes 3.5, 10.1 and 12)
- Impairment (note 3.18)
- Stock-in-trade (notes 3.6 and 9)

2.6 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

a) Standards and interpretations that have become effective but are not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments resulting from Annual Improvements 2015–2017 Cycle)
- IFRS 11 - Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)
- IFRS 16 - Leases
- IFRS 16 - Leases - (Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS 12- Income Taxes - (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)
- IAS 19 - Employee Benefits-(Plan amendment,curtailment or settlement)
- IAS 23 - Borrowing Costs-(Amendments resulting from annual improvements 2015-2017 cycle)
- IAS 28 - Investments in Associates-(Amended by Long-term Interests in Associates and Joint Ventures)
- IFRIC 23 - Uncertainty Over Income Tax Treatments

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amended-definition of business)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022)
- IFRS 7 - Financial Instruments: Disclosures - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 9 - Financial Instruments - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020)-(applicable for annual periods beginning on or after 1 January 2022)
- IAS 1- Presentation of Financial Statements - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 1- Presentation of Financial Statements - (Amended Amendments regarding the classification of liabilities)-(effective for annual periods beginning on or after 1 January 2022).

- IAS 8- Accounting Policies , Changes in Accounting Estimates and Errors - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 16- Plant property and equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IAS 41- Agriculture - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements))-(effective for annual periods beginning on or after 1 January 2020).

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts
- IFRS 14 – Regulatory Deferral Accounts

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

Owned

Property and equipment, except land, are measured at cost less accumulated depreciation and any impairment loss, if any. Land is stated at fair value. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation on all property and equipment except land is charged on the reducing balance method at the rates specified in note 4.

Depreciation methods, useful lives and residual values of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each statement of financial position date.

Depreciation on additions to property and equipment is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off.

The Company assesses at each statement of financial position date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount.

Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

3.2 Leases

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements or the fair value of the asset.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest.

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Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 4.

Depreciation methods, useful lives and residual values of asset that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each statement of financial position date.

Depreciation on additions to leased assets is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off.

3.3 Investment properties

Investment properties are accounted for under cost model and are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on office building is charged to profit and loss account by applying the reducing balance method at the rate of 5% per annum after taking into account residual value, if any. Depreciation on addition is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off. Depreciation methods, useful lives and residual values of each part of investment property that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each statement of financial position date. Depreciation of leasehold land is suspended since financial year ended 30 June 2012 in accordance with the revised requirements of IAS 17.

Gains or losses on sale of investment properties are charged to the profit and loss account in the period in which they arise.

3.4 Staff retirement benefits

Defined contribution plan

The Company operates a provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

Compensated absences

The Company has been accounting for all accumulated compensated absences, when employees render services that increase their entitlement to future compensated absences. Accrual is made for employees compensated absences on the basis of last drawn pay. No provision is required for the current year.

3.5 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. An estimated provision is made when collection of the full amount no longer receivable. Bad debts are written-off as and when identified.

3.6 Stock-in-trade

Stock of raw and packing materials, except for those in transit, work in process and finished goods are valued principally at the lower of weighted average cost and net realizable value. Cost of work in process and finished goods comprises cost of direct materials, labor and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

3.7 Revenue recognition

- Revenue from sale of goods is recognized when control of goods is transferred to customers.
- Royalty and rent income is recognized on an accrual basis in accordance with the substance of the relevant agreement.
- Interest income on bank deposits is recognized on time proportion basis using the effective Interest method.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term borrowings that are repayable on demand and form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3.9 Taxation

Current

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

Deferred

Deferred taxation is provided, using the balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax base.

The amount of deferred tax recognized is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the statement of financial position date.

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

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.11 Provisions

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

3.12 Financial Instruments

3.12.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized Cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- a) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.12.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position when 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.

3.14 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future goods and services.

3.15 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction.

3.16 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

3.17 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.18 Impairment

The carrying amounts of the company's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated and if the carrying amount of the asset is in excess of its recoverable amount, impairment loss is recognised as an expense to the extent carrying amount exceed the recoverable amount.

4. PROPERTY AND EQUIPMENT

	2020										
	Cost			Accumulated depreciation							Written down value as on 30 June 2020
	As at 1 July 2019	Additions	(Disposals) / (Transfer)	As at 30 June 2020	Depreciation Rate %	As at 1 July 2019	Charge for the year	(Reversal)	As at 30 June 2020		
	(Rupees in '000)			(Rupees in '000)							
Owned											
Leasehold Land - Cost	826	-	-	826	-	-	-	-	-	826	
- Revaluation	130,362	-	-	130,362	-	-	-	-	-	130,362	
	131,188	-	-	131,188	-	-	-	-	-	131,188	
Furniture and fixtures	586	-	-	586	10	420	17	-	437	149	
Vehicles	410	-	-	410	20	388	4	-	392	18	
Office equipments	329	-	-	329	10	222	11	-	233	96	
Computers	1,098	-	-	1,098	33	944	51	-	995	103	
	133,611	-	-	133,611		1,974	83	-	2,057	131,554	

	2019										
	Cost			Accumulated depreciation							Written down value as on 30 June 2019
	As at 1 July 2018	Additions	(Disposals)	As at 30 June 2019	Depreciation Rate %	As at 1 July 2018	Charge for the year	(Reversal)/ transfers	As at 30 June 2019		
	(Rupees in '000)			(Rupees in '000)							
Owned											
Leasehold Land - Cost	826	-	-	826	-	-	-	-	-	826	
- Revaluation	130,362	-	-	130,362	-	-	-	-	-	130,362	
	131,188	-	-	131,188	-	-	-	-	-	131,188	
Furniture and fixtures	547	39	-	586	10	403	17	-	420	166	
Vehicles	410	-	-	410	20	383	5	-	388	22	
Office equipments	269	60	-	329	10	211	11	-	222	107	
Computers	1,065	33	-	1,098	33	874	70	-	944	154	
	133,479	132	-	133,611		1,871	103	-	1,974	131,637	

4.1. Depreciation for the year has been allocated as follows:

	Note	2020 (Rupees in '000)	2019
Distribution and selling expenses	23	17	21
Administrative expenses	24	66	82
		83	103

4.2. Fair value of land has been determined by M/s Harvester Services (Private) Limited in June 30, 2018 after enquiring market rates of similar sized plots in near vicinity from the real estate agents and keeping in view the location, size and availability of the leasehold land. The Board of Directors concurred to this valuation. Forced sale value as per the revaluation report is Rs. 111.510 million. Fair value has been assessed under 'fair value hierarchy: level 3'. The land is situated at Manghopir Road, S.I.T.E, Karachi having area of 27,780.6 square feet.

5. INVESTMENT PROPERTIES

	2020							
	Cost			Depreciation	Depreciation			Written down value as at 30 June 2020
	As at 1 July 2019	Transfer	As at 30 June 2020		As at 1 July 2019	Charge for the year	As at 30 June 2020	
	------(Rupees in '000)-----			------(Rupees in '000)-----				
Leasehold land	700	-	700	-	87	-	87	613
Office building	5,408	-	5,408	5	1,631	189	1,820	3,588
	6,108	-	6,108		1,718	189	1,907	4,201

	2019							
	Cost			Depreciation	Depreciation			Written down value as at 30 June 2019
	As at 1 July 2018	Transfer	As at 30 June 2019		As at 1 July 2018	Charge for the year	As at 30 June 2019	
	------(Rupees in '000)-----			------(Rupees in '000)-----				
Leasehold land	700	-	700	-	87	-	87	613
Office building	5,408	-	5,408	5	1,432	199	1,631	3,777
	6,108	-	6,108		1,519	199	1,718	4,390

5.1 The company is currently recording investment property at cost. Had the investment property been measured at fair value, the value of property would have been Rs. 107.197 million and the forced sale value will be Rs. 90.614 million as per independent valuers' report of June 2018.

a. land element has been valued at Rs. 97.142 million after enquiring market rates of similar sized plots in near vicinity from the real estate agents and keeping in view the location, size and availability of the land. The Land is situated at Manghopir Road, S.I.T.E, Karachi having area of 17,071 square feet. and

b. the building element has been valued at Rs. 10.055 million after taking into account the type and class of construction. Building is situated on a portion of the same land covering an area of 3,500 square feet.

The fair value of the property has been assessed under 'fair value hierarchy: level 3'. For the purposes of valuation of the said property

	Note	2020 (Rupees in '000)	2019
5.2 Depreciation for the year has been allocated as follows:			
Distribution and selling expenses	23	38	40
Administrative expenses	24	151	159
		189	199

6 LONG TERM LOANS AND ADVANCES

- Secured, considered good

Employee loans	6.1	2,697	2,615
Receivable within one year		(382)	(449)
		2,315	2,166

- 6.1** This represents interest free loan to employees for the purpose of purchase of motor vehicles. These loans are secured against these motor vehicles and recoverable in 96 equal monthly instalments. These loans have not been discounted to their present values as the financial impact is not material.

7. LONG TERM RECEIVABLE

The Company under operating lease arrangements has leased out portion of its land to an associated company as disclosed in note 20.5. Rent has been provided since 1st January 2018 at the rate of Rs 150,000/- per month being the fair market value of rent for such land. This amount would be available for adjustment against the value of building when handed over to the Company after expiry of lease term on 31 December 2027.

- 7.1** At June 30, 2020, the maturity analysis of contractual undiscounted cashflows under non-cancellable lease was receivable as follows:

	2020	2019
	(Rupees in '000)	
Less than one year	1,800	1,800
Between one and five years	7,200	7,200
More than five years	4,500	6,300
	13,500	15,300

8. DEFERRED TAXATION

The Company has not recognised deferred tax assets of Rs. 5.576 million (2019: Rs. 6.502 million) in respect of temporary differences amounting to Rs. 19.227 million (2019: Rs. 18.225 million) as per policy given in note 3.9.

	Note	2020	2019
		(Rupees in '000)	
9. STOCK-IN-TRADE			
Packing material		1,142	5,261
Work-in-process		3,060	1,439
Finished goods		72,798	61,603
		77,000	68,303
Provision against slow moving stocks:			
- Finished goods	9.1	(4,757)	(4,757)
		72,243	63,546

- 9.1** Particulars of provision are as follows:

Opening balance	4,757	4,757
Charge for the year	-	-
Closing balance	4,757	4,757

	Note	2020 (Rupees in '000)	2019
10. TRADE DEBTS - unsecured			
Considered good		79,244	64,284
Considered doubtful		13,181	12,853
		92,425	77,137
Provision against debts considered doubtful	<i>10.1</i>	(13,181)	(12,853)
		79,244	64,284
10.1 Provision against debts considered doubtful:			
Opening balance		12,853	12,986
Charge/(Reversal) for the year		328	(133)
Closing balance		13,181	12,853
11. ADVANCES AND DEPOSITS			
Advances - unsecured, considered good			
Employees		581	394
Advance to supplier		398	-
Deposits			
Margin against letters of guarantee		4,713	7,723
Earnest money and tender deposits		6,758	9,100
		11,471	16,823
Provision against expired letter of guarantee, earnest money and security deposits	<i>11.1</i>	(2,232)	(2,232)
		10,218	14,985
11.1 Particulars of provision are as follows:			
Opening balance		2,232	2,232
Charge for the year		-	-
Closing balance		2,232	2,232
12. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		206	259
Sales tax receivable		-	3,895
Receiveable from employees' provident fund		407	261
		613	4,415
13. TERM DEPOSIT RECEIPTS / ACCOUNT -HELD TO MATURITY		150	7,217

These short term deposits carrying mark-up at the rates ranging from 6 % to 12% (2019: 5% to 8.35%) per annum having maturities within one year. The term deposits are under lien against letter of guarantees issued by the banks.

	2020	2019
	(Rupees in '000)	
14. CASH AND BANK BALANCES		
In hand	61	54
At banks - in current accounts	10,798	18,230
	10,859	18,284

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2020	2019		2020	2019
	(Number of Shares)			(Rupees in '000)	
1,257,288	1,257,288		Ordinary shares of Rs.10 each fully paid in cash	12,573	12,573
82,712	82,712		Ordinary shares of Rs.10 each fully paid for consideration other than cash	827	827
100,000	100,000		Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,000	1,000
1,440,000	1,440,000			14,400	14,400

Issued, subscribed and paid-up capital at the year end included 816,090 (2019: 816,090) ordinary shares of Rs. 10 each, held by directors and associated undertakings.

All the shares are similar with respect to their rights on voting board selection, first refusal and block voting.

	2020	2019
	(Rupees in '000)	
16. SURPLUS ON REVALUATION OF PROPERTY	130,352	130,352

- 16.1** 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 on revaluation of property 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. (Private) Limited.

	2020	2019
	(Rupees in '000)	
Movement in the surplus during the year was as follows:		
Balance at the beginning of the year	130,352	130,352
Add: Surplus recognized during the year	-	-
Balance at the end of the year	130,352	130,352

	2020	2019
	(Rupees in '000)	
17. LONG TERM FINANCE-SECURED		
Opening balance	-	-
Obtained during the year	1,847	-
	1,847	-
Paid during the year	-	-
Less: Current portion	462	-
	1,385	-

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. 6 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.

	2020	2019
	(Rupees in '000)	
18. SHORT TERM BORROWINGS - Secured	45,882	62,303

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 industry 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 is amounting to Rs. 50 million (2019: Rs. 50 million).

	Note	2020	2019
		(Rupees in '000)	
19. TRADE AND OTHER PAYABLES-unsecured			
Trade creditors	19.1	139,261	124,211
Accrued expenses		748	571
		140,009	124,782
Other liabilities			
Contract liabilities		170	2,418
Workers' profit participation fund	19.2	318	93
Provision for compensated absences		362	362
Sales tax payable		1,275	-
Others	19.3	1,109	1,069
		3,234	3,942
		143,243	128,724
19.1 This includes payable to following associated undertaking:			
Berger Paints Pakistan Limited		127,174	112,703
19.2 Workers' profit participation fund			
Balance as at 1 July		93	56
Charge/ Adjustments for the year		225	37
Paid during the year		-	-
Balance as at 30 June		318	93

19.3 It includes payables on account of WWF, EOBI, withholding income tax from employees, commissions and suppliers etc.

20. CONTINGENCIES AND COMMITMENTS

Contingencies

20.1 The guarantees amounted to Rs. 4.863 million (2019:14.940 million) given against supplies to Government departments against their orders, gas supply and in favour of Collector of Central Excise Department and Customs.

20.2 The Deputy Commissioner-IR has passed the order vide dated January.31.2019 under Section 122(1) of the Income Tax Ordinance (the Ordinance) by levying impugned tax demand of Rupees 5.741 million for Tax Year 2014. Against such demand, the Company had filed the appeal before the Commissioner-IR (Appeals) who has pass the Order vide dated April.09.2019 against the company. However, the Company had filed the appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Order and the hearing notice has yet to be issued by the ATIR. The management is of the opinion that the company has a strong case & therefore no provision is required.

20.3 On 7 January 2013, the SITE authority served a notice on the Company for payment of dues in respect of 'Development, Water, Conservancy, Rent and Renewal of license fee' amounting to Rs.4.005 million, which includes an amount of Rs. 3.860 million relating to renewal of license fee. The Company, through its legal advisor, replied to the above notice stating the fact that the lease was executed / registered by SITE in the year 2006 in favour of the Company. Further, as per the rules and procedures of SITE, once the lease has been executed / registered, the renewal of license fee is no longer payable.

The Management of the Company is confident that the renewal of license fee will not be payable. Consequently, no provision has been recognised in the financial statements.

20.4 The Deputy Commissioner Inland Revenue has issued order under section 161 of Income Tax Ordinance, 2001 by levying impugned tax demand of Rs. 386,258 and Rs. 305,646 for tax year 2014 and 2015 respectively. Against such demands, the Company had filed the appeal with the Commissioner Inland Revenue Appeals who has passed the order dated July 06, 2018 in favor of the Company. However being aggrieved by the decision, the tax department has filed appeals in the Appellate Tribunal Inland Revenue (ATIR) against the order. The notice for hearing has yet to be issued by the ATIR.

The management of the Company expects that on the basis of strong grounds the case will be decided in the favour of the Company.

Commitments:

20.5 The management has agreed upon an arrangement with Berger Paints Pakistan Limited (Berger) - an associated company for letting out a piece of its leasehold land. Under the arrangement Berger has constructed a facility for production and warehousing on the subject land and will remain in use of Berger for a period of 10 years from the date of completion. On expiry of the tenure of agreement, the warehouse building will be transferred to Buxly Paints Limited free of cost as a consideration for utilizing the subject land for the said tenure. Refer Note 7.

	2020	2019
	(Rupees in '000)	
21. SALES		
Gross sales	341,415	308,662
Sales tax and excise duty	(50,790)	(49,696)
	290,625	258,966
Commission and discounts	(15,409)	(2,296)
	275,216	256,670

	Note	2020 (Rupees in '000)	2019
22. COST OF SALES			
Opening Stock			
Packing material		5,261	3,059
Purchases			
Raw material		193,435	185,225
Packing material		17,429	23,133
		210,864	208,358
		216,125	211,417
Closing stock			
Packing material		(1,142)	(5,261)
Material consumed		214,983	206,156
Manufacturing expenses			
Toll manufacturing charges		19,950	19,752
		234,933	225,908
Work in process			
Opening stock		1,439	8,817
Closing stock		(3,060)	(1,439)
		(1,621)	7,378
Cost of goods manufactured		233,312	233,286
Finished goods			
Opening stock		61,603	54,027
Closing stock		(72,798)	(61,603)
		(11,195)	(7,576)
		222,117	225,710

23. DISTRIBUTION AND SELLING EXPENSES

Salaries and other benefits	23.1	18,709	17,653
Insurance		478	517
Rent, rates and taxes		1,032	516
Carriage outward		8,942	8,273
Advertising and promotional expenses		2,514	1,269
Travelling and conveyance		2,655	3,464
Printing and stationery		150	308
Postage, telephone and fax		196	189
Repairs and maintenance		125	173
Depreciation	4.1 & 5.2	55	61
Entertainment and welfare		107	189
Fees and subscription		99	471
Sundry expenses		74	60
		35,136	33,143

23.1 Included herein is a sum of Rs. 0.321 million (2019: Rs. 0.51 million) in respect of staff retirement benefits.(Provident Fund).

	Note	2020 (Rupees in '000)	2019
24. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	24.1	5,570	5,174
Directors' fee		400	413
Insurance		87	74
Printing and stationery		415	251
Postage, telephone and fax		5	46
Travelling and conveyance		337	333
Service charges		600	600
Auditor's remuneration	24.2	465	465
Fees and subscription		155	392
Legal and professional fees		1,297	854
Repairs and maintenance		120	18
Depreciation	4.1 & 5.2	217	241
Entertainment and welfare		81	593
Utilities Expenses		592	504
Impairment Loss for Expected Credit Loss		328	-
		10,669	9,958

24.1 Included herein is Rs. 0.087 million (2019: Rs. 0.056 million) in respect of staff retirement benefits and a sum of Rs. 2.066 million (2019: Rs. 2.311 million) in respect of remuneration of Chief executive.

	Note	2020 (Rupees in '000)	2019
24.2 Auditors' remuneration			
Statutory audit		275	275
Half yearly review		107	107
Other certifications		83	83
		465	465

25. OTHER INCOME

Financial asset

Mark up on term deposit receipts		619	378
Reversal of Provision for doubtful debts	10.1	-	133
		619	511

Non financial asset

Royalty income	25.1	27	1,415
Misc. income (License fee)		12	12
Rental income	25.2	3,600	3,600
		3,639	5,027
		4,258	5,538

25.1 The Company has entered into a royalty agreement with Berger Paints Pakistan Limited, an associated undertaking, at the rate of 1 percent of net sales for the use of the Company's brand name.

25.2 The Company has rented out portions of the land and building to Berger Paints Pakistan Limited.

	<i>Note</i>	2020 (Rupees in '000)	2019
26. FINANCE COST			
Bank charges		650	617
Mark-up on Short term running finance		6,407	5,267
		7,057	5,884
27. TAXATION			
For the year		4,128	3,208
Deferred	8	-	-
		4,128	3,208

27.1 Current status of tax assessments

The income tax assessments of the Company have been finalised upto and including the tax year 2019 (Income year ended 30 June 2019). The returns for income tax have been filed, according to section 120 of the Income Tax Ordinance 2001 which provides that return filed is deemed to be an assessment order. However, these returns (i.e. return for tax years 2015 to 2019) may be selected for detail audit within five years from the year end of the tax year in which the return has been filed and the Commissioner of Income Tax may amend the assessment in case of objection raised in audit.

27.2 Reconciliation of accounting profit and tax expense

Numerical reconciliation of accounting profit and tax expense has not been presented in these financial statements as the Company is chargeable to minimum tax under Section 113 of the Income Tax Ordinance, 2001.

28. EARNINGS PER SHARE

Basic earnings per share has been computed by dividing net profit for the year after taxation by the weighted average number of shares outstanding during the year. There is no dilutive effect on the basic earnings per share.

	2020 (Rupees in '000)	2019
Profit/(Loss) for the year after tax	52	(15,695)
	(Shares in '000)	
Weighted average number of shares outstanding during the year	1,440	1,440
	(Rupees)	
Earning /(Loss) per share	0.04	(10.90)

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive *	Executives	Directors	Chief Executive	Executives	Directors
	----- (Rupees in '000) -----					
Directors' fee	-	-	400	-	-	413
Managerial remuneration	1,212	3,237	-	1,389	2,121	-
House rent allowance	464	1,193	-	625	505	-
Utilities	168	704	-	139	654	-
Conveyance	168	596	-	139	242	-
Medical allowance	54	-	-	19	425	-
	2,066	5,730	400	2,311	3,947	413
Number of persons	2	3	7	2	2	7

* Two persons were appointed as chief executive one after the other.

30. PLANT CAPACITY & PRODUCTION

	2020	2019
	(In litres)	
Produced for the Company by a related party under toll manufacturing agreement	1,123,069	1,247,522

31. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Related parties comprises of associated undertakings, directors of the Company, major share holders and their close family members and key management personnel and employment retirement benefits plans. The Company continues to have a policy whereby all transactions with related parties 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 is in accordance with their terms of engagements. Balances due to/due from related parties are describe in note 7 & 19. Details of transactions with related parties are as follows:

	2020	2019
	(Rupees in '000)	
<u>Associated undertakings</u>		
Purchase during the year	193,435	184,360
Sale during the year	69	386
Rental expense and service charges	1,200	1,200
Toll manufacturing expenses incurred	19,950	19,752
Royalty income	27	1,415
Rental income	3,600	3,600
License fee	12	12
<u>Buxly Paints Limited Provident Fund</u>		
Company's contribution	451	570
(Receivable from)/Payable to Provident Fund	(407)	(261)

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Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

S. No	Company Name	Basis of Relationship	Aggregate % of
1	Berger Paints Pakistan Limited	Share Holding	19%

32. FINANCIAL INSTRUMENTS

The objective of the Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk Management Framework

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

32.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by the changes in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry.

Exposure to credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted and arise principally from loans and advances, advances and deposits, trade debts and security deposits.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 60 days to customers to reduce the credit risk.

The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

		2020	2019
		(Rupees in '000)	
	Classification		
Loans and advances	At amortised cost	2,697	2,615
Long term deposits	At amortised cost	141	91
Trade debts	At amortised cost	79,244	64,284
Mark up receivable	At amortised cost	11	188
Other receivables	At amortised cost	407	261
Advances and deposits	At amortised cost	10,218	14,985
Term deposit receipts	At amortised cost	150	7,217
Bank balances	At amortised cost	10,798	18,230
		103,666	107,871

Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of trade debts which are neither past due nor impaired are given as below:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)		(Rupees in '000)	
Past due 0 - 30 days	35,272	133	30,051	133
Past due 31 - 60 days	9,840	78	9,981	71
Past due 61 - 180 days	27,239	622	17,388	455
More than 180 days	20,073	12,348	19,717	12,194
	92,424	13,181	77,137	12,853

The movement in provision for impairment of trade debts is given in note no. 10.1.

The credit quality of the Company's major banks is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
National Bank of Pakistan	PACRA	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
JS Bank Limited	PACRA	A-1+	AA-
MCB Islamic Bank Limited	PACRA	A-1	A
Bank AL Habib Limited	PACRA	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

32.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Exposure to liquidity risk

The Company is exposed to liquidity risk in respect of its financial liabilities. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	2020				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
------(Rupees in '000)-----					
Financial Liabilities at amortised cost					
Long Term Finance	1,847	(1,847)	-	-	(1,847)
Short term borrowing - secured	45,882	(45,882)	(45,882)	-	-
Markup Accrued	1,225	(1,225)	(1,225)	-	-
Trade and other payables	141,072	(141,072)	(141,072)	-	-
Unpaid Dividend	217	(217)	-	(217)	-
Unclaimed Dividend	102	(102)	-	(102)	-
	190,345	(190,345)	(188,179)	(319)	(1,847)

	2019				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
------(Rupees in '000)-----					
Financial Liabilities at amortised cost					
Short term borrowing - secured	62,303	(62,303)	(62,303)	-	-
Markup Accrued	1,407	(1,407)	(1,407)	-	-
Trade and other payables	126,213	(126,213)	(126,213)	-	-
Unpaid Dividend	217	(217)	-	(217)	-
Unclaimed Dividend	102	(102)	-	(102)	-
	190,242	(190,242)	(189,923)	(319)	-

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company meets these requirements by financial assistance available from the associated company as and when the need arises.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of applicable mark-up rates as at 30 June 2020, if any.

32.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

32.3.1 Currency risk

As company do not have foreign currency debtors or foreign currency bank accounts, imports or exports therefore there is no exposure of the Company to foreign currency risk.

32.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2020	2019	2020	2019
	(in percentage)		(Rupees in '000)	
Financial assets - Fixed rate instruments				
Term deposit receipts	6 to 12	5 to 8.35	150	7,217

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

32.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk.

32.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions; compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

32.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The table below analyzes financial instruments carried at fair values, the different levels have been defined as follows:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

33. CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

34. NUMBER OF EMPLOYEES

The total number of employees as at year end are 16 which are all permanent employees (30 June 2019: 17) and average number of employees were 17 (30 June 2019: 22).

35. PROVIDENT FUND DISCLOSURE

The following information is based on the unaudited financial statements of the fund:

	2020 -----Rupees----- Un-Audited	2019 -----Rupees----- Un-Audited
Size of the fund - total assets	5,140,598	4,732,600
Percentage of investments made	30%	33%
Fair Value of investments	4,735,653	4,356,975
Cost of Investments made (Un-Audited)	1,548,150	1,548,150

The break-up of cost of investments is:

	2020		2019	
	% of fund	Rupees	% of fund	Rupees
Defence Saving Certificates	19%	1,000,000	21%	1,000,000
Mutual Fund	11%	548,150	12%	548,150
	30%	1,548,150	33%	1,548,150

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

36. IMPACT OF COVID-19 (CORONAVIRUS)

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is no going concern uncertainty and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

37. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There is no event causing adjustment or disclosure in financial statements.

38. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on September 26, 2020.

Pattern of Shareholding

As at 30 June 2020

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS	To	NO OF SHARES HELD	PERCENTAGE
332	1	100	16,756	1.1636
182	101	500	51,159	3.5527
45	501	1000	42,237	2.9331
30	1001	5000	80,320	5.5778
13	5001	10000	104,701	7.2709
2	10001	15000	26,500	1.8403
4	15001	20000	73,019	5.0708
1	20001	25000	22,000	1.5278
1	25001	30000	27,500	1.9097
1	30001	35000	31,500	2.1875
1	35001	40000	36,500	2.5347
1	50001	55000	52,218	3.6262
1	55001	60000	60,000	4.1667
1	270001	275000	273,600	19.0000
1	540001	545000	541,990	37.6382
616			1440000	100.00

SR. #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	SPONSORS, DIRECTORS, CEO AND CHILDREN	1	500	0.03
2	ASSOCIATED COMPANIES	1	815,590	56.64
3	NIT AND ICP	1	100	0.01
4	BANKS, DFI AND NBFI	1	98	0.01
5	MUTUAL FUNDS	3	120,218	8.35
6	GENERAL PUBLIC (LOCAL)	582	421,359	29.26
7	GENERAL PUBLIC (FOREIGN)	13	45,333	3.15
8	OTHERS	12	36,302	2.52
9	MODARABAS	1	500	0.03
		616	1,440,000	100

SHAREHOLDERS HOLDING 10% OF MORE VOTING INTEREST	SHARES HELD	PERCENTAGE %
1 Berger Paints Limited	273,600	19.00
2 Slotrapid Limited	541,990	37.64

DIRECTORS AND THEIR SPOUSES

1	Mr. Bashir Ahmed	500	0.03
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Form of Proxy

The Secretary
Buxly Paints Limited
X-3 Manghopir Road,
S.I.T.E KARACHI
Karachi 75700, Pakistan

I/we _____
Of _____ in the district of _____
being a member of Buxly Paints Limited and holder of _____
Ordinary Shares as per Share Register Folio No. _____ and/or CDC Participant
I.D No. _____ and Sub Account No. _____
Hereby appoint _____ of _____
In the district of _____ or failing him _____
Of _____ as per my/our proxy to vote for me/us on my/our behalf as the
66th Annual General Meeting of the Company to be held on October 23, 2020 and at any adjournment thereof.
Signed this _____ day of _____ 2020.

Witnesses

1. Signature _____
Name _____
Address _____
CNIC No. or Passport No. _____
2. Signature _____
Name _____
Address _____
CNIC No. or Passport No. _____

Signature on Rs.5/-
Revenue Stamp

Signature should
agree with the
specimen signature
registered with the
company.

Note:-

- a. This Proxy from, duly completed and signed, must be received at the received at the Registered office of the Company X/-3 Manghopir Road, S.I.T.E., Karachi not less than 48 hours before the time of holding the meeting.
- b. No Person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
- c. If a member appoints more than one proxy and more instruments of proxy are deposited be a member with the Company, all such instruments proxy shall be rendered invalid.
- d. CDC shareholders and their proxies must each attach an photocopy of their National Card of Passport with this proxy form



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