

The background of the cover is a vibrant, abstract watercolor splash. It features a mix of colors including red, orange, yellow, and green, with some darker tones and splatters extending towards the bottom and right edges. The overall effect is bright and energetic.

**BUXIY**

**Annual  
Report 21**

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## Company Information

### Board of Directors:

Mr. Shamshad Ali	Chairman
Mr. Bashir Ahmed	Director
Mr. Adnan Iqbal	Chief Executive
Mr. Major (R) Naseer Ahmed	Director
Mr. Fakhru Arfin	Director
Mr. Sheikh Asim Rafiq	Director
Mr. Muhammad Hanif Idrees	Director
Ms. Rubina Rizvi	Director

### Audit Committee:

Mr. Muhammad Hanif Idrees	Chairman
Ms. Rubina Rizvi	Member
Mr. Fakhru Arfin	Member

### Human Resource and Remuneration Committee:

Mr. Major (R) Naseer Ahmed	Chairman
Mr. Sheikh Asim Rafiq	Member
Mr. Shamshad Ali	Member

### Chief Financial Officer

Mr. Nauman Afzal

### Company Secretary

Ms. Aneela Naz

### Auditors:

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Legal Advisor:

Mr. Hassnat Basit Baig

### Bankers:

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

### Company 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 67th Annual General Meeting of the shareholders of Buxly Paints Limited will be held virtually via video-link/Zoom Cloud meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID-19 situation on Tuesday, October 26, 2021 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 23, 2020.
2. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2021 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 04, 2021

Muhammad Waqar Tanveer  
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 October 20, 2021 to October 26, 2021 (both days inclusive). Transfers received in order up to the close of business on October 19, 2021 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. The entitled shareholders whose name appear in the Books of Company by the close of business in October 19, 2021 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 [waqar.tanveer@buxly.com](mailto:waqar.tanveer@buxly.com).

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

## 04 | Buxly Paints Limited

Upon the receipt of above information from interested shareholders, the Company will send the login details at their email addresses. The Company will convene the meeting through “Zoom Cloud Meetings” which can be downloaded from Google Play or App Store. Our shareholders are therefore requested to download the application ahead of the meeting. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through smart phones or Computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join meeting after identification and verification process.

The entitled shareholders (whose name appeared in the books of Company by the close of Business on October 19, 2021 along with the details mentioned above may send their comments/suggestions for the proposed agenda items at the above email address at least 48 hours before the meeting.

4. 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](http://www.buxly.com) 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 [waqar.tanveer@buxly.com](mailto:waqar.tanveer@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 Associates (Private) Limited.
5. 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.
6. Member are requested to immediately inform the company's Share Registrar of any change in their mailing address.
7. 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.
8. 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 2021 annual report to its shareholders in form of CD. Any member requiring printed copy of 2021 annual report may send a request with identification details, the Company will send the hard copy of printed accounts 2021 free of cost within one week.
9. 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.
10. 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 جنرل میٹنگ کا نوٹس

نوٹس اس طرح دیا گیا ہے کہ بکسل پینٹس لمیٹڈ کے حصص یافتگان کی 67 ویں سالانہ عمومی میٹنگ منگل کو COVID-19 کی ابھرتی ہوئی صورتحال سے پیدا ہونے والے خطرے کی روشنی میں شیئر ہولڈرز کی فلاح و بہبود کے لیے عملی طور پر ویڈیو لنک / زوم کلاؤڈ میٹنگز کے ذریعے منعقد کی جائے گی۔ 26 اکتوبر 2021 کو صبح 10:00 بجے درج ذیل کاروبار کا لین دین کریں گے۔

عام کاروبار:

1. 23 اکتوبر 2020 کو منعقد ہونے والی کمپنی کی سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔
2. 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ اکاؤنٹس کو حاصل کرنے، ان پر غور کرنے اور ان کو منظور کرنے کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹ۔
3. 30 جون 2021 کو ختم ہونے والے سال کے لیے میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کو کمپنی کا آڈیٹر مقرر کرنا اور ان کا معاوضہ طے کرنا۔
4. کرسی کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا۔

بورڈ کے حکم سے۔

کراچی: -04 اکتوبر 2021

منظور شدہ دفتر:

X-3، منگھو پیر روڈ۔

ایس آئی ٹی ای، کراچی

محمد وقار تویر۔

کمپنی سیکرٹری

نوٹ:

1. کمپنی کی شیئر ٹرانسفر بکس 20 اکتوبر 2021 سے 26 اکتوبر 2021 (دونوں دن شامل) بند رہیں گی۔ 19 اکتوبر 2021 کو کمپنی کے رجسٹرڈ ایڈریس X-3، منگھو پیر روڈ، سائٹ کراچی پر کاروبار کے اختتام تک موصول ہونے والی منتقلی سالانہ جنرل میٹنگ میں ووٹنگ کے حقدار ہوں گی۔
2. میٹنگ میں شرکت اور ووٹ دینے کا حقدار کمپنی کا رکن کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کے لیے اس کا پراکسی مقرر کر سکتا ہے۔ ووٹ ذاتی طور پر یا پراکسی یا اٹارنی کے ذریعہ یا کارپوریشن کی صورت میں نمائندے کے ذریعے دیئے جاسکتے ہیں۔ مناسب طریقے سے پراکسی کا آلہ کمپنی کے کارپوریٹ آفس میں کمپنی کے رجسٹرڈ ایڈریس پر X-3، منگھو پیر روڈ، سائٹ کراچی پر درج کیا جانا چاہیے جو میٹنگ کے وقت سے 48 گھنٹے پہلے نہیں۔
3. حقدار شیئر ہولڈرز جن کا نام 19 اکتوبر 2021 میں کاروبار کی بندش سے کمپنی کی کتابوں میں ظاہر ہوتا ہے جو آن لائن پلیٹ فارم کے ذریعے AGM میں شرکت کرنے میں دلچسپی رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ کمپنی سیکرٹری آفس میں درج ذیل تفصیلات فراہم کر کے اے جی ایم کے وقت سے اڑتالیس گھنٹے پہلے اپنے آپ کو [waqar.tanveer@buxly.com](mailto:waqar.tanveer@buxly.com) پر رجسٹر کروائیں۔

شیئر ہولڈر کا نام	شناختی کارڈ نمبر	فون نمبر/ CDS نمبر	فون نمبر	ایمیل ایڈریس

میٹنگ میں دلچسپی رکھنے والے شیئر ہولڈرز سے مذکورہ معلومات کی وصولی کے بعد، کمپنی ان کے ای میل پر لاگ ان کی تفصیلات بھیج دی جائیں گی۔ کمپنی "زوم کلاؤڈ میٹنگز" کے ذریعے میٹنگ بلائے گی جسے گوگل پلے یا ایپ سٹور سے ڈاؤن لوڈ کیا جاسکتا ہے۔ لہذا ہمارے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ میٹنگ سے پہلے درخواست ڈاؤن لوڈ کریں۔ اے جی ایم کے دن، شیئر ہولڈرز کسی بھی آسان جگہ سے سمارٹ فونز یا کمپیوٹر ڈیوائسز کے ذریعے اے جی ایم کی کارروائی میں لاگ ان اور حصہ لے سکیں گے۔

لاگ ان کی سہولت میٹنگ کے وقت سے 30 منٹ پہلے کھول دی جائے گی تاکہ شرکاء کو شناخت اور تصدیق کے عمل کے بعد میٹنگ میں شامل ہو سکے۔

مستحق حصص یافتگان (جن کا نام کمپنی کی کتابوں میں 19 اکتوبر 2021 کو کاروبار کے اختتام پر درج بالا تفصیلات کے ساتھ ظاہر ہوا ہے، مجوزہ ایجنڈے کے آنکڑے کے لیے اپنے تبصرے/تجاویز مندرجہ بالا ای میل ایڈریس پر کم از کم 48 گھنٹے پہلے بھیج سکتے ہیں۔

4. کمپنی AGM کا نوٹس تمام اراکین کو پوسٹ کے ذریعے ان کے رجسٹرڈ ایڈریس پر بھیج رہی ہے۔ اس کے علاوہ، پراکسی فارم کے ساتھ نوٹس کمپنی کی ویب سائٹ [www.buxly.com](http://www.buxly.com) پر دستیاب ہے اور PUCARS سسٹم کے ذریعے PSX کو بھیجا گیا ہے۔ نوٹس یا پراکسی فارم تک رسائی میں کسی دشواری کی صورت میں، ممبر ای میل کے ذریعے کمپنی سے رابطہ کر سکتے ہیں [waqar.tanveer@buxly.com](mailto:waqar.tanveer@buxly.com) پر کمپنی نوٹس اور پراکسی فارم کی ایک کاپی صرف ای میل کے ذریعے ان اراکین کو بھیجی گی جو تحریری طور پر درخواست کریں اور ان کے ای میل پتے کمپنی کے شیئر رجسٹرار، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کیے ہیں۔

5. کوئی بھی انفرادی فائدہ جو مرکزی ڈپازٹری کمپنی (سی ڈی سی) کا مالک ہے، جو اس میٹنگ میں ووٹ ڈالنے کا حق رکھتا ہے، اسے اپنے کمپیوٹر یا ڈیجیٹل شناختی کارڈ (سی این آئی سی) یا پاسپورٹ (غیر ملکی کی صورت میں) اپنے ساتھ ثابت کرنے کے لیے سی ڈی سی کا ووٹ نمبر کے ساتھ لانا ہوگا۔ اس کی شناخت اور پراکسی کی صورت میں ضروری ہے۔ اس کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کریں۔ کارپوریٹ ممبران کے نمائندے کو اس مقصد کے لیے درکار معمول کی دستاویزات لانی چاہئیں۔

6. ممبر سے درخواست کی جاتی ہے کہ وہ اپنے میٹنگ ایڈریس میں کسی بھی تبدیلی کے بارے میں کمپنی کے شیئر رجسٹرار کو فوری طور پر آگاہ کرے۔

7. ممبران سے درخواست کی جاتی ہے کہ وہ بذریعہ ڈاک، اپنے CNIC یا پاسپورٹ کی فوٹو کاپی (غیر ملکی کی صورت میں) فراہم کریں، جب تک کہ یہ پہلے فراہم نہ کیا گیا ہو، کمپنی کو متعلقہ قوانین کی تعمیل کرنے کے قابل بنائے۔

8. ایس ای سی پی نے اپنے ایس آر او 470(1)/2016، مورخہ 31 مئی 2016 کے ذریعے کمپنیوں کو اجازت دی تھی کہ وہ اپنے ممبروں کو اپنے رجسٹرڈ پتوں پر سی ڈی سی/ڈی ڈی وی ڈی/یو ایس بی کے ذریعے سالانہ آڈٹ شدہ اکاؤنٹس جاری کریں۔ اس کے پیش نظر کمپنی 2021 کی سالانہ رپورٹ اپنے حصص یافتگان کو سی ڈی سی کی شکل میں بھیجے گی۔ کوئی بھی ممبر جس کو 2021 سالانہ رپورٹ کی پرمیٹڈ کاپی درکار ہو وہ شناختی تفصیلات کے ساتھ درخواست بھیج سکتا ہے، کمپنی ایک ہفتے کے اندر پرنٹ شدہ اکاؤنٹس 2021 کی ہارڈ کاپی مفت بھیجے گی۔

9. کمپنی ایکٹ، 2017 کے سیکشن 132(2) کے مطابق اگر کمپنی کم از کم 10 دن پہلے ویڈیو کانفرنس کے ذریعے میٹنگ میں شرکت کے لیے جغرافیائی محل وقوع میں 10 فیصد یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے ممبروں سے رضامندی حاصل کرتی ہے سالانہ جنرل میٹنگ کی تاریخ، کمپنی اس جگہ پر ایسی سہولت کی دستیابی سے مشروط جگہ پر ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی۔ اس سہولت سے فائدہ اٹھانے کے لیے ایک درخواست کمپنی کے کمپنی سیکرٹری کو دیے گئے پتے پر پیش کی جائے۔

10. شیئر ہولڈرز کے پاس سالانہ آڈٹ شدہ مالی بیانات اور سالانہ جنرل میٹنگ کا نوٹس ای میل کے ذریعے وصول کرنے کا آپشن ہے۔ تاہم، اگر کوئی شیئر ہولڈر، اس کے علاوہ، آڈٹ شدہ مالیاتی بیانات کی ہارڈ کاپی کی درخواست کرتا ہے، تو اسے درخواست کی وصولی کے ساتھ (07) دن کے اندر مفت فراہم کیا جائے گا۔

# Chairman's Review

I am pleased to present annual accounts of Buxly Paints Limited for the year ended on June 30, 2021.

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 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. 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 25, 2021



## چیئر مین کی طرف سے رپورٹ کا جائزہ لیں

مجھے 30 جون 2021 کو ختم ہونے والے سال کے لیے بکسلے پینٹس لمیٹڈ کے سالانہ اکاؤنٹس پیش کرنے پر خوشی ہے۔

بکسلے پینٹس لمیٹڈ کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دی گئی تمام ضروریات کی تعمیل کرتا ہے جو کہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور میٹنگز کے حوالے سے ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت ضرورت کے مطابق، بکسلے پینٹس لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز ("بورڈ") کی سالانہ تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثیر کو کمپنی کے لیے مقرر کردہ مقاصد کے تناظر میں توقعات کے مقابلے میں مایا اور بیچ مارک کیا جائے۔ جن علاقوں میں بہتری کی ضرورت ہوتی ہے ان پر مناسب غور کیا جاتا ہے اور ایکشن پلان بنائے جاتے ہیں۔

بورڈ کی تشخیص کے مقصد کے لیے، ایک جامع معیار تیار کیا گیا ہے۔ بورڈ نے حال ہی میں اپنی سالانہ خود تشخیص مکمل کی ہے اور میں رپورٹ کرتا ہوں کہ: سال کے لیے منظور شدہ معیار کی بنیاد پر مایا جانے والے بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔ تسلی بخش طور پر مجموعی تشخیص مندرجہ ذیل لازمی اجزاء کی تشخیص پر مبنی ہے، جو کمپنی کے مقاصد کے حصول میں بورڈ کے کردار پر براہ راست اثر ڈالتی ہے۔

1. تنوع اور کس: بورڈ کے ممبران مؤثر طریقے سے بورڈ میں تنوع لاتے ہیں اور آزاد اور غیر ایگزیکٹو ڈائریکٹرز کا مرکب تشکیل دیتے ہیں۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے تمام اہم معاملات اور فیصلوں میں یکساں طور پر شریک تھے۔

2. اسٹریٹجک منصوبہ بندی میں مشغولیت: بورڈ کو سٹیک ہولڈرز (شیئر ہولڈرز، کسٹمرز، ملازمین، دکاندار، سوسائٹی بڑے پیمانے پر) کی واضح تفہیم ہے جن کی کمپنی خدمات انجام دیتی ہے۔ بورڈ کا اسٹریٹجک وزن ہے کہ تنظیم کو اگلے تین سے پانچ سالوں میں کس طرح تیار کیا جانا چاہیے۔ مزید یہ کہ بورڈ نے حکمت عملی کی تشکیل پر کافی وقت صرف کیا ہے اور اس نے تمام بڑے کارکردگی کے شعبوں میں سالانہ اہداف اور اہداف کا انتظام کیا ہے۔

3. مستعدی: بورڈ کے اراکین نے اپنے فرائض پوری تہی سے سرانجام دیے اور کاروباری حکمت عملیوں، کارپوریٹ مقاصد، منصوبوں، بجٹ، مالیاتی بیانات اور دیگر پورٹس کا مکمل جائزہ لیا، تبادلہ خیال کیا اور منظوری دی۔ اسے بورڈ اور کمیٹی کے اجلاسوں سے پہلے کافی وقت میں واضح اور مختصر ایجنڈے اور تحریری مواد کی حمایت حاصل ہوئی۔ بورڈ اپنی ذمہ داریوں کو مناسب طریقے سے نبھانے کے لیے کثرت سے ملا۔

4. تنظیم کی کاروباری سرگرمیوں کی مانیٹرنگ: بورڈ، کمپنی کے مقاصد، اہداف، حکمت عملیوں اور مالی کارکردگی کے حصول کے حوالے سے انتظامی، اندرونی اور بیرونی آڈیٹروں اور دیگر آزاد کنسلٹنٹس کی جانب سے باقاعدہ پریزنٹیشن کے ذریعے اپ ڈیٹ رہے۔ بورڈ نے بروقت بنیاد پر مناسب سمت اور نگرانی فراہم کی۔

5. گورننس اور کنٹرول ماحول: بورڈ نے حکمرانی کے شفاف اور مضبوط نظام کو جگہ دے کر ٹون۔ ایٹ۔ دی۔ ٹاپ کو مؤثر طریقے سے ترتیب دیا ہے۔ یہ ایک مؤثر کنٹرول ماحول قائم کرنے، کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل اور پوری کمپنی میں اخلاقی اور منصفانہ رویے کو فروغ دینے سے ظاہر ہوتا ہے۔

شمشاد علی

چیئر مین

مورخہ: 25 ستمبر 2021-



## 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 2021. Financial Results are as follows:

	<b>2021</b> <i>(Rs.000's)</i>
<hr/>	
<b>Financial Results:</b>	
Profit before taxation	<b>8,084</b>
Taxation	<b>(5,319)</b>
Profit after taxation	<b>2,765</b>
Earning per share	<b>Rs. 1.92</b>

### MACROECONOMIC REVIEW

Economic activity has largely normalized with an improvement in the overall business environment. The fallout of the pandemic has been well contained. Resultantly, the economy has witnessed a “V-shaped” recovery on the back of targeted fiscal measures and monetary stimulus. The GDP growth rate of 3.94% exceeded all internal and external projections. Fiscal deficit was contained to 7% of GDP as compared to 8.1% during the same period last year despite higher interest and COVID 19 related payments. The headline inflation for FY21 was recorded at 8.9% which was mainly driven by supply shocks to food, impact of energy tariff hikes and increasing commodity prices.

### BUSINESS PERFORMANCE REVIEW

Despite intense competition your company has achieved sales value of Rs. 354.57 million as against Rs. 275.21 million of last year which is 29% more than the last year. Gross profit achieved in 2021 amounts to Rs. 57.944 million as compared to Rs. 53.96 million for the year 2020. Increase in input costs adversely affected the performance of your company. Due to strict cost control measures, selling, marketing and Administrative expenses stood Rs. 45.62 compared with 45.85 million of the last year resultantly the company reported after tax profit Rs. 2.765 million.

### OUTLOOK FOR THE YEAR 2022

The Country's financial year has commenced with upbeat indicators as business activity gets back to normal and investor confidence is restored. The improved vaccination drive has further raised hopes of defying fourth wave of COVID 19 and aiding the economic turnaround.

Your company is fully geared up to have optimum sales value growth in the coming year by exploring new ways of reaching its customers. Increasing trend in exchange rate and interest cost is expected to adversely affect the profitability. Your company is improving its gross margin by increasing selling prices and rationalizing the burden of increased raw material and manufacturing cost. We are hopeful for the positive outcome in year 2022.

### 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:

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

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

#### **AUDIT COMMITTEE**

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

#### **HUMAN RESOURCE COMMITTEE**

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

#### **PATTERN OF SHAREHOLDING**

A statement showing the pattern of shareholding is provided hereafter.

#### **EARNING PER SHARE**

Earnings Per share is Rs. 1.92 [2020: Rs. 0.04]

#### **AUDITORS**

The present auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants being eligible, have offered themselves for re-appointment for the year ended 2021-22.

#### **REASONS FOR NON DECLARATION OF DIVIDEND**

Due to accumulated losses of the Company, the Directors did not recommend any dividend for the year ended June 30, 2021.

#### **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, 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, 2021 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, 2021 is Rs.5.475 million (2020: Rs.5.140 million) for the year ended June 30, 2021.

Chief Executive Office

Director

Karachi: September 25, 2021

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ اکاؤنٹس اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کی سالانہ رپورٹ جمع کراتے ہیں۔ مالی نتائج درج ذیل ہیں:

2021	مالی نتائج:
(روپے)	
8,084	ٹیکس سے پہلے منافع
(5,319)	ٹیکسیشن
2,765	ٹیکس کے بعد منافع
Rs. 1.92	فی شیئر منافع روپے

## میکرو اکنومک جائزہ

مجموعی طور پر کاروباری ماحول میں بہتری کے ساتھ معاشی سرگرمی بڑی حد تک معمول پر آگئی ہے۔ وبائی مرض کا نتیجہ اچھی طرح سے قابو میں ہے۔ اس کے نتیجے میں، معیشت نے ہدف شدہ مالی اقدامات اور مالیاتی محرک کی پشت پر "V" شکل کی بحالی دیکھی ہے۔ جی ڈی پی کی شرح نمو 3.94 فیصد تمام اندرونی اور بیرونی تخمینوں سے تجاوز کر گئی۔ مالی خسارہ جی ڈی پی کے 7 فیصد پر مشتمل تھا جبکہ پچھلے سال اسی عرصے کے دوران 8.1 فیصد کے مقابلے میں زیادہ سود اور COVID-19 سے متعلقہ ادائیگیوں کے باوجود۔ مالی سال 21 کے لیے افراط زر کی شرح 8.9 فیصد ریکارڈ کی گئی جو بنیادی طور پر خوراک کی فراہمی کے جھٹکے، توانائی کے نرخوں میں اضافے کے اثرات اور اشیاء کی قیمتوں میں اضافے کی وجہ سے تھی۔

## کاروباری کارکردگی کا جائزہ

شدید مقابلے کے باوجود آپ کی کمپنی نے روپے کی فروخت کی قیمت حاصل کی ہے۔ 354.57 ملین روپے کے مقابلے میں پچھلے سال کے 275.21 ملین جو کہ پچھلے سال کے مقابلے میں 29 فیصد زیادہ ہیں۔ 2021 میں حاصل کردہ مجموعی منافع روپے کے برابر ہے۔ 57.944 ملین روپے کے مقابلے میں سال 2020 کے لیے 53.96 ملین۔ ان پٹ اخراجات میں اضافے نے آپ کی کمپنی کی کارکردگی کو بری طرح متاثر کیا۔ لاگت کنٹرول کے سخت اقدامات کی وجہ سے، فروخت، مارکیٹنگ اور انتظامی اخراجات روپے تھے۔ 45.62 کے مقابلے میں گزشتہ سال کے 45.85 ملین کے نتیجے میں کمپنی نے ٹیکس منافع کے بعد روپے 2.765 ملین کا اضافہ ہوا۔

## سال 2022 کے لیے آؤٹ لک

ملک کا مالی سال حوصلہ افزا اشاریوں کے ساتھ شروع ہوا ہے کیونکہ کاروباری سرگرمیاں معمول پر آجاتی ہیں اور سرمایہ کاروں کا اعتماد بحال ہوتا ہے۔ ویکسینیشن کی بہتر مہم نے COVID-19 کی چوتھی لہر کو روکنے اور معاشی تبدیلی میں مدد کرنے کی امیدوں کو مزید بڑھایا ہے۔

آپ کی کمپنی اپنے گاہکوں تک پہنچنے کے نئے طریقے تلاش کر کے آنے والے سال میں زیادہ سے زیادہ سیلز ویلیو میں اضافے کے لیے تیار ہے۔ شرح تبادلہ اور شرح سود میں اضافے کے رجحان سے منافع پر منفی اثر پڑنے کی توقع ہے۔ آپ کی کمپنی فروخت کی قیمتوں میں اضافہ اور خام مال اور مینوفیکچرنگ لاگت کے بوجھ کو منطقی بنا کر



اپنے مجموعی مارجن کو بہتر بنا رہی ہے۔ ہم سال 2022 میں مثبت نتائج کے لیے پرامید ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز اس وقت 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 کے 14 اجلاس منعقد ہوئے اور حاضری مندرجہ ذیل تھی۔

ڈائریکٹرز کا نام۔ حاضری

جناب بشیر احمد -4

جناب شمشاد علی -4

محترمہ روبینہ رضوی -4

جناب فخر العارفین -2

جناب محمد حنیف ادریس -4

جناب شیخ عاصم رفیق (این آئی ٹی نامزد) -4

مسٹر میجر (ر) نصیر احمد -2

مسٹر عدنان اقبال (سی ای او) -4

غیر حاضری کی چھٹیاں ان ڈائریکٹرز کو دی گئیں جو اجلاسوں میں شرکت کرنے سے قاصر تھے۔

حساب کتاب کا گروہ یا لوگ

سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔

انسانی وسائل کی کمیٹی

سال کے دوران، انسانی وسائل کمیٹی کا ایک اجلاس منعقد ہوا۔

شیئر ہولڈنگ کا پیٹرن۔

شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والا بیان بعد میں فراہم کیا جاتا ہے۔

فی حصص آمدنی

فی حصص آمدنی روپے ہے [2020:Rs.0.041] 1.92

## آڈیٹرز

موجودہ آڈیٹرز، میسرز رحمان رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس اہل ہیں، نے 2021-22 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کی پیشکش کی ہے۔  
منافع کے غیر اعلان کی وجوہات۔

کمپنی کے جمع شدہ نقصانات کی وجہ سے، ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لیے کسی قسم کے منافع کی سفارش نہیں کی۔  
صحت، حفاظت اور ماحول۔

کمپنی کسٹمر پر مرکوز ہونے کی وجہ سے محفوظ اور ماحول دوست آپریشنز، مصنوعات اور خدمات کو یقینی بنانے کے لیے پرعزم ہے۔ آپ کی کمپنی ISO-9001-2015 میں سند یافتہ ہے۔ آپ کی کمپنی معیاری شعور اور محفوظ کام کے ماحول کو فروغ دینے کے لیے بھی کام کر رہی ہے۔ ملازمین کے لیے سیکورٹی آگاہی بڑھانے کے لیے تربیتی سیشن منعقد کیے جاتے ہیں۔

بنیادی خطرات اور غیر محدودیاں۔

کمپنی کچھ مہرورٹی خطرات سے دوچار ہے اور غیر یقینی صورتحال میں شامل ہیں آپریشنل، مارکیٹ، تعمیل اور مالی خطرہ۔ مذکورہ خطرات کے ممکنہ اثرات کو قابل قبول سطح تک کم/کم کرنے کے لیے کمپنی اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ کام کرتی ہے۔

انٹرنل فنانشل کنٹرولز۔

ڈائریکٹر داخلی مالیاتی کنٹرول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں۔ مینجمنٹ اور آڈیٹرز کے ساتھ بات چیت کے ذریعے، وہ تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کیا گیا ہے۔

کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل

کارپوریٹ گورننس کے ضابطے کی تعمیل کا بیان رپورٹ کے ساتھ منسلک ہے۔

مادی تبدیلیاں

30 جون 2021 کے بعد سے رپورٹ کی تاریخ میں کوئی مادی تبدیلیاں نہیں ہوئیں اور کمپنی نے اس مدت کے دوران کوئی عزم نہیں کیا، جس سے کمپنی کی مالی پوزیشن پر منفی اثرات مرتب ہوں گے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک۔

جیسا کہ ملک میں اسٹاک ایکسچینجر کے لسٹنگ رولز میں شامل کوڈ آف کارپوریٹ گورننس کے تحت ضرورت ہے، ڈائریکٹرز مندرجہ ذیل بیان کرتے ہوئے خوش ہیں:

(i) اس کے نوٹوں کے ساتھ مالیاتی بیانات کمپنیز ایکٹ، 2017 کے مطابق بنائے گئے ہیں۔ ایکویٹی میں تبدیلیاں

(ii) کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔

(iii) مناسب حساب کتاب کی پالیسیاں مسلسل مالی بیانات اور اکاؤنٹنگ تخمینوں کی تیاری میں لاگو ہوتی رہی ہیں اور یہ معقول اور سمجھدار فیصلے پر مبنی ہوتی ہیں۔

(iv) بین الاقوامی مالیاتی رپورٹنگ کے معیارات جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

- (v) اندرونی کنٹرول کا نظام اطمینان بخش ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے۔
- (vi) ٹیکس اور محصولات کے بارے میں معلومات نوٹ میں دی گئی ہیں اور مالی بیانات کا حصہ بنتی ہیں۔
- (vii) کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- (viii) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل کے علاوہ ان کی رپورٹ میں آڈیٹروں کی طرف سے نمایاں کیے گئے ہیں۔ انتظامیہ آپ کی کمپنی کو ان قواعد و ضوابط کے مطابق بنانے کی کوشش جاری رکھے ہوئے ہے۔
- (ix) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا بعد میں فراہم کیا جاتا ہے۔
- (x) 30 جون 2021 کو ملازمین کے پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 30 جون 2021 کو ختم ہونے والے سال کے لیے 5.475 ملین روپے (2020:5.140 ملین روپے) ہے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 25 ستمبر 2021۔

# 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 2021 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. 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.

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 2021.

**Rahman Sarfaraz Rahim Iqbal Rafiq,**  
Chartered Accountants

Engagement Partner: Rashid Rahman Mir

Place: Lahore  
Date: September 25, 2021

## 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. Major (R) Naseer Ahmed  
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. Two directors have completed directors training program (DTP) approved by SECP and one has minimum 14 years of education and 15 years' experience on the board of listed company hence exempt from directors training program (DTP); which is less than 75% of total directors. Company intend to arrange DTP for remaining directors to ensure full compliance.
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. The company secretary appointed during the year didn't hold the specified qualification under the relevant regulations of the commission.
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<br>Ms. Rubina Rizvi- Member<br>Mr. Fakhrul Arfin – Member       |
| b) | HR and Remuneration Committee | Mr. Sheikh Asim Rafiq – Chairman<br>Mr. Major (R) Naseer Ahmed – Member<br>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-19 (Paragraph-9 of the Statement of Compliance)	Regulation 19 of CCG Regulations 2019 encourages the directors training program. Buxly Paints Limited being a responsible and compliant company has already arranged DTP in the past and plans to do the same in the future.
Regulation-24 (Paragraph-10 of the Statement of Compliance Qualification of Company Secretary)	In view of COVID 19 situation & lack of resources appropriate hiring could not be made. However, a qualified company secretary has now been hired.

\_\_\_\_\_  
Signature  
Shamshad Ali  
Chairman

\_\_\_\_\_  
Signature  
Adnan Iqbal  
Chief Executive Officer

Dated : September 25, 2021



# 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, 2021, and the statement of profit or loss and other 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 and other 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, 2021 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)	<b>Valuation of Trade Debts</b>	
	<p>The Company has a significant balance of trade debts amounting to Rs 116.453 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 &amp; 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>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>Obtain understanding of procedures and system of the company for recording and accounting such type of financial assets;</li> <li>obtaining an understanding of the basis for the determination of provision required at the year end and the receivables collection process; and</li> <li>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.</li> </ul>

S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<b>Inventory existence and valuation</b>	
	<p>As at the year end, the Company held inventories amounting to Rs. 100.908 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 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"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>

#### **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 and other 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 25, 2021

# Statement of Financial Position

As at June 30, 2021

	Note	2021	2020
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non current assets</b>			
Property and equipment	4	131,596	131,554
Investment properties	5	4,022	4,201
Long term loans and advances	6	1,360	2,315
Long term receivable	7	6,300	4,500
Long term security deposits		141	141
Deferred taxation	8	-	-
		<u>143,419</u>	<u>142,711</u>
<b>Current assets</b>			
Stock-in-trade	9	100,908	72,243
Trade debts - unsecured	10	116,453	79,244
Advances and deposits	11	10,926	10,218
Prepayments and other receivables	12	1,749	613
Term deposit receipts / account	13	150	150
Mark up receivable		12	11
Current portion of long term loans and advances	6	243	382
Taxation - net		5,983	8,191
Cash and bank balances	14	20,034	10,859
		<u>256,458</u>	<u>181,911</u>
<b>Total assets</b>		<u><b>399,877</b></u>	<u><b>324,622</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
5,000,000 (2020: 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)		(15,874)	(18,639)
		<u>134,871</u>	<u>132,106</u>
<b>Non Current liabilities</b>			
Long Term Finance	17	1,046	1,385
<b>Current liabilities</b>			
Markup Accrued		1,040	1,225
Current portion of long term Finance	17	2,092	462
Unpaid Dividend		217	217
Unclaimed Dividend		102	102
Short term borrowing - secured	18	73,886	45,882
Trade and other payables	19	186,623	143,243
		<u>263,960</u>	<u>191,131</u>
Contingencies and commitments	20		
<b>Total equity and liabilities</b>		<u><b>399,877</b></u>	<u><b>324,622</b></u>

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 and Other Comprehensive Income

For the year ended June 30, 2021

	Note	2021	2020
(Rupees in '000)			
Sales	21	354,573	275,216
Cost of sales	22	(296,629)	(222,117)
Gross profit		57,944	53,099
Distribution and selling expenses	23	(30,907)	(35,136)
Administrative expenses	24	(14,716)	(10,669)
		(45,623)	(45,805)
		12,321	7,294
Other income	25	4,118	4,258
		16,439	11,552
Finance cost	26	(7,756)	(7,057)
Other charges		(599)	(315)
		(8,355)	(7,372)
Profit/(Loss) before tax		8,084	4,180
Taxation	27	(5,319)	(4,128)
Profit/(Loss) for the year		2,765	52
<b><i>Other Comprehensive Income-Net of Tax</i></b>			
Items that will be reclassified to profit or loss		-	-
Items that will never be reclassified to profit or loss:			
Revaluation surplus recognised during the year		-	-
Adjustment of surplus pertaining to property transferred to investment property		-	-
	16	-	-
<b>Total comprehensive income/(loss)</b>		2,765	52
<b>(Rupees)</b>			
Earning/(Loss) per share - basic and diluted	28	1.92	0.04

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



# Statement of Cash Flows

For the year ended June 30, 2021

Note	2021	2020
	(Rupees in '000)	
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	8,084	4,180
Adjustments for:		
Depreciation	257	272
Finance cost	7,756	7,057
Mark-up on term deposit receipts	(13)	(619)
Provision for doubtful debts	3,675	328
Rental Income	(1,800)	(1,800)
	17,959	9,418
<b>(Increase) / decrease in current assets</b>		
Stock-in-trade	(28,665)	(8,697)
Trade debts	(40,884)	(15,288)
Advances and deposits	(708)	4,767
Prepayments and other receivables	(1,136)	3,802
	(71,393)	(15,416)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	43,380	14,519
Net cash (used in) / generated from operating activities	(10,054)	8,521
Income tax paid	(3,111)	(1,864)
Finance cost paid	(7,941)	(7,239)
Net cash (used in)/ generated from operations	(21,106)	(582)
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(120)	-
Proceeds from term deposit receipts	-	7,067
Long term security deposits	-	(50)
Mark up received on term deposit receipts	12	796
Long term loans and advances	1,094	(82)
Net cash generated from/ (used in) investing activities	986	7,731
<b>Cash flows from financing activities</b>		
Long term Finance	1,291	1,847
Short term borrowing - secured	28,004	(16,421)
Net cash generated from/ (used in) financing activities	29,295	(14,574)
Net increase in cash and cash equivalents during the year	9,175	(7,425)
<b>Cash and cash equivalents at beginning of the year</b>	10,859	18,284
<b>Cash and cash equivalents at end of the year</b>	20,034	10,859

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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, 2021

	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, 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
Total comprehensive income for the year	-	-	-	2,765	2,765
<b>Balance as at 30 June 2021</b>	<b>14,400</b>	<b>130,352</b>	<b>5,993</b>	<b>(15,874)</b>	<b>134,871</b>

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, 2021*

## 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 arrangements, 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:

- IAS 1 -Presentation of Financial Statements- ( Amendments regarding the definition of material)
- IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors- ( Amendments regarding definition of material)
- IFRS 3 - Business Combinations - (Amended-definition of business)
- IFRS-7 Financial Instruments disclosure- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-9 Financial Instruments- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS-39 Financial Instruments: Recognition and Measurement- (Amendments regarding replacement issues in the context of the IBOR reform)

### 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 - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022)
- IFRS 4 - Insurance Contracts - (Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) issued)
- IFRS 4 - Insurance Contracts - (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)- (Effective for annual periods beginning on or after 1 January 2022))
- IAS 1- Presentation of Financial Statements - (Amendments regarding the classification of liabilities)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendment to defer the effective date of the January 2020 amendments)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendments regarding the disclosure of accounting policies)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors - (Amendments regarding the definition of accounting estimates)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 12- Income Taxes - (Amendments regarding deferred tax on leases and decommissioning obligations)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 16- Property, Plant 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 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous)-(Effective for annual periods beginning on or after 1 January 2022).

**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

### **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 month the asset is available for use while no depreciation is charged from the month 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.

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 had been accounting for all accumulated compensated absences, when employees render services that increase their entitlement to future compensated absences. Accrual was made for employees compensated absences on the basis of last drawn pay. The policy has been discontinued during current year.

**3.5 Trade debts**

These are measured at amortized cost and are initially recognised when these are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

**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.

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 of 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

	2021									
	Cost				Depreciation Rate %	Accumulated depreciation				
	As at 1 July 2020	Additions	(Disposals) / (Transfer)	As at 30 June 2021		As at 1 July 2020	Charge for the year	Reversal	As at 30 June 2021	Written down value as on 30 June 2021
(Rupees in '000)					(Rupees in '000)					
<b>Owned</b>						%				
Leasehold Land - Cost	826	-	-	826		-	-	-	-	826
- Revaluation	130,362	-	-	130,362		-	-	-	-	130,362
	<b>131,188</b>	-	-	<b>131,188</b>		-	-	-	-	<b>131,188</b>
Furniture and fixtures	586	-	-	586	10	437	15	-	452	134
Vehicles	410	-	-	410	20	392	4	-	396	14
Office equipments	329	49	-	378	10	233	11	-	244	134
Computers	1,098	71	-	1,169	33	995	48	-	1,043	126
	<b>133,611</b>	<b>120</b>	-	<b>133,731</b>		<b>2,057</b>	<b>78</b>	-	<b>2,135</b>	<b>131,596</b>
	2020									
	Cost				Depreciation Rate %	Accumulated depreciation				Written down value as on 30 June 2020
	As at 1 July 2019	Additions	(Disposals)	As at 30 June 2020		As at 1 July 2019	Charge for the year	(Reversal)/ transfers	As at 30 June 2020	
	(Rupees in '000)					(Rupees in '000)				
<b>Owned</b>										
Leasehold Land - Cost	826	-	-	826		-	-	-	-	826
- Revaluation	130,362	-	-	130,362		-	-	-	-	130,362
	<b>131,188</b>	-	-	<b>131,188</b>		-	-	-	-	<b>131,188</b>
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
	<b>133,611</b>	-	-	<b>133,611</b>		<b>1,974</b>	<b>83</b>	-	<b>2,057</b>	<b>131,554</b>

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

		2021	2020
		(Rupees in '000)	
Distribution and selling expenses	23	<b>16</b>	17
Administrative expenses	24	<b>62</b>	66
		<b>78</b>	<b>83</b>

#### 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

	2021							
	Cost				Depreciation			Written down value as at 30 June 2021
	As at 1 July 2020	Transfer	As at 30 June 2021	Depreciation Rate %	As at 1 July 2020	Charge for the year	As at 30 June 2021	
----- (Rupees in '000) -----				----- (Rupees in '000) -----				
Leasehold land	700	-	700	-	87	-	87	613
Office building	5,408	-	5,408	5	1,820	179	1,999	3,409
	<b>6,108</b>	<b>-</b>	<b>6,108</b>		<b>1,907</b>	<b>179</b>	<b>2,086</b>	<b>4,022</b>
	2020							
	Cost				Depreciation			Written down value as at 30 June 2020
	As at 1 July 2019	Transfer	As at 30 June 2020	Depreciation Rate %	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
	<b>6,108</b>	<b>-</b>	<b>6,108</b>		<b>1,718</b>	<b>189</b>	<b>1,907</b>	<b>4,201</b>

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.

5.2	Note	2021	2020
		(Rupees in '000)	
Depreciation for the year has been allocated as follows:			
Distribution and selling expenses	23	36	38
Administrative expenses	24	143	151
		<b>179</b>	<b>189</b>

## 6 LONG TERM LOANS AND ADVANCES

## - Secured, considered good

Employee loans	6.1	1,603	2,697
Receivable within one year		(243)	(382)
		<b>1,360</b>	<b>2,315</b>

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.

	2021	2020
	(Rupees in '000)	
<b>7. LONG TERM RECEIVABLE</b>		
	<b>6,300</b>	4,500

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:

Less than one year	1,800	1,800
Between one and five years	7,200	7,200
More than five years	2,700	4,500
	<b>11,700</b>	<b>13,500</b>

#### 8. DEFERRED TAXATION

The Company has not recognised deferred tax assets of Rs. 11.233 million (2020: Rs. 5.576 million) in respect of temporary difference amounting to Rs. 38,734 million (2020: Rs. 19.227 million) as per policy given in note 3.9.

	Note	2021	2020
		(Rupees in '000)	
<b>9. STOCK-IN-TRADE</b>			
Packing material		3,099	1,142
Work-in-process		3,802	3,060
Finished goods		98,764	72,798
		<b>105,665</b>	77,000
Provision against slow moving stocks:			
- Finished goods	9.1	(4,757)	(4,757)
		<b>100,908</b>	72,243
<b>9.1</b> Particulars of provision are as follows:			
Opening balance		4,757	4,757
Charge for the year		-	-
Closing balance		4,757	4,757

	Note	2021 (Rupees in '000)	2020
<b>10. TRADE DEBTS - unsecured</b>			
Considered good		116,453	79,244
Considered doubtful		16,856	13,181
		<u>133,309</u>	<u>92,425</u>
Provision against debts considered doubtful	10.1	(16,856)	(13,181)
		<u>116,453</u>	<u>79,244</u>
<b>10.1 Provision against debts considered doubtful:</b>			
Opening balance		13,181	12,853
Charge/(Reversal) for the year		3,675	328
Closing balance		<u>16,856</u>	<u>13,181</u>
<b>11. ADVANCES AND DEPOSITS</b>			
<b>Advances - unsecured, considered good</b>			
Employees		434	581
Advance to supplier		550	398
<b>Deposits</b>			
Margin against letters of guarantee		4,146	4,713
Earnest money and tender deposits		8,028	6,758
		12,174	11,471
Provision against expired letter of guarantee, earnest money and security deposits	11.1	(2,232)	(2,232)
		<u>10,926</u>	<u>10,218</u>
<b>11.1 Particulars of provision are as follows:</b>			
Opening balance		2,232	2,232
Charge for the year		-	-
Closing balance		<u>2,232</u>	<u>2,232</u>
<b>12. PREPAYMENTS AND OTHER RECEIVABLES</b>			
Prepayments		358	206
Receiveable from employees' provident fund		1,391	407
		<u>1,749</u>	<u>613</u>
<b>13. TERM DEPOSIT RECEIPTS / ACCOUNT     -HELD TO MATURITY</b>		<u>150</u>	<u>150</u>

These short term deposits carrying mark-up at the rates ranging from 6.1 % to 12.2 % (2020: 6% to 12%) per annum having maturities within one year. The term deposits are under lien against letter of guarantees issued by the banks.

	2021	2020
	(Rupees in '000)	
<b>14. CASH AND BANK BALANCES</b>		
In hand	59	61
At banks - in current accounts	19,975	10,798
	<u>20,034</u>	<u>10,859</u>

**15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

	2021	2020		2021	2020
	(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
<u>1,440,000</u>	<u>1,440,000</u>			<u>14,400</u>	<u>14,400</u>

Issued, subscribed and paid-up capital at the year end included 816,090 (2020: 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.

	2021	2020
	(Rupees in '000)	
<b>16. SURPLUS ON REVALUATION OF PROPERTY</b>	<u>130,352</u>	<u>130,352</u>

- 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.

	2021	2020
	(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	<u>130,352</u>	<u>130,352</u>

	2021	2020
	(Rupees in '000)	
<b>17. LONG TERM FINANCE-SECURED</b>		
Opening balance	1,847	-
Obtained during the year	2,337	1,847
	<u>4,184</u>	<u>1,847</u>
Paid during the year	1,046	-
Less: Current portion	2,092	462
	<u>1,046</u>	<u>1,385</u>

A term finance facility under the refinance scheme for payment of wages and salaries to the workers and employees of business concerns of State Bank of Pakistan has been obtained for an amount up to Rs. 5 Million for a term of 2.5 years with grace period of 6 months. This facility is sanctioned to finance wages and salaries of permanent, contractual, outsourced, daily wagers. This arrangement is secured against first hypothecation charge of Rs. 107 million over stocks and receivables of the company and additional comfort of first equitable mortgage charge of Rs. 67 million on industry property of the company situated at Plot # X-3, Manghopir Road, S.I.T.E., Karachi. This facility is being repaid in 8 equal quarterly instalments ending on October 2022. It carries markup @ SBP + 3% p.a. The aforementioned facility has been obtained from JS Bank Limited.

	2021	2020
	(Rupees in '000)	
<b>18. SHORT TERM BORROWINGS - Secured</b>	<u>73,886</u>	<u>45,882</u>

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 (2020: Rs. 50 million).

		2021	2020
		(Rupees in '000)	
<b>19. TRADE AND OTHER PAYABLES-unsecured</b>			
<b>Trade creditors</b>	19.1	180,933	139,261
<b>Accrued expenses</b>		548	748
		<u>181,481</u>	<u>140,009</u>
<b>Other liabilities</b>			
Contract liabilities		1,208	170
Workers' profit participation fund	19.2	546	318
Provision for compensated absences		-	362
Sales tax payable		1,446	1,275
Others	19.3	1,942	1,109
		<u>5,142</u>	<u>3,234</u>
		<u>186,623</u>	<u>143,243</u>
<b>19.1</b>	This includes payable to following associated undertaking:		
	Berger Paints Pakistan Limited	162,849	127,174
<b>19.2</b>	<b>Workers' profit participation fund</b>		
	Balance as at 1 July	318	93
	Charge/ Adjustments for the year	434	225
	Paid during the year	(206)	-
	Balance as at 30 June	<u>546</u>	<u>318</u>
<b>19.3</b>	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. 4.146 million (2020: 4.863 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.

	<b>2021</b>	<b>2020</b>
	<b>(Rupees in '000)</b>	
<b>21. SALES</b>		
Gross sales	<b>449,322</b>	341,415
Sales tax and excise duty	<b>(66,679)</b>	(50,790)
	<b>382,643</b>	290,625
Commission and discounts	<b>(28,070)</b>	(15,409)
	<b>354,573</b>	275,216



	Note	2021 (Rupees in '000)	2020
<b>22. COST OF SALES</b>			
<b>Opening Stock</b>			
Packing material		1,142	5,261
<b>Purchases</b>			
Raw material		272,706	193,435
Packing material		25,516	17,429
		<u>298,222</u>	<u>210,864</u>
		299,364	216,125
<b>Closing stock</b>			
Packing material		(3,099)	(1,142)
Material consumed		<u>296,265</u>	<u>214,983</u>
<b>Manufacturing expenses</b>			
Toll manufacturing charges		27,072	19,950
		<u>323,337</u>	<u>234,933</u>
<b>Work in process</b>			
Opening stock		3,060	1,439
Closing stock		(3,802)	(3,060)
		<u>(742)</u>	<u>(1,621)</u>
Cost of goods manufactured		322,595	233,312
<b>Finished goods</b>			
Opening stock		72,798	61,603
Closing stock		(98,764)	(72,798)
		<u>(25,966)</u>	<u>(11,195)</u>
		<u>296,629</u>	<u>222,117</u>
<b>23. DISTRIBUTION AND SELLING EXPENSES</b>			
Salaries and other benefits	23.1	12,901	18,709
Insurance		374	478
Rent, rates and taxes		420	1,032
Carriage outward		9,653	8,942
Advertising and promotional expenses		2,413	2,514
Travelling and conveyance		3,682	2,655
Printing and stationery		534	150
Postage, telephone and fax		353	196
Repairs and maintenance		140	125
Depreciation	4.1 & 5.2	52	55
Entertainment and welfare		115	107
Fees and subscription		101	99
Sundry expenses		169	74
		<u>30,907</u>	<u>35,136</u>

23.1 Included herein is a sum of Rs. 0.436 million (2020: Rs. 0.321 million) in respect of staff retirement benefits. (Provident Fund).

	Note	2021 (Rupees in '000)	2020
<b>24. ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	24.1	5,904	5,570
Directors' fee		425	400
Insurance		118	87
Printing and stationery		27	415
Postage, telephone and fax		18	5
Travelling and conveyance		893	337
Service charges		600	600
Auditor's remuneration	24.2	465	465
Fees and subscription		50	155
Legal and professional fees		692	1,297
Repairs and maintenance		29	120
Depreciation	4.1 & 5.2	205	217
Entertainment and welfare		158	81
Utilities Expenses		665	592
Impairment Loss for Expected Credit Loss		3,675	328
Miscellaneous expenses		792	-
		<b>14,716</b>	<b>10,669</b>

24.1 Included herein is Rs. 0.138 million (2020: Rs. 0.087 million) in respect of staff retirement benefits and a sum of Rs. 2.122 million (2020: Rs. 2.066 million) in respect of remuneration of Chief executive.

	Note	2021 (Rupees in '000)	2020
<b>24.2 Auditors' remuneration</b>			
Statutory audit		275	275
Half yearly review		107	107
Other certifications		83	83
		<b>465</b>	<b>465</b>
<b>25. OTHER INCOME</b>			
<i>Financial asset</i>			
Mark up on term deposit receipts		13	619
		<b>13</b>	<b>619</b>
<i>Non financial asset</i>			
Royalty income	25.1	6	27
Misc. income (License fee)		499	12
Rental income	25.2	3,600	3,600
		<b>4,105</b>	<b>3,639</b>
		<b>4,118</b>	<b>4,258</b>

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.

	Note	2021 (Rupees in '000)	2020
<b>26. FINANCE COST</b>			
Bank charges		362	650
Mark-up on Short term running finance		7,282	6,407
Mark-up on long term finance		112	-
		7,756	7,057
<b>27 TAXATION</b>			
For the year		5,319	4,128
Deferred	8	-	-
		5,319	4,128

**27.1 Current status of tax assessments**

The income tax assessments of the Company have been finalised upto and including the tax year 2020 (Income year ended 30 June 2020). 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 2016 to 2020) 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.

	2021 (Rupees in '000)	2020
Profit/(Loss) for the year after tax	2,765	52
	<b>(Shares in '000)</b>	
Weighted average number of shares outstanding during the year	1,440	1,440
	<b>(Rupees)</b>	
Earning /(Loss) per share	1.92	0.04

**29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2021			2020		
	Chief Executive	Executives	Directors	Chief Executive	Executives	Directors
	(Rupees in '000)					
Directors' fee	-	-	425	-	-	400
Managerial remuneration	1,155	-	-	1,212	3,237	-
House rent allowance	620	-	-	464	1,193	-
Utilities	116	-	-	168	704	-
Conveyance	116	-	-	168	596	-
Medical allowance	116	-	-	54	-	-
	<u>2,123</u>	<u>-</u>	<u>425</u>	<u>2,066</u>	<u>5,730</u>	<u>400</u>
Number of persons	<u>1</u>	<u>-</u>	<u>7</u>	<u>2</u>	<u>3</u>	<u>7</u>

**30. PLANT CAPACITY & PRODUCTION**

(In litres)

Produced for the Company by a related party under toll manufacturing agreement

1,692,4831,123,069**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:

	2021	2020
	(Rupees in '000)	
<b><u>Associated undertakings</u></b>		
Purchase during the year	<u>272,706</u>	<u>193,435</u>
Sale during the year	<u>962</u>	<u>69</u>
Rental expense and service charges	<u>1,200</u>	<u>1,200</u>
Toll manufacturing expenses incurred	<u>27,072</u>	<u>19,950</u>
Royalty income	<u>6</u>	<u>27</u>
Rental income	<u>3,600</u>	<u>3,600</u>
Common expenditures	<u>15,515</u>	<u>19,977</u>
License fee	<u>12</u>	<u>12</u>
<b><u>Buxly Paints Limited Provident Fund</u></b>		
Company's contribution	<u>573</u>	<u>451</u>
(Receivable from)/Payable to Provident Fund	<u>(1,391)</u>	<u>(407)</u>

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:

		2021	2020
		(Rupees in '000)	
	Classification		
Loans and advances	At amortised cost	1,603	2,697
Long term deposits	At amortised cost	141	141
Trade debts	At amortised cost	116,453	79,244
Mark up receivable	At amortised cost	12	11
Other receivables	At amortised cost	1,391	407
Advances and deposits	At amortised cost	10,926	10,218
Term deposit receipts	At amortised cost	150	150
Bank balances	At amortised cost	19,975	10,798
		<b>150,651</b>	<b>103,666</b>

### *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:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)		(Rupees in '000)	
Past due 0 - 30 days	60,406	-	35,272	133
Past due 31 - 60 days	12,892	11	9,840	78
Past due 61 - 180 days	41,064	2,445	27,239	622
More than 180 days	18,948	14,401	20,073	12,348
	<b>133,310</b>	<b>16,857</b>	<b>92,424</b>	<b>13,181</b>

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	A1+	AAA
Habib Bank Limited	JCR-VIS	A1+	AAA
JS Bank Limited	PACRA	A1+	AA-
MCB Islamic Bank Limited	PACRA	A1	A
Bank AL Habib Limited	PACRA	A1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	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.

	2021				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
------(Rupees in '000) -----					
<b>Financial Liabilities at amortised cost</b>					
Long Term Finance	3,138	(3,138)	-	-	(3,138)
Short term borrowing - secured	73,886	(73,886)	(73,886)	-	-
Markup Accrued	1,040	(1,040)	(1,040)	-	-
Trade and other payables	184,631	(184,631)	(184,631)	-	-
Unpaid Dividend	217	(217)	-	(217)	-
Unclaimed Dividend	102	(102)	-	(102)	-
	<b>263,014</b>	<b>(263,014)</b>	<b>(259,557)</b>	<b>(319)</b>	<b>(3,138)</b>
-----					
	2020				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
------(Rupees in '000) -----					
<b>Financial Liabilities at amortised cost</b>					
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)	-
	<b>190,345</b>	<b>(190,345)</b>	<b>(188,179)</b>	<b>(319)</b>	<b>(1,847)</b>
-----					

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 2021, 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	
	2021	2020	2021	2020
	(in percentage)		(Rupees in '000)	
<b>Financial assets - Fixed rate instruments</b>				
Term deposit receipts	6.1 to 12.2	6 to 12	150	150

#### 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 23 which are all permanent employees (30 June 2020: 16) and average number of employees were 22 (30 June 2020: 17).

**35. PROVIDENT FUND DISCLOSURE**

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

	<b>2021</b>	<b>2020</b>
	-----Rupees-----	
	<b>Un-Audited</b>	<b>Un-Audited</b>
Size of the fund - total assets	5,475,256	5,140,598
Percentage of investments made	28%	30%
Fair Value of investments	5,079,746	4,735,653
Cost of Investments made (Un-Audited)	1,548,150	1,548,150

The break-up of cost of investments is:

	<b>2021</b>		<b>2020</b>	
	<b>% of fund</b>	<b>Rupees</b>	<b>% of fund</b>	<b>Rupees</b>
Defence Saving Certificates	18%	1,000,000	19%	1,000,000
Mutual Fund	10%	548,150	11%	548,150
	28%	1,548,150	30%	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 (CORONA VIRUS)**

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 25 September 2021.

## Pattern of Shareholding

*As at 30 June 2021*

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS		NO OF SHARES HELD	PERCENTAGE
	From	To		
326	1	100	16243	1.1280
171	101	500	46222	3.2099
39	501	1000	35688	2.4783
33	1001	5000	99820	6.9319
6	5001	10000	45200	3.1389
4	10001	15000	52500	3.6458
5	15001	20000	86019	5.9735
1	30001	35000	31500	2.1875
1	35001	40000	36500	2.5347
1	45001	50000	47218	3.2790
1	55001	60000	60000	4.1667
1	65001	70000	67500	4.6875
1	270001	275000	273600	19.0000
1	540001	545000	541990	37.6382
591			1440000	100.0000

PARTICULARS	NUMBER OF FOLIO	BALANCE SHARE	PERCENTAGE %
SPONSORS, DIRECTORS, CEO AND CHILDREN	2	542490	37.6729
ASSOCIATED COMPANIES	1	273600	19.0000
NIT AND ICP	1	100	0.0069
BANKS, DFI AND NBF1	1	98	0.0068
MUTUTAL FUNDS	3	115218	8.0012
GENERAL PUBLIC (LOCAL)	560	390964	27.1503
GENERAL PUBLIC (FOREIGN)	14	26327	1.8283
OTHERS	8	90703	6.2988
MODARABAS	1	500	0.0347
	<b>591</b>	<b>1,440,000</b>	<b>100.0000</b>

# 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  
67th Annual General Meeting of the Company to be held on October 26, 2021 and at any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

## 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



Buxl Paints Limited X/3, S.I.T.E Manghopir Road, Karachi, Pakistan.

Tel: 021-32577702 | Fax: 021-32560468

[www.buxly.com](http://www.buxly.com)