



# Annual Report 18

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## Company Information

### Board of Directors

Mr. Maqbool H.H. Rahimtoola - Chairman  
Dr. Mahmood Ahmad - Chief Executive  
Mr. Muhammad Naseem  
Mr. Shahzad M. Husain  
Mr. Zafar A. Osmani  
Mr. Mohammad Saeed  
Mr. Sohail Osman Ali  
Mr. Ilyas Sharif

### Audit Committee

Mr. Muhammad Naseem - Chairman  
Mr. Maqbool H.H. Rahimtoola  
Mr. Sohail Osman Ali

### Human Resource Committee

Mr. Zafar A. Osmani - Chairman  
Dr. Mahmood Ahmad  
Mr. Shahzad M. Husain

### CFO & Company Secretary

Mr. Abdul Wahid Qureshi

### Bankers

MCB Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Faysal Bank Limited  
JS Bank Limited  
Habib Metropolitan Bank Limited  
Summit Bank Limited

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Solicitors

Surridge & Beecheno

### Company Registrar

THK Associates (Private) Limited

### Registered Office

36 Industrial Estate, Kot Lakhpat, Lahore.  
Tel: 92 42 111 237 437  
Fax: 92 42 35151549

### Factory

28 Km, Multan Road, Lahore.  
Tel: 92 42 38102775  
Fax: 92 42 37543450

### Web Presence

[www.berger.com.pk](http://www.berger.com.pk)





## Company Profile

Berger was established two centuries ago and now it has grown to become one of the world's largest paints manufacturers. In Pakistan, the history of Berger is as old as the history of Pakistan. Berger started its operations in Pakistan in 1950 and was the first organized Paint Company to offer premium products through import from the United Kingdom.

BERGER PAINTS PAKISTAN LTD. became a public limited company in 1974, when 49.38% of its shares were acquired by Pakistani investors, while the remaining 50.62% were held by U.K. parent company, Jenson & Nicholson Limited. In 1991 Slotrapid Limited, a U.K. based company with diversified business interests, acquired control of Berger Paints Pakistan Limited by gaining 50.62% shares of the company.

Berger established its first local manufacturing facility in Karachi in 1955. As the country's economic and industrial sector expanded the demand for quality paints also grew and Berger continued to make extensions in its product range to meet these requirements.

In 2006, Berger established state of the art manufacturing facility in Lahore. This plant has provided Berger an edge over its competition through enhanced production. It has enabled Berger to meet the growing demands of its valued customers across Pakistan. Berger Paints Head office is located in Lahore.

Consistent quality has always been Berger's trait. This has been the driving force in making it the leading brand name backed by premium quality across Pakistan. Berger has the most comprehensive product range for various paint market segments at

different price points. Berger has earned the admiration and trust of customers by virtue of its superior technology, product quality and a very high level of customized services.

Berger has entered into a number of technical collaboration arrangements with leading international manufacturers. These include the largest paint company in Japan, which enables Berger to develop Automotive, Vehicle Refinishes and Industrial Paints conforming to international standards; a Japanese chemical company, for Bumper Paints; PCS Powders, UK for Powder Coatings; DPI Sendirian Berhad, Malaysia for Road & Runway Markings; Cerachem for Construction Chemicals and Asian Paints for Decorative Paints. Recently, Berger acquired distribution rights of DuPont, now Cromax, for Pakistan's vehicle refinish paint segment. In 2017, Berger also acquired distribution rights of another brand from Axalta Coatings by the name of Duxone for Pakistan.

Berger is also operating a Resin manufacturing facility at its Lahore factory. The resin plant has high production capacity and has enabled Berger to meet its entire resin needs for the manufacturing of a wide range of quality paints. Berger was the first paint company in Pakistan to set up its own resin production facility.

The company has regional offices in Karachi, Lahore, Islamabad and Territorial Offices in Gujranwala, Multan, Faisalabad, Peshawar and Hyderabad. A large team of sales personnel and a wide network of dealers and distributors serve customers in all urban centers across the country.



## Vision

We will become the leading paints and associated products manufacturing and marketing company in Pakistan ensuring best returns to our investors & highest customer satisfaction.

## Mission

### Innovation

We will lead by innovative ideas and technological development in the paints and associated products in Pakistan ensuring efficient utilization of resources yielding high returns.

### Commitment

We will ensure highest level of commitment to achieve best quality products and services.

### Care

We will vigorously promote and safeguard the interest of employees, shareholders, business associates & all other stakeholders.

### Corporate Social Responsibility

We will act as a good corporate citizen ensuring service towards community and shall focus on environment, health and safety.







## A Commitment to Excellence

Berger is the most trusted name in quality paints, coatings and allied products for household, commercial and industrial sectors. The company has built this proud reputation by not compromising on quality standards.

As an ISO-9001-2000 certified company, Berger continues to upgrade and improve its range by introducing innovative products in line with consumer needs.

All products are tested at the company's own facilities before leaving the factory so that the highest quality control standards are maintained at all times. The company also follows a continuous process of investment in new equipments, such as computerized color matching technology, to ensure fast and accurate testing results at all times.

An on-going training system is also in place so that the most rigorous testing methods and procedures can be applied at the finished product stage.

A high standard of paints manufacturing is further ensured by using resin produced at Berger's own plant.



## Customer Service

Berger is not just a Paint company; it offers one window solution across different paint product categories and Business Lines, in order to meet the demands of its valued customers.

Berger Color Advisory Service is a free color consultancy that can be accessed on UAN: 111-237-437 and Berger Helpline Number: 08000-2000. The service is very popular among customers of decorative paints. It offers professional advice on selection of appropriate color schemes and types of paints that should be used on different surfaces and in different environments.

Berger Helpline is a one window solution as it provides a platform to the customers to register their complaints & queries related to all Business Lines. The company ensures prompt action of the concerned staff on these complaints and queries, hence increasing customer satisfaction.

Berger offers professional services to its industrial customers through highly qualified and experienced Technical Services team. The team consists of highly trained technical staff holding degrees in chemistry.

The Technical Sales Officers make personal visits to address problems that the customers may be facing and have the relevant paint coating modified or adjusted according to the specific requirement.



## People

At Berger, we consider PEOPLE as our most precious resource. This belief is gaining importance, leading to a more structured and focused approach in developing Human Resource as a competitive strength.

Our journey for excellence is amply supported by developing a learning organization with continuous capability building and skills enhancement. This is supplemented by wide range of employee engagement activities and programs which are in-place for morale boosting, motivation enhancement and inspiring commitment. Specific skills are being developed through training and coaching in required areas.

Across all layers in the organization, Berger is promoting a culture of acknowledging talent, nurturing potential and encouraging initiatives. We are maintaining an enabling environment with fairness and equal opportunity and freedom to perform and excel.

Our ambition for sustainable growth is to be materialized with right kind of people possessing best skills and unmatched competencies coupled with unflinching commitment.

Our journey for excellence is  
amply supported by developing  
a learning organization with  
continuous capability building  
and skills enhancement.



## Health, Safety & Environment

Special focus is placed at Berger on protection of the environment as well as health and safety of employees, customers and communities where it operates.

The company utilizes all available resources to pursue its EHS objectives by striving to attain economic prosperity and ecological balance.

Berger manufacturing facility conforms to the international and national environmental standards where company is manufacturing environmental friendly products to minimize the potential effect on the people and the environment.

A clean and pollution-free environment is ensured at the company's manufacturing facilities through a Solvent Recovery Plant that recycles used solvent, a Dust/Vapor extraction system and a Xylene recovery system.

Safety training programs are organized on a regular basis for all personnel and factory workers and vendors to ensure safety of the work environment. Strict safety regulations for PPE's (Personal Protection Equipments) and work procedures are enforced at every step.

In addition, safety officers conduct regular Safety Audits that identify and rectify any non-compliance and enforce proper maintenance of safety procedures with active cooperation of all employees.

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## Business Lines

- Decorative Business
- Automotive Business
- General Industrial Finishes
- Powder Coatings
- Protective Coatings
- Vehicle Refinishes Business
- Road Safety
- Government & Marine
- Construction Chemicals
- Adhesives



## Quality in Diversity

As an innovative and progressive paint company, Berger Paints Pakistan Limited offers a wide range of paints for diverse applications and uses. Berger's proven product quality and relentless focus on meeting customer needs in various specialized categories of paints and allied products continues to drive its success.





## Decorative Paints

Berger Decorative Paints caters to interior, exterior wall surfaces & wood surfaces of residential, offices, factories and commercial buildings with diverse range of colors in all product categories.

Continuous endeavor is made to achieve and maintain the high product standards that Berger is renowned for. At the same time, innovative products that meet the needs of a demanding market are also launched on regular basis. Berger's decorative product portfolio consists of flagship products like, Silk Emulsion, Elegance Matt Emulsion, All Rounder Matt Enamel, Weathercoat, SPD Smooth Emulsion and Economy Emulsion

Berger's Decorative business has achieved remarkable results in all product segments as it strives to keep in touch with new trends and aligns its product range accordingly. This is complemented by pioneering new marketing initiatives and strong focus on customer care.

Berger's decorative business also offers wide range of colors through its tinting machines. These machines have been set up in different metro cities by name of Color Bank.

## Decorative Projects

- University of Engineering and Technology
- Garrison School & Colleges
- New Airport ISB
- Dean Heights ISB
- Quaid-e-Azam University
- Nust University ISB
- Serena Hotel ISB
- Centaurus ISB
- World Trade Centre ISB
- The City Schools
- Allama Iqbal International Airport, LHR
- DHA Complex, LHR
- Fast University
- COMSATS
- University of Lahore
- LUMS
- Forman Christian College
- Dolphin Police Centers
- State Bank Of Pakistan Lahore
- Pearl Continental Hotel
- Gourmet Foods
- Meezan Beverages
- University of Gujrat
- GC University Lahore
- Pakistan Expo Center Pvt Ltd
- Lacas School system
- Fatimah Residency Karachi
- D.H.A Head Office Lahore
- ChandBagh School
- BMCH Medical Hospital Bahawalpur
- Indian Embassy ISB
- Shaukat Khanaum Memorial Hosp. Peshawar
- Grand Hayat Hotel Peshawar
- Defence Valley ISB
- Center Point KHI
- Vincey Shopping Mall KHI
- Royal Palm Country Club
- Sports Complex Narowal
- Nurpur Plant Bhalwal
- Nishat Emporium Lahore

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## Automotive Paints

The Automotive Paints business is a quintessential division of the organization. It offers a wide variety of products to cater the complete needs of the Automotive Industrial Sector ranging from pre-treatment products, electro deposition to top-coat stoving and flamboyant finishes to stoving lacquers & varnishes.

In order to serve the Japanese car manufacturing segment Berger has had a long standing Technical collaboration with the prestigious paint company of Japan whereby Berger uses Japanese technology to manufacture special Auto paints to supply to

customers like Toyota, Honda, Nissan etc. Besides the car segment Berger also has a considerable share in Tractor & Truck manufacturing segment – to name a few HINO Pak, Al-Hajj FAW Motors (FAW Trucks), Master Motors are some of the main customers.

The Auto business enjoys a significant market share in the two & three wheeler industry as well by supplying paint to leading Japanese and Chinese Motorcycle & Rickshaw manufacturers along with the local bicycle industry. Our prestigious customers include Atlas Honda Motorcycles (AHL), Omega



## Automotive Clients

- Indus Motors Company
- NJ Auto Industries
- Omega Industries (Road Prince)
- Al-Hajj Faw Motors
- DFSK Prince
- New Asia Automobiles
- Corporation Pak
- Master Motor Company
- United Autos
- Super Star
- Al-Ghazi Tractors Ltd.
- Orient Automotive
- Plum Qingqi Motors
- Kausar Industries
- Super Asia Motor Cycles
- Global Econo Trade (Treet)
- PCICS
- Senior Automobiles (ROZGAR)
- ZXMCO Motorcycles
- MTW Pak Assembly Industry (Beralus)
- Ghandhara Industries
- Atlas Honda Motorcycles
- Sara Automobile industries (Union star)
- Toyo Motorcycle
- King Hero Motorcycle

Industries (Road Prince motorcycles), Plum Qingqi, Pakistan Cycle Industrial Co-operative Society (PCICS Sohrab cycle), Kausar Industries, United Autos, Senior Automobiles (ROZGAR) and D.S. Motors (Unique Motorcycles).

The Automotive Paints Business over the years has grown and flourished and Berger is recognized as one of the major players in this segment for its high quality standards & efficient technical services. Berger is proud to be associated with the Automotive Industry of Pakistan and is committed to provide the same high level of services in the years to come.

Berger is recognized as one of the major players in the Automotive Industry for its high quality standards & professional technical services.



# Powder Coatings

Powder Coating is a unique segment of the paint business catering to the industrial manufacturing sector of the country. It is an advanced and revolutionary method of applying a decorative or protective coating that can be used by both Industrial and Retail Consumers. The powder used for the process is a mixture of finely ground particles of pigment and resin, which is sprayed on a surface to be coated. The charged powder particles adhere to the electrically grounded surface which are then heated and fused onto a smooth surface. The coated surface is then reheated in a curing oven and the result is a uniform, high-quality, attractive smooth finish.

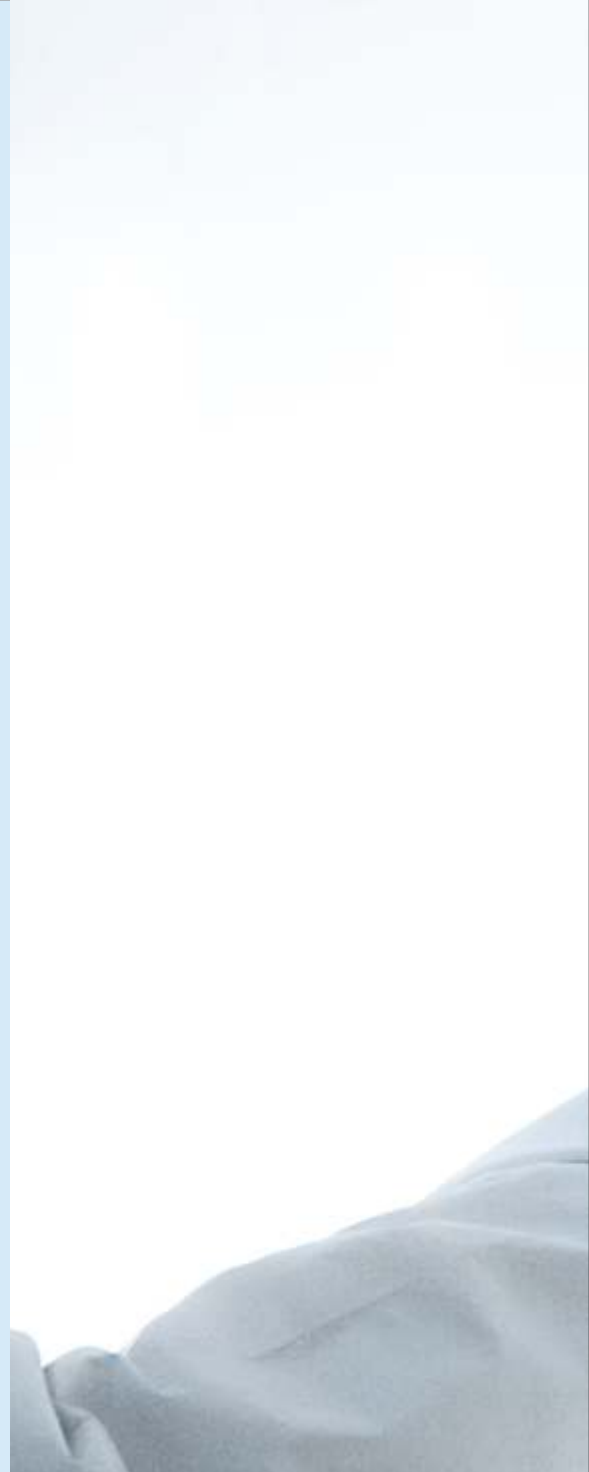
Powder Coating is mainly used for application on the metal parts of domestic appliances like air- conditioners, refrigerators, microwave ovens, water geysers, furniture, etc. and automotive parts like bumpers, radiators, hubcaps, filters, door handles, engine parts etc and also on aluminum profiles e.g. doors, windows, light poles, guard rails, light fixtures, antennas etc.

Berger manufactures and sells two brands of Powder Coating in Pakistan.

- Bercoat – Berger's in-house brand launched in early 2000's. Bercoat has been successfully performing since then in the local market.
- Oxyplast – an international brand of Powder Coatings from Belgium whose sole franchise rights are with Berger in Pakistan. This franchise was acquired in 2009 and is steadily improving its share in the business.

Berger offers a wide variety of shades in Bercoat & Oxyplast. These shades are available in both Pure Polyester and Epoxy Polyester based systems. Customers can also get customized shades developed if need be. These finishes vary from glossy to matt, texture, antique and are all available to our customers as per their requirement.

Powder Coating is an economical and environment friendly form of durable coating gaining recognition rapidly in the industrial manufacturing segment. Manufacturers who are conscious about cost and quality prefer to use Powder Coatings & Finishes for their products and Berger is their foremost choice.



## Powder Coating Clients

- Sametco Engineering
- Sui Southern Gas Co. (SSGC)
- Varioline Intercool
- Universal Containers
- Ahmad Engineering Pvt. Ltd.
- Raazy Motor Industries Pvt. Ltd.
- TSR Engineering Pvt. Ltd.
- Sitara Steel
- Marvel Metals
- Breeze Frost



- Babar Engineering
- NJ Autos
- Rafique Engineering Industries (Royal Fan)
- New Era Technologies
- Khursheed Fans
- Dawlance
- Wahid Industries
- G.F.C Fan Company
- China Fan Company

Manufacturers who are conscious about cost and quality prefer to use Powder Coatings & Finishes for their products and Berger is their foremost choice.



# General Industrial Finishes

The General Industry Paints Business caters mainly to the industrial manufacturing sector of the nation. Berger supplies industrial finishes to leading makers of domestic electric & non-electric appliances, auto spare-parts vendors, steel & metal product manufacturers, heavy industrial machine & transformer manufacturers, metal furniture etc.

Boasting a wide range of industrial finishes Berger enjoys a significant market share in this segment of the paint industry. Berger has a complete industrial paint system developed for its extensive customer network spread all over the country. Finishes ranging from undercoats/primers to air drying enamels & varnishes, high quality heat resistant stoving finishes & varnishes, roller coating paints & lacquers and epoxy based finishes are all available. Each system has its unique characteristics designed to protect & safeguard products from all types of internal & external environmental conditions.

Conforming to International ISO Quality standards Berger over years has established itself as a major manufacturer of Industrial Finishes and is proud to be associated with names like Pak Fans, GFC Fans, SSGC and Atlas Engineering.

Committed to excellence, Berger always has and will continue to provide its customers with industrial finishes that are considered value for money and reliable.



## General Industry Clients

- Wahid Industries (Pak Fans)
- General Fan Company (GFC)
- Super Asia Industries
- Al Badar Engineering
- Golden Pumps
- Loads Limited
- Millat Agro Works
- Shalimar Agro
- Transfo Power
- M. Hafiz Industries
- Metal Engineering
- Agri Autos
- Gujrat Steel
- R&I Electrical Appliances (Pvt) Ltd (Kenwood)
- Sui Southern Gas Co.(SSGC)
- Skyways Manufacturing
- Quality Engineering
- Atlas Engineering Limited
- D.S Motors (Unique Motor Cycle)
- Noor Engineering
- Rafique Engineering Industries (Royal Fan)
- Razi Sons Pvt. Ltd.
- Multiple Autoparts Pvt. Ltd.
- LANDHI Engineering Works Pvt. Ltd.
- Ali Containers Pvt. Ltd



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## Protective Coatings

The PROTECTON Division of Berger makes heavy duty Protective Coatings and Anti-Corrosive Paints for specialized structures such as barrages, dams, industrial structures, pipelines, boilers, which are exposed to hostile environmental elements.

Protective Coatings serve a dual purpose of protecting surfaces from chemical reactions as well as improving visual appeal. These protective paints conform to international standards of quality and are designed to resist the severity of extreme environmental as well as corrosive effects of atmosphere, and other decaying agents. They have excellent resisting properties against chemicals, marine environment, oil spillage and fresh and salt water. These coatings can be applied to concrete, cement render, asbestos sheeting, steel/concrete pipelines, harbors, oil refineries, dams, barrages, chemical plants, battery rooms etc. and shore installations with good durability.

## Protective Coating Clients

- Gharibwal Cement
- Fatima Group
- Attock Cement KHI
- JDW Group
- Fauji Cement Village Jhang-Bahtar
- Bestway Cement ISB
- Tandlianwala Group
- ICI Polyester Power Plant
- Unilever Pakistan
- BYCO Refinery
- Pakistan Refinery
- PARCO
- PSO Oil depots
- Changdong Huatei
- HASCOL
- National Refinery
- Fauji Fertilizer Co.
- Best Way Cement
- Rafhan Maize Products Co. Ltd
- Descon Engineering
- Dong Fang China
- Power Construction (SEPCO III)
- Guarantee Engineers
- Izhar Group
- Maple Leaf Cement



## Vehicle Refinishes

The challenge of Berger's technical expertise in the Vehicle Refinish business is to offer touch-up paints that precisely match the original color of vehicles. This is achieved through different refinish systems designed to enable application for high gloss, durable, quick drying and accurate color matching finishes without giving heat treatment.

VITON car paint is the most popular market brand that was primarily introduced by Berger with Nitrocellulose base. It is based on international trends and offers a complete painting solution comprising putty, primer/surfacer, lacquer and thinners. It has complete shade range for the existing car manufacturers with the combination of fast drying and polishing properties.

In 2003, alkyd based quick drying enamel range by the name of 'DURA' was successfully launched for economy tier market segment with complete shade and ancillary product range.

In 2011, Berger acquired the distribution rights of DuPont Performance Coatings, now Axalta Coating

Systems, for Pakistan. DuPont, now Cromax is the leading market brand of premium market segment with complete range of 2-K Finishes such as binders, tinters, primers, top coats, clear coats and hardeners along with all type of thinners. The product range is made available at all leading 3S dealerships, workshops and retail market.

In 2017, Berger also acquired distribution rights of another brand from Axalta Coatings by the name of Duxone for Pakistan. Duxone is the quality brand for the economical tier of the Pakistani Market. Duxone is a well reputed brand with complete range of tinters, binders, primers, top coats, clear coats, hardeners and thinners. Duxone is made available in the retail market and workshops as well.

### Refinish Training Center

Berger has established Refinish Training Center in the vicinity of its plant with state of the art technology. Refinish Training Center is being used to give training to the 3S dealers and painters for the application of 2K paint on cars.







## Road Safety

The motto of Berger Road Safety business is “Leading the Way to a Safe Journey”.

Berger Pioneered the concept of single source manufacturing and application of road marking products in Pakistan. The advance Cataphos hot-melt Thermoplastic (TP) paint is manufactured in Pakistan as per BS 3262 specifications. A full range of other road marking products, including Chlorinated Rubber (CR) paint and Water Based (WB) paint, are also manufactured to match various application standards.

In addition to road marking paints, Berger Road Safety offers a complete range of other road safety products such as traffic signs, cat eyes/studs, guardrails, delineators and barriers etc. that meet high quality standards.

All Application services are provided through our trained application teams that are supervised by qualified field supervisors.

## Berger Road Safety Major Road Safety Application Projects

- Motorway M-2 Project
- Motorway M-3 Project
- Motorway M-4 Project
- Peshawar-Torkham Road
- Quetta-Chaman Road
- Makran Coastal Highway
- Panu Aaqil Bridge
- Taftaan Highway
- Hyderabad-Mirpurkhas Road
- Sakrand Bypass
- RYK-TMP Project (N-5 Section)
- Pak Iran Border
- ADB Flood Relief Projects
- LHR-SKP-FSD Bot Project
- Lahore Ring Road
- Lahore-Kasur Road
- Gujranwala-Sialkot Road
- Narowal-Zafarwal Road
- Metro Bus Service Project Lahore
- Bahria Town (Karachi, Lahore, Islamabad)
- FWO Batgram Project
- CDA Islamabad Roads
- DHA (Karachi, Lahore, Islamabad)
- Allama Iqbal International Airport Lahore
- Multan International Airport

- Sialkot International Airport
- Walton Airport Lahore
- Benazir Bhutto International Airport
- Mehran Air Base Karachi
- Mehran Highway
- Khadim-e- Punjab Rural Roads Program
- Jalkhad-chilas Road Project
- Jacobabad Project
- Quetta City Roads
- Gwadar City Project
- Kararo-Wadh Project
- Larkana City Roads
- Lyari Expressway
- Thar Coal Project
- Sujawal Project
- Naulachi Bridge Muzaffarabad
- Chaklala Cantonment Board Rawalpindi
- Kohat Garrison
- Mangla Garrison
- Cantonment Board Walton Roads
- Cantonment Board Lahore Roads
- Cantonment Board Multan Roads
- Cantonment Board Clifton Roads
- FRRP Project Faisalabad
- LRRP Project Phase I & II Lahore
- Azadi Chowk Interchange
- Qanchi-chungi Interchange Lahore
- City Roads Faisalabad
- LDA Avenue 1
- Kalma Chowk Flyover Lahore
- Kalma-chowk New Campus Road Lahore
- Widening Of Canal Road Lahore
- Southern Bypass Road Lahore
- Mall Road Lahore
- Shalimar Link Road Lahore
- Quaid E Azam Solar Park Bahawalpur
- Maulana Shoukat Ali Road Lahore
- Canal Expressway Faisalabad
- Khunhraj and Raikot Bridge Gantry Project
- Hasil Pur Road Bahawalpur
- Canal Bank Road Lahore
- Aziz Cross Fly Over Gujranwala
- Gurumanget Underpass Lahore
- Langarwal Pattan Bridge Chota Sahiwal Sargodha
- Motorway Samundri Abdul Hakeem Section (PKM)
- Bhikkhi Power Plant
- Head Balloki Power Plant
- Lodhran Khanewal Road
- Bhalwal Industrial Estate
- Metro Islamabad
- MPCHS B-17 Cooperative Housing Society
- GT Road Rawalpindi
- ISI Head Quarters
- Naval Head Quarters
- Rangers Head Quarters
- Heavy Industries Taxila (HIT)
- Muzaffarabad City
- Peer Chanasi AJK
- South Waziristan
- North Waziristan
- Swat Motorway
- Bahria Town Nawabshah
- Pakka Chung-Nawabshah Road
- Green Line Project
- Jhampier Power Project
- Tipu Sultan Road
- Mithi Airport
- Shahrah-e-Faisal
- Khalid Bind Waleed Road
- Deep Water Container Terminal
- Waghan Road Larkana
- Golf City Gawadar

## Berger Road Safety Clients

- National Highway Authority (NHA)
- Communication & Works (C&W) Dept.
- Bahria Town Limited (BTL)
- Defense Housing Authority (DHA)
- National Logistic Cell (NLC)
- Frontier Works Organization (FWO)
- LAFCO (Pvt) Limited
- Capital Development Authority (CDA)
- Rawalpindi Development Authority (RDA)
- Lahore Development Authority (LDA)
- Traffic Engineering & Planning Authority
- City District Government Karachi (CDGK)
- City District Government Lahore (CDGL)
- City District Government Faisalabad (CDGF)
- Civil Aviation Authority (CAA)
- Sial (Sialkot Int'l Airport)
- Habib Construction Services (HCS)
- Zaheer Khan Brothers (ZKB)
- Eden Housing Limited
- Malir Cantonment Boards (MCB)
- Karachi Cantonment Board (KCB)
- Cantonment Board Clifton (CBC)
- Cantonment Board Lahore (CBL)
- Cantonment Board Multan (CBM)
- Cantonment Board Rawalpindi (CBR)
- Cantonment Board Walton (CBW)
- China Int'l Water & Electric Corp. (CWE)
- Fauji Fertilizer Bin Qasim Limited. (FFBL)
- Indus Motors Limited
- Pak Suzuki Motors Co
- K-Electric
- PNS Mehran Karachi
- Agha Khan University Hospital (AKUH)
- Hyderabad Cantonment Board (HCB)
- China Road And Bridge Corporation (CRBC)
- Nestle Pakistan
- China Harbour Engineering Company (CHEC)
- Niaz Khan & Brothers (NKB)



## Govt. & Marine

Berger stands tall amongst esteemed suppliers to Government and its subordinate bodies, Armed Forces, Aviation sector, Utility corporations, Ports and Shipping, Research and Development Organizations, Educational Institutions and Health sector. It provides a vast variety of products and services ranging from the Architectural coatings to highly specialized products.

As Pakistan is endowed with a long coastal belt, it needs reliable protection for its sea-bound crafts as well as off-shore and on-shore installations. Berger's Government & Marine business meets this need with a wide range of products comprising of specialized coatings for ships, air craft's, fuel storage stands, warehouses, arms and ammunition depots, etc.

## Government and Marine Clients

- Orange Line Project Lahore
- Walled City Authority Lahore
- Haveli Bahadur Shah Power Plant
- Rescue 1122
- Army Housing
- Civil Aviation Authority
- Pakistan Atomic Energy Commission
- GHQ
- WAPDA
- Nandi Pur Power Plant
- HUB Energy Power
- Thar Coal Power Project
- ZKB
- Pak German
- Pakistan Ordinance Factory
- Central Ordinance Depot
- Pakistan Navy
- SNGPL
- Sahiwal Coal Power Plant
- OGDCL
- Pakistan Ordinance Factory
- Port Qasim Power Project
- Neelum Jehlum Hydro Project
- KHI Port Trust
- CHUSHNUP-PAEC
- Haveli Bahadur Shah Power Plant
- Punjab Power Plant



# Adhesives

The flagship brand at Berger's Adhesives business is Berlith and NULith. It is white glue based on a plastic resin that combines high concentration, high bonding strength and excellent application qualities. Both, in the wood furniture and sports goods industries, the high adhesion strength of Berlith and NULith, makes it ideal for gluing hardboard, chipboard, softwood, ply, Formica, etc.

Because of its plastic resin, Berlith and NULith are the best choice for use in kitchen cabinets and counters. They also serve as suitable pasting material for labels on plastic, glass, cartons, etc.

They are especially designed for wood furniture industry, where its high adhesive strength makes it ideal for gluing.





## Construction Chemicals

Berger is active in most facets of the construction industry and operates sales, warehousing and manufacturing facilities all over the country, thereby providing local markets with a prompt and informed customer service.

BERGER has established a nationwide reputation for innovative construction technology based on extensive research and development together with experienced practical advice. We offer a broad range of high-quality, intelligent and tailor-made products and system to meet customer's needs, improving the quality, safety, efficiency, economy, design and durability of construction. The product range of BERGER comprises of products for almost every conceivable high performance chemical requirement of the building.

- The company has earned wide acclaim for its high performance Epoxy Floorings and Chemical Waterproofing products. BERGER products are manufactured under stringent quality control using ingredients sourced indigenously as well as imported.
- The staggering array of products includes Concrete Admixtures, Waterproofing treatments, Epoxy Flooring, Sealants and Grouts.

## Construction Chemicals Clients

- Nestle PAK LTD.
- Unilever PAK LTD
- 501 Central Work Shop EME
- Central Aviation Depot
- National Development Complex
- Central Ordinance Depot
- MOL Pak Oil & Gas Co. B.V
- PAK Civil & Electric Works
- Chashma Nuclear Power Plants
- LALPIR Power Ltd.
- Xinjiang Beixin Road & Bridge Const. Co Ltd –Motorway M-4
- Honda Atlas Cars (Pak) Ltd
- Toyota ISB Motors
- The Coca-Cola Export Corp. Pak Branch
- Colgate-Palmolive (Pak) Ltd.
- Dalda Foods (Pvt) Ltd.
- Maple Leaf Power Ltd.
- Nishat Paper Products Co. Ltd.
- D.G. Khan Cement
- Defence Housing Authority

# Marketing Activities

## Berger AD Campaign

Berger Paints carried out a major print and outdoor campaign in the month of November-January 2017-18 which includes:

**New Still Campaign:** Berger Paints made a new still campaign starring famous film and TV actress Mehwish Hayat. This was a product based campaign and consisted of 5 visuals depicting different historical eras namely: Egyptian, Chinese, Mughal, French and Modern Day Pop. Mehwish Hayat, endorsed Berger Paints and was portrayed as a princess and 5 premium products (Weathercoat, Silk Emulsion, Elegance Matt Emulsion, Allrounder Matt Enamel, VIP Super Gloss Enamel) were associated with each era. The tag line “My Home, My stage, My Paint” was a catchy creative slogan, depicting the film stars appreciation for quality and excellence.

**Outdoor Hoardings:** Hoardings were placed in the following cities:

- |              |                |
|--------------|----------------|
| • Lahore     | • D.I.Khan     |
| • Karachi    | • Rawalpindi   |
| • Islamabad  | • Muzaffarabad |
| • Multan     | • Peshawar     |
| • Sialkot    | • Jhelum       |
| • Faisalabad | • Hyderabad    |
| • Gujarat    | • Sukkur       |
| • Gujranwala |                |



LED's in Lahore and Rawalpindi

**Bus Shelters:** Ad was placed on bus shelters in Islamabad and Lahore.

### Print Ads:

#### Newspapers

- |                                      |                               |
|--------------------------------------|-------------------------------|
| • Dawn (full page and half page)     | • Nawai Waqt (half page Ad)   |
| • The News (full page and half page) | • Supplement in Dawn and Jang |
| • Jang (full page and half page)     |                               |

#### Regional Newspapers

- |                                     |                                   |
|-------------------------------------|-----------------------------------|
| • Sindh- Kawish (front half page)   | • KPK - Mashrik (front half page) |
| • Punjab-Khabrain (front half page) |                                   |

**Magazines:** Ads were placed in consumer and architect magazines which included:

#### Consumer Magazines:

- |            |          |                |           |
|------------|----------|----------------|-----------|
| • Hello    | • Page 3 | • Libaas       | • Me & My |
| • Aurora   | • Herald | • Brides & You | Wedding   |
| • Newslane | • Visage | • Niche        |           |

#### Ads in Architect Magazines:

- |               |                |       |                  |
|---------------|----------------|-------|------------------|
| • Archi Times | • ADA Magazine | • A+I | • Design & Style |
|---------------|----------------|-------|------------------|





**My Home**  
**My Stage**  
**My Paint**

*Mehwish Hayat*

**SILK EMULSION:**

- Anti-Fungal Properties
- High Stain and Water Resistance
- Outstanding Washability
- Silk Touch



**BERGER PAINTS**  
Trusted Worldwide



**My Home**  
**My Stage**  
**My Paint**

*Mehwish Hayat*

**WEATHERCOAT:**

- Durable Acrylic Exterior Finish
- Anti-Fading Color Properties
- High Color Retention
- Long Lasting Finish



**BERGER PAINTS**  
Trusted Worldwide



**MY HOME**  
**MY STAGE**  
**MY PAINT**

*Mehwish Hayat*

**VIP SUPER GLOSS ENAMEL:**

- Brilliant Gloss Finish
- High Scrub Resistance
- Long Lasting Color Shades
- High Stain and Water Resistance



**BERGER PAINTS**  
Trusted Worldwide

Berger Paints made a new still campaign starring famous film and TV actress Mehwish Hayat.

The tag line “My Home, My Stage, My Paint” was a catchy creative slogan, depicting the film star’s appreciation for quality and excellence.



**Social Media:** Weekly sponsored GIFS, Posts and cover photos of Product based ads were posted on Facebook official page, Instagram and Pinterest.

## Corporate Documentary

Berger Paints developed a Corporate Documentary depicting the legacy of company. The documentary explains the history of the company not in Pakistan but also in the world. It shows footage of its state of the art Plant and Offices and how employees work in an employee friendly environment. It also shows different business lines of the company and that Berger has pioneered different segments in the industry. The documentary truly depicts Berger's emphasis on Environment Health Safety (EHS) and the fulfillment of its responsibility as a corporate citizen by helping the society (CSR).

## SMS Marketing

Berger Paints did SMS campaign through Ufone and Mobilink, in order to create awareness about Color advisory service and toll free number.

## Independence Ad



Berger proudly celebrated the 70th independence of Pakistan with the vision of building a stronger and brighter country by placing Independence ad in Dawn Metro and Express on 14th August, 2017.

## Facebook Campaigns

- **Facebook Ramadan Competition:** Berger Paints started a fun-filled Ramadan Competition on its Facebook Page. Questions regarding mosques around the world were asked from Berger followers who showed enthusiastic responses. Prizes were distributed through a lucky draw which included a Tablet, Mp3 players, Mp4 players, Berger USB's and footballs.
- **Azadi Facebook Campaign:** Berger launched Azadi Campaign on facebook from 1st August till 14th August, in which a question was asked about Independence of Pakistan and the lucky winners were announced through lucky draw.



## Gymkhana Golf Course Branding

Berger Paints Pakistan Limited always uses innovative and unique ways of promoting its brand. Berger this time went an extra mile to promote its brand name successfully at one of the most prestigious and oldest clubs of Pakistan, The Lahore Gymkhana. Berger installed and provided branded tee markers, yardage signs, a gazebo, pole flags, hole signage and caddy uniforms for The Lahore Gymkhana Golf Club in the month of September 2017. This activity created a very healthy and positive perception amongst our potential users and projected Berger as a keen supporter of sports.



## Rang de Kohat

Berger Paints sponsored an event 'Rang de Kohat' in collaboration with the District Government of Kohat. In this event, students from different Government schools and colleges participated and beautified the walls, shops, schools and colleges of Kohat by painting them in beautiful colors. Beautification also included a long road of 8 km in Kohat.

Moreover, Rang de Kohat final ceremony was also sponsored, which was held in R.I.T Institute dated 30th May, 2018. Deputy Commissioner Kohat Mr. Khalid Ilyas was the chief guest of ceremony, he distributed Shields and participation certificates to line departments, teachers and students, who participated and successfully completed the beautification of Kohat Pindi Road. Berger Paints facilitated district administration of Kohat in the execution of this event in which all the printing material, Shields, Certificates, Backdrop and welcome banners were provided.



## Bridge Beautification

Berger Paints has always been a patron of art and beautification of cities in Pakistan. Berger took the initiative to select the bridge at the junction of Gulberg Main Boulevard and Jail Road known as the "Fountain Chowk". This project of Bridge painting has been one of the most significant beautification projects in the history of Berger Paints.

The design of the project depicts the cordial relationship of Pakistan, China and Turkey these nations enjoy amongst themselves. The bridge is divided into three segments each representing the intricate artworks of respective cultures. The paintings comprise of famous monuments from these countries. The pillars of the bridge contain the flags and portraits of prominent personalities from these three countries. There is a portrait of Tayyip Erdogan, the President of Turkey, painted on one of the pillars recognizing his promise of Pak-Turk friendship. Also, the portrait of Quaid-e-Azam and the President of China, Xi Jinping, can be seen on

the pillars as well. The roof of the bridge contains patterns of Turkish handicrafts, the Ajrak pattern representing Pakistan and Chinese traditional heritage patterns. The other design elements include, three monuments of national significance to these three nations, the lines emerging from the buildings form a knot, showing the strong ties between the three countries. The three monuments shown in the paintings are:

- National Mosque of Pakistan
- Monument to the People's Heroes
- Blue Mosque

This project of bridge painting has been liked and promoted by the general audiences a lot on social media and created a market buzz in both print and electronic media. Also, it has been shown in various documentaries.





## Wall Painting by Berger Paints



Berger Paints continues to recognize art and culture through beautification of walls. Last year this activity was limited to Lahore which had now spread to Karachi and Islamabad in the fiscal year 2017-18. This year following walls were beautified:

- Islamabad Model College for Boys F-8/4
- IMCG F-6 Wall Islamabad
- PTV Office Wall (Sharfabad), Karachi
- Bright Future Grammar School Gulshan-e-Iqbal, Karachi
- Branding on 100 Shutters in market in Kasur on Lahore Road and Shahbaz Khan Road.
- Shadman Chowk Lahore
- Jail Road near Kinnaird College Lahore
- Center Model School Gulberg, Lahore.
- Wall Painting Competition: Berger Paints Pakistan Limited organized wall painting competition in Ali Razabad School Raiwind, Lahore. The students were given platform to showcase their artistic skills. All the material and technical assistances were provided by Berger Paints.

## Outdoor Branding

- **Bus Shelters (Lahore & Islamabad):** Berger Paints brands bus shelters throughout the year in Lahore and Islamabad. There are a total number of 5 bus shelters in Lahore and 4 in Islamabad at various prominent locations.
- **Floats:** Float activity was carried out in the Centre Region throughout the year. Floats activity was carried out in the markets and other areas of the cities to promote Berger.
- **Shop Fascia:** Berger Paints is installing shop boards on ongoing basis throughout the country.
- **Airport Trolley Branding:** Berger Paints has branded airport trolleys in Lahore, Karachi, Islamabad, Rahim Yar Khan, Multan, Sialkot and Faisalabad airports.
- **Rangers Training Center, Karachi:** Berger Paints branded the main entrance of this Center.
- **Islamabad Traffic Police Head Office Branding:** Berger sponsored Islamabad Traffic Police Head Office by placing banners along with safety messages on entrance gate, waiting hall and license office.
- **D.I. Khan Toll Plaza** main entrance was branded by Berger Paints.





## Direction Boards

- **Direction Signs at Kohat:** Branded direction signs were installed in different locations of Kohat Pindi Road.
- **Direction Boards on Lahore Ring Road:** 22 direction boards with Berger branding were installed in different places at Lahore Ring Road.



## Society Branding

- **IZMIR Society, Lahore,** which is located on Multan Road, was branded with new sign boards and direction boards.
- **Canal Colony,** situated on Thokar Chowk, was branded with Berger's direction boards and entrance board.
- **PIA Society:** 50 Direction signs of PIA Society Lahore were installed and branded.
- **Wapda Town Lahore:** Name plates were placed on the houses in the society.
- Directional Boards were placed in **Musalmán-e-Punjab Society, Karachi**
- **PNS Atish Housing Society, Karachi:** Berger Paints branded the entrance gate, notice boards, street boards and direction signs all over PNS Atish Housing Society in Karachi.
- **Billy's Heights, Karachi:** Entrance gate of Billy's Heights in Karachi was branded by Berger Paints.
- **Hunaid City:** Berger Paints branded entrance board of this society.
- **Azam Garden Society Lahore:** Berger branded Azam Garden Society's entrance gate with safety awareness messages.
- **Canal View Lahore:** Entrance, street signs and direction signs were branded by Berger throughout the society.
- **Diamond City, Sialkot:** Berger branded its entrance, street signs and direction signs throughout the society.



## Dawn Lifestyle: Karachi & Lahore

Berger participated in Dawn Lifestyle Exhibition held at Karachi & Lahore in the year 2017-18. Renowned companies from FMCG, Home Appliance, Furniture, Fashion/Cosmetics industry etc. participated in this exhibition. People from different walks of life attended this exhibition and participated in various activities (food court, singing competition and children activities) organized by Dawn group. During this event Berger stall became the center of attention due to its location and activities. People in huge number visited the stall and participated in Berger stall activities.



## Institute of Architect Pakistan Exhibitions in Lahore, Peshawar Islamabad & Karachi

Berger by maintaining the tradition participated in Institute of Architect Pakistan exhibition in Lahore, Peshawar, Islamabad and Karachi in the year 2017-18. A large number of international brands and well reputed organizations especially related to the construction and paint industry participated in this exhibition. The main purpose to participate in this trade show was to get attention of the potential customers i.e. Architects, Builders and Contractors and to make them aware of the quality product offerings. Participants showed great interest in Berger's stall.





## Dealer Foreign Trips



Berger Paints organized a number of dealer trips in the year 2017-18. To qualify for this trip, Dealers were given challenging sales and collection targets. These destinations included Tashkent, Baku and Saudi Arabia for Umrah. These were highly memorable trips for Berger's customers where everyone enjoyed these beautiful locations.

## Berger Winner Sales Conference 2018 Kuala Lumpur, Malaysia



Berger Paints Pakistan took its sales team winners from all the business lines and support staff to Kuala Lumpur, Malaysia, from 2nd to 5th March, 2018. The theme of conference was "10 Billion Reasons to Think Big." This conference was a stepping stone towards aiming to make Berger Paints a Rs. 10 billion company by the year 2022.

Winners Sales Conference was organized to discuss and appreciate the performance of the sales team over the period of June to December 2017, and to provide the plan to achieve targets for the next 6 months. The event started with recitation of the Holy Quran, followed by the Opening Note by Dr. Mehmood Ahmad MD. Then, department heads from all the businesses presented. On the second day, presentations continued which were followed by success stories by Allied, NR, VR and DECO. The session concluded with an ending note by the COO. The 3rd day was fun filled. A city tour was arranged, followed by a visit to Sunway Lagoon theme park.

## Decorative Contractor Conventions

Berger Paints organized Contractors Conventions in the main cities of Pakistan namely: Karachi, Lahore, Islamabad and Multan. These conventions provided a huge platform for Berger's staff to interact with the painters and contractors and provided them with information about the company and its products. Moreover, gifts were distributed through lucky draw followed by dinner. These events were a huge success as a large number of painters and contractors participated in them and truly enjoyed the events.



## Allied Contractor Conventions



Allied Business Division conducted Contractors' Convention 2017-18 in North, South & Center region. These annual events entered their sixth year of span, core purpose of which remained nurturing a strong working relationship with our business partners. A combination of formal and informal exchange of knowledge in two way communication made it quite interesting and informative for audience. Instant questions with prizes kept the whole crowd captivated throughout the sessions.

Lucky draws and Highest achiever awards were the highlight and set the tone of motivation amongst the contenders. Turnout came out to be consistent with respect to previous years, hence proving that the regional teams have created a strong bond of satisfaction among the customers of Berger. Sumptuous dinner followed by souvenirs left a lasting smile of appreciation on all the participants.



# Corporate Activities

## Incorporation of Berger Cricket Team

Berger believes in fostering vibrant culture that involves various employee engagement activities. To keep sports spirit alive, Berger has formed a cricket team which participated in Corporate Premiere League hard ball matches. It is a platform for cricket enthusiasts to showcase their talent in corporate world. Berger's top class cricket players competed with Meezan Bank, Fatima Group, Total Parco, Pepsi Co and other renowned companies and won many tournaments after healthy competition.



## Job Fairs

Berger Human Resource department participates in job fairs of renowned universities. It's a good platform to attract potential candidates. At Berger we feel that it is our responsibility to provide a platform to fresh graduates to prove themselves and get groomed for their professional career.

## Training & Development

Human Resource department is paying keen interest in training & development of its team members. Through proper training we can increase job satisfaction and morale among employees, increase employee motivation and hence increase efficiencies in processes and reduce employee turnover. Keeping in view the importance of learning & development, Berger has conducted various training program throughout the year. There are periodic internal as well as external trainings imparted by renowned trainers from all over Pakistan.

## Birthday Celebration



HR Department organizes birthday celebrations for its Employees every month at Berger's Head office, Plant & Regional offices. Colorful gifts are distributed among the employees born in that particular month. Cake cutting ceremony and a group photograph at the end are major highlights of this event.

## Hajj Draw

Performance of Hajj (pilgrimage) is a compulsion on all Muslims, at least once in a life time, if the circumstances permit. Company gives opportunity to one of its Muslim employees to perform hajj every year. All expenses for the lucky winner are borne by the company.

## Independence Day Celebrations



We witnessed an overwhelming display of patriotism and team work as Berger Family celebrated Independence Day of Pakistan at Head office, Factory and all regional offices. The day was celebrated in all offices of the company across Pakistan. This proved to be a wonderful team building activity as well. Everybody was supportive to each other in carrying out inter departmental decoration competition based on the spirit of Independence Day. Art work Every Employee was enthusiastically involved in the whole activity. It was delightful to see everybody wearing green on the day.

## Berger Long Service Awards and Gala Evening 2018

Berger-HR organized the colorful mega event of Long Service Awards and Sports Fiesta in February 2018. Berger maintains a history of valuing its employees. This graceful event was a grand tribute to the team members who devoted their precious years for development of the Company. To acknowledge their long association with the company, categories of 10, 15, 20 and 25 years of continuous service with the Company were given valuable prizes. The evening was full of fun, food and games. Long Service Award ceremonies were also held in Islamabad and Karachi Offices.



## Long Service Awards for 3rd Party Employees 2018

Long Service Awards for 3rd party employees was held at Berger Paints Plant in February 2018. Singing competition was held along with long service awards for 3rd party in the categories of 10 & 15 years. Long Service Award ceremonies were also held in Islamabad and Karachi Offices.



## Berger Corporate Social Responsibility



- Berger has signed a MOU with TEVTA. Through this platform Berger is organizing Building Painter Training Course at TEVTA institutes. This three month course consists of two months of class room training at TEVTA premises and then a months' training at Berger Factory. Technical experts from Berger helped TEVTA instructor to develop curriculum for this course.
- Berger adopted a Government Primary School in factory vicinity. This school is located in the nearby village from where most of the workers are coming. Berger hired a teacher for this school and constructed two class rooms for the students.

# Financial Highlights

Rupees in thousand

		Year Ended June 30,				
	2018	2017	2016	2015	2014	2013
<b>NET ASSETS</b>						
Fixed Assets	<b>1,231,583</b>	1,146,921	1,046,039	1,049,567	587,703	603,597
Assets under Finance Lease	-	-	-	3,473	4,809	7,145
Goodwill	<b>32,263</b>	36,750	36,750	36,750	36,750	36,750
Long Term Investments	<b>67,287</b>	74,568	52,557	12,528	12,810	4,086
Long Term Loans & Deposits	<b>120,244</b>	111,703	64,017	50,397	39,927	37,123
Deferred Taxation	-	1,859	-	36,745	156,457	162,901
Net Current Assets	<b>289,841</b>	314,084	273,435	116,097	119,694	(86,418)
Total	<b>1,741,218</b>	1,685,885	1,472,798	1,305,557	958,150	765,184
<b>FINANCED BY</b>						
Share Capital	<b>181,864</b>	181,864	181,864	181,864	181,864	181,864
Reserves	<b>828,666</b>	724,418	638,038	444,701	385,317	280,734
Surplus on Revaluation of Fixed Assets	<b>509,131</b>	521,363	542,313	559,773	184,878	186,311
	<b>1,519,661</b>	1,427,645	1,362,215	1,186,338	752,059	648,909
Long Term and Deferred Liabilities	<b>221,557</b>	258,240	110,583	119,219	206,091	116,275
Total	<b>1,741,218</b>	1,685,885	1,472,798	1,305,557	958,150	765,184
<b>TURNOVER AND PROFITS</b>						
Turnover	<b>5,453,221</b>	5,122,570	5,081,749	4,301,830	4,509,031	4,167,303
Gross Profit	<b>1,304,503</b>	1,489,961	1,528,317	1,155,332	1,097,260	927,831
	<b>23.92%</b>	29.09%	30.07%	26.86%	24.33%	22.26%
Profit/(Loss) before tax	<b>147,211</b>	265,931	322,395	166,588	148,962	101,368
Taxation	<b>45,106</b>	63,820	137,618	57,435	51,454	41,350
Profit/(Loss) after tax	<b>102,105</b>	202,111	184,777	109,153	97,508	60,018
<b>EARNING AND DIVIDENDS</b>						
Earning/(Loss) per share	<b>5.61</b>	11.11	10.16	6.00	5.36	3.30
Interim Dividend per share-Cash (Rupee)	-	4.50	-	1.50	-	-
Final Dividend per share-Cash (Rupee)	<b>1.25</b>	-	4.50	1.00	1.00	0.50



# Investor Relations

## REGISTERED OFFICE

36 Industrial Estate, Kot Lakhpat,  
Lahore.  
Tel: 92 42 111 237 437  
Fax: 92 42 35151549

## SHARE REGISTRAR

THK Associates (Private) Limited.  
1st Floor, 40-C, Block-6,  
P.E.C.H.S., Karachi-75400. P.O.  
Box # 8533.  
T: +92 21 111-000-322  
F: +92 21 34168271

## LISTING ON STOCK EXCHANGES

Ordinary shares of Berger Paints Pakistan Limited are listed on Pakistan Stock Exchange Limited.

## STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Berger Paints Pakistan Limited at Pakistan Stock Exchange Limited is BERG.

## STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

## CASH DIVIDEND

Cash Dividend for the year ended June 30, 2018 at Rs.1.25 per share i.e., 12.5%. This is in addition to interim dividends already paid at Rs. 0 per shares i.e. 0%.

## BONUS SHARE

Bonus shares in proportion of 1.25 shares for every 10 shares held i.e., 12.5%. This is in addition to the interim bonus shares already issued at 0%.

## BOOK CLOSURE DATES

Share Transfer Books will remain closed from October 17, 2018 to October 23, 2018, both days inclusive.

## DIVIDEND REMITTANCE

Ordinary dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 30 days.

- (i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.
- (ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

Fundamental knowledge and understanding of financial market is crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investor education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.

[www.jamapunji.pk](http://www.jamapunji.pk)

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### WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at prescribed rates wherever applicable.

Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

### GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 132 of The Companies Act 2017, BPPL holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

### INVESTOR'S GRIEVANCES

To date none of the investors or shareholders has filed any significant complaint against any service provided by the Company to its shareholders.

### PROXIES

Pursuant to Section 137 of The Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to appoint a proxy.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

### WEB PRESENCE

Updated information regarding the Company can be accessed at its website, [www.berger.com.pk](http://www.berger.com.pk). The website contains the latest financial results of the Company together with the Company's profile.



# Chairman's Review

Chairman's review on Board's overall performance under section U/S192 of the Company's Act 2017.

Berger complies with all the requirements set out in the Company's Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect to the composition, procedures and meetings of the Board of Directors' and its committees. I am pleased to mention here that when new Code of Corporate Governance was introduced, Berger was already in compliance with most of its requirements. As required under the Code of Corporate Governance, an annual evaluation of the Board Directors of Berger Paints Pakistan Limited ("The Company") is carried out annually. 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 and implemented.

For the purpose of Board's evaluation, a comprehensive criteria has been developed. The overall performance of the Board measured on the basis of approved criteria was befitting.

The overall assessment is based on an evaluation of the following integral components which have direct bearing on the Board's roll in achievement of Company's objective.

**1. Vision, mission and values:**

The Board members are familiar with the current vision, mission and values and support them. The Board revisits the vision and mission statement from time to time.

**2. Diversity and mix:**

The Board is represented by members of diverse background and effectively bring this diversity to the Board. The non-executive and independent directors are equally involved in important Board's decisions with their huge cache of experience.

**3. Engagement in strategic planning:**

The board has a strategic vision of how the organization should involve over the years, the Board sets annual targets for the management in all major performance areas. Performance of the Company is reviewed quarterly through Board committees and finally in Board meetings.

**4. Governance and control environment:**

The Board has outsourced Internal Audit to an Internationally recognized firm of chartered accountants and fully authorized them to review internal controls system. Through its Audit Committee, the Board reviews quarterly the Internal Audit reports on different areas of operations. Control weaknesses are identified and action plan is defined and strict compliance is required from management. Through this internal audit, the Board ensures that proper SOPs are in place in every area and to safeguard the Company's assets.

**5. Business continuity:**

The Board devised policies and procedures for ensuring business continuity and recovery from a disaster, which are reviewed from time to time, at annual factory visit.

**6. Human Resource Management:**

The Board, being cognizant of importance of human development, formed a human resource committee to look after human resource policies and training and development needs of employees, based on its vast experience in that field.

**Mr. Maqbool H.H. Rahimtoola**

**Chairman**

**Lahore**

**Date: 24 September 2018**



## چیئر مینز ریلوی

انڈر سیکشن 192 کمپنی ایکٹ 2017 کے تحت بورڈ کی مجموعی کارکردگی پر چیئر مین کارپوریٹ

بریکنگ نیوز ایکٹ 2017 اور سیکٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے مطابق بورڈ آف ڈائریکٹرز ایگزیکٹو کی میٹنگ پر ہر طرح سے کاربند ہے۔ مجھے یہاں یہ ذکر کرتے ہوئے خوشی ہو رہی ہے کہ جب کارپوریٹ گورننس کا نیا کوڈ متعارف کروایا گیا تھا، جس کے زیادہ تر مطالبات پر پہلے سے ہی کاربند تھا۔ کوڈ آف کارپوریٹ گورننس کے مطابق ہر سال راجپوت پائینٹس پاکستان لمیٹڈ، (کمپنی) بورڈ آف ڈائریکٹرز کی سالانہ جانچ پڑتال کرتی ہے۔

اس جانچ پڑتال کا مقصد بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور تاثر کو جانچنا ہے اور کمپنی کے طے شدہ مقاصد کے سیاق و سباق میں وابستہ توقعات کو پورا کرنا ہے۔ وہ شعبے جہاں پر بہتری کی ضرورت ہے کو نوٹ کر لیا جا رہا ہے اور اس سے متعلق ایکشن پلانز مرتب اور نافذ کئے جا رہے ہیں۔ بورڈ کی جانچ پڑتال کیلئے جامع اور معیاری اصول ترمیم دیئے گئے ہیں۔ بورڈ کی مجموعی پرفارمنس مناسب منظور شدہ اصولوں کی بنیاد پر جانچا جاتا ہے۔ مجموعی طور پر یہ اندازہ درج ذیل شعبہ جات میں کارکردگی کی بنیاد پر لگایا جا رہا ہے جو کہ کمپنی کے مقاصد کو کامیابی سے حاصل کرنے میں اہم کردار ادا کرتے ہیں۔

### 1۔ نظریہ مشن اور اقدار

بورڈ ممبران موجودہ نظریہ، مشن اور اقدار سے واقف ہیں اور ان کی مکمل حمایت کرتے ہیں۔ بورڈ وقتاً فوقتاً نظریہ اور مشن کی تھارمیک کو وقتاً فوقتاً بہتر بنا رہا ہے۔

### 2۔ وسعت اور احتیاج

بورڈ کے ممبران مختلف طرح کے بیک گراؤنڈ سے تعلق رکھتے ہیں جس سے بورڈ میں مؤثر طور پر وسعت آتی ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹرز بورڈ کے فیصلوں میں برابر اور اپنے تجربے کے ہمراہ شریک ہوتے ہیں۔

### 3۔ حکمت عملی میں شراکت

بورڈ اپنے ویژن کی حکمت عملی سے پوری طرح واقف ہے کہ کیسے سارا سال آرگنائزیشن کو مصروف رکھنا ہے۔ بورڈ نے تمام بڑے شعبہ جات میں منجسٹ کیلئے سالانہ ٹارگٹس کر رکھے ہیں۔ بورڈ کمیٹیز اور بورڈ میٹنگز میں ہر تین ماہ بعد کمپنی کی پرفارمنس کا جائزہ لیا جاتا ہے۔

### 4۔ انتظامیہ اور ماحول کا کنٹرول

بورڈ نے اندرونی آڈٹ کا انتظام بین الاقوامی سطح پر منظور شدہ چارٹرڈ اکاؤنٹنگ فرم کے سپروڈرکٹ کیا ہے اور انہیں کنٹرول کے اندرونی معاملات پر مکمل طور پر اختیار دیا گیا ہے۔ اس کی آڈٹ کمیٹی کے ذریعے بورڈ ہر تین ماہ بعد بورڈ میٹنگ میں آپریشنز کے مختلف شعبہ جات کا جائزہ لیتا ہے۔ کنٹرول میں خامیوں کی نشاندہی کر کے اس کیلئے مؤثر ایکشن پلان مرتب کیا جاتا ہے اور منجسٹ کی جانب سے اس پر عمل کروایا جاتا ہے۔ اس انٹرنل آڈٹ کے ذریعے بورڈ نے باقاعدہ طریقہ کار پر عمل درآمد اور کمپنی کے اثاثوں کے تحفظ کو یقینی بنایا ہے۔

### 5۔ بزنس کا تسلسل

ہر سالانہ فنانسری کے دورہ کے موقع پر بورڈ کاروبار کے تسلسل اور حادثات سے ریکوری کیلئے پالیسیز اور طریقہ کار تجویز کرتی ہے۔

### 6۔ ہیومن ریسورس منجسٹ

بورڈ نے انسانی ترقی کی اہمیت کو مد نظر رکھتے ہوئے ہیومن ریسورس کمیٹی تشکیل دی ہے جو کہ اس شعبے میں وسیع تجربہ رکھنے کی بنیاد پر ملازمین کی ہیومن ریسورس پالیسیز، ٹریننگ اور ترقی کی ضروریات کی ہدایت کرتی ہے۔

مقبول ایچ ایچ آر رحمت اللہ  
چیئر مین

تاریخ: ستمبر 24، 2018

# Directors' Report

For the year ended 30 June 2018

The directors of your Company are pleased to present their review along with audited financial statements of the Company for the year ended June 30, 2018.

## ECONOMY OF PAKISTAN

The Economy Review of Pakistan reveals that economic macros came under pressure, impacted by raised political uncertainty and essentially a spiraling current account deficit. Sustained economic growth, however, still remains a major positive as real GDP witnessed a 5.8 % growth in FY 18 (FY 17: 5.3%). Inflationary pressure is inclined to rise as from the closing of the year; whereby CPI closed at 5.2%.

Given the challenges on the external account front, State Bank of Pakistan, in its monetary policy statements announced on May 25, 2018 increased the policy rate by 50bps taking the benchmark rate to 6.50%. This marks the second rate hike in the current year with a 25bps rate announced earlier in Jan'18.

## BUSINESS PERFORMANCE

During the year, your company witnessed spiraling burden of increased customs & regularity duties, successive bouts of Rupee devaluation and rising oil prices in addition to the continued surge in raw material prices. Pak Rupee devalued against US Dollar and closed at Rs. 121.50 at June 30, 2018.

Despite this pessimisties, sales of the Company closed at Rs.5, 453 million which is 6.50% higher over the previous year. Additional input due to the increased cost of raw materials and devaluation in Pak Rupee could not be fully passed on to the customers thus adversely affected the margins by 6%.

Selling Marketing and Administrative expenses were at Rs. 1,090 million compared with Rs. 1,194 million of the previous year, thus resulting in reduction in costs by 8.7%.

## FINANCIAL PERFORMANCE

The financial position is summarized as follows:

Rupees in thousand	30 June 2018	30 June 2017
Operating Profit	214,250	295,452
Other operating income	36,923	65,297
	251,173	360,749
Finance cost	88,142	74,960
Other charges	15,820	19,858
	103,962	94,818
Profit before taxation	147,211	265,931
Taxation	45,106	63,820
Profit after taxation	102,105	202,111

## FUTURE OUTLOOK

The deteriorating state of foreign currency reserves and trade imbalance is likely to pose challenge to business conditions. Further, depreciation of Pak Rupee against US \$ would continue to adversely affect the profitability.

## SAFETY, HEALTH & ENVIRONMENT

We aimed to continuously improve our EHS performance through corporate leadership, the dedication of our staff and application of high professional standards.

Our mission is to provide a work environment with zero injuries and incidents. We have ensured to create an environment where Safety is considered a permanent value and not a temporary priority. Employees should feel that it starts with me and I am responsible to take all measures to ensure safety. Safety has become an essential signboard for our future success. Overall, we are ensuring zero tolerance for not working safely.

### SAFE MAN HOURS DETAIL:

Total safe man hours from July 2017 to June 2018	1.223 million hrs.
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### INCIDENT DATA:

Total # of Incident July 2017 to June 2018	13
Spillage Incident	02
Fall/ hit	02
Smoke	01

### EHS TRAININGS:

EHS Trainings July 2017 to June 2018	Participants	Training Man Hours
	617	2272

### NEW EHS INITIATIVE:

1. Installation of new ETP plant to treat in house process waste water. Total capacity will be 4000 liters per day. With this installation we will be able to comply EPA for the disposal of waste water as per NEQS. Second it will help to reduce consumption of underground water for in house plantation; treated water could be used for agriculture purpose. Third it will help to reduce cost of waste water disposal through third party.
2. Installation of fire hydrant and addressable fire alarm system at Karachi warehouse and office. This will ensure timely fire detection and quick response against any fire emergency with a water storage enough for 40 min backup.

## RISK MANAGEMENT

The Company is exposed to operational, financial and compliance risk which are mitigated through effective risk management framework, coupled with our internal controls, helps us maintain our focus on managing the potential risks affecting our business.



## BOARD OF DIRECTORS

During the year, six meetings of the Board of Directors were held and attendance was as follows:

Mr. Maqbool H. H. Rahimtoola	5
Dr. Mahmood Ahmad	5
Mr. Hamid Masood Sohail ( <i>Deceased on Nov 03, 2017</i> )	2
Mr. Muhammad Naseem	5
Mr. Shahzad M. Hussain	5
Mr. Zafar A. Osmani	4
Mr. Mohammad Saeed	3
Mr. Sohail Osman Ali ( <i>Date of Joining Jan 29, 2018</i> )	3
Mr. Ilyas Sharif	5
Mr. Zafar Qidwai ( <i>alternate to Mr. Ilyas Sharif</i> )	

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

## AUDIT COMMITTEE

The internal control framework has been effectively implemented through an Internal Audit function established by the Board which is independent of the External Auditors of the Company. The Company's system of internal control is sound in design and has been continuously evaluated for effectiveness and adequacy. All relevant other information related to evaluation of performance of the board has been disclosed in Chairman's review report.

## HUMAN RESOURCE COMMITTEE

During the year a meeting of Human Resource committee was held.

## CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statement of the Company and its subsidiaries, Berger DPI (Private) Limited, Berger Road Safety (Private) Limited and Berdex Construction Chemical (Private) Limited.

## HOLDING COMPANY

The holding company of Berger Paints Pakistan Limited is Messrs. Slotrapid Limited which is incorporated in the B.V.I.

## PROFIT PER SHARE

The Earnings per share for the year is Rs. 5.61 (2017: Rs.11.11).

## DIVIDEND

The board of directors of the Company has announced 12.5% final cash dividend i.e. Rs. 1.25 per share and bonus share in proportion of 1.25 share for every 10 shares, for the year ended 30 June 2018 subject to approval of the shareholder's in the annual general meeting.

## AUDITORS

The present auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants will retire at the conclusion of the

up coming annual general meeting and being eligible, offer themselves for reappointment. The Audit Committee of the Company has suggested and the board has approved & recommended their reappointment to the shareholder's as auditor's of the Company for the year ended 2018-19.

## **RELATED PARTY TRANSACTIONS**

All transactions with related parties are reviewed and approved by the Board. The Board approved pricing policy for related party transactions.

## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The requirement of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their listing regulations relevant for the year ended 30 June 2018 were duly complied with. A statement to this effect is attached with the report.

## **PATTERN OF SHAREHOLDING**

The pattern of shareholding as on June 30, 2018 and its disclosure, as required by the Code of Corporate Governance appears on Page 59.

## **STATEMENT OF CORPORATE FINANCIAL REPORTING FRAMEWORK**

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly, the Directors are pleased to confirm the following

- i. The financial statements together with the notes thereon have been drawn up to conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- ii. The principal business activity of the Company is manufacturing, marketing and distribution of decorative and industrial paints and other related products.
- iii. Proper books of accounts have been maintained by the Company.
- iv. Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan.
- v. The accounting estimates, wherever required are based on reasonable and prudent judgment.
- vi. International financial reporting standard, as applicable in Pakistan, have been followed in preparation of financial statements.
- vii. The system of internal control is sound in design and has been effectively implemented.
- viii. There are no significant doubts upon the Company's ability to continue as a going concern.
- ix. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- x. The key operating and financial data of the last six years is annexed.
- xi. The value of investments of provident, gratuity and pension funds are at June 30, 2018:

**Rupees in Thousand**

Berger Paints Executive Staff Pension Fund	44,014
Berger Paints Gratuity Fund	95
Berger Paints Provident Fund	229,753

- xii. The directors, CEO, Executives and their Spouses and minor children did not carry out any trading in the shares of the Company.

**CORPORATE SOCIAL RESPONSIBILITY**

Over the years, Berger has successfully created a strong culture and sense of corporate social responsibility in the Company at every level, which has helped us to achieve a positive and productive environment. Employees of Berger are more committed to improve local communities and feel a stronger connection with this cause of the Company.

Following CSR Projects were taken up by Berger:

- a. Berger adopted Government Primary School in the vicinity of our factory area. The School caters to the children of employees and local community and has over 200 Students. We have constructed new class rooms provided with furniture, toilets and clean drinking water. A full-time teacher has been hired by Berger to fulfill the needs. Approximately Rs. one million was spent.
- b. To provide vocational training to workers, Professional Painter development program was signed under a MOU with TEVTA (Technical Educational & Vocational Training Authority). Through this platform Berger is organizing Building Painters Training Course at TEVTA institutes. Technical experts from Berger helped TEVTA to develop curriculum. This three month program comprises of class room training at TEVTA premises and one month training at Berger Factory for a class of approximately 25 students. Till now 8 batches have been trained. Apart from the man-hours spent by Berger Professionals in conducting the training, students are provided with consumables paint brush for their practical training and are also paid a stipend of Rs. 8000 per month. Berger has spent around 1.5 million on this activity so far.
- c. Berger is continuously contributing towards knowledge sharing program, National Outreach Program free seminars and workshops for students and business community at large by inviting eminent speakers on different topics.

The Directors take this opportunity to thank our shareholders and valued customers for their continued trust as indeed the Company appreciates the dedication demonstrated by all tiers of the Company employees.

**ON BEHALF OF THE BOARD**

**Lahore**  
**Date: 24 September 2018**

**Dr. Mahmood Ahmad**  
Chief Executive

**Mr. Maqbool H.H. Rahimtoola**  
Director



x۔ گزشتہ 6 برسوں کا آپریشننگ اور فنانشل ڈیٹا ساتھ منسلک ہے۔

xI۔ پروڈیٹس، گریجویٹ اور پینشن فنڈز کی انویسٹمنٹ کی مقدار 30 جون 2018 کے مطابق ہے۔

ہزاروں میں رقم

44,014

برجر پینٹس انگریجوٹو سٹاف پینشن فنڈ

95

برجر پینٹس گریجویٹ فنڈ

229,753

برجر پینٹس پروڈیٹس فنڈ

xII۔ ڈائریکٹرز، ای ای او، انگریجوٹو اور ان کے اہل خانہ کمپنی کے شیئرز میں سے کسی قسم کی تجارت نہیں کریں گے۔

کارپوریٹ سماجی ذمہ داری

گزشتہ کئی سالوں سے برجر کارپوریٹ سماجی ذمہ داری پر کمپنی کی ہر سطح پر کاربند ہے جس سے ہمیں مثبت اور فائدہ مند ماحول بنانے میں مدد ملی ہے برجر کے ملازمین کو کل کمپنی کے ساتھ جڑے ہوئے ہیں اور کمپنی کے مقصد پر پوری طرح سے کاربند ہیں۔

برجر کی جانب سے درج ذیل سی ایس آر پراجیکٹس پر کام کیا گیا:

a۔ برجر نے پسماندہ علاقوں میں پرائمری سکول کی ذمہ داری اٹھائی۔ اس سکول میں کمپنی کے ملازمین کے بچوں سمیت 200 سے زائد بچے زیر تعلیم ہیں۔ ہم نے وہاں پینے کے صاف پانی، ٹوائلٹ، فرنیچر کیساتھ مناسب کلاس روم فراہم کئے۔ برجر کی جانب سے وہاں پرفل ٹائم ٹیچر کی خدمات حاصل کی گئیں تاکہ تعلیم کی ضروریات پوری کی جاسکیں۔ اس مقصد کیلئے تقریباً ایک ملین روپے خرچ کئے گئے۔

b۔ TEVTA کے ساتھ ایک MOU کے ذریعے پروفیشنل ٹریننگ ڈیولپمنٹ پروگرام شروع کیا گیا تاکہ ورکرز کو وہ ٹریننگ دی جاسکے۔ اس پلیٹ فارم کے ذریعے برجر TEVTA کے اداروں میں بلڈنگ مینٹرنز کی ٹریننگ کا انتظام کرتا ہے۔ برجر کے ٹکنیکی ماہرین نے اس کا کورس ترتیب دینے میں TEVTA کی مدد کی ہے۔ تین ماہ کے اس کورس میں TEVTA کلاس ٹریننگ اور برجر ٹیکنری میں ایک ماہ کی ٹریننگ شامل ہے جس میں 25 طالب علم حصہ لیتے ہیں۔ اب تک کل 8 چھوٹی ٹریننگ مکمل کر چکے ہیں۔ مین آف ٹریننگ کے علاوہ برجر کی جانب سے سٹوڈنٹس کو پینٹ، برش اور 8 ہزار روپے ماہانہ سٹائپنڈ بھی فراہم کیا جاتا ہے۔ اب تک اس عمل میں برجر نے 1.5 ملین روپے خرچ کئے ہیں۔

c۔ برجر مسلسل ٹیکنیگزنگ پروگرام پینٹل آؤٹ ریج پروگرام میں اپنا کردار ادا کر رہا ہے جس کیلئے سٹوڈنٹس اور برنس کیونٹی کیلئے مفت سیمینارز، ورک شاپس انعقاد کیا جاتا ہے۔

ڈائریکٹرز اپنے شیئرز ہولڈرز اور معزز کسٹمرز کا ان کے مسلسل مجھروے کیلئے تہ دل سے متشکور ہیں اور بلاشبہ کمپنی ملازمین کی ہر سطح پر خدمات کیلئے ان کی شکر گزار ہے۔

منجانب برجر

لاہور

مقبول ایچ ایچ رحمت اللہ

ڈاکٹر محمود احمد

تاریخ: 24 ستمبر 2018

ڈائریکٹر

چیف ایگزیکٹو

30 جون 2018 تک کیلئے شیئرز ہولڈرز کی AGM میں منظوری کے مطابق ہوگی۔

آڈیٹرز

موجودہ آڈیٹرز KPMG ٹیکسٹائلز ہاؤس اینڈ کوپارٹرز اکاؤنٹنٹس ریٹائر ہو گئے اور اہل ہونے کی وجہ سے اپنی خدمات دوبارہ سے پیش کیں، آڈٹ کمیٹی کے مشورے کے مطابق بورڈ نے آڈیٹرز کی دوبارہ تقرری سال 2018-19 کیلئے منظوری دے دی ہے۔

متعلقہ پارٹی ٹرانزیکشنز

متعلقہ پارٹیز کی تمام ٹرانزیکشنز کا جائزہ لیا گیا اور بورڈ کی جانب سے ان پر منظوری دی گئی۔ بورڈ نے متعلقہ پارٹی ٹرانزیکشنز کی پرائنگ پالیسی کی منظوری دی۔

کارپوریٹ گورننس کوڈ پر عمل درآمد کی شیڈول

کوڈ آف کارپوریٹ گورننس کی شرط پاکستان سٹاک ایکسچینج کی جانب سے اپنی اسٹاک ریکولیشن ہر سال ختم 30 جون 2018 میں عائد کی گئی ہے۔ اس کی شیڈول رپورٹ کے ساتھ منسلک کر دی گئی ہے۔

شیئرز ہولڈنگ طریقہ کار

30 جون 2018 کے مطابق شیئرز ہولڈنگ کا طریقہ کار کارپوریٹ گورننس کوڈ کی ڈیمانڈ کے مطابق صفحہ نمبر 59 پر ظاہر ہوتا ہے۔

کارپوریٹ ٹرانزیکشن رپورٹنگ فریم ورک کی شیڈول

کمپنی کوڈ آف کارپوریٹ گورننس کے اسٹاک ریکولیشن میں موجود تمام شرائط پر پورا اترتی ہے۔

لہذا اہل مسرت ڈائریکٹرز مندرجہ ذیل یقین دہانی کروا رہے ہیں:

i۔ یہ فنانشل رپورٹس کمپنیز ایکٹ 2017 کے تحت جمع کی گئی ہے۔ یہ رپورٹس شفاف طریقے سے کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی عکاسی کرتی ہیں۔

ii۔ کمپنی کا باقاعدہ کاروبارڈیکورینو اور اعلا سٹر مل پینٹس اور متعلقہ پراڈکٹس کی مینوفیکچرنگ، مارکیٹنگ اور ڈسٹری بیوشن ہے۔

iii۔ اکاؤنٹس کی کتابیں باقاعدہ طور پر ترتیب دی گئی ہیں۔

iv۔ اکاؤنٹنگ کی باقاعدہ پالیسیاں تسلسل کے ساتھ لاگو کی گئی ہیں اور فنانشل شیڈول کی تیاری میں اسے مد نظر رکھا گیا ہے جیسا کہ اکاؤنٹنگ کے بین الاقوامی معیار پاکستان میں قابل عمل سمجھے جاتے ہیں۔

v۔ اکاؤنٹنگ تخمینہ جہاں بھی ضروری ہو فاضل فیصلے کے مطابق بنایا گیا ہے۔

vi۔ بین الاقوامی فنانشل رپورٹنگ سسٹم جو کہ پاکستان میں لاگو ہے کو فنانشل شیڈول کی تیاری میں مد نظر رکھا گیا ہے۔

vii۔ انٹرنل کنٹرول کا نظام مضبوط ہے اور مؤثر انداز میں لاگو کیا گیا ہے۔

viii۔ کمپنی کے تسلسل سے چلتے ہوئے معاملات میں کوئی قابل ذکر شبہ نہیں پایا گیا۔

ix۔ اسٹاک ریکولیشن کے مطابق کارپوریٹ گورننس کے خلاف ورزی کہیں بھی موجود نہیں۔

خطرات سے بچنے میں مدد حاصل ہوئی۔

بورڈ آف ڈائریکٹرز

اس سال کے دوران، بورڈ آف ڈائریکٹرز کی چھ روٹنگز منعقد کی گئیں اور ان میں حاضری ورج ذیل تھی:

5	جناب مقبول ایچ اے رحمت اللہ
5	ڈاکٹر محمد واجد
2	جناب حامد مسعود سمیل (تاریخ وقات نومبر، 2017:03)
5	جناب محمد نسیم
5	جناب شہزاد ایم حسین
4	جناب ظفر اے عثمانی
3	مسٹر محمد سعید
3	مسٹر سمیل عثمان علی
5	مسٹر الیاس شریف

مسٹر ظفر قدوائی (مسٹر الیاس شریف کا متبادل)

وہ ڈائریکٹرز جو کہ میٹنگز میں شمولیت نہ کر سکے انہیں رخصت فراہم کر دی گئی۔

آڈٹ کمیٹی

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

ہیومن ریسورس کمیٹی

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

کنسولڈیٹڈ فنانشل سٹینٹس

کمپنی اور اس کی متعلقہ کمپنیوں کی باقاعدہ فنانشل سٹینٹس، برجر DPI پرائیویٹ لمیٹڈ، برجر روڈ پکٹنی پرائیویٹ لمیٹڈ اور برڈیکس کنسٹرکشن کمپنیل پرائیویٹ لمیٹڈ۔

ہولڈنگ کمپنی

برجر پکٹنس پاکستان لمیٹڈ کی ہولڈنگ کمپنی Messrs. Slotrapli لمیٹڈ ہے جو کہ BVI کے تحت تشکیل پائی ہے۔

منافع فی شیئر

اس برس فی شیئر کمائی 5.61 روپے ہے (2017: Rs. 11.11)۔

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے 12.5 فیصد حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے۔ جو کہ 1.25 روپے فی شیئر ہے اور ہر 10 شیئرز 1.25 بونس شیئرز کے تناسب سے جو



## مستقبل پر ایک نظر

قانون کرنسی کے کم ہوتے ذخائر اور تجارتی عدم توازن کا رو باری معاملات کیلئے چیلنج بنا ہوا ہے۔ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مزید کمی منافع کیلئے مزید نقصان دہ ثابت ہو سکتے ہیں۔

## تحفظ، صحت اور ماحول

ہم اپنی کارپوریٹ لیڈرشپ، اپنے سٹاف کی جانفشانی اور اعلیٰ معیار کے پرفیشنلز کی خدمات کے ذریعے ESH پر فارمنس کو بڑھانے کی مسلسل کوشش کر رہے ہیں۔ ہمارا عزم ہے حادثات سے پاک کام کا ماحول پیدا کیا جائے۔ ہم نے ایک ایسے ماحول کی پیداوار یقینی بنائی ہے جس میں حفاظت کو مستقل طور پر اہمیت دی جاتی ہے نہ کہ عارضی سمجھا جاتا ہے۔ ملازمین کو یہ احساس دینا ضروری ہے کہ یہ سلسلہ ہم سے شروع ہوتا ہے اور ہم ہر طرح حفاظت فراہم کرنے کیلئے ذمہ داری قبول کرتے ہیں۔ سیفٹی ہمارے مستقبل کی کامیابی کیلئے ایک اہم ترین عنصر کی شکل اختیار کر چکا ہے۔ مجموعی طور پر ہم ورکنگ سیفٹی پر ہرگز کوئی سمجھوتہ نہیں کرتے۔

## سیف مین آوری کی تفصیل

جولائی 2017 تا جون 2018 کل سیف مین آوری کی تعداد: 1.223 million hrs.

## حادثات کی تفصیلات

جولائی 2017 تا جون 2018 کھادات کی تعداد: 13

2

بہاؤ کے واقعات

2

گرنے اور چرٹ لگنا

## EHS ٹریننگ

جولائی 2017 تا جون 2018 EHS ٹریننگ

2272

شرکت کرنے والے افراد کی تعداد

617

ٹریننگ مین آوری

## نیا EHS کا اقدام

1- ETP پلانٹ کی تنصیب تاکہ ضائع پانی کو ان باؤس پراسیس کر لیا جائے۔ اس کی کل کیپیکٹیٹی 4 ہزار لیٹر یومیہ ہے۔ اس کی تنصیب سے ہم ضائع پانی کو ٹھکانے لگانے کیلئے NEQS کے معیار کے مطابق EPA کے ساتھ مکمل عمل دار ہو جائیں گے۔ دوسرا یہ کہ اس سے ہم اپنے ذاتی استعمال کیلئے زمینی پانی کے بے جا استعمال سے بچ جائیں گے کیونکہ پراسیس کیا گیا پانی زرعی مقاصد کیلئے استعمال کیا جاسکتا ہے۔ تیسرا یہ کہ اس سے تھرڈ پارٹی کے ذریعے ضائع پانی کو ٹھکانے لگانے کا خرچ کم ہو جائے گا۔

2- کراچی کے ویز باؤس اور دفتر میں آگ بجھانے کے پمپ اور فائر الارم سسٹم کی تنصیب کر دی گئی ہے۔ اس سے آگ پر بروقت قابو پانے میں مدد ملے گی اور اس کیلئے 40 منٹ کا بیک اپ بھی موجود ہے۔

## ریسک مینجمنٹ

کمپنی کو آپریشنل، فنانشل اور کمپلائنس ریسک کا سامنا کرنا پڑا جس پر موثر ریسک مینجمنٹ فریم ورک اور انٹرنل کنٹرول کے ذریعے قابو پایا گیا اور اس طرح ہمیں کاروبار کیلئے ممکنہ

## ڈائریکٹرز رپورٹ

برائے سال ختم 30 جون 2018

بعد مسرت کمپنی ڈائریکٹران سال ختم 30 جون 2018 اپنی آراء بعد مراجعہ ڈٹ شدہ فی نقل شیئمنٹ پیش کرتے ہیں۔

### پاکستان کی معیشت

اقتصادی رویہ یو آف پاکستان کے مطابق معیشت کے بڑے ستون غیر یقینی سیاسی صورتحال اور کرنٹ اکاؤنٹ خسارے کے باعث دباؤ کا شکار رہا۔ تاہم مسلسل معاشی گروتھ ایک مثبت عنصر ہے جس کی بدولت مالی سال 2018:5.3% (FY 2017) میں جی ڈی پی میں 5.8 فیصد سالانہ گروتھ حاصل ہوئی۔ سال کی اختتام پر مہنگائی کا دباؤ بڑھنے کا رجحان رکھتا ہے جہاں CPI 5.2 فیصد کی شرح پر بند ہوا۔ مالی سال 2018 کا اوسط CPI 3.9 فیصد ریکارڈ کیا گیا۔

بیرونی اکاؤنٹ کو درپیش چیلنجز کے ساتھ ساتھ سٹیٹ بینک آف پاکستان نے 25 مئی 2018 کو اپنی مانیٹری پالیسی میں ریٹ کو بڑھا کر 6.5 فیصد کا شیڈ مارک ریٹ لیتے ہوئے اسے 50bps کر دیا۔ جس سے موجودہ سال کے دوران ریٹ میں دوسری بار اضافہ ہوا جبکہ جنوری 2018 میں یہ ریٹ 25bps اعلان کیا گیا تھا۔

### کاروباری کارکردگی

اس سال کے دوران آپ کی کمپنی کو سٹور اور رگولیریٹی ڈیویڈنڈ، پے در پے روپے کی قدر میں کمی، تیل کی قیمتوں میں اضافے کے ساتھ ساتھ خام مال کی قیمتوں کی غیر یقینی کا سامنا رہا۔ پاکستانی روپیہ امریکی ڈالر کے مقابلے میں قدر کی کمی کا شکار ہو کر 30 جون 2018 کو 121.5 روپے پر بند ہوا۔

اس کے ساتھ ساتھ گرتی ہوئی فروخت 5,453 ملین روپے تک محدود رہی جو کہ گزشتہ برس 6,50 فیصد زیادہ تھی۔ خام مال کی قیمتوں میں اضافے اور روپے کی قدر میں کمی کے باعث اضافی اخراجات صارفین تک مکمل طور پر منتقل نہیں جاسکے جس کی وجہ سے مارجنز 6 فیصد تک متاثر ہوئے۔

کیلز، مارکیٹنگ اور ایڈمنسٹریٹو اخراجات یکٹل سال کے 1194 ملین روپے کے مقابلے میں اس سال 1090 ملین روپے رہے لہذا اخراجات میں 8.7 فیصد کمی لائی گئی۔

### فیصل پر فارمنس

اس سال کی فیصل پر فارمنس کا خلاصہ درج ذیل ہے

روپے ہزاروں میں	30 جون 2018	30 جون 2017
آپریٹنگ منافع	214,250	295,452
دیگر آپریٹنگ آمدنی	36,923	65,297
	251,173	360,749
مالیاتی اخراجات	88,142	74,960
دیگر چارجز	15,820	19,858
	103,962	94,818
ٹیکس سے قبل منافع	147,211	265,931
ٹیکس	45,106	63,820
منافع بعد از ٹیکس	102,105	202,111

# Pattern of Shareholding

as on June 2018

NO. OF SHAREHOLDERS	From	To	SHARE HELD	PERCENTAGE
428	1	100	16673	0.0917
336	101	500	101343	0.5572
173	501	1000	137431	0.7557
228	1001	5000	544915	2.9963
37	5001	10000	284115	1.5622
15	10001	15000	178630	0.9822
8	15001	20000	141086	0.7758
7	20001	25000	160320	0.8815
3	25001	30000	79489	0.4371
1	30001	35000	32929	0.1811
2	35001	40000	77100	0.4239
5	45001	50000	241100	1.3257
1	60001	65000	64453	0.3544
2	80001	85000	164600	0.9051
1	85001	90000	89800	0.4938
2	95001	100000	196900	1.0827
1	120001	125000	122184	0.6718
1	180001	185000	184495	1.0145
1	270001	275000	271500	1.4929
1	320001	325000	323426	1.7784
1	350001	355000	350454	1.9270
1	355001	360000	358318	1.9703
1	375001	380000	379290	2.0856
1	465001	470000	468417	2.5756
1	470001	475000	472400	2.5975
1	475001	480000	477496	2.6256
1	890001	895000	890961	4.8991
1	1910001	1915000	1910500	10.5051
1	9465001	9470000	9466057	52.0502
<b>1262</b>			<b>18186382</b>	<b>100.0000</b>



# Pattern of Shareholding

as on June 2018

<b>Particulars</b>	<b>Shares held</b>	<b>Percentage</b>
Directors, CEO and their spouses and minor children	28,115	0.155%
NIT & ICP	1,490	0.008%
Banks, DFI & NBFI	522,556	2.873%
Modarabas & Mutual Funds	323,426	1.778%
General Public (Local)	4,980,867	27.388%
General Public (Foreign)	246,378	1.355%
Others	591,993	3.255%
Foreign Companies	11,491,557	63.188%
<b>Company Total</b>	<b>18,186,382</b>	<b>100.00%</b>

## Categories of Shareholders Required Under the Code of Corporate Governance as at June 30, 2018

### Directors, CEO and their spouses and minor Holding Percentage

Dr. Mahmood Ahmed	2	0.000%
Mr. Muhammad Ilyas	1	0.000%
Mr. Muhammad Naseem	1	0.000%
Mr. Zafar Aziz Osmani	1	0.000%
Mr. Sohail Osman Ali	26,538	0.146%
Mr. Maqbool H.H.Rahimtoola	1,572	0.009%
	<b>28,115</b>	<b>0.155%</b>

### Associated Companies

Slotrapid Limited	<b>9,466,057</b>	<b>52.050%</b>
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### NIT & ICP

National Bank of Pakistan Turstee Department	900	0.005%
Investment Corporation of Pakistan Limited	590	0.003%
	<b>1,490</b>	<b>0.008%</b>

Banks, DFI & NBFI	522,556	2.873%
General Public (Local)	4,980,867	27.388%
General Public (Foreign)	246,378	1.355%
Others	2,940,919	16.171%
	<b>8,690,720</b>	<b>47.787%</b>
	<b>18,186,382</b>	<b>100.000%</b>

# Notice of Annual General Meeting

Notice is hereby given that the **68<sup>th</sup> Annual General Meeting of Berger Paints Pakistan Limited** will be held on **October 23, 2018** at **10:00 am** at the **Lahore Factory 28 Km, Multan Road, Lahore**. To transact the following business:

## Ordinary Business

1. To confirm minutes of Annual General Meeting held on October 19, 2017.
2. To receive and adopt the Audited Accounts along with consolidated Financial Statements of the Company for the year ended June 30, 2018 together with the Auditors Reports and Directors Report thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2019. Board has recommended reappointing KPMG –Taseer Hadi & Co Chartered Accountants who being eligible offer themselves for re-appointment.
4. To approve final dividend @ 12.5% i.e., Rs. 1.25/- per share as recommended by the Board of Directors for the Financial year 2018.
5. To approve issuance of Bonus Shares in the proportion of 1.25 shares for every 10 shares held i.e., 12.5%.
6. To transact any other business with the permission of the Chair.

**By Order of the Board**

Lahore: October 01, 2018

Abdul Wahid Qureshi  
Company Secretary

Registered Office  
36- Industrial Estate, Kot Lakhpat Lahore.

## Notes:

- 1) The Share Transfer Books will remain closed from October 17, 2018 to October 23, 2018, (both days inclusive). Physical transfers/CDS transactions IDs received in order at Company registrar office M/s THK Associates Pvt. Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi on or before October 16, 2018 will be treated in time.
- 2) A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf.
- 3) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- 4) Members are requested to notify the company change in their addresses, if any.

**a) For Attending the Meeting:**

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/ her identity by showing his/ her computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of Corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**b) For Appointing proxies:**

- i. In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose name, addresses and CNIC numbers shall be mentioned.
- iii. Attested copies of the CNIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors; resolution/ power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**5)** As per requirement of section 134 (1) (b) of the Companies Act 2017 read with SECP's Circular No. 10 of 2014 dated May 21, 2014, if certain members who hold ten percent of the total paid up capital or such other percentage as may be specified, reside in any other city, such members may demand the Company to provide them the facility of video-link to for attending the meeting and if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The members should provide their consent as per the format and submit to the registered address of the Company.

**6)** The Form of proxy to be valid must be properly filled in/ executed and received at the Company's Registered Office at 36-Industrial Estate Kot Lakhpat, Lahore not later than 48 hours before the time of meeting.

**7) SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

All shareholders are advised to check their status on Active Taxpayer List (ATL) available on FBR Website and if required take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction. Pursuant to the provision of Finance Act 2017, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as: for filers 15% and for non-filers 20%.



In case of joint account, please intimate proportion of shareholding as each account holder is to be treated individually as either filer or non-filer and tax will be deducted on the basis of shareholding provided by the shareholder, otherwise equally.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to receipt the amount and therefore will be constrained under Section 243(3) of the Companies Act, 2017 to withhold dispatch of dividend warrants of such shareholders. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

**8) STATEMENT OF UNCLAIMED OR UNPAID AMOUNTS UNDER SECTION 244 OF THE COMPANIES ACT, 2017**

The Securities and Exchange Commission of Pakistan pursuant to section 244 read with section 510 of the Companies Act 2017 directs all Companies to submit a statement to the Commission through eServices portal (<https://eservices.secp.gov.pk/eServices/>) stating therein the number or amounts, as the case may be, which remain unclaimed or unpaid for a period of three years from the date it is due and any other instrument or amount which remain unclaimed or unpaid, as may be specified.

Through this notice, the shareholders are intimated to contact with the Company for any unclaimed dividend/shares within a period of seven days after publishing this notice to meet the compliance of SECP Direction no. 16 of 2017 dated 07 July 2017. The Shareholders are requested to contact the Company on its registered address regarding any unclaimed dividends or undelivered shares (if any).

**9) PAYMENT OF CASH DIVIDEND ELECTRONICALLY**

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. The shareholders are requested to provide their folio number, name and details of the bank account consisting of the bank name, branch name, branch code, Account number, Title of the Account and IBAN in which they desire their dividend to be certified, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s THK Associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi) at the earliest possible.

**10) TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH E-MAIL**

The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' report along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their written consent. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s THK Associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi).

**11) TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH CD/DVD/USB**

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. However a shareholder may request to the Company Secretary or share registrar office at THK Associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi to provide at his/her registered address, free of cost, within one week of the demand.

## **12) ZAKAT DECLARATIONS (CZ-50)**

The Zakat will be deducted from the dividends at the source at the rate of 2.5% of the pain-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemptions, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Accounts Services on the CDC) or to our Registrars, THK Associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

**(10) سالانہ فنانسئل میٹنگس ترسیل بذریعہ ای میل**

سکیورٹی ایجنسی کی مشورہ پر پاکستان نے ایف پی اے 2016/ (1) SRO 787 بتاریخ 8 ستمبر 2014 میں کمپنی کو اجازت دی ہے کہ وہ اپنی سالانہ فنانسئل شیٹ، پروفٹ اور لوں اکاؤنٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ سالانہ جنرل میٹنگ کے نوٹس کے ساتھ اپنے ممبرز کو ای میل کے ذریعے بھیج سکتی ہے۔ ایسے ممبرز جو اس سہولت سے فائدہ اٹھانا چاہتے ہیں وہ تحریری درخواست دے سکتے ہیں۔ کمپنی کی ویب سائٹ پر مینٹنڈ روڈ قائم موجود ہے۔ ممبرز سے درخواست ہے کہ اس قائم پر متعلقہ تفصیلات لکھ کر شیئر رجسٹرار

(M/S THK associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi) کو جلد از جلد بھجوا دیں۔

**(11) سالانہ فنانسئل میٹنگس ترسیل بذریعہ USB/CD/DVD**

SECP نے ایف پی اے 2016/ (1) SRO 470 بتاریخ 31 مئی 2016 میں کمپنیاں کو اجازت دی ہے کہ وہ اپنی سالانہ فنانسئل شیٹ، پروفٹ اور لوں اکاؤنٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ سالانہ جنرل میٹنگ کے نوٹس کے ساتھ اپنے ممبرز کو ڈی وی ڈی، ڈی وی ڈی، یا یو ایس بی کے ذریعے بھیج سکتی ہے۔ تاہم اس کے لئے ممبرز کمپنی کی ایئرڈ رجسٹرڈ لکھ کر (M/S THK associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi) کو تحریری درخواست دے کے ایک ہفتے کے اندر مشق حاصل کر سکتے ہیں۔

Zakat katoti (cz-50)

**(12) زکوٰۃ کوٹی (CZ-50)**

زکوٰۃ اور عشر کے قانون کے مطابق شیئر کی قیمت (ڈس روپے فی شیئر) کے مطابق ڈیو ایڈ ہڈ پر 2.5 فی صد کے حساب سے زکوٰۃ کی کوٹی ہوگی اور طے کردہ وقت کے دوران متعلقہ انتظامی کو جمع کروادی جائے گی۔ برآمدہ برائی اپنی زکوٰۃ ڈسٹریکشن زکوٰۃ اور عشر آرڈیننس 1980 اور زکوٰۃ (کوٹی اور واپسی) کروڑ کے مطابق جمع کروائیں۔ اور اگر آپ اس سے چھوٹ چاہتے ہیں تو ایف پی اے CZ-50 قائم ہو کر یا CDC (اگر شیئر زکوٰۃ نمبر یا CDC کے پاس ہیں) لکھا ہمارے رجسٹرار

THK Associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., کو جمع کروائیں (اگر شیئر زکوٰۃ چھوٹ لکھتے ہیں تو) شیئر ہولڈرز اپنی زکوٰۃ ڈسٹریکشن کیسے وقت کمپنی کا نام اور متعلقہ فوئیو نمبر ضرور لکھیں۔



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## نوٹس برائے سالانہ جنرل میٹنگ

اس نوٹس کے مطابق برجر پینٹس پاکستان لمیٹڈ کی 68 ویں سالانہ جنرل میٹنگ 23 اکتوبر 2018 کو صبح 10 بجے لاہور ٹیکسٹائل 28 کلومیٹر، ملتان روڈ، لاہور میں منعقد کی جائے گی۔ جس میں درج ذیل معاملات زیر بحث لائے جائیں گے۔

### عام معاملات

- 19 اکتوبر 2017 کو منعقد ہونے والی سالانہ جنرل میٹنگ کے مینٹس کی تصدیق کرنا۔
- 2۔ سال ختم 30 جون 2018 کے کٹنی کی فائنٹیل ٹینٹس ڈائریکٹر پورس اور ڈائریکٹر رپورٹ کے ساتھ ڈائریکٹر اکاؤنٹس کو وصول اور اختیار کرنا۔
- 3۔ سال ختم 30 جون 2019 کیلئے ڈائریکٹر کو مقرر کرنا اور ان کا معاوضہ طے کرنا۔ بورڈ نے KPMG ٹاٹیر ہادی کو چارٹرڈ اکاؤنٹنٹس کی دوپارہ سے مقرر کی تجویز کی ہے۔ جو کہ دوبارہ تقرری کیلئے اہل ہیں۔
- 4۔ بورڈ آف ڈائریکٹرز نے مالی سال 2018 کیلئے تجویز کردہ حتمی حصہ 12.5% کو منظور کرنا جو کہ 1.25 روپے فی شیئر بننا ہے۔
- 5۔ جیڈس شیئرز کیلئے 1.25 شیئرز کے تناسب میں بونس کے شیئرز کے اجراء کی منظوری دینا جو کہ 12.5% ہے۔
- 6۔ جیڈس کی اجازت سے کوئی اور بزنس شروع کرنا۔

بورڈ کے حکم کے مطابق

لاہور: یکم اکتوبر 2018

عبدالواحد قریشی

کٹنی سیکری

ریموڈ آفس

36 انڈسٹریل اسٹریٹ، کوٹ لکھ پتہ لاہور۔

نوٹس:

- 1۔ شیئر ٹرانسفرکس 17 اکتوبر 2018 سے 23 اکتوبر 2018 تک بند رہیں گی (دفعہ 119 شامل ہیں)۔ وہ فزیکل ٹرانسفر سے سی ڈی ایس ٹرمینل سیکسز آئی ڈیز جو کہ کٹنی رجسٹر آف ایس ایم ایس نی ایچ کے ایس ایس پرائیویٹ لمیٹڈ فرسٹ فلور، 40 سی ایچ 6، پی ای سی ایچ ایس، کراچی کے پتہ پر 16 اکتوبر 2018 سے پہلے وصول ہوں گے وہی حقدار ہوں گے۔
- 2۔ کٹنی کا وہ ممبر جو کہ اس میٹنگ میں شمولیت، بولنے اور ووٹ کرنے کا حقدار ہے اپنی جگہ پر کسی اور ممبر کو شمولیت، بولنے اور ووٹ کرنے کا حق دے سکتا ہے۔
- 3۔ سی ڈی سی ڈی کاؤنٹ ہولڈرز کو سیکرٹریز اور انکچارجنگ کمیشن آف پاکستان کی طرف سے عائد کردہ درج ذیل گائیڈ لائنز پر عمل پیرا ہونا ہوگا
- 4۔ ممبران سے درخواست ہے کہ وہ اپنے الیکٹرونک سے متعلق تبدیلی کے بارے میں کٹنی کو ضرور آگاہ کریں، اگر ہوتو۔

### (a) میٹنگ میں شمولیت کیلئے

1۔ افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ہاؤس جس کی سیکرٹریز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تھیلانہ قوانین کے مطابق درج ہیں، اپنی شناخت اپنے قومی شناختی کارڈ کی مدد سے یا پھر اصلی پاسپورٹ سے کروا کر میٹنگ میں شمولیت کر سکتا ہے۔

2۔ کارپوریٹ باڈی ہونے کی صورت میں میٹنگ کے ناظم پر بورڈ آف ڈائریکٹرز یا وائٹ اپوائنٹ ہاؤس آف انارنی مینجمنٹ کے ساتھ جمع کروانے ہوئے (اگر پہلے جمع نہیں کروائے تو)۔

### (b) پروکسی مقرر کرنے کیلئے

# Statement of Compliance with the Code of Corporate Governance

For the year ended 30 June 2018

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

1. The total number of directors are seven as per the following:

- a) Male: Seven
- b) Female: None

Latest elections of the Board were held in October 2017 before these Regulations came into force. The Company shall comply with the requirement of at least one female director on its Board upon expiry of the term in 2020 as per clause 7 of the Regulations.

2. The composition of the board is as follows:

Category	Name
Independent Directors	Mr. Sohail Osman Ali Mr. Zafar Aziz Osmani Mr. Muhammad Naseem Mr. Muhammad Saeed
Non-Executive Directors	Mr. Maqbool H. H. Rahimtoola Mr. Shehzad M. Hussain Mr. Ilyas Sharif
Executive Director	Dr. Mahmood Ahmad

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with dates on which they are approved or amended has been maintained.
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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.



9. Requirement of the Regulations on Director's Training Program has been complied with.
10. No new appointment of the CFO, Company Secretary and Head of Internal Audit occurred during the year.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising given below:

**a) Audit Committee**

Mr. Muhammad Naseem	Chairman
Mr. Sohail Osman Ali	Member
Mr. Maqbool H. H. Rahimtoola	Member

**b) HR and Remuneration Committee**

Mr. Zafar A. Osmani	Chairman
Dr. Mahmood Ahmed	Member
Mr. Shehzad M. Hussain	Member

13. The terms of the reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meetings of the committees were as per following:
  - a) Audit Committee – Four quarterly meetings during the financial year ended June 30, 2018
  - b) HR and Remuneration Committee – One during the financial year ended June 30, 2018
15. The board has outsourced the internal audit function to Messer. Ernst & Young (EY) Ford Rhodes who are considered 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 confirmed that the all other requirements of the Regulations have been complied with

**ON BEHALF OF THE BOARD**

**Lahore**  
**Date: 24 September 2018**

**Mr. Maqbool H.H. Rahimtoola**  
Chairman

## Independent Auditor's Review Report

to the members of Berger Paints Pakistan Limited  
Review Report on the Statement of Compliance contained in Listed  
Companies (Code of Corporate Governance) Regulations, 2017

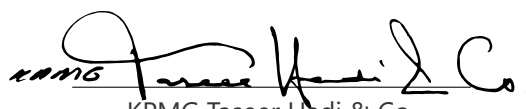
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Berger Paints Pakistan Limited** for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2018**.

  
KPMG Taseer Hadi & Co.

**Chartered Accountants**  
(Kamran I. Yousafi)

Lahore  
Date: 24 September 2018

Berger Paints Pakistan Limited  
Unconsolidated Financial Statements  
for the year ended 30 June 2018





**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
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Jail Road, Lahore, Pakistan.

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# Independent Auditor's Report

## To the members of Berger Paints Pakistan Limited Report on the audit of the Financial Statements

### **Opinion**

We have audited the annexed financial statements of **Berger Paints Pakistan Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, the 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 Auditor's 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.

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Revenue</b></p> <p>Refer to note 3.19 and 29 to the financial statements.</p> <p>The Company recognized revenue of Rs. 5.45 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2018. Sales to related parties represent 9.24% of total sales.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to a risk that revenue is recognized without transferring the risk and rewards.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <li>comparing a sample of revenue transactions recorded during the year with the contracts / invoices, outward gate passes other relevant underlying documents;</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	<p><b>Valuation of Trade Debts</b></p> <p>Refer to note 3.8 and 14 to the financial statements.</p> <p>As at 30 June 2018, the Company's gross trade debtors were Rs. 1,364.93 million against which provision for doubtful debts of Rs. 200.02 million were recorded.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<ul style="list-style-type: none"> <li>• comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and</li> <li>• scanning for any manual journal entries relating to revenue raised during the year which were considered to be material or met other specific criteria for inspecting underlying documentation.</li> </ul> <p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review), debt collections process and making provision for doubtful debts calculations;</li> <li>• testing the accuracy of trade receivable aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket;</li> <li>• assessing the appropriateness of assumptions and estimates made by the management for the provision against doubtful debts by comparing, on a sample basis, historical cash collections, actual write offs and cash receipts from customers subsequent to the financial year end with the underlying documentation; and</li> <li>• assessing the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.</li> </ul>

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial statements and our auditor's 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.

**Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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.

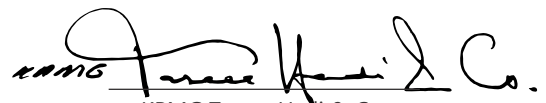
**Report on Other Legal and Regulatory Requirements**

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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Kamran I. Yousafi.

Lahore  
Date: 24 September 2018

  
KPMG Taseer Hadi & Co.  
**Chartered Accountants**  
(Kamran I. Yousafi)

# Statement of Financial Position

As at 30 June 2018

Rupees in thousand	Note	2018	2017 (Restated)	2016 (Restated)
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	6	1,223,549	1,138,904	1,034,257
Intangibles	7	40,297	44,767	48,532
Investments in related parties	8	67,287	74,568	52,557
Long term loan to related party - secured	9	40,000	40,000	-
Long term loans - secured	10	54,360	50,929	46,554
Long term deposits - unsecured	11	25,884	20,774	17,463
Deferred taxation	12	-	1,859	-
		<b>1,451,377</b>	<b>1,371,801</b>	<b>1,199,363</b>
<b><u>Current assets</u></b>				
Stores, spare parts and loose tools		15,772	16,924	15,422
Stock-in-trade	13	1,015,911	1,018,236	734,991
Trade debts - unsecured	14	1,164,907	1,249,455	1,223,283
Loans and advances	15	199,686	102,524	91,541
Trade deposits and short term prepayments	16	51,360	30,387	27,725
Other receivables	17	16,363	13,732	113,900
Tax refund due from Government - net		291,573	299,289	181,780
Short term investment	18	42,275	42,275	37,080
Cash and bank balances	19	21,420	44,356	78,197
		<b>2,819,267</b>	<b>2,817,178</b>	<b>2,503,919</b>
		<b>4,270,644</b>	<b>4,188,979</b>	<b>3,703,282</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Authorised share capital</b>	20	<b>250,000</b>	250,000	250,000
<b><u>Share capital and reserves</u></b>				
Issued, subscribed and paid-up capital	20	181,864	181,864	181,864
Reserves	21	828,666	724,418	638,038
Revaluation surplus on property, plant and machinery - net of tax	22	509,131	521,363	542,313
		<b>1,519,661</b>	<b>1,427,645</b>	<b>1,362,215</b>
<b><u>Non-current liabilities</u></b>				
Long term financing - secured	23	69,965	138,263	1,350
Staff retirement and other long term benefits	24	142,592	119,977	103,925
Deferred taxation	12	9,000	-	5,308
		<b>221,557</b>	<b>258,240</b>	<b>110,583</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	25	1,301,918	1,444,161	1,311,996
Unclaimed dividend		4,756	28,716	2,788
Interest / markup accrued on borrowings	26	16,465	13,394	11,566
Current maturity of long term financing	23	68,298	68,088	40,600
Short term borrowings - secured	27	1,137,989	948,735	863,534
		<b>2,529,426</b>	<b>2,503,094</b>	<b>2,230,484</b>
		<b>2,750,983</b>	<b>2,761,334</b>	<b>2,341,067</b>
<b>Contingencies and commitments</b>	28			
		<b>4,270,644</b>	<b>4,188,979</b>	<b>3,703,282</b>

The annexed notes 1 to 50 form an integral part of these financial statements.

# Statement of Profit or Loss

For the year ended 30 June 2018

<b>Rupees in thousand</b>	<i>Note</i>	<b>2018</b>	<b>2017</b>
Sales - <i>net</i>	29	<b>5,453,221</b>	5,122,570
Cost of sales	30	<b>(4,148,718)</b>	(3,632,609)
<b>Gross profit</b>		<b>1,304,503</b>	1,489,961
Selling and distribution costs	31	<b>(898,866)</b>	(1,009,310)
Administrative and general expenses	32	<b>(191,387)</b>	(185,199)
		<b>(1,090,253)</b>	(1,194,509)
<b>Profit from operations</b>		<b>214,250</b>	295,452
Other income	33	<b>36,923</b>	65,297
		<b>251,173</b>	360,749
Other expenses	34	<b>(15,820)</b>	(19,858)
Finance cost	35	<b>(88,142)</b>	(74,960)
		<b>(103,962)</b>	(94,818)
<b>Profit before taxation</b>		<b>147,211</b>	265,931
Taxation	36	<b>(45,106)</b>	(63,820)
<b>Profit after taxation</b>		<b>102,105</b>	202,111
		<b>Rupees</b>	<b>Rupees</b>
<b>Earnings per share - <i>basic and diluted</i></b>	37	<b>5.61</b>	11.11

The annexed notes 1 to 50 form an integral part of these financial statements.



# Statement of Comprehensive Income

For the year ended 30 June 2018

<b>Rupees in thousand</b>	<i>Note</i>	<b>2018</b>	<b>2017</b>
<b>Profit after taxation</b>		<b>102,105</b>	202,111
<b><u>Other comprehensive income</u></b>			
<b><u>Items that may be reclassified to profit and loss</u></b>			
Fair value (loss) / gain on 'Available for sale' investments	8.2.1	<b>(7,281)</b>	22,011
<b><u>Items that will not be reclassified to profit and loss</u></b>			
Remeasurement of defined benefit obligation	24.5	<b>(5,966)</b>	4,986
<b>Total comprehensive income for the year</b>		<b>88,858</b>	229,108

The annexed notes 1 to 50 form an integral part of these financial statements.

# Statement of Cash Flow

## For the year ended 30 June 2018

Rupees in thousand	Note	2018	2017
<b><u>Cash flow from operating activities</u></b>			
Profit before taxation		147,211	265,931
<i>Adjustments for non cash and other items:</i>			
Depreciation on property, plant and equipment	6.7	79,778	73,404
Amortization on computer software	7.1.1	4,660	6,783
Gain on disposal of property, plant and equipment	33	(9,363)	(2,150)
Provision (reversed) / charged against slow moving stock - net		(2,902)	6,350
Insurance claim	33	(2,581)	(9,704)
Provision reversed for impairment in capital work in progress	34	(8,059)	(13,941)
Provision for doubtful debts	31	990	61,623
Bad debts written off	14.3	25,954	31,796
Provision for staff retirement and other long term benefits	24.6 & 24.16	28,321	29,373
Finance cost	35	88,142	74,960
Provision for doubtful loans	15	1,765	-
Impairment charged on Goodwill	7.2.1	4,487	-
Mark-up on term deposit receipts	33	(6,638)	(3,851)
		204,554	254,643
<b>Operating profit before working capital changes</b>		<b>351,765</b>	<b>520,574</b>
<b><u>Working capital changes</u></b>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		1,152	(1,502)
Stock-in-trade		5,227	(289,595)
Trade debts - unsecured		57,604	(119,591)
Loans and advances		(90,083)	(13,783)
Trade deposits and short term prepayments		(20,973)	(2,662)
Other receivables		(111)	109,840
		(47,184)	(317,293)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		(142,243)	132,165
<b>Cash generated from operations</b>		<b>162,338</b>	<b>335,446</b>
Finance cost paid		(85,071)	(73,132)
Taxes paid		(23,373)	(188,496)
Staff retirement and other long term benefits paid	24	(11,672)	(8,335)
Long term loans - due from employees		(12,275)	(1,575)
Long term deposits - net		(5,110)	(3,311)
		(137,501)	(274,849)
<b>Net cash generated from operating activities</b>		<b>24,837</b>	<b>60,597</b>
<b><u>Cash flow from investing activities</u></b>			
Fixed capital expenditure		(166,390)	(169,634)
Long term loan to related party	9	-	(40,000)
Sale proceeds from disposal of property, plant and equipment	6.2	14,712	4,656
Markup received on term deposit and long term loan		6,699	3,883
Short term investments		-	(5,195)
<b>Net cash used in investing activities</b>		<b>(144,979)</b>	<b>(206,290)</b>
<b><u>Cash flow from financing activities</u></b>			
Long term financing - net		(68,088)	164,401
Dividend paid		(23,960)	(137,750)
<b>Net cash (used in) / generated from financing activities</b>		<b>(92,048)</b>	<b>26,651</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(212,190)</b>	<b>(119,042)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>(504,379)</b>	<b>(385,337)</b>
<b>Cash and cash equivalents at end of year</b>	38	<b>(716,569)</b>	<b>(504,379)</b>

The annexed notes 1 to 50 form an integral part of these financial statements.

# Statement of Changes In Equity

## For the year ended 30 June 2018

Rupees in thousand

	Issued, subscribed and paid-up capital	Share premium	Capital Surplus on revaluation on property, plant and machinery	Reserves				Total reserves	Total
				Fair value reserve	General reserve	Revenue Accumulated Profits			
<b>Balance as at 01 July 2016, as previously reported</b>	181,864	56,819	-	6,977	285,000	289,242	638,038	<b>819,902</b>	
Effect of restatement - note 3.1	-	-	542,313	-	-	-	542,313	<b>542,313</b>	
<b>Balance as at 01 July 2016, restated</b>	181,864	56,819	542,313	6,977	285,000	289,242	1,180,351	<b>1,362,215</b>	
<b><u>Transactions with owners of the Company</u></b>									
Final dividend for the year ended 30 June 2016 @ Rs. 4.5 per share.	-	-	-	-	-	(81,839)	(81,839)	<b>(81,839)</b>	
Interim dividend for the year ended 30 June 2017 @ Rs. 4.5 per share	-	-	-	-	-	(81,839)	(81,839)	<b>(81,839)</b>	
	-	-	-	-	-	<b>(163,678)</b>	<b>(163,678)</b>	<b>(163,678)</b>	
<b><u>Total comprehensive income for the year ended 30 June 2017</u></b>									
Profit for the year	-	-	-	-	-	202,111	202,111	<b>202,111</b>	
Other comprehensive income for the year									
- Fair value gain on 'Available for sale' investments	-	-	-	22,011	-	-	22,011	<b>22,011</b>	
- Remeasurement of defined benefit obligation	-	-	-	-	-	4,986	4,986	<b>4,986</b>	
	-	-	-	<b>22,011</b>	-	<b>207,097</b>	<b>229,108</b>	<b>229,108</b>	
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	-	(20,950)	-	-	20,950	-	-	
<b>Balance as at 30 June 2017, restated</b>	<b>181,864</b>	<b>56,819</b>	<b>521,363</b>	<b>28,988</b>	<b>285,000</b>	<b>353,611</b>	<b>1,245,781</b>	<b>1,427,645</b>	
<b>Balance as at 01 July 2017, as previously reported</b>	181,864	56,819		28,988	285,000	353,611	724,418	<b>906,282</b>	
Effect of restatement - note 3.1	-	-	521,363	-	-	-	521,363	<b>521,363</b>	
<b>Balance as at 01 July 2017, restated</b>	181,864	56,819	521,363	28,988	285,000	353,611	1,245,781	<b>1,427,645</b>	
<b><u>Total comprehensive income for the year ended 30 June 2018</u></b>									
Profit for the year	-	-	-	-	-	102,105	102,105	<b>102,105</b>	
Other comprehensive income for the year									
- Fair value loss on 'Available for sale' investments	-	-	-	(7,281)	-	-	(7,281)	<b>(7,281)</b>	
- Remeasurement of defined benefit obligation	-	-	-	-	-	(5,966)	(5,966)	<b>(5,966)</b>	
<b>Total Comprehensive (loss) / income for the year</b>	-	-	-	<b>(7,281)</b>	-	<b>96,139</b>	<b>88,858</b>	<b>88,858</b>	
Transfer of incremental depreciation from revaluation surplus on property plant and machinery - net of tax	-	-	(15,390)	-	-	15,390	-	-	
Reversal of deferred tax due to change of rate	-	-	3,158	-	-	-	-	<b>3,158</b>	
	-	-	<b>(12,232)</b>	-	-	<b>15,390</b>	-	<b>3,158</b>	
<b>Balance as at 30 June 2018</b>	<b>181,864</b>	<b>56,819</b>	<b>509,131</b>	<b>21,707</b>	<b>285,000</b>	<b>465,140</b>	<b>1,334,639</b>	<b>1,519,661</b>	

The annexed notes 1 to 50 form an integral part of these financial statements.

# Notes to the financial statements

## For the year ended 30 June 2018

### 1 Reporting entity information

- 1.1** Berger Paints Pakistan Limited ("the Company") was incorporated in Pakistan on 25 March 1950 as a Private Limited Company under the Companies Act 1913 (now Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on the Pakistan Stock Exchange ("PSX"). The principle business activity of the Company is manufacturing and trading of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the Holding Company. The registered office of the Company is situated at 36-Industrial Estate Kot-Lakhpur, Lahore and its only manufacturing facility is located at 28 Km Multan Road, Lahore.

Following is the pertinent information related to the Holding Company;

<u>Particulars</u>	<u>Related Information</u>
Registered Address	Akara Building, 24 De-Castro Street, Wickham Cay I, Road Town, Tortola, British Virgin Islands.
Principle Officer - President / Director	Vernon Emmanuel Salazar Zurita
Aggregate Percentage of Holding	52.05%
Operational Status	Active

Auditor's opinion on latest financial statements of the Holding Company is not available as the country of incorporation does not have any such statutory requirement.

### 1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Incurred capital expenditure including the purchase of 36.1 kanals land in Maraka Lahore near factory premises. This is reflected in property, plant and equipment, note 6.
- Increase in prices of imported raw material and devaluation of local currency have negatively affected the current year profit and loss.
- The accounting policy for revaluation surplus on property plant and machinery changed during the year. Consequently, the amount of revaluation surplus on property, plant and machinery reported outside the equity in the prior years has been reclassified to equity.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.
- For a detailed discussion about Company's performance please refer to the directors report accompanied in the annual report of the Company for the year ended 30 June 2018.

### 2 Basis of preparation and statement of compliance

#### 2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.



The Company has following investments:

Company name	Country of incorporation	Percentages of shareholding	Nature of business
<b><u>Subsidiaries</u></b>			
Berger DPI (Private) Limited	Pakistan	51.00%	Execution of contracts relating to application of road marking paints and installation of road safety equipment
Berdex Construction Chemicals(Private) Limited	Pakistan	51.96%	Merchandising and application of construction chemicals
<b><u>Associate</u></b>			
3S Pharmaceuticals (Private) Limited	Pakistan	49.00%	Manufacturing of medicines

## 2.2 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 (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 3.4, the measurement of certain items of property, plant and equipment as referred to in note 22 at revalued amounts and recognition of certain staff retirement and other long term benefits as referred to in note 3.12 at present value.

In these financial statements, except for the amounts reflected in the cash flow statement, all transaction have been accounted for on accrual basis.

## 2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Company's functional and presentation currency. All financial information has been rounded to the nearest thousand rupees, except when otherwise indicated.

### 3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as disclosed in note 3.1.

#### 3.1 Changes in accounting policy

Up to 30 June 2017, revaluation surplus on property, plant and machinery was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of property, plant and machinery. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of property, plant and machinery has not been carried forward in the Companies Act, 2017. Accordingly the management has changed the accounting policy to bring accounting of revaluation surplus on property, plant and machinery in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of revaluation surplus on property, plant and machinery to equity which was previously being presented outside the equity.

The new Act specified certain additional disclosures to be included in the financial statements. Accordingly, the Company has presented the required disclosures in these financial statements and restated certain comparatives. However there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position due to these representations.

All other significant accounting policies have been applied consistently to all periods presented in these financial statements except that pursuant to the requirements of IAS 7 "Statement of cash flows", a disclosure of reconciliation of movements of liabilities to cash flows arising from financing activities has been given in note 42 to the financial statements. This change does not have any impact on the figures reported in these financial statements.

#### 3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold and leasehold land, buildings thereon and plant and machinery, which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus on property, plant and machinery account except for a reversal of deficit already charged to profit or loss. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus, in which case the deficit is taken to revaluation surplus on property, plant and machinery account. The revaluation surplus on property, plant and machinery to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets is transferred annually directly to retained earnings net of related deferred tax. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from revaluation surplus on property, plant and machinery account are net of applicable deferred income tax. Further, the revaluation surplus on property, plant and machinery shall be utilized in accordance with IAS 16 - Property, plant and equipment.

Depreciation on all property plant and equipment except freehold land is charged to profit and loss account using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life at the annual rates as disclosed in note 6.1. Residual values are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

Useful lives are regularly reviewed by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is put to use or capitalized while depreciation on assets disposed off is charged up to the month preceding the disposal.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in profit and loss account.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Capital work in progress is stated at cost less impairment in value, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment category as and when assets are available for intended use.

### **3.2.1 Non financial assets impairment**

The Company assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to profit and loss account currently except for impairment loss on revalued assets, which is recognized directly against any revaluation surplus for the related asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

## **3.3 Intangibles**

Intangibles are measured initially at cost. The cost of intangible comprise of its purchase price including non-refundable purchase taxes after deducting trade discounts and rebates and includes other costs directly attributable to acquisition. Cost incurred after the asset is in the condition necessary for it to operate in the manner intended by management are recognised in profit and loss account.

### **3.3.1 Computer software**

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

Amortization on assets with finite useful life is charged to profit and loss account on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 7.

### **3.3.2 Goodwill acquired in business combinations**

The purchase method of accounting is used to account for the acquisition of businesses by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, if any, at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities, if any, assumed in a business combination

are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment loss, if any.

### **3.3.3 Impairment**

The Company assesses at each balance sheet date whether there is any indication that intangible assets 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### **3.4 Investments**

Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available for sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

#### **3.4.1 Investments in equity instruments of subsidiaries and associates**

Investments in subsidiaries and associates where the Company has significant influence are measured at cost less impairment, if any, in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS-27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are accounted for using equity method in accordance with IAS-28 'Investment in Associates'.

#### **3.4.2 Available for sale**

Investments that are intended to be held for sale for an indefinite period of the time or may be sold in response to need for liquidity are classified as available for sale. These are included in non-current assets unless management intends to dispose off investments within twelve months from the balance sheet date.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given plus any directly attributable cost. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price), unless fair value cannot be reliably measured. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise. At the time of disposal, the respective surplus or deficit in the fair value reserve is transferred to profit and loss account.

#### **3.4.3 Trade date accounting**

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.



### 3.4.4 Impairment

At each reporting date, the Company reviews the carrying amounts of its investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. In respect of available for sale investment, cumulative impairment loss less any impairment loss already recognized in profit and loss account is removed from equity and recognized in the profit and loss account that are not subsequently reversed through profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use.

### 3.5 Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables 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 investments on an effective yield method less impairment loss, if any. Loans and receivables include trade and other receivables and long term loans given to employees and related parties.

### 3.6 Stores and spare parts

These are valued at moving weighted average cost less any identified impairment except for items in transit, which are valued at invoice price and related expenses incurred up to the statement of financial position date. Items considered obsolete are carried at nil value. General stores and spare parts are charged to profit and loss accounts currently. The Company reviews the carrying amount of stores on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores.

### 3.7 Stocks-in-trade

Stock-in-trade is valued at lower of weighted average cost and estimated Net Realizable Value ("NRV").

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, packing materials and Semi-processed goods	Moving weighted average cost
Finished goods	Average manufacturing cost
Finished goods purchased for resale	Moving weighted average cost
Stock in transit	Invoice value plus other charges paid thereon up to the reporting date

NRV signifies the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

Provision for obsolete and slow moving stock in trade is made on management estimate, whenever necessary.

### 3.8 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business. Trade debts and other receivables are stated at original invoice amount, which approximates fair value less an allowance made for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and management's assessment of customers' credit worthiness and trend of recoveries. Balances considered bad and irrecoverable are written off as and when

identified. When a trade debt is uncollectable, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to profit and loss account.

### **3.9 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Company.

### **3.10 Taxation**

Income tax expense comprises of current and deferred tax. It is recognised in profit and loss account except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in equity.

#### **Current tax**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Under / over paid amount of current tax is recorded as tax refundable / payable due from / to the Government.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

#### **Deferred tax**

Deferred tax is recognized using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan.

### **3.11 Lease**

#### **Operating leases**

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained

by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease / ljarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

### **3.12 Employees benefits**

#### **3.12.1 Short term employee benefit**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **3.12.2 Defined benefit plan**

The Company operates the following defined benefit schemes:

- a) An approved and funded pension scheme for all executives; and
- b) An approved and funded gratuity scheme for all its permanent employees.

##### **Pension scheme**

The Company offers Pension benefits to its executive staff. Monthly pension is calculated as one percent of the average basic salary of the last year multiplied with pensionable service.

##### **Gratuity scheme**

The Company offers Gratuity benefits to its all of its permanent employees, and is payable to employees having service in the Company for minimum five years. The Gratuity benefits provided by the Company is calculated by multiplying last drawn basic salary with number of years of service and gratuity factor.

Actuarial valuation are carried out using the 'Projected Unit Credit Method'. Contributions to the schemes are based on these valuations. Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plan are recognized in profit and loss account. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The main features of defined benefit schemes are mentioned in note 24.

#### **3.12.3 Defined contribution plan**

##### **Provident fund**

The Company also operates a recognized 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 10 percent of basic salary for executive and non-executive staff.

#### **3.12.4 Other long term benefits - Accumulated compensated absences**

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the Company. The Company accounts for these benefits in the period in which the absences are earned. Employees are entitled to earned leaves of 21 days per annum. The unutilized leaves are accumulated subject to a maximum of 42 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The accumulated leave balance in excess of 42 days of an employee is ignored while determining benefit obligations.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur. The following significant assumptions have been used:

Discount rate	9% per annum
Expected rate of salary increase in future years	8% per annum

### **3.13 Borrowings**

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

### **3.14 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

### **3.15 Provisions**

Provisions are recognized when, the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

### **3.16 Contingent assets**

Contingent assets are possible assets those arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and are disclosed when inflow of economic benefits is probable. Contingent assets are not recognized until their realization become virtually certain.

### **3.17 Contingent liabilities**

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.



### **3.18 Foreign currency transactions and translation**

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the statement of financial position date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

### **3.19 Revenue recognition**

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

#### **a) Sale of goods**

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.

#### **b) Interest / markup**

Interest / markup is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

#### **c) Dividend income**

Dividend income is recognized when the Company's right to receive payment is established.

#### **d) Other revenues**

Other revenues are recorded on accrual basis.

#### **e) Rendering of services**

The Company recognizes revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date.

### **3.20 Financial instruments**

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to profit and loss account currently.

Financial assets include investments, trade debts, loans, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include long term financing, short term borrowings, accrued finance cost and trade and other payables.

### **3.21 Off setting of financial assets and liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **3.22 Dividends and appropriations to general reserve**

Dividends and appropriations to general reserves are recognized in the financial statements in the period in which these are approved.

### **3.23 Financial liabilities**

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

### **3.24 Related party transactions**

The Company enters into transactions with related parties on an arm's length basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

### **3.25 Earnings per share ("EPS")**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### **3.26 Profit from operations**

Profit from operations is the result generated from the continuing principal revenue producing activities of the Company. Profit from operations excludes other income, other expenses, finance costs and income taxes.

## **4 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto:**

The following International Financial Reporting Standards ("IFRS") as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the

Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

## 5 Use of judgments and estimates

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are:

	<i>Note</i>
- Depreciation method, useful lives and residual values of property, plant and equipment	3.2
- Recoverable amount of assets / cash generating units and impairment	3.2
- Stock-in-trade	3.7
- Stores and spare parts	3.6
- Trade and other receivables	3.8
- Taxation	3.10
- Deferred taxation	3.10
- Staff retirement benefits and other long term benefits	3.12
- Provisions	3.15
- Lease classification	3.11

<b>Rupees in thousand</b>	<i>Note</i>	<b>2018</b>	2017
<b>6 Property, plant and equipment</b>			
Operating fixed assets	6.1	<b>1,219,396</b>	1,087,246
Capital work in progress	6.6	<b>4,153</b>	51,658
		<b>1,223,549</b>	1,138,904

## 6.1 Operating fixed assets

Rupees in thousand	Useful life Years	Cost / revalued amount as at 01 July 2017	Additions / (deletions)	Cost / revalued amount as at 30 June 2018	30 June 2018			Book value as at 30 June 2018
					Accumulated depreciation as at 01 July 2017	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2018	
Freehold land	-	450,673	77,500	528,173	-	-	-	528,173
Leasehold land	48.5	98,333	-	98,333	4,430	2,204	6,634	91,699
Building on freehold land	20	276,750	10,112	286,862	30,761	16,500	47,261	239,601
Building on leasehold land	10-20	13,914	49,934	63,848	1,601	3,698	5,299	58,549
Plant and machinery	2.8-12.5	280,451	43,807 (15,842)	308,412	98,355	33,375 (14,640)	117,094	191,322
Laboratory equipment	10	39,466	6,190	45,656	17,784	3,465	21,249	24,407
Electric fittings	10	58,572	6,236 (346)	64,462	28,084	5,578 (70)	33,592	30,870
Computer and related accessories	4	30,340	2,296 (199)	32,437	21,398	4,027 (175)	25,250	7,187
Office equipment	10	13,704	8,598	22,302	4,907	1,864	6,771	15,531
Furniture and fixtures	10	27,622	6,629	34,251	12,797	2,826	15,623	18,628
* Motor vehicles	5	55,951	5,975 (13,011)	48,915	38,413	6,241 (9,168)	35,486	13,429
<b>2018</b>		<b>1,345,776</b>	<b>217,277 (29,402)</b>	<b>1,533,651</b>	<b>258,530</b>	<b>79,778 (24,053)</b>	<b>314,259</b>	<b>1,219,396</b>

\*Motor vehicles include vehicles costing Rs. 3.60 million (2017: 3.60 million) obtained on musharka arrangement as mentioned in note 23.2 (b) to the financial statements.

30 June 2017								
Rupees in thousand	Useful life Years	Cost / revalued amount as at 01 July 2016	Additions / (deletions)	Cost / revalued amount as at 30 June 2017	Accumulated depreciation as at 01 July 2016	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2017	Book value as at 30 June 2017
Freehold land	-	414,910	35,763	450,673	-	-	-	450,673
Leasehold land	48.5	98,333	-	98,333	2,226	2,204	4,430	93,903
Building on freehold land	20	252,248	24,502	276,750	15,311	15,450	30,761	245,989
Building on leasehold land	20	13,914	-	13,914	756	845	1,601	12,313
Plant and machinery	2.8-12.5	225,903	54,548	280,451	64,674	33,681	98,355	182,096
Laboratory equipment	10	32,996	6,470	39,466	14,622	3,162	17,784	21,682
Electric fittings	10	45,235	13,402 (65)	58,572	23,728	4,383 (27)	28,084	30,488
Computer and related accessories	4	27,488	3,323 (471)	30,340	18,344	3,525 (471)	21,398	8,942
Office equipment	10	9,605	4,099	13,704	3,785	1,122	4,907	8,797
Furniture and fixtures	10	20,901	6,721	27,622	10,505	2,292	12,797	14,825
* Motor vehicles	5	54,290	7,327 (5,666)	55,951	34,870	6,741 (3,198)	38,413	17,538
<b>2017</b>		1,195,823	156,155 (6,202)	1,345,776	188,821	73,405 (3,696)	258,530	1,087,246

**6.1.1** The cost / revalued amount of the assets as at 30 June 2018 include fully depreciated assets amounting to Rs. 195.39 million (2017: Rs. 199.22 million) but are still in use of the Company.

## 6.2 Disposal of operating assets

Rupees in thousand

Sold to								
Particulars of assets	Name	Relationship with the Company	Cost / revalued Amounts	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
<u>Motor vehicles</u>								
Toyota Hilux Vigo	Mr. Hussain Yousaf	Employee	3,257	3,057	200	2,470	2,270	Negotiation
Suzuki Cultus	Mr. Ata ur Rehman	Employee	1,053	1,053	-	333	333	Transfer to Employee
Suzuki Cultus	Mr. Farooq Taj Mian	Employee	1,049	717	332	815	482	Negotiation
Honda City	Mr. Syed Shafqat Ali	Employee	886	886	-	222	222	Transfer to Employee
Toyota Vitz	Mr. Zafar Iqbal	Employee	799	719	80	249	169	Transfer to Employee
Toyota Corolla	Mr. Syed Arif Hussain	Employee	784	313	470	466	(4)	Transfer to Employee
Suzuki Swift	Mr. Shahzad Malik	Employee	650	444	206	908	702	Transfer to Employee
Suzuki Mehran	Mr. Mohsin Ali	Employee	640	21	619	732	113	Negotiation
Suzuki Mehran	Ms. Noor ul Sehar	Employee	640	53	587	732	145	Negotiation
Honda Civic	Mr. Faheem A Khan	Employee	187	75	112	472	360	Transfer to Employee
Suzuki Alto	Mr. Shafqat	Employee	57	33	24	235	211	Transfer to Employee
honda reborn	Mr. Abid Ansar	Employee	178	83	95	1,006	911	Negotiation
Suzuki Mehran	Mr. Aqib Zahoor	Employee	284	114	170	507	337	Negotiation
Honda City	Mr. Ali Abbas	Employee	145	56	90	1,227	1,137	Negotiation
Suzuki Mehran	Mr. Abid Ansar	Employee	52	20	32	408	376	Negotiation
Suzuki Cultus	Mr. Arif	Employee	464	464	-	151	151	Transfer to Employee
Suzuki Mehran	Mr. Shafqat Ali	Employee	345	345	-	86	86	Transfer to Employee
Suzuki Mehran	Mr. Syed Qamar	Employee	349	-	349	554	205	Negotiation
Suzuki Cultus	Mr. Arif Hussain	Employee	339	255	85	232	147	Transfer to Employee
Qinqi Motorcycle	Mr. Sher Bahadur	Employee	202	135	67	21	(46)	Negotiation
Suzuki Mehran	Mr. Hayat Gul	Employee	325	163	163	440	277	Negotiation
Suzuki Mehran	Mr. Usman Rehan	Employee	325	163	163	159	(3)	Transfer to Employee
<u>Plant &amp; Machinery</u>								
Extruder / Grinder	Akram Trading	Third Party	4,500	4,500	-	200	200	Negotiation
Lifter	Fahad Auto Mobiles	Third Party	2,000	2,000	-	570	570	Negotiation
Lifter	Akram Trading	Third Party	2,000	2,000	-	288	288	Negotiation
Thermal Oil Heater	Akram Trading	Third Party	1,398	714	684	91	(593)	Negotiation
Lifter	M. Gulzar & Brothers	Third Party	1,300	1,300	-	156	156	Negotiation
Boiler	Akram Trading	Third Party	1,156	1,156	-	80	80	Negotiation
Sand Mill	M. Gulzar & Brothers	Third Party	720	720	-	100	100	Negotiation
Air Compressor	Jillani Kompressors	Third Party	576	193	383	60	(323)	Negotiation
Lathe Machine	Jillani Kompressors	Third Party	1	1	-	13	13	Negotiation
Shaper Machine	Jillani Kompressors	Third Party	1	1	-	13	13	Negotiation
Compressor	Jillani Kompressors	Third Party	266	222	44	40	(4)	Negotiation
HSD Machine	M.Gulzar and Brothers	Third Party	1	1	-	8	8	Negotiation
Arritor	M.Gulzar and Brothers	Third Party	1	1	-	50	50	Negotiation
Arritor	M.Gulzar and Brothers	Third Party	175	80	95	50	(45)	Negotiation
Sand Mills	M.Gulzar and Brothers	Third Party	400	400	-	100	100	Negotiation
Sand Mills	M.Gulzar and Brothers	Third Party	400	400	-	100	100	Negotiation
Sand Mills	M.Gulzar and Brothers	Third Party	400	400	-	100	100	Negotiation
Baskit Mills	M.Gulzar and Brothers	Third Party	-	-	-	50	50	Negotiation
Sand Mill	Akram Trading Company	Third Party	459	459	-	40	40	Negotiation
Sand Mill	Akram Trading Company	Third Party	90	90	-	40	40	Negotiation
<u>Computer and related accessories</u>								
Computer System	Fazi computer	Third Party	10	10	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	23	23	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	26	26	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	10	10	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	11	11	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	51	51	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	10	6	4	1	(3)	Negotiation
Computer System	Fazi computer	Third Party	10	6	4	1	(3)	Negotiation
Computer System	Fazi computer	Third Party	11	11	-	1	1	Negotiation
Tablet	Stolen		37	21	16	-	(16)	Negotiation
<u>Electric fittings</u>								
Generator	Mr. Shahid Iqbal	Employee	85	14	71	50	(21)	Transfer to Employee
Generator	Mr. Shahid Saleem	Employee	65	22	43	8	(35)	Transfer to Employee
Electric water cooler	Fatima Engineering	Third Party	46	2	44	-	(44)	Negotiation
Generator	Mr. Roshan Ali	Employee	65	18	47	20	(26)	Transfer to Employee
Generator	Mr. Bilal Mohy ud din	Employee	85	14	71	50	(21)	Transfer to Employee
2018			29,402	24,053	5,348	14,712	9,363	
2017			6,202	3,696	2,506	4,656	2,150	



- 6.3** Had freehold land and leasehold land, buildings on freehold and leasehold land and plant and machinery not been revalued, these assets would have been as follows:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Freehold land	<b>199,269</b>	121,769
Leasehold land	<b>1,070</b>	1,071
Buildings on freehold land	<b>153,991</b>	164,788
Buildings on leasehold land	<b>66,488</b>	9,971
Plant and machinery	<b>149,806</b>	125,511
	<b>570,624</b>	423,110

- 6.4** The forced sale value of revalued property plant and machinery as per latest available revaluation reports are as follows;

<b>Particulars</b>	<b>Revaluation Report Dates</b>	<b>Forced Sales Value (Rupees in thousand)</b>
Freehold land	11 June 2015	<b>277,984</b>
Leasehold land	11 August 2015	<b>61,812</b>
Buildings on freehold land	11 June 2015	<b>160,103</b>
Buildings on leasehold land	11 August 2015	<b>19,651</b>
Plant and machinery	13 August 2015	<b>140,537</b>

**6.5 Immovable Fixed Assets**

Freehold lands of the Company are located at 28-Km, Multan Road, Lahore, measuring 102.20 Kanals and 36.10 kanals and Quaid-e-As am Industrial Estate, Kot-Lakhat, Lahore, measuring 4.04 Kanals.

Leasehold land of the Company is located at Sector I-10/3, Industrial Area, Islamabad, measuring 5.56 Kanals.

The buildings on freehold land, leasehold land and other immovable assets of the Company are constructed / located at above mentioned freehold lands and the land disclosed in note 43.

Rupees in thousand	Note	2018	2017
<b>6.6 Capital work in progress</b>			
<b><u>Owned</u></b>			
Civil works		586	48,876
Provision for Impairment loss	6.6.1	-	(8,059)
		586	40,817
Plant and machinery		1,078	296
Advances to suppliers		2,478	5,264
Others		11	5,281
	6.6.2	4,153	51,658
<b>6.6.1 Movement in provision for impairment loss</b>			
As at 01 July		8,059	22,000
Add: provision for the year		-	-
Less: reversal of impairment		(8,059)	(13,941)
	6.6.3	(8,059)	(13,941)
As at 30 June		-	8,059

**6.6.2** This mainly relates to the construction of warehouse at Karachi.

**6.6.3** This reversal represents expenditure incurred during the year.

Rupees in thousand	Note	2018	2017
<b>6.7 The depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	30.1	57,762	55,559
Selling and distribution costs	31	13,093	9,689
Administrative and general expenses	32	8,923	8,156
		79,778	73,404

## 7 Intangibles

Computer software	7.1	8,034	8,017
Goodwill	7.2	32,263	36,750
		40,297	44,767

### 7.1 Computer software

This represents expenditure incurred on acquiring and implementing Enterprise Resource Planning software.

Rupees in thousand	Note	2018	2017
<b><u>Cost</u></b>			
Cost as at 01 July		<b>28,168</b>	25,150
Additions during the year		<b>4,677</b>	3,018
Cost as at 30 June		<b>32,845</b>	28,168
<b><u>Accumulated amortization</u></b>			
Accumulated amortization as at 01 July		<b>20,151</b>	13,368
Amortization during the year	7.1.1	<b>4,660</b>	6,783
Accumulated amortization as at 30 June		<b>24,811</b>	20,151
Balance as at 30 June		<b>8,034</b>	8,017
Rate of amortization		<b>33.33%</b>	33.33%
<b>7.1.1 The amortization charge for the year has been allocated as follows:</b>			
Cost of sales	30.1	<b>566</b>	566
Selling and distribution costs	31	<b>325</b>	304
Administrative and general expenses	32	<b>3,769</b>	5,913
		<b>4,660</b>	6,783
<b>7.2 Goodwill</b>			
Packaging Ink Business	7.2.1	<b>8,263</b>	12,750
Powder Coating Business	7.2.2	<b>24,000</b>	24,000
		<b>32,263</b>	36,750

**7.2.1** This goodwill represents excess of purchase consideration paid by the Company for acquisition of the Packaging Inks business unit of an ink manufacturing company (the seller) over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. For impairment testing, the recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 16.67% pre tax rate and using terminal growth of 2.00%. The calculation of value in use is sensitive to discount rate and local inflation rates. Impairment on goodwill recognized during the year, has arisen primarily because management has decided to discontinue some of the products produced by Packaging Inks business unit and consequently the related amount of goodwill has been impaired in accordance with IAS 36 "Impairment of Assets".

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b><u>Cost</u></b>		
Cost as at 30 June	<b>16,750</b>	16,750
<b><u>Accumulated impairment</u></b>		
Accumulated impairment as at 01 July	<b>4,000</b>	4,000
Impairment charged during the year	<b>4,487</b>	-
Accumulated Impairment as at 30 June	<b>8,487</b>	4,000
Balance as at 30 June	<b>8,263</b>	12,750

**7.2.2** This goodwill represents excess of purchase consideration paid by the Company for acquisition of the Powder Coating business over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. The recoverable amount of goodwill was tested for impairment as at 30 June 2018, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 16.67% pre tax rate and using terminal growth of 2.00%. The calculation of value in use is sensitive to discount rate and local inflation rates.

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>8 Investments in related parties</b>			
In equity instruments - <i>at cost</i>	8.1	<b>41,750</b>	41,750
Available for sale	8.2	<b>25,537</b>	32,818
	8.3	<b>67,287</b>	74,568



## 8.1 In equity instruments - at cost

Rupees in thousand

No. of shares - ordinary		Name of the Company	Percentage	2018	2017
(i) Subsidiary companies - <i>unlisted</i>					
2018	2017				
765,000	765,000	Berger DPI (Private) Limited	51.00%	2,550	2,550
676,020	676,020	Berdex Construction Chemicals (Private) Limited	51.96%	5,510	5,510
		Less: Provision for impairment		(5,510)	(5,510)
				-	-
				2,550	2,550
(ii) Associated Company - <i>unlisted</i>					
2018	2017				
98,000	98,000	3S Pharmaceutical (Private) Limited	49.00%	39,200	39,200
				41,750	41,750

The face value of these shares is Rs. 100 each.

Rupees in thousand	Note	2018	2017
<b>8.2 Available for sale</b>			
<b><u>Buxly Paints Limited</u> - listed</b>			
273,600 (2017: 273,600) fully paid ordinary shares of Rs. 10 each	19.95%		
Market value - Rs. 93.34 per share (2017: Rs. 119.95 per share)			
Cost		3,830	3,830
Fair value adjustment	8.2.1	21,707	28,988
		25,537	32,818
<b>8.2.1 Fair value adjustment</b>			
As at 01 July		28,988	6,977
Fair value (loss) / gain during the year		(7,281)	22,011
As at 30 June		21,707	28,988

**8.3** These investments were made before the promulgation of the Companies Act, 2017 and accordingly the requirements of the repealed Companies Ordinance, 1984 were duly complied with at that time.

## 9 Long term loan to related party - secured

This represents loan given to Berger Road Safety (Private) Limited, a related party, for purposes of its working capital needs. Markup is charged at the average borrowing rate of the Company plus 2.00% per annum (2017: 2.00% per annum). The loan is secured against stocks and receivables of the receiving entity and is repayable after 3 years. This loan was given before the promulgation of the Companies Act, 2017 and accordingly the requirements of the repealed Companies Ordinance, 1984 were duly complied with at that time.

Rupees in thousand	Note	2018	2017
<b>10 Long term loans - secured</b>			
Due from employees - <i>considered good</i>	10.1	71,396	59,121
Less: current portion shown under current assets	15	(17,036)	(8,192)
		<b>54,360</b>	50,929

**10.1** These represent interest free loans provided to the employees of the Company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles. These loans are secured by way of retention of title documents of the respective assets in the name of the Company. The loan is recoverable over a period of three to ten years.

**10.2** Maximum aggregate balance due from executives at the end of any month during the year was nil (2017: Rs. 2.92 million).

**10.3** Directors of the Company were not given any loan during the year.

Rupees in thousand	Note	2018	2017
<b>11 Long term deposits - unsecured</b>			
Considered good		25,884	20,774
Considered doubtful		4,588	4,588
		<b>30,472</b>	25,362
Less: provision for doubtful deposits		(4,588)	(4,588)
	11.1	<b>25,884</b>	20,774

**11.1** These include deposits given to utility companies, deposits against lease and tender deposits.

**Rupees in thousand**
**2018**
**2017**
**12 Deferred taxation**

*Deferred tax liability on taxable temporary differences arising in respect of:*

- Accelerated tax depreciation	<b>(38,551)</b>	(38,578)
- Surplus on revaluation of fixed assets	<b>(29,589)</b>	(40,501)

*Deferred tax asset on deductible temporary differences arising in respect of:*

- Provision for doubtful debts, other receivables and deposits	<b>54,227</b>	71,909
- Provision for impairment in capital work in progress	-	2,329
- Provision for slow moving stock	<b>4,913</b>	6,700
	<b>59,140</b>	80,938

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**(9,000)**


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1,859

**12.1** Movement in deferred tax balances is as follows:

As at 01 June	<b>1,859</b>	(5,308)
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*Recognized in profit and loss account:*

- Accelerated tax depreciation including surplus on revaluation of fixed assets	<b>4,566</b>	(307)
- Provision for doubtful debts, other receivables and deposits	<b>(5,697)</b>	9,510
- Provision for impairment in capital work in progress	<b>(1,941)</b>	(3,940)
- Provision for slow moving stock	<b>(670)</b>	1,904
- Impact of rate change	<b>(10,275)</b>	-
	<b>(14,017)</b>	7,167

*Recognized to revaluation surplus on property plant*

- Impact of rate change	<b>3,158</b>	-
	<b>(9,000)</b>	1,859

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>13 Stock-in-trade</b>			
Raw and packing materials			
- <i>in hand</i>		<b>611,846</b>	490,677
- <i>in transit</i>		<b>57,184</b>	137,698
		<b>669,030</b>	628,375
Semi processed goods		<b>80,123</b>	70,531
Finished goods			
- <i>Manufactured</i>	13.1	<b>280,121</b>	326,810
- <i>Trading</i>	13.2	<b>90,915</b>	99,700
		<b>371,036</b>	426,510
		<b>1,120,189</b>	1,125,416
<i>Provision for slow moving and obsolete stocks</i>			
- Raw material		<b>(54,736)</b>	(58,239)
- Semi processed goods		<b>(3,183)</b>	(5,467)
- Finished goods		<b>(46,359)</b>	(43,474)
		<b>(104,278)</b>	(107,180)
		<b>1,015,911</b>	1,018,236

**13.1** Aggregate stocks with a cost of Rs. 31.50 million (2017: Rs.19.56 million) are being valued at net realizable value of Rs. 26.81 million (2017: Rs. 15.14 million).

**13.2** Trading finished goods include stock in transit amounting of nil (2017: 6.31 million).

**13.3** Details of stock-in-trade subject to charge as security are referred to in note 46 to the financial statements.



Rupees in thousand	Note	2018	2017
<b>14 Trade debts - unsecured</b>			
<i>Considered good</i>			
Related parties	14.1 & 14.2	199,362	114,848
Others		965,545	1,134,607
		<b>1,164,907</b>	1,249,455
<i>Considered doubtful</i>			
Others		200,022	224,986
		<b>1,364,929</b>	1,474,441
Provision for doubtful debts	14.3	(200,022)	(224,986)
		<b>1,164,907</b>	1,249,455

**14.1 Trade debts include the following amounts due from the following related parties:**

Dadex Eternit Limited - <i>related party</i>	14.1.1	222	911
Buxly Paints Pakistan Limited - <i>related party</i>	14.1.2	103,669	70,132
Berger Road Safety (Private) Limited - <i>subsidiary of Berger DPI (Private) Limited</i>	14.1.3	95,471	43,805
	14.1.4	<b>199,362</b>	114,848

**14.1.1** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 0.63 million.

**14.1.2** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 110.10 million.

**14.1.3** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 83.86 million.

**14.1.4** No provision against these balances have been recorded as at the year end.

Rupees in thousand	2018	2017
<b>14.2 Aging of related party balances</b>		
<i>Considered good</i>		
One to three months	181,154	108,093
Three to six months	18,208	6,755
	<b>199,362</b>	114,848

Rupees in thousand	Note	2018	2017
<b>14.3 Movement in provision for doubtful debts</b>			
Balance as at 01 July		<b>224,986</b>	195,159
Provision for the year - <i>net</i>	31	<b>990</b>	61,623
Bad debts written off		<b>(25,954)</b>	(31,796)
Balance as at 30 June		<b>200,022</b>	224,986
<b>15 Loans and advances</b>			
<i>Current portion of long term loans:</i>			
Due from employees - <i>secured, considered good</i>	10	<b>15,271</b>	8,192
Due from employees - <i>considered doubtful</i>		<b>1,765</b>	-
		<b>17,036</b>	8,192
Less: provision for doubtful loans		<b>(1,765)</b>	-
<i>Advances - unsecured, considered good:</i>			
Employees		<b>1,589</b>	2,423
Suppliers		<b>182,826</b>	91,909
		<b>184,415</b>	94,332
		<b>199,686</b>	102,524
<b>16 Trade deposits and short term prepayments</b>			
Trade deposits - <i>considered good</i>		<b>38,124</b>	15,982
Trade deposits - <i>considered doubtful</i>		<b>9,221</b>	9,221
		<b>47,345</b>	25,203
Provision for doubtful deposits		<b>(9,221)</b>	(9,221)
		<b>38,124</b>	15,982
Short term prepayments		<b>13,236</b>	14,405
		<b>51,360</b>	30,387
<b>17 Other receivables</b>			
Receivable from related parties	17.1	<b>8,702</b>	6,277
Export rebate		<b>15,860</b>	16,004
Provision for export rebate		<b>(10,000)</b>	(10,000)
		<b>5,860</b>	6,004
Accrued interest		<b>357</b>	418
Insurance claim receivable		<b>869</b>	1,000
Others		<b>575</b>	33
		<b>16,363</b>	13,732

Rupees in thousand	Note	2018	2017
<b>17.1 Other receivables include the following amounts due from the following related parties:</b>			
3S Pharmaceutical (Private) Limited - <i>related party</i>		-	10
Buxly Paints Pakistan Limited - <i>related party</i>	17.1.1	<b>8,702</b>	6,267
	17.1.2	<b>8,702</b>	6,277

**17.1.1** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 8.70 million.

**17.1.2** This represents receivables related to sharing of common expenses under normal trade as per terms mutually agreed.

Rupees in thousand	2018	2017
<b>17.2 Aging of related party balances</b>		
<i>Considered good</i>		
One to three months	<b>8,702</b>	6,277

## 18 Short term investment

This represents term deposit receipts which are markup based investments with conventional bank. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carrying mark-up at rates ranging from 4.25% to 6.00% per annum (2017: 4.24% to 5.25% per annum).

Rupees in thousand	Note	2018	2017
<b>19 Cash and bank balances</b>			
<i>Cash at bank:</i>			
- current accounts		<b>15,674</b>	41,635
<i>Markup based deposits with conventional banks:</i>			
- deposit accounts	19.1	<b>4,800</b>	1,800
		<b>20,474</b>	43,435
Cash in hand		<b>946</b>	921
		<b>21,420</b>	44,356

- 19.1** This balance is under lien with commercial banks against letter of guarantee, carrying interest / mark-up rate of 5.12% per annum (2017: 5.25% per annum).

## 20 Issued, subscribed and paid-up capital

	2018 (Number of shares)	2017	2018 (Rupees in thousand)	2017
<b><u>Authorised share capital</u></b>				
Ordinary shares of Rs. 10 each	<b>25,000,000</b>	25,000,000	<b>250,000</b>	250,000
<b><u>Issued, subscribed and paid-up share capital</u></b>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	<b>12,135,798</b>	12,135,798	<b>121,358</b>	121,358
Voting ordinary shares of Rs. 10 each issued as bonus shares	<b>6,050,611</b>	6,050,611	<b>60,506</b>	60,506
	<b>18,186,409</b>	18,186,409	<b>181,864</b>	181,864

- 20.1** As at 30 June 2018, Slotrapid Limited B.V.I., the Holding Company, and their nominees hold 9,466,057 (2017: 9,466,057) voting ordinary shares of Rs. 10.00 each representing 52.05 % (2017: 52.05 %) of the ordinary paid up capital of the Company.

Rupees in thousand	Note	2018	2017
<b>21 Reserves</b>			
<i>Capital reserve:</i>			
Share premium reserve	21.1	<b>56,819</b>	56,819
Fair value reserve	21.2	<b>21,707</b>	28,988
		<b>78,526</b>	85,807
<i>Revenue reserve:</i>			
General reserve		<b>285,000</b>	285,000
Accumulated profits		<b>465,140</b>	353,611
		<b>750,140</b>	638,611
		<b>828,666</b>	724,418

- 21.1** This reserve can be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017.

- 21.2** This represents surplus on revaluation of investment classified as available for sale financial asset.



## 22 Revaluation surplus on property, plant and machinery - *net of tax*

Latest revaluation was carried out by Harvester Enterprises and Co., on 30 June 2015 of freehold land and building on freehold land, leasehold land and building on leasehold land and plant and machinery. The revaluation resulted in a surplus of Rs. 295.38 million on freehold land and building on freehold land, Rs. 40.83 million on leasehold land and building on leasehold land and Rs. 105.72 million on plant and machinery over the respective net book values. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

As explained in note 3.1, the Company has changed its accounting policy and now the surplus on revaluation of fixed assets has been presented within shareholders' equity.

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>23 Long term financing - secured</b>			
<i>Mark-up based financing from conventional banks:</i>			
- JS Bank Limited	23.1 (a)	<b>133,333</b>	200,000
<i>Islamic mode of financing:</i>			
- First Habib Modarba	23.2 (b)	<b>750</b>	1,350
- First Habib Modarba	23.2 (c)	<b>4,180</b>	5,001
		<b>138,263</b>	206,351
<i>Mark-up based financing from conventional banks:</i>			
Current maturity shown under current liabilities		<b>(66,667)</b>	(66,667)
<i>Islamic mode of financing:</i>			
Current maturity shown under current liabilities		<b>(1,631)</b>	(1,421)
		<b>(68,298)</b>	(68,088)
		<b>69,965</b>	138,263

- 23.1 (a)** This represents a long term loan of Rs. 200 million obtained in 2017, for restructuring of balance sheet. Principle terms of loan are as follows:

**Principle repayment**

The outstanding balance is repayable in quarterly installments of Rs. 16.67 million each ending in April 2020.

**Rate of return**

Markup is payable quarterly and charged at the rate of three month KIBOR plus 0.75% per annum (2017: three month KIBOR plus 0.75% per annum).

**Security**

The loan is secured against an equitable mortgage and first charge amounting to Rs. 267.00 million on land and building of Lahore factory.

- 23.2 (b)** This represents outstanding balance of diminishing musharika facility obtained from First Habib Modaraba of Rs. 3.6 million for purchase of vehicle

**Principle repayment**

The outstanding principal shall be repaid by a quarterly installment ending on August 2018.

**Rate of return**

Profit is payable quarterly and charged at the rate of six month KIBOR plus 2.00 % per annum (2017: six month KIBOR plus 2.00%) with floor of 10.00% and ceiling of 20.00%

**Security**

The Company holds asset with joint ownership with the Modarba.

- 23.2 (c)** This represents diminishing musharika facility of Rs. 5.25 million obtained in 2017, from First Habib Modarba for purchase of vehicle.

**Principle repayment**

The outstanding principal is repayable in 15 quarterly installments ending in February 2022.

**Rate of return**

Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.00% per annum (2017: six month's KIBOR plus 1.00% per annum).

**Security**

The Company holds asset with joint ownership with the Modarba.

Rupees in thousand	Note	2018	2017
<b>24 Staff retirement and other long term benefits</b>			
<b><u>Defined benefit plan</u></b>			
Staff pension fund	24.1	<b>41,704</b>	30,879
Staff gratuity fund	24.1	<b>74,235</b>	65,244
		<b>115,939</b>	96,123
<b><u>Other long term employee benefits</u></b>			
Accumulating compensated absences	24.13	<b>26,653</b>	23,854
		<b>142,592</b>	119,977

**Defined benefit plan**

As mentioned in note 3.12 the Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2018. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2018	2017
Valuation discount rate	<b>9%</b>	9%
Expected rate of increase in salary level	<b>8%</b>	8%
Rate of return on plan assets	<b>9%</b>	9%
Retirement age	<b>60 years</b>	60 years
Withdrawal Rates	<b>Age-Based (per appendix)</b>	Age-Based (per appendix)
Expected mortality rate	<b>SLIC (2001-05)</b>	SLIC (2001-05)

Rupees in thousand	2018		2017	
	Pension	Gratuity	Pension	Gratuity
<b>24.1 Balance sheet reconciliation</b>				
Present value of defined benefit obligation	<b>92,218</b>	<b>74,330</b>	81,835	65,724
Fair value of plan assets	<b>(50,514)</b>	<b>(95)</b>	(50,956)	(480)
	<b>41,704</b>	<b>74,235</b>	30,879	65,244

**Rupees in thousand**

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
<b>24.2 Movement in the fair value of plan assets is as follows:</b>				
Fair value as at 01 July	50,956	480	43,879	2,506
Expected return on plan assets	4,561	18	3,922	225
Remeasurement gain / (loss)	(4,451)	159	3,747	(2,234)
Company's contribution	2,000	8,441	1,500	6,496
Benefits paid	(2,552)	(9,003)	(2,092)	(6,513)
Fair value as at 30 June	50,514	95	50,956	480
<b>24.3 Movement in defined benefit obligation is as follows:</b>				
Obligation as at 01 July	81,835	65,724	74,673	56,296
Employees' contribution not paid to the fund by the Company	1,515	-	1,482	-
Service cost	4,874	9,721	4,946	10,840
Interest cost	7,250	5,510	6,626	4,774
Benefits paid	(2,552)	(9,003)	(2,092)	(6,513)
Remeasurement (gain) / loss	(704)	2,378	(3,800)	327
Obligation as at 30 June	92,218	74,330	81,835	65,724
<b>24.4 Charge for the year - net</b>				
Current service cost	4,874	9,721	4,946	10,840
Interest cost	7,250	5,510	6,626	4,774
Expected return on plan assets	(4,561)	(18)	(3,922)	(225)
	7,563	15,213	7,650	15,389
Actual return on plan assets	110	177	7,669	(2,009)
<b>24.5 Movement in net liability in the balance sheet is as follows:</b>				
Net liability as at 01 July	30,879	65,244	30,794	53,790
Charge for the year	7,563	15,213	7,650	15,389
Charge to other comprehensive during the year	3,747	2,219	(7,547)	2,561
Company's contribution	(2,000)	(8,441)	(1,500)	(6,496)
Employees' contribution deducted but not paid to the fund	1,515	-	1,482	-
Net liability as at 30 June	41,704	74,235	30,879	65,244



**Rupees in thousand**

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
<b>24.6 The charge for the year has been allocated as follows:</b>				
Cost of sales	<b>3,782</b>	<b>7,607</b>	3,825	7,695
Selling and distribution costs	<b>3,101</b>	<b>6,237</b>	3,137	6,309
Administrative and general expenses	<b>680</b>	<b>1,369</b>	688	1,385
	<b>7,563</b>	<b>15,213</b>	7,650	15,389
<b>24.7 Plan assets comprise the following:</b>				
Defence Saving Certificates	<b>11,500</b>	-	10,050	-
Term deposits	-	-	-	-
Cash at bank	<b>6,522</b>	<b>95</b>	2,375	484
JS Islamic Hybrid Fund of Funds Mustahkem	<b>17,492</b>	-	18,000	-
NBP Fullerton Asset Management Ltd.	<b>15,000</b>	-	15,000	-
Term Finance Certificate	-	-	5,531	-
Cash management Optimizer	-	-	-	-
	<b>50,514</b>	<b>95</b>	50,956	484

**24.8** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date.

**24.9 Expected expense for next year**

The expected expense to the pension and gratuity schemes for the year ending 30 June 2019 works out to Rs. 8.72 million and Rs. 15.32 million.

**24.10 The plans expose the Company to the actuarial risks such as:**

**Salary risks**

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**Mortality / withdrawal risks**

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the entitled benefits of the beneficiary.

**24.11 Actuarial assumptions sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1.00% with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2018 would have been as follows:

**Impact on present value of defined benefit obligation as at 30 June 2018****Rupees in thousand**

	Change	Pension		Gratuity	
		Increase to	Decrease to	Increase to	Decrease to
Discount rate	1.00%	<b>78,882</b>	<b>108,973</b>	<b>56,665</b>	<b>72,678</b>
Future salary	1.00%	<b>100,592</b>	<b>84,900</b>	<b>72,678</b>	<b>56,540</b>

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

- 24.12** Weighted average duration of the defined benefit obligation is 24 years and 10 years for pension and gratuity plans, respectively.

**Rupees in thousand****2018**

2017

**24.13 Other long term employee benefits****Movement in accumulated compensated absences**

Balance as at 01 July	<b>23,854</b>	19,341
Provision during the year	<b>5,545</b>	6,334
Payments made during the year	<b>(2,746)</b>	(1,821)
Balance as at 30 June	<b>26,653</b>	23,854

**24.14 Reconciliation of present value of liability**

Present value of liability as at 01 July	<b>23,854</b>	19,341
Service cost	<b>4,082</b>	4,917
Interest on defined benefit liability	<b>2,023</b>	1,659
Benefits paid	<b>(2,746)</b>	(1,821)
Remeasurement (gain) / loss	<b>(560)</b>	(242)
	<b>26,653</b>	23,854

**24.15 Charge for the year**

Service cost	<b>4,082</b>	4,917
Interest on defined benefit liability	<b>2,023</b>	1,659
Remeasurement (gain) / loss	<b>(560)</b>	(242)
	<b>5,545</b>	6,334

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>24.16</b> The charge for the year has been allocated as follows:			
Cost of sales		<b>2,773</b>	3,167
Selling and distribution costs		<b>2,273</b>	2,597
Administrative and general expenses		<b>499</b>	570
		<b>5,545</b>	6,334
<b>25 Trade and other payables</b>			
Trade and other creditors		<b>600,793</b>	718,793
Import bills payable		<b>378,241</b>	357,200
Advances from customers		<b>71,945</b>	43,749
Accrued expenses		<b>44,901</b>	120,470
Provision for infrastructure cess	25.1	<b>61,079</b>	51,265
Royalty payable to related parties - <i>unsecured</i>	25.2	<b>38,481</b>	37,623
Technical fee payable		<b>26,390</b>	18,411
Workers' Profits Participation Fund	25.3	<b>12,753</b>	18,690
Workers' Welfare Fund		<b>32,712</b>	31,296
Income tax deducted at source and EOBI payable		<b>11,505</b>	9,723
Others		<b>23,118</b>	36,941
		<b>1,301,918</b>	1,444,161
<b>25.1 Provision for infrastructure cess</b>			
Balance as at 01 July		<b>51,265</b>	42,922
Provision for the year		<b>9,814</b>	8,343
Balance as at 30 June		<b>61,079</b>	51,265
<b>25.2 This includes amount due to the following related parties:</b>			
Slotrapid Limited B.V.I. - <i>the Holding Company</i>		<b>38,516</b>	37,215
Buxly Paints Limited - <i>related party</i>		<b>(35)</b>	408
		<b>38,481</b>	37,623

Rupees in thousand	Note	2018	2017
<b>25.3 Workers' Profits Participation Fund</b>			
Balance as at 01 July		<b>18,689</b>	15,133
Allocation for the year	34	<b>8,152</b>	14,289
Interest on funds utilized in the Company's business	35	<b>875</b>	674
		<b>27,716</b>	30,096
Payments during the year		<b>(14,963)</b>	(11,407)
Balance as at 30 June		<b>12,753</b>	18,689

Interest on outstanding liability towards Workers' Profit Participation Fund is charged at bank rate plus 2.50% per annum as required under the Companies Profits (Workers' Participation) Act, 1968.

Rupees in thousand	Note	2018	2017
<b>26 Interest / markup accrued on borrowings</b>			
<i>Mark-up based borrowings from conventional banks</i>			
Long term financing - secured		<b>2,378</b>	3,207
Short term financing - secured		<b>1,553</b>	1,155
Short term running finances - secured		<b>12,534</b>	9,032
		<b>16,465</b>	13,394
<b>27 Short term borrowings - secured</b>			
<i>Mark-up based borrowings from conventional banks</i>			
Short term financing - secured	27.1	<b>400,000</b>	400,000
Short term running finance - secured	27.2	<b>737,989</b>	548,735
		<b>1,137,989</b>	948,735

#### 27.1 Short term financing

This represents utilized amount of short term financing facilities under markup arrangements available from commercial banks aggregating to Rs. 500 million (2017: Rs. 500 million) which is a sublimit of running finance facilities as described in note 28.2 to the financial statements. These facilities are secured against joint pari passu charge on all present and future current assets, registered charge (mortgage and hypothecation) over the current assets of the Company and carry markup at rates ranging between 7.25% and 8.03% per annum, payable quarterly. Refer to note 46 for details of charge registered.

## **27.2 Short term running finances**

This represents utilized amount of short term running finance facilities under markup arrangements available from commercial banks aggregating to Rs. 1,150 million (2017: Rs. 1,150 million). These facilities are secured against registered charge over the current assets of the Company and carry markup at rates ranging between 7.14% and 8.17% (2017: 7.02% and 7.79%) per annum, payable quarterly.

## **27.3 Unavailed credit facilities**

The available facilities for opening of letters of credit and guarantees as at 30 June 2018 amounted to Rs. 1,450 million (2017: Rs. 1,450 million) out of which Rs. 850.74 million remained unavailed as at the reporting date (2017: Rs. 730.12 million).

## **28 Contingencies and commitments**

### **28.1 Contingencies**

- In 1987, the Company filed a suit against an ex-distributor (the distributor) in the High Court of Sindh (the court) for recovery of Rs. 8.89 million and damages amounting to Rs. 5.00 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs. 78.15 million against the Company in the court on account of damages and compensation. Consequently on the basis of legal advice the management believes that it has a strong case and no financial obligation is expected to arise.
- The Sindh Revenue Board (SRB) through assessment order 490/2014 dated 18 September 2014 raised sales tax demand of Rs. 39.34 million along-with penalty but excluding default surcharge on the grounds that the Company has received franchise services through its registered office in Karachi but had not paid sales tax on these services for the tax periods July, 2011 to June, 2013. Department (SRB) had inadvertently added all royalty figures appearing in accounts including royalty receivable, royalty payable, royalty expense and related party transfers for the calculation of tax on royalties. The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Company is managing its affairs from the province of Punjab as the head office and the manufacturing facility is located there. The Commissioner (Appeals) had reduced the demand to Rs. 8.18 million, against which the Company had filed an appeal before Appellate Tribunal SRB which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements..
- The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company may not be entitled to carry forward minimum tax paid in the tax year 2014 of Rs 39.12 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those may also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly minimum tax is adjusted against tax liability for the current year.
- During the year, the Deputy Commissioner Inland Revenue issued show cause notices for collection of income tax under section 236G / 236H of the Income Tax Ordinance 2001. In this regard, the taxation officer raised demands of Rs.19.90 million, Rs.9.937 million, Rs.19.10 million and Rs. 10 million for Tax years 2014, 2015, 2016 and 2017 vide assessment orders dated 28 March 2017, 02 February 2017, 12 June 2017 and 18 April 2018 respectively. The Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals



("CIR - A") against the said orders which are still pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

The Additional Commissioner Inland Revenue ("ACIR) and Deputy Commissioner Inland Revenue ("DCIR"), while proceeding U/S 122 of the Income Tax Ordinance, 2001 created income tax demands of Rs. 211.39 million, 484.38 million and 213.12 million for the Tax Years 2010, 2014 and 2016 respectively vide three separate orders. The Company has filed an appeal before Commissioner Inland Revenue Appeals which is pending adjudication. The management believes that it has a strong arguable case and matter will be decided in favor of the Company. hence no provision has been recorded in these financial statements.

- Outstanding letters of guarantee as at 30 June 2018 amounted to Rs. 65.71 million (2017: Rs. 61.28 million).

## 28.2 Commitments

- Outstanding letters of credit as at 30 June 2018 amounted to Rs. 533.72 million (2017: Rs. 482.70 million) for purchase of raw and packing materials.
- The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

Rupees in thousand		Note	2018	2017
Not later than one year			15,371	11,250
Later than one year and not later than five years			40,937	18,362
			56,308	29,612
<b>29 Sales - net</b>				
Local			7,773,887	7,303,539
Export			162,584	151,597
			7,936,471	7,455,136
Less: Discounts			(1,460,095)	(1,381,115)
Sales tax			(1,023,155)	(951,451)
			(2,483,250)	(2,332,566)
			5,453,221	5,122,570
<b>30 Cost of sales</b>				
Finished goods as at 01 July			326,810	244,958
Cost of goods manufactured		30.1	3,996,132	3,606,422
Provision against slowing moving finished goods			2,885	5,943
Less: Finished goods as at 30 June		13	(280,121)	(326,810)
Consumption of finished goods purchased for resale		30.2	103,012	102,096
Cost of sales			4,148,718	3,632,609

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>30.1 Cost of goods manufactured</b>			
Raw and packing materials consumed		<b>3,534,028</b>	3,152,192
Provision reversed against raw and packing material		<b>(3,503)</b>	(1,362)
Stores and spare parts consumed		<b>4,215</b>	4,700
Salaries, wages and other benefits	30.1.1	<b>119,800</b>	129,104
Travelling and conveyance		<b>13,911</b>	16,340
Fuel, water and power		<b>91,313</b>	78,377
Legal and professional		<b>8,423</b>	9,543
Rent, rates and taxes		<b>126</b>	169
Insurance		<b>8,611</b>	8,297
Repairs and maintenance		<b>33,925</b>	31,797
Contracted services		<b>115,737</b>	95,925
Depreciation on property, plant and equipment	6.7	<b>57,762</b>	55,559
Amortisation	7.1.1	<b>566</b>	566
Ijarah lease rentals		<b>3,710</b>	1,880
Printing and stationery		<b>2,379</b>	2,517
Communication		<b>1,318</b>	1,483
Others		<b>15,687</b>	26,382
		<b>4,008,008</b>	3,613,469
Opening stock of semi-processed goods	13	<b>70,531</b>	61,715
Closing stock of semi-processed goods	13	<b>(80,123)</b>	(70,531)
Provision charged during the year		<b>(2,284)</b>	1,769
<b>Cost of goods manufactured</b>		<b>3,996,132</b>	3,606,422

**30.1.1** Salaries, wages and benefits include Rs. 7.60 million (2017: Rs. 7.69 million) in respect of gratuity, Rs. 3.78 million (2017: Rs. 3.82 million) in respect of pension fund, Rs. 2.77 million (2017: Rs. 3.16 million) in respect of compensated absences and Rs. 3.94 million (2017: Rs. 3.69 million) in respect of provident fund contribution.

**30.2** The movement of finished goods purchased for resale is as follows:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Finished goods as at 01 July	<b>99,700</b>	53,172
Add: Finished goods purchased for resale during the year	<b>94,227</b>	148,624
Less: Consumption of finished goods during the year	<b>(103,012)</b>	(102,096)
<b>Finished goods as at 30 June</b>	<b>90,915</b>	99,700

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>31 Selling and distribution costs</b>			
Salaries and other benefits	31.1	<b>299,958</b>	299,507
Travelling and conveyance		<b>95,684</b>	75,705
Rent, rates and taxes		<b>7,102</b>	15,017
Insurance		<b>9,441</b>	9,658
Fuel, water and power		<b>6,010</b>	4,977
Advertising and sales promotion		<b>247,224</b>	277,971
Technical services and royalty fee	31.2	<b>41,909</b>	52,504
Freight and handling		<b>113,856</b>	120,594
Repairs and maintenance		<b>11,380</b>	18,123
Contracted services		<b>24,330</b>	31,838
Depreciation on property, plant and equipment	6.7	<b>13,093</b>	9,689
Amortisation	7.1.1	<b>325</b>	304
Ijarah lease rentals		<b>4,832</b>	5,228
Provision for doubtful debts - <i>net of recoveries</i>	14.3	<b>990</b>	61,623
Printing and stationery		<b>2,331</b>	3,198
Legal and professional		<b>3,464</b>	11,970
Communication		<b>7,602</b>	7,231
Others		<b>9,335</b>	4,173
		<b>898,866</b>	1,009,310

**31.1** Salaries and other benefits include Rs. 6.23 million (2017: Rs. 6.30 million) in respect of gratuity, Rs. 3.10 million (2017: Rs. 3.13 million) in respect of pension fund, Rs. 2.27 million (2017: Rs. 2.59 million) in respect of compensated absences and Rs. 10.14 million (2017: Rs. 9.10 million) in respect of provident fund contribution.

**31.2** This represents royalty and technical fee paid to following companies;

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Nippon Paint Company Limited (2-1-2 Oyodo – Kita, Kita-Ku, Osaka – 531-8511 Japan.)	<b>5,770</b>	5,477
Slotrapid Limited Akara Building, 24 De-Castro Street, Wickham Cay I, Road Town, Tortola, British Virgin Islands.	<b>31,896</b>	42,175
Buxly Paints Limited (X-3, Mangopir Road, S.I.T.E., Karachi.)	<b>2,034</b>	2,386
Nippon Bee Chemical Company Limited (14-1, 2-Chome, Shodai-Ohtani, Hirakata City, Osaka 573, Japan.)	<b>331</b>	610
Oxyplast Belgium N.V. (Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)	<b>1,878</b>	1,856
	<b>41,909</b>	52,504

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>32 Administrative and general expenses</b>			
Salaries and other benefits	32.1	<b>90,357</b>	105,924
Directors' fee		<b>4,475</b>	3,450
Travelling and conveyance		<b>12,924</b>	13,392
Rent, rates and taxes		<b>4,763</b>	3,587
Insurance		<b>11,685</b>	6,847
Auditors' remuneration	32.2	<b>1,917</b>	1,800
Fuel, water and power		<b>1,748</b>	1,044
Repairs and maintenance		<b>2,880</b>	3,098
Contracted services		<b>7,008</b>	5,938
Depreciation on property, plant and equipment	6.7	<b>8,923</b>	8,156
Amortization of computer software	7.1.1	<b>3,769</b>	5,913
Ijarah lease rentals		<b>4,147</b>	1,876
Printing and stationery		<b>1,403</b>	1,806
Legal and professional		<b>17,288</b>	12,604
Communication		<b>2,861</b>	3,089
Others		<b>15,239</b>	6,675
		<b>191,387</b>	185,199

**32.1** Salaries and other benefits include Rs. 1.37 million (2017: Rs. 1.38 million) in respect of gratuity, Rs. 0.68 million (2017: Rs. 0.69 million) in respect of pension fund, Rs. 0.49 million (2017: Rs. 0.57 million) in respect of compensated absences and Rs. 6.39 million (2017: Rs. 3.25 million) in respect of provident fund contribution.

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b>32.2 Auditors' remuneration</b>		
Audit fee	<b>1,290</b>	1,210
Consolidation and half yearly review	<b>440</b>	390
Out of pocket expenses	<b>187</b>	200
	<b>1,917</b>	1,800

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>33 Other income - net</b>			
<b><u>Income from financial assets</u></b>			
Mark-up on term deposit receipts and long term loan	33.1	<b>6,638</b>	3,851
		<b>6,638</b>	3,851
<b><u>Income from non financial assets</u></b>			
Sale of scrap		<b>17,449</b>	9,316
Gain on disposal of property, plant and equipment		<b>9,363</b>	2,150
Rental income and other services charged to related parties		<b>7,746</b>	10,571
Export rebate		<b>2,280</b>	-
Insurance claim		<b>2,581</b>	9,704
Provision charged for			
impairment loss on capital work in progress	6.6.1	<b>8,059</b>	13,941
Exchange (loss) / gain		<b>(18,271)</b>	15,375
Others	33.2	<b>1,078</b>	389
		<b>30,285</b>	61,446
		<b>36,923</b>	65,297

**33.1** This includes interest income of Rs. 4.55 million (2017: 1.60 million) on loan given to a related party.

**33.2** This mainly includes penalty charged to suppliers and customers of Rs. 0.39 million (2017: Rs. 0.37 million).

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>34 Other expenses</b>			
Impairment on goodwill		<b>4,487</b>	-
Provision for doubtful loans		<b>1,765</b>	-
Workers' Welfare Fund		<b>1,416</b>	5,569
Workers' Profit Participation fund	25.3	<b>8,152</b>	14,289
		<b>15,820</b>	19,858



<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>35 Finance cost</b>			
<i>Islamic mode of financing:</i>			
- Long term financing (musharka) -secured		<b>329</b>	100
<i>Mark-up based borrowings from conventional banks:</i>			
- Long term financing -secured		<b>11,252</b>	3,839
- Short term financing -secured		<b>28,677</b>	28,907
- Short term running finances -secured		<b>43,144</b>	36,225
		<b>83,073</b>	68,971
Interest on WPPF	25.3	<b>875</b>	674
Bank charges		<b>3,865</b>	5,215
		<b>88,142</b>	74,960
<b>36 Taxation</b>			
<i>Current</i>			
- for the year		<b>67,105</b>	91,504
- prior year		<b>(36,016)</b>	(20,517)
		<b>31,089</b>	70,987
<i>Deferred</i>			
- current year		<b>14,017</b>	(7,167)
		<b>45,106</b>	63,820

**36.1** The numerical reconciliation between the average tax rate and the applicable tax rate is as follows:

	<b>2018</b>	<b>2017</b>
Applicable tax rate	<b>30.00%</b>	31.00%
<i>Tax effect of:</i>		
- income under Final Tax Regime	<b>-0.35%</b>	-0.24%
- minimum tax	<b>15.24%</b>	0.00%
- temporary difference including the rate adjustment	<b>9.52%</b>	-2.70%
- prior year adjustment	<b>-24.47%</b>	-7.72%
- others	<b>0.69%</b>	3.65%
Average effective tax rate charged to profit and loss account	<b>30.64%</b>	24.00%

- 36.2** The provision for current tax represents tax under 'Final Tax Regime' ("FTR") and tax on minimum turnover u/s 113, of Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against any normal tax liabilities arising in future years. As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Tax under FTR represents tax on export of paints and allied products and is treated as a full and final discharge of tax liability u/s 154 of Income Tax Ordinance, 2001. Current tax includes tax under FTR amounting to Rs. 1.36 million (2017: Rs. 1.35 million).

<u>Tax Years</u>	<b>Tax provision as per financial statements</b>	<b>Tax as per assessment / return</b>
2015	<b>3,470</b>	3,561
2016	<b>84,941</b>	16,851
2017	<b>91,504</b>	83,541

- 36.3** The Board of Directors in their meeting held on 24 September 2018 have proposed a final cash dividend of Rs. 1.25 per share for the year ended 30 June 2018 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax in this respect has been made in these financial statements.

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b>37 Earnings per share - basic and diluted</b>		
Profit after taxation	<b>102,105</b>	202,111
<b>Number of shares</b>		
Weighted average number of shares outstanding during the year	<b>18,186,409</b>	18,186,409
		<b>(Rupees)</b>
Earnings per share	<b>5.61</b>	11.11

- 37.1** No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options as at 30 June 2018, which would have an impact on earnings per share when exercised.

<b>Rupees in thousand</b>	<i>Note</i>	<b>2018</b>	<b>2017</b>
<b>38 Cash and cash equivalents</b>			
Cash and bank balances	19	<b>21,420</b>	44,356
Short term running finance - secured	27.2	<b>(737,989)</b>	(548,735)
		<b>(716,569)</b>	(504,379)

### 39 Remuneration of Chief Executive, Directors and Executives

Rupees in thousand

	2018			2017		
	Chief Executive	Executives	Non-Executives Directors	Chief Executive	Executives	Non-Executives Directors
Managerial remuneration (including bonus)	10,910	54,728	-	10,909	49,505	-
Retirement and other long term benefits	7,455	28,592	-	6,545	26,523	-
House Rent Allowance	-	2,063	-	-	21,013	-
Utilities	-	4,903	-	-	4,669	-
Medical expenses	1,090	2,537	-	1,091	1,633	-
	19,455	92,823	-	18,545	103,342	-
Number of persons	1	28	6	1	23	6

**39.1** Retirement and other long term benefits include benefits provided under provident fund, gratuity, pension and accumulated compensated absences.

**39.2** Non-executive directors were paid meeting fee aggregating Rs. 4.48 million (2017: Rs. 3.45 million).

**39.3** The Chief Executive and certain other executives of the Company are provided with free use of Company cars while the Chief Executive is provided boarding and lodging in the Company's guest house.

### 40 Reconciliation of movement of liabilities to cash flows arising from financing activities

Rupees in thousand

	2018					
	Issued, subscribed and paid-up capital	Unclaimed Dividend	Long term financing	Short term borrowing	Accrued markup	Total
<b>As at 30 June 2017</b>	181,864	28,716	206,351	948,735	13,394	<b>1,379,060</b>
<b>Changes from financing cash flows</b>						
Dividend paid	-	(23,960)	-	-	-	<b>(23,960)</b>
Financial charges paid	-	-	-	-	(85,071)	<b>(85,071)</b>
Repayment of long term financing	-	-	(68,088)	-	-	<b>(68,088)</b>
<b>Total changes from financing cash flows</b>	-	<b>(23,960)</b>	<b>(68,088)</b>	-	<b>(85,071)</b>	<b>(177,119)</b>
<b>Other changes</b>						
Change in borrowings	-	-	-	189,254	-	<b>189,254</b>
Interest expense	-	-	-	-	88,142	<b>88,142</b>
<b>Total liability related other changes</b>	-	-	-	<b>189,254</b>	<b>88,142</b>	<b>277,396</b>
<b>As at 30 June 2018</b>	<b>181,864</b>	<b>4,756</b>	<b>138,263</b>	<b>1,137,989</b>	<b>16,465</b>	<b>1,479,337</b>

**41 Number of employees**

The Company has employed following number of persons:

<b>Number of persons</b>	<b>2018</b>	<b>2017</b>
- As at 30 June	<b>1000</b>	921
- Average number of employees	<b>966</b>	931
The Company has employed following number of persons at factory premises:		
- Permanent employees as at 30 June	<b>129</b>	117
- Average number of permanent employees	<b>122</b>	113
- Outsourced employees as at 30 June	<b>325</b>	299
- Average number of outsourced employees	<b>302</b>	332

**42 Provident fund related disclosure**

The following information is based on un-audited financial statements of the fund:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Size of the fund	<b>235,146</b>	223,148
Cost of investment made	<b>70,176</b>	124,532
Fair value of investments	<b>97,280</b>	217,272
Bank Balances	<b>132,473</b>	926
<b>Percentage</b>	<b>2018</b>	<b>2017</b>
Percentage of investments made including bank balances	<b>97.71%</b>	<b>97.78%</b>

	2018		2017	
	(Rupees in thousand)	Percentage of investment	(Rupees in thousand)	Percentage of investment
<b>The breakup of investments is as follows:</b>				
Defence Saving Certificates	23,000	24%	112,900	52%
Certificates of Deposits	20,924	22%	47,263	22%
Atlas Income Fund	5,056	5%	4,823	2%
MCB Asset Management	5,265	5%	4,996	2%
Investment with Dubai Islamic Bank	-	0%	11,714	5%
Investment with AKD Investment Management Limited	4,002	4%	3,823	2%
Investment with JS Bank	28,571	29%	26,345	12%
Al-Ameen Islamic Principle Preservation Fund (UBL)	10,462	11%	5,408	2%
	<b>97,280</b>		<b>217,272</b>	

The above investments out of provident fund from the funds received from the Company have been made in accordance with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

#### 43 Transactions with related parties

The Company is a subsidiary of Slotrapid Limited, therefore all the subsidiaries and associates of holding Company are related parties of the Company. In addition related parties includes entities under common directorship, post employment benefit plans, directors and key management personnel. Amounts due from and due to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

Material transactions with related parties are given below:

##### Rupees in thousand

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2018	2017
<b><u>Holding Company</u></b>				
Slotrapid Limited B.V.I.	52.05%	Royalty expense	35,015	32,314
		Payments / Adjustments	33,714	27,655
		Dividend paid	-	85,194
<b><u>Subsidiary</u></b>				
Berger Road Safety (Private) Limited	-	Sales including freight	228,488	172,605
		Rental income and other services	10,600	7,363
(Wholly owned subsidiary of Berger DPI (Private) Limited)		Common expenditures incurred	17,130	19,616
		Receipts / Adjustments	204,551	269,690



**Rupees in thousand**

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2018	2017
<u><b>Associated</b></u>				
3S Pharmaceutical (Private) Limited	49.00%	Common expenditures incurred	<b>273</b>	10
		Receipts / Adjustments	<b>283</b>	-
<u><b>Related parties</b></u>				
Buxly Paints Limited ("BPL") (Common Group)	19.95%	Sales	<b>285,669</b>	215,340
		Rental income and other services	<b>1,200</b>	3,608
		Toll manufacturing income	<b>33,268</b>	19,580
		Royalty expense	<b>2,034</b>	2,386
		Common expenditures incurred	<b>19,463</b>	16,703
		Receipts / Adjustments	<b>305,662</b>	181,217

In addition to these transactions, the Company has an agreement with BPL for construction and use of warehouse on BPL's land located at X-3 Manghopir Road, S.I.T.E., Karachi for a term of ten years at a nominal monthly rent. After the aforementioned term of ten years, the company will handover the possession of the building to BPL free of cost.

**Rupees in thousand**

<b>Name of parties, nature and basis of relationship</b>	<b>Holding Percentage</b>	<b>Nature of transaction</b>	<b>2018</b>	<b>2017</b>
Dadex Eternit Limited (Common Directorship)	-	Sales	<b>1,492</b>	2,478
		Receipts / Adjustments	<b>2,181</b>	1,651
Post employment benefit plans (Key Management Personnel)	-	Contribution to gratuity fund	<b>8,441</b>	6,496
		Contribution to pension fund	<b>2,000</b>	1,500
		Provident fund contribution	<b>40,964</b>	34,328

## **44 Financial instruments**

### **44.1 Risk management framework**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

#### **(a) Market risk**

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

##### **(i) Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro, United States Dollar ("USD") and Japanese Yen ("JPY"). Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to foreign entities. The Company's exposure to foreign exchange risk is as follows:

In thousands	2018	2017
<b><u>Statement of financial position items</u></b>		
Trade and other payables - Euro	(27)	(66)
Net exposure - Euro	(27)	(66)
Trade and other payables - USD	(2,695)	(3,392)
Net exposure - USD	(2,695)	(3,392)
Trade and other payables - JPY	(46,000)	(48,038)
Net exposure - JPY	(46,000)	(48,038)

**Off statement of financial position items**

Outstanding letters of credit as at the year end are as follows:

**Amount in thousand**

Euro	1,345
USD	19
JPY	12,428

The following significant exchange rates were applied during the year:

In rupees	2018	2017
<b><u>Rupees per Euro</u></b>		
Average rate for the year	134.38	114.27
Reporting date rate - selling	144.70	120.14
<b><u>Rupees per USD</u></b>		
Average rate for the year	112.94	104.90
Reporting date rate - selling	124.40	105.00
<b><u>Rupees per JPY</u></b>		
Average rate for the year	1.01	0.96
Reporting date rate - selling	1.11	0.94

**Sensitivity analysis**

If the functional currency, at reporting date, had fluctuated by 5.00% against the Euro, USD and JPY with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 19.51 million (2017: Rs. 20.45 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

(ii) **Price risk**

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

**Sensitivity analysis**

The Company's investments in equity instrument of other entities are publicly traded on the PSX. The summary below explains the impact of increase on the Company's surplus of available for sale investment to change in market price. The analysis is based on the assumption that the market price had increased by 10.00% with all other variables held constant:

**Rupees in thousands**

	<b>Impact on equity</b>	
	<b>2018</b>	2017
Buxly Paints Limited	<b>2,554</b>	3,282

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

(iii) **Interest rate risk**

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

**Fixed rate financial instruments**

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

**Amount in thousand**

	<b>2018</b>		<b>2017</b>	
	<b>Financial assets</b>	<b>Financial liabilities</b>	Financial assets	Financial liabilities
<b><u>Non-derivative financial instruments</u></b>				
Short term investment	<b>25,195</b>	-	25,195	-
Bank balances - deposit accounts	<b>4,800</b>	-	1,800	-
	<b>29,995</b>	-	26,995	-

**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 and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

**Variable rate financial instruments**

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

**Rupees in thousand**

	2018		2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
<b><u>Non-derivative financial instruments</u></b>				
Short term investment	17,080	-	17,080	-
Short term borrowings - secured	-	1,137,989	-	948,735
Long term financing - secured	-	138,263	-	206,351
	17,080	1,276,252	17,080	1,155,086

**Cash flow sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit before taxation by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

**Rupees in thousand**

	Profit	
	2018	2017
<b>Increase of 100 basis points</b>		
Variable rate instruments	12,592	(11,380)
<b>Decrease of 100 basis points</b>		
Variable rate instruments	(12,592)	11,380



The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

**(b) Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Out of the total financial assets of Rs. 1,423.52 million (2017: Rs. 1,505.31 million) financial assets which are subject to credit risk amount to Rs. 1,357.99 million (2017: Rs. 1,432.49 million).

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To manage credit risk, the Company maintains procedures covering the application of credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on the credit control procedures implemented by the management.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was as follows:

Rupees in thousand	Note	2018	2017
<b><u>Loans and receivables</u></b>			
Long term loans - <i>secured</i>	10	54,360	50,929
Long term deposits	11	20,774	20,774
Loans and advances	15	15,271	8,192
Trade debts - <i>unsecured</i>	14	1,164,907	1,249,455
Trade deposits	16	38,124	15,982
Other receivables	17	1,801	1,451
Short term investment - <i>secured</i>	18	42,275	42,275
Bank balances	19	20,474	43,435
		<b>1,357,986</b>	<b>1,432,493</b>

**Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

**(i) Long term loans**

Long term loans represent interest free loans provided to the employees of the Company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles, motor cycles and CNG kits. These loans are secured by way of retention of title documents of the respective assets in the name of the Company. Hence, the management believes that no impairment allowance is necessary in respect of these long term loans.

**(ii) Long term deposits**

Long term deposits represent mainly deposits with Government institutions, hence the management believes that no impairment allowance is necessary in respect of these long term deposits.

**(iii) Trade debts**

The trade debts as at the statement of financial position date are classified in Pak Rupees. Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. The Company is exposed to credit risk in respect of its trade debts.

The aging of trade debts at the reporting date is:

**Rupees in thousand**

	<b>Related Parties 2018</b>	<b>Others 2018</b>	<b>Total 2018</b>
<i>Considered good</i>			
One to three months	<b>181,155</b>	<b>787,692</b>	<b>968,847</b>
More than three months	<b>18,208</b>	<b>177,853</b>	<b>196,060</b>
<i>Considered doubtful</i>			
One to three months	-	<b>194</b>	<b>194</b>
Three to six months	-	<b>5,200</b>	<b>5,200</b>
Six months to one year	-	<b>53,385</b>	<b>53,385</b>
Over one year	-	<b>141,243</b>	<b>141,243</b>
	<b>199,363</b>	<b>1,165,566</b>	<b>1,364,929</b>

Rupees in thousand

	Related Parties 2017	Others 2017	Total 2017
<i>Considered good</i>			
One to three months	108,093	881,946	990,039
More than three months	6,755	252,661	259,416
<i>Considered doubtful</i>			
One to three months	-	1,841	1,841
Three to six months	-	6,350	6,350
Six months to one year	-	74,307	74,307
Over one year	-	142,488	142,488
	114,848	1,359,593	1,474,441

In addition to general provision the Company use to record specific provision on debtor balance based on pattern of recoveries and other quality claims demanded by the customer.

Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

**(iv) Bank balances**

The Company's exposure to credit risk against balances with various commercial banks is as follows:

Rupees in thousand	2018	2017
<b>Cash and bank balances</b>		
In current accounts	15,674	41,635
In deposit accounts	4,800	1,800
<b>Short term investment</b>	42,275	42,275
	62,749	85,710

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

**Rupees in thousand**

<b>Banks</b>	<b>Rating</b>		<b>Rating Agency</b>	<b>2018</b>	<b>2017</b>
	<b>Short term</b>	<b>Long term</b>			
Faysal Bank Limited	A1+	AA	PACRA & JCR	-	1,290
Bank Al Habib Limited	A1+	AA+	PACRA	<b>18,915</b>	18,507
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	<b>16,686</b>	42,845
United Bank Limited	A-1+	AAA	JCR-VIS	<b>82</b>	1,462
Habib Bank Limited	A-1+	AAA	JCR-VIS	<b>3,241</b>	937
MCB Bank Limited	A1+	AAA	PACRA	-	542
JS Bank Limited	A1+	AA-	PACRA	<b>23,000</b>	20,000
Al-Barka Bank Limited	A1	A	PACRA & JCR	<b>11</b>	11
Bank Alfalah Limited	A1+	AA+	PACRA	<b>100</b>	100
National Bank of Pakistan	A1+	AAA	PACRA	<b>714</b>	16
				<b>62,749</b>	85,710

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset, or that such obligation will have to be settled in a manner unfavorable to Company. 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. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit limits.

**The following are the contractual maturities of financial liabilities as at 30 June 2018:**

**Rupees in thousand**

	<b>Carrying amount</b>	<b>Less than one year</b>	<b>One to five years</b>	<b>More than five years</b>
<b><u>Non derivative financial liabilities</u></b>				
Long term financing - <i>secured</i>	<b>138,263</b>	<b>74,439</b>	<b>69,662</b>	-
Trade and other payables	<b>1,111,924</b>	<b>1,111,924</b>	-	-
Interest / markup accrued on borrowings	<b>16,465</b>	<b>16,465</b>	-	-
Short term borrowings - <i>secured</i>	<b>1,137,989</b>	<b>1,221,046</b>	-	-
	<b>2,404,641</b>	<b>2,423,874</b>	<b>69,662</b>	-

The following are the contractual maturities of financial liabilities as at 30 June 2017:

Rupees in thousand

	Carrying amount	Less than one year	One to five years	More than five years
<u><i>Non derivative financial liabilities</i></u>				
Long term financing - <i>secured</i>	206,351	80,554	149,196	-
Trade and other payables	1,289,438	1,289,438	-	-
Interest / markup accrued on borrowings	13,394	13,394	-	-
Short term borrowings - <i>secured</i>	948,735	1,023,386	-	-
	2,457,918	2,406,772	149,196	-

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

#### 44.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1)
- 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 2)
  - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy;



## Rupees in thousand

	Carrying amount			Fair value				
	Loans and receivables at amortized cost	Available for sale	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b><u>As at 30 June 2018</u></b>								
<b><u>Financial assets - measured at fair value</u></b>								
Available for sale investment	-	25,537	-	25,537	25,537	-	-	25,537
<b><u>Financial assets - not measured at fair value</u></b>								
Long term loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Long term loans - secured	54,360	-	-	54,360	-	-	-	-
Long term deposits	20,774	-	-	20,774	-	-	-	-
Loans and advances	15,271	-	-	15,271	-	-	-	-
Trade debts	1,164,907	-	-	1,164,907	-	-	-	-
Trade deposits	38,124	-	-	38,124	-	-	-	-
Other receivables	1,801	-	-	1,801	-	-	-	-
Short term investment - secured	42,275	-	-	42,275	-	-	-	-
Cash and bank balances	20,474	-	-	20,474	-	-	-	-
	1,397,986	25,537	-	1,423,523	25,537	-	-	25,537
<b><u>Financial liabilities - measured at fair value</u></b>								
<b><u>Financial liabilities - not measured at fair value</u></b>								
Long term financing - secured	-	-	138,263	138,263	-	-	-	-
Trade and other payables	-	-	1,111,924	1,111,924	-	-	-	-
Interest / markup accrued on borrowings	-	-	16,465	16,465	-	-	-	-
Short term borrowings - secured	-	-	1,137,989	1,137,989	-	-	-	-
	-	-	2,404,641	2,404,641	-	-	-	-

Rupees in thousand	Carrying amount				Fair value			
	Loans and receivables at amortized cost	Available for sale	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<u>As at 30 June 2017</u>								
<u>Financial assets - measured at fair value</u>								
Available for sale investment	-	32,818	-	32,818	32,818	-	-	32,818
<u>Financial assets - not measured at fair value</u>								
Long term loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Long term loans - secured	50,929	-	-	50,929	-	-	-	-
Long term deposits	20,774	-	-	20,774	-	-	-	-
Loans and advances	8,192	-	-	8,192	-	-	-	-
Trade debts	1,249,455	-	-	1,249,455	-	-	-	-
Trade deposits	15,982	-	-	15,982	-	-	-	-
Other receivables	1,451	-	-	1,451	-	-	-	-
Short term investment - secured	42,275	-	-	42,275	-	-	-	-
Cash and bank balances	43,435	-	-	43,435	-	-	-	-
	1,472,493	32,818	-	1,505,311	32,818	-	-	32,818
<u>Financial liabilities - measured at fair value</u>								
	-	-	-	-	-	-	-	-
<u>Financial liabilities - not measured at fair value</u>								
Long term financing - secured	-	-	206,351	206,351	-	-	-	-
Trade and other payables	-	-	1,289,438	1,289,438	-	-	-	-
Interest / markup accrued on borrowings	-	-	13,394	13,394	-	-	-	-
Short term borrowings - secured	-	-	948,735	948,735	-	-	-	-
	-	-	2,457,918	2,457,918	-	-	-	-

#### 44.3 Fair value versus carrying amounts

The Company has not disclosed the fair values of financial assets and liabilities which are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**44.4** Freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the values as disclosed. The valuations are conducted by an independent valuation expert appointed by the Company. The valuation expert used a market based approach to arrive at the fair value of the Company's land and building. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

#### 45 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

Rupees in thousand	2018	2017
The debt-to-equity ratios as at 30 June were as follows:		
Total debt	1,292,717	1,168,480
Total	2,812,378	2,596,125
Debt-to-equity ratio	46%	45%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

Rupees in thousand	2018	2017
<b>46 Restriction on title and assets pledged as security</b>		
<b><u>Mortgages and charges</u></b>		
<b><u>First</u></b>		
Hypothecation of all present and future current assets	1,537,000	1,537,000
Mortgage over land and building	506,000	506,000

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b><u>Ranking</u></b>		
Hypothecation of all present and future current assets	<b>1,135,000</b>	1,001,000
<b>Liters in thousand</b>	<b>2018</b>	<b>2017</b>
<b>47 Production capacity</b>		
Actual production	<b>41,594</b>	31,232

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 15.33 million liters (2017: 8.44 million liters) which is used in the manufacture of the final product.

#### **48 Operating segments**

- 48.1** These financial statements have been prepared on the basis of single reportable segment.
- 48.2** Revenue from sale of paints and allied represents 99.37% (2017: 99.31%) of the total revenue of the Company.
- 48.3** 97.95% (2017: 97.97%) sales of the Company relates to customers in Pakistan.
- 48.4** All non-current assets of the Company as at 30 June 2018 are located in Pakistan.

#### **49 Non adjusting event after the statement of financial position date**

The board of directors of the Company in their meeting held on 24 September 2018 as proposed a final cash dividend of Rs. 1.25 per share and bonus share in the proportion of 1.25 share of every 10 shares, for the year ended June 30, 2018, for approval of the members in the annual general meeting to be held on 23 October 2018.

#### **50 General**

- 50.1** These financial statements were authorized for issue on 24 September 2018 by the board of Directors of the Company.
- 50.2** Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.

Berger Paints Pakistan Limited  
Consolidated Financial Statements  
for the year ended 30 June 2018



# Consolidated Financial Highlights

Rupees in thousand

	Year Ended June 30,					
	2018	2017	2016	2015	2014	2013
<b>NET ASSETS</b>						
Fixed Assets	<b>1,237,149</b>	1,154,469	1,055,803	1,051,367	589,572	604,351
Assets under Finance Lease	-	-	-	10,285	7,927	7,144
Goodwill	<b>32,263</b>	36,750	36,750	36,750	36,750	36,750
Long Term Investments	<b>63,532</b>	70,143	49,117	9,978	10,260	2,311
Long Term Loans & Deposits	<b>81,229</b>	74,407	66,721	52,876	41,552	38,438
Deferred Taxation	-	1,710	-	36,525	156,199	162,830
Net Current Assets	<b>362,868</b>	382,320	303,262	145,257	149,318	(52,605)
Total	<b>1,777,041</b>	1,719,799	1,511,653	1,343,038	991,578	799,219
<b>FINANCED BY</b>						
Share Capital	<b>181,864</b>	181,864	181,864	181,864	181,864	181,864
Reserves	<b>864,227</b>	754,600	671,151	476,850	416,342	314,769
Surplus on Revaluation of Fixed Assets	<b>509,131</b>	521,363	542,313	559,773	184,878	186,311
	<b>1,555,222</b>	1,457,827	1,395,328	1,218,487	783,084	682,944
Long Term and Deferred Liabilities	<b>221,819</b>	261,972	116,325	124,551	208,494	116,275
Total	<b>1,777,041</b>	1,719,799	1,511,653	1,343,038	991,578	799,219
<b>TURNOVER AND PROFITS</b>						
Turnover	<b>5,701,402</b>	5,318,753	5,262,149	4,420,826	4,562,664	4,210,557
Gross Profit	<b>1,379,920</b>	1,540,336	1,587,913	1,199,008	1,115,705	949,037
	<b>24.20%</b>	28.96%	30.18%	27.12%	24.45%	22.54%
Profit/(Loss) before tax	<b>155,984</b>	267,022	327,615	169,820	145,728	108,868
Taxation	<b>48,500</b>	67,843	141,874	59,502	51,230	43,455
Profit/(Loss) after tax	<b>107,484</b>	199,180	185,741	110,318	94,498	65,413
<b>EARNING AND DIVIDENDS</b>						
Earning/(Loss) per share	<b>5.78</b>	11.03	10.13	6.03	5.20	3.45
Interim Dividend per share-Cash (Rupee)	-	4.50	-	1.50	-	-
Final Dividend per share-Cash (Rupee)	<b>1.25</b>	-	4.50	1.00	1.00	0.50

# Directors' Report

For the year ended 30 June 2018

The directors of the Holding Company present their report together with the audited consolidated financial statements for the year ended 30 June 2018.

## BUSINESS PERFORMANCE

During the year Group is facing continuous challenges from non organized sector along with successive bouts of Rupee devaluation, rising oil prices in addition to the continued surge in raw material prices. Despite of these challenges, the Group has posted a profit of Rs. 107.484 million.

In future, we are optimistic all group companies will continue to grow by focusing on new product innovation and providing quality products to our customers.

### Rupees in Thousand

Profit before taxation	155,984
Taxation	48,500
Profit after taxation	107,484
Minority interest	(2,441)
Net profit for the year attributable to the Holding Company	105,043

## FINANCIAL STATEMENTS

The audited accounts of the Holding Company for the year ended 30 June 2018 are annexed.

## HOLDING COMPANY

The Holding Company of Berger Paints Pakistan Limited is M/s. Slotrapid Limited which is incorporated in the B.V.I.

## PROFIT PER SHARE

The profit per share for the year is Rs.5.78 [2017: Rs.11.03].

## AUDITORS

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, shall stand retired and being eligible, have offered themselves for re-appointment.

## CORPORATE GOVERNANCE

A statement of corporate financial reporting framework appears in the Directors' Report of the Holding Company is annexed.

## OTHER INFORMATION

All relevant other information has already been disclosed in Directors' Report of the Holding Company.

## ON BEHALF OF THE BOARD

Lahore  
Date: 24 September 2018

Dr. Mahmood Ahmad  
Chief Executive

Mr. Maqbool H.H. Rahimtoola  
Director

## فی شیئر پرافٹ

اس سال کی فی شیئر آمدنی حصہ 5.78 روپے ہے (2017: 11.03 روپے)

## آڈیٹرز

موجودہ آڈیٹرز کے - پی۔ ایم۔ جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے ریٹائرڈ ہو جانے کے بعد اپنی اہلیت کے باعث اپنی دوبارہ تقرری پیش کی ہے۔

## کارپوریٹ گورننس

کارپوریٹ مالیاتی رپورٹنگ کافریم ورک ہولڈنگ کمپنی کی ڈائریکٹرز کی رپورٹ میں شامل ہے۔

## دوسری معلومات

ہولڈنگ کمپنی کی ڈائریکٹرز کی رپورٹ میں تمام متعلقہ دیگر معلومات پہلے ہی ظاہر کر دی گئی ہیں۔

## منجانب بورڈ

لاہور

مقبول ایچ ایچ رحمت اللہ

ڈاکٹر محمود احمد

تاریخ: 24 ستمبر 2018

ڈائریکٹر

چیف ایگزیکٹو

## مجلس نظما کی رپورٹ

ہولڈنگ کمپنی کے ڈائریکٹروں نے 30 جون 2018 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مضبوط مالی بیانات کے ساتھ اپنی رپورٹ پیش کی۔

### کاروبار کی کارکردگی

گروپ کو سال کے دوران غیر منظم شعبے سے مسلسل چیلنجز کے سامنے کے ساتھ روپے کی قدر میں کمی، خام مال کی قیمتوں میں مسلسل اضافہ اور تیل کی قیمتوں میں اضافے کا سامنا رہا ہے۔ ان چیلنجز کے باوجود گروپ نے 107.484 ملین روپے کا منافع حاصل کیا ہے۔ مستقبل میں، ہم امید کرتے ہیں کہ تمام گروپ آف کمپنیز کو نئی مصنوعات کی جدت کو فروغ دینے پر توجہ مرکوز رکھیں گی اور ہمارے گاہکوں کو معیاری مصنوعات فراہم کرتی رہیں گی۔

روپے ہزاروں میں:

155,984	ٹیکس سے قبل منافع
48,500	ٹیکس
107,484	منافع بعد از ٹیکس
(2,441)	اقلیتی حصہ
105,043	ہولڈنگ کمپنی سے منسوب سال کے لئے خالص منافع

مالیاتی گوشوارے

30 جون 2018 کو ختم ہونے والے سال کے لئے ہولڈنگ کمپنی کی آڈٹڈ اکاؤنٹس شامل ہیں۔

### ہولڈنگ کمپنی

برجر پینٹس پاکستان لمیٹڈ کی ہولڈنگ کمپنی میسرز سلاٹ ریپڈ لمیٹڈ ہے۔ جو کہ بی۔وی۔آئی میں تشکیل پائی ہے۔



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
351 Shadman-1,  
Jail Road, Lahore, Pakistan.

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# Independent Auditor's Report

To the members of Berger Paints Pakistan Limited

## **Opinion**

We have audited the annexed consolidated financial statements of Berger Paints Pakistan Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

## **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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Revenue</b></p> <p>Refer to note 3.20 and 29 to the consolidated financial statements.</p> <p>The Group recognized revenue of Rs. 5.70 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2018. Sales to related parties represent 5.04% of total sales.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to a risk that revenue</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>assessing the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> </ul>



Sr. No.	Key audit matters	How the matters were addressed in our audit
	is recognized without transferring the risk and rewards.	<ul style="list-style-type: none"> <li>• comparing a sample of revenue transactions recorded during the year with the contracts / invoices, outward gate passes other relevant underlying documents;</li> <li>• comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and</li> <li>• scanning for any manual journal entries relating to revenue raised during the year which were considered to be material or met other specific criteria for inspecting underlying documentation.</li> </ul>
<b>2.</b>	<p data-bbox="363 867 906 888"><b>Valuation of Trade Debts</b></p> <p data-bbox="363 909 906 972">Refer to note 3.9 and 13 to the consolidated financial statements.</p> <p data-bbox="363 993 906 1119">As at 30 June 2018, the Group's gross trade debtors were Rs. 1,444.28 million against which provision for doubtful debts of Rs. 207.28 million were recorded.</p> <p data-bbox="363 1140 906 1287">We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<p data-bbox="922 867 1469 930">Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review), debt collections process and making provision for doubtful debts calculations;</li> <li>• testing the accuracy of trade receivable aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket;</li> <li>• assessing the appropriateness of assumptions and estimates made by the management for the provision against doubtful debts by comparing, on a sample basis, historical cash collections, actual write offs and cash receipts from customers subsequent to the financial year end with the underlying documentation; and</li> <li>• assessing the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.</li> </ul>

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

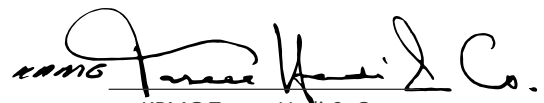
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Kamran I. Yousafi

Lahore  
Date: 19 September 2018

  
KPMG Taseer Hadi & Co.  
**Chartered Accountants**  
(Kamran I. Yousafi)

# Consolidated Statement of Financial Position

## As at 30 June 2018

Rupees in thousand	Note	2018	2017 (Restated)	2016 (Restated)
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	6	1,229,115	1,146,452	1,044,021
Intangibles	7	40,297	44,767	48,532
Investments in related parties	8	63,532	70,143	49,117
Long term loans - <i>secured</i>	9	54,360	50,929	46,554
Long term deposits - <i>unsecured</i>	10	26,869	23,478	20,167
Deferred taxation	11	-	1,710	-
		1,414,173	1,337,479	1,208,391
<b><u>Current assets</u></b>				
Stores and spare parts		15,772	16,924	15,422
Stock-in-trade	12	1,024,042	1,022,809	754,610
Trade debts - <i>unsecured</i>	13	1,237,001	1,291,939	1,201,830
Loans and advances	14	200,825	110,305	101,437
Trade deposits and short term prepayments	15	51,757	30,387	29,176
Other receivables	16	16,363	15,834	116,001
Tax refund due from Government - <i>net</i>		319,994	329,694	199,016
Short term investment	17	42,275	42,275	37,080
Cash and bank balances	18	26,569	49,755	95,951
		2,934,598	2,909,922	2,550,523
		4,348,771	4,247,401	3,758,914
<b>EQUITY AND LIABILITIES</b>				
<b>Authorised share capital</b>				
		250,000	250,000	250,000
<b><u>Share capital and reserves</u></b>				
Issued, subscribed and paid-up capital	19	181,864	181,864	181,864
Reserves	20	843,628	736,442	651,523
Revaluation surplus on property, plant and machinery - <i>net of tax</i>	21	509,131	521,363	542,313
<b>Equity attributable to owners of the Parent Company</b>		1,534,623	1,439,669	1,375,700
<b>Non-controlling interests</b>		20,599	18,158	19,628
<b><u>Non-current liabilities</u></b>				
Long term financing - <i>secured</i>	22	69,965	138,263	1,350
Staff retirement and other long term benefits	23	142,592	119,977	103,925
Liabilities against assets subject to finance lease - <i>secured</i>	24	2,099	3,732	5,505
Deferred taxation	10	7,163	-	5,545
		221,819	261,972	116,325
<b><u>Current liabilities</u></b>				
Trade and other payables	25	1,342,728	1,466,896	1,327,000
Unclaimed dividend		4,756	28,716	2,788
Interest / markup accrued on borrowings	26	16,465	13,394	11,566
Current maturity of long term financing	22	68,298	68,088	40,600
Current maturity of liabilities against assets subject to finance lease	24	1,494	1,773	1,773
Short term borrowings - <i>secured</i>	27	1,137,989	948,735	863,534
		2,571,730	2,527,602	2,247,261
		2,793,549	2,789,574	2,363,586
<b>Contingencies and commitments</b>	28			
		4,348,771	4,247,401	3,758,914

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

# Consolidated Statement of Profit or Loss

For the year ended 30 June 2018

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Sales - net	29	<b>5,701,402</b>	5,318,753
Cost of sales	30	<b>(4,321,482)</b>	(3,778,417)
<b>Gross profit</b>		<b>1,379,920</b>	1,540,336
Selling and distribution costs	31	<b>(941,369)</b>	(1,044,023)
Administrative and general expenses	32	<b>(206,715)</b>	(193,111)
		<b>(1,148,084)</b>	(1,237,134)
<b>Profit from operations</b>		<b>231,836</b>	303,202
Other income	33	<b>27,802</b>	60,119
		<b>259,638</b>	363,321
Other expenses	34	<b>(15,820)</b>	(19,858)
Finance cost	35	<b>(88,504)</b>	(75,456)
		<b>(104,324)</b>	(95,314)
Share of profit / (loss) of equity-accounted investee - net of tax		<b>670</b>	(985)
<b>Profit before taxation</b>		<b>155,984</b>	267,022
Taxation	36	<b>(48,500)</b>	(67,842)
<b><u>Profit after taxation attributable to:</u></b>		<b>107,484</b>	199,180
<b>Attributable to:</b>			
Owners of the Parent Company		<b>105,043</b>	200,650
Non-controlling interests		<b>2,441</b>	(1,470)
		<b>107,484</b>	199,180

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.



# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

Rupees in thousand	Note	2018	2017
<b>Profit after taxation</b>		<b>107,484</b>	199,180
<b><u>Other comprehensive income</u></b>			
<b><u>Items that may be reclassified to consolidated profit and loss</u></b>			
Fair value (loss) / gain on 'Available for sale' investments	8.1.1	<b>(7,281)</b>	22,011
<b><u>Items that will not be reclassified to consolidated profit and loss</u></b>			
Remeasurement of defined benefit obligation	23.5	<b>(5,966)</b>	4,986
<b>Total comprehensive income for the year</b>		<b>94,237</b>	226,177
<b><u>Attributable to:</u></b>			
Owners of the Parent Company		<b>91,796</b>	227,647
Non-controlling interests		<b>2,441</b>	(1,470)
		<b>94,237</b>	226,177

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flow

## For the year ended 30 June 2018

Rupees in thousand	Note	2018	2017
<b><u>Cash flow from operating activities</u></b>			
Profit before taxation		155,984	267,022
<i>Adjustments for non cash and other items:</i>			
Depreciation on property, plant and equipment	6.7	82,126	75,751
Amortization on computer software	7.1.1	4,660	6,783
Gain on disposal of property, plant and equipment	33	(9,363)	(2,097)
Provision (reversed) / charged against slow moving stock -net		(2,902)	6,350
Insurance claim	33	(2,731)	(9,704)
Impairment of goodwill	7.2.1	4,487	-
Provision (reversed) / charged for impairment in capital work in progress	34	(8,059)	(13,941)
Provision for doubtful debts	31	990	61,623
Bad debts written off		25,954	32,018
Provision for staff retirement and other long term benefits		28,321	28,584
Share of (gain) / loss of equity-accounted investee -net of tax	8.2	(670)	985
Finance cost	35	88,504	75,456
Provision for doubtful loans	14	1,765	-
Mark-up on term deposit receipts and other income	33	(6,729)	(4,489)
		206,353	257,319
<b>Operating profit before working capital changes</b>		<b>362,337</b>	<b>524,341</b>
<b><u>Working capital changes</u></b>			
<i>Increase in current assets:</i>			
Stores and spares		1,152	(1,502)
Stock in trade		1,669	(274,549)
Trade debts		27,994	(183,750)
Loans and advances		(83,441)	(11,668)
Trade deposits and short term prepayments		(21,370)	(1,211)
Other receivables		2,141	109,903
		(71,855)	(362,777)
<i>Increase in current liabilities:</i>			
Trade and other payables		(124,168)	139,896
<b>Cash generated from operations</b>		<b>166,314</b>	<b>301,460</b>
Finance cost paid		(85,140)	(73,199)
Taxes paid		(26,770)	(205,775)
Staff retirement and other long term benefits paid	23	(11,672)	(7,546)
Long term loans - due from employees		(12,275)	(1,575)
Long term deposits - net		(3,391)	(3,311)
		(139,248)	(291,406)
<b>Net cash generated from operating activities</b>		<b>27,066</b>	<b>10,054</b>
<b><u>Cash flow from investing activities</u></b>			
Fixed capital expenditure		(166,755)	(169,818)
Sale proceeds from disposal of property, plant and equipment	6.2	14,712	4,656
Markup received on term deposit and long term loan		6,790	4,457
Short term investments		-	(5,195)
<b>Net cash used in investing activities</b>		<b>(145,253)</b>	<b>(165,900)</b>
<b><u>Cash flow from financing activities</u></b>			
Long term financing - net		(68,088)	164,401
Dividend paid		(23,960)	(137,750)
Lease rentals paid		(2,205)	(2,202)
<b>Net cash generated from financing activities</b>		<b>(94,253)</b>	<b>24,449</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(212,440)</b>	<b>(131,397)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(498,980)</b>	<b>(367,583)</b>
<b>Cash and cash equivalents at end of the year</b>	37	<b>(711,420)</b>	<b>(498,980)</b>

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes In Equity

For the year ended 30 June 2018

Rupees in thousand	Reserves						
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation on property, plant and machinery	Fair value reserve	General reserve	Accumulated profit	Total equity attributable to owners of the Parent Company
							Non controlling Interests
							Total
<b>Balance as at 01 July 2016, as previously reported</b>	181,864	56,819	-	6,977	285,000	302,727	833,387
Effect of restatement - note 3.1	-	-	542,313	-	-	-	542,313
<b>Balance as at 01 July 2016, restated</b>	181,864	56,819	542,313	6,977	285,000	302,727	1,375,700
<b>Transaction with owners of the Parent Company -</b>							
Final dividend for the year ended 30 June 2016 @ Rs.4.50 per share	-	-	-	-	-	(81,839)	(81,839)
Interim dividend for the year ended 30 June 2017 @ Rs.4.50 per share	-	-	-	-	-	(81,839)	(81,839)
<b>Total comprehensive income for the year ended 30 June 2016</b>	-	-	-	-	-	(163,678)	(163,678)
Profit / (loss) for the year	-	-	-	-	-	200,650	199,180
Other comprehensive income for the year	-	-	-	-	-	-	(1,470)
- Fair value gain on 'Available for sale' investments	-	-	-	22,011	-	-	22,011
- Remeasurement of defined benefit obligation	-	-	-	22,011	-	4,986	4,986
<b>Total comprehensive income for the year ended 30 June 2017</b>	-	-	-	22,011	-	205,636	227,647
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	-	(20,950)	-	-	20,950	-
<b>Balance as at 30 June 2017, restated</b>	181,864	56,819	521,363	28,988	285,000	365,635	1,439,669
<b>Balance as at 01 July 2017, as previously reported</b>	181,864	56,819	-	28,988	285,000	365,635	918,306
Effect of restatement - note 3.1	-	-	521,363	-	-	-	521,363
<b>Balance as at 01 July 2017, restated</b>	181,864	56,819	521,363	28,988	285,000	365,635	1,439,669
<b>Total comprehensive income for the year ended 30 June 2018</b>							
Profit for the year	-	-	-	-	-	105,043	107,484
Other comprehensive income for the year	-	-	-	-	-	-	2,441
- Fair value loss on 'Available for sale' investments	-	-	-	(7,281)	-	-	(7,281)
- Remeasurement of defined benefit obligation	-	-	-	-	-	(5,966)	(5,966)
<b>Total Comprehensive (loss) / income for the year</b>	-	-	-	(7,281)	-	99,077	94,237
Transfer of incremental depreciation from revaluation surplus on property plant and machinery - net of tax	-	-	(15,390)	-	-	15,390	-
Reversal of deferred tax due to change of rate	-	-	3,158	-	-	-	3,158
	-	-	(12,232)	-	-	15,390	-
<b>Balance as at 30 June 2018</b>	181,864	56,819	509,131	21,707	285,000	480,102	1,554,222

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

# Notes to the Consolidated financial statements

## For the year ended 30 June 2018

### 1 Reporting entity

The Group comprises of the following companies:

#### Parent company

- Berger Paints Pakistan Limited

#### Subsidiary companies

- Berdex Construction Chemicals (Private) Limited  
 - Berger DPI (Private) Limited  
 - Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited

#### Associated company

- 3S Pharmaceuticals (Private) Limited

#### 1.1 Reporting entity information

Berger Paints Pakistan Limited ("the Parent Company") was incorporated in Pakistan on 25 March 1950 as a private limited company under the Companies Act, 1913 (now Companies Act, 2017) and was subsequently converted into a public limited company. The Parent Company is on the Pakistan Stock Exchange ("PSX"). The principle business activity of the Parent Company and its subsidiary companies collectively referred to as the Group is manufacturing and trading of paints, varnishes and other related items, executing contracts for application of road marking paints and merchandising construction chemicals. The registered office of the Parent Company is situated at 36-Industrial Estate Kot-Lakhat, Lahore and its only manufacturing facility is located at 28 Km Multan Road, Lahore.

The Parent Company owns 51 percent of the share capital of Berger DPI (Private) Limited who in turn holds 99 percent share capital of the Berger Road Safety (Private) Limited. Further the Parent Company owns 51.96 percent of the share capital of Berdex Construction Chemicals (Private) Limited. The Group is a subsidiary of Slotrapid Limited British Virgin Islands ("The Holding Company").

Berdex Construction Chemicals (Private) Limited is under the process of members' voluntary winding up under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Therefore, its financial statements have not been prepared on a going concern basis and the historical cost convention has been adjusted for realization of assets and liquidation of liabilities that might be necessary. The carrying value of its assets and liabilities as at 30 June 2018 approximates their realizable value.

Following is the pertinent information related to the Holding Company;

#### Particulars

#### Related Information

Registered Address	Akara Building, 24 De-Castro Street, Wickham Cay I, Road Town, Tortola, British Virgin Islands.
Principle Officer - President / Director	Vernon Emmanuel Salazar Zurita
Aggregate Percentage of Holding	52.05%
Operational Status	Active

Auditor's opinion on latest financial statements of the Holding Company is not available as the country of incorporation does not have any such statutory requirement.

## **1.2 Summary of significant events and transactions in the current reporting period**

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Incurred capital expenditure including the purchase of 36.1 kanals land in Maraka Lahore near factory premises. This is reflected in property, plant and equipment, note 6.1.
- Increase in prices of imported raw material and devaluation of local currency have negatively affected the current year profit and loss.
- The accounting policy for revaluation surplus on property plant and machinery changed during the year. Consequently, the amount of revaluation surplus on property, plant and machinery reported outside the equity in the prior years has been reclassified to equity.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.
- For a detailed discussion about Group's performance please refer to the Directors' report accompanied in the annual report of the Group for the year ended 30 June 2018.

## **2 Basis of preparation and statement of compliance**

### **2.1 Consolidated financial statements**

These consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary companies as at 30 June 2018.

#### **(a) Subsidiaries**

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Parent Company have been eliminated against the shareholders' equity in the subsidiary companies.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognised in assets, are eliminated in full.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

#### **(b) Non-controlling interest**

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Parent Company. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group and are recorded in the consolidated statement of profit and loss.

#### **(c) Associates**

Associates are all entities over which the Group has significant influence but not control. The Group's share of its associate's post-acquisition profit or loss is recognised in the consolidated statement of profit and

loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

## **2.2 Statement of compliance**

These consolidated 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 ("IFRS") issued by the International Accounting Standards Board ("IASB") as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **2.3 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 3.4, the measurement of certain items of property, plant and equipment as referred to in note 21 at revalued amounts and recognition of certain staff retirement and other long term benefits as referred to in note 3.13 at present value and certain foreign currency transaction adjustments.

In these consolidated financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

## **2.4 Functional and presentation currency**

These consolidated financial statements are presented in Pak Rupees ("Rs."), which is the Group's functional and presentation currency. All financial information has been rounded to the nearest thousand rupees, except when otherwise indicated.

# **3 Significant accounting policies**

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed on note 3.1.

## **3.1 Changes in accounting policy**

Up to 30 June 2017, revaluation surplus on property, plant and machinery was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of property, plant and machinery. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of



surplus arising on revaluation of property, plant and machinery has not been carried forward in the Companies Act, 2017. Accordingly the management has changed the accounting policy to bring accounting of revaluation surplus on property, plant and machinery in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of revaluation surplus on property, plant and machinery to equity which was previously being presented outside the equity.

The new Act specified certain additional disclosures to be included in the financial statements. Accordingly, the Group has presented the required disclosures in these consolidated financial statements and restated certain comparatives. However there was no change in the reported amounts of consolidated statement of profit or loss and other comprehensive income or the amounts presented in the consolidated statement of financial position due to these re-presentations.

All other significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements except that pursuant to the requirements of IAS 7 "Statement of cash flows", a disclosure of reconciliation of movements of liabilities to cash flows arising from financing activities has been given in note 42 to these consolidated financial statements. This change does not have any impact on the figures reported in these consolidated financial statements.

### **3.2 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold and leasehold land, buildings thereon and plant and machinery, which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus on property, plant and machinery account except for a reversal of deficit already charged to consolidated statement of profit or loss. A revaluation deficit is recognized in consolidated statement of profit or loss, except for a deficit directly offsetting a previous surplus, in which case the deficit is taken to revaluation surplus on property, plant and machinery account. The revaluation surplus on property, plant and machinery to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets is transferred annually directly to consolidated retained earnings net of related deferred tax. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to consolidated retained earnings. All transfers to / from revaluation surplus on property, plant and machinery account are net of applicable deferred income tax. Further, the revaluation surplus on property, plant and machinery shall be utilized in accordance with IAS 16 - Property, plant and equipment.

Depreciation on all property plant and equipment except freehold land is charged to consolidated statement of profit or loss account using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life at the annual rates as disclosed in note 6.1. Residual values are reviewed at each consolidated statement of financial position date and adjusted if the impact on depreciation is significant.

Useful lives are regularly reviewed by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is put to use or capitalized while depreciation on assets disposed off is charged up to the month preceding the disposal.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in consolidated statement of profit and loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Capital work in progress is stated at cost less impairment in value, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment category as and when assets are available for intended use.

### **Non financial assets impairment**

The Group assesses at each consolidated statement of financial position date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the consolidated statement of profit and loss currently except for impairment loss on revalued assets, which is recognized directly against any revaluation surplus for the related asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

## **3.3 Intangibles**

Intangibles are measured initially at cost. The cost of intangible comprise of its purchase price including non-refundable purchase taxes after deducting trade discounts and rebates and includes other costs directly attributable to acquisition. Cost incurred after the asset is in the condition necessary for it to operate in the manner intended by Group's management are recognised in the consolidated statement of profit and loss.

### **3.3.1 Computer Software**

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

Amortization on assets with finite useful life is charged to the consolidated statement of profit and loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 7.

### **3.3.2 Goodwill acquired in business combinations**

The purchase method of accounting is used to account for the acquisition of businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, if any, at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities, if any, assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment loss, if any.

### 3.3.3 Impairment

The Group assesses at each statement of financial position date whether there is any indication that intangible assets 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated statement of profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### 3.4 Investments

The Group's management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available for sale investments or investment in associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

#### **Investments in equity instruments of associates**

Associates are all entities over which the Group has significant influence but not control. Investments in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associate's post-acquisition profit or loss is recognised in the consolidated statement of profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **Available for sale**

Investments that are intended to be held for sale for an indefinite period of the time or may be sold in response to need for liquidity are classified as available for sale. These are included in non-current assets unless the Group's management intends to dispose off investments within twelve months from the statement of financial position date.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given plus any directly attributable cost. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price), unless fair value cannot be reliably measured. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise. At the time of disposal, the respective surplus or deficit in the fair value reserve is transferred to the consolidated statement of profit and loss.

#### **Trade date accounting**

All purchases and sales of investments are recognized on the trade date which is the date that the Group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

### **Impairment**

At each reporting date, the Group reviews the carrying amounts of its investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the consolidated statement of profit and loss. In respect of available for sale investment, cumulative impairment loss less any impairment loss already recognized in the consolidated statement of profit and loss is removed from equity and recognized in the consolidated statement of profit and loss that are not subsequently reversed through the consolidated statement of profit and loss. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use.

### **3.5 Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated statement of profit and loss over the period of the investments on an effective yield method less impairment loss, if any. Loans and receivables include trade and other receivables and long term loans given to employees and related parties.

### **3.6 Long term deposits**

Long term deposits are stated at cost less impairment, if any.

### **3.7 Stores and spare parts**

These are valued at moving weighted average cost less any identified impairment except for items in transit, which are valued at invoice price and related expenses incurred up to the statement of financial position date. Items considered obsolete are carried at nil value. General stores and spare parts are charged to consolidated statement of profit and loss currently. The Group reviews the carrying amount of stores on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores.

### **3.8 Stocks-in-trade**

Stock-in-trade is valued at lower of weighted average cost and estimated Net Realizable Value ("NRV").

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, packing materials and Semi-processed goods	Moving weighted average cost
Finished goods	Average manufacturing cost
Finished goods purchased for resale	Moving weighted average cost
Stock in transit	Invoice value plus other charges paid thereon up to the reporting date

NRV signifies the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

Provision for obsolete and slow moving stock in trade is made on management estimate, whenever necessary.

### 3.9 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business. Trade debts and other receivables are stated at original invoice amount, which approximates fair value less an allowance made for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and the Group management's assessment of customers' credit worthiness and trend of recoveries. Balances considered bad and irrecoverable are written off as and when identified. When a trade debt is uncollectable, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit and loss.

### 3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Group.

### 3.11 Taxation

Income tax expense comprises of current and deferred tax. It is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in equity.

#### **Current tax**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Under / over paid amount of current tax is recorded as tax refundable / payable due from / to the Government.

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

#### **Deferred tax**

Deferred tax is recognized using the statement of financial position liability method, on all major temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of all deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan.

### **3.12 Leases**

#### **Finance leases**

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Asset subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of the payment.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the consolidated statement of profit and loss over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 6.1. Depreciation of leased assets is charged to the consolidated statement of profit and loss.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

#### **Operating lease**

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit and loss on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Group's benefit.

### **3.13 Staff retirement and other long term benefits**

#### **(a) Short term employee benefit**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(b) Defined benefit plan**

The Group operates the following defined benefit schemes:

- a) An approved and funded pension scheme for all executives; and
- b) An approved and funded gratuity scheme for all its permanent employees.

#### **(c) Pension scheme**

The Group offers Pension benefits to its executive staff. Monthly pension is calculated as one percent of the average basic salary of the last year multiplied with pensionable service.



**(d) Gratuity scheme**

The Group offers Gratuity benefits to its all of its permanent employees, and is payable to employees having service in the Group for minimum five years. The Gratuity benefits provided by the Group is calculated by multiplying last drawn basic salary with number of years of service and gratuity factor.

Actuarial valuation are carried out using the 'Projected Unit Credit Method'. Contributions to the schemes are based on these valuations. Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in consolidated statement of other comprehensive income. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plan are recognized in the consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The main features of defined benefit schemes are mentioned in note 23.

**(c) Defined contribution plan**

**Provident fund**

The Group also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10 percent of basic salary for executive and non-executive staff.

**(d) Other long term benefits - Accumulated compensated absences**

The Group also provides for compensated absences for all eligible employees in accordance with the rules of the Group. The Group accounts for these benefits in the period in which the absences are earned. Employees are entitled to earned leaves of 21 days per annum. The unutilized leaves are accumulated subject to a maximum of 42 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Group service. The accumulated leave balance in excess of 42 days of an employee is ignored while determining benefit obligations.

The Group uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the consolidated statement of profit and loss. The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit and loss immediately in the period when these occur. The following significant assumptions have been used:

Discount rate	9% per annum
Expected rate of salary increase in future years	8% per annum

**3.14 Borrowings**

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit and loss over the period of the borrowings using the effective interest method. Finance costs are accounted for on accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

### 3.15 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

### 3.16 Provision

Provisions are recognized when, the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

### 3.17 Contingent asset

Contingent assets are possible assets those arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and are disclosed when inflow of economic benefits is probable. Contingent assets are not recognized until their realization become virtually certain.

### 3.18 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 3.19 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the statement of financial position date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the consolidated statement of profit and loss currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

### 3.20 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

**3.20.1 Sale of goods**

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.

**3.20.2 Interest / markup**

Interest / markup is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

**3.20.3 Dividend income**

Dividend income is recognized when the Group's right to receive payment is established.

**3.20.4 Other revenues**

Other revenues are recorded on accrual basis.

**3.20.5 Rendering of services**

The Group recognizes revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date.

**3.21 Financial instruments**

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the consolidated statement of profit and loss currently.

Financial assets include investments, trade debts, loans, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include long term financing, short term borrowings, accrued finance cost and trade and other payables.

**3.22 Off setting of financial assets and liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.23 Dividends and appropriations to general reserve**

Dividends and appropriations to general reserves are recognized in the consolidated financial statements in the period in which these are approved.

**3.24 Financial liabilities**

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

### 3.25 Related party transactions

The Group enters into transactions with related parties on an arm's length basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Group to do so.

### 3.26 Operating profit

Consolidated operating profit is the result generated from the continuing principal revenue producing activities of the Group. Consolidated operating profit excludes other income, other expenses, finance costs, share of loss from associate and income taxes.

## 4 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto:

The following International Financial Reporting Standards ("IFRS") as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the consolidated financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the consolidated financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the consolidated financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the consolidated financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the consolidated financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the consolidated financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the consolidated financial statements

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the consolidated financial statements.

## 5 Use of judgments and estimates

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

	<i>Note</i>
- Depreciation method, useful lives and residual values of property, plant and equipment	3.2
- Recoverable amount of assets / cash generating units and impairment	3.2
- Stock-in-trade	3.8
- Stores and spare parts	3.7
- Trade and other receivables	3.9
- Taxation	3.10
- Deferred taxation	3.10
- Staff retirement benefits	3.13
- Lease classification	3.12
- Provisions	3.16



<b>Rupees in thousand</b>	<i>Note</i>	<b>2018</b>	2017
<b>6 Property, plant and equipment</b>			
Operating fixed assets	6.1	<b>1,224,962</b>	1,094,794
Capital work in progress	6.6	<b>4,153</b>	51,658
		<b>1,229,115</b>	1,146,452

## 6.1 Operating fixed assets

Rupees in thousand

	Useful life Years	Cost / revalued amount as at 01 July 2017	Additions / (deletions)	Cost / revalued amount as at 30 June 2018	Accumulated Depreciation as at 01 July 2017	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2018	Book value as at 30 June 2018
<b><i>Owned</i></b>								
Freehold land	-	450,673	77,500	528,173	-	-	-	528,173
Leasehold land	48.5	98,333	-	98,333	4,430	2,204	6,634	91,699
Building on freehold land	20	276,750	10,112	286,862	30,761	16,500	47,261	239,601
Building on leasehold land	10-20	13,914	49,934	63,848	1,601	3,698	5,299	58,549
Plant and machinery	2.8-12.5	293,117	44,149 (15,846)	321,420	108,873	33,668 (14,640)	127,901	193,519
Laboratory equipments	10	39,466	6,190	45,656	17,785	3,465	21,250	24,406
Electric fittings	10	58,572	6,236 (346)	64,462	28,084	5,578 (70)	33,592	30,870
Computer and related accessories	4	30,621	2,320 (199)	32,742	21,548	4,073 (175)	25,446	7,296
Office equipment	10	13,713	8,598	22,311	4,915	1,864	6,779	15,532
Furniture and fixtures	10	27,657	6,629	34,286	12,800	2,829	15,629	18,657
* Motor vehicles	5	59,765	5,975 (13,011)	52,729	42,227	6,241 (9,168)	39,300	13,429
<b>2018</b>		<b>1,362,581</b>	<b>167,709 (29,402)</b>	<b>1,550,822</b>	<b>273,024</b>	<b>80,120 (24,053)</b>	<b>329,091</b>	<b>1,221,731</b>
<b><i>Leased</i></b>								
Motor vehicles	5	10,030	-	10,030	4,793	2,006	6,799	3,231
<b>2018</b>		<b>10,030</b>	<b>-</b>	<b>10,030</b>	<b>4,793</b>	<b>2,006</b>	<b>6,799</b>	<b>3,231</b>
		<b>1,372,611</b>	<b>167,709 (29,402)</b>	<b>1,560,852</b>	<b>277,817</b>	<b>82,126 (24,053)</b>	<b>335,890</b>	<b>1,224,962</b>

\*Motor vehicles include vehicles costing Rs. 3.60 million (2017: 3.60 million) obtained on musharka arrangement as mentioned in note 22.1(b) to the financial statements.

Rupees in thousand

	Useful life Years	Cost / revalued amount as at 01 July 2016	Additions / (deletions) adjustments	Cost / revalued amount as at 30 June 2017	Accumulated Depreciation as at 01 July 2016	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2017	Book value as at 30 June 2017
<b><i>Owned</i></b>								
Freehold land	-	414,910	35,763	450,673	-	-	-	450,673
Leasehold land	48.5	98,333	-	98,333	2,226	2,204	4,430	93,903
Building on freehold land	20	252,248	24,502	276,750	13,311	15,450	30,761	245,989
Building on leasehold land	20	13,914	-	13,914	756	845	1,601	12,313
Plant and machinery	2.8-12.5	238,569	54,548	293,117	74,908	33,965	108,873	184,244
Laboratory equipments	10	32,996	6,470	39,466	14,623	3,162	17,785	21,681
Electric fittings	10	45,235	13,402	58,572	23,728	4,383	28,084	30,488
Computer and related accessories	4	27,742	3,471	30,621	18,509	3,578	21,548	9,073
			(592)			(539)		
Office equipment	10	9,614	4,099	13,713	3,793	1,122	4,915	8,798
Furniture and fixtures	10	20,901	6,756	27,657	10,505	2,295	12,800	14,857
Motor vehicles	5	58,104	7,327	59,765	38,684	6,741	42,227	17,538
			(5,666)			(3,198)		
2017		1,212,566	156,338	1,362,581	203,043	73,745	273,024	1,089,557
			(6,323)			(3,764)		
<b><i>Leased</i></b>								
Motor vehicles	5	10,030	-	10,030	2,787	2,006	4,793	5,237
2017		10,030	-	10,030	2,787	2,006	4,793	5,237
		1,222,596	156,338	1,372,611	205,830	75,751	277,817	1,094,794
			(6,323)			(3,764)		

**6.1.1** The cost / revalued amount of the assets as at 30 June 2018 include fully depreciated assets amounting to Rs. 198.02 million (2017: Rs. 212.94 million) but are still in use of the Group.

## 6.2 Disposal of operating assets

Rupees in thousand

Particulars of assets	Sold to		Cost / revalued Amounts	Accumulated depreciation	Book value	Sale		Mode of disposal
	Name	Relationship with the Company				proceeds	Gain / (loss)	
<b><u>Motor vehicles</u></b>								
Toyota Hilux Vigo	Mr. Hussain Yousaf	Employee	3,257	3,057	200	2,470	2,270	Negotiation
Suzuki Cultus	Mr. Ata ur Rehman	Employee	1,053	1,053	-	333	333	Transfer to Employee
Suzuki Cultus	Mr. Farooq Taj Mian	Employee	1,049	717	332	815	482	Negotiation
Honda City	Mr. Syed Shafqat Ali	Employee	886	886	-	222	222	Transfer to Employee
Toyota Vitz	Mr. Zafar Iqbal	Employee	799	719	80	249	169	Transfer to Employee
Toyota Corolla	Mr. Syed Arif Hussain	Employee	784	313	470	466	(4)	Transfer to Employee
Suzuki Swift	Mr. Shahzad Malik	Employee	650	444	206	908	702	Transfer to Employee
Suzuki Mehran	Mr. Mohsin Ali	Employee	640	21	619	732	113	Negotiation
Suzuki Mehran	Ms. Noor ul Sehar	Employee	640	53	587	732	145	Negotiation
Honda Civic	Mr. Faheem A Khan	Employee	187	75	112	472	360	Transfer to Employee
Suzuki Alto	Mr. Shafqat	Employee	57	33	24	235	211	Transfer to Employee
honda reborn	Mr. Abid Ansar	Employee	178	83	95	1,006	911	Negotiation
Suzuki Mehran	Mr. Aqib Zahoor	Employee	284	114	170	507	337	Negotiation
Honda City	Mr. Ali Abbas	Employee	146	56	90	1,227	1,137	Negotiation
Suzuki Mehran	Mr. Abid Ansar	Employee	52	20	32	408	376	Negotiation
Suzuki Cultus	Mr. Arif	Employee	464	464	-	151	151	Transfer to Employee
Suzuki Mehran	Mr. Shafqat Ali	Employee	345	345	-	86	86	Transfer to Employee
Suzuki Mehran	Mr. Syed Qamar	Employee	349	-	349	554	205	Negotiation
Suzuki Cultus	Mr. Arif Hussain	Employee	339	255	85	232	147	Transfer to Employee
Qinqi Motorcycle	Mr. Sher Bahadur	Employee	202	135	67	21	(46)	Negotiation
Suzuki Mehran	Mr. Hayat Gul	Employee	325	163	163	440	277	Negotiation
Suzuki Mehran	Mr. Usman Rehan	Employee	325	163	163	159	(3)	Transfer to Employee
<b><u>Plant &amp; Machinery</u></b>								
Extruder / Grinder	Akram Trading	Third Party	4,500	4,500	-	200	200	Negotiation
Lifter	Fahad Auto Mobiles	Third Party	2,000	2,000	-	570	570	Negotiation
Lifter	Akram Trading	Third Party	2,000	2,000	-	288	288	Negotiation
Thermal Oil Heater	Akram Trading	Third Party	1,399	714	684	91	(593)	Negotiation
Lifter	M. Gulzar & Brothers	Third Party	1,300	1,300	-	156	156	Negotiation
Boiler	Akram Trading	Third Party	1,156	1,156	-	80	80	Negotiation
Sand Mill	M. Gulzar & Brothers	Third Party	720	720	-	100	100	Negotiation
Air Compressor	Jillani Kompressors	Third Party	576	193	383	60	(323)	Negotiation
Lathe Machine	Jillani Kompressors	Third Party	1	1	-	13	13	Negotiation
Shaper Machine	Jillani Kompressors	Third Party	1	1	-	13	13	Negotiation
Compressor	Jillani Kompressors	Third Party	266	222	44	40	(4)	Negotiation
HSD Machine	M.Gulzar and Brothers	Third Party	2	2	-	8	8	Negotiation
Arritor	M.Gulzar and Brothers	Third Party	1	1	-	50	50	Negotiation
Arritor	M.Gulzar and Brothers	Third Party	175	80	95	50	(45)	Negotiation
Sand Mills	M.Gulzar and Brothers	Third Party	400	400	-	100	100	Negotiation
Sand Mills	M.Gulzar and Brothers	Third Party	400	400	-	100	100	Negotiation
Sand Mills	M.Gulzar and Brothers	Third Party	400	400	-	100	100	Negotiation
Baskit Mills	M.Gulzar and Brothers	Third Party	-	-	-	50	50	Negotiation
Sand Mill	Akram Trading Company	Third Party	459	459	-	40	40	Negotiation
Sand Mill	Akram Trading Company	Third Party	90	90	-	40	40	Negotiation
<b><u>Computer and related accessories</u></b>								
Computer System	Fazi computer	Third Party	10	10	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	23	23	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	26	26	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	10	10	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	11	11	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	51	51	-	1	1	Negotiation
Computer System	Fazi computer	Third Party	10	6	4	1	(3)	Negotiation
Computer System	Fazi computer	Third Party	10	6	4	1	(3)	Negotiation
Computer System	Fazi computer	Third Party	11	11	1	1	1	Negotiation
Tablet	Stolen		37	21	16	-	(16)	Negotiation
<b><u>Electric fittings</u></b>								
Generator	Mr. Shahid Iqbal	Employee	85	14	71	50	(21)	Transfer to Employee
Generator	Mr. Shahid Saleem	Employee	65	22	43	8	(35)	Transfer to Employee
Electric water cooler	Fatima Engineering	Third Party	46	2	44	-	(44)	Negotiation
Generator	Mr. Roshan Ali	Employee	65	18	47	20	(26)	Transfer to Employee
Generator	Mr. Bilal Mohy ud din	Employee	85	14	71	50	(21)	Transfer to Employee
<b>2018</b>			<b>29,402</b>	<b>24,053</b>	<b>5,348</b>	<b>14,712</b>	<b>9,363</b>	
2017			6,323	3,764	2,559	4,656	2,097	

- 6.3** Had freehold land and leasehold land, buildings on freehold and leasehold land and plant and machinery not been revalued, these assets would have been as follows:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Freehold land	<b>199,269</b>	121,769
Leasehold land	<b>1,070</b>	1,071
Buildings on freehold land	<b>164,103</b>	164,788
Buildings on leasehold land	<b>56,376</b>	9,971
Plant and machinery	<b>152,003</b>	127,651
	<b>572,821</b>	425,250

- 6.4** The forced sale value of revalued property plant and machinery as per latest available revaluation reports are as follows:

<b>Particulars</b>	<b>Revaluation Report Dates</b>	<b>Forced Sales Value (Rupees in thousand)</b>
Freehold land	11 June 2015	277,984
Leasehold land	11 August 2015	61,812
Buildings on freehold land	11 June 2015	160,103
Buildings on leasehold land	11 August 2015	19,651
Plant and machinery	13 August 2015	140,537

**6.5 Immovable Fixed Assets**

Freehold lands of the Group are located at 28-Km, Multan Road, Lahore, measuring 102.20 Kanals and 36.10 kanals and Quaid-e-As am Industrial Estate, Kot-Lakhat, Lahore, measuring 4.04 Kanals.

Leasehold land of the Group is located at Sector I-10/3, Industrial Area, Islamabad, measuring 5.56 Kanals.

The buildings on freehold land, leasehold land and other immovable assets of the Group are constructed / located at above mentioned freehold lands and the land disclosed in note 42.

Rupees in thousand	Note	2018	2017
<b>6.6 Capital work in progress</b>			
<b><u>Owned</u></b>			
Civil works		<b>586</b>	48,876
Provision for Impairment loss	6.6.1	-	(8,059)
		<b>586</b>	40,817
Plant and machinery		<b>1,078</b>	296
Advances to suppliers		<b>2,478</b>	5,264
Others		<b>11</b>	5,281
	6.6.2	<b>4,153</b>	51,658

#### 6.6.1 Movement in provision for impairment loss

As at 01 July		<b>8,059</b>	22,000
Add: provision for the year			-
Less: reversal of impairment		<b>(8,059)</b>	(13,941)
	6.6.3	<b>(8,059)</b>	(13,941)
As at 30 June		-	8,059

**6.6.2** This mainly relates to the construction of warehouse at Karachi.

**6.6.3** This reversal represents expenditure incurred during the year.

Rupees in thousand	Note	2018	2017
<b>6.7</b>	The depreciation charge for the year has been allocated as follows:		
Cost of sales	30.1	<b>60,061</b>	57,853
Selling and distribution costs	31	<b>13,093</b>	9,689
Administrative and general expenses	32	<b>8,972</b>	8,209
		<b>82,126</b>	75,751

## 7 Intangibles

Computer software	7.1	<b>8,034</b>	8,017
Goodwill	7.2	<b>32,263</b>	36,750
		<b>40,297</b>	44,767



## 7.1 Computer software

This represents expenditure incurred on acquiring and implementing Enterprise Resource Planning software.

Rupees in thousand	Note	2018	2017
<b><u>Cost</u></b>			
Cost as at 01 July		<b>28,168</b>	25,150
Additions during the year		<b>4,677</b>	3,018
Cost as at 30 June		<b>32,845</b>	28,168
<b><u>Accumulated amortization</u></b>			
Accumulated amortization as at 01 July		<b>20,151</b>	13,368
Amortization during the year	7.1.1	<b>4,660</b>	6,783
Accumulated amortization as at 30 June		<b>24,811</b>	20,151
Balance as at 30 June		<b>8,034</b>	8,017
Rate of amortization		<b>33.33%</b>	33.33%

### 7.1.1 The amortization charge for the year has been allocated as follows:

Cost of sales	30.1	<b>566</b>	566
Selling and distribution costs	31	<b>325</b>	304
Administrative and general expenses	32	<b>3,769</b>	5,913
		<b>4,660</b>	6,783

## 7.2 Goodwill

Packaging Ink Business	7.2.1	<b>8,263</b>	12,750
Powder Coating Business	7.2.2	<b>24,000</b>	24,000
		<b>32,263</b>	36,750

### 7.2.1 This goodwill represents excess of purchase consideration paid by the Parent Company for acquisition of the Packaging Inks business unit of an ink manufacturing company (the seller) over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. For impairment testing, the recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 16.67% pre tax rate and using terminal growth of 2.00%. The calculation of value in use is sensitive to discount rate and local inflation rates. Impairment on goodwill recognized during the year, has arisen primarily because management has decided to discontinue some of the products produced by Packaging Inks business unit and consequently the related amount of goodwill has been impaired in accordance with IAS 36 "Impairment of Assets".

Rupees in thousand	2018	2017
<b><u>Cost</u></b>		
Cost as at 30 June	<b>16,750</b>	16,750
<b><u>Accumulated impairment</u></b>		
Accumulated impairment as at 01 July	<b>4,000</b>	4,000
Impairment charged during the year	<b>4,487</b>	-
Accumulated Impairment as at 30 June	<b>8,487</b>	4,000
Balance as at 30 June	<b>8,263</b>	12,750

**7.2.2** This goodwill represents excess of purchase consideration paid by the Parent Company for acquisition of the Powder Coating business over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. The recoverable amount of goodwill was tested for impairment as at 30 June 2018, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 16.67% pre tax rate and using terminal growth of 2.00%. The calculation of value in use is sensitive to discount rate and local inflation rates.

Rupees in thousand	Note	2018	2017
<b>8 Investments in related parties</b>			
Available for sale	8.1	<b>25,537</b>	32,818
Equity accounted investment - <i>unlisted</i>	8.2	<b>37,995</b>	37,325
		<b>63,532</b>	70,143
<b>8.1 Available for sale</b>	Percentage / Note		
<b><u>Buxly Paints Limited - listed</u></b>			
273,600 (2017: 273,600) fully paid ordinary shares of Rs. 10 each	19.95%		
Market value - Rs. 93.34 per share (2017: Rs. 119.95 per share)			
Cost		<b>3,830</b>	3,830
Fair value adjustment	8.1.1	<b>21,707</b>	28,988
		<b>25,537</b>	32,818

<b>Rupees in thousand</b>	<b>Percentage</b>	<b>2018</b>	<b>2017</b>
<b>8.1.1 Cumulative fair value gain</b>			
As at 01 July		<b>28,988</b>	6,977
Fair value (loss) / gain during the year		<b>(7,281)</b>	22,011
As at 30 June		<b>21,707</b>	28,988
<b>8.2 Equity accounted investment - <i>unlisted</i></b>			
<b><u>Cost of investment</u></b>			
3S Pharmaceutical (Private) Limited	49.00%		
98,000 (2016: 98,000) fully paid ordinary shares of Rs. 100 each		<b>39,200</b>	39,200
<b><u>Share of loss</u></b>			
As at 01 July		<b>(1,875)</b>	(890)
Share of profit / (loss) for the year		<b>670</b>	(985)
Share of other comprehensive income		-	-
As at 30 June		<b>(1,205)</b>	(1,875)
Net investment as at 30 June		<b>37,995</b>	37,325

**8.2.1** Summarised financial information in respect of associated company on the basis of financial statements for the year ended 30 June 2018 and 2017 are set out below:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Non current assets	<b>69,514</b>	68,635
Current assets	<b>25,305</b>	12,867
Non current liabilities	<b>(9,694)</b>	(12,642)
Current liabilities	<b>(27,707)</b>	(12,809)
Net assets - 100%	<b>57,418</b>	56,051
<b>Percentage ownership interest</b>	<b>49%</b>	49%
Group's share of net assets	<b>28,135</b>	27,465
Excess of purchase consideration over net assets	<b>10,673</b>	10,673
Other adjustment	<b>(813)</b>	(813)
	<b>9,860</b>	9,860
Carrying amount of interest in associated company	<b>37,995</b>	37,325
Revenue	<b>31,263</b>	18,528
Profit / (loss) for the year from operations	<b>1,367</b>	(3,095)
Group's share of loss - <i>post acquisition</i>	<b>(1,205)</b>	(1,875)

**8.2.3** Summarised financial information in respect of subsidiary companies on the basis of financial statements for the year ended 30 June 2018 and 2017 are set out below:

<b>Rupees in thousand</b>	<b>Berger DPI (Private)</b>		<b>Bredex Construction</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Non current assets	<b>8,387</b>	10,251	-	-
Current assets	<b>211,215</b>	136,669	<b>156</b>	474
Current liabilities	<b>(137,773)</b>	(68,274)	-	(337)
Non current liabilities	<b>(42,099)</b>	(43,881)	-	-
Net assets - 100%	<b>39,730</b>	34,765	<b>156</b>	137
Revenue	<b>430,430</b>	341,229	-	-
Profit / (loss) for the year from operations	<b>4,966</b>	(3,000)	<b>18</b>	(23)
% of Non-Controlling interests (NCI)	<b>49%</b>	49%	<b>48%</b>	48%
Share of net assets of NCI	<b>19,468</b>	17,035	<b>75</b>	66
Other adjustments	<b>1,056</b>	1,057	-	-
Carrying amount of NCI	<b>20,524</b>	18,092	<b>75</b>	66
<i>Cash flows from</i>				
- operating activity	<b>1,651</b>	(44,159)	<b>(318)</b>	-
- investing activity	<b>(366)</b>	(62)	-	-
- financing activity	<b>(1,494)</b>	38,227	-	-
Net decrease in cash and cash equivalents	<b>(209)</b>	(5,994)	<b>(318)</b>	-

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>9 Long term loans - secured</b>			
Due from employees - <i>considered good</i>	9.1	<b>71,396</b>	59,121
Less: Current portion shown under current assets	14	<b>(17,036)</b>	(8,192)
		<b>54,360</b>	50,929

**9.1** These represent interest free loans provided to the employees of the Parent Company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles. These loans are secured by way of retention of title documents of the respective assets in the name of the Group. The loan is recoverable over a period of three to ten years.

**9.2** Maximum aggregate balance due from executives at the end of any month during the year was nil (2017: Rs. 2.92 million).

**9.3** Directors of the Group were not given any loan during the year.

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>10 Long term deposits - unsecured</b>			
Considered good		<b>26,869</b>	23,478
Considered doubtful		<b>4,588</b>	4,588
		<b>31,457</b>	28,066
Less: Provision for doubtful deposits		<b>(4,588)</b>	(4,588)
	10.1	<b>26,869</b>	23,478

**10.1** These include deposits given to utility companies, deposits against lease and tender deposits.

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b>11 Deferred taxation</b>		
<i>Deferred tax liability on taxable temporary differences arising in respect of:</i>		
- Accelerated tax depreciation	<b>(39,749)</b>	(38,727)
- Surplus on revaluation of fixed assets	<b>(29,589)</b>	(40,501)
<i>Deferred tax asset on deductible temporary differences arising in respect of:</i>		
- Provision for doubtful debts, other receivables, deposits and others	<b>57,262</b>	71,909
- Provision for impairment in capital work in progress	-	2,329
- Provision for slow moving stock	<b>4,913</b>	6,700
	<b>62,175</b>	80,938
	<b>(7,163)</b>	1,710

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>11.1 Movement in deferred tax balances is as follows:</b>			
As at 01 June		<b>1,710</b>	(5,545)
<i>Recognized in consolidated profit and loss account:</i>			
- Accelerated tax depreciation including surplus on revaluation of fixed assets		<b>3,517</b>	(219)
- Provision for doubtful debts, other receivables and deposits		<b>(2,662)</b>	9,510
- Provision for impairment in capital work in progress		<b>(1,941)</b>	(3,940)
- Provision for slow moving stock		<b>(670)</b>	1,904
- Impact of rate change		<b>(10,275)</b>	-
		<b>(12,031)</b>	7,255
		<b>(8,565)</b>	1,710
<i>Recognized to revaluation surplus on property plant and machinery:</i>			
- Impact of rate change		<b>3,158</b>	-
		<b>(7,163)</b>	1,710
<b>12 Stock-in-trade</b>			
Raw and packing materials			
- in hand		<b>619,977</b>	495,250
- in transit		<b>57,184</b>	137,698
		<b>677,161</b>	632,948
Semi processed goods		<b>80,123</b>	70,531
Finished goods			
- Manufactured	12.1	<b>280,121</b>	354,991
- Trading	12.2	<b>90,915</b>	71,519
		<b>371,036</b>	426,510
		<b>1,128,320</b>	1,129,989
<i>Provision for slow moving and obsolete stocks</i>			
- Raw material		<b>(54,736)</b>	(58,239)
- Semi processed goods		<b>(3,183)</b>	(5,467)
- Finished goods		<b>(46,359)</b>	(43,474)
		<b>(104,278)</b>	(107,180)
		<b>1,024,042</b>	1,022,809



**12.1** Aggregate stocks with a cost of Rs. 31.50 million (2017: Rs.19.56 million) are being valued at net realizable value of Rs. 26.81 million (2017: Rs. 15.14 million).

**12.2** Trading finished goods include stock in transit amounting of nil (2017: 6.31 million).

**12.3** Details of stock-in-trade subject to charge as security are referred to in note 45 to the financial statements.

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>13 Trade debts - unsecured</b>			
<i>Considered good</i>			
Related parties	13.1 & 13.2	<b>103,891</b>	71,043
Others		<b>1,133,110</b>	1,220,896
		<b>1,237,001</b>	1,291,939
<i>Considered doubtful</i>			
Others		<b>207,279</b>	233,480
		<b>1,444,280</b>	1,525,419
Provision for doubtful debts	13.3	<b>(207,279)</b>	(233,480)
		<b>1,237,001</b>	1,291,939

**13.1 Trade debts include the following amounts due from the following related parties:**

Dadex Eternit Limited - <i>related party</i>	13.1.1	<b>222</b>	911
Buxly Paints Pakistan Limited - <i>related party</i>	13.1.2	<b>103,669</b>	70,132
	13.1.3	<b>103,891</b>	71,043

**13.1.1** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 0.63 million.

**13.1.2** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 110.10 million.

**13.1.3** No provision against these balances have been recorded as at the year end.

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b>13.2 Aging of related party balances</b>		
<i>Considered good</i>		
One to three months	<b>87,159</b>	71,043
Three to six months	<b>16,732</b>	-
	<b>103,891</b>	71,043

Rupees in thousand	Note	2018	2017
<b>13.3 Movement in provision for doubtful debts</b>			
Balance as at 01 July		<b>233,480</b>	205,594
Provision for the year - <i>net</i>	31	<b>990</b>	61,623
Provision written back		<b>(1,237)</b>	(1,719)
Bad debts written off		<b>(25,954)</b>	(32,018)
Balance as at 30 June		<b>207,279</b>	233,480
<b>14 Loans and advances</b>			
<i>Current portion of long term loans</i>			
Due from employees - <i>secured, considered good</i>	9	<b>15,271</b>	8,192
Due from employees - <i>considered doubtful</i>		<b>1,765</b>	-
		<b>17,036</b>	8,192
Less: provision for doubtful loans		<b>(1,765)</b>	-
<i>Advances - unsecured, considered good</i>			
Employees		<b>2,072</b>	5,990
Suppliers		<b>183,482</b>	96,123
		<b>185,554</b>	102,113
		<b>200,825</b>	110,305
<b>15 Trade deposits and short term prepayments</b>			
Trade deposits - <i>considered good</i>		<b>38,521</b>	15,982
Trade deposits - <i>considered doubtful</i>		<b>9,221</b>	9,221
		<b>47,742</b>	25,203
Provision for doubtful deposits		<b>(9,221)</b>	(9,221)
		<b>38,521</b>	15,982
Short term prepayments		<b>13,236</b>	14,405
		<b>51,757</b>	30,387
<b>16 Other receivables</b>			
Receivable from related parties	16.1	<b>8,702</b>	6,277
Export rebate		<b>15,860</b>	16,004
Provision for export rebate		<b>(10,000)</b>	(10,000)
		<b>5,860</b>	6,004
Accrued interest		<b>357</b>	418
Retention money		-	2,102
Insurance claim receivable		<b>869</b>	1,000
Others		<b>575</b>	33
		<b>16,363</b>	15,834

Rupees in thousand	Note	2018	2017
<b>16.1 Other receivables include the following amounts due from the following related parties:</b>			
3S Pharmaceutical (Private) Limited - <i>related party</i>		-	10
Buxly Paints Pakistan Limited - <i>related party</i>	16.1.1	8,702	6,267
	16.1.2	8,702	6,277

**16.1.1** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 8.70 million.

**16.1.2** This represents receivables related to sharing of common expenses under normal trade as per terms mutually agreed.

Rupees in thousand	2018	2017
<b>16.2 Aging of related party balances</b>		
<i>Considered good</i>		
One to three months	8,702	6,277

## 17 Short term investment

This represents term deposit receipts which are markup based investments with conventional bank. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carrying mark-up at rates ranging from 4.25% to 6.00% per annum (2017: 4.24% to 5.25% per annum).

Rupees in thousand	Note	2018	2017
<b>18 Cash and bank balances</b>			
Cash at bank			
- current accounts		19,249	45,542
<u>Markup based deposits with conventional banks</u>			
- deposit accounts	18.1	6,364	3,282
		25,613	48,824
Cash in hand		956	931
		26,569	49,755

**18.1** This balance is under lien with commercial banks against letter of guarantee, carrying interest / mark-up rate of 5.12% per annum (2017: 5.25% per annum).

**19 Issued, subscribed and paid-up capital**

	2018 Number of shares	2017	2018 Rupees in thousand	2017
<b><u>Authorised share capital</u></b>				
Ordinary shares of Rs. 10 each	<b>25,000,000</b>	25,000,000	<b>250,000</b>	250,000
<b><u>Issued, subscribed and paid-up share capital</u></b>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	<b>12,135,798</b>	12,135,798	<b>121,358</b>	121,358
Voting ordinary share of Rs. 10 each issued as bonus shares	<b>6,050,611</b>	6,050,611	<b>60,506</b>	60,506
	<b>18,186,409</b>	18,186,409	<b>181,864</b>	181,864

**19.1** As at 30 June 2018, Slotrapid Limited B.V.I., the Holding Company, and their nominees hold 9,466,057 (2017: 9,466,057) voting ordinary shares of Rs. 10.00 each representing 52.05 % (2017: 52.05 %) of the ordinary paid up capital of the Parent Company.

		<b>2018</b>	2017
<b>Rupees in thousand</b>	<i>Note</i>		
<b>20 Reserves</b>			
<b><u>Capital reserve</u></b>			
Share premium reserve	20.1	<b>56,819</b>	56,819
Fair value reserve	20.2	<b>21,707</b>	28,988
		<b>78,526</b>	85,807
<b><u>Revenue reserve</u></b>			
General reserve		<b>285,000</b>	285,000
Accumulated profit		<b>480,102</b>	365,635
		<b>765,102</b>	650,635
		<b>843,628</b>	736,442

**20.1** This reserve can be utilized by the Parent Company for the purpose specified in section 81(2) of the Companies Act, 2017.

**20.2** This represents surplus on revaluation of investment classified as available for sale financial asset.

## 21 Revaluation surplus on property, plant and machinery - net of tax

Latest revaluation was carried out by Harvester Enterprises and Co., on 30 June 2015 of freehold land and building on freehold land, leasehold land and building on leasehold land and plant and machinery. The revaluation resulted in a surplus of Rs. 295.38 million on freehold land and building on freehold land, Rs. 40.83 million on leasehold land and building on leasehold land and Rs. 105.72 million on plant and machinery over the respective net book values. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

As explained in note 3.1, the Group has changed its accounting policy and now the surplus on revaluation of fixed assets has been presented within shareholders' equity.

Rupees in thousand	Note	2018	2017
<b>22 Long term financing - secured</b>			
<i>Mark-up based loan from conventional banks:</i>			
- JS Bank Limited	22.1(a)	133,333	200,000
<i>Islamic mode of financing:</i>			
- First Habib Modarba	22.1(b)	750	1,350
- First Habib Modarba	22.1(c)	4,180	5,001
		<b>138,263</b>	206,351
<i>Mark-up based loan from conventional banks:</i>			
Current maturity shown under current liabilities		<b>(66,667)</b>	(66,667)
<i>Islamic mode of financing:</i>			
Current maturity shown under current liabilities		<b>(1,631)</b>	(1,421)
		<b>(68,298)</b>	(68,088)
		<b>69,965</b>	138,263

**22.1(a)** This represents a long term loan of Rs. 200 million obtained in 2017, for restructuring of balance sheet. Principle terms of loan are as follows:

### Principle repayment

The outstanding balance is repayable in quarterly installments of Rs. 16.67 million each ending in April 2020.

### Rate of return

Markup is payable quarterly and charged at the rate of three month KIBOR plus 0.75% per annum (2017: three month KIBOR plus 0.75% per annum).

### Security

The loan is secured against an equitable mortgage and first charge amounting to Rs. 267.00 million on the Parent Company's land and building of Lahore factory.

- 22.1(b)** This represents outstanding balance of diminishing musharika facility obtained from First Habib Modaraba of Rs. 3.60 million for purchase of vehicle.

**Principle repayment**

The outstanding principal shall be repaid by a quarterly installment ending on August 2018.

**Rate of return**

Profit is payable quarterly and charged at the rate of six month KIBOR plus 2.00 % per annum (2017: six month KIBOR plus 2.00%) with floor of 10.00% and ceiling of 20.00%

**Security**

The Parent Company holds asset with joint ownership with the Modarba.

- 22.1(c)** This represents diminishing musharika facility of Rs. 5.25 million obtained in 2017, from First Habib Modarba for purchase of vehicle.

**Principle repayment**

The outstanding principal is repayable in 15 quarterly installments ending in February 2022.

**Rate of return**

Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.00% per annum (2017: six month's KIBOR plus 1.00% per annum).

**Security**

The Parent Company holds asset with joint ownership with the Modarba.

Rupees in thousand	Note	2018	2017
<b>23 Staff retirement and other long term benefits</b>			
<b><u>Defined benefit plan</u></b>			
Staff pension fund	23.1	41,704	30,879
Staff gratuity fund	23.1	74,235	65,244
		<b>115,939</b>	96,123
<b><u>Other long term employee benefits</u></b>			
Accumulating compensated absences	23.13	26,653	23,854
		<b>142,592</b>	119,977



### **Defined benefit plan**

As mentioned in note 3.13 the Parent Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2018. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2018	2017
Valuation discount rate	9%	9%
Expected rate of increase in salary level	8%	8%
Rate of return on plan assets	9%	9%
Retirement age	60 years	60 years
Withdrawal Rates	Age-Based (per appendix)	Age-Based (per appendix)
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)

### **Rupees in thousand**

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
<b>23.1 Balance sheet reconciliation</b>				
Present value of defined benefit obligation	92,218	74,330	81,835	65,724
Fair value of plan assets	(50,514)	(95)	(50,956)	(480)
	41,704	74,235	30,879	65,244
<b>23.2 Movement in the fair value of plan assets is as follows:</b>				
Fair value as at 01 July	50,956	480	43,879	2,506
Expected return on plan assets	4,561	18	3,922	225
Remeasurement gain / (loss)	(4,451)	159	3,747	(2,234)
Group's contribution	2,000	8,441	1,500	6,496
Benefits paid	(2,552)	(9,003)	(2,092)	(6,513)
Fair value as at 30 June	50,514	95	50,956	480

**Rupees in thousand**

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
<b>23.3 Movement in defined benefit obligation is as follows:</b>				
Obligation as at 01 July	81,835	65,724	74,673	56,296
Employees' contribution not paid to the fund by the Group	1,515	-	1,482	-
Service cost	4,874	9,721	4,946	10,840
Interest cost	7,250	5,510	6,626	4,774
Benefits paid	(2,552)	(9,003)	(2,092)	(6,513)
Remeasurement (gain) / loss	(704)	2,378	(3,800)	327
Obligation as at 30 June	92,218	74,330	81,835	65,724
<b>23.4 Charge for the year - net</b>				
Current service cost	4,874	9,721	4,946	10,840
Interest cost	7,250	5,510	6,626	4,774
Expected return on plan assets	(4,561)	(18)	(3,922)	(225)
	7,563	15,213	7,650	15,389
Actual return on plan assets	110	177	7,669	(2,009)
<b>23.5 Movement in net liability in the balance sheet is as follows:</b>				
Net liability as at 01 July	30,879	65,244	30,794	53,790
Charge for the year	7,563	15,213	7,650	15,389
Charge to other comprehensive income during the year	3,747	2,219	(7,547)	2,561
Group's contribution	(2,000)	(8,441)	(1,500)	(6,496)
Employees' contribution deducted but not paid to the fund	1,515	-	1,482	-
Net liability as at 30 June	41,704	74,235	30,879	65,244
<b>23.6 The charge for the year has been allocated as follows:</b>				
Cost of sales	3,782	7,607	3,825	7,695
Selling and distribution costs	3,101	6,237	3,137	6,309
Administrative and general expenses	680	1,369	688	1,385
	7,563	15,213	7,650	15,389

**Rupees in thousand**

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
<b>23.7 Plan assets comprise the following:</b>				
Defence Saving Certificates	<b>11,500</b>	-	10,050	-
Term deposits	-	-	-	-
Cash at bank	<b>6,522</b>	<b>95</b>	2,375	484
JS Islamic Hybrid Fund of Funds Mustahkem	<b>17,492</b>	-	18,000	-
NBP Fullerton Asset Management Ltd.	<b>15,000</b>	-	15,000	-
Term Finance Certificate	-	-	5,531	-
	<b>50,514</b>	<b>95</b>	50,956	484

**23.8** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date.

**23.9 Expected expense for next year**

The expected expense to the pension and gratuity schemes for the year ending 30 June 2019 works out to Rs. 8.72 million and Rs. 15.32 million.

**23.10** The plans expose the Parent Company to the actuarial risks such as:

**Salary risks**

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**Mortality / withdrawal risks**

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the entitled benefits of the beneficiary.

**23.11 Actuarial assumptions sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1.00% with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2018 would have been as follows:

**Impact on present value of defined benefit obligation as at 30 June 2018****Rupees in thousand**

	Change	Pension		Gratuity	
		Increase to	Decrease to	Increase to	Decrease to
Discount rate	1%	78,882	108,973	56,665	72,678
Future salary	1%	100,592	84,900	72,678	56,540

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

- 23.12** Weighted average duration of the defined benefit obligation is 24 years and 10 years for pension and gratuity plans, respectively.

**Rupees in thousand****2018**

2017

**23.13 Other long term employee benefits****Movement in accumulated compensated absences**

Balance as at 01 July	23,854	19,341
Provision during the year	5,545	6,334
Payments made during the year	(2,746)	(1,821)
Balance as at 30 June	26,653	23,854

**23.14 Reconciliation of present value of liability**

Present value of liability as at 01 July	23,854	19,341
Service cost	4,082	4,917
Interest on defined benefit liability	2,023	1,659
Benefits paid	(2,746)	(1,821)
Remeasurement (gain) / loss	(560)	(242)
	26,653	23,854

**23.15 Charge for the year**

Service cost	4,082	4,917
Interest on defined benefit liability	2,023	1,659
Remeasurement loss (gain) / loss	(560)	(242)
	5,545	6,334

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b>23.16 The charge for the year has been allocated as follows:</b>		
Cost of sales	<b>2,773</b>	3,167
Selling and distribution costs	<b>2,273</b>	2,597
Administrative and general expenses	<b>499</b>	570
	<b>5,545</b>	6,334

## 24 Liabilities against assets subject to finance lease

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

### Rupees in thousand

	<b>2018</b>			<b>2017</b>
	<b>Minimum lease payments</b>	<b>Future finance cost</b>	<b>Present value of lease liability</b>	<b>Present value of lease liability</b>
Not later than one year	<b>1,627</b>	<b>133</b>	<b>1,494</b>	1,773
Later than one year but not later than five years	<b>2,132</b>	<b>33</b>	<b>2,099</b>	3,732
	<b>3,759</b>	<b>166</b>	<b>3,593</b>	5,505

**24.1** Berger DPI (Private) Limited has entered into lease agreements with financial institutions for vehicles. Lease rentals are payable on quarterly basis and include finance cost ranging from six months KIBOR plus 125 bps to 200 bps per annum (2017: six months KIBOR plus 125 bps to 200 bps per annum) which has been used as the discounting factor. It has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>25 Trade and other payables</b>			
Trade and other creditors		<b>620,815</b>	724,690
Import bills payable		<b>378,241</b>	357,200
Advances from customers		<b>76,867</b>	56,830
Accrued expenses		<b>60,748</b>	123,730
Provision for infrastructure cess	25.1	<b>61,079</b>	51,265
Royalty payable to related parties - <i>unsecured</i>	25.2	<b>38,481</b>	37,623
Technical fee payable		<b>26,390</b>	18,411
Workers' Profits Participation Fund	25.3	<b>12,753</b>	18,689
Workers' Welfare Fund		<b>32,712</b>	31,599
Income tax deducted at source and EOBI payable		<b>11,505</b>	9,766
Others		<b>23,137</b>	37,093
		<b>1,342,728</b>	1,466,896
<b>25.1 Provision for infrastructure cess</b>			
Balance as at 01 July		<b>51,265</b>	42,922
Provision for the year		<b>9,814</b>	8,343
Balance as at 30 June		<b>61,079</b>	51,265
<b>25.2 This includes amount due to the following related parties:</b>			
Slotrapid Limited B.V.I. - <i>the Holding Company</i>		<b>38,516</b>	37,215
Buxly Paints Limited - <i>related party</i>		<b>(35)</b>	408
		<b>38,481</b>	37,623
<b>25.3 Workers' Profits Participation Fund</b>			
Balance as at 01 July		<b>18,689</b>	15,133
Allocation for the year	34	<b>8,152</b>	14,289
Interest on funds utilized in the Group's business	35	<b>875</b>	674
		<b>27,716</b>	30,096
Payments during the year		<b>(14,963)</b>	(11,407)
Balance as at 30 June		<b>12,753</b>	18,689

Interest on outstanding liability towards Workers' Profit Participation Fund is charged at bank rate plus 2.50% per annum as required under the Companies Profits (Workers' Participation) Act, 1968.



<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>26 Interest / markup accrued on borrowings</b>			
<i>Mark-up based borrowings from conventional banks:</i>			
Long term financing - <i>secured</i>		<b>2,378</b>	3,207
Short term financing - <i>secured</i>		<b>1,553</b>	1,155
Short term running finances- <i>secured</i>		<b>12,534</b>	9,032
		<b>16,465</b>	13,394
<b>27 Short term borrowings</b>			
<i>Mark-up based borrowings from conventional banks:</i>			
Short term financing - <i>secured</i>	27.1	<b>400,000</b>	400,000
Short term running finance- <i>secured</i>	27.2	<b>737,989</b>	548,735
		<b>1,137,989</b>	948,735

#### **27.1 Short term financing**

This represents utilized amount of short term financing facilities under markup arrangements available from commercial banks aggregating to Rs. 500 million (2017: Rs. 500 million) which is a sublimit of running finance facilities as described in note 28.2 to the financial statements. These facilities are secured against joint pari passu charge on all present and future current assets, registered charge (mortgage and hypothecation) over the current assets of the Parent Company and carry markup at rates ranging between 7.25% and 8.03% per annum, payable quarterly. Refer to note 45 for details of charge registered.

#### **27.2 Short term running finances**

This represents utilized amount of short term running finance facilities under markup arrangements available from commercial banks aggregating to Rs. 1,150 million (2017: Rs. 1,150 million). These facilities are secured against registered charge over the current assets of the Parent Company and carry markup at rates ranging between 7.14% and 8.17% (2017: 7.02% and 7.79%) per annum, payable quarterly.

#### **27.3 Unavailed credit facilities**

The available facilities for opening of letters of credit and guarantees as at 30 June 2018 amounted to Rs. 1,450 million (2017: Rs. 1,450 million) out of which Rs. 850.74 million remained unavailed as at the reporting date (2017: Rs. 730.12 million).

## 28 Contingencies and commitments

### 28.1 Contingencies

#### - **Berger Paints Pakistan Limited**

- In 1987, the Parent Company filed a suit against an ex-distributor (the distributor) in the High Court of Sindh (the court) for recovery of Rs. 8.89 million and damages amounting to Rs. 5.00 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs. 78.15 million against the Company in the court on account of damages and compensation. Consequently on the basis of legal advice the management believes that it has a strong case and no financial obligation is expected to arise.
- The Sindh Revenue Board (SRB) through assessment order 490/2014 dated 18 September 2014 raised sales tax demand of Rs. 39.34 million along-with penalty but excluding default surcharge on the grounds that the Company has received franchise services through its registered office in Karachi but had not paid sales tax on these services for the tax periods July, 2011 to June, 2013. Department (SRB) had inadvertently added all royalty figures appearing in accounts including royalty receivable, royalty payable, royalty expense and related party transfers for the calculation of tax on royalties. The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Parent Company is managing its affairs from the province of Punjab as the head office and the manufacturing facility is located there. The Commissioner (Appeals) had reduced the demand to Rs. 8.18 million, against which the Parent Company had filed an appeal before Appellate Tribunal SRB which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.
- The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Parent Company may not be entitled to carry forward minimum tax paid in the tax year 2014 of Rs 39.12 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those may also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly minimum tax is adjusted against tax liability for the current year.

During the year, the Deputy Commissioner Inland Revenue issued show cause notices for collection of income tax under section 236G / 236H of the Income Tax Ordinance 2001. In this regard, the taxation officer raised demands of Rs.19.90 million, Rs.9.937 million, Rs.19.10 million and Rs. 10 million for Tax years 2014, 2015, 2016 and 2017 vide assessment orders dated 28 March 2017, 02 February 2017, 12 June 2017 and 18 April 2018 respectively. The Parent Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals ("CIR - A") against the said orders which are still pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

- The Additional Commissioner Inland Revenue ("ACIR) and Deputy Commissioner Inland Revenue ("DCIR"), while proceeding U/S 122 of the Income Tax Ordinance, 2001 created income tax demands of Rs. 211.39 million, 484.38 million and 213.12 million for the Tax Years 2010, 2014 and 2016 respectively vide three separate orders. The Parent Company has filed an appeal before Commissioner Inland Revenue Appeals which is pending adjudication. The management believes that it has a strong arguable case and matter will be decided in favor of the Company. hence no provision has been recorded in these financial statements.
- Outstanding letters of guarantee as at 30 June 2018 amounted to Rs. 65.71 million (2017: Rs. 61.28 million).

**- Berger DPI (Private) Limited**

The company was selected by the Commissioner Inland Revenue for income tax audit for tax year 2013. The proceedings were finalized by the taxation officer by creating a demand of Rs.3.02 million - vide rectified assessment order dated 31-05-2017. Now, the company through its legal counsel is under appeal before ATIR against the order of CIR (Appeals). No hearing held to date. Management believes that it has strong case and no financial obligation is expected to accrue. However, the demand has been paid by the company due to recovery proceedings initiated by the FBR.

**28.2 Commitments**

- Outstanding letters of credit as at 30 June 2018 amounted to Rs. 533.72 million (2017: Rs. 482.70 million) for purchase of raw and packing materials.
- The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Not later than one year	<b>15,371</b>	11,250
Later than one year and not later than five years	<b>40,937</b>	18,362
	<b>56,308</b>	29,612
<b>Sales - net</b>		
- Local	<b>8,022,068</b>	7,499,721
- Exports	<b>162,584</b>	151,597
	<b>8,184,652</b>	7,651,318
Less: Discounts	<b>(1,460,095)</b>	(1,381,114)
Sales tax	<b>(1,023,155)</b>	(951,451)
	<b>5,701,402</b>	5,318,753

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>30 Cost of sales</b>			
Finished goods as at 01 July		<b>326,810</b>	244,958
Cost of goods manufactured	30.1	<b>4,154,800</b>	3,733,233
Provision against slowing moving finished goods		<b>2,885</b>	5,943
Inventory written off due to fire		-	-
Application cost		<b>14,096</b>	18,997
Less: Finished goods as at 30 June	12	<b>(280,121)</b>	(326,810)
Consumption of finished goods purchased for resale	30.2	<b>103,012</b>	102,096
<b>Cost of sales</b>		<b>4,321,482</b>	3,778,417
<b>30.1 Cost of goods manufactured</b>			
Raw and packing materials consumed		<b>3,641,450</b>	3,243,268
Provision (reversed) / charged against raw and packing material		<b>(3,503)</b>	(1,362)
Stores consumed		<b>6,585</b>	4,700
Salaries, wages and other benefits	30.1.1	<b>138,001</b>	148,607
Travelling and conveyance		<b>13,911</b>	16,340
Fuel, water and power		<b>99,458</b>	84,519
Legal and professional		<b>8,423</b>	9,543
Rent, rates and taxes		<b>4,346</b>	3,290
Insurance		<b>8,611</b>	8,297
Repairs and maintenance		<b>35,937</b>	33,689
Contracted services		<b>115,737</b>	95,925
Depreciation on property, plant and equipment	6.7	<b>60,061</b>	57,853
Amortization	7.1.1	<b>566</b>	566
Ijarah lease rentals		<b>3,710</b>	1,880
Printing and stationery		<b>2,409</b>	2,664
Communication		<b>1,318</b>	1,483
Others		<b>29,656</b>	29,018
		<b>4,166,676</b>	3,740,280
Opening stock of semi-processed goods		<b>70,531</b>	61,715
Closing stock of semi-processed goods		<b>(80,123)</b>	(70,531)
Provision charged during the year		<b>(2,284)</b>	1,769
<b>Cost of goods manufactured</b>		<b>4,154,800</b>	3,733,233

**30.1.1** Salaries, wages and benefits include Rs. 7.60 million (2017: Rs. 7.69 million) in respect of gratuity, Rs. 3.78 million (2017: Rs. 3.82 million) in respect of pension fund, Rs. 2.77 million (2017: Rs. 3.16 million) in respect of compensated absences and Rs. 3.94 million (2017: Rs. 3.69 million) in respect of provident fund contribution.

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>30.2 The movement of finished goods purchased for resale is as follows:</b>			
Finished goods as at 01 July		<b>99,700</b>	53,172
Add: Finished goods purchased for resale during the year		<b>94,227</b>	148,624
Less: Consumption of finished goods during the year		<b>(103,012)</b>	(102,096)
Finished goods as at 30 June		<b>90,915</b>	99,700
<b>31 Selling and distribution costs</b>			
Salaries and other benefits	31.1	<b>314,176</b>	314,730
Travelling and conveyance		<b>95,684</b>	81,529
Rent, rates and taxes		<b>7,102</b>	15,017
Insurance		<b>10,446</b>	9,658
Fuel, water and power		<b>6,010</b>	4,977
Advertising and sales promotion		<b>267,296</b>	277,971
Technical services and royalty fee	31.2	<b>41,909</b>	52,504
Freight and handling		<b>119,784</b>	131,906
Repairs and maintenance		<b>11,380</b>	18,123
Contracted services		<b>24,330</b>	31,838
Depreciation on property, plant and equipment	6.7	<b>13,093</b>	9,689
Amortisation	7.1.1	<b>325</b>	304
Ijarah lease rentals		<b>4,832</b>	5,228
Provision for doubtful debts - <i>net of recoveries</i>	13.3	<b>990</b>	61,623
Printing and stationery		<b>2,336</b>	3,268
Legal and professional		<b>4,176</b>	11,314
Communication		<b>7,780</b>	7,425
Others		<b>9,720</b>	6,919
		<b>941,369</b>	1,044,023

**31.1** Salaries and other benefits include Rs. 6.23 million (2017: Rs. 6.30 million) in respect of gratuity, Rs. 3.10 million (2017: Rs. 3.13 million) in respect of pension fund, Rs. 2.27 million (2017: Rs. 2.59 million) in respect of compensated absences and Rs. 10.14 million (2017: Rs. 9.10 million) in respect of provident fund contribution.

**31.2** This represents royalty and technical fee paid to following companies;

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Nippon Paint Company Limited (2-1-2 Oyodo – Kita, Kita-Ku, Osaka – 531-8511 Japan.)		<b>5,770</b>	5,477
Slotrapid Limited Akara Building, 24 De-Castro Street, Wickham Cay I, Road Town, Tortola, British Virgin Islands.		<b>31,896</b>	42,175
Buxly Paints Limited (X-3, Mangopir Road, S.I.T.E., Karachi.)		<b>2,034</b>	2,386
Nippon Bee Chemical Company Limited (14-1, 2-Chome, Shodai-Ohtani, Hirakata City,		<b>331</b>	610
Oxyplast Belgium N.V. (Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)		<b>1,878</b>	1,856
		<b>41,909</b>	52,504

## **32 Administrative and general expenses**

Salaries and other benefits	32.1	<b>94,285</b>	105,924
Directors' fee		<b>4,475</b>	3,450
Travelling and conveyance		<b>12,924</b>	13,392
Rent, rates and taxes		<b>4,763</b>	3,587
Insurance		<b>11,685</b>	6,847
Auditors' remuneration	32.2	<b>2,037</b>	2,100
Fuel, water and power		<b>1,748</b>	1,044
Repairs and maintenance		<b>2,880</b>	3,098
Contracted services		<b>7,008</b>	12,232
Depreciation on property, plant and equipment	6.7	<b>8,972</b>	8,209
Amortization of computer software	7.1.1	<b>3,769</b>	5,913
Provision for doubtful advances and deposits		<b>5,321</b>	-
Ijarah lease rentals		<b>4,147</b>	1,876
Printing and stationery		<b>1,403</b>	1,806
Legal and professional		<b>18,587</b>	13,130
Communication		<b>2,861</b>	3,089
Others		<b>19,850</b>	7,414
		<b>206,715</b>	193,111



**32.1** Salaries and other benefits include Rs. 1.37 million (2017: Rs. 1.38 million) in respect of gratuity, Rs. 0.68 million (2017: Rs. 0.69 million) in respect of pension fund, Rs. 0.49 million (2017: Rs. 0.57 million) in respect of compensated absences and Rs. 6.39 million (2017: Rs. 3.25 million) in respect of provident fund contribution.

## **32.2 Auditors' remuneration**

### **32.2.1 KPMG Taseer Hadi & Co. - Auditor of Parent Company**

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Audit fee	<b>1,290</b>	1,210
Consolidation and half yearly review	<b>440</b>	390
Out of pocket expenses	<b>187</b>	200
	<b>1,917</b>	1,800

### **32.2.2 Ahmad Usman Shabbir & Co. - Auditor of Berger DPI (Private) Limited and Berdex Construction Chemicals (Private) Limited (subsidiaries)**

<b>Rupees in thousand</b>	<i>Note</i>	<b>2018</b>	<b>2017</b>
Audit fee		<b>120</b>	300
		<b>2,037</b>	2,100

## **33 Other income - net**

### **Income from financial assets**

Mark-up on term deposit receipts and other income	<b>6,729</b>	4,489
	<b>6,729</b>	4,489

### **Income from non financial assets**

Sale of scrap		<b>17,449</b>	9,316
Gain on disposal of property plant and equipment		<b>9,363</b>	2,097
Rental income and other services charged to related parties		<b>(2,854)</b>	4,808
Export rebate		<b>2,280</b>	-
Insurance claim		<b>2,731</b>	9,704
Provision charged for			
impairment loss on capital work in progress	6.6.1	<b>8,059</b>	13,941
Exchange (loss) / gain	33.1	<b>(18,271)</b>	15,375
Others	33.2	<b>2,316</b>	389
		<b>21,073</b>	55,630
		<b>27,802</b>	60,119

**33.1** This represents gain on actual currency conversion.

**33.2** This mainly includes penalty charged to suppliers and customers of Rs. 0.39 million (2017: Rs. 0.37 million).

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>34 Other expenses</b>			
Impairment on goodwill		<b>4,487</b>	-
Provision for doubtful loans		<b>1,765</b>	-
Workers' Welfare Fund		<b>1,416</b>	5,569
Workers' Profit Participation fund	25.3	<b>8,152</b>	14,289
		<b>15,820</b>	19,858
<b>35 Finance cost</b>			
<i>Islamic mode of financing</i>			
- Long term financing (musharka) -secured		<b>329</b>	100
<i>Mark-up based loan from conventional banks:</i>			
- Long term financing -secured		<b>11,252</b>	3,839
- Short term financing -secured		<b>28,677</b>	28,907
- Short term running finances -secured		<b>43,144</b>	36,225
- Liabilities against assets subject to finance lease -secured		<b>293</b>	429
		<b>83,366</b>	69,400
Interest on workers profit participation fund	25.3	<b>875</b>	674
Bank charges		<b>3,934</b>	5,282
		<b>88,504</b>	75,456
<b>36 Taxation</b>			
<i>Current</i>			
- for the year		<b>72,485</b>	94,916
- prior year		<b>(36,016)</b>	(19,817)
		<b>36,469</b>	75,099
<i>Deferred</i>			
- current year		<b>12,031</b>	(7,257)
		<b>48,500</b>	67,842

Rupees in thousand	2018	2017
<b>36.1 The numerical reconciliation between the average tax rate and the applicable tax rate is as follows:</b>		
Applicable tax rate	<b>30.00%</b>	31.00%
<i>Tax effect of:</i>		
- income under Final Tax Regime	<b>-0.33%</b>	-0.24%
- minimum tax	<b>14.38%</b>	0.00%
- temporary difference including the rate adjustment	<b>8.99%</b>	-2.68%
- prior year adjustment	<b>-23.09%</b>	-7.68%
- others	<b>1.14%</b>	5.01%
	<b>31.09%</b>	<b>25.41%</b>

- 36.2** The provision for current tax represents tax under 'Final Tax Regime' ("FTR") and tax on minimum turnover u/s 113, of Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against any normal tax liabilities arising in future years. As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Tax under FTR represents tax on export of paints and allied products and is treated as a full and final discharge of tax liability u/s 154 of Income Tax Ordinance, 2001. Current tax includes tax under FTR amounting to Rs. 1.36 million (2017: Rs. 1.35 million).

Rupees in thousand	Tax provision as per financial statements		Tax as per assessment / return	
<u>Tax Years</u>	<i>Parent Company</i>		<i>Subsidiary Company</i>	
2015	3,470	2,106	3,561	2,285
2016	84,941	4,239	16,851	3,692
2017	91,504	4,112	83,541	3,412

- 36.3** The Board of Directors parent Company in their meeting held on 24 September 2018 have proposed a final cash dividend of Rs. 1.25 per share for the year ended 30 June 2018 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax in this respect has been made in these consolidated financial statements.

Rupees in thousand	Note	2018	2017
<b>37 Cash and cash equivalents</b>			
Cash and bank balances	18	<b>26,569</b>	49,755
Short term running finance - <i>secured</i>	27	<b>(737,989)</b>	(548,735)
		<b>(711,420)</b>	(498,980)

### 38 Remuneration of Chief Executive, Directors and Executives

Rupees in thousand

	2018			2017		
	Chief Executive	Executives	Non-Executives Directors	Chief Executive	Executives	Non-Executives Directors
Managerial remuneration (including bonus)	10,910	54,728	-	10,909	49,505	-
Retirement and other long term benefits	7,455	28,592	-	6,545	26,523	-
Housing rent	-	2,063	-	-	21,013	-
Utilities	-	4,903	-	-	4,669	-
Medical expenses	1,090	2,537	-	1,091	1,633	-
	19,455	92,823	-	18,545	103,343	-
Number of persons	1	28	6	1	23	6

**38.1** Retirement and other long term benefits include benefits provided under provident fund, gratuity, pension and accumulated compensated absences.

**38.2** Non-executive directors were paid meeting fee aggregating Rs. 4.48 million (2017: Rs. 3.45 million).

**38.3** The Chief Executive and certain other executives of the Parent Company are provided with free use of Parent Company cars while the Chief Executive is provided boarding and lodging in the Parent Company's guest house.

### 39 Reconciliation of movement of liabilities to cash flows arising from financing activities

Rupees in thousand

	2018						Total
	Issued, subscribed and paid-up capital	Unclaimed Dividend	Long term financing	Short term borrowing	Liabilities against assets subject to finance lease	Accrued markup	
<b>As at 30 June 2017</b>	181,864	28,716	206,351	948,735	5,505	13,394	<b>1,384,565</b>
<b><u>Changes from financing cash flows</u></b>							
Dividend paid	-	(23,960)	-	-	-	-	<b>(23,960)</b>
Financial charges paid	-	-	-	-	-	(85,140)	<b>(85,140)</b>
Repayment of long term financing	-	-	(68,088)	-	-	-	<b>(68,088)</b>
Repayment of lease liability	-	-	-	-	(2,205)	-	<b>(2,205)</b>
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>(23,960)</b>	<b>(68,088)</b>	<b>-</b>	<b>(2,205)</b>	<b>(85,140)</b>	<b>(179,393)</b>
<b><u>Other changes</u></b>							
Change in borrowings	-	-	-	189,254	-	-	<b>189,254</b>
Interest expense	-	-	-	-	293	88,211	<b>88,504</b>
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,254</b>	<b>293</b>	<b>88,211</b>	<b>277,758</b>
<b>As at 30 June 2018</b>	<b>181,864</b>	<b>4,756</b>	<b>138,263</b>	<b>1,137,989</b>	<b>3,593</b>	<b>16,465</b>	<b>1,482,930</b>

#### 40 Number of employees

The Group has employed following number of persons:

<b>Number of persons</b>	<b>2018</b>	<b>2017</b>
- As at 30 June	<b>1000</b>	921
- Average number of employees	<b>966</b>	931

The Group has employed following number of persons at factory premises:

- Permanent employees as at 30 June	<b>129</b>	117
- Average number of permanent employees	<b>122</b>	113
- Outsourced employees as at 30 June	<b>325</b>	299
- Average number of outsourced employees	<b>302</b>	332

#### 41 Provident fund related disclosure

The following information is based on un-audited financial statements of the fund:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
Size of the fund	<b>235,146</b>	223,148
Cost of investment made	<b>70,176</b>	124,532
Fair value of investments	<b>97,280</b>	217,272
Bank Balances	<b>132,473</b>	926
<b>Percentage</b>		
Percentage of investments made including bank balances	<b>97.71%</b>	<b>97.78%</b>

The breakup of investments is as follows:

	2018		2017	
	(Rupees in thousand)	Percentage of investment	(Rupees in thousand)	Percentage of investment
Defence Saving Certificates	<b>23,000</b>	<b>24%</b>	112,900	52%
Certificates of Deposits	<b>20,924</b>	<b>22%</b>	47,263	22%
Atlas Income Fund	<b>5,056</b>	<b>5%</b>	4,823	2%
MCB Asset Management	<b>5,265</b>	<b>5%</b>	4,996	2%
Investment with Dubai Islamic Bank	-	<b>0%</b>	11,714	5%
Investment with AKD Investment Management Limited	<b>4,002</b>	<b>4%</b>	3,823	2%
Investment with JS Bank	<b>28,571</b>	<b>29%</b>	26,345	12%
Al-Ameen Islamic Principle Preservation Fund (UBL)	<b>10,462</b>	<b>11%</b>	5,408	2%
	<b>97,280</b>		217,272	

The above investments out of provident fund from the funds received from the Parent Company have been made in accordance with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.



## 42 Transactions with related parties

The related parties of the Group comprises Holding Company and its all the subsidiaries and associates, associated undertakings, entities under common directorship, post employment benefit plans, directors and key management personnel. Amounts due from and due to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

Material transactions with related parties are given below:

### Rupees in thousand

Name of parties, nature and basis of relationship / Percentage of Holding	Nature of transaction	2018	2017
<b><u>Holding company</u></b>			
Slotrapid Limited B.V.I. ( 52.05%)	Royalty expense	<b>35,015</b>	32,314
	Payment / Adjustment	<b>33,714</b>	27,655
	Dividend paid	-	85,194
<b><u>Associated</u></b>			
3S Pharmaceutical Private Limited ( 49.00%)	Common expenditures incurred	<b>273</b>	10
	Receipts / Adjustments	<b>283</b>	-
<b><u>Related parties</u></b>			
Buxly Paints Limited ( 19.95%) (Common Group)	Sales	<b>285,669</b>	215,340
	Toll manufacturing income	<b>33,268</b>	19,580
	Royalty expense	<b>2,034</b>	2,386
	Rental income and other services	<b>1,200</b>	3,608
	Common expenditures incurred	<b>19,463</b>	16,703
	Receipts / Adjustments	<b>305,662</b>	181,217

In addition to these transactions, the Parent Company has an agreement with BPL for construction and use of warehouse on BPL's land located at X-3 Manghopir Road, S.I.T.E., Karachi for a term of ten years at a nominal monthly rent. After the aforementioned term of ten years, the group will handover the possession of the building to BPL free of cost.

Rupees in thousand		2018	2017
Name of parties, nature and basis of relationship / Percentage of Holding	Nature of transaction		
Dadex Eternit Limited (Common Directorship)	Sales	<b>1,492</b>	2,478
	Receipts / Adjustments	<b>2,181</b>	1,651
Post employment benefit plans (Key Management Personnel)	Contribution to gratuity fund	<b>8,441</b>	6,496
	Contribution to pension fund	<b>2,000</b>	1,500
	Provident fund contribution	<b>40,964</b>	34,328

#### 43 Financial instruments

##### 43.1 Risk management framework

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

#### 43.1 (a) Market risk

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

##### (i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro, United States Dollar (USD) and Japanese Yen (JPY). Currently, the Group's foreign exchange risk exposure is restricted to the amounts payable to foreign entities. The Group's exposure to foreign exchange risk is as follows:

In thousands	2018	2017
<b><u>Statement of financial position items</u></b>		
Trade and other payables - Euro	(27)	(66)
Net exposure - Euro	(27)	(66)
Trade and other payables - USD	(2,695)	(3,392)
Net exposure - USD	(2,695)	(3,392)
Trade and other payables - JPY	(46,001)	(48,038)
Net exposure - JPY	(46,001)	(48,038)

##### **Off statement of financial position items**

Outstanding letters of credit as at the year end are as follows:

<b>Amount in thousand</b>	
Euro	1,345
USD	19
JPY	12,428

The following significant exchange rates were applied during the year:

In rupees	2018	2017
<b><u>Rupees per Euro</u></b>		
Average rate for the year	<b>134.38</b>	114.27
Reporting date rate - <i>selling</i>	<b>144.70</b>	120.14
<b><u>Rupees per USD</u></b>		
Average rate	<b>112.94</b>	104.90
Reporting date rate - <i>selling</i>	<b>124.40</b>	105.00
<b><u>Rupees per JPY</u></b>		
Average rate	<b>1.01</b>	0.96
Reporting date rate - <i>selling</i>	<b>1.11</b>	0.94

**Sensitivity analysis**

If the functional currency, at reporting date, had fluctuated by 5.00% against the Euro, USD and JPY with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 19.51 million (2017: Rs. 20.45 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Group.

**(ii) Price risk**

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

**Sensitivity analysis**

The Parent Company's investments in equity instrument of other entities are publicly traded on the Pakistan Stock Exchange. The summary below explains the impact of increase on the Parent Company's surplus of available for sale investment to change in market price. The analysis is based on the assumption that the market price had increased / decreased by 10% with all other variables held constant:

**Rupees in thousands**

	<b>Impact on equity</b>	
	<b>2018</b>	2017
<b><u>Impact on equity</u></b>		
Buxly Paints Limited	<b>2,554</b>	3,282

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Parent Company.

**(iii) Interest rate risk**

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

**Fixed rate financial instruments**

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

**Amount in thousand**

	2018		2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
<b><u>Non-derivative financial instruments</u></b>				
Short term investment	25,195	-	25,195	-
Bank balances - deposit accounts	6,364	-	3,282	-
	<b>31,559</b>	<b>-</b>	<b>28,477</b>	<b>-</b>

**Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect the consolidated profit and loss account.

**Variable rate financial instruments**

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

**Rupees in thousand**

	<b>2018</b>		<b>2017</b>	
	<b>Financial assets</b>	<b>Financial liabilities</b>	Financial assets	Financial liabilities
<b><u>Non-derivative financial instruments</u></b>				
Short term investment	<b>17,080</b>	-	17,080	-
Short term borrowings - secured	-	<b>1,137,989</b>	-	948,735
Liabilities against assets				
subject to finance lease -secured	-	<b>3,593</b>	-	5,505
Long term financing -secured	-	<b>138,263</b>	-	206,351
	<b>17,080</b>	<b>1,279,845</b>	17,080	1,160,591

**Cash flow sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit before taxation by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

**Rupees in thousand**

	<b>Profit</b>	
	<b>2018</b>	2017
<b>Increase of 100 basis points</b>		
Variable rate instruments	<b>(12,628)</b>	(11,435)
<b>Decrease of 100 basis points</b>		
Variable rate instruments	<b>12,628</b>	11,435

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Group.

**43.1 (b) Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Out of the total financial assets of Rs. 1,467.25 million (2017: Rs. 1,515.89 million) financial assets which are subject to credit risk amount to Rs. 1,441.71 million (2017: Rs. 1,483.07 million).

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To manage credit risk, the Group maintains procedures covering the application of credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on the credit control procedures implemented by the management.



### **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

<b>Rupees in thousand</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b><u>Loans and receivables</u></b>			
Long term loans - <i>secured</i>	9	<b>54,360</b>	50,929
Long term deposits	10	<b>26,869</b>	23,478
Trade debts - <i>unsecured</i>	13	<b>1,237,001</b>	1,291,939
Loans and advances	14	<b>15,271</b>	8,192
Trade deposits	15	<b>38,521</b>	15,982
Other receivables	16	<b>1,801</b>	1,451
Short term investment - <i>secured</i>	17	<b>42,275</b>	42,275
Bank balances	18	<b>25,613</b>	48,824
		<b>1,441,711</b>	1,483,070

### **Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

#### **(i) Long term loans**

Long term loans represent interest free loans provided to the employees of the Parent Company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles, motor cycles and CNG kits. These loans are secured by way of retention of title documents of the respective assets in the name of the Parent Company. Hence, the management believes that no impairment allowance is necessary in respect of these long term loans.

#### **(ii) Long term deposits**

Long term deposits represent mainly deposits with Government institutions, hence the management believes that no impairment allowance is necessary in respect of these long term deposits.

#### **(iii) Trade debts**

The trade debts as at the balance sheet date are classified in Pak Rupees. Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. The Group is exposed to credit risk in respect of its trade debts.

The aging of trade debts at the reporting date is:

**Rupees in thousand**

	Related Parties	Others	Total
	2018	2018	2018
<i>Considered good</i>			
One to three months	87,159	879,127	966,286
More than three months	16,732	261,240	277,972
<i>Considered doubtful</i>			
One to three months	-	194	194
Three to six months	-	5,200	5,200
Six months to one year	-	53,385	53,385
Over one year	-	141,243	141,243
	103,891	1,340,389	1,444,280

**Rupees in thousand**

	Related Parties	Others	Total
	2017	2017	2017
<i>Considered good</i>			
One to three months	71,043	917,621	988,664
More than three months	-	303,275	303,275
<i>Considered doubtful</i>			
One to three months	-	1,841	1,841
Three to six months	-	6,350	6,350
Six months to Under one Year	-	74,307	74,307
Over one year	-	150,982	150,982
	71,043	1,454,376	1,525,419

In addition to general provision the Group use to record specific provision on debtor balance based on pattern of recoveries and other quality claims demanded by the customer.

Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

(iv) **Bank balances**

The Group's exposure to credit risk against balances with various commercial banks is as follows:

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<i>Cash and bank balances:</i>		
- in current accounts	<b>19,249</b>	45,542
- in deposit accounts	<b>6,364</b>	3,282
<b>Short term investment</b>	<b>42,275</b>	42,275
	<b>67,888</b>	91,099

The credit quality of Group's bank balances can be assessed with reference to external credit rating agencies as follows:

<b>Banks</b>	<b>Rating</b>		<b>Rating Agency</b>	<b>2018</b>	<b>2017</b>
	<b>Short term</b>	<b>Long term</b>			
Faysal Bank Limited	A1+	AA	PACRA & JCR	-	1,290
Bank Al Habib Limited	A1+	AA+	PACRA	<b>19,048</b>	18,640
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	<b>21,670</b>	48,061
United Bank Limited	A-1+	AAA	JCR-VIS	<b>82</b>	1,462
Habib Bank Limited	A-1+	AAA	JCR-VIS	<b>3,249</b>	946
MCB Bank Limited	A1+	AAA	PACRA	-	545
JS Bank Limited	A1+	AA-	PACRA	<b>23,000</b>	20,000
Al-Barka Bank Limited	A1	A	PACRA & JCR	<b>11</b>	11
Bank Alfalah Limited	A1+	AA+	PACRA	<b>100</b>	100
Standard Chartered Bank	A1+	AAA	PACRA	<b>14</b>	19
Askari Bank Limited	A1+	AA	PACRA	-	9
National Bank of Pakistan	A1+	AAA	PACRA	<b>714</b>	16
				<b>67,888</b>	91,099

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

**43.1 (c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset, or that such obligation will have to be settled in a manner unfavorable to Group. The Group'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. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit limits.

The following are the contractual maturities of financial liabilities:

**Rupees in thousand**

	2018				2017			
	Carrying amount	Less than one year	One to five years	More than five years	Carrying amount	Less than one year	One to five years	More than five years
<b><u>Non derivative financial liabilities</u></b>								
Long term financing - <i>secured</i>	138,263	74,439	69,662	-	206,351	80,554	149,196	-
Liabilities against assets				-				
subject to finance lease - <i>secured</i>	3,593	1,627	2,132	-	5,505	2,075	3,904	-
Trade and other payables	1,159,317	1,159,317	-	-	1,308,513	1,308,513	-	-
Interest / markup accrued on borrowings	16,465	16,465	-	-	13,394	13,394	-	-
Short term borrowings - <i>secured</i>	1,137,989	1,221,046	-	-	948,735	1,023,386	-	-
	<b>2,455,627</b>	<b>2,472,894</b>	<b>71,794</b>	<b>-</b>	<b>2,482,498</b>	<b>2,427,922</b>	<b>153,100</b>	<b>-</b>

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

#### 43.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1)
- 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 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy;

Rupees in thousand	Carrying amount			Fair value				
	Loans and receivables at amortized cost	Available for sale	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2018</b>								
<b>Financial assets - measured at fair value</b>								
Available for sale investment	-	25,537	-	25,537	25,537	-	-	25,537
<b>Financial assets - not measured at fair value</b>								
Long term loans - secured	54,360	-	-	54,360	-	-	-	-
Long term deposits	26,869	-	-	26,869	-	-	-	-
Loans and advances	15,271	-	-	15,271	-	-	-	-
Trade debts	1,237,001	-	-	1,237,001	-	-	-	-
Trade deposits	38,521	-	-	38,521	-	-	-	-
Other receivables	1,801	-	-	1,801	-	-	-	-
Short term investment - secured	42,275	-	-	42,275	-	-	-	-
Cash and bank balances	25,613	-	-	25,613	-	-	-	-
	1,441,711	25,537	-	1,467,248	25,537	-	-	25,537
<b>Financial liabilities - measured at fair value</b>								
<b>Financial liabilities - not measured at fair value</b>								
Long term financing - secured	-	-	138,263	138,263	-	-	-	-
Liabilities against assets	-	-	-	-	-	-	-	-
subject to finance lease - secured	-	-	3,593	3,593	-	-	-	-
Trade and other payables	-	-	1,159,317	1,159,317	-	-	-	-
Interest / markup accrued on borrowings	-	-	16,465	16,465	-	-	-	-
Short term borrowings - secured	-	-	1,137,989	1,137,989	-	-	-	-
	-	-	2,455,627	2,455,627	-	-	-	-

Rupees in thousand	Carrying amount			Fair value		
	Loans and receivables at amortized cost	Available for sale	Other financial liabilities at amortized cost	Total	Level 1	Level 2
					Level 3	Total
<i>As at 30 June 2017</i>						
<i>Financial assets - measured at fair value</i>						
Available for sale investment	-	32,818	-	32,818	-	32,818
<i>Financial assets - not measured at fair value</i>						
Long term loans - secured	50,929	-	-	50,929	-	-
Long term deposits	23,478	-	-	23,478	-	-
Loans and advances	8,192	-	-	8,192	-	-
Trade debts	1,291,939	-	-	1,291,939	-	-
Trade deposits	15,982	-	-	15,982	-	-
Other receivables	1,451	-	-	1,451	-	-
Short term investment - secured	42,275	-	-	42,275	-	-
Cash and bank balances	48,824	-	-	48,824	-	-
	1,483,070	32,818	-	1,515,888	32,818	32,818
<i>Financial liabilities - measured at fair value</i>						
<i>Financial liabilities - not measured at fair value</i>						
Long term financing - secured	-	-	206,351	206,351	-	-
Liabilities against assets subject to finance lease - secured	-	-	5,505	5,505	-	-
Trade and other payables	-	-	1,308,513	1,308,513	-	-
Interest / markup accrued on borrowings	-	-	13,394	13,394	-	-
Short term borrowings - secured	-	-	948,735	948,735	-	-
	-	-	2,482,498	2,482,498	-	-



### 43.3 Fair value versus carrying amounts

The Group has not disclosed the fair values of financial assets and liabilities which are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**43.4** Freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the values as disclosed. The valuations are conducted by an independent valuation expert appointed by the Group. The valuation expert used a market based approach to arrive at the fair value of the Group's land and building. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

## 44 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

Rupees in thousand	2018	2017
The debt-to-equity ratios as at 30 June were as follows:		
Total debt	<b>1,292,717</b>	1,168,480
Total	<b>2,827,340</b>	2,608,149
Debt-to-equity ratio	<b>46%</b>	45%

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

Rupees in thousand	2018	2017
<b>45 Restriction on title and assets pledged as security</b>		
<b><u>Mortgages and charges</u></b>		
<b><u>First</u></b>		
Hypothecation of all present and future current assets	<b>1,537,000</b>	1,537,000
Mortgage over land and building	<b>506,000</b>	506,000

<b>Rupees in thousand</b>	<b>2018</b>	<b>2017</b>
<b><u>Ranking</u></b>		
Hypothecation of all present and future current assets	<b>1,135,000</b>	1,001,000
<b><u>Liters in thousand</u></b>	<b>2018</b>	<b>2017</b>
<b>46 Production capacity</b>		
Actual production	<b>41,594</b>	31,232

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 15.33 million liters (2017: 8.44 million liters) which is used in the manufacture of the final product.

#### **47 Operating segments**

- 47.1** These consolidated financial statements have been prepared on the basis of single reportable segment.
- 47.2** Revenue from sale of paints and allied represents 99.50% (2017: 99.68%) of the total revenue of the Company.
- 47.3** 98.01% (2017: 98.02%) sales of the Company relates to customers in Pakistan.
- 47.4** All non-current assets of the Group as at 30 June 2018 are located in Pakistan.

#### **48 Non adjusting event after the statement of financial position date**

The board of directors of the Parent Company in their meeting held on 24 September 2018 as proposed a final cash dividend of Rs. 1.25 per share and bonus share in the proportion of 1.25 share of every 10 shares, for the year ended June 30, 2018, for approval of the members in the annual general meeting to be held on 23 October 2018.

#### **49 General**

- 49.1** These consolidated financial statements were authorized for issue on 24 September 2018 by the board of Directors of the Group.
- 49.2** Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.

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# Form of Proxy

The Secretary  
Berger Paints Pakistan Limited  
36 Industrial Estate, Kot Lakhpat, Lahore.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Berger Pakistan Limited and a holder of \_\_\_\_\_

(No. of shares) \_\_\_\_\_

Ordinary shares as per folio number \_\_\_\_\_

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

On my/our behalf at the Annual General Meeting of the Company to be held on Tuesday October 23, 2018 at 10:00 am at 28-KM Multan Road, Lahore and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Signature on  
Rs. 5.00  
Revenue  
Stamp

## Notes:

1. The share transfer book will remain closed from October 17, 2018 to October 23, 2018 (both days inclusive)
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. The completed proxy form must be received at the registered office of the company not less than 48 hours before the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of Corporate members should also bring the usual documents required for such purpose.

The Company Secretary

**Berger Paints Pakistan Limited**

36 - Industrial Estate, Kot Lakhpat,  
Lahore.

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# پراکسی کا فارم

دی ریکلٹری

برجر پینٹس پاکستان لمیٹڈ

36 انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور

میں / ہم

ساکن

بطور ممبر برجر پینٹس پاکستان لمیٹڈ اور ہولڈر

(شیرز کی تعداد)

فولیو نمبر کے مطابق آرڈری شیرز

تقرر کرتا / کرتے ہیں

ساکن

میری ہماری طرف سے کمپنی کے سالانہ اجلاس عام کیلئے جو 23 اکتوبر، 2018 صبح 10:00 بجے، ملتان روڈ سے 28 کلومیٹر لاہور میں منعقد کیا جائے گا۔ یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہوگا۔

آج بتاریخ \_\_\_\_\_ 2018 کو دستخط کیا۔

5 روپے کارسیدی

ٹکٹ چسپاں کر

کے دستخط کریں۔

نوٹس:

☆ شیرز انسفرنگ 17 اکتوبر، 2018 سے 23 اکتوبر، 2018 تک بند رہے گی (بشمول دونوں دن)۔

☆ کمپنی کا وہ ممبر جو میننگ میں شمولیت، بولنے اور ووٹ دینے کا اہل ہے، اپنی جگہ کسی اور ممبر کو بطور پراکسی شامل ہونے، بولنے اور ووٹ کا حق دے سکتا ہے۔ میننگ سے 48 گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل ہو کمپنی کے رجسٹرڈ آفس میں جمع کر دیا جائے۔

☆ سی ڈی سی (CDC) کا کوئی بھی انفرادی مالک انتفاعی جو اس میننگ میں ووٹ دینے کا اہل ہے اصلی قومی شناختی کارڈ ہمراہ لائے تاکہ شناخت ہو سکے اور پراکسی کی صورت میں پراکسی فارم کے ساتھ شیرز ہولڈر کے تصدیق شدہ قومی شناختی کارڈ کی کاپی لگانا لازم ہے۔ کارپوریٹ ممبران کے نمائندگان بھی اس مقصد کیلئے حسب معمول دستاویزات ہمراہ لائیں۔

The Company Secretary

**Berger Paints Pakistan Limited**

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## Dividend Mandate Form

### **THK ASSOCIATES (PRIVATE) LIMITED**

1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi-75400. P.O. Box # 8533.

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the prescribed manner only. Shareholders are requested to send their Electronic Dividend Mandate information duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/CDC.

I/We \_\_\_\_\_ hereby authorize Berger Paints Pakistan Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account:

Name of shareholder: \_\_\_\_\_

Folio Number/CDC Account No.: \_\_\_\_\_ of Berger Paints Pakistan Limited

Contact number of shareholder: \_\_\_\_\_

Title of Account: \_\_\_\_\_

IBAN (\*): \_\_\_\_\_

Name of Bank: \_\_\_\_\_

Bank Branch: \_\_\_\_\_

Mailing Address of Branch: \_\_\_\_\_

CNIC No. (Attach attested copy): \_\_\_\_\_

NTN (in case of corporate entity): \_\_\_\_\_

It is stated that to the best of my/our knowledge and belief, the above particulars given by me/us are true and correct; and I/we shall keep Berger Paints Pakistan Limited and its Share Registrar informed in case of any changes in the said particulars in future.

\_\_\_\_\_  
Shareholder's Signature

\_\_\_\_\_  
Date

NOTES: \*Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

\*\*The shareholders who hold shares in Physical Form are requested to fill the above mentioned E-Dividend Bank Mandate Form and send it to the Company's Share Registrar at M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. 75400.

UAN: +92-(021)-111-000-322

The Company Secretary

**Berger Paints Pakistan Limited**

36 - Industrial Estate, Kot Lakhpat,  
Lahore.

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111-BERGER(111-237-437) KHI, LHR, ISB.

Faisalabad: 041-8554044, 8724050

Peshawar: 091-5703376

Quetta: 081-2822772

Gujranwala: 055-3250744, 3843450

Multan: 061-4586461, 4580946, 4586337

Hyderabad: 022-2720908

Berger Paints Pakistan Limited 28 Km, Multan Road, Lahore, Pakistan.



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