

# ANNUAL REPORT 2022



# INVESTOR RELATIONS

## REGISTERED OFFICE

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

## SHARE REGISTRAR

M/s Corplink Private Limited,  
Wings Arcade, 1-K, Commercial  
Block K Model Town, Lahore,  
Punjab 54000  
T: +92 42 35916714-19  
F: +92 42 35869037

## 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, 2022 at Rs.4.00  
per share i.e., 40%. This is in  
addition to interim dividends  
already paid at Rs. 0 per shares  
i.e. 0%.

## BOOK CLOSURE DATES

Share Transfer Books will  
remain closed from October 20,  
2022 to October 26, 2022, both  
days inclusive.

## DIVIDEND REMITTANCE

Ordinary dividend declared and  
approved at the Annual General  
Meeting will be paid within the  
statutory time limit of 45 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.

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# INVESTOR RELATIONS

## 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.

# FINANCIAL HIGHLIGHTS

Rupees in thousand

	Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
<b>NET ASSETS</b>						
Fixed Assets	1,628,184	1,635,006	1,639,574	1,179,841	1,231,583	1,146,921
Goodwill	-	-	24,000	24,000	32,263	36,750
Long Term Investments	70,915	52,505	52,037	54,504	67,287	74,568
Long Term Loans & Deposits	76,770	70,566	81,849	65,833	120,244	111,703
Deferred Taxation	-	29,093	-	43,878	-	1,859
Net Current Assets	923,707	667,445	533,742	455,897	289,841	314,084
<b>Total</b>	<b>2,699,576</b>	<b>2,454,615</b>	<b>2,331,202</b>	<b>1,823,953</b>	<b>1,741,218</b>	<b>1,685,885</b>
<b>FINANCED BY</b>						
Share Capital	204,597	204,597	204,597	204,597	181,864	181,864
Reserves	1,310,842	1,171,720	973,326	903,660	828,666	724,418
Surplus on Revaluation of Fixed Assets	830,273	849,056	877,100	472,012	509,131	521,363
	2,345,712	2,225,373	2,055,023	1,580,269	1,519,661	1,427,645
Long Term and Deferred Liabilities	353,864	229,242	276,179	243,684	221,557	258,240
<b>Total</b>	<b>2,699,576</b>	<b>2,454,615</b>	<b>2,331,202</b>	<b>1,823,953</b>	<b>1,741,218</b>	<b>1,685,885</b>
<b>TURNOVER AND PROFITS</b>						
Turnover	7,073,478	5,602,160	4,177,951	5,120,444	5,453,221	5,122,570
Gross Profit	1,222,010	1,116,560	876,334	1,116,423	1,190,648	1,489,961
	17.28%	19.93%	20.98%	21.80%	21.83%	29.09%
Profit/(Loss) before tax	247,018	267,046	114,532	112,998	147,212	265,931
Taxation	45,132	(71,825)	40,224	12,173	45,106	63,820
Profit/(Loss) after tax	201,886	195,221	74,308	100,825	102,106	202,111
<b>EARNING AND DIVIDENDS</b>						
Earning/(Loss) per share	9.87	9.54	3.63	4.93	4.99	11.11
Interim Dividend per share-Cash (Rupee)	-	-	-	-	-	4.50
Final Dividend per share-Cash (Rupee)	4.00	4.00	1.00	1.00	1.25	-



## CHAIRMAN'S REVIEW

It is my pleasure to submit this review report to the stakeholders of Berger Paints Pakistan Limited (the "Company") on the overall performance of the Board of Directors and its effectiveness in achieving the Company's set objectives. To build an effective governance model, risk management and control environment, the Board has implemented several policies through the Company's management.

The Board of Directors has its three sub-committees:

1. Audit Committee
2. Human Resources Committee
3. Committee for Business Strategies


These committees assisted the Board of Directors effectively for the performance of its required duties. These sub-committees met regularly and reported to the Board as set out in the Code of Corporate Governance 2019. The Board met several times during the year. The Board Committees greatly facilitated the overall working of the Board.

An annual evaluation of and by the Board was conducted once a year, in accordance with the code of Corporate Governance to ensure that the overall performance of the Board was in line with the developed comprehensive criteria. During the year under review, the Board played an effective role in providing guidance to the Company, to achieve sustainable operational and financial results.

The Board of Directors frequently interact with the management team, visit the factory premises, meeting both the internal auditors and external auditors and so to take timely decisions at its Board and sub-committee meetings

Management is responsible for executing day-to-day business activities in line with objectives set by the Board. The Board endeavors to put in place business continuity plans to deal with the present challenging environment, so to ensure safety and well-being of employees and other stakeholders. The Board of Directors will continue to play its role in setting the direction of the Company, supporting execution of plans while adhering to the principles of good corporate governance.

On behalf of the Board, I would like to acknowledge the contribution of management, all our employees, customers, our vendors and our valued shareholders for their trust, continued support and commitment to the Company along with our other stakeholders.



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

Date: 28 September 2022

## چیرمین کا تجزیہ

بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور کمپنی کے طے شدہ مقاصد کے حصول میں ان کے کردار پر میں برجر پینٹنس لمیٹڈ ("کمپنی") کے اسٹیک ہولڈرز کو یہ جائزہ رپورٹ ازراہ مسرت پیش کرتا ہوں۔

ایک مؤثر گورننس، رسک مینجمنٹ اور کنٹرول انوائرنمنٹ قائم کرنے کے لئے بورڈ نے کمپنی کی انتظامیہ کے ذریعے کئی پالیسیاں نافذ کی ہیں۔ بورڈ آف ڈائریکٹرز تین ذیلی کمیٹیوں کا حامل ہے:

1. آڈٹ کمیٹی

2. ہیومن ریسورس کمیٹی

3. کاروباری حکمت عملی کی کمیٹی

یہ کمیٹیاں اپنے فرائض کی انجام دہی کے لئے بورڈ آف ڈائریکٹرز کو مؤثر معاونت کرتی ہیں۔ یہ ذیلی کمیٹیاں باقاعدگی سے اجلاس طلب کرتی ہیں اور کوڈ آف کارپوریٹ گورننس 2019ء کے تحت بورڈ کو رپورٹ کرتی ہیں۔ بورڈ نے سال بھر میں کئی اجلاس طلب کئے۔ بورڈ کمیٹیوں نے بورڈ کے مجموعی امور میں مؤثر انداز میں سہولت فراہم کی ہے۔

کوڈ آف کارپوریٹ گورننس کے تحت سال میں ایک مرتبہ بورڈ کا/کی جانب سے سالانہ جائزہ لیا جاتا ہے تاکہ یقینی بنایا جاسکے کہ بورڈ کی مجموعی کارکردگی طے شدہ جامع معیار کے عین مطابق ہو۔ زیر جائزہ سال کے دوران، بورڈ نے کمپنی کی رہنمائی اور دائمی فعالی اور مالیاتی نتائج کے حصول میں مؤثر کردار ادا کیا ہے۔

بورڈ آف ڈائریکٹرز انتظامی ٹیم کے ساتھ کثرت سے رابطہ کرتے ہیں اور وہ فیکٹری کا دورہ کرتے ہیں اور اندرونی و بیرونی آڈیٹرز سے ملاقات کرتے ہیں تاکہ بورڈ اور اپنی ذیلی کمیٹیوں کے اجلاس میں بروقت فیصلے کئے جاسکیں۔

انتظامیہ بورڈ کے طے شدہ اہداف کی روشنی میں روزمرہ کی کاروباری سرگرمیوں کو عملی جامہ پہنانے کی ذمہ دار ہے۔ بورڈ حالیہ مشکل حالات سے نبرد آزما ہونے کے لئے کاروباری تسلسل کا منصوبہ ترتیب دینے کی جدوجہد کرتا ہے تاکہ ملازمین اور دیگر اسٹیک ہولڈرز کی حفاظت اور خوشحالی کو یقینی بنایا جاسکے۔ بہترین کاروباری عمل داری کے اصولوں کو ملحوظ خاطر رکھتے ہوئے بورڈ آف ڈائریکٹرز کمپنی کی سمت متعین کرنے اور منصوبوں پر عملدرآمد کرنے میں اپنے فرائض کی انجام دہی کا سلسلہ جاری رکھیں گے۔

برجر کے بورڈ کی جانب سے میں انتظامیہ، اپنے تمام ملازمین، صارفین، وینڈرز کی کاوشوں اور معزز شیئر ہولڈرز کی جانب سے اعتماد اور مسلسل حمایت اور کمپنی کے ساتھ وابستگی کے لئے شکریہ ادا کرنا چاہتا ہوں۔



مقبول ایچ ایچ رحمت اللہ

چیرمین

28 ستمبر، 2022ء

# DIRECTORS' REPORT

For the year ended 30 June 2022

The Directors of your Company are pleased to present their report along with the audited financial statements of the Company for the year ended June 30, 2022.

## ECONOMY OF PAKISTAN

Though Pakistan survived from the COVID-19 crisis, it faced the daunting tasks in FY2022 such as controlling fiscal deficit, curtailing current account deficit, managing pressure on exchange rate along with achieving a sustainable economic revival. Rupee devaluation: this single factor has left businesses in a challenging situation where importers are facing significant difficulties in procurement of raw material through imports.

In early 2022, the Russian-Ukraine conflict elevated global commodity prices which also fueled domestic market inflation. Threats from high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties have badly affected the financial performance of most of the companies. The ongoing Political instability in the country has further affected the situation.

## BUSINESS PERFORMANCE

Given the situation mentioned above, your company managed to achieve net Sales for the year at Rs. 7,073 million as compared to Rs. 5,602 million in last year, up by 26% mainly due to increase in sales volumes by 8% which is reflected in improved gross profit as well.

Selling, Marketing and Administrative expenses were Rs. 869 million compared to Rs. 711 million of the previous year, after inflationary impact.

Financial cost increased by Rs.46 million mainly due to drastic increase in State bank policy rate as compared to previous year.

## FINANCIAL PERFORMANCE

The financial position is summarized as follows:

Rupees in thousand	30 June 2022	30 June 2021
Operating Profit	304,335	293,224
Other income	106,160	91,580
	410,495	384,804
Finance cost	(163,477)	(117,758)
Profit before taxation	247,018	267,046
Taxation	(45,132)	(71,825)
Profit after taxation	201,886	195,221

## Future Outlook

In the Year to come, stability in value of Rupee against US dollar and international commodity prices will have an important bearing on the inflation trajectory. The resumption of the IMF program has provided a solid base for economic take off should the expected private and official foreign exchange inflow keep Pakistan's position stable. The effects of the political instability, along with the massive natural flood calamity in recent days has further aggravated the in-country situation and could affect a broad-based recovery of the economy into the near future.

Although macroeconomic environment could improve gradually, cost reduction, cash flow generation and market execution remain as key operating priorities. With motivated sales team, the Company is well positioned to compete with unorganized sector, keeping market share intact and keep adding value to its stakeholder's wealth.

### **HEALTH, SAFETY & ENVIRONMENT (HSE)**

Safety and well-being of workers has been utmost priority of BERGER PAINTS and like all the world class companies we believe to have excellent safety record. To provide a safer and healthier environment for its workers is our moral, ethical and legal responsibility.

The Company demonstrated its firm commitment to HSE with 6.1 million safe hours so far. To give a clean and ecofriendly environment, the Company has installed one megawatt solar power project for its consumption which has green impact on community all around.

We have recently installed latest sprinkler systems in all required areas replacing old ones. All HSE related equipment are frequently tested and verified throughout the year. In order to improve the emergency evacuation and response of firefighting team members at plant regular firefighting drills were conducted through continuous training of the team.

These developments are a clear demonstration of the Company's resolve to maintain health and safety as a core priority.

### **ENTERPRISE RISK MANAGEMENT -ERM**

The Board of Directors has approved Company's risk management policy. The Board of Directors also provides guidelines on strategic matters and organizational objectives. The business units are responsible for managing risks at operational level. However, the company – level risk management is the responsibility of the risk management function (RMF).

RMF reports its results/ findings/ observations to the Board Audit Committee. The committee regularly reviews the business risk profiles, risk management policy, risk assessment procedures, related counter strategies and advise on future actions. The Board of Directors authorized the audit committee to supervise overall risk management process of the company.

### **BOARD OF DIRECTORS**

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

Mr. Maqbool H. H. Rahimtoola'	4
Dr. Mahmood Ahmad	4
Mr. Tariq Ikram	4
Mr. Shahzad M. Hussain	4
Mr. Zafar A. Osmani	4
Mr. Mohammad Saeed	4
Ms. Zareen Aziz	3
Mr. Zahid Majeed (Alternate to Mr. Ilyas Sharif)	4

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

All relevant other information has already been disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and note 40 to the financial statements.



# DIRECTORS' REPORT

For the year ended 30 June 2022

## AUDIT COMMITTEE

The Audit Committee is appointed by the Board of Directors and has three independent directors. The Chairman of the Audit Committees (BAC), Mr. Tariq Ikram is an independent director. The members of BAC possess significant economic, financial and business acumen related to the affairs of the Company.

The BAC has effectively implemented the internal control framework through an in-house internal audit function. The Company's system of internal controls has been designed to safeguard assets of the Company and to strengthen controls which is continually evaluated for effectiveness and adequacy.

The BAC has ensured the achievement of operational, compliance and timely financial reporting objectives, and shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.

During the year the audit committee of the board held 4 meetings.

## HUMAN RESOURCE COMMITTEE

The members of HR possess significant acumen related to human resources affairs of the Company and in general. Chairman of the HR committee is Mr. Zafar Aziz Osmani who is an independent director.

During the year this Committee met formally twice. Some of the key challenges addressed and managed included special planning and steps taken for employee's management under COVID- 19 situation, at the Berger factory and all other offices during the unusual circumstances.

HRC also evaluated the management of the high potential employees from each department and suggested development of the career path, while also reviewed the employee engagement activities which included Women Day celebration, Birthdays, Employee of the Month, Top Sales Performer etc. This sub-committee also reviewed the Company values dissemination process.

## COMMITTEE FOR BUSINESS STRATEGY

In these difficult times the Board formed a Business Strategies Sub Committee that met two times

## CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company include accounts of its subsidiaries, Berger DPI (Private) Limited, Berger Road Safety (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. 9.87 (2021: Rs.9.54).

## DIVIDEND

The Board of Directors of the Company has announced 40% final cash dividend i.e Rs. 4 per share for the year ended June 30, 2022 subject to approval of the shareholders in the Annual General Meeting.

## AUDITORS

The present auditors, M/s A.F Ferguson & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and Auditors for the year 2022-23 will be appointed in Annual General Meeting.

## RELATED PARTY TRANSACTIONS

All transactions with related parties are reviewed and approved by the Board. The Board approved the 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 June 30, 2022 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, 2022 and its disclosure, as required by the Code of Corporate Governance.

## 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 in 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, 2022:

### Rupees in Thousand

Berger Paints Executive Staff Pension Fund	59,471
Berger Paints Gratuity Fund	28,267
Berger Paints Provident Fund	266,194

## DIRECTORS' REPORT

For the year ended 30 June 2022

- 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 (CSR) - ACTIVITIES

Berger believes and fully understands its social responsibilities which strengthen the bond between the Company and the society. Berger is pleased to share an environment friendly initiative of using left over paint waste and to convert it into usable form which is then donated to schools in the underprivileged areas, in mosques and churches. Berger's campaign under "Truck Art -Child Finder" through Roshni Helpline aims to help find missing children. This initiative was recognized on several global platforms and won 2 silver and 3 bronze trophies.

We understand that there are many needy people among us who are deprived of healthy food which is a fundamental right of every human being. Berger is also participating in community by providing food prepared at Berger plant for its employees and by regularly sharing surplus food with needy children at mosque situated near our factory premises.

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

### ON BEHALF OF THE BOARD



**Dr. Mahmood Ahmad**  
Chief Executive



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

Lahore  
Date: 28 September 2022

## ڈائریکٹرز رپورٹ

برائے سال ختمہ 30 جون 2022ء

- vii. انٹرئل کنٹرول کا ایک مربوط نظام موجود ہے اور اسے مؤثر انداز میں لاگو کیا گیا ہے۔
- viii. کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی نمایاں شکوک و شبہات موجود نہیں ہیں۔
- ix. لسٹنگ ریگولیشنز کے مطابق کارپوریٹ گورننس کی بہترین عمل داری میں کوئی خسوس قائم موجود نہیں۔
- x. گذشتہ چھ برس کے اہم آپریٹنگ اور مالیاتی اعداد و شمار لف ہذا ہیں۔
- xi. 30 جون 2022ء تک پراویڈنٹ، گریجویٹ اور پنشن فنڈز کی مالیت حسب ذیل ہے:

ہزار روپوں میں

برجر بینٹس ایگزیکٹو سٹاف پنشن فنڈ	59,471
برجر بینٹس گریجویٹ فنڈ	28,267
برجر بینٹس پراویڈنٹ فنڈ	266,194
xii. ڈائریکٹرز، CEO، ایگزیکٹو اور ان کی اہلیان اور کسٹم پچوں نے کمپنی حصص کی تجارت میں حصہ نہیں لیا ہے۔	

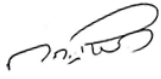
کاروباری و سماجی ذمہ داری

برجر اپنی سماجی ذمہ داری سے بخوبی آگاہ ہے جو کمپنی اور معاشرے کے مابین تعلق کو مضبوط کرتا ہے۔ برجر بقیہ پنشن اور ضیاع کو استعمال کرنے اور اسے دوبارہ قابل استعمال بنانے کے ماحول دوست اقدامات اور اسے مستحق علاقوں کے سکولوں، مساجد، اور گر جا گھروں میں عطیہ کرنے سے متعلق آگاہ کرنے میں فخر محسوس کرتا ہے۔ روشنی ہیلپ لائن کے ذریعے ”ٹرک آرٹ“ چائلڈ فائینڈرز کے تحت برجر کی ہم گمشدہ بچوں کی تلاش کے لئے مفید ثابت ہوئی ہے۔ اس اقدام کو عالمی سطح پر پذیرائی ملی ہے اور کمپنی نے دوسلو اور تین برونز ٹرافیوں حاصل کی ہیں۔

ہمیں علم ہے کہ ہمارے ارد گرد کئی ضرورت مند افراد موجود ہیں جو صحت اور خوراک جیسی بنیادی سہولیات سے محروم ہیں جو ہر انسانی کا بنیادی حق ہے۔ برجر اپنے پلانٹ میں تیار کردہ خوراک مختلف کمیونٹیز کو فراہم کر کے اور اضافی خوراک کو فیکٹری احاطے کے گرد و نواح میں موجود مساجد کے ضرورت مند بچوں میں تقسیم کر کے معاشرے کی مدد میں اپنا کردار ادا کر رہا ہے۔

اظہار تشکر

ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے اپنے تمام شیئر ہولڈرز، سٹیک ہولڈرز اور معزز صارفین کے ہم پر بھروسہ کا شکریہ ادا کرنا چاہتے ہیں جس سے ظاہر ہوتا ہے کہ آپ کی کمپنی ہر سطح پر اپنے ملازمین کی جذبہ اور ان تھک محنت کو سراہتی ہے۔

  
مسٹر مقبول ایچ ایچ رحمت اللہ  
ڈائریکٹر

منجانب بورڈ  
ڈاکٹر محمود احمد  
چیف ایگزیکٹو

لاہور

28 ستمبر 2022ء

کرنے کے لئے اقدامات اور خصوصی منصوبہ بندی جیسے چند اہم مسائل پر غور کیا گیا۔

HRC نے ہر شعبہ سے بہترین صلاحیتوں کے حامل ملازمین کی نشاندہی کی ہے اور ان کے لئے ترقی کے مواقع پیدا کئے ہیں۔ جب کہ HRC نے ملازمین کی دیگر سرگرمیوں کا بھی جائزہ لیا ہے جس میں خواتین کے عالمی دن، برتھ ڈیز، مینے کا بہترین ملازم، ٹاپ سیلز پرفارمر جیسی ایونٹ شامل ہیں۔ یہ ذیلی کمیٹی کمپنی کے اقدار کے پھیلاؤ کے عمل پر بھی غور کرتی ہے۔

کاروباری حکمت عملی کی کمیٹی

ان غیر معمولی حالات میں بورڈ نے کاروباری حکمت عملی کی ایک ذیلی کمیٹی تشکیل دی ہے۔ جس کے دو اجلاس ہوئے۔

منجملہ مالیاتی اسٹیمٹس

کمپنی کی منجملہ مالیاتی اسٹیمٹس میں اس کی ذیلی کمپنیوں، برجر DPI (پرائیویٹ) لمیٹڈ، برجر روڈ سیٹھی (پرائیویٹ) لمیٹڈ کے کھاتے شامل ہیں۔

ہولڈنگ کمپنی

برجر پینٹس پاکستان لمیٹڈ کی ہولڈنگ کمپنی میسرز سلاٹ ریپڈ لمیٹڈ ہے جو B.V.I. میں رجسٹر ہے۔

فی حصص منافع

مذکورہ برس کے لئے فی حصص منافع 9.87 روپے ہے۔ [2021ء: 9.54 روپے)

منافع منقسمہ

30 جون 2022ء کو اختتام پذیر سال کے لئے کمپنی کے بورڈ آف ڈائریکٹرز نے سالانہ اجلاس عام میں شیئرز ہولڈرز کی منظوری سے مشروط 4 روپے فی حصص کی شرح سے 40 فی صد حتمی منافع منقسمہ کا اعلان کیا ہے۔

آڈیٹرز

آئندہ اجلاس عام کے اختتام پر حالیہ آڈیٹرز میسرز ایف فرگوسن اینڈ کوپارڈز اکاؤنٹنٹس ریٹائر ہو جائیں گے اور سال 2022-23 کے لئے آڈیٹرز کی تقرری سالانہ اجلاس عام میں کی جائے گی۔

متعلقہ فریقین سے لین دین

بورڈ نے تمام متعلقہ فریقین سے لین دین کے امور پر غور کیا ہے اور ان کی منظوری دی ہے۔ بورڈ نے متعلقہ فریقین سے لین دین کی پالیسی منظور کی ہے۔

کوڈ آف کارپوریٹ گورننس کا تعمیلی اعلامیہ

30 جون 2022ء کو اختتام پذیر سال سے منسوب لسٹنگ ریگولیشنز میں پاکستان سٹاک ایکسچینج کی جانب سے بیان کردہ کوڈ آف کارپوریٹ گورننس کے معیارات کی باقاعدہ تعمیل کی گئی ہے۔ اس کی بابت اعلامیہ رپورٹ کے ساتھ منسلک ہے۔

شیئرز ہولڈنگ کی وضع

کوڈ آف کارپوریٹ گورننس کے تحت جون 2022ء کو اختتام پذیر سال تک شیئرز ہولڈنگ کی وضع صفحہ ..... پر دستیاب ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک کا اعلامیہ

کمپنی نے لسٹنگ ریگولیشنز کے تحت کوڈ آف کارپوریٹ گورننس کے تمام تر معیارات کی تعمیل کی ہے لہذا ڈائریکٹرز حسب ذیل توثیق کرتے ہیں:

i. کمپنیز ایکٹ 2017ء کی پیروی میں مالیاتی اسٹیمٹس اور اس کے نوٹس تیار کئے گئے ہیں۔ یہ اسٹیمٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بالکل درست عکاسی کرتی ہیں۔

ii. کمپنی کی بنیادی کاروباری سرگرمی آرائشی اور صنعتی بیننس اور دیگر مصنوعات کی تیاری، مارکیٹنگ اور تقسیم ہے۔

iii. کمپنی نے کھاتوں کی باقاعدہ کتابیں تیار کر رکھی ہیں۔

iv. مالیاتی اسٹیمٹس کی تیاری میں موافق اکاؤنٹنگ پالیسیاں بروئے کار لائی گئی ہیں جو پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیارات کے عین مطابق ہیں۔

v. حسب ضرورت درکار اکاؤنٹنگ تخمینہ جات معقول اور جائز فیصلوں کی بنیاد پر لگائے گئے ہیں۔

vi. پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیارات کو ان مالیاتی اسٹیمٹس کی تیاری میں بروئے کار لایا گیا ہے۔



## ڈائریکٹرز رپورٹ

برائے سال ختمہ 30 جون 2022ء

کمپنی 6.1 ملین محفوظ گھنٹوں کے ساتھ HSE پر عمل پیرا ہونے کے لئے پرعزم ہے۔ صاف اور ماحول دوست فضا پیدا کرنے کے لئے کمپنی نے اپنے استعمال کے لئے ایک میگا واٹ سولر پاور پروجیکٹ نصب کیا ہے جس کے ارد گرد کی آبادیوں پر خوشگوار اثرات مرتب ہوئے ہیں۔

ہم نے حال ہی میں تمام ضروری جگہوں پر پرانے سسٹم کو جدید سیرنکس سسٹم سے تبدیل کیا ہے۔ HSE سے منسوب تمام آلات کا سال بھر میں باقاعدگی سے جائزہ لیا جاتا ہے۔ پلانٹ میں ہنگامی اخراج اور فائر فائٹنگ عملے کے فوری رد عمل کو بہتر بنانے کے لئے ٹیم کی ٹریننگ کا تسلسل قائم کرنے کے لئے باقاعدگی سے فائر فائٹنگ ڈرلز کرائی جاتی ہیں۔ یہ پیش رفت صحت اور تحفظ کے لئے کمپنی کی ترجیحات کی واضح عکاسی کرتی ہے۔

### کاروباری رسک مینجمنٹ-ERM

بورڈ آف ڈائریکٹرز نے کمپنی کی رسک مینجمنٹ پالیسی منظور کی ہے۔ بورڈ آف ڈائریکٹرز سٹرٹیجک معاملات اور ادارہ جاتی مقاصد کی بابت ہدایات بھی فراہم کرتا ہے۔ کاروباری یونٹ فعال سطح پر ان خطرات سے نمبر آ رہا ہونے کے ذمہ دار ہیں۔ البتہ کمپنی کی سطح پر رسک مینجمنٹ رسک مینجمنٹ فنکشن (RMF) کی ذمہ داری ہے۔

RMF اپنے نتائج اور مشاہدات سے متعلق بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمیٹی باقاعدگی سے بزنس رسک پروفائلز، رسک مینجمنٹ پالیسی، رسک اسیسمنٹ طریقہ کار، متعلقہ انسدادی سرگرمیوں اور مشاورت پر نظر ثانی کرتی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو کمپنی کے مجموعی رسک مینجمنٹ طریق عمل پر نگرانی کا مجاز ٹھہرایا ہے۔

### بورڈ آف ڈائریکٹرز

سال بھر میں بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے جس میں حاضری کی تفصیلات حسب ذیل ہیں:

4	مسٹر مقبول ایچ ایچ رحمت اللہ
4	ڈاکٹر محمود احمد
4	مسٹر طارق اکرام
4	مسٹر شہزاد ایم حسین
4	مسٹر ظفر اے عثمانی
4	مسٹر محمد سعید
3	مس زریں عزیز
4	مسٹر زاہد مجید (مسٹر الیاس شریف کے متبادل)

اجلاس میں شرکت سے قاصر ڈائریکٹرز کو غیر حاضری کی رخصت عنایت کی گئی۔

تمام متعلقہ معلومات کا تعمیلی اعلامیہ لکھنؤ کمپنیز (کوڈ آف کارپوریٹ گورننس) خواہاں، 2019ء کے تحت مالیاتی اسٹیٹمنٹس کے نوٹ 40 میں قبل ازیں ظاہر کیا گیا۔

### آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز کی تشکیل کردہ آڈٹ کمیٹی تین خود مختار ڈائریکٹرز پر مشتمل ہے۔ آڈٹ کمیٹی (BAC) کے چیئر مین مسٹر طارق اکرام ایک خود مختار ڈائریکٹر ہیں۔ BAC کے اراکین کمپنی کے امور کی بابت وسیع معاشی، مالیاتی اور کاروباری تجربہ کے حامل ہیں۔

BAC نے ان ہاؤس انٹرنل آڈٹ فنکشن کے ذریعے داخلی نظم و ضبط کا ایک فریم ورک موثر انداز میں نافذ کیا ہے۔ کمپنی انٹرنل کنٹرول کا نظام کمپنی کے اعلاشیہ جات کے تحفظ اور کنٹرول کو تقویت پہنچانے کے لئے ترتیب دیا گیا ہے اور موافقت اور مناسبت کے لئے جس پر باقاعدگی سے نظر ثانی کی جاتی ہے۔

BAC نے کمپنی میں تمام سطحوں پر موثر مالیاتی، آپریشنل اور تعمیلی کنٹرول اور رسک مینجمنٹ کے ذریعے بروقت مالیاتی رپورٹنگ مقاصد کے حصول اور شیئر ہولڈرز کے منافع میں اضافہ کو یقینی بنایا ہے۔ سال بھر میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔

### ہیومن ریسورس کمیٹی

ایچ آر کے اراکین کمپنی کے ہیومن ریسورس امور میں وسیع تجربہ رکھتے ہیں۔ ایچ آر کمیٹی کے چیئر مین مسٹر ظفر عزیز عثمانی ایک خود مختار ڈائریکٹر ہیں۔

مذکورہ سال کے دوران اس کمیٹی کے دو باقاعدہ اجلاس منعقد ہوئے۔ ان اجلاس میں برجر فیڈرری اور تمام دیگر دفاتر میں کرونا وائرس کے دوران اور غیر معمولی صورت حال کے دوران ملازمین کو منظم

## ڈائریکٹرز رپورٹ

برائے سال ختمہ 30 جون 2022ء

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022ء کو اختتام پذیر سال کے لئے پڑتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ اپنی رپورٹ ازراہ مسرت پیش کرتے ہیں۔

### پاکستانی معیشت

اگرچہ پاکستان کرونا وائرس بحران سے نکل چکا ہے لیکن مالیاتی سال 2022ء کے دوران کمپنی کو کرنٹ اکاؤنٹ خسارہ کنٹرول کرنے، شرح مبادلہ پر دباؤ کو منبج کرنے اور پائیدار معاشی بحالی جیسے مشکل چیلنجز کا سامنا کرنا پڑا۔ روپے کی قدر میں کمی: اس واحد محرک نے کاروباری سرگرمیوں کو مشکل حالات میں ڈال دیا ہے۔ جہاں درآمد کنندگان کو خام مال حاصل کرنے کے لئے بھی مشکلات کا سامنا کرنا پڑتا ہے۔

سال 2022ء کے آغاز میں روس-یوکرین تنازعہ کے باعث عالمی سطح پر اشیاء کی قیمت میں اضافہ ہوا جس کی وجہ سے ملکی سطح پر بھی افراط زر کو ہوا ملی۔ بلند افراط زر کی شرح اور شرح سود، سپلائی میں تعطل اور بڑھتی ہوئی غیر یقینی کی صورت حال نے اکثر کمپنیوں کی مالیاتی کارکردگی پر برے اثرات مرتب کئے ہیں۔ ملک میں جاری سیاسی عدم استحکام نے حالات میں مزید بگاڑ پیدا کر دیا ہے۔

### کاروباری کارکردگی

مذکورہ بالا حالات میں، زیر جائزہ سال میں آپ کی کمپنی گزشتہ برس میں 5,602 ملین روپے کے مقابلے میں 26 فی صد اضافے کے ساتھ 7,073 ملین روپے کی خالص سیلز حاصل کرنے میں کامیاب ہوئی۔ سیلز کے حجم میں 8 فی صد اضافہ، بہتر کل منافع کی بھی عکاسی کرتا ہے۔

سیلنگ، مارکیٹنگ اور ایڈمنسٹریٹو اخراجات افراط زر کے دباؤ کے باعث گزشتہ برس میں 711 ملین روپے کے مقابلے میں 869 ملین روپے رہے۔

اسٹیٹ بینک پالیسی ریٹ میں ہوش ربا اضافے کے باعث مالیاتی لاگت میں گزشتہ برس کے مقابلے میں 46 ملین روپے اضافہ ہوا۔

### مالیاتی کارکردگی

مالیاتی حالت کا خلاصہ حسب ذیل ہے:

روپے ہزاروں میں	30 جون، 2022	30 جون، 2021
آپریٹنگ منافع	304,335	293,224
دیگر آمدنی	106,160	91,580
قرضوں پر لاگت	410,495	384,804
نفع جمعہ ٹیکسیشن	(163,477)	(117,758)
ٹیکسیشن	247,018	267,046
ٹیکسیشن	(45,132)	(71,825)
نفع علاوہ ٹیکسیشن	201,886	195,221

### مستقبل کا منظر نامہ

آئندہ برس، امریکی ڈالر کے مقابلے میں روپے کی قدر اور بین الاقوامی سطح پر اشیاء کی قیمتوں میں استحکام افراط زر کی شرح کو کم کرنے میں اہم کردار ادا گا۔ IMF پروگرام کی بحالی نے معیشت کو اوپر اٹھانے میں ٹھوس بنیاد فراہم کی اور توقع کی جاتی ہے کہ نجی و سرکاری سطح پر غیر ملکی رقوم کی آمد پاکستان کی حالت کو مزید مستحکم کرے گی۔ سیاسی بے چینی کے اثرات اور حالیہ دنوں میں سیلاب جیسی قدرتی آفت نے ملک کی مالیاتی حالت کو مزید بگاڑ دیا ہے۔ یہ بگاڑ مستقبل قریب میں معیشت کی بحالی میں اثرات مرتب کرے گا۔

کلی معاشی اشاریے بتدریج بہتر ہو سکیں گے جب کہ لاگت میں کمی، کیش فلو اور مارکیٹ کو متحرک کرنا اہم آپریٹنگ ترجیحات ہوں گی۔ پرجوش سیلز ٹیم کی مدد سے کمپنی غیر منظم شعبے سے مقابلہ کرنے کے قابل ہو جائے گی اور مارکیٹ میں اپنے قدم بھرا کر اپنے سٹیک ہولڈرز کے منافع میں اضافہ کرے گی۔

### صحت، تحفظ اور ماحولیات (HSE)

ورکرز کی حفاظت اور خوش حالی برچہ بینش کی اولین ترجیح رہی ہے اور عالمی معیار کی دیگر کمپنیوں کی طرح ہم بہترین سیفٹی ریکارڈ حاصل کرنے کے لئے کوشاں ہیں۔ اپنے ورکرز کو محفوظ اور صحت بخش ماحول فراہم کرنا ہماری اخلاقی و قانونی ذمہ داری ہے۔

# PATTERN OF SHAREHOLDING

as on 30 June 2022

No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
456	1	100	13,580
551	101	500	197,276
367	501	1,000	317,010
457	1,001	5,000	1,103,240
71	5,001	10,000	521,485
29	10,001	15,000	348,971
10	15,001	20,000	177,548
9	20,001	25,000	211,720
5	25,001	30,000	137,721
3	30,001	35,000	95,500
2	35,001	40,000	77,625
2	40,001	45,000	85,750
2	50,001	55,000	107,762
1	65,001	70,000	65,500
2	70,001	75,000	144,509
1	75,001	80,000	76,000
4	85,001	90,000	358,120
1	90,001	95,000	91,125
1	110,001	115,000	112,500
1	135,001	140,000	137,457
1	175,001	180,000	179,063
1	205,001	210,000	207,556
1	215,001	220,000	218,575
1	250,001	255,000	251,550
1	285,001	290,000	290,000
2	295,001	300,000	594,854
1	390,001	395,000	394,260
1	400,001	405,000	403,107
1	425,001	430,000	426,701
1	525,001	530,000	526,969
1	930,001	935,000	935,000
1	1,000,001	1,005,000	1,002,331
1	10,645,001	10,650,000	10,649,314
<b>1,989</b>			<b>20,459,679</b>

# PATTERN OF SHAREHOLDING

as on 30 June 2022

## CATEGORIES OF SHAREHOLDER AS OF 30-06-2022

Particulars	Shares Held	Percentage
Directors, CEO and their spouse and minor children	1,776	0.01%
Associated Companies, undertakings and related parties (Parent Company)	10,856,870	53.06%
NIT & ICP	297,029	1.45%
Banks, DFI & NBFC	290,175	1.42%
Insurance Companies	584,125	2.86%
Modarbas and Mutual Funds	39,625	0.19%
General Public (Local)	7,681,884	37.55%
General Public (Foreign)	124,000	0.61%
Others	584,195	2.86%
<b>Company Total</b>	<b>20,459,679</b>	<b>100.00%</b>

### Categories of Shareholders Required under the code of Corporate Governance as at June 30, 2022

#### DIRECTORS THEIR SPOUSES & MINOR CHILDREN:

DR. MAHMOOD AHMED	2	0.00%
MR. MUHAMMAD ILYAS	1	0.00%
MR. ZAFAR AZIZ OSMANI	1	0.00%
MR. MAQBOOL H. H. RAHIMTOOLA (CDC)	1,768	0.01%
MR. MOHAMMAD SAEED	1	0.00%
MR. SHAHZAD MUMTAZ HUSSAIN	1	0.00%
MISS ZARINE AZIZ	1	0.00%
MR. TARIQ IKRAM	1	0.00%
	<b>1,776</b>	<b>0.01%</b>

#### ASSOCIATED COMPANIES:

SLOTRAPID LIMITED (CDC)	<b>10,649,314</b>	<b>52.05%</b>
SIKANDER (PVT) LIMITED (CDC)	<b>207,556</b>	<b>1.01%</b>
	<b>10,856,870</b>	<b>53.06%</b>

#### NIT & ICP:

M/S INVESTMENT CORPORATION OF PAKISTAN	663	0.00%
M/S. NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	1,012	0.00%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	295,354	1.44%
	<b>297,029</b>	<b>1.45%</b>

BANKS, DFI AND NBFC	290,175	1.42%
INSURANCE COMPANIES	584,125	2.86%
MODARBAS AND MUTUAL FUNDS	39,625	0.19%
GENERAL PUBLIC (LOCAL)	7,681,884	37.55%
GENERAL PUBLIC (FOREIGN)	124,000	0.61%
OTHERS	584,195	2.86%
	<b>9,304,004</b>	<b>45.47%</b>
	<b>20,459,679</b>	<b>100.00%</b>

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **72<sup>nd</sup> Annual General Meeting of Berger Paints Pakistan Limited** will be held at 36-Industrial Estate, Kot Lakhpat, Lahore, and / or virtually via video-link/Zoom Cloud meetings on Wednesday **October 26, 2022** at 10:00 am. to transact the following business:

## Ordinary Business:

1. To confirm minutes of Annual General Meeting held on October 27, 2021.
2. To receive, consider and adopt the Audited Accounts of the Company along with consolidated Accounts for the year ended June 30, 2022 together with the Auditors' Report, Chairman's Review and Directors' Report thereon.
3. To appoint Auditors for the year ending June 30, 2023 and fix their remuneration.
4. To approve the announced dividend in Cash @ 40% i.e. Rs. 4.00 per share of Rs. 10 each for the year 2022 as recommended by the Board of Directors.
5. To consider any other business, that may be placed before the members with the permission of the chair.

## Special Business:

To consider and if thought fit, to pass a special resolution pursuant to section 199 of the Companies Act 2017 with or without any modifications, additions, deletions to otherwise company to subscribe in right shares of company's associated concern 3S Pharma (Pvt) Ltd amounting to the tune of Rs. 29.40 million.

**By Order of the Board**

Lahore: October 05, 2022

Registered Office  
36- Industrial Estate, Kot Lakhpat Lahore.

Nauman Afzal  
Company Secretary

## Notes:

- 1) The Share Transfer Books will remain closed from October 20, 2022 to October 26, 2022, both days inclusive and the final dividend will be paid to the Members whose name will appear in the Register of Members on October 19, 2022. Members (Non-CDC) are requested to promptly notify the Company's Registrar on any change in their addresses and submit, if applicable to them, the non-deduction of Zakat Form CZ-50 with Registrar of the Company M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K, Model Town, Lahore, Punjab, 54000. All Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participations.
- 2) A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.



## NOTICE OF ANNUAL GENERAL MEETING

- 3) CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1, dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.
- 4) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- a) **Attendance of AGM Through Video-Link**

The entitled shareholders whose name appear in the Books of Company by the close of business in October 19, 2022 who are interested to attend AGM through online platform are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM at [legal@berger.com.pk](mailto:legal@berger.com.pk).

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

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

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

- b) The entitled shareholders (whose name appeared in the books of Company by the close of Business on October 19, 2022 along with the details mentioned above may send their comments/suggestions for the proposed agenda items at the above email address at least 48 hours before the meeting.
- c) **Electronic Notice of AGM**

The company has been dispatching the notice of AGM to all the members through post to their registered address. In addition, the Notice along with the proxy form is available on Company website [www.berger.com.pk](http://www.berger.com.pk). and has been sent to the PSX via the PUCARS system. In the event of any difficulty in accessing the Notice or proxy form, members can contact the Company via email at [legal@berger.com.pk](mailto:legal@berger.com.pk). the Company will send a copy of the Notice and proxy form via e-mail only to those members who place a request in writing and have provided their e-mail addresses to the Share Registrar of the Company, Corplink (Private) Limited.

- d) **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 detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card (“CNIC”) or original passport at the time of attending the meeting through video-link.
  - ii. In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

e) **For Appointing proxies:**

- i. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or passport of the beneficial owners and the 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 entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

**Submission of copies of CNIC and NTN Certificate (Mandatory).**

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC / SNIC or NTN (in case of corporate entities), are not available with the Share Registrar shall be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K Model Town, Lahore, Punjab 54000.

**Withholding Tax on Dividend**

Government of Pakistan through Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For filers of income tax returns:	15%
(b)	For non filers of income tax returns:	30%

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Taxpayers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

**Withholding Tax on Dividend in case of Joint Account Holders**

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each shareholder accordingly.

# NOTICE OF ANNUAL GENERAL MEETING

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

## Payment of Cash Dividend through Electronic Mode (Mandatory)

The provisions of Section 242 of the Companies Act, 2017 ("ACT") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that with effect from November 01, 2017 as also provided in the Companies (Distribution of Dividends) Regulations, 2017 (as amended from time to time) cash dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC. Please note that as per Section 243(3) of the Act, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders. For the convenience of shareholders e-Dividend Mandate Form is available on Company's website.

## E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Act and applicable clauses of Companies (Postal Ballot) Regulations 2018.

## Video Conference

Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the Share Registrar, M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K Model Town, Lahore, Punjab 54000.

I/We, of being a member of Berger Paints Pakistan Limited holder of Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at (Please insert name of the City).

## Unclaimed Dividend

Shareholders who have not claimed their dividend are advised to contact our Share Registrar to collect /enquire about their unclaimed dividend, if any. As per the provisions of Section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of

the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website <http://www.berger.com.pk>. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

#### **Transmission of Financial Statements and notice through email.**

Shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of Company are requested to give their consent to prescribed format placed on the Company's website [www.berger.com.pk](http://www.berger.com.pk) to our share Registrar M/S Corplink (Private) Limited at Wings Arcade, 1-K, Commercial Block K, Model Town, Lahore, Punjab, 54000 to update our record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if a shareholder, in addition, request for hard copy of the Audited Financial Statements, the same shall be provide free of cost within seven (07) days of receipt of request

#### **مالیاتی اسٹیٹمنٹس اور نوٹس کی بذریعہ ای میل ترسیل**

شیئرز ہولڈرز سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس اور سالانہ اجلاس عام کا نوٹس بذریعہ ای میل وصول کرنے کا حق رکھتے ہیں۔ کمپنی کے شیئرز ہولڈرز کو درخواست کی جاتی ہے کہ وہ اپنا راضی نامہ [www.berger.com.pk](http://www.berger.com.pk) کی ویب سائٹ پر موجود مقررہ وضع میں ہمارے شیئر رجسٹر اری میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکید، 1-5، کمرشل بلاک K، ماڈل ٹاؤن لاہور، پنجاب 54000 کو جمع کرائیں تاکہ ہم ریکارڈ کی تجدید کر سکیں اور ان کی خواہش کے مطابق سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس اور سالانہ اجلاس عام کا نوٹس بذریعہ ای میل ارسال کر سکیں۔ البتہ، اگر کوئی شیئر ہولڈر کاغذی صورت میں سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس کی وصولی کا خواہشمند ہو تو درخواست ملنے کے سات (07) یوم کے اندر یہ بالکل مفت فراہم کی جائیں گی۔

ہو) کی بابت ریگولیزر کی ہدایات پر کمپنی کے عمل درآمد کے لئے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ بطور پرنسپل شیئر ہولڈر یا اپنے جوائنٹ ہولڈر کی شیئر ہولڈنگ تفصیلات کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل صورت میں تحریری طور پر جمع کرائیں تاکہ کمپنی ہر شیئر ہولڈر کے وہ ہولڈنگ ٹیکس کا حساب لگا سکے۔

نام کمپنی	فولیو/ CDS اکاؤنٹ نمبر	کل حصص	پرنسپل شیئر ہولڈر	جوائنٹ شیئر ہولڈر
			نام اور شناختی کارڈ نمبر	نام اور شناختی کارڈ نمبر
			تسب (تعداد حصص)	تسب (تعداد حصص)

درکار معلومات نوٹس ہذا کی تاریخ اجرا سے 10 یوم کے اندر ہمارے شیئر رجسٹرار کو لازمی پہنچ جائیں بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز حصص کی مساوی تعداد کے مالک ہیں۔

نقد منافع منقسمہ کی بذریعہ برقی ذرائع ادائیگی (لازمی)

کمپنیز ایکٹ 2017ء ("ACT") کے سیکشن 242 کے تحت لسٹڈ کمپنی کا اعلان شدہ منافع منقسمہ صرف برقی ذرائع سے اہل شیئر ہولڈرز کے دینے گئے بینک اکاؤنٹ میں براہ راست ادا کیا جائے گا۔ SECP نے اپنے سرکلر نمبر 18/2017 مؤرخہ یکم اگست 2017ء میں تمام لسٹڈ کمپنیوں کو یہ یقینی بنانے کی ہدایت کی ہے کہ یکم نومبر 2017ء سے اوکٹینیز) منافع منقسمہ کی تقسیم (ضوابط 2017ء) ہمہ وقت ترمیم شدہ) کی روشنی میں منافع منقسمہ صرف برقی ذرائع سے ہی ادا کیا جائے گا۔ لہذا، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اپنے بینک مینڈیٹ کی تفصیلات (a) عنوان اکاؤنٹ (b) اکاؤنٹ نمبر (c) IBAN (d) نام بینک اور (e) شاخ کا نام، کوڈ اور پتہ کمپنی یا شیئر رجسٹرار کو فراہم کریں۔ ایسے شیئر ہولڈرز، جو شرکاء/سنٹرل ڈیپازٹری کمپنی آف پاکستان (CDC) میں حصص رکھتے ہیں، کو یہ معلومات متعلقہ شریک/ CDC کو بھی فراہم کرنے کی ہدایت کی جاتی ہے۔ یاد رہے کہ ایکٹ کے سیکشن 243(3) کے تحت اگر شیئر ہولڈرز درکار معلومات فراہم نہ کریں تو لسٹڈ کمپنیاں منافع منقسمہ کی ادائیگی روک سکتی ہیں۔ شیئر ہولڈرز کی سہولت کے لئے ای ڈیویڈنڈ مینڈیٹ فارم کمپنی کی ویب سائٹ پر دستیاب ہے۔

ای۔ وونگ

اراکین ایکٹ کے اجلاس کے اصول پر مبنی سیکشن 143-145 اوکٹینیز (پوسٹل بیلٹ) ضوابط 2018ء کی لاگو شقوں کے تحت حق رائے دہی استعمال کر سکتے ہیں۔

ویڈیو کانفرنس

SECP مراسلہ نمبر 10/2014 مؤرخہ 21 مئی 2014ء کے تحت اگر کمپنی دور دراز جگہ پر مقیم 10 فی صد یا یا زائد شیئر ہولڈنگ کے حامل اراکین سالانہ اجلاس عام کے انعقاد سے دس (10) یوم قبل اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کی درخواست کریں تو مذکورہ شہر میں سہولت دستیاب ہونے پر کمپنی ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی۔ یہ سہولت حاصل کرنے کے لئے براہ کرم شیئر رجسٹرار میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، 5-1، کمرشل بلاک K، ماڈل ٹاؤن لاہور، پنجاب 54000 کو مندرجہ ذیل معلومات فراہم کریں۔

میں/ ہم بحیثیت رکن برجر پینٹس لمیٹڈ پاکستان رجسٹر پورٹ فولیو نمبر..... کے تحت عمومی حصص کے مالک ہیں لہذا یہاں باضابطہ طور پر..... میں ویڈیو کانفرنس سہولت حاصل کرنے کا انتخاب کرتے ہیں۔

لا دعوئی منافع منقسمہ

ایسے شیئر ہولڈرز جنہوں نے تاحال اپنے منافع منقسمہ کا دعویٰ نہیں کیا ہے انہیں اپنے لا دعوئی منافع منقسمہ کی تفصیلات اور وصولی کے لئے ہمارے شیئر رجسٹرار سے رابطہ کرنے کی درخواست کی جاتی ہے۔ ایکٹ کے سیکشن 244 کے تحت تاریخ ادائیگی/ وصولی سے تین سال تک لا دعوئی کمپنی کے جاری حصص یا اعلان شدہ منافع منقسمہ وفاقی حکومت کو کرڈٹ کرنے کے لئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو جمع کرانا لازمی ہے۔ اس سے قبل اپنے کلیم دائر کرنے کے لئے شیئر ہولڈرز کو نوٹس جاری کیا جائے گا۔ تین سال سے زائد مدت تک کمپنی کے اعلان شدہ واجب الادا منافع منقسمہ کی تفصیلات <http://www.berger.com.pk> پر دستیاب ہیں۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ لا دعوئی منافع منقسمہ اور حصص حاصل کرنے کے لئے فوری طور پر دعویٰ دائر کریں۔ اگر کوئی دعویٰ دائر نہ کیا گیا ہو تو کمپنی لا دعوئی/ واجب الادا رقم اور حصص ایکٹ کے سیکشن 244(2) کے تحت وفاقی حکومت کو جمع کرا دے گی۔



دن، شیئر ہولڈرز لاگ ان کر سکیں گے اور بذریعہ سمارٹ فون یا کمپیوٹر آلات اپنے رہائشی مقام سے اجلاس عام میں شرکت کر سکیں گے۔ لاگ ان کی ہولڈر اجلاس کے انعقاد سے 30 منٹ قبل شروع کر دی جائے گی تاکہ شرکاء اپنی شناخت اور تصدیق کے عمل سے گزر کر اجلاس میں شامل ہو سکیں۔

(b) 19 اکتوبر 2022ء کو کاروبار بند ہونے تک کمپنی کے کھاتوں میں درج اہل شیئر ہولڈرز مذکورہ بالا معلومات کے ہمراہ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل مذکورہ بالا ای میل ایڈریس پر مجوزہ ایجنڈا آنکھڑے سے متعلق رائے/تجاویز ارسال کر سکتے ہیں۔

#### (c) AGM کا الیکٹرونک نوٹس

کمپنی نے AGM کا نوٹس تمام اراکین کو ان کے رجسٹرڈ پتے پر ارسال کر دیا ہے۔ مزید برآں نوٹس بمعہ پراکسی فارم کمپنی کی ویب سائٹ [www.berger.com.pk](http://www.berger.com.pk) پر بھی موجود ہے اور اسے PUCARS کے ذریعے PSX کو بھیج دیا گیا ہے۔ نوٹس یا پراکسی فارم تک رسائی میں کسی بھی مشکل کی صورت میں اراکین کمپنی کے ساتھ ای میل [legal@berger.com.pk](mailto:legal@berger.com.pk) کے ذریعے رابطہ کر سکتے ہیں۔ کمپنی نوٹس اور پراکسی فارم کی نقل صرف ان اراکین کو ای میل کرے گی جنہوں نے کمپنی کے شیئر رجسٹر اراکارپ لنک (پرائیویٹ) لمیٹڈ کو بذریعہ ای میل درخواست کی ہوگی۔

#### (d) اجلاس میں شرکت کے لئے

- فرد واحد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا ایسے افراد جن کی سیکیورٹیز گروپ اکاؤنٹ میں موجود ہیں اور ان کی رجسٹریشن تفصیلات ضوابط کے تحت شائع کی گئی ہیں کو بذریعہ ویڈیولنک اجلاس میں شرکت کی بابت اپنی شناخت ثابت کرنے کے لئے اپنا اصلی شناختی کارڈ نمبر یا اصلی پاسپورٹ پیش کرنا ہوگا۔
- کاروباری ادارے کی صورت میں بوڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے (اگر پہلے جمع نہیں کرائے گئے ہیں)۔

#### (e) پراکسی کی تقرری کے لئے

- فرد واحد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا ایسے افراد جن کی سیکیورٹیز گروپ اکاؤنٹ میں موجود ہیں اور ان کی رجسٹریشن تفصیلات ضوابط کے تحت شائع کی گئی ہیں کو مذکورہ بالا معیار کے مطابق پراکسی فارم جمع کرنا ہوگا۔
- دو افراد پراکسی فارم کے گواہ ہوں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں۔
- مستفید ہونے والے مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی کے ساتھ لازمی منسلک ہوں۔
- اجلاس کے موقع پر پراکسی اپنا اصلی شناختی کارڈ یا اصلی پاسپورٹ پیش کرے گا/گی۔
- کاروباری ادارے کی صورت میں پراکسی فارم کے ہمراہ بوڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے (اگر پہلے جمع نہیں کرائے گئے ہیں)۔

#### شناختی کارڈ اور NTN شمولیت (لازمی) کی نقول جمع کرنا

SECP ہدایات کی پیروی میں ایسے شیئر ہولڈرز جن کے شناختی کارڈ/SNIC یا (کاروباری ادارہ کی صورت میں) NTN شیئر رجسٹر اراکار کے پاس موجود نہیں ان کو منافع منقسمہ کی ادائیگی روک دی جائے گی۔ لہذا شیئر ہولڈرز کو اپنے کارآمد شناختی کارڈ/SNIC کی نقل کمپنی کے شیئر رجسٹر اراکارپ لنک پرائیویٹ لمیٹڈ ونکز آرکیڈ، 1-K، کمرشل بلاک K، ماڈل ٹاؤن، لاہور، پنجاب 54000 کو جمع کرانے کی درخواست کی جاتی ہے (اگر پہلے مہیا نہیں کیا گیا ہے)۔

#### منافع منقسمہ پرودہ ہولڈنگ ٹیکس

حکومت پاکستان نے فائنس ایکٹ 2019ء کے ذریعے اکٹم ٹیکس آرڈیننس 2001ء میں چند ترامیم کی ہیں جس کے تحت کمپنیز کے ادا شدہ منافع منقسمہ کی رقم پرودہ ہولڈنگ ٹیکس کی کٹوتی کے لئے مختلف ریٹ بیان کئے گئے ہیں۔ یہ شرح ٹیکس حسب ذیل ہے:

(a)	برائے فائلر اکٹم ٹیکس ریٹرز	15%
(b)	برائے نان فائلر اکٹم ٹیکس ریٹرز	30%

منافع منقسمہ کی وصولی کے وقت فائلر شیئر ہولڈرز کو FBR کی ویب سائٹ پر فعال ٹیکس دہندگان کی فہرست (ATL) میں اپنے نام کا اندراج یقینی بنانا ہوگا بصورت دیگر انہیں نان فائلر شمار کیا جائے گا اور ان کے نقد منافع منقسمہ پر 15% کی بجائے 30% فی صد کی شرح سے ٹیکس عائد ہوگا۔

#### جوائنٹ اکاؤنٹ ہولڈر کی صورت میں منافع منقسمہ پرودہ ہولڈنگ ٹیکس

کمپنی کے منافع منقسمہ پرودہ ہولڈنگ ٹیکس کی کٹوتی کے لئے جوائنٹ اکاؤنٹ ہولڈرز کے شیئر ہولڈنگ تناسب کے تعین (جب کہ پرنسپل شیئر ہولڈر نے شیئر ہولڈنگ کا تعین نہ کیا

## نوٹس برائے سالانہ جنرل میٹنگ

نوٹس ہذا سے مطلع کیا جاتا ہے کہ برجز پینٹس پاکستان لمیٹڈ کا بہتر واں (72 واں) سالانہ اجلاس عام مورخہ 26 اکتوبر 2022ء کو دن 10:00 بجے 36- انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور اور/یا بذریعہ وڈیو لنک/زوم کلاؤڈ فاصلاتی طور پر مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

### عمومی امور

1. 27 اکتوبر 2021ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
2. 30 جون 2022ء کو اختتام پذیر سال کے لئے کمپنی کے پڑتال شدہ کھاتے بمعہ منجدا کاؤنٹس، آڈیٹرز رپورٹ، چیئرمین کی جائزہ رپورٹ اور اس پر ڈائریکٹرز کی رپورٹ کو وصول کرنا، زیر غور لانا اور اپنانا۔
3. 30 جون 2023ء کو اختتام پذیر سال کے لئے آڈیٹرز مقرر کرنا اور ان کا معاوضہ طے کرنا۔
4. بورڈ آف ڈائریکٹرز کی سفارشات پر سال 2022 کے لئے ہر 10 روپے کے حصص پر 4.00 روپے فی حصص یعنی 40 فی صد کی شرح سے اعلان شدہ نقد منافع منقسمہ کی منظوری دینا۔
5. چیئرمین کی اجازت سے اراکین کے سامنے رکھے جانے والے دیگر امور کو زیر غور لانا۔

### خصوصی امور

کمپنیز ایکٹ 2017ء کے سیکشن 199 کی بیرونی میں کمپنی کے ایسوسی ایٹ ادارے 3S فارما (پرائیویٹ) لمیٹڈ کے 29.40 ملین روپے مالیت کے رائٹ حصص کو سبسکرائب کرنے کی غرض سے خصوصی قرار کو بمعہ/علاوہ ترمیم، اضافہ، خاتمہ زیر غور لانا اور مناسب سمجھنے پر منظور کرنا۔

لاہور: اکتوبر 05، 2022ء

بحکم بورڈ  
نعمان افضل  
کمپنی سیکریٹری

### رجسٹرڈ آفس

36- انڈسٹریل اسٹیٹ، کوٹ لکھپت لاہور

### مندرجات:

- (1) شیئر ٹرانسفر books مورخہ 20 اکتوبر 2022ء تا 26 اکتوبر 2022ء (بشمول دونوں ایام) بند رہیں گی۔ 19 اکتوبر 2022ء کو اراکین کے رجسٹر پر ظاہر ہونے والے اراکین کو ہی حقیقی منافع منقسمہ ادا کیا جائے گا۔ (نان CDC) اراکین سے درخواست ہے کہ وہ اپنے پیسہ میں تبدیلی کی بابت کمپنی رجسٹر اراکون فوراً آگاہ کریں اور، اگر ان پر لاگو ہو، زکوٰۃ کی عدم کٹوتی کا فارم CZ-5Q کمپنی میسر کارپ لنک پرائیویٹ لمیٹڈ، وگنڈ آرکیڈ، K-1 کمرشل بلاک K، ماڈل ٹاؤن لاہور پنجاب 54000 کو جمع کرائیں۔ CDC کے ذریعے حصص کے مالک تمام اراکین کو درخواست کی جاتی ہے اپنے پیسہ اور اپنی شرکت کے ساتھ زکوٰۃ کی حیثیت کو اپ ڈیٹ کریں۔
- (2) اس اجلاس میں شرکت اور ووٹ کرنے کا/کی اہل رکن کسی دوسرے/دوسری رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے اپنا پراسی مقرر کر سکتا/سکتی ہے۔ پراسی کو موثر کرنے کی غرض سے پراسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔ پراسی کو لازمی کمپنی کارکن ہونا چاہئے۔
- (3) CDC کاؤنٹس ہولڈرز کو مورخہ 26 جنوری، 2000ء کو جاری کردہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکل نمبر 1 میں بیان ہدایات پر عمل کرنا ہوگا۔
- (4) CDC کاؤنٹس ہولڈرز کو مذکورہ زیریں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات پر بھی عمل کرنا ہوگا:

### (a) بذریعہ وڈیو لنک AGM میں شرکت

19 اکتوبر 2022ء کو کاروبار بند ہونے تک کمپنی کے کھاتوں میں درج اہل شیئر ہولڈرز جو سالانہ اجلاس عام میں بذریعہ آن لائن پلیٹ فارم شرکت کرنا چاہتے ہیں انہیں سالانہ اجلاس عام کے آغاز سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری کا legal@berger.com.pk پر مندرجہ ذیل تفصیلات فراہم کرنے کی درخواست کی جاتی ہے۔

نام شیئر ہولڈر	شناختی کارڈ نمبر	فولیو/ CDS نمبر	سیل نمبر	ای میل ایڈریس

خواہشمند شیئر ہولڈرز سے مذکورہ بالا معلومات موصول ہونے پر کمپنی لاگ ان کی تفصیلات ان کے ای میل ایڈریس پر بھیجے گی۔ کمپنی ”زوم کلاؤڈ میٹنگز“ کے ذریعے اجلاس طلب کرے گی۔ یہ ایپ گوگل پلے یا ایپ سٹور سے ڈاؤن لوڈ کی جاسکتی ہے۔ لہذا ہم اپنے شیئر ہولڈرز سے درخواست کرتے ہیں کہ اجلاس سے قبل یہ ایپلیکیشن ڈاؤن لوڈ کر لیں۔ اجلاس کے

# STATEMENT OF COMPLIANCE

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

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

- The total number of directors are eight as per the following:

a.	Male	Seven
b.	Female	One

- The composition of the board is as follows:

Category	No.	Name
i) Independent Directors	4	Mr. Tariq Ikram Mr. Zafar Aziz Osmani Mr. Mohammad Saeed Ms. Zareen Aziz (Female Director)
ii) Non-Executive Directors	3	Mr. Maqbool H. H. Rahimtoola Mr. Shehzad M. Hussain Mr. Ilyas Sharif
iii) Executive Director	1	Dr. Mahmood Ahmad

Dr. Mahmood Ahmad being CEO is deemed director of the Company

- The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- 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;
- 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;
- The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- All directors have minimum 14 years of education and 15 years' experience on the board of listed Company hence exempt from directors training program (DTP).
- During the year, there was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

# STATEMENT OF COMPLIANCE

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

12. The Board has formed committees comprising of members given below:

**a). Audit Committee**

Mr. Tariq Ikram	Chairman
Mr. Maqbool H. H. Rahimtoola	Member
Ms. Zareen Aziz	Member

**b) HR and Remuneration Committee**

Mr. Zafar A. Osmani	Chairman
Dr. Mahmood Ahmed	Member
Mr. Muhammad Saeed	Member

**c) Committee for Business Strategies**

Mr. Tariq Ikram	Chairman
Mr. Zafar Aziz Osmani	Member
Mr. Zahid Majid	Member

13. The terms of the reference of the aforesaid committees have been developed by the Board, documented and advised to the committee for compliance;
14. The Board has provided adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively.
15. Secretary of Audit Committee circulated minutes of meetings of the audit committee to all members, directors, and head of internal audit and to chief financial officer, when required, and prior to the next meeting of the Board.
16. The frequency of the meetings of the committees were as following:

<b>BOD Committee</b>	<b>Frequency</b>
Audit Committee	Four meetings
HR and Remuneration Committee	Two meetings
Committee for Business Strategies	Two meetings

17. The Board has set up an effective audit function and the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
19. The Board has recommended appointment of external auditors for a year and such recommendations included in the Directors' Report.
20. 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;
21. Company has ensured that the statement of compliance is reviewed and certified by statutory auditors as per relevant Regulations specified by Commission.
22. We confirmed that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



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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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Berger Paints Pakistan Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.



**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Lahore**

Date: October 5, 2022

UDIN: CR202210092YmChTmi3o

# Berger Paints Pakistan Limited

## Unconsolidated Financial Statements

for the year ended June 30, 2022

# 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 June 30, 2022, 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 June 30, 2022 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 is the Key audit matter:

Sr. No.	Key audit matter	How the matters were addressed in our audit
1.	<b>Revenue recognition</b> (Refer note 30 to the annexed financial statements)  The Company is principally engaged in the production and sale of paints, varnishes and other related items in the local and export markets.  Revenue from sale of goods is recognised when the performance obligation is satisfied by transferring control of promised goods to the customers.	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"><li>• understood and evaluated management controls over revenue and checked their validation;</li><li>• performed verification of sales with underlying documentation including dispatch documents and sales invoices;</li><li>• tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period;</li></ul>

Sr. No.	Key audit matter	How the matters were addressed in our audit
	We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company. Revenue for the year has increased significantly as compared to the last year. In addition, revenue was also considered as an area of an inherent risk of material misstatement and significant audit risk as part of the audit process.	<ul style="list-style-type: none"> <li>• verified that sales prices are approved by the appropriate authority;</li> <li>• tested on a sample basis, specific discounts as per Company's policy;</li> <li>• performed analytical procedures to analyse variation in the price and quantity sold during the year;</li> <li>• tested journal entries relating to revenue recognised during the year based on identified risk criteria; and</li> <li>• assessed the adequacy of disclosures made in the financial statements related to revenue.</li> </ul>

### Information Other than the Separate and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the separate and consolidated financial statements and our auditor's reports 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**Other Matter**

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who vide their report dated October 7, 2021 expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Lahore**

Date: October 5, 2022

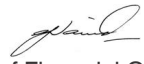
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# Statement of Financial Position

## As at June 30, 2022

ASSETS	Note	2022 (Rupees in thousand)	2021
<b>Non-current assets</b>			
Property, plant and equipment	6	1,628,161	1,634,795
Intangible assets	7	23	211
Long term investments	8	70,915	52,505
Long term loans	9	38,632	34,147
Long term deposits and prepayments	10	38,138	36,419
Deferred taxation - net	11	-	29,093
		1,775,869	1,787,170
<b>Current assets</b>			
Stores, spare parts and loose tools		22,735	18,491
Stock in trade	12	1,625,411	1,225,895
Trade debts - unsecured	13	1,628,302	1,219,678
Loans and advances	14	221,950	277,245
Trade deposits and short term prepayments	15	26,821	31,676
Other receivables	16	113,633	184,323
Tax refund due from Government	17	172,815	192,661
Short term investment	18	140,000	30,000
Cash and bank balances	19	223,671	44,476
		4,175,338	3,224,445
		5,951,207	5,011,615
<b>EQUITY AND LIABILITIES</b>			
<b>Authorised share capital</b>		250,000	250,000
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	20	204,597	204,597
<b>Capital reserves</b>			
Revaluation surplus on property, plant and equipment		830,273	849,056
Other reserves	21	58,017	45,304
		888,290	894,360
<b>Revenue reserves</b>			
General reserve		285,000	285,000
Accumulated profits		967,825	841,416
	21	1,252,825	1,126,416
<b>Total equity</b>		2,345,712	2,225,373
<b>Non-current liabilities</b>			
Long term financing - secured	22	183,222	152,498
Long term diminishing musharaka	23	16,000	-
Deferred grant	24	2,251	1,155
Long term employee benefits	25	144,012	75,589
Deferred taxation - net	11	8,379	-
		353,864	229,242
<b>Current liabilities</b>			
Trade and other payables	26	1,756,458	1,569,174
Current portion of deferred income		1,379	2,407
Current portion of long term financing		67,731	107,884
Unclaimed dividend		6,826	7,551
Accrued markup	27	45,298	22,479
Short term borrowings - secured	28	1,373,939	847,505
		3,251,631	2,557,000
		3,605,495	2,786,242
<b>Contingencies and commitments</b>	29		
		5,951,207	5,011,615

The annexed notes 1 to 52 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director



# Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Revenue from contract with customers - net	30	7,073,478	5,602,160
Cost of sales	31	(5,851,468)	(4,485,600)
<b>Gross profit</b>		<b>1,222,010</b>	<b>1,116,560</b>
Selling and distribution expenses	32	(677,395)	(538,891)
Administrative and general expenses	33	(191,950)	(172,057)
Impairment loss reversed / (recorded) during the year		3,074	(61,923)
Other operating expenses	34	(51,404)	(50,465)
		(917,675)	(823,336)
<b>Profit from operations</b>		<b>304,335</b>	<b>293,224</b>
Other income	35	106,160	91,580
		410,495	384,804
Finance cost	36	(163,477)	(117,758)
<b>Profit before taxation</b>		<b>247,018</b>	<b>267,046</b>
Taxation	37	(45,132)	(71,825)
<b>Profit after taxation</b>		<b>201,886</b>	<b>195,221</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	38	<b>9.87</b>	<b>9.54</b>

The annexed notes 1 to 52 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

# Statement of Comprehensive Income

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
<b>Profit after taxation</b>	201,886	195,221
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss</b>	-	-
<b>Items that will not be reclassified to statement of profit or loss</b>		
Fair value gain on investment classified as FVOCI	18,410	4,761
Related deferred tax liability on Fair value gain on investment classified as FVOCI	(5,697)	-
	12,713	4,761
Actuarial loss on staff retirement benefits	(12,421)	(9,172)
<b>Total comprehensive income for the year</b>	<b>202,178</b>	<b>190,810</b>

The annexed notes 1 to 52 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



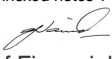
Director

# Statement of Cash Flows

## For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>Cash flows from operating activities</b>			
Profit before taxation		247,018	267,046
<b>Adjustments for non-cash and other items:</b>			
Depreciation on property, plant and equipment	6.1.5	132,584	134,793
Amortization on intangible assets	7.1.1	188	1,305
Gain on disposal of property, plant and equipment	35	(4,560)	(4,640)
Provision (reversed)/charged against slow moving stock - net		(17,486)	28,227
Impairment loss (reversed) / recorded during the year		(3,074)	61,923
Provision for long term employee benefit		22,229	20,107
Finance cost	36	163,477	117,758
Impairment on investment in associate		-	4,293
Impairment on goodwill		-	24,000
Provision for Workers' Profit Participation Fund	34	13,137	13,772
Provision for Workers' Welfare Fund	34	5,659	8,400
Amortization of deferred grant	35	3,030	(6,595)
Mark-up on term deposit receipts and long term loan	35	(11,681)	(11,581)
		303,503	391,762
<b>Operating profit before working capital changes</b>		550,521	658,808
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		(4,244)	(4,898)
Stock-in-trade		(382,030)	(168,189)
Trade debts - unsecured		(408,624)	(231,784)
Loans and advances		53,537	(89,512)
Trade deposits and short term prepayments		4,056	2,362
Other receivables		72,130	(87,955)
		(665,175)	(579,976)
<b>Increase in current liabilities:</b>			
Trade and other payables		191,021	693,450
<b>Cash generated from operations</b>		76,367	772,282
Finance cost paid		(140,298)	(125,589)
Taxation - net		(2,934)	(90,878)
Long term employee benefit paid		(21,227)	(92,217)
Funds transferred to the Company from the Gratuity fund		55,000	-
Worker's Profit Participation Fund paid		(13,470)	(15,216)
Long term loans disbursed - net		(2,124)	(19,524)
Long term deposits realised / (paid) - net		2,109	(878)
		(122,944)	(344,302)
<b>Net cash (used in) / generated from operating activities</b>		(46,577)	427,980
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(128,201)	(133,349)
Proceeds from disposal of property, plant and equipment		6,809	8,585
Mark-up received on term deposit and long term loan		9,753	9,748
Short term investments made during the year		-	2,195
<b>Net cash used in investing activities</b>		(111,639)	(112,821)
<b>Cash flows from financing activities</b>			
Repayment of long term financing - net		(12,459)	(87,676)
Proceeds from long term diminishing musharaka		16,000	-
Dividend paid		(82,564)	(19,596)
Proceeds / (repayments) short term borrowings - net		194,852	(81,276)
<b>Net cash generated from from financing activities</b>		115,829	(188,548)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(42,387)	126,611
<b>Cash and cash equivalents at beginning of the year</b>		(742,329)	(868,940)
<b>Cash and cash equivalents at end of the year</b>	39	(784,716)	(742,329)

The annexed notes 1 to 52 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

# Statement of Changes in Equity

For the year ended June 30, 2022

	Reserves							
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Capital		Revenue			Total
			Share premium	Fair value reserve	General reserve	Accumulated profits	Total reserves	
(Rupees in thousand)								
Total comprehensive income for the year ended June 30, 2021								
Balance as at July 01, 2020	204,597	877,100	34,086	6,457	285,000	647,783	1,850,426	2,055,023
Profit after taxation for the year	-	-	-	-	-	195,221	195,221	195,221
Other comprehensive income for the year								
- Fair value loss on Investment classified as FVOCI	-	-	-	4,761	-	-	4,761	4,761
- Actuarial gain on staff retirement benefits	-	-	-	-	-	(9,172)	(9,172)	(9,172)
Total comprehensive income for the year	-	-	-	4,761	-	186,049	190,810	190,810
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(28,044)	-	-	-	28,044	-	-
Transactions with the owners of the Company								
Final cash dividend for the year ended June 30, 2020 @ Rs. 1	-	-	-	-	-	(20,460)	(20,460)	(20,460)
	-	(28,044)	-	-	-	7,584	(20,460)	(20,460)
Balance as at June 30, 2021	204,597	849,056	34,086	11,218	285,000	841,416	2,020,776	2,225,373
Total comprehensive income for the year ended June 30, 2022								
Profit after taxation for the year	-	-	-	-	-	201,886	201,886	201,886
Other comprehensive income for the year								
- Fair value gain on investment classified as FVOCI	-	-	-	12,713	-	-	12,713	12,713
- Actuarial loss on staff retirement benefits	-	-	-	-	-	(12,421)	(12,421)	(12,421)
Total comprehensive income for the year	-	-	-	12,713	-	189,465	202,178	202,178
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(18,783)	-	-	-	18,783	-	-
Transactions with the owners of the Company								
Final cash dividend for the year ended June 30, 2021 @ Rs. 4	-	-	-	-	-	(81,839)	(81,839)	(81,839)
	-	(18,783)	-	-	-	(63,056)	(81,839)	(81,839)
Balance as at June 30, 2022	204,597	830,273	34,086	23,931	285,000	967,825	2,141,115	2,345,712

The annexed notes 1 to 52 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

# Notes to the Financial Statements

For the year ended June 30, 2022

## 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 aggregate percentage of holding is 52.05%. The registered office of the Company is situated at 36-Industrial Estate, Kot-Lakhpat, Lahore and its only manufacturing facility is located at 28-KM Multan Road, Lahore.

The geographical locations and addresses of the Company's business units including production facilities are as under:

-Head office: 36 Industrial Estate, Kot Lakhpat, Lahore

-Factory: 28-KM, Multan Road, Lahore

-Regional office: X-3 Manghopir Road, S.I.T.E., Karachi

-Regional office: Plot No. 201, Street # 1, Sector I - 10/3, Islamabad

-Regional office: 174/A Lodhi Colony, MRE, Opposite Hascol Petrol Pump MDA Road, Multan

## 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 cost of investment less identified impairment, if any 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 shareholdin	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
<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 and IFAS, 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:

- measurement of certain financial instruments at fair value;
- the measurement of certain items of property, plant and equipment at revalued amounts;
- recognition of employee retirement benefits at present value; and
- certain foreign currency translation adjustments.

### 2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Rs.), which is the Company's functional and presentation currency.

## 3 Changes in accounting standards, interpretations and pronouncements

### a) Interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial statements.

### b) Interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial statements.

<b>Standard or interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 01, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 01, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2024
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 01, 2023

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022 and January 01, 2023 respectively. The Company expects that such improvements to the standards will not have any significant impact on the Company's financial statements in the period of initial application.

#### **4 Significant accounting policies**

The accounting policies adopted for the preparation of the financial statements are set out below. The accounting policies have been consistently applied to all the years presented.

##### **4.1 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. Cost comprises purchase price, non refundable duties and taxes after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus on property, plant and equipment account except for a reversal of deficit already charged to statement of 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 equipment. The revaluation surplus on property, plant and equipment to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets is transferred annually directly to accumulated profit 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 adjusted to the revalued amount of the assets.

Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to accumulated profits. All transfers to / from revaluation surplus on property, plant and equipment account are net of applicable deferred tax.

Depreciation on all property, plant and equipment except freehold land is charged to profit or loss using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values are reviewed at each reporting 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 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 and is recognized as an income or expense in statement of profit or loss.

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

##### **Right-of-use asset and Lease liability**

At inception of a lease contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Company applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.



For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses.

### **Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use as intended.

The Company assesses at each reporting 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 or 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.

## **4.2 Intangible assets**

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles are measured initially at cost. The cost of intangible comprises 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 statement of profit or loss.

### **4.2.1 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 statement of profit or 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.

#### 4.2.2 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.

#### 4.3 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 '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'.

#### 4.4 Stores, spare parts and loose tools

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. Items considered obsolete are carried at nil value. General stores and spare parts are charged to statement of profit or loss. 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.

#### 4.5 Stock in trade

Stock in trade is valued at lower of cost and 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 and valuation has been determined as follows:

Raw materials, packing materials and semi-processed goods	Moving weighted average cost
Finished goods	Moving weighted 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 based on management's estimate and is recognised in financial statements whenever necessary.

#### 4.6 Trade debts and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. An impairment allowance i.e. expected credit loss is calculated based on actual credit loss experience over the past years. The Company applies a simplified approach in calculating Expected Credit Loss (ECL). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company recognises a loss allowance based on lifetime ECLs at each reporting date. The impairment allowance is recognized in the statement of profit or loss. These assets are written off when there is no reasonable expectation of recovery.

#### 4.7 Cash and cash equivalents

Cash and cash equivalents comprise of short- term running finance, cash and balances and investments with maturities of three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

## 4.8 Financial instruments

### 4.8.1 Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income (FVOCI), or through profit or loss (FVTPL); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments are made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

#### i) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including an interest / markup or dividend income, are recognized in statement of profit or loss.

#### ii) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains, losses and impairment are recognized in statement of profit or loss.

#### iii) Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in statement of comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to statement of profit or loss.

### iii) **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to statement of profit or loss.

#### **4.8.2 Impairment**

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI

An impairment loss is recognized if the carrying amount of the assets exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Additional information about how the company measures allowance for impairment is detailed in note 45.1.3 of the financial statements.

#### **4.8.3 Derecognition**

##### **Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

##### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### **4.8.4 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.9 Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets generally do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates that are used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **4.10 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.

#### **4.11 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.

#### **4.12 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.

#### **4.13 Revenue recognition**

Revenue represents the fair value of the consideration received or to be received from the sale of goods, net of sales tax, sales return and related discounts. Revenue is measured based on the consideration specified in a contract with customer. The Company recognises revenue when it transfers control of the goods. The customers obtain control when the goods are delivered to them and have been accepted at their premises except for exports where control is transferred at the time of dispatch. Invoices are generated at that point in time. The Company's customer arrangements contain a single performance obligation to transfer manufactured or purchased paints, varnishes and other related items.

#### **4.14 Contract liabilities**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

#### **4.15 Taxation**

Income tax expense comprises of current and deferred tax. It is recognised in profit or 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 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 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

#### **4.16 Trade and other payables**

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

#### **4.17 Employee benefits**

##### **4.17.1 Short term employee benefits**

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 Company 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.

##### **4.17.2 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 two 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 or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

#### **4.17.3 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 ten percent of basic salary for executive and non-executive staff.

#### **4.17.4 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 compensated absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit or loss. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation. Actuarial gains and losses are charged to the profit or loss immediately in the year when these occur.

#### **4.17.5 Other employee benefits**

The Company employees are offered interest free long term loans for purchase of vehicles. The term of loan ranges for a period of 3-10 years. Deductions are made from salaries as per agreed repayment schedule. The loan amount is required to be repaid immediately as the employment contract ceases on termination or resignation of the employees. The loans are secured against title of vehicles. These loans have been discounted at market rate.

#### **4.18 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. 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 date of the initial transaction.

#### **4.19 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.

#### **4.20 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.

#### 4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

#### 4.22 Government grants

The Company recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Company will comply with all attached conditions. The benefit of loan at below market rate of interest is measured as the difference between the initial carrying value of the loan in accordance with IFRS 9 and the proceeds received. The benefit is generally accounted for and presented as deferred grant in accordance with IAS 20 as a separate line item in statement of financial position. Subsequently, the grant is recognised in statement of profit or loss as other income, on a systematic basis over the periods in which the expenses for which the grant is intended to compensate.

### 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 are:

	Note
- Stock in trade	4.5
- Trade debts - unsecured	4.6
- Impairment of cash generating unit	4.9
- Recoverability of deferred tax assets	4.15
- Long term employee benefits	4.17

	Note	2022 (Rupees in thousand)	2021
<b>6 Property, plant and equipment</b>			
Operating fixed assets	6.1	1,423,908	1,428,792
Right-of-use-asset	6.2	190,071	191,636
Capital work in progress	6.3	14,182	14,367
		1,628,161	1,634,795

## 6.1 Operating fixed assets

June 30, 2022										
	Useful life	Cost / revalued amount as at July 01, 2021	Additions	Disposals	Cost / revalued amount as at June 30, 2022	Accumulated depreciation as at July 01, 2021	Depreciation charge for the year	Disposals	Accumulated depreciation as at June 30, 2022	Book value as at June 30, 2022
Owned asset										
Years										
(Rupees in thousand)										
Freehold land	-	661,921	-	-	661,921	-	-	-	-	661,921
Building on freehold land	20	289,957	-	-	289,957	30,976	23,595	-	54,571	235,386
Building on leasehold land	10 - 20	63,866	-	-	63,866	6,375	6,830	-	13,205	50,661
Plant and machinery	2.8 - 12.5	275,079	83,237	(3,296)	355,020	56,745	55,537	(1,757)	110,525	244,495
Laboratory equipment	10	47,634	3,372	-	51,006	27,890	3,890	-	31,780	19,226
Electric fittings	4 - 10	183,369	956	(2,557)	181,768	46,147	16,848	(2,109)	60,886	120,882
Computer and related accessories	4	33,922	3,243	-	37,165	30,289	1,690	-	31,979	5,186
Office equipment	4 - 10	26,083	7,068	-	33,151	12,223	3,003	-	15,226	17,925
Furniture and fixtures	10	31,121	-	-	31,121	19,164	2,454	-	21,618	9,503
Motor vehicles	5	69,774	27,033	(639)	96,168	24,125	13,697	(377)	37,445	58,723
Total		1,682,726	124,909	(6,492)	1,801,143	253,934	127,544	(4,243)	377,235	1,423,908

June 30, 2021										
	Useful life	Cost / revalued amount as at July 01, 2020	Additions*	Disposals	Cost / revalued amount as at June 30, 2021	Accumulated depreciation as at July 01, 2020	Depreciation charge for the year	Disposals	Accumulated depreciation as at June 30, 2021	Book value as at June 30, 2021
Years										
(Rupees in thousand)										
Owned asset										
Freehold land	-	661,921	-	-	661,921	-	-	-	-	661,921
Building on freehold land	20	282,959	6,998	-	289,957	-	30,976	-	30,976	258,981
Building on leasehold land	10 - 20	63,866	-	-	63,866	-	6,375	-	6,375	57,491
Plant and machinery	2.8 - 12.5	259,219	18,433	(2,573)	275,079	-	59,255	(2,510)	56,745	218,334
Laboratory equipment	10	45,625	2,009	-	47,634	24,188	3,702	-	27,890	19,744
Electric fittings	4 - 10	58,807	124,975	(413)	183,369	34,781	11,598	(232)	46,147	137,222
Computer and related accessories	4	31,098	2,824	-	33,922	28,343	1,946	-	30,289	3,633
Office equipment	4 - 10	23,188	3,015	(120)	26,083	9,887	2,421	(85)	12,223	13,860
Furniture and fixtures	10	30,756	365	-	31,121	16,788	2,376	-	19,164	11,957
Motor vehicles	5	57,060	29,763	(17,049)	69,774	27,533	9,975	(13,383)	24,125	45,649
Total		1,514,499	188,382	(20,155)	1,682,726	141,520	128,624	(16,210)	253,934	1,428,792

\* This includes borrowing costs related to installation of solar power plant amounting to Rs. 2.12 million calculated using average effective rates ranging from 6.52% to 9.44%.

**6.1.1 Disposal of operating assets**

The following operating fixed assets with an individual net book value exceeding Rs. 500,000 were disposed off during the year:

Particulars of assets	Sold to		Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
	Name	Relationship with the Company						
2022	(Rupees in thousand)							
Plant and machinery								
Thermo Oil Heating Unit	Akram Trading	Third-party	2,071	(1,302)	769	496	(273)	Bid
			2,071	(1,302)	769	496	(273)	
2021								
Motor vehicles								
Honda City	Mr. Sajid Naeem	Employee	898	-	898	1,331	433	Employee - Final Settlement
Honda City	Mr. Irfan A. Khan	Employee	641	(22)	619	384	(235)	Employee - Buy back
Suzuki Cultus	Mr. Siddique Bhatti	Employee	781	-	781	1,152	371	Employee - Final Settlement
			2,320	(22)	2,298	2,867	569	

**6.1.2** Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	2022	2021
	(Rupees in thousand)	
Freehold land	207,183	207,183
Leasehold land	3,475	-
Buildings on freehold land	116,407	123,324
Buildings on leasehold land	48,126	54,177
Plant and machinery	121,994	72,659
	497,185	457,343

**6.1.3** The forced sale value of revalued assets as per latest available revaluation reports are as follows:

Particulars	Date of revaluation	(Rupees in thousand)
Freehold land	June 30, 2020	569,458
Leasehold land	June 30, 2020	167,166
Building on freehold land	June 30, 2020	220,291
Building on leasehold land	June 30, 2020	21,622
Plant and machinery	June 30, 2020	193,457

**6.1.4 Particulars of immovable fixed assets**

Freehold lands of the Company are located at 28-Km, Multan Road, Lahore, measuring 92.80 Kanals and 36.10 kanals and Quaid-e-Azam Industrial Estate, Kot-Lakhpat, Lahore, measuring 4.04 Kanals.

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

Buildings, plant and machinery and other immovable fixed assets of the Company are constructed on above mentioned freehold land and leasehold land.

**6.1.5 The depreciation charge for the year has been allocated as follows:**

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	31	98,442	103,130
Selling and distribution expenses	32	22,308	20,753
Administrative and general expenses	33	11,834	10,910
		132,584	134,793

**6.1.6** The cost of fully depreciated assets which are still in use is Rs. 81.04 million (2021: Rs. 83.94 million).

**2022**      **2021**  
**(Rupees in thousand)**

**6.2 Right-of-use-asset**

Opening net book value	191,636	197,805
Additions during the year	3,475	-
Depreciation charge for the year	(5,040)	(6,169)
Closing net book value	190,071	191,636

The Company has a lease contract of its warehouse. Lease liability against the right-of-use asset has been paid off at the start of the contract.

**6.3 Capital work in progress****Note**

**2022**      **2021**  
**(Rupees in thousand)**

Civil works	228	-
Plant and machinery	399	3,288
Electrical installations	555	1,423
Advances to suppliers	13,000	9,656
	14,182	14,367

**7 Intangible assets**

Computer software	7.1	23	211
Goodwill	7.2	-	-
		23	211

**7.1 Computer software**

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

<b>Cost</b>	<b>Note</b>	<b>2022</b> <b>(Rupees in thousand)</b>	<b>2021</b>
As at July 01		33,410	33,410
Additions during the year		-	-
As at June 30		33,410	33,410
<b>Accumulated amortization</b>			
As at July 01		33,199	31,894
Amortization during the year	7.1.1	188	1,305
As at June 30		33,387	33,199
Balance as at June 30		23	211
Rate of amortization		33.33%	33.33%

**2022**      **2021**  
**(Rupees in thousand)**

**7.1.1** The amortization charge for the year has been allocated as follows:

Administrative and general expenses	188	1,305
	188	1,305

**7.2 Goodwill**

**Accumulated impairment**

Accumulated impairment as at July 01	-	-
Impairment charged during the year	-	(24,000)
Accumulated Impairment as at June 30	-	(24,000)

**Balance as at June 30**

-      -

All goodwill recognised at the time of acquisition of Powder Coating Business was impaired as at June 30, 2021.

**2022**      **2021**  
**(Rupees in thousand)**

**8 Long term investments**

	<b>Note</b>		
In equity instruments - at cost	8.1	37,457	37,457
Investment in equity instrument classified as FVOCI	8.2	33,458	15,048
		70,915	52,505

**8.1 In equity instruments - at cost**

						<b>2022</b>	<b>2021</b>
	<b>No. of shares - ordinary</b>	<b>Name of the Company</b>	<b>Percentage</b>			<b>(Rupees in thousand)</b>	
(i)	Subsidiary Company - unlisted						
	<b>2022</b>	<b>2021</b>					
	765,000	765,000	Berger DPI (Private) Limited	51.00%		2,550	2,550
	The face value of these shares is Rs. 10 each						
(ii)	Associated Company - unlisted						
	98,000	98,000	3S Pharmaceutical (Private) Limited	49.00%		34,907	39,200
			Less: Impairment recognised during the year			-	(4,293)
						34,907	34,907
						37,457	37,457

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



The recoverable amount of investment in associate was based on fair value less costs of disposal, estimated using adjusted net asset method. Following the impairment loss in prior year, the recoverable amount of the investment was equal to its carrying amount.

	Note	2022 (Rupees in thousand)	2021
<b>8.2 Investment in equity instrument classified as FVOCI</b>			
<b>Buxly Paints Limited - listed</b>			
Cost		3,830	3,830
Fair value adjustment	8.2.1	29,628	11,218
		33,458	15,048

The Company owns 273,600 (2021: 273,600) fully paid ordinary shares of Rs. 10 each representing 19.00% (2021: 19.00%) investment of total shares in Buxly Paints Limited. As at year end, the market value of each share was Rs. 122.29 (2021: Rs. 55).

	Note	2022 (Rupees in thousand)	2021
<b>8.2.1 Fair value adjustment</b>			
As at July 01		11,218	6,457
Fair value gain		18,410	4,761
As at June 30		29,628	11,218

## 9 Long term loans

Opening balance		67,577	48,053
Disbursements during the year		24,378	44,119
Repayments during the year		(22,254)	(24,595)
		69,701	67,577
Discounting adjustment for recognition at fair value - deferred employee benefits	10	(17,377)	(17,666)
Closing balance		52,324	49,911
Current portion shown under current assets	14	(13,692)	(15,764)
		38,632	34,147

**9.1** 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 keeping title of the underlying assets in the name of the Company till final settlement. The loans are recoverable over a period of three to ten years. These loans have been discounted using market rate as at reporting date and the corresponding discounting impact has been recognised as prepaid employee benefits.

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

	Note	2022 (Rupees in thousand)	2021
<b>10 Long term deposits and prepayments</b>			
Deposits - unsecured			
- Considered good		20,761	18,753
- Considered doubtful		852	4,969
		21,613	23,722
Prepaid employee benefits	9	17,377	17,666
Less: Allowance for doubtful deposits	10.1	(852)	(4,969)
	10.2	38,138	36,419
<b>10.1 Movement in allowance for doubtful deposits is as follows:</b>			
Balance as at July 01		4,969	4,969
Reversal during the year		(4,117)	-
Balance as at June 30		852	4,969

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

	2022 (Rupees in thousand)	2021
<b>11 Deferred taxation - net</b>		
Deferred tax liability on taxable temporary differences arising in respect of		
- Accelerated tax depreciation	(16,672)	(26,820)
- Surplus on revaluation of fixed assets	(85,257)	(80,370)
- Fair value gain on investment classified as FVOCI	(5,697)	-
Deferred tax asset on deductible temporary differences arising in respect of:		
- Impairment allowance on financial assets	61,426	74,785
- Investment in related parties	1,328	1,217
- Intangibles	5	254
- Minimum turnover tax	23,328	43,020
- Provision for slow moving stock	13,160	17,007
	99,247	136,283
	(8,379)	29,093

	Note	2022 (Rupees in thousand)	2021
<b>11.1 Movement in deferred tax balances is as follows:</b>			
As at July 01		29,093	(15,453)
Recognized in profit or loss:			
- Accelerated tax depreciation including surplus on revaluation of fixed assets		5,012	16,325
- (Reversal) / Charge of impairment allowance on financial assets		(13,359)	17,957
- Minimum turnover tax		(19,692)	1,020
- Investment in related parties		111	1,217
- Provision for slow moving stock		(3,847)	8,027
		(31,775)	44,546
Recognized in other comprehensive income:			
- Fair value gain on investment classified as FVOCI		(5,697)	-
As at June 30		(8,379)	29,093
<b>12 Stock in trade</b>			
Raw and packing materials			
- in hand		711,306	591,035
- in transit		319,267	151,184
		1,030,573	742,219
Semi processed goods		162,191	80,946
Finished goods			
- Manufactured	12.1	501,776	465,057
- Trading		57,399	81,687
		559,175	546,744
		1,751,939	1,369,909
Provision for slow moving and obsolete stocks	12.2		
- Raw material		(47,850)	(51,589)
- Semi processed goods		(4,137)	(4,471)
- Finished goods		(74,541)	(87,954)
		(126,528)	(144,014)
		1,625,411	1,225,895

**12.1** Aggregate stocks with a cost of Rs. 69.71 million (2021: Rs. 89.91 million) are being valued at net realizable value of Rs. 61.34 million (2021: Rs. 77.26 million).

	Note	2022 (Rupees in thousand)	2021
<b>12.2 Provision for slow moving and obsolete stocks</b>			
As at the beginning of year		144,014	115,787
Provision made during the year		15,502	29,247
Reversal during the year		(22,668)	(1,020)
Write off during the year		(10,320)	-
As at year end		126,528	144,014

**12.3** The cost of stock in trade recognised as an expense amounted to Rs. 5,151.53 million (2021: Rs. 3,795.18 million).

	Note	2022 (Rupees in thousand)	2021
<b>13 Trade debts - unsecured</b>			
Considered good			
Related parties	13.1 & 13.2	227,651	180,417
Others		1,539,239	1,126,801
		1,766,890	1,307,218
Considered doubtful			
Related parties		15,835	41,498
Others		139,117	175,464
		1,921,842	1,524,180
Impairment allowance on trade debts	13.3	(154,952)	(216,962)
Provision for discounts		(138,588)	(87,540)
		1,628,302	1,219,678

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

Buxly Paints Pakistan Limited - related party	13.1.1	209,511	139,998
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	13.1.2	33,975	81,840
Dadex Eternit Limited - related party	13.1.3	-	77
	13.1.4	243,486	221,915

**13.1.1** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 211.90 million (2021: Rs. 152.51 million).

**13.1.2** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 92.14 million (2021: 95.69 million).

**13.1.3** Maximum aggregate balance due from the related party at the end of any month during the year was nil (2021: Rs. 0.30 million).

**13.1.4** The Company has recognized impairment allowance on these balances as at June 30, 2022 amounting to Rs. 15.84 million (2021: Rs. 41.50 million).

	Note	2022 (Rupees in thousand)	2021
<b>13.2 Aging of related party balances</b>			
Considered good			
Past due 0 - 30 days		51,933	59,165
Past due 31 - 60 days		53,971	35,297
Considered doubtful			
Over one year			
Past due 61 - 90 days		54,011	3
Past due 91 - 120 days		61,369	18,152
Past due 121 - 180 days		11,365	60,634
Past due 181 - 364 days		4,282	43,462
Past due over one year		6,554	5,202
		243,485	221,915
<b>13.3 Movement in impairment allowance</b>			
Balance as at July 01		216,962	165,772
Provision for the year		-	51,879
Bad debts written off		(62,010)	(689)
Balance as at June 30		154,952	216,962
<b>14 Loans and advances</b>			
Current portion of long term loans:			
Due from employees			
- secured, considered good		12,442	14,200
- considered doubtful		1,250	1,564
	9	13,692	15,764
Less: Impairment allowance	14.1	(1,250)	(1,564)
		12,442	14,200
Loan to related party		40,000	40,000
Advances - unsecured, considered good:			
- employees		432	769
- suppliers		169,076	222,276
		169,508	223,045
		221,950	277,245
<b>14.1 Movement in impairment allowance is as follows:</b>			
Balance as at July 01		1,564	1,564
Reversal during the year		(314)	-
Balance as at June 30		1,250	1,564

- 14.2** This represents loan given to Berger Road Safety (Private) Limited, a related party at a markup of average borrowing rate of the Company plus 2% per annum. The loan is repayable in October 2022 and is secured by charge over stock in trade and trade debts of the borrower and personal guarantee of director.

	Note	2022 (Rupees in thousand)	2021
<b>15 Trade deposits and short term prepayments</b>			
Trade deposits			
- considered good		11,337	17,716
- considered doubtful		10,515	9,716
		21,852	27,432
Less: Impairment allowance	15.1	(10,515)	(9,716)
		11,337	17,716
Short term prepayments		15,484	13,960
		26,821	31,676
<b>15.1 Movement in impairment allowance is as follows:</b>			
Balance as at July 01		9,716	9,716
Provision made during the year		799	-
Balance as at June 30		10,515	9,716
<b>16 Other receivables</b>			
LC margin		-	110,000
Receivable from related parties	16.1	104,866	62,165
Export rebate		12,297	12,446
Provision against export rebate		(11,824)	(11,824)
		473	622
Accrued interest		4,306	2,378
Insurance claim receivable		2,646	6,607
Others		1,342	2,551
		113,633	184,323
<b>16.1 Other receivables include the following amounts due from the following related parties:</b>			
Buxly Paints Pakistan Limited - related party	16.1.1	58,612	43,811
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	16.1.2	62,936	35,331
3S Pharmaceutical (Private) Limited - related party	16.1.3	2,419	1,880
	16.1.4	123,967	81,022
Less: Impairment allowance	16.3	(19,101)	(18,857)
		104,866	62,165

**16.1.1** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 58.77 million (2021: Rs. 43.81 million).

**16.1.2** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 71.60 million (2021: Rs. 60.01 million).

**16.1.3** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 2.42 million. (2021: Rs. 1.88 million).

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

**2022**                      **2021**  
**(Rupees in thousand)**

**16.2 Aging of related party balances**

Past due 0 - 30 days	8,474	9,424
Past due 31 - 60 days	4,997	646
Past due 61 - 90 days	5,759	3,144
Past due 91 - 120 days	6,038	2,821
Past due 121 - 180 days	11,082	10,486
Past due 181 - 364 days	69,681	22,237
Past due over one year	17,936	32,264
	<b>123,967</b>	<b>81,022</b>

**16.3 Movement in impairment allowance is as follows:**

Balance as at July 01	18,857	8,813
Provision for the year	244	10,044
Balance as at June 30	<b>19,101</b>	<b>18,857</b>

**17** This represents net refunds related to taxation amounting to Rs. 172.82 million (2021: Rs. 192.66 million) due from the Government.

**18 Short term investment**

This represents term deposit receipts which are mark-up based investments with conventional bank. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carry mark-up at rates ranging from 7% to 11.25% per annum (2021: 5.25% to 7.94% per annum). The balance includes Rs. 110 million which has been included in cash and cash equivalents in note 40 to these financial statements.

**2022**                      **2021**  
**(Rupees in thousand)**

**19 Cash and bank balances**

Cash at bank:		
- current accounts	222,690	43,466
Cash in hand	981	1,010
	<b>223,671</b>	<b>44,476</b>



**20 Issued, subscribed and paid-up capital**

	2022 (Number of shares)	2021	2022 (Rupees in thousand)	2021
<b>Authorised share capital</b>				
Ordinary shares of Rs. 10 each	25,000,000	25,000,000	250,000	250,000
<b>Issued, subscribed and paid-up share capital</b>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	12,135,798	12,135,798	121,358	121,358
Voting ordinary shares of Rs. 10 each issued as bonus shares	8,323,881	8,323,881	83,239	83,239
	20,459,679	20,459,679	204,597	204,597

**20.1** As at June 30, 2022, Slotrapid Limited, the Holding Company, and their nominees hold 10,649,314 (2021: 10,649,314) voting ordinary shares of Rs. 10 each representing 52.05 % (2021: 52.05%) of the ordinary paid up capital of the Company.

**20.2** There was no movement in number of shares during the year.

	Note	2022 (Rupees in thousand)	2021
<b>21 Reserves</b>			
<b>Capital reserves</b>			
Share premium reserve	21.1	34,086	34,086
Fair value reserve - net of tax	21.2	23,931	11,218
		58,017	45,304
Revaluation surplus on property, plant and machinery - net of tax	21.3	830,273	849,056
		888,290	894,360
<b>Revenue reserves</b>			
General reserve		285,000	285,000
Accumulated profits		967,825	841,416
		1,252,825	1,126,416
		2,141,115	2,020,776

**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 fair value reserve created on investment classified as FVOCI.

	2022 (Rupees in thousand)	2021
<b>21.3 Revaluation surplus on property, plant and machinery - net of tax</b>		
As at beginning of the year	849,056	877,100
Net amount transferred to unappropriated profit on account of Incremental depreciation - net of tax	(18,783)	(28,044)
	830,273	849,056

**21.3.1** The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

**21.3.2** The latest valuation of freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery was carried out by Harvestor Enterprises and Company, an independent valuer on June 30, 2020. 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.

	Note	2022 (Rupees in thousand)	2021
<b>22 Long term financing - secured</b>			
Mark-up based financing from conventional banks:			
JS Bank Limited	22.1	43,943	62,270
Samba Bank Limited	22.2	15,030	43,706
Habib Metropolitan Bank Limited	22.3	-	45,832
National Bank of Pakistan Limited	22.4	98,551	-
		157,524	151,808
Islamic mode of financing:			
First Habib Modaraba	22.5	41,346	31,491
Bank Islami Pakistan Limited	22.6	52,083	77,083
		93,429	108,574
		250,953	260,382
Mark-up based financing from conventional banks:			
Current portion shown under current liabilities		(34,980)	(76,349)
Islamic mode of financing:			
Current portion shown under current liabilities		(32,751)	(31,535)
		183,222	152,498
<b>22.1 JS Bank Limited</b>			
- JS Bank Limited - facility 2	22.1.1	-	6,020
- JS Bank Limited - facility 3	22.1.2	43,943	56,250
		43,943	62,270

**22.1.1** This represents long term loan facility amounting to Rs. 8.6 million to finance 0.38MW grid pegged solar power plant. The outstanding balance was repaid during the year. Markup was payable quarterly and was charged at the rate of one month KIBOR plus 2% per annum. The facility was secured against an equitable mortgage and first charge on land and building of Lahore factory of the Company.

**22.1.2** This represents long term loan facility amounting to Rs. 63 million to finance 0.604MW grid pegged solar power plant. The outstanding balance is repayable in quarterly instalments of Rs. 2.25 million each ending in July 2027. Markup is payable quarterly and is charged at the rate of 6% per annum. The facility is secured against an equitable mortgage and first charge on land and building of Lahore factory of the Company.

- 22.2** This represents long term loan facility amounting to Rs. 70 million. The loan is obtained under SBP refinancing scheme for payment of salaries and wages. The outstanding balance is repayable in quarterly instalments of Rs. 4.80 million each ending in February 2023. Markup is payable quarterly and is charged at the rate of 3% per annum. The facility is secured against a ranking charge over present and future fixed assets of the company amounting to Rs. 94 million. The loan has been recognised at present value using effective rate of 8.78% per annum.
- 22.3** This represents long term loan facility amounting to Rs. 76.5 million. The loan was obtained under SBP refinancing scheme for payment of salaries and wages. The outstanding balance was repaid during the year. Markup is payable quarterly and is charged at fixed rate of 3% per annum. This facility was secured against raking charge amounting to Rs. 134 million over all present and future current assets Company. The loan had been recognised at present value using effective rate of 8.78% per annum.
- 22.4** This represents long term loan facility amounting to Rs. 100 million. The loan was obtained under SBP refinancing scheme for Temporary Economic Refinance. The facility is repayable in quarterly instalments of Rs. 2.8 million each ending in September 2031. Markup is payable quarterly and is charged at 3 month Kibor plus 5% spread per annum. This facility was secured against first pari passu charge amounting to Rs. 134 million over all present and future current assets of the Company.

	Note	2022 (Rupees in thousand)	2021
<b>22.5 First Habib Modaraba</b>			
- First Habib Modaraba - facility 1	<b>22.5.1</b>	4,482	11,222
- First Habib Modaraba - facility 2	<b>22.5.2</b>	-	1,363
- First Habib Modaraba - facility 3	<b>22.5.3</b>	2,300	2,827
- First Habib Modaraba - facility 4	<b>22.5.4</b>	3,927	4,617
- First Habib Modaraba - facility 5	<b>22.5.5</b>	1,363	1,631
- First Habib Modaraba - facility 6	<b>22.5.6</b>	4,620	5,489
- First Habib Modaraba - facility 7	<b>22.5.7</b>	3,636	4,342
- First Habib Modaraba - facility 8	<b>22.5.8</b>	7,481	-
- First Habib Modaraba - facility 9	<b>22.5.9</b>	3,579	-
- First Habib Modaraba - facility 10	<b>22.5.10</b>	9,958	-
		<b>41,346</b>	<b>31,491</b>

- 22.5.1** This represents diminishing musharika facility amounting to Rs. 15.05 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in July 2024. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.2** This represents diminishing musharika facility amounting to Rs. 5.28 million for purchase of vehicles. The facility was repayable in 20 quarterly installments ending in February 2022. Profit was payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility was secured against charge over present and future current and fixed assets of the Company. The title of asset was held jointly by the Company and the lender till the facility was fully repaid.
- 22.5.3** This represents diminishing musharika facility amounting to Rs. 3.39 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in June 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.5% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.4** This represents diminishing musharika facility amounting to Rs. 5.21 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

- 22.5.5** This represents diminishing musharika facility amounting to Rs. 1.795 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in December 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.6** This represents diminishing musharika facility amounting to Rs. 6.04 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in November 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.7** This represents diminishing musharika facility amounting to Rs. 4.81 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.8** This represents diminishing musharika facility amounting to Rs. 8.91 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in April 2026. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.9** This represents diminishing musharika facility amounting to Rs. 3.94 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in October 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.5.10** This represents diminishing musharika facility amounting to Rs. 10.64 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in February 2027. Profit is payable quarterly and charged at the rate of three month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.
- 22.6** This represents diminishing musharika facility amounting Rs. 100 million to pay off conventional liabilities. The facility is repayable in monthly installments of Rs. 2.08 million each ending in July 2024 with a grace period of 1 year. Mark-up is payable monthly and is charged at the rate of six month KIBOR plus 1.25% per annum. This facility is secured against raking charge amounting to Rs. 133 million on all present and future current assets of the Company.
- 22.7** The Company has total credit facilities of Rs. 518 million (2021: 418 million) at the year end. Whereas the Company has availed credit facilities of Rs. 518 million (2021: Rs. 418 million) and unavailed credit facilities of Rs. nil (2021: nil) at the year end.

**2022                      2021**

**(Rupees in thousand)**

## **23 Long term diminishing musharaka**

Berger Paints Pakistan Limited (BPPL) - Sukuk of Rs. 500 million

16,000

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During the year ended June 30, 2022, the Company issued 16 BPPL Sukuk certificates, having face value of Rs. 1 million each aggregating to Rs. 16 million and entered into a diminishing musharaka agreement with the investment agent, Pak Oman Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. The issue resulted in cash receipt of subscription money of Rs. 16 million. The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1.5% with quarterly rental payments. These certificates are issued for a tenure of four years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2023. Under this arrangement the Company sold the beneficial ownership of the musharaka assets, its freehold land and building on freehold land, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

	Note	2022 (Rupees in thousand)	2021
<b>24 Deferred grant</b>			
Balance as at July 01		3,562	3,739
Recognised during the year		3,898	6,418
Reversed during the year		(800)	-
Amortization of grant during the year		(3,030)	(6,595)
		3,630	3,562
Less: current portion of deferred grants		(1,379)	(2,407)
<b>Balance as at June 30</b>		<b>2,251</b>	<b>1,155</b>
<b>25 Long term employee benefits</b>			
<b>Defined benefit plan</b>			
Staff pension fund	25.1	41,790	40,262
Staff gratuity fund	25.1	82,734	14,096
		124,524	54,358
<b>Other long term employee benefits</b>			
Accumulating compensated absences	25.2	19,488	21,231
		144,012	75,589

#### Defined benefit plan

As mentioned in note 4.17 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 June 30, 2022. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2022	2021
Valuation discount rate	13.25%	10.0%
Expected rate of increase in salaries	12.25%	9.0%
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement age	60 years	60 years

#### 25.1 Statement of financial position reconciliation

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
Present value of defined benefit obligation	101,260	111,000	98,206	89,299
Fair value of plan assets	(59,471)	(28,266)	(57,944)	(75,203)
	41,789	82,734	40,262	14,096

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
(Rupees in thousand)				
<b>25.1.1 Movement in defined benefit obligation is as follows:</b>				
Obligation as at July 01	98,206	89,299	87,728	80,446
Employees' contribution not paid to the fund by the Company	1,391	-	1,105	-
Service cost	2,107	12,282	2,941	8,828
Interest cost	9,682	8,308	7,352	6,051
Benefits paid	(2,764)	(12,446)	(2,480)	(10,212)
Remeasurement loss / (gain)	(7,362)	13,557	1,560	4,186
Obligation as at June 30	101,260	111,000	98,206	89,299
<b>25.1.2 Movement in the fair value of plan assets is as follows:</b>				
Fair value as at July 01	57,944	75,203	54,023	39
Expected return on plan assets	5,794	5,020	4,592	3,191
Remeasurement loss	(4,268)	(1,958)	(399)	(3,027)
Company's contribution	2,764	17,446	2,208	85,212
Fund transferred back to the Company during the year	-	(55,000)	-	-
Benefits paid	(2,764)	(12,446)	(2,480)	(10,212)
Fair value as at June 30	59,470	28,265	57,944	75,203
<b>25.1.3 Movement in net liability in the statement of financial position is as follows:</b>				
Net liability as at July 01	40,262	14,096	33,705	80,407
Charge for the year	5,995	15,570	5,701	11,688
Charge to other comprehensive income during the year	(3,094)	15,515	1,959	7,213
Company's contribution	(2,764)	(17,446)	(2,208)	(85,212)
Fund transferred back to the Company during the year	-	55,000	-	-
Employees' contribution deducted but not paid to the fund	1,391	-	1,105	-
Net liability as at June 30	41,790	82,735	40,262	14,096

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
(Rupees in thousand)				
<b>25.1.4 Charge for the year - net</b>				
Current service cost	2,107	12,282	2,941	8,828
Interest cost	9,682	8,308	7,352	6,051
Expected return on plan assets	(5,794)	(5,020)	(4,592)	(3,191)
Loss on settlements	-	-	-	-
	5,995	15,570	5,701	11,688
<b>Actual return on plan assets</b>	<b>1,526</b>	<b>3,062</b>	<b>4,193</b>	<b>164</b>
<b>25.1.5 The charge for the year has been allocated as follows:</b>				
Cost of sales	2,959	7,132	2,519	5,164
Selling and distribution expenses	2,428	5,852	2,145	4,398
Administrative and general expenses	608	2,585	1,037	2,126
	5,995	15,569	5,701	11,688
<b>25.1.6 Plan assets comprise of the following:</b>				
Collective investment schemes	39,732	25,000	39,349	75,000
Cash at bank	19,739	3,267	18,595	203
	59,471	28,267	57,944	75,203

**25.1.7** Amounts for the current year and previous four years of the fair value of plan assets, present value of defined benefit obligation and deficit thereon is as follows:

	2022	2021	2020	2019	2018
As at 30 June	(Rupees in thousand)				
Present value of defined benefit obligation	212,260	187,505	164,016	178,501	166,548
Fair value of plan assets	(87,735)	(133,147)	(54,064)	(51,507)	(50,609)
Deficit	124,525	54,358	109,952	126,994	115,939
Experience adjustment:					
Loss / (gain) on obligations	6,195	5,746	(4,810)	(4,883)	1,674
Gain on plan assets	10,814	7,783	6,317	4,471	4,720

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 reporting date.



**25.1.8 Expected expense for next year**

The expected expense to the pension and gratuity schemes for the year ending June 30, 2023 works out to Rs. 9.00 million and Rs. 26.05 million respectively.

**25.1.9 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 may be greater than that assumed in determination of present value of defined benefits obligations. As the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increase.

**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.

**Interest rate risks**

The risk that bond interest rate may be different. A decrease in bond interest rate will increase the liability, and vice versa.

**25.1.10 Actuarial assumptions sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2022 would have been as follows:

**Impact on present value of defined benefit obligation as at June 30, 2022**

	Change	Pension		Gratuity	
		Increase to	Decrease to	Increase to	Decrease to
		(Rupees in thousand)			
Discount rate	± 1%	85,501	119,922	101,492	121,399
Future salary	± 1%	119,925	85,502	121,397	101,491

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 statement of financial position.

**25.1.11** Weighted average duration of the defined benefit obligation is 24 years and 9 years for pension and gratuity plans, respectively.

	Note	2022	2021
		(Rupees in thousand)	

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

Balance as at July 01		21,231	24,416
Provision during the year	25.2.2	665	2,718
Payments made during the year		(2,408)	(5,903)
Balance as at June 30		19,488	21,231

	Note	2022 (Rupees in thousand)	2021
<b>25.2.1 Reconciliation of present value of liability</b>			
Present value of liability as at July 01		21,231	24,416
Service cost		2,191	2,837
Interest on defined benefit liability		2,003	1,645
Benefits paid		(2,408)	(5,903)
Remeasurement gain		(3,529)	(1,764)
Present value of liability as at June 30		19,488	21,231

**25.2.2 Charge for the year**

Service cost	2,191	2,837
Interest on defined benefit liability	2,003	1,645
Remeasurement gain	(3,529)	(1,764)
	665	2,718

**25.2.2.1** The charge for the year has been allocated as follows:

Cost of sales	305	1,201
Selling and distribution expenses	250	1,023
Administrative and general expenses	110	494
	665	2,718

**25.2.3 Expected expense for next year**

The expected expense pertaining to accumulated compensated absences for the year ending June 30, 2023 works out to Rs. 4.86 million.

**25.2.4 Actuarial assumptions sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2022 would have been as follows:

**Impact on present value of defined benefit obligation as at June 30, 2022**

	Change	Defined benefit obligation	
		Increase to	Decrease to
Discount rate	± 1%	17,818	21,313
Future salary	± 1%	21,313	17,818

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 statement of financial position.

**25.2.5** Weighted average duration of the defined benefit obligation is 9 years.

	Note	2022 (Rupees in thousand)	2021
<b>26 Trade and other payables</b>			
Trade and other creditors		943,432	898,398
Import bills payable		402,462	324,246
Contract liabilities		45,164	34,840
Accrued expenses		81,184	63,611
Provision for infrastructure cess	26.1	96,087	88,097
Royalty payable to related parties	26.2	48,210	23,247
Technical fee payable		40,299	34,953
Workers' Profits Participation Fund	26.3	17,920	17,893
Workers' Welfare Fund		19,020	22,795
Due to statutory authorities	26.4	18,654	16,948
Others		44,026	44,146
		1,756,458	1,569,174
<b>26.1 Provision for infrastructure cess</b>			
Balance as at July 01		88,097	80,860
Provision for the year		7,990	7,237
Balance as at June 30		96,087	88,097
<b>26.2 This includes amount due to the following related parties:</b>			
Slotrapid Limited - Holding Company		48,178	23,215
Buxly Paints Limited - Associated Company		32	32
		48,210	23,247
<b>26.3 Workers' Profits Participation Fund</b>			
Balance as at July 01		17,893	18,943
Allocation for the year		13,137	13,772
Interest on funds utilized in the Company's business		360	394
		31,390	33,109
Payments during the year		(13,470)	(15,216)
Balance as at June 30		17,920	17,893
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>26.4</b>	This includes payable to Provident Fund amounting to Rs. 8.59 million (2021: Rs. 2.84 million).		

	Note	2022 (Rupees in thousand)	2021
<b>27 Accrued markup</b>			
Mark-up based borrowings from conventional banks			
Long term financing - secured		1,644	1,785
Short term financing - secured		3,128	2,103
Short term running finances - secured		33,057	18,471
		37,829	22,359
Mark-up based borrowings from Islamic banks			
Long term financing - secured		1,815	120
Short term financing - secured		1,115	-
Short term running finances - secured		4,539	-
		45,298	22,479
<b>28 Short term borrowings - secured</b>			
Mark-up based borrowings from conventional banks			
Short term financing - secured	28.1	92,552	60,700
Short term running finance - secured	28.2	918,399	786,805
		1,010,951	847,505
Mark-up based borrowings from Islamic banks			
Short term financing - secured	28.3	163,000	-
Short term running finance - secured	28.4	199,988	-
		362,988	-
		1,373,939	847,505

**28.1 Short term financing - Conventional banks**

This represents utilized amount of short term financing facilities under mark-up arrangements available from commercial banks aggregating to Rs. 255 million (2021: Rs. 280 million). These facilities are secured against ranking charge on all present and future current assets of the Company. These carry mark-up at rates ranging between 8.51% and 15.41% (2021: 8.16% and 9.37%) per annum, payable quarterly.

**28.2 Short term running finances - Conventional banks**

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 1,050 million (2021: Rs. 1,250 million). These facilities are secured against joint pari passu charge over all the present and future current assets of the Company and carry mark-up at rates ranging between 8.45% and 15.31% (2021: 8.53% and 9.03%) per annum, payable quarterly.

**28.3 Short term financing - Islamic banks**

This represents utilized amount of short term financing facilities under mark-up arrangements available from Islamic banks aggregating to Rs. 350 million (2021: Rs. 150 million). These facilities are secured against joint pari passu charge on all present and future current assets of the Company. These carry mark-up at rates ranging between 11.61% and 13.14% (2021: nil) per annum, payable quarterly.

**28.4 Short term running finances - Islamic banks**

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 200 million (2021: Rs. nil). These facilities are secured against registered charge over the current assets of the Company and carry mark-up at rates ranging between 14.62% and 15.56% (2021: nil) per annum, payable quarterly.

**28.5** The Company has total credit facilities of Rs. 1,855 million (2021: 1,580 million) at the year end. Whereas the Company has availed credit facilities of Rs. 1,855 million (2021: Rs. 1,580 million) and unavailed credit facilities of Rs. nil (2021: Rs. nil) at the year end.

**29 Contingencies and commitments****29.1 Contingencies**

- In 1987, the Company filed a suit against an ex-distributor (Asia paints) in the Sindh High Court (the court) for recovery of Rs. 8.89 million and damages amounting to Rs. 5 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 amounting to Rs. 78.15 million against the Company in the court on account of damages and compensation. The management believes on the basis of legal advice that it has a strong case and no financial obligation is expected to arise. Accordingly, no provision has been made in the financial statements.
- The Company contracted Allied Engineering for installation of solar panels and solar systems at the factory. The process was to be completed in different phases. After the completion of initial phase, issues were identified in the solar systems installed. The Company opted to get the solar systems installed from another vendor while inviting Allied Engineering to reach a settlement. However, Allied Engineering wanted full execution of the contract and full payment of the agreed amount, out of which Rs. 4 million is unpaid at the reporting date. The management on the basis of legal advice, believes that it has a strong case and no further financial obligation is expected to arise.
- The Sindh Revenue Board (SRB) through an assessment raised sales tax demand amounting to Rs. 39.34 million along-with penalty. 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. 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.
- During 2018, the Deputy Commissioner Inland Revenue (DCIR) 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 demand of Rs. 58.94 million for tax years 2014, 2015, 2016 and 2017 vide various assessment orders. The Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals (CIR - A) against the said orders which are still 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 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 amounting to Rs. 484.38 million and 213.12 million for the tax years 2014 and 2016 respectively vide two separate orders. The Company filed an appeal before Commissioner Inland Revenue (Appeals), the Commissioner Inland Revenue (Appeals) remanded the case on some issues and confirmed additions to the tune of Rs. 32.99 million and Rs. 9.2 million for the tax year 2014 and 2016 respectively. The Company through its legal counsel had filed an appeal before ACIR 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.
- The Commissioner Appeals - I, Lahore, vide its order for tax year 2016, deleted certain additions while remanding the case on certain issues and upheld the case on issue of contractor services which involves revenue amounting to Rs. 10.67 million. Appeal against this order has been filed 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.

- During the year 2016, a notice from Punjab Revenue Authority involving an amount of Rs. 11.45 million as royalty fee and technical services for the period October 2012 to March 2015 was issued which is under investigation / adjudication proceedings and no demand is raised. 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.
  - Additional Commissioner Enforcement of Punjab Revenue Authority issued assessment order creating demand of Rs. 132 million under various section of Punjab Sales Tax on Services Act 2012. However, the Company through its legal counsel filed appeal before Commissioner Appeals PRA against the order of Additional Commissioner 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 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001 for tax year 2019. The Company filed an appeal against the said order before Commissioner IR Appeals-I, Lahore who remanded back the case in respect of certain issues to the tune of Rs. 22.81 million which is pending adjudication, deleted certain additions and upheld the disallowance of initial allowance claimed amounting to Rs. 1.7 million. The Company has filed appeal before ATIR against this disallowance which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful for a favorable outcome, hence no provision has been recorded in these financial statements.
  - DCIR raised a demand amounting to Rs. 10.5 million in relation to sales tax on sales of scrap stock burnt in fire in 2008 which was upheld by Commissioner Appeals. This demand was later reduced by Appellate Tribunal up to the demand pertaining to sales tax on fixed assets. The Company being aggrieved by the order of ATIR, filed an appeal before honorable Lahore high court which was remanded back to the ATIR and 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 DCIR passed order under section 161(1) for tax year 2014 and raised a demand amounting to Rs. 33.5 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Appeals remanded back the case to the department for further assessment. Currently, no demand is in field against the Company.
  - Various cases on account of income tax and sales tax matters involving an amount Rs. 11.401 million are also pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome in all these cases, hence no provision has been recorded in these financial statements.
- 29.2 - Outstanding letters of guarantee as at June 30, 2022 amounts to Rs. 124.70 million (2021: Rs. 108.79 million).

### 29.3 Commitments

- Outstanding letters of credit as at June 30, 2022 amounts to Rs. 967.30 million (2021: Rs. 464.38 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:

	2022	2021
	(Rupees in thousand)	
Not later than one year	1,698	4,629
Later than one year and not later than five years	-	1,647
	1,698	6,276

**2022                      2021**  
**(Rupees in thousand)**

**30 Revenue from contract with customers**

Local	10,780,380	7,999,515
Export	12,522	86,461
	10,792,902	8,085,976
Less:		
Discounts	(2,131,627)	(1,250,351)
Sales tax	(1,587,797)	(1,233,465)
	(3,719,424)	(2,483,816)
	7,073,478	5,602,160

**30.1** The entity is involved in trading of paints, varnishes and other related items. The performance obligation is satisfied upon delivery of goods. The Company makes sales against advances as well as on credit terms. In case of credit sales, payment is generally due within 60 to 90 days from the date of delivery of goods.

**30.2 Contract balances**

Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. Balance as at reporting date amounted to Rs. 45.2 million (2021: 34.84 million). Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 34.84 million (2021: Rs. 36.22 million).

	Note	2022 (Rupees in thousand)	2021
<b>31 Cost of sales</b>			
Finished goods as at July 01		465,057	395,307
Cost of goods manufactured	31.1	5,852,176	4,481,922
Provision (reversed) / charged slowing moving finished goods		(13,413)	28,753
Less: Finished goods as at June 30		(501,776)	(465,057)
Consumption of finished goods purchased for resale	31.2	49,424	44,675
Cost of sales		5,851,468	4,485,600
<b>31.1 Cost of goods manufactured</b>			
Raw and packing materials consumed		5,151,534	3,795,179
Freight and handling		237,766	210,256
Provision (reversed) / charged against raw and packing material		(3,739)	494
Stores and spare parts consumed		7,007	5,332
Salaries, wages and other benefits	31.1.1	268,273	224,263
Travelling and conveyance		12,863	3,106
Fuel, water and power		96,291	87,668
Legal and professional		954	3,716
Rent, rates and taxes		365	387
Insurance		7,708	7,047
Repairs and maintenance		41,503	33,583
Depreciation	6.1.5	98,442	103,130
Ijarah lease rentals		1,831	1,627
Printing and stationery		2,094	2,027
Communication		1,292	1,522
Others		9,571	13,001
		5,933,755	4,492,338
Opening stock of semi-processed goods		80,946	71,550
Closing stock of semi-processed goods		(162,191)	(80,946)
Provision reversed during the year		(334)	(1,020)
Cost of goods manufactured		5,852,176	4,481,922

**31.1.1** Salaries, wages and benefits include Rs. 7.13 million (2021: Rs. 5.16 million) in respect of gratuity fund, Rs. 2.96 million (2021: Rs. 2.52 million) in respect of pension fund, Rs. 0.3 million (2021: Rs. 1.2 million) in respect of compensated absences and Rs. 3.43 million (2021: Rs. 3.13 million) in respect of provident fund contribution.



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

	<b>Note</b>	<b>2022</b> <b>(Rupees in thousand)</b>	<b>2021</b>
Finished goods as at July 01		81,687	114,091
Add: Finished goods purchased for resale during the year		25,136	12,271
Less: Consumption of finished goods during the year		(49,424)	(44,675)
Finished goods as at June 30		57,399	81,687

### 32 Selling and distribution expenses

Salaries and other benefits	32.1	371,458	311,250
Travelling and conveyance		2,826	1,966
Rent, rates and taxes		5,122	2,961
Insurance		11,666	9,545
Fuel, water and power		9,742	5,716
Advertising and sales promotion		181,249	112,881
Technical services and royalty fee	32.2	53,523	49,059
Repairs and maintenance		2,361	2,804
Depreciation	6.1.5	22,308	20,753
Ijarah lease rentals		2,264	1,672
Printing and stationery		1,304	1,865
Legal and professional		2,558	2,259
Communication		5,195	8,493
Others		5,819	7,667
		677,395	538,891

**32.1** Salaries, wages and benefits include Rs. 5.86 million (2021: Rs. 4.39 million) in respect of gratuity fund, Rs. 2.43 million (2021: Rs. 2.15 million) in respect of pension fund, Rs. 0.25 million (2021: Rs. 1.02 million) in respect of compensated absences and Rs. 8.05 million (2021: Rs. 6.83 million) in respect of provident fund contribution.

**32.2** This represents royalty and technical fee expense for the year;

<b>Name and address of the party</b>	<b>Relationship with Company</b>	<b>2022</b> <b>(Rupees in thousand)</b>	<b>2021</b>
Slotrapid Limited (Suit# 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.)	Licensor (the Holding Company)	48,178	44,370
Oxyplast Belgium N.V. (Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)	Licensor	5,345	4,682
Buxly Paints Limited (X-3, Mangopir Road, S.I.T.E., Karachi.)	Licensor (Associated Company)	-	7
		53,523	49,059

	Note	2022 (Rupees in thousand)	2021
<b>33 Administrative and general expenses</b>			
Salaries and other benefits	33.1	119,701	113,486
Directors' meeting fee		4,200	3,600
Travelling and conveyance		10,327	1,986
Rent, rates and taxes		2,290	4,377
Insurance		4,021	5,134
Auditors' remuneration	33.2	3,908	2,820
Fuel, water and power		5,407	2,121
Repairs and maintenance		2,390	2,703
Depreciation	6.1.5	11,834	10,910
Amortization of computer software		188	1,305
Ijarah lease rentals		1,694	1,613
Printing and stationery		1,600	1,345
Legal and professional		13,012	11,663
Communication		2,960	3,240
Others		8,418	5,754
		191,950	172,057

**33.1** Salaries, wages and benefits include Rs. 2.59 million (2021: Rs. 2.13 million) in respect of gratuity fund, Rs. 0.61 million (2021: Rs. 1.03 million) in respect of pension fund, Rs. 0.11 million (2021: Rs. 0.49 million) in respect of compensated absences and Rs. 5.35 million (2021: Rs. 5.07 million) in respect of provident fund contribution.

	Note	2022 (Rupees in thousand)	2021
<b>33.2 Auditors' remuneration</b>			
Audit fee		2,100	2,010
Consolidation and half yearly review		900	460
Out of pocket expenses		578	350
Statutory certifications		330	-
		3,908	2,820
<b>34 Other operating expenses</b>			
Impairment of goodwill		-	24,000
Impairment of investment in associate		-	4,293
Workers' Welfare Fund		5,659	8,400
Workers' Profit Participation fund		13,137	13,772
Cost of provision of services to related party		32,018	-
Others		590	-
		51,404	50,465

	Note	2022 (Rupees in thousand)	2021
<b>35 Other income</b>			
Mark-up on term deposit receipts and long term loan	35.1	11,681	11,581
Sale of scrap		31,854	23,961
Gain on disposal of property, plant and equipment - net		4,560	4,640
Rental income and other services charged to related parties		35,942	4,827
Export rebate		711	1,153
Insurance claim		871	-
Exchange gain - net		9,933	33,643
Amortization of deferred grant		3,030	6,595
Others		7,578	5,180
		106,160	91,580

**35.1** This includes interest income of Rs. 6.27 million (2021: 8.07 million) charged on receivable balance from Berger Road Safety (Private) Limited and Buxly Paints Limited, related parties, on amount which is overdue for more than 90 days.

		2022 (Rupees in thousand)	2021
<b>36 Finance cost</b>			
Islamic mode of financing:			
- Long term financing - secured		9,256	10,785
- Short term financing - secured		2,548	-
- Short term running finances - secured		4,539	-
		16,343	10,785
Mark-up based borrowings from conventional banks:			
- Long term financing - secured		18,700	12,496
- Short term financing - secured		4,976	4,508
- Short term running finances - secured		111,740	81,017
		135,416	98,021
Interest on WPPF		360	394
Bank charges		11,358	8,558
		163,477	117,758
<b>37 Taxation</b>			
Current			
- for the year		93,291	121,277
- prior year		(79,934)	(4,906)
		13,357	116,371
Deferred			
- current year		31,775	(49,628)
- prior year		-	5,082
		45,132	71,825

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

	2022	2021
Applicable tax rate	29.00%	29.00%
Tax effect of:		
- income under Final Tax Regime	0.05%	0.07%
- prior year adjustment	-32.36%	-1.80%
- permanent difference	6.72%	0.66%
- others	13.04%	-1.03%
- effect of super tax	1.82%	0.00%
Average effective tax rate charged to profit or loss	18.27%	26.90%

### 38 Earnings per share - basic and diluted

#### 38.1 Earning per share - basic and diluted

Profit attributable to ordinary shareholders	(Rupees in thousand)	201,886	195,221
Weighted average number of shares outstanding during the year	(Number of shares)	20,459,679	20,459,679
Earning per share - basic	(Rupees)	9.87	9.54

**38.2** No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options as at June 30, 2022, which would have an impact on earnings per share when exercised.

	Note	2022 (Rupees in thousand)	2021
<b>39 Cash and cash equivalents</b>			
Cash and bank balances	19	223,671	44,476
Short term investment	18	110,000	-
Short term running finance - secured	28	(1,118,387)	(786,805)
		(784,716)	(742,329)

**40 Remuneration of Chief Executive, Directors and Executives**

	2022			2021		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(Rupees in thousand)					
Fees	-	-	4,200	-	-	3,600
Managerial remuneration (including bonus)	14,000	59,085	-	14,000	42,473	-
Retirement and other long term benefits	15,000	42,971	-	13,636	34,159	-
House rent allowance	-	20,594	-	-	19,113	-
Utilities	-	4,577	-	-	4,247	-
Medical expenses	-	5,721	-	-	5,309	-
Provident Fund	1,273	4,388	-	1,273	21,070	-
	30,273	137,336	4,200	28,909	126,371	3,600
Number of persons	1	20	7	1	17	7

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

**40.2** The Chief Executive and certain other executives of the Company are provided with free use of Company cars. The approximate value of the benefit amounts to Rs. 9.40 million (2021: Rs. 5.94 million).

**41 Reconciliation of movement of liabilities to cash flows arising from financing activities**

	2022				
	Unclaimed dividend	Long term diminishing musharaka	Long term financing	Short term borrowing	Total
	(Rupees in thousand)				
<b>As at June 30, 2021</b>	7,551	-	260,382	847,505	1,115,438
<b>Changes from financing cash flows</b>					
Dividend paid	(82,564)	-	-	-	(82,564)
Short term borrowings - net	-	-	-	194,852	194,852
Long term financing - net	-	-	(12,459)	-	(12,459)
Long term diminishing musharaka - net	-	16,000	-	-	16,000
<b>Total changes from financing cash flows</b>	(82,564)	16,000	(12,459)	194,852	115,829
<b>Other changes</b>					
Adjustment of Government grant	-	-	3,030	-	3,030
Change in borrowings- net	-	-	-	331,582	331,582
Dividend declared	81,839	-	-	-	81,839
<b>Total liability related other changes</b>	81,839	-	3,030	331,582	416,451
<b>As at June 30, 2022</b>	6,826	16,000	250,953	1,373,939	1,647,718

	2021				
	Unclaimed dividend	Long term diminishing musharaka	Long term financing	Short term borrowing	Total
	(Rupees in thousand)				
<b>As at June 30, 2020</b>	6,687	-	347,881	1,051,551	1,406,119
<b>Changes from financing cash flows</b>					
Dividend paid	(19,596)	-	-	-	(19,596)
Proceeds / (repayments) short term borrowings - net	-	-	-	(81,276)	(81,276)
Long term financing	-	-	(87,676)	-	(87,676)
Total changes from financing cash flows	(19,596)	-	(87,676)	(81,276)	(188,548)
<b>Other changes</b>					
Change in borrowings	-	-	177	(122,770)	(122,593)
Dividend declared	20,460	-	-	-	20,460
Total liability related other changes	20,460	-	177	(122,770)	(102,133)
<b>As at June 30, 2021</b>	7,551	-	260,382	847,505	1,115,438

**2022      2021**  
**(Number of persons)**

#### 42 Number of employees

The Company has employed following number of persons:

- Factory employees	92	96
- Salaried employee	321	319
	413	415
- Average number of employees	413	415
- Average number of factory employees	94	98

**43 Transactions with related parties**

The Company is a subsidiary of Slotrapid Limited, therefore all the subsidiaries and associates of the Holding Company are related parties of the Company. In addition related parties includes long term employee benefit, 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:

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2022 (Rupees in thousand)	2021
Holding Company				
Slotrapid Limited	52.05%	Royalty expense	48,178	44,371
		Payment	16,801	37,500
		Dividend paid	36,072	9,431
Subsidiary				
Berger Road Safety (Private) Limited	-	Sales	6,556	78,572
		Rental income and other services charged	2,987	7,802
(Wholly owned subsidiary of Berger DPI (Private) Limited)		Common expenditures incurred	19,031	22,264
		Receipts / adjustments	8,596	52,852
Associated				
Dadex Eternit Limited (Associated Company)	-	Sales	-	318
3S Pharmaceutical (Private) Limited	49.00%	Common expenditures incurred	539	836
Related parties				
Buxly Paints Limited ("BPL")	19.95%	Sales	377,340	300,740
		Royalty expense	-	6
		Rental expense	1,812	1,812
		Rental income and other services	1,200	1,200
		Common expenditures incurred	13,661	16,656
		Receipts / Adjustments	2,938	5,873
		Toll manufacturing - net	31,755	27,072
Post employment benefit plans (Key Management Personnel)	-	Contribution to gratuity fund	17,446	85,212
		Contribution to pension fund	2,764	2,208
		Provident fund contribution	33,668	30,067

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.

#### 44 Provident fund related disclosures

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund:

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in thousands)	
Size of the fund	279,294	261,404
Cost of investments made	228,660	222,747
Percentage of investments - (% of total assets)	82%	85%
Fair value of investments	266,194	254,369

##### 44.1 The break-up of investments is as follows:

	2022		2021	
	Rupees in thousands	%age	Rupees in thousands	%age
Investment in debt collective investment scheme	24,408	9%	24,509	3%
Investment in money market collective investment scheme	25,322	10%	24,278	4%
Investment in equity collective investment scheme	12,030	5%	12,192	5%
Bank balances	53,122	20%	47,209	23%
Certificate of deposits	101,250	38%	96,119	36%
Term deposit receipts	50,062	18%	50,062	29%
	266,194	100%	254,369	100%

The investments out of provident fund as at June 30, 2022 have been made in accordance with the requirements of section 218 of the Companies Act, 2017.

#### 45 Financial instruments - Fair values and risk management

##### 45.1 Risk management of financial instruments

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity.

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

- Market risk
- Credit risk
- Liquidity risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

##### 45.1.1 Risk management framework

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



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 risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect to changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which employees understand their roles and responsibilities.

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.

#### 45.1.2 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.

##### 45.1.2.1 Currency risk

Currency 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. Currency 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 (EUR), RMB (Chinese Yuan), 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:

	2022	2021
	(Amount in thousand)	
<b>Statement of financial position items</b>		
<b>Trade and other payables</b>		
- Euro	21	62
- USD	406	1,822
- RMB	-	935
- JPY	387	387
<b>Off statement of financial position items</b>		
Outstanding letters of credit as at the year end are as follows:		
- Euro	4	-
- USD	3,139	669
- RMB	-	69
- JPY	-	-

**2022**                      **2021**  
**(In rupees)**

The following significant exchange rates were applied during the year:

**Rupees per Euro**

Average rate for the year	201.26	188.66
Reporting date rate	213.81	188.71

**Rupees per USD**

Average rate for the year	181.58	163.18
Reporting date rate	204.85	158.30

**Rupees per RMB**

Average rate for the year	27.50	24.08
Reporting date rate	30.60	24.39

**Rupees per JPY**

Average rate for the year	1.47	1.50
Reporting date rate	1.50	1.43

**Sensitivity analysis**

At reporting date, if the PKR had strengthened by one rupee against the foreign currencies with all other variables held constant, profit after tax for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency loans.

**2022**                      **2021**  
**(Amount in thousand)**

**Effect on profit or loss**

- Euro	15	44
- USD	288	664
- RMB	-	1,294
- JPY	275	275

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

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

**45.1.2.2 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 on investment classified as FVOCI to change in market price. The analysis is based on the assumption that the market price had increased by 10% with all other variables held constant:

	<b>Impact on equity</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Rupees in thousands)</b>	
Buxly Paints Limited	3,346	1,505

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

**45.1.2.3 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.

	<b>Effective rate</b>		<b>Carrying amount</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>	<b>(Percentage)</b>		<b>(Rupees in thousands)</b>	
<b>Fixed rate instruments</b>				
Short term investment	7%	7%	140,000	30,000
<b>Floating rate instruments</b>				
Loan to related party	10.66% to 16.11%	9.27% to 10.74%	40,000	40,000
<b>Financial liabilities</b>				
<b>Fixed rate instruments</b>				
Long term financing - secured	5% to 6%	3% to 6%	157,524	145,788
<b>Floating rate instruments</b>				
Long term financing - secured	8.65% to 16.25%	7.65% to 10.33%	93,429	114,594
Short term financing - secured	8.51% to 15.41%	8.16% to 9.37%	255,552	60,700
Short term running finance - secured	8.70% to 15.66%	8.03% to 12.94%	1,118,387	786,805
			1,467,368	962,099

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

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

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2022.

	100 bps	
	Decrease	Increase
As at June 30, 2022	10,134	(10,134)
As at June 30, 2021	6,831	(6,831)

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

#### 45.1.3 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if the counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of a company's performance to developments affecting a particular industry.

	2022	2021
	(Rupees in thousand)	
<b>At amortised cost</b>		
Loan to related party - secured	40,000	40,000
Long term loans - secured	52,324	49,911
Long term deposits	20,761	18,753
Trade debts - unsecured	1,628,302	1,219,678
Trade deposits	11,337	17,716
Other receivables		
- Receivable from related parties	104,866	62,165
- LC Margin	-	110,000
- Others	8,767	12,158
	113,633	184,323
Short term investment - secured	140,000	30,000
Bank balances	222,690	43,466
	2,229,047	1,603,847

#### Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2022	2021
	(Rupees in thousand)	
Trade debts	1,628,302	1,219,678
Banking companies and financial institutions	362,690	183,466
Others	238,055	200,703
	2,229,047	1,603,847

**45.1.3.1 Loan to related party**

Loan to related party is secured by a charge over stock in trade, trade debts and personal guarantee of Directors of the Company. There is no increase in credit risk since origination and the loan is repayable in short term. Hence, the management believes that no impairment allowance is necessary in respect of the loan.

**45.1.3.2 Trade deposits and other receivables**

Deposits and other receivables represents deposits held by government institutions and vendors. The Company has assessed, based on historical experience, that the expected credit loss associated with these financial assets is generally trivial. Hence, no additional allowance has been recognised in these financial statements.

**45.1.3.3 Receivable from related party**

The Company uses an allowance matrix to measure ECLs on receivables from related parties. Loss rates are determined using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from related parties are accounted for in calculating the loss rate.

**45.1.3.4 Long term loans**

Long term loans are due from employees of the Company and are secured against assets. Hence, the management believes that no impairment allowance is necessary in respect of these loans.

**45.1.3.5 Trade debts**

The Company uses an allowance matrix to measure ECLs of trade debts. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from trade debtors are accounted for in calculating the loss rate.

	<b>Weighted average loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
<b>June 30, 2022</b>			
Past due 0 - 30 days	0.00%	702,742	-
Past due 31 - 60 days	0.88%	422,012	3,713
Past due 61 - 90 days	1.13%	240,252	2,719
Past due 91 - 120 days	2.91%	149,985	4,361
Past due 121 - 180 days	5.58%	77,351	4,314
Past due 181 - 364 days	24.60%	67,728	16,661
Past due over one year	100.00%	123,184	123,184
		<b>1,783,254</b>	<b>154,952</b>
<b>June 30, 2021</b>			
Past due 0 - 30 days	1.74%	564,958	9,856
Past due 31 - 60 days	1.63%	264,962	4,327
Past due 61 - 90 days	2.39%	176,009	4,200
Past due 91 - 120 days	5.05%	110,558	5,579
Past due 121 - 180 days	7.78%	88,001	6,849
Past due 181 - 364 days	45.96%	85,122	39,121
Past due over one year	100.00%	147,030	147,030
		<b>1,436,640</b>	<b>216,962</b>

#### 45.1.3.6 Balances with banking companies

The Company held balances with banks, short term investments and LC margin amounting to Rs. 362.69 million as at June 30, 2022. These are held with banks and financial institutions counterparties, which are rated A1 to AAA, based on credit ratings from rating agencies.

Impairment on these financial assets has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Company considers that these balances have low credit risk based on the external ratings of the counterparties.

12 month probabilities of default are based on historical data supplied by PACRA and VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

	2022	2021
	(Rupees in thousand)	
Bank Balances	222,690	43,466
Short term investment	140,000	30,000
Other receivables	-	110,000
	362,690	183,466

#### 45.1.3.7 Credit quality of financial assets

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2022	2021
	Short term	Long term		(Rupees in thousand)	
Bank Al Habib Limited	A-1 +	AAA	PACRA	19,629	19,356
Habib Metropolitan Bank Limited	A-1	AA +	PACRA	181,294	8,152
Habib Bank Limited	A-1 +	AAA	VIS	35	985
JS Bank Limited	A-1 +	AA-	PACRA	30,000	30,840
Al-Barka Bank Pakistan Limited	A-1	A +	VIS	6	1,812
Bank Alfalah Limited	A-1 +	AA +	PACRA	-	-
National Bank of Pakistan	A-1 +	AAA	PACRA	112,550	110,540
Bank Islami Pakistan Limited	A-1	A +	PACRA	16,632	1,870
Samba Bank Limited	AA	A-1	VIS	9	-
Faysal Bank Limited	A-1 +	AA	PACRA	2,535	9,911
				362,690	183,466

The Company has not recognised an impairment allowance on bank balances during the year ended June 30, 2022, as the impact was immaterial.

**45.1.4 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 June 30, 2022

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
(Rupees in thousand)					
<b>Non derivative financial liabilities</b>					
Long term financing - secured	250,953	250,953	67,731	139,421	43,801
Long term diminishing musharaka	16,000	16,000	-	16,000	-
Trade and other payables	1,559,613	1,559,613	1,559,613	-	-
Interest / mark-up accrued on borrowings	45,298	45,298	45,298	-	-
Short term borrowings - secured	1,373,939	1,373,939	1,373,939	-	-
	3,245,803	3,245,803	3,046,581	155,421	43,801

The following are the contractual maturities of financial liabilities as at June 30, 2021

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
(Rupees in thousand)					
<b>Non derivative financial liabilities</b>					
Long term financing - secured	260,382	287,012	124,796	150,624	11,592
Trade and other payables	1,388,601	1,388,601	1,388,601	-	-
Interest / mark-up accrued on borrowings	22,479	22,479	22,479	-	-
Short term borrowings - secured	847,505	1,095,218	1,095,218	-	-
	2,518,967	2,793,310	2,631,094	150,624	11,592

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

**45.2 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.



	Carrying amount			Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Total
	Rupees in thousand						
As at June 30, 2022							
Financial assets - measured at fair value							
Investment classified as FVOCI	-	33,458	-	33,458	33,458	-	33,458
Financial assets - at amortised cost							
Loan to related party - secured	40,000	-	-	40,000	-	-	-
Long term loans - secured	52,324	-	-	52,324	-	-	-
Long term deposits	20,761	-	-	20,761	-	-	-
Trade debts	1,628,302	-	-	1,628,302	-	-	-
Trade deposits	11,337	-	-	11,337	-	-	-
Other receivables	113,633	-	-	113,633	-	-	-
Short term investment - secured	140,000	-	-	140,000	-	-	-
Cash and bank balances	223,671	-	-	223,671	-	-	-
	2,230,028	33,458	-	2,263,486	33,458	-	33,458
Financial liabilities - at amortised cost							
Long term financing - secured	-	-	250,953	250,953	-	-	-
Trade and other payables	-	-	1,559,613	1,559,613	-	-	-
Accrued markup	-	-	45,298	45,298	-	-	-
Short term borrowings - secured	-	-	1,373,939	1,373,939	-	-	-
	-	-	3,229,803	3,229,803	-	-	-

	Carrying amount			Fair value		
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2
	Rupees in thousand					
As at June 30, 2021						
<b>Financial assets - measured at fair value</b>						
Investment classified as FVOCI	-	15,048	-	15,048	15,048	-
						15,048
<b>Financial assets - at amortised cost</b>						
Loan to related party - secured	40,000	-	-	40,000	-	-
Long term loans - secured	49,911	-	-	49,911	-	-
Long term deposits	18,753	-	-	18,753	-	-
Trade debits	1,219,678	-	-	1,219,678	-	-
Trade deposits	17,716	-	-	17,716	-	-
Other receivables	184,323	-	-	184,323	-	-
Short term investment - secured	30,000	-	-	30,000	-	-
Cash and bank balances	44,476	-	-	44,476	-	-
	1,604,857	15,048	-	1,619,905	15,048	-
						15,048
<b>Financial liabilities - at amortised cost</b>						
Long term financing - secured	-	-	260,382	260,382	-	-
Trade and other payables	-	-	1,388,601	1,388,601	-	-
Accrued markup	-	-	22,479	22,479	-	-
Short term borrowings - secured	-	-	847,505	847,505	-	-
	-	-	2,518,967	2,518,967	-	-
						-

**45.3 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.

**45.4** 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.

**46 Capital risk management**

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratios as at year end are as follows:

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
Long term loans	250,953	260,382
Short term borrowings	1,373,939	847,505
Total debt	1,624,892	1,107,887
Total equity	2,345,712	2,225,373
Total equity and debt	3,970,604	3,333,260
Gearing ratio	41:59	33:67

**47 Restriction on title and assets pledged as security****Mortgages and charges****First**

Hypothecation of all present and future current assets	2,003,000	2,003,000
Mortgage over land and building	628,171	726,000

**Ranking**

Hypothecation of all present and future current assets	267,000	-
Mortgage over land and building	734,000	334,000

**2022**                      **2021**  
**(Liters in thousand)**

#### 48 Production capacity

Actual production	43,793	39,653
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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 19.41 million liters (2021: 17.12 million liters) which is used in the manufacture of the final product.

#### 49 Operating segments

- 49.1** These financial statements have been prepared on the basis of single reportable segment.
- 49.2** Revenue from sale of paints and allied represents 100% (2021: 99.41%) of the total revenue of the Company.
- 49.3** 99.88% (2021: 98.93%) sales of the Company relates to customers in Pakistan.
- 49.4** All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

#### 50 Date of authorization for issue

These financial statements were authorized for issue on September 28, 2022 by the Board of Directors of the Company.

#### 51 Non adjusting events after the balance sheet date

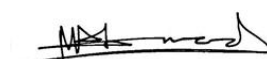
The Board of Directors of the Company in its meeting held on September 28, 2022 has proposed a final cash dividend of Rs. 4.00 per share, for the year ended June 30, 2022 for approval of the members in the Annual General Meeting to be held on October 26, 2022.

#### 52 General

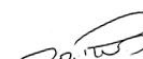
Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.



Chief Financial Officer



Chief Executive



Director

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**Berger Paints Pakistan Limited**  
**Consolidated Financial Statements**  
for the year ended June 30, 2022

# Consolidated Financial Highlights

Rupees in thousand

		Year Ended June 30,				
	2022	2021	2020	2019	2018	2017
<b>NET ASSETS</b>						
Fixed Assets	1,629,143	1,636,252	1,641,351	1,183,189	1,237,149	1,154,469
Goodwill	-	-	24,000	24,000	32,263	36,750
Long Term Investments	68,632	49,955	48,885	51,199	63,532	70,143
Long Term Loans & Deposits	76,770	70,566	41,849	66,818	81,229	74,407
Deferred Taxation	-	24,700	-	52,847	-	1,710
Net Current Assets	948,191	707,871	586,186	477,662	362,868	382,320
<b>Total</b>	<b>2,722,736</b>	<b>2,489,344</b>	<b>2,342,271</b>	<b>1,855,715</b>	<b>1,777,041</b>	<b>1,719,799</b>
<b>FINANCED BY</b>						
Share Capital	204,597	204,597	204,597	204,597	181,864	181,864
Reserves	1,340,904	1,206,449	1,041,323	934,336	864,227	754,600
Surplus on Revaluation of Fixed Assets	830,273	849,056	832,950	472,012	509,131	521,363
	2,375,774	2,260,102	2,078,870	1,610,945	1,555,222	1,457,827
Long Term and Deferred Liabilities	346,962	229,242	263,401	244,770	221,819	261,972
<b>Total</b>	<b>2,722,736</b>	<b>2,489,344</b>	<b>2,342,271</b>	<b>1,855,715</b>	<b>1,777,041</b>	<b>1,719,799</b>
<b>TURNOVER AND PROFITS</b>						
Turnover	7,125,276	5,659,620	4,306,249	5,304,887	5,701,402	5,318,753
Gross Profit	1,243,061	1,142,355	912,990	1,163,698	1,260,136	1,540,336
	17.45%	20.18%	21.20%	21.94%	22.10%	28.96%
Profit/(Loss) before tax	251,551	298,313	111,595	106,632	155,984	267,022
Taxation	55,874	(101,750)	44,116	9,839	48,500	67,842
Profit/(Loss) after tax	195,677	196,563	67,479	96,793	107,484	199,180

# Directors' Report

For the year ended 30 June 2022

The Directors of the Holding Company present their report together with the audited consolidated financial statements for the year ended June 30, 2022.

## ECONOMY OF PAKISTAN

Though Pakistan survived from the COVID-19 crisis, it faced the daunting tasks in FY2022 such as controlling fiscal deficit, curtailing current account deficit, managing pressure on exchange rate along with achieving a sustainable economic revival. Rupee devaluation: this single factor has left businesses in challenging situation where importers are facing significant difficulties in procurement of raw material through imports.

In early 2022, the Russian-Ukraine conflict elevated global commodity prices which also fueled domestic market inflation. Threats from high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties have badly affected the financial performance of most of the companies. The ongoing Political instability in the country has further affected the situation.

## BUSINESS PERFORMANCE

The Company remains committed to deliver on its long-term objectives of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure.

Sales outperformed against targets and resultantly Net Sales for the year recorded at Rs. 7,125 million as compared to Rs. 5,660 million in last year, up by 26%. Increase in sales volumes, better product mix and cost reduction measures improved gross profit from Rs. 1,142 million to Rs. 1,243 million, up by 9%.

Selling, Marketing and Administrative expenses were Rs. 876 million compared with Rs. 727 million of the previous year, up by 21%, effect of general inflation and mainly because of the measures introduced for cost efficiencies and cancellation of discretionary expenses during last year due to the outbreak of COVID-19 in March 20.

Financial costs were increased by Rs. 46 million due to increase in KIBOR rate as compared to previous year.

## Rupees in Thousand

Profit before taxation	251,551
Taxation	(55,874)
Profit after taxation	195,677
Minority interest	1,542
Net profit for the year attributable to the Holding Company	194,135

The audited accounts of the Holding Company for the year ended June 30, 2022 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. 9.49 [2021: Rs.9.59].

## AUDITORS

The present auditors, M/s A.F Ferguson & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and Auditors for the year 2022-23 will be appointed in Annual General Meeting.

## 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



**Dr. Mahmood Ahmad**  
Chief Executive



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

Date: 28 September 2022



### فی حصص منافع

مذکورہ برس کے لئے فی حصص منافع 9.49 روپے ہے۔ [2021ء: 9.59 روپے)

### آڈیٹرز

آئندہ سالانہ اجلاس عام کے اختتام پر حالیہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور سال 2022-23 کے لئے آڈیٹرز کی تقرری سالانہ اجلاس عام میں کی جائے گی۔

### کارپوریٹ گورننس

کاروباری و مالیاتی رپورٹنگ فریم ورک کا اعلامہ ہولڈنگ کمپنی کی ڈائریکٹرز رپورٹ میں موجود ہے جو لف ہذا ہے۔

### دیگر معلومات

تمام دیگر متعلقہ معلومات کو ہولڈنگ کمپنی کی ڈائریکٹرز رپورٹ میں ظاہر کیا گیا ہے۔



مسٹر مقبول علی ایچ رحمت اللہ

ڈائریکٹر



منجانب بورڈ

ڈاکٹر محمود احمد

چیف ایگزیکٹو

28 ستمبر 2022ء

## ڈائریکٹرز کی رپورٹ

ہولڈنگ کمپنی کے ڈائریکٹرز 30 جون 2022ء کو اختتام پذیر سال کے لئے پڑتال شدہ منجمد مالیاتی اسٹیٹمنٹس کے ہمراہ اپنی رپورٹ پیش کرتے ہیں۔

### پاکستانی معیشت

اگرچہ پاکستان کرونا وائرس بحران سے نکل چکا ہے لیکن مالیاتی سال 2022ء کے دوران کمپنی کو کرنٹ اکاؤنٹ خسارہ کنٹرول کرنے، شرح مبادلہ پر دباؤ کو منبج کرنے اور پائیدار معاشی بحالی جیسے مشکل چیلنجز کا سامنا کرنا پڑا۔ روپے کی قدر میں کمی: اس واحد محرک نے کاروباری سرگرمیوں کو مشکل حالات میں ڈال دیا ہے۔ جہاں درآمد کنندگان کو خام مال حاصل کرنے کے لئے بھی مشکلات کا سامنا کرنا پڑتا ہے۔

سال 2022ء کے آغاز میں روس-یوکرین تنازعہ کے باعث عالمی سطح پر اشیاء کی قیمت میں اضافہ ہوا جس کی وجہ سے ملکی سطح پر بھی افراط زر کو ہوائی۔ بلند افراط زر کی شرح اور شرح سود، سپلائی میں تعطل اور بڑھتی ہوئی غیر یقینی کی صورت حال نے اکثر کمپنیوں کی مالیاتی کارکردگی پر برے اثرات مرتب کئے ہیں۔ ملک میں جاری سیاسی عدم استحکام نے حالات میں مزید بگاڑ پیدا کر دیا ہے۔

### کاروباری کارکردگی

کمپنی دائمی غمو اور مصنوعات میں جدت کے اپنے طویل مدتی مقاصد حاصل کرنے کے لئے کوشاں رہی۔ یہ مقاصد آپریشنل عمدگی، پروڈکٹ پورٹ فولیو میں تنوع، لاگت میں کمی اور سرمایے کے مستحکم ڈھانچے پر توجہ دے کر حاصل کئے جاسکتے ہیں۔

سیلز میں اہداف کے مقابلے میں کمی کارکردگی دکھائی اور نتیجتاً مذکورہ سال میں خالص سیلز گزشتہ برس میں 5,660 ملین روپے کے مقابلے میں 26 فی صد اضافے کے ساتھ 7,125 ملین روپے ریکارڈ ہوئی۔ سیلز کے حجم میں اضافہ، بہتر پروڈکٹس اور لاگت میں کمی کے اقدامات کے باعث کل منافع 1,142 ملین روپے کے مقابلے میں 9 فی صد اضافے کے ساتھ 1,243 ملین روپے ریکارڈ ہوا۔

عمومی افراط زر کے اثرات اور لاگت کنٹرول کرنے کے اقدامات اور مارچ 2020ء میں کرونا وائرس کے حملے اور گزشتہ برس کے دوران صوابدیدی اخراجات کے خاتمہ کے باعث سیلنگ، مارکیٹنگ اور ایڈمنسٹریٹو اخراجات گزشتہ برس کے دوران 727 ملین روپے کے مقابلے میں 21 فی صد اضافے کے ساتھ 876 ملین روپے رہے۔ مالیاتی لاگت میں گزشتہ برس کے مقابلے میں بلند KIBOR کے باعث 46 ملین روپے اضافہ ہوا۔

### روپے ہزار میں

251,551	ٹیکس سے پیشتر منافع
(55,874)	ٹیکسیشن
195,677	ٹیکس کے بعد منافع
1,542	اقلیتوں کا مفاد
194,135	سال کے لیے خالص منافع ہولڈنگ کمپنی سے منسوب ہے۔

### مالیاتی اسٹیٹمنٹس

30 جون 2022ء کو اختتام پذیر سال کے لئے ہولڈنگ کمپنی کے پڑتال شدہ کھاتے ساتھ منسلک ہیں۔

### ہولڈنگ کمپنی

برج پینٹس پاکستان لمیٹڈ کی ہولڈنگ کمپنی میسرز سلاٹ ریپڈ لمیٹڈ ہے جو B.V.I. میں رجسٹر ہے۔

# 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 June 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 June 30, 2022, and of 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 is the Key audit matter:

Sr. No.	Key audit matter	How the matters were addressed in our audit
1.	<p><b>Revenue recognition</b></p> <p>(Refer note 31 to the annexed consolidated financial statements)</p> <p>The Group is principally engaged in the production and sale of paints, varnishes and other related items in the local and export markets.</p> <p>Revenue from sale of goods is recognised when the performance obligation is satisfied by transferring control of promised goods to the customers.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"><li>• understood and evaluated management controls over revenue and checked their validation;</li><li>• performed verification of sales with underlying documentation including dispatch documents and sales invoices;</li><li>• tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period;</li><li>• verified that sales prices are approved by the appropriate authority;</li></ul>

Sr. No.	Key audit matter	How the matters were addressed in our audit
	<p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group. Revenue for the year has increased significantly as compared to the last year. In addition, revenue was also considered as an area of an inherent risk of material misstatement and significant audit risk as part of the audit process.</p>	<ul style="list-style-type: none"> <li>• tested on a sample basis, specific discounts as per Group's policy;</li> <li>• performed analytical procedures to analyse variation in the price and quantity sold during the year;</li> <li>• tested journal entries relating to revenue recognised during the year based on identified risk criteria; and</li> <li>• assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.</li> </ul>

#### **Information Other than the Consolidated and Separate Financial Statements and Auditor's Reports Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's reports 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 Consolidated 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 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.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated 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.

**Other Matter**

The consolidated financial statements of the Group for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who vide their report dated October 7, 2021 expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Lahore**

Date: October 5, 2022

UDIN: AR202210092BDJeQw2Kn

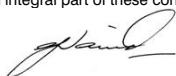
# Consolidated Statement of Financial Position

## As at June 30, 2022


ASSETS	Note	2022 (Rupees in thousand)	2021
<b>Non-current assets</b>			
Property, plant and equipment	6	1,629,120	1,636,041
Intangible assets	7	23	211
Equity - accounted investee - unlisted	8	35,174	34,907
Long term investment - FVOCI	9	33,458	15,048
Long term loans	10	38,632	34,147
Long term deposits and prepayments	11	38,138	36,419
Deferred taxation - net	12	-	24,700
		1,774,545	1,781,473
<b>Current assets</b>			
Stores, spare parts and loose tools		22,735	18,491
Stock in trade	13	1,628,152	1,237,161
Trade debts - unsecured	14	1,701,094	1,276,577
Loans and advances	15	186,924	246,748
Trade deposits and short term prepayments	16	26,976	31,676
Other receivables	17	64,418	162,588
Tax refund due from Government	18	222,585	240,243
Short term investment	19	140,000	30,000
Cash and bank balances	20	224,292	46,159
		4,217,176	3,289,643
		5,991,721	5,071,116
<b>EQUITY AND LIABILITIES</b>			
<b>Authorised share capital</b>		250,000	250,000
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	21	204,597	204,597
<b>Capital reserves</b>			
Revaluation surplus on property, plant and equipment		830,273	849,056
Other reserves	22	58,017	45,304
		888,290	894,360
<b>Revenue reserves</b>			
General reserve		285,000	285,000
Accumulated profits	22	990,162	869,962
		1,275,162	1,154,962
<b>Equity attributable to the owners of the Company</b>		2,368,049	2,253,919
<b>Non-controlling interests</b>		7,725	6,183
<b>Total equity</b>		2,375,774	2,260,102
<b>Non-current liabilities</b>			
Long term financing - secured	23	183,222	152,498
Long term diminishing musharaka	24	16,000	-
Deferred grant	25	2,251	1,155
Long term employee benefits	26	144,012	75,589
Deferred taxation - net	12	1,477	-
		346,962	229,242
<b>Current liabilities</b>			
Trade and other payables	27	1,773,812	1,593,946
Current portion of deferred income		1,379	2,407
Current portion of long term financing		67,731	107,884
Unclaimed dividend		6,826	7,551
Accrued markup	28	45,298	22,479
Short term borrowings - secured	29	1,373,939	847,505
		3,268,985	2,581,772
		3,615,947	2,811,014
<b>Contingencies and commitments</b>	30		
		5,991,721	5,071,116

The annexed notes 1 to 53 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 June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Revenue from contract with customers - net	31	7,125,276	5,659,620
Cost of sales	32	(5,882,215)	(4,517,265)
<b>Gross profit</b>		<b>1,243,061</b>	<b>1,142,355</b>
Selling and distribution expenses	33	(683,396)	(552,916)
Administrative and general expenses	34	(193,062)	(173,813)
Impairment loss reversed / (recorded) during the year		2,539	(22,848)
Other operating expenses	35	(51,542)	(62,214)
		(925,461)	(811,791)
<b>Profit from operations</b>		<b>317,600</b>	<b>330,564</b>
Other income	36	97,220	83,800
		414,820	414,364
Finance cost	37	(163,536)	(117,781)
Share of profit of equity - accounted investee	8	267	1,730
<b>Profit before taxation</b>		<b>251,551</b>	<b>298,313</b>
Taxation	38	(55,874)	(101,750)
<b>Profit after taxation</b>		<b>195,677</b>	<b>196,563</b>
<b>Attributable to:</b>			
Owners of the Company		194,135	201,822
Non-controlling interests		1,542	(5,259)
		195,677	196,563
<b>Earnings per share - basic and diluted (Rupees)</b>	39	<b>9.49</b>	<b>9.54</b>

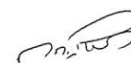
The annexed notes 1 to 53 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive



Director



# Statement of Comprehensive Income

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
<b>Profit after taxation</b>	195,677	196,563
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss</b>	-	-
<b>Items that will not be reclassified to statement of profit or loss</b>		
Fair value gain on investment classified as FVOCI	18,410	4,761
Related deferred tax liability on Fair value gain on investment classified as FVOCI	(5,697)	-
	12,713	4,761
Actuarial loss on staff retirement benefits	(12,421)	(9,172)
Share of OCI of equity - accounted investee	-	9,540
<b>Total comprehensive income for the year</b>	<b>195,969</b>	<b>201,692</b>
<b>Attributable to:</b>		
Owners of the Company	194,427	206,951
Non-controlling interests	1,542	(5,259)
	<b>195,969</b>	<b>201,692</b>

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

# Consolidated Statement of Cash Flows

## For the year ended June 30, 2022

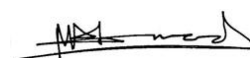
	Note	2022 (Rupees in thousand)	2021
<b>Cash flows from operating activities</b>			
Profit before taxation		251,551	298,313
<b>Adjustments for non-cash and other items:</b>			
Depreciation on property, plant and equipment	6.1.5	132,910	135,324
Amortization on intangible assets	7.1.1	188	1,305
Gain on disposal of property, plant and equipment	36	(4,560)	(4,640)
Provision (reversed)/charged against slow moving stock - net		(17,486)	28,227
Impairment loss (reversed) / recorded during the year		(2,539)	22,848
Provision for long term employee benefit		22,229	20,107
Finance cost	37	163,536	117,781
Impairment on investment in associate	8	-	14,961
Impairment on goodwill		-	24,000
Provision for Workers' Profit Participation Fund	35	13,137	14,467
Provision for Workers' Welfare Fund	35	5,797	8,664
Share of profit of equity - accounted investee	8	(267)	(1,730)
Amortization of deferred grant	36	(3,030)	(6,595)
Mark-up on term deposit receipts and long term loan	36	(5,728)	(7,429)
		304,187	367,290
<b>Operating profit before working capital changes</b>		555,738	665,603
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		(4,244)	(4,898)
Stock-in-trade		(373,505)	(166,360)
Trade debts - unsecured		(427,056)	(163,596)
Loans and advances		63,040	(96,646)
Trade deposits and short term prepayments		4,700	2,362
Other receivables		99,860	(110,741)
		(637,205)	(539,879)
<b>Increase in current liabilities:</b>			
Trade and other payables		171,395	648,687
<b>Cash generated from operations</b>		89,928	774,411
Finance cost paid		(140,357)	(125,612)
Taxation - net		(10,813)	(87,068)
Long term employee benefit paid		(21,227)	(92,217)
Funds transferred to the Parent Company from the Gratuity fund		55,000	-
Worker's Profit Participation Fund paid		(14,165)	(15,126)
Long term loans disbursed - net		(2,124)	(19,524)
Long term deposits realised / (paid) - net		2,109	(878)
		(131,577)	(340,425)
<b>Net cash (used in) / generated from operating activities</b>		(41,649)	433,986
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(128,238)	(133,349)
Proceeds from disposal of property, plant and equipment		6,809	8,585
Mark-up received on term deposit and long term loan		3,800	5,596
Short term investments made during the year		-	2,195
<b>Net cash used in investing activities</b>		(117,629)	(116,973)
<b>Cash flows from financing activities</b>			
Repayment of long term financing - net		(12,459)	(88,762)
Proceeds from long term diminishing musharaka		16,000	-
Dividend paid		(82,564)	(19,596)
Proceeds / (repayments) short term borrowings - net		194,852	(81,276)
<b>Net cash generated from from financing activities</b>		115,829	(189,634)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(43,449)	127,379
<b>Cash and cash equivalents at beginning of the year</b>		(740,646)	(868,025)
<b>Cash and cash equivalents at end of the year</b>	40	(784,095)	(740,646)

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Financial Officer



Chief Executive



Director



# Consolidated Statement of Changes in Equity

For the year ended June 30, 2022

	Reserves						Total equity attributable to owners of the Parent Company	Non controlling Interests	Total
	Capital			Revenue					
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Share premium	Fair value reserve	General reserve	Accumulated profits			
(Rupees in thousand)									
Total comprehensive income for the year ended June 30, 2021									
Balance as at July 01, 2020	204,597	877,100	34,086	6,457	285,000	660,188	2,067,428	11,442	2,078,870
Profit after taxation for the year	-	-	-	-	-	201,822	201,822	(5,259)	196,563
Other comprehensive income for the year									
- Fair value loss on Investment classified as FVOCI	-	-	-	4,761	-	-	4,761	-	4,761
- Equity - accounted investee - share of OCI	-	-	-	-	-	9,540	9,540	-	9,540
- Actuarial gain on staff retirement benefits	-	-	-	-	-	(9,172)	(9,172)	-	(9,172)
Total comprehensive income for the year	-	-	-	4,761	-	202,190	206,951	(5,259)	201,692
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(28,044)	-	-	-	28,044	-	-	-
Transactions with the owners of the Company									
Final cash dividend for the year ended June 30, 2020 @ Rs. 1	-	-	-	-	-	(20,460)	(20,460)	-	(20,460)
	-	(28,044)	-	-	-	7,584	(20,460)	-	(20,460)
Balance as at June 30, 2021	204,597	849,056	34,086	11,218	285,000	869,962	2,253,919	6,183	2,260,102
Total comprehensive income for the year ended June 30, 2022									
Profit after taxation for the year	-	-	-	-	-	195,677	195,677	1,542	197,219
Other comprehensive income for the year									
- Fair value gain on investment classified as FVOCI	-	-	-	12,713	-	-	12,713	-	12,713
- Equity- accounted investee - share of OCI	-	-	-	-	-	-	-	-	-
- Actuarial loss on staff retirement benefits	-	-	-	-	-	(12,421)	(12,421)	-	(12,421)
Total comprehensive income for the year	-	-	-	12,713	-	183,256	195,969	1,542	197,511
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(18,783)	-	-	-	18,783	-	-	-
Transactions with the owners of the Company									
Final cash dividend for the year ended June 30, 2021 @ Rs. 4	-	-	-	-	-	(81,839)	(81,839)	-	(81,839)
	-	(18,783)	-	-	-	(63,056)	(81,839)	-	(81,839)
Balance as at June 30, 2022	204,597	830,273	34,086	23,931	285,000	990,162	2,368,049	7,725	2,375,774

The annexed notes 1 to 53 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 June 30, 2022

### 1 Reporting entity information

The group comprises of the following companies:

#### Parent Company

- Berger Paints Pakistan Limited

#### Subsidiary companies

- Berger DPI (Private) Limited

- Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited

#### Associated company

- 3S Pharmaceuticals (Private) Limited

**1.1** 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 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 aggregate percentage of holding is 52.05%. The registered office of the Parent Company is situated at 36-Industrial Estate, Kot-Lakhpat, 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 100 percent share capital of the Berger Road Safety (Private) Limited. The Group is a subsidiary of Slotrapid Limited British Virgin Islands (the Holding Company).

Following is the pertinent information related to the Holding Company:

Particulars	Related information
Registered address	Suit # 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.
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.

### 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 June 30, 2022.

##### (a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

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 Group 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 or 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 Group. Non-controlling interest is presented as a separate item in the consolidated financial statements.

NCI are measured initially at their proportionate share of acquiree's identifiable net assets at the date of acquisition. 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 or loss.

**(c) Interests in equity - accounted investees**

The Group's interests in equity- accounted investees comprise interests in associates.

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

- measurement of certain financial instruments at fair value;
- the measurement of certain items of property, plant and equipment at revalued amounts;
- recognition of employee retirement benefits at present value; and
- certain foreign currency translation adjustments.

## 2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees (Rs.), which is the Group's functional and presentation currency.

## 3 Changes in accounting standards, interpretations and pronouncements

### a) Interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Group's financial statements.

### b) Interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Group's financial statements.

Standard or interpretation	Effective Date (Annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 01, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 01, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2024
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 01, 2023

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022 and January 01, 2023 respectively. The Group expects that such improvements to the standards will not have any significant impact on the Group's financial statements in the period of initial application.

## 4 Significant accounting policies

The accounting policies adopted for the preparation of the consolidated financial statements are set out below. The accounting policies have been consistently applied to all the years presented.

### 4.1 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. Cost comprises purchase price, non refundable duties and taxes after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus on property, plant and equipment account except for a reversal of deficit already charged to statement of 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 equipment. The revaluation surplus on property, plant and equipment to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets is transferred annually directly to accumulated profit 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 adjusted to the revalued amount of the assets.

Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to accumulated profits. All transfers to / from revaluation surplus on property, plant and equipment account are net of applicable deferred tax.

Depreciation on all property, plant and equipment except freehold land is charged to profit or loss using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values are reviewed at each reporting 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 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 and is recognized as an income or expense in the consolidated statement of profit or loss.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

#### **Right-of-use asset and Lease liability**

At inception of a lease contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the consolidated statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses.

### **Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use as intended.

The Group assesses at each reporting 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 or 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.

## **4.2 Intangible assets**

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the Group and the cost of the asset can be measured reliably. Intangibles are measured initially at cost. The cost of intangible comprises 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 consolidated statement of profit or loss.

### **4.2.1 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 or 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.

### **4.2.2 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.

### **4.2.3 Impairment**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.



**4.3 Stores, spare parts and loose tools**

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. Items considered obsolete are carried at nil value. General stores and spare parts are charged to consolidated statement of profit or loss. 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.

**4.4 Stock in trade**

Stock in trade is valued at lower of cost and 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 and valuation has been determined as follows:

Raw materials, packing materials and semi-processed goods	Moving weighted average cost
Finished goods	Moving weighted 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 based on management's estimate and is recognised in consolidated financial statements whenever necessary.

**4.5 Trade debts and other receivables**

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. An impairment allowance i.e. expected credit loss is calculated based on actual credit loss experience over the past years. The Group applies a simplified approach in calculating Expected Credit Loss (ECL). The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The impairment allowance is recognized in the consolidated statement of profit or loss. These assets are written off when there is no reasonable expectation of recovery.

**4.6 Cash and cash equivalents**

Cash and cash equivalents comprise of short- term running finance, cash and balances and investments with maturities of three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of consolidated statement of cash flows.

**4.7 Financial instruments****4.7.1 Classification and measurement of financial assets and financial liabilities**

Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income (FVOCI), or through profit or loss (FVTPL); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments are made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**i) Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including an interest / markup or dividend income, are recognized in consolidated statement of profit or loss.

**ii) Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains, losses and impairment are recognized in consolidated statement of profit or loss.

**iii) Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in the consolidated statement of comprehensive income. On derecognition, gains and losses accumulated in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

**iv) Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in consolidated statement of comprehensive income and are never reclassified to consolidated statement of profit or loss.

#### **4.7.2 Impairment**

The Group recognizes loss allowances for ECL on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI
- contract assets

An impairment loss is recognized if the carrying amount of the assets exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Additional information about how the Group measures allowance for impairment is detailed in note 46.1.3 of these consolidated financial statements.

#### **4.7.3 Derecognition**

##### **Financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

##### **Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

#### **4.7.4 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.8 Provisions**

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.

#### **4.9 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 Group and are disclosed when inflow of economic benefits is probable. Contingent assets are not recognized until their realization become virtually certain.

#### **4.10 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.

#### 4.11 Revenue recognition

Revenue represents the fair value of the consideration received or to be received from the sale of goods, net of sales tax, sales return and related discounts. Revenue is measured based on the consideration specified in a contract with customer. The Group recognises revenue when it transfers control of the goods. The customers obtain control when the goods are delivered to them and have been accepted at their premises except for exports where control is transferred at the time of dispatch. Invoices are generated at that point in time. The Group's customer arrangements contain a single performance obligation to transfer manufactured or purchased paints, varnishes and other related items.

#### 4.12 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

#### 4.13 Taxation

Income tax expense comprises of current and deferred tax. It is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in the consolidated statement of 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 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

#### **4.14 Trade and other payables**

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

#### **4.15 Employee benefits**

##### **4.15.1 Short term employee benefits**

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.

##### **4.15.2 Defined benefit plan**

The Group operates the following defined benefit schemes for employees of the Parent Company:

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

###### **Gratuity scheme**

The Parent Company offers gratuity benefits to its all of its permanent employees, and is payable to employees having service in the Parent Company for minimum five years. The gratuity benefits provided by the Parent 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 the consolidated statement of comprehensive income. The Parent 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 the consolidated statement of profit or loss. The Parent Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Parent Company as reduced by benefits paid during the year.

##### **4.15.3 Defined contribution plan**

###### **Provident fund**

The Group also operates a recognized provident fund scheme for its Parent Company's employees. Equal monthly contributions are made, both by the Parent Company and its employees, to the fund at the rate of ten percent of basic salary for executive and non-executive staff.

##### **4.15.4 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 Parent Company. 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 Company 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 compensated absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit or loss. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the year when these occur.

#### **4.15.5 Other employee benefits**

The Parent Company's employees are offered interest free long term loans for purchase of vehicles. The term of loan ranges for a period of 3-10 years. Deductions are made from salaries as per agreed repayment schedule. The loan amount is required to be repaid immediately as the employment contract ceases on termination or resignation of the employees. The loans are secured against title of vehicles. These loans have been discounted at market rate.

#### **4.16 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 income. 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 date of the initial transaction.

#### **4.17 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.

#### **4.18 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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 Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

#### **4.19 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

#### **4.20 Government grants**

The Group recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Group will comply with all attached conditions. The benefit of loan at below market rate of interest is measured as the difference between the initial carrying value of the loan in accordance with IFRS 9 and the proceeds received. The benefit is generally accounted for and presented as deferred grant in accordance with IAS 20 as a separate line item in consolidated statement of financial position. Subsequently, the grant is recognised in the consolidated statement of profit or loss as other income, on a systematic basis over the periods in which the expenses for which the grant is intended to compensate.

**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.

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 Group's financial statements are:

	<b>Note</b>
- Stock in trade	4.4
- Trade debts - unsecured	4.5
- Recoverability of deferred tax assets	4.13
- Long term employee benefits	4.15

		<b>2022</b>	<b>2021</b>
<b>6 Property, plant and equipment</b>	<b>Note</b>	<b>(Rupees in thousand)</b>	
Operating fixed assets	6.1	1,424,867	1,430,038
Right-of-use-asset	6.2	190,071	191,636
Capital work in progress	6.3	14,182	14,367
		<b>1,629,120</b>	<b>1,636,041</b>



## 6.1 Operating fixed assets

June 30, 2022										
	Useful life	Cost / revalued amount as at July 01, 2021	Additions	Disposals	Cost / revalued amount as at June 30, 2022	Accumulated depreciation as at July 01, 2021	Depreciation charge for the year	Disposals	Accumulated depreciation as at June 30, 2022	Book value as at June 30, 2022
Years										
(Rupees in thousand)										
Owned asset										
Freehold land	-	661,921	-	-	661,921	-	-	-	-	661,921
Building on freehold land	20	289,957	-	-	289,957	30,976	23,595	-	54,571	235,386
Building on leasehold land	10 - 20	63,866	-	-	63,866	6,375	6,830	-	13,205	50,661
Plant and machinery	2.8 - 12.5	288,087	83,237	(3,296)	368,028	68,530	55,856	(1,757)	122,629	245,399
Laboratory equipment	10	47,634	3,372	-	51,006	27,890	3,890	-	31,780	19,226
Electric fittings	4 - 10	183,369	956	(2,557)	181,768	46,147	16,848	(2,109)	60,886	120,882
Computer and related accessories	4	34,204	3,256	-	37,460	30,569	1,692	-	32,261	5,199
Office equipment	4 - 10	26,083	7,068	-	33,151	12,223	3,003	-	15,226	17,925
Furniture and fixtures	10	31,156	25	-	31,181	19,177	2,459	-	21,636	9,545
Motor vehicles	5	85,080	27,033	(639)	111,474	39,431	13,697	(377)	52,751	58,723
Total		1,711,357	124,947	(6,492)	1,829,812	281,318	127,870	(4,243)	404,945	1,424,867



June 30, 2021										
	Useful life	Cost / revalued amount as at July 01, 2020	Additions*	Disposals	Cost / revalued amount as at June 30, 2021	Accumulated depreciation as at July 01, 2020	Depreciation charge for the year	Disposals	Accumulated depreciation as at June 30, 2021	Book value as at June 30, 2021
Years										
(Rupees in thousand)										
Owned asset										
Freehold land	-	661,921	-	-	661,921	-	-	-	-	661,921
Building on freehold land	20	282,959	6,998	-	289,957	-	30,976	-	30,976	258,981
Building on leasehold land	10 - 20	63,866	-	-	63,866	-	6,375	-	6,375	57,491
Plant and machinery	2.8 - 12.5	272,227	18,433	(2,573)	288,087	11,455	59,577	(2,510)	68,522	219,565
Laboratory equipment	10	45,625	2,009	-	47,634	24,189	3,702	-	27,891	19,743
Electric fittings	4 - 10	58,807	124,975	(413)	183,369	34,781	11,598	(232)	46,147	137,222
Computer and related accessories	4	31,403	2,824	-	34,227	28,631	1,964	-	30,595	3,632
Office equipment	4 - 10	23,197	3,015	(120)	26,092	9,895	2,421	(85)	12,231	13,861
Furniture and fixtures	10	30,791	365	-	31,156	16,801	2,379	-	19,180	11,976
Motor vehicles	5	60,874	29,763	(5,557)	85,080	31,347	10,163	(2,076)	39,434	45,646
Total		1,531,670	188,382	(8,663)	1,711,389	157,099	129,155	(4,903)	281,351	1,430,038

\* This includes borrowing costs related to installation of solar power plant amounting to Rs. 2.12 million calculated using average effective rates ranging from 6.52% to 9.44%.

### 6.1.1 Disposal of operating assets

The following operating fixed assets with an individual net book value exceeding Rs. 500,000 were disposed off during the year:

Particulars of assets	Sold to		Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
	Name	Relationship with the Group						
2022	(Rupees in thousand)							
Plant and machinery								
Thermo Oil Heating Unit	Akram Trading	Third-party	2,071	(1,302)	769	496	(273)	Bid
			2,071	(1,302)	769	496	(273)	
2021								
Motor vehicles								
Honda City	Mr. Sajid Naeem	Employee	898	-	898	1,331	433	Employee - Final Settlement
Honda City	Mr. Irfan A. Khan	Employee	641	(22)	619	384	(235)	Employee - Buy back
Suzuki Cultus	Mr. Siddique Bhatti	Employee	781	-	781	1,152	371	Employee - Final Settlement
			2,320	(22)	2,298	2,867	569	

**6.1.2** Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	<b>2022</b>	<b>2021</b>
	<b>(Rupees in thousand)</b>	
Freehold land	207,183	207,183
Leasehold land	3,475	20
Buildings on freehold land	116,407	123,324
Buildings on leasehold land	48,126	54,177
Plant and machinery	121,994	72,659
	<b>497,185</b>	<b>457,363</b>

**6.1.3** The forced sale value of revalued assets as per latest available revaluation reports are as follows:

<b>Particulars</b>	<b>Date of revaluation</b>	<b>(Rupees in thousand)</b>
Freehold land	June 30, 2020	569,458
Leasehold land	June 30, 2020	167,166
Building on freehold land	June 30, 2020	220,291
Building on leasehold land	June 30, 2020	21,622
Plant and machinery	June 30, 2020	193,457

**6.1.4 Particulars of immovable fixed assets**

Freehold lands of the Group are located at 28-Km, Multan Road, Lahore, measuring 92.80 Kanals and 36.10 kanals and Quaid-e-Azam Industrial Estate, Kot-Lakhpat, Lahore, measuring 4.04 Kanals.

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

Buildings, plant and machinery and other immovable fixed assets of the Group are constructed on above mentioned freehold land and leasehold land.

**6.1.5** The depreciation charge for the year has been allocated as follows:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>(Rupees in thousand)</b>	
Cost of sales	32	98,761	103,638
Selling and distribution expenses	33	22,308	20,754
Administrative and general expenses	34	11,841	10,932
		<b>132,910</b>	<b>135,324</b>

**6.1.6** The cost of fully depreciated assets which are still in use is Rs. 105.05 million (2021: Rs. 107.95 million).

		2022	2021
		(Rupees in thousand)	
<b>6.2</b>	<b>Right-of-use-asset</b>		
	Opening net book value	191,636	197,990
	Additions during the year	3,475	-
	Depreciation charge for the year	(5,040)	(6,169)
	Disposal during the year	-	(185)
	Closing net book value	190,071	191,636

The Group has a lease contract of its warehouse as at June 30, 2022. Lease liability against the right-of-use asset has been paid off at the start of the contract.

		2022	2021
		(Rupees in thousand)	
	<b>Note</b>		
<b>6.3</b>	<b>Capital work in progress</b>		
	Civil works	228	-
	Plant and machinery	399	3,288
	Electrical installations	555	1,423
	Advances to suppliers	13,000	9,656
		14,182	14,367

## 7 Intangible assets

Computer software	7.1	23	211
Goodwill	7.2	-	-
		23	211

### 7.1 Computer software

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

		2022	2021
		(Rupees in thousand)	
<b>Cost</b>	<b>Note</b>		
As at July 01		33,410	33,410
Additions during the year		-	-
As at June 30		33,410	33,410
<b>Accumulated amortization</b>			
As at July 01		33,199	31,894
Amortization during the year	7.1.1	188	1,305
As at June 30		33,387	33,199
Balance as at June 30		23	211
Rate of amortization		33.33%	33.33%

**2022                  2021**  
**(Rupees in thousand)**

**7.1.1**      The amortization charge for the year has been allocated as follows:

Administrative and general expenses	188	1,305
	188	1,305

**7.2            Goodwill**

**Accumulated impairment**

Accumulated impairment as at July 01	-	-
Impairment charged during the year	-	(24,000)
Accumulated Impairment as at June 30	-	(24,000)
<b>Balance as at June 30</b>	-	-

All goodwill recognised at the time of acquisition of Powder Coating Business was impaired as at June 30, 2021.

**2022                  2021**  
**(Rupees in thousand)**

**8    Equity - accounted investee - unlisted**

**Cost of investment - 3S Pharmaceutical (Private) Limited**

98,000 (2020: 98,000) fully paid ordinary shares of Rs. 100 each

**Share of profit / (loss)**

As at July 01	1,128	(602)
Share of profit for the year	267	1,730
	1,395	1,128

**Share of other comprehensive income**

As at July 01	9,540	-
Share of OCI for the year	-	9,540
	9,540	9,540
Less: Accumulated impairment	(14,961)	(14,961)

Carrying value of investment as at June 30

The recoverable of equity - accounted investee was based on fair value less costs of disposal, estimated using adjusted net asset method. Following the impairment loss in prior year, the recoverable amount of the investment was equal to its carrying amount.

**8.1** Summarised financial information in respect of equity - accounted investee on the basis of its separate financial statements for the year ended June 30, 2022 and June 30, 2021 are set out below:

		2022	2021
	Note	(Rupees in thousand)	
Non current assets		79,509	81,788
Current assets		41,597	49,555
Non current liabilities		(10,635)	(10,635)
Current liabilities		(30,000)	(40,781)
Net assets - 100%		80,471	79,927
Percentage ownership interest		49.00%	49.00%
Group's share of net assets		39,431	39,164
Goodwill		9,860	9,860
Other adjustment		844	844
		50,135	49,868
Accumulated impairment of the investment		(14,961)	(14,961)
Carrying amount of interest in associated company		35,174	34,907
Revenue		33,087	44,310
Profit for the year from operations		544	3,530
Other comprehensive income		-	19,470
Group's share of income - post acquisition		10,935	10,668
<b>9 Long term investment - FVOCI</b>			
Investment in equity instrument classified as FVOCI		33,458	15,048
		33,458	15,048
<b>Buxly Paints Limited - listed</b>			
Cost		3,830	3,830
Fair value adjustment	9.1	29,628	11,218
		33,458	15,048

The Parent Company owns 273,600 (2021: 273,600) fully paid ordinary shares of Rs. 10 each representing 19.00% (2021: 19.00%) investment of total shares in Buxly Paints Limited. As at year end, the market value of each share was Rs. 122.29 (2021: Rs. 55).

		2022	2021
	Note	(Rupees in thousand)	
<b>9.1 Fair value adjustment</b>			
As at July 01		11,218	6,457
Fair value gain		18,410	4,761
As at June 30		29,628	11,218
<b>10 Long term loans</b>			
Opening balance		67,577	48,053
Disbursements during the year		24,378	44,119
Repayments during the year		(22,254)	(24,595)
		69,701	67,577
Discounting adjustment for recognition at fair value			
- deferred employee benefits	11	(17,377)	(17,666)
Closing balance		52,324	49,911
Current portion shown under current assets	15	(13,692)	(15,764)
		38,632	34,147
<b>10.1</b>	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 keeping title of the underlying assets in the name of the Company till final settlement. The loans are recoverable over a period of three to ten years. These loans have been discounted using market rate as at reporting date and the corresponding discounting impact has been recognised as prepaid employee benefits.		
<b>10.2</b>	Directors of the Group were not given any loan during the year.		
	Note	2022	2021
		(Rupees in thousand)	
<b>11 Long term deposits and prepayments</b>			
Deposits - unsecured			
- Considered good		20,761	18,753
- Considered doubtful		852	4,969
		21,613	23,722
Prepaid employee benefits	10	17,377	17,666
Less: Allowance for doubtful deposits	11.1	(852)	(4,969)
	11.2	38,138	36,419
<b>11.1 Movement in allowance for doubtful deposits is as follows:</b>			
Balance as at July 01		4,969	4,969
Reversal during the year		(4,117)	-
Balance as at June 30		852	4,969
<b>11.2</b>	These include deposits given to utility companies, deposits against lease and tender deposits.		

**12 Deferred taxation - net**

Deferred tax liability on taxable temporary differences arising in respect of

	2022	2021
	(Rupees in thousand)	
- Accelerated tax depreciation	(16,851)	(26,315)
- Surplus on revaluation of fixed assets	(85,257)	(80,370)
- Fair value gain on investment classified as FVOCI	(5,697)	-

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

- Impairment allowance on financial assets	68,465	62,997
- Intangibles	5	254
- Minimum turnover tax	23,370	51,127
- Investment in related parties	1,328	-
- Provision for slow moving stock	13,160	17,007
	106,328	131,385
	(1,477)	24,700

**12.1** The subsidiaries have not recognised deferred tax asset amounting to Rs. nil (2021: Rs. 19.13 million) in respect of deductible temporary differences.

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

	2022	2021
	(Rupees in thousand)	
As at July 01	24,700	(6,833)
Recognized in profit or loss:		
- Accelerated tax depreciation including surplus on revaluation of fixed assets	4,328	16,830
- (Reversal) / Charge of impairment allowance on financial assets	5,468	(1,961)
- Minimum turnover tax	(27,757)	9,127
- Investment in related parties	1,328	-
- Finance lease obligations	-	(489)
- Provision for slow moving stock	(3,847)	8,026
	(20,480)	31,533
Recognized in other comprehensive income:		
- Fair value gain on investment classified as FVOCI	(5,697)	-
As at June 30	(1,477)	24,700



		2022	2021
	Note	(Rupees in thousand)	
13 Stock in trade			
Raw and packing materials			
- in hand		711,306	602,301
- in transit		319,267	151,184
		1,030,573	753,485
Semi processed goods		162,191	80,946
Finished goods			
- Manufactured	13.1	501,776	465,057
- Trading		60,140	81,687
		561,916	546,744
		1,754,680	1,381,175
Provision for slow moving and obsolete stocks	13.2		
- Raw material		(47,850)	(51,589)
- Semi processed goods		(4,137)	(4,471)
- Finished goods		(74,541)	(87,954)
		(126,528)	(144,014)
		1,628,152	1,237,161

**13.1** Aggregate stocks with a cost of Rs. 69.71 million (2021: Rs. 89.91 million) are being valued at net realizable value of Rs. 61.34 million (2021: Rs. 77.26 million).

		2022	2021
		(Rupees in thousand)	
13.2	Provision for slow moving and obsolete stocks		
	As at the beginning of year	144,014	115,787
	Provision made during the year	15,502	29,247
	Reversal during the year	(22,668)	(1,020)
	Write off during the year	(10,320)	-
	As at year end	126,528	144,014

**13.3** The cost of stock in trade recognised as an expense amounted to Rs. 5,151.53 million (2021: Rs. 3,801.47 million).

	Note	2022 (Rupees in thousand)	2021
<b>14 Trade debts - unsecured</b>			
Considered good			
Related parties	14.1 & 14.2	203,976	126,607
Others		1,633,877	1,207,212
		1,837,853	1,333,819
Considered doubtful			
Related parties		5,535	13,468
Others		139,117	207,648
		1,982,505	1,554,935
Impairment allowance on trade debts	14.3	(177,831)	(221,116)
Provision for discounts		(138,588)	(87,540)
Contract assets		35,008	30,298
		1,701,094	1,276,577
<b>14.1 Trade debts include the following amounts due from the following related parties:</b>			
Buxly Paints Pakistan Limited - related party	14.1.1	209,511	139,998
Dadex Eternit Limited - related party	14.1.2	-	77
	14.1.3	209,511	140,075
<b>14.1.1</b>	Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 211.90 million (2021: Rs. 152.51 million).		
<b>14.1.2</b>	Maximum aggregate balance due from the related party at the end of any month during the year was nil (2021: Rs. 0.30 million).		
<b>14.1.3</b>	The Group has recognized impairment allowance on these balances as at June 30, 2022 amounting to Rs. 5.54 million (2021: Rs. 5.60 million).		
<b>14.2 Aging of related party balances</b>		<b>2022</b>	<b>2021</b>
		<b>(Rupees in thousand)</b>	
Considered good			
Past due 0 - 30 days		50,784	43,900
Past due 31 - 60 days		52,306	28,982
Considered doubtful			
Past due 61 - 90 days		52,707	15,564
Past due 91 - 120 days		53,657	51,569
Past due 121 - 180 days		57	60
Past due 181 - 364 days		-	-
Past due over one year		-	-
		209,511	140,075

	Note	2022 (Rupees in thousand)	2021
<b>14.3 Movement in impairment allowance</b>			
Balance as at July 01		221,116	200,327
Provision for the year		18,725	21,478
Bad debts written off		(62,010)	(689)
Balance as at June 30		177,831	221,116
<b>15 Loans and advances</b>			
Current portion of long term loans:			
Due from employees			
- secured, considered good		17,416	14,200
- considered doubtful		1,250	1,564
	10	18,666	15,764
Less: Impairment allowance	15.1	(1,250)	(1,564)
		17,416	14,200
Advances - unsecured, considered good:			
- suppliers		169,076	223,227
- employees		432	769
- others	15.2	-	8,552
		169,508	232,548
		186,924	246,748
<b>15.1 Movement in impairment allowance is as follows:</b>			
Balance as at July 01		1,564	1,564
Reversal during the year		(314)	-
Balance as at June 30		1,250	1,564
<b>15.2</b>	The includes retention money receivable amounting to Rs. nil (2021: 7.65 million) against which an impairment allowance of Rs. nil (2020: Rs. 4.46 million) has been recorded.		

	Note	2022 (Rupees in thousand)	2021
<b>16 Trade deposits and short term prepayments</b>			
Trade deposits			
- considered good		11,492	17,716
- considered doubtful		10,515	9,716
		22,007	27,432
Less: Impairment allowance	16.1	(10,515)	(9,716)
		11,492	17,716
Short term prepayments		15,484	13,960
		26,976	31,676
<b>16.1 Movement in impairment allowance is as follows:</b>			
Balance as at July 01		9,716	9,716
Provision made during the year		799	-
Balance as at June 30		10,515	9,716
<b>17 Other receivables</b>			
LC margin		-	110,000
Receivable from related parties	17.1	55,651	40,430
Export rebate		12,297	12,446
Provision against export rebate		(11,824)	(11,824)
		473	622
Accrued interest		4,306	2,378
Insurance claim receivable		2,646	6,607
Others		1,342	2,551
		64,418	162,588
<b>17.1 Other receivables include the following amounts due from the following related parties:</b>			
Buxly Paints Pakistan Limited - related party	17.1.1	58,612	43,811
3S Pharmaceutical (Private) Limited - related party	17.1.2	2,419	1,880
	17.1.3	61,031	45,691
Less: Impairment allowance	17.3	(5,380)	(5,261)
		55,651	40,430
<b>17.1.1</b>	Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 58.77 million (2021: Rs. 43.81 million).		

**17.1.2** Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 2.42 million. (2021: Rs. 1.88 million).

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

	<b>2022</b>	<b>2021</b>
	<b>(Rupees in thousand)</b>	
<b>17.2 Aging of related party balances</b>		
Past due 0 - 30 days	3,290	4,530
Past due 31 - 60 days	1,270	253
Past due 61 - 90 days	1,540	1,079
Past due 91 - 120 days	1,584	1,345
Past due 121 - 180 days	2,714	3,870
Past due 181 - 364 days	48,186	7,615
Past due over one year	2,447	26,999
	<b>61,031</b>	<b>45,691</b>
<b>17.3 Movement in impairment allowance is as follows:</b>		
Balance as at July 01	5,261	8,351
Provision for the year	119	-
Reversed for the year	-	(3,090)
Balance as at June 30	<b>5,380</b>	<b>5,261</b>

**18** This represents net refunds related to taxation amounting to Rs. 222.59 million (2021: Rs. 240.24 million) due from the Government.

**19 Short term investment**

This represents term deposit receipts which are mark-up based investments with conventional bank. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carry mark-up at rates ranging from 7% to 11.25% per annum (2021: 5.25% to 7.94% per annum). This includes Rs. 110 million which has been included in cash and cash equivalents in note 40 to these consolidated financial statements.

	<b>2022</b>	<b>2021</b>
	<b>(Rupees in thousand)</b>	
<b>20 Cash and bank balances</b>		
Cash at bank:		
- current accounts	223,311	45,149
Cash in hand	981	1,010
	<b>224,292</b>	<b>46,159</b>

**21 Issued, subscribed and paid-up capital**

	2022 (Number of shares)	2021	2022 (Rupees in thousand)	2021
<b>Authorised share capital</b>				
Ordinary shares of Rs. 10 each	25,000,000	25,000,000	250,000	250,000
<b>Issued, subscribed and paid-up share capital</b>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	12,135,798	12,135,798	121,358	121,358
Voting ordinary shares of Rs. 10 each issued as bonus shares	8,323,881	8,323,881	83,239	83,239
	20,459,679	20,459,679	204,597	204,597

**21.1** As at June 30, 2022, the Holding Company, and its nominees hold 10,649,314 (2021: 10,649,314) voting ordinary shares of Rs. 10 each representing 52.05% (2021: 52.05%) of the ordinary paid up capital of the Parent Company.

**21.2** There was no movement in number of shares during the year.

	Note	2022 (Rupees in thousand)	2021
<b>22 Reserves</b>			
<b>Capital reserves</b>			
Share premium reserve	22.1	34,086	34,086
Fair value reserve - net of tax	22.2	23,931	11,218
		58,017	45,304
Revaluation surplus on property, plant and machinery - net of tax	22.3	830,273	849,056
		888,290	894,360
<b>Revenue reserves</b>			
General reserve		285,000	285,000
Accumulated profits		990,162	869,962
		1,275,162	1,154,962
		2,163,452	2,049,322

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

**22.2** This represents fair value reserve created on investment classified as FVOCI.

	2022 (Rupees in thousand)	2021
<b>22.3 Revaluation surplus on property, plant and machinery - net of tax</b>		
As at beginning of the year	849,056	877,100
Net amount transferred to unappropriated profit on account of Incremental depreciation - net of tax	(18,783)	(28,044)
	<b>830,273</b>	<b>849,056</b>

**22.3.1** The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

**22.3.2** The latest valuation of freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery was carried out by Harvestor Enterprises and Company, an independent valuer on June 30, 2020. 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.

	2022 (Rupees in thousand)	2021
Note		

## 23 Long term financing - secured

Mark-up based financing from conventional banks:

JS Bank Limited	23.1	43,943	62,270
Samba Bank Limited	23.2	15,030	43,706
Habib Metropolitan Bank Limited	23.3	-	45,832
National Bank of Pakistan Limited	23.4	98,551	-
		<b>157,524</b>	<b>151,808</b>

Islamic mode of financing:

First Habib Modaraba	23.5	41,346	31,491
Bank Islami Pakistan Limited	23.6	52,083	77,083
		<b>93,429</b>	<b>108,574</b>
		<b>250,953</b>	<b>260,382</b>

Mark-up based financing from conventional banks:

Current portion shown under current liabilities	(34,980)	(76,349)
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Islamic mode of financing:

Current portion shown under current liabilities	(32,751)	(31,535)
	<b>183,222</b>	<b>152,498</b>

**23.1 JS Bank Limited**

- JS Bank Limited - facility 2	23.1.1	-	6,020
- JS Bank Limited - facility 3	23.1.2	43,943	56,250
		43,943	62,270

**23.1.1** This represents long term loan facility amounting to Rs. 8.6 million to finance 0.38MW grid pegged solar power plant. The outstanding balance was repaid during the year. Markup was payable quarterly and was charged at the rate of one month KIBOR plus 2% per annum. The facility was secured against an equitable mortgage and first charge on land and building of Lahore factory of the Parent Company.

**23.1.2** This represents long term loan facility amounting to Rs. 63 million to finance 0.604MW grid pegged solar power plant. The outstanding balance is repayable in quarterly instalments of Rs. 2.25 million each ending in July 2027. Markup is payable quarterly and is charged at the rate of 6% per annum. The facility is secured against an equitable mortgage and first charge on land and building of Lahore factory of the Parent Company.

**23.2** This represents long term loan facility amounting to Rs. 70 million. The loan is obtained under SBP refinancing scheme for payment of salaries and wages. The outstanding balance is repayable in quarterly instalments of Rs. 4.80 million each ending in February 2023. Markup is payable quarterly and is charged at the rate of 3% per annum. The facility is secured against a ranking charge over present and future fixed assets of the Parent Company amounting to Rs. 94 million. The loan has been recognised at present value using effective rate of 8.78% per annum.

**23.3** This represents long term loan facility amounting to Rs. 76.5 million. The loan was obtained under SBP refinancing scheme for payment of salaries and wages. The outstanding balance was repaid during the year. Markup is payable quarterly and is charged at fixed rate of 3% per annum. This facility was secured against ranking charge amounting to Rs. 134 million over all present and future current assets of the Parent Company. The loan had been recognised at present value using effective rate of 8.78% per annum.

**23.4** This represents long term loan facility amounting to Rs. 100 million. The loan was obtained under SBP refinancing scheme for Temporary Economic Refinance. The facility is repayable in quarterly instalments of Rs. 2.8 million each ending in September 2031. Markup is payable quarterly and is charged at 3 month Kibor plus 5% spread per annum. This facility was secured against first pari passu charge amounting to Rs. 134 million over all present and future current assets of the Parent Company.

	Note	2022 (Rupees in thousand)	2021
<b>23.5 First Habib Modaraba</b>			
- First Habib Modaraba - facility 1	23.5.1	4,482	11,222
- First Habib Modaraba - facility 2	23.5.2	-	1,363
- First Habib Modaraba - facility 3	23.5.3	2,300	2,827
- First Habib Modaraba - facility 4	23.5.4	3,927	4,617
- First Habib Modaraba - facility 5	23.5.5	1,363	1,631
- First Habib Modaraba - facility 6	23.5.6	4,620	5,489
- First Habib Modaraba - facility 7	23.5.7	3,636	4,342
- First Habib Modaraba - facility 8	23.5.8	7,481	-
- First Habib Modaraba - facility 9	23.5.9	3,579	-
- First Habib Modaraba - facility 10	23.5.10	9,958	-
		41,346	31,491

**23.5.1** This represents diminishing musharika facility amounting to Rs. 15.05 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in July 2024. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.



- 23.5.2** This represents diminishing musharika facility amounting to Rs. 5.28 million for purchase of vehicles. The facility was repayable in 20 quarterly installments ending in February 2022. Profit was payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility was secured against charge over present and future current and fixed assets of the Parent Company. The title of asset was held jointly by the Parent Company and the lender till the facility was fully repaid.
- 23.5.3** This represents diminishing musharika facility amounting to Rs. 3.39 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in June 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.5% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.4** This represents diminishing musharika facility amounting to Rs. 5.21 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.5** This represents diminishing musharika facility amounting to Rs. 1.795 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in December 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.6** This represents diminishing musharika facility amounting to Rs. 6.04 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in November 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.7** This represents diminishing musharika facility amounting to Rs. 4.81 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.8** This represents diminishing musharika facility amounting to Rs. 8.91 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in April 2026. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.9** This represents diminishing musharika facility amounting to Rs. 3.94 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in October 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.5.10** This represents diminishing musharika facility amounting to Rs. 10.64 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in February 2027. Profit is payable quarterly and charged at the rate of three month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.
- 23.6** This represents diminishing musharika facility amounting Rs. 100 million to pay off conventional liabilities. The facility is repayable in monthly installments of Rs. 2.08 million each ending in July 2024 with a grace period of 1 year. Mark-up is payable monthly and is charged at the rate of six month KIBOR plus 1.25% per annum. This facility is secured against raking charge amounting to Rs. 133 million on all present and future current assets of the Parent Company.
- 23.7** The Parent Company has total credit facilities of Rs. 518 million (2021: 418 million) at the year end. Whereas the Parent Company has availed credit facilities of Rs. 518 million (2021: Rs. 418 million) and unavailed credit facilities of nil (2021: nil) at the year end.

**2022                      2021**  
**(Rupees in thousand)**

**24 Long term diminishing musharaka**

Berger Paints Pakistan Limited (BPPL) - Sukuk of Rs. 500 million

16,000

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During the year ended June 30, 2022, the Parent Company issued 16 BPPL Sukuk certificates, having face value of Rs. 1 million each aggregating to Rs. 16 million and entered into a diminishing musharaka agreement with the investment agent, Pak Oman Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. The issue resulted in cash receipt of subscription money of Rs. 16 million. The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1.5% with quarterly rental payments. These certificates are issued for a tenure of four years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2023. Under this arrangement the Parent Company sold the beneficial ownership of the musharaka assets, its freehold land and building on freehold land, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Parent Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

	<b>Note</b>	<b>2022</b> <b>(Rupees in thousand)</b>	<b>2021</b>
<b>25 Deferred grant</b>			
Balance as at July 01		3,562	3,739
Recognised during the year		3,898	6,418
Reversed during the year		(800)	-
Amortization of grant during the year		(3,030)	(6,595)
		3,630	3,562
Less: current portion of deferred grants		(1,379)	(2,407)
<b>Balance as at June 30</b>		<b>2,251</b>	<b>1,155</b>
<b>26 Long term employee benefits</b>			
<b>Defined benefit plan</b>			
Staff pension fund	26.1	41,790	40,262
Staff gratuity fund	26.1	82,734	14,096
		124,524	54,358
<b>Other long term employee benefits</b>			
Accumulating compensated absences	26.2	19,488	21,231
		144,012	75,589

**Defined benefit plan**

As mentioned in note 4.15 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 June 30, 2022. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2022	2021
Valuation discount rate	13.25%	10.0%
Expected rate of increase in salaries	12.25%	9.0%
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement age	60 years	60 years

**26.1 Statement of financial position reconciliation**

	2022		2021	
	Pension	Gratuity (Rupees in thousand)	Pension	Gratuity
Present value of defined benefit obligation	101,260	111,000	98,206	89,299
Fair value of plan assets	(59,471)	(28,266)	(57,944)	(75,203)
	41,789	82,734	40,262	14,096
<b>26.1.1 Movement in defined benefit obligation is as follows:</b>				
Obligation as at July 01	98,206	89,299	87,728	80,446
Employees' contribution not paid to the fund by the Company	1,391	-	1,105	-
Service cost	2,107	12,282	2,941	8,828
Interest cost	9,682	8,308	7,352	6,051
Benefits paid	(2,764)	(12,446)	(2,480)	(10,212)
Remeasurement loss / (gain)	(7,362)	13,557	1,560	4,186
Obligation as at June 30	101,260	111,000	98,206	89,299
<b>26.1.2 Movement in the fair value of plan assets is as follows:</b>				
Fair value as at July 01	57,944	75,203	54,023	39
Expected return on plan assets	5,794	5,020	4,592	3,191
Remeasurement loss	(4,268)	(1,958)	(399)	(3,027)
Company's contribution	2,764	17,446	2,208	85,212
Fund transferred back to the Company during the year	-	(55,000)	-	-
Benefits paid	(2,764)	(12,446)	(2,480)	(10,212)
Fair value as at June 30	59,470	28,265	57,944	75,203

		2022		2021	
		Pension	Gratuity (Rupees in thousand)	Pension	Gratuity
<b>26.1.3</b>	<b>Movement in net liability in the statement of financial position is as follows:</b>				
	Net liability as at July 01	40,262	14,096	33,705	80,407
	Charge for the year	5,995	15,570	5,701	11,688
	Charge to other comprehensive income during the year	(3,094)	15,515	1,959	7,213
	Company's contribution	(2,764)	(17,446)	(2,208)	(85,212)
	Fund transferred back to the Parent Company during the year	-	55,000	-	-
	Employees' contribution deducted but not paid to the fund	1,391	-	1,105	-
	<b>Net liability as at June 30</b>	<b>41,790</b>	<b>82,735</b>	<b>40,262</b>	<b>14,096</b>
<b>26.1.4</b>	<b>Charge for the year - net</b>				
	Current service cost	2,107	12,282	2,941	8,828
	Interest cost	9,682	8,308	7,352	6,051
	Expected return on plan assets	(5,794)	(5,020)	(4,592)	(3,191)
	Loss on settlements	-	-	-	-
		5,995	15,570	5,701	11,688
	Actual return on plan assets	1,526	3,062	4,193	164
<b>26.1.5</b>	<b>The charge for the year has been allocated as follows:</b>				
	Cost of sales	2,959	7,132	2,519	5,164
	Selling and distribution expenses	2,428	5,852	2,145	4,398
	Administrative and general expenses	608	2,585	1,037	2,126
		5,995	15,569	5,701	11,688
<b>26.1.6</b>	<b>Plan assets comprise of the following:</b>				
	Collective investment schemes	39,732	25,000	39,349	75,000
	Cash at bank	19,739	3,267	18,597	203
		59,471	28,267	57,946	75,203

**26.1.7** Amounts for the current year and previous four years of the fair value of plan assets, present value of defined benefit obligation and deficit thereon is as follows:

	2022	2021	2020	2019	2018
As at 30 June	(Rupees in thousand)				
Present value of defined benefit obligation	212,260	187,505	164,016	178,501	166,548
Fair value of plan assets	(87,735)	(133,147)	(54,064)	(51,507)	(50,609)
Deficit	124,525	54,358	109,952	126,994	115,939
Experience adjustment:					
Loss / (gain) on obligations	6,195	5,746	(4,810)	(4,883)	1,674
Gain on plan assets	10,814	7,783	6,317	4,471	4,720

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 reporting date.

**26.1.8 Expected expense for next year**

The expected expense to the pension and gratuity schemes for the year ending June 30, 2023 works out to Rs. 9.00 million and Rs. 26.05 million respectively.

**26.1.9** The plans expose the Group to the actuarial risks such as:**Salary risks**

The risk that the final salary at the time of cessation of service may be greater than that assumed in determination of present value of defined benefits obligations. As the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increase.

**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.

**Interest rate risks**

The risk that bond interest rate may be different. A decrease in bond interest rate will increase the liability, and vice versa.

**26.1.10 Actuarial assumptions sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2022 would have been as follows:

**Impact on present value of defined benefit obligation as at June 30, 2022**

Change	Pension		Gratuity	
	Increase to	Decrease to	Increase to	Decrease to
(Rupees in thousand)				
Discount rate    ±    1%	85,501	119,922	101,492	121,399
Future salary       ±    1%	119,925	85,502	121,397	101,491

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 consolidated statement of financial position.

- 26.1.11** Weighted average duration of the defined benefit obligation is 24 years and 9 years for pension and gratuity plans, respectively.

	Note	2022 (Rupees in thousand)	2021
<b>26.2 Other long term employee benefits</b>			
<b>Movement in accumulated compensated absences</b>			
Balance as at July 01		21,231	24,416
Provision during the year	26.2.2	665	2,718
Payments made during the year		(2,408)	(5,903)
Balance as at June 30		19,488	21,231
<b>26.2.1 Reconciliation of present value of liability</b>			
Present value of liability as at July 01		21,231	24,416
Service cost		2,191	2,837
Interest on defined benefit liability		2,003	1,645
Benefits paid		(2,408)	(5,903)
Remeasurement gain		(3,529)	(1,764)
Present value of liability as at June 30		19,488	21,231
<b>26.2.2 Charge for the year</b>			
Service cost		2,191	2,837
Interest on defined benefit liability		2,003	1,645
Remeasurement gain		(3,529)	(1,764)
		665	2,718
<b>26.2.2.1</b> The charge for the year has been allocated as follows:			
Cost of sales		305	1,201
Selling and distribution expenses		250	1,023
Administrative and general expenses		110	494
		665	2,718
<b>26.2.3 Expected expense for next year</b>			
The expected expense pertaining to accumulated compensated absences for the year ending June 30, 2023 works out to Rs. 4.86 million.			
<b>26.2.4 Actuarial assumptions sensitivity analysis</b>			
If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2022 would have been as follows:			
<b>Impact on present value of defined benefit obligation as at June 30, 2022</b>			
	Change	Defined benefit obligation	
		Increase to	Decrease to
Discount rate	± 1%	17,818	21,313
Future salary	± 1%	21,313	17,818

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 consolidated statement of financial position.

**26.2.5** Weighted average duration of the defined benefit obligation is 9 years.

	<b>Note</b>	<b>2022</b> <b>(Rupees in thousand)</b>	<b>2021</b>
<b>27 Trade and other payables</b>			
Trade and other creditors		954,763	910,622
Import bills payable		402,462	324,246
Contract liabilities		50,236	45,269
Accrued expenses		81,644	64,750
Provision for infrastructure cess	27.1	96,087	88,097
Royalty payable to related parties	27.2	48,210	23,247
Technical fee payable		40,299	34,953
Workers' Profits Participation Fund	27.3	17,920	18,588
Workers' Welfare Fund		19,511	23,059
Due to statutory authorities	27.4	18,654	16,965
Others		44,026	44,150
		<b>1,773,812</b>	<b>1,593,946</b>
<b>27.1 Provision for infrastructure cess</b>			
Balance as at July 01		88,097	80,860
Provision for the year		7,990	7,237
Balance as at June 30		<b>96,087</b>	<b>88,097</b>
<b>27.2 This includes amount due to the following related parties:</b>			
Slotrapid Limited - Holding Company		48,178	23,215
Buxly Paints Limited - Associated Company		32	32
		<b>48,210</b>	<b>23,247</b>
<b>27.3 Workers' Profits Participation Fund</b>			
Balance as at July 01		18,588	18,943
Allocation for the year		13,137	14,467
Interest on funds utilized in the Company's business		360	304
		<b>32,085</b>	<b>33,714</b>
Payments during the year		(14,165)	(15,126)
Balance as at June 30		<b>17,920</b>	<b>18,588</b>
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>27.4</b>	This includes payable to Provident Fund amounting to Rs. 8.59 million (2021: Rs. 2.84 million).		

	Note	2022 (Rupees in thousand)	2021
<b>28 Accrued markup</b>			
Mark-up based borrowings from conventional banks			
Long term financing - secured		1,644	1,785
Short term financing - secured		3,128	2,103
Short term running finances - secured		33,057	18,471
		37,829	22,359
Mark-up based borrowings from Islamic banks			
Long term financing - secured		1,815	120
Short term financing - secured		1,115	-
Short term running finances - secured		4,539	-
		45,298	22,479
<b>29 Short term borrowings - secured</b>			
Mark-up based borrowings from conventional banks			
Short term financing - secured	29.1	92,552	60,700
Short term running finance - secured	29.2	918,399	786,805
		1,010,951	847,505
Mark-up based borrowings from Islamic banks			
Short term financing - secured	29.3	163,000	-
Short term running finance - secured	29.4	199,988	-
		362,988	-
		1,373,939	847,505

**29.1 Short term financing - Conventional banks**

This represents utilized amount of short term financing facilities under mark-up arrangements available from commercial banks aggregating to Rs. 255 million (2021: Rs. 280 million). These facilities are secured against ranking charge on all present and future current assets of the Parent Company. These carry mark-up at rates ranging between 8.51% and 15.41% (2021: 8.16% and 9.37%) per annum, payable quarterly.

**29.2 Short term running finances - Conventional banks**

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 1,050 million (2021: Rs. 1,250 million). These facilities are secured against joint pari passu charge over all the present and future current assets of the Parent Company and carry mark-up at rates ranging between 8.45% and 15.31% (2021: 8.53% and 9.03%) per annum, payable quarterly.

**29.3 Short term financing - Islamic banks**

This represents utilized amount of short term financing facilities under mark-up arrangements available from Islamic banks aggregating to Rs. 350 million (2021: Rs. 150 million). These facilities are secured against joint pari passu charge on all present and future current assets of the Parent Company. These carry mark-up at rates ranging between 11.61% and 13.14% (2021: nil) per annum, payable quarterly.



**29.4 Short term running finances - Islamic banks**

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 200 million (2021: nil). These facilities are secured against registered charge over the current assets of the Parent Company and carry mark-up at rates ranging between 14.62% and 15.56% (2021: nil) per annum, payable quarterly.

**29.5** The Group has total credit facilities of Rs. 1,855 million (2021: 1,580 million) at the year end. Whereas the Group has availed credit facilities of Rs. 1,855 million (2021: Rs. 1,580 million) and unavailed credit facilities of nil (2021: nil) at the year end.

**30 Contingencies and commitments****30.1 Contingencies****The Parent Company**

- In 1987, the Parent Company filed a suit against an ex-distributor (Asia paints) in the Sindh High Court (the court) for recovery of Rs. 8.89 million and damages amounting to Rs. 5 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 amounting to Rs. 78.15 million against the Parent Company in the court on account of damages and compensation. The management believes on the basis of legal advice that it has a strong case and no financial obligation is expected to arise. Accordingly, no provision has been made in the consolidated financial statements.
- The Parent Company contracted Allied Engineering for installation of solar panels and solar systems at the factory. The process was to be completed in different phases. After the completion of initial phase, issues were identified in the solar systems installed. The Parent Company opted to get the solar systems installed from another vendor while inviting Allied Engineering to reach a settlement. However, Allied Engineering wanted full execution of the contract and full payment of the agreed amount, out of which Rs. 4 million is unpaid at the reporting date. The management on the basis of legal advice, believes that it has a strong case and no further financial obligation is expected to arise.
- The Sindh Revenue Board (SRB) through an assessment raised sales tax demand amounting to Rs. 39.34 million along-with penalty. 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 Parent 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. 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 consolidated financial statements.
- During 2018, the Deputy Commissioner Inland Revenue (DCIR) 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 demand of Rs. 58.94 million for tax years 2014, 2015, 2016 and 2017 vide various assessment orders. The Parent Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals (CIR - A) against the said orders which are still 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 consolidated 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 amounting to Rs. 484.38 million and 213.12 million for the tax years 2014 and 2016 respectively vide two separate orders. The Parent Company filed an appeal before Commissioner Inland Revenue (Appeals), the Commissioner Inland Revenue (Appeals) remanded the case on some issues and confirmed additions to the tune of Rs. 32.99 million and Rs. 9.2 million for the tax year 2014 and 2016 respectively. The Parent Company through its legal counsel had filed an appeal before ACIR which is pending adjudication. The management believes that it has a strong arguable case and matter will be decided in favor of the Parent Company. Hence no provision has been recorded in these consolidated financial statements.

- The Commissioner Appeals - I, Lahore, vide its order for tax year 2016, deleted certain additions while remanding the case on certain issues and upheld the case on issue of contractor services which involves revenue amounting to Rs. 10.67 million. Appeal against this order has been filed 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 consolidated financial statements.
- During the year 2016, a notice from Punjab Revenue Authority involving an amount of Rs. 11.45 million as royalty fee and technical services for the period October 2012 to March 2015 was issued which is under investigation / adjudication proceedings and no demand is raised. 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 consolidated financial statements.
- Additional Commissioner Enforcement of Punjab Revenue Authority issued assessment order creating demand of Rs. 132 million under various section of Punjab Sales Tax on Services Act 2012. However, the Parent Company through its legal counsel filed appeal before Commissioner Appeals PRA against the order of Additional Commissioner 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 consolidated financial statements.
- The Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001 for tax year 2019. The Parent Company filed an appeal against the said order before Commissioner IR Appeals-I, Lahore who remanded back the case in respect of certain issues to the tune of Rs. 22.81 million which is pending adjudication, deleted certain additions and upheld the disallowance of initial allowance claimed amounting to Rs. 1.7 million. The Parent Company has filed appeal before ATIR against this disallowance which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful for a favorable outcome, hence no provision has been recorded in these consolidated financial statements.
- DCIR raised a demand amounting to Rs. 10.5 million in relation to sales tax on sales of scrap stock burnt in fire in 2008 which was upheld by Commissioner Appeals. This demand was later reduced by Appellate Tribunal up to the demand pertaining to sales tax on fixed assets. The Parent Company being aggrieved by the order of ATIR, filed an appeal before honorable Lahore high court which was remanded back to the ATIR and 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 consolidated financial statements.
- The DCIR passed order under section 161(1) for tax year 2014 and raised a demand amounting to Rs. 33.5 million. The Parent Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Appeals remanded back the case to the department for further assessment. Currently, no demand is in field against the Parent Company.
- Various cases on account of income tax and sales tax matters involving an amount Rs. 11.401 million are also pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome in all these cases, hence no provision has been recorded in these consolidated financial statements.

### Subsidiaries

There are no contingencies at year end. (2020: nil).

- 30.2** - Outstanding letters of guarantee as at June 30, 2022 amounts to Rs. 124.70 million (2021: Rs. 108.79 million).

**30.3 Commitments**

- Outstanding letters of credit as at June 30, 2022 amounts to Rs. 967.30 million (2021: Rs. 464.38 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>2022</b>	<b>2021</b>
	<b>(Rupees in thousand)</b>	
Not later than one year	1,698	4,629
Later than one year and not later than five years	-	1,647
	<b>1,698</b>	<b>6,276</b>

**31 Revenue from contract with customers**

Local	10,832,178	8,085,440
Export	12,522	86,461
	<b>10,844,700</b>	<b>8,171,901</b>
Less:		
Discounts	(2,131,627)	(1,250,351)
Sales tax	(1,587,797)	(1,261,930)
	<b>(3,719,424)</b>	<b>(2,512,281)</b>
	<b>7,125,276</b>	<b>5,659,620</b>

**31.1** The Group is involved in trading of paints, varnishes and other related items. The performance obligation is satisfied upon delivery of goods. The Group makes sales against advances as well as on credit terms. In case of credit sales, payment is generally due within 60 to 90 days from the date of delivery of goods.

**31.2 Contract balances**

Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. Balance as at reporting date amounted to Rs. 50.24 million (2021: 45.3 million). Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 45.27 million (2021: Rs. 36.22 million).

	Note	2022 (Rupees in thousand)	2021
<b>32 Cost of sales</b>			
Finished goods as at July 01		465,057	395,307
Cost of goods manufactured	32.1	5,872,878	4,513,587
Provision (reversed) / charged slowing moving finished goods		(13,413)	28,753
Less: Finished goods as at June 30		(501,776)	(465,057)
Consumption of finished goods purchased for resale	32.2	59,469	44,675
<b>Cost of sales</b>		<b>5,882,215</b>	<b>4,517,265</b>
<b>32.1 Cost of goods manufactured</b>			
Raw and packing materials consumed		5,151,534	3,801,474
Freight and handling		237,824	210,333
Provision (reversed) / charged against raw and packing material		- (3,739)	494
Stores and spare parts consumed		7,725	6,353
Salaries, wages and other benefits	32.1.1	276,802	238,533
Travelling and conveyance		12,999	3,182
Fuel, water and power		104,373	94,294
Legal and professional		954	3,716
Rent, rates and taxes		1,171	1,088
Insurance		7,708	7,047
Repairs and maintenance		43,385	35,071
Depreciation	6.1.5	98,761	103,638
Ijarah lease rentals		1,831	1,627
Printing and stationery		2,103	2,028
Communication		1,292	1,522
Others		9,734	13,603
		<b>5,954,457</b>	<b>4,524,003</b>
Opening stock of semi-processed goods		80,946	71,550
Closing stock of semi-processed goods		(162,191)	(80,946)
Provision reversed during the year		(334)	(1,020)
<b>Cost of goods manufactured</b>		<b>5,872,878</b>	<b>4,513,587</b>
<b>32.1.1</b>	Salaries, wages and benefits include Rs. 7.13 million (2021: Rs. 5.16 million) in respect of gratuity fund, Rs. 2.96 million (2021: Rs. 2.52 million) in respect of pension fund, Rs. 0.3 million (2021: Rs. 1.2 million) in respect of compensated absences and Rs. 3.43 million (2021: Rs. 3.13 million) in respect of provident fund contribution.		

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

	Note	2022 (Rupees in thousand)	2021
Finished goods as at July 01		93,742	114,091
Add: Finished goods purchased for resale during the year		33,212	12,271
Less: Consumption of finished goods during the year		(66,814)	(44,675)
Finished goods as at June 30		60,140	81,687

### 33 Selling and distribution expenses

Salaries and other benefits	33.1	372,166	315,046
Travelling and conveyance		2,966	2,241
Rent, rates and taxes		5,122	3,123
Insurance		12,598	10,565
Fuel, water and power		9,742	5,716
Advertising and sales promotion		182,227	113,979
Technical services and royalty fee	33.2	53,523	49,059
Repairs and maintenance		2,390	2,818
Depreciation	6.1.5	22,308	20,754
Ijarah lease rentals		2,264	1,672
Printing and stationery		1,334	1,886
Legal and professional		2,558	2,259
Communication		5,365	8,844
Others		8,833	14,954
		683,396	552,916

**33.1** Salaries, wages and benefits include Rs. 5.86 million (2021: Rs. 4.39 million) in respect of gratuity fund, Rs. 2.43 million (2021: Rs. 2.15 million) in respect of pension fund, Rs. 0.25 million (2021: Rs. 1.02 million) in respect of compensated absences and Rs. 8.05 million (2021: Rs. 6.83 million) in respect of provident fund contribution.

**33.2** This represents royalty and technical fee expense for the year;

Name and address of the party	Relationship with Company	2022 (Rupees in thousand)	2021
Slotrapid Limited (Suit# 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.)	Licensor (the Holding Company)	48,178	44,370
Oxyplast Belgium N.V. (Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)	Licensor	5,345	4,682
Buxly Paints Limited (X-3, Mangopir Road, S.I.T.E., Karachi.)	Licensor (Associated Company)	-	7
		53,523	49,059

	Note	2022 (Rupees in thousand)	2021
<b>34 Administrative and general expenses</b>			
Salaries and other benefits	34.1	119,701	113,486
Directors' meeting fee		4,200	3,600
Travelling and conveyance		10,349	1,986
Rent, rates and taxes		2,770	4,639
Insurance		4,021	5,134
Auditors' remuneration	34.2	4,208	3,120
Fuel, water and power		5,407	2,121
Repairs and maintenance		2,409	2,703
Depreciation	6.1.5	11,841	10,932
Amortization of computer software		188	1,305
Ijarah lease rentals		1,694	1,613
Printing and stationery		1,648	1,424
Legal and professional		13,178	12,021
Communication		2,973	3,253
Others		8,475	6,476
		193,062	173,813
<b>34.1</b> Salaries, wages and benefits include Rs. 2.59 million (2021: Rs. 2.13 million) in respect of gratuity fund, Rs. 0.61 million (2021: Rs. 1.03 million) in respect of pension fund, Rs. 0.11 million (2021: Rs. 0.49 million) in respect of compensated absences and Rs. 5.35 million (2021: Rs. 5.07 million) in respect of provident fund contribution.			
		2022	2021
		<b>(Rupees in thousand)</b>	
<b>34.2 Auditors' remuneration</b>			
<b>34.2.1</b> Auditors' remuneration of the Parent Company			
Audit fee		2,100	2,010
Consolidation and half yearly review		900	460
Out of pocket expenses		578	350
Statutory certifications		330	-
		3,908	2,820
<b>34.2.2</b> Auditors' remuneration of the Subsidiary Company			
Audit fee		300	300
		300	2,820
<b>35 Other operating expenses</b>			
Impairment of goodwill		-	24,000
Impairment of investment in associate		-	14,961
Workers' Welfare Fund		5,797	8,664
Workers' Profit Participation fund		13,137	14,467
Cost of provision of services to related party		32,018	-
Others		590	122
		51,542	62,214

	Note	2022 (Rupees in thousand)	2021
<b>36 Other income</b>			
Mark-up on term deposit receipts and long term loan	36.1	5,728	7,429
Sale of scrap		31,854	23,961
Gain on disposal of property, plant and equipment - net		4,560	4,640
Rental income and other services charged to related parties		32,955	1,199
Export rebate		711	1,153
Insurance claim		871	-
Exchange gain - net		9,933	33,643
Amortization of deferred grant		3,030	6,595
Others		7,578	5,180
		<b>97,220</b>	<b>83,800</b>

**36.1** This includes interest income of Rs. 0.29 million (2021: 3.9 million) charged on receivable balance from Buxly Paints Limited on amount which is overdue for more than 90 days.

	2022 (Rupees in thousand)	2021
<b>37 Finance cost</b>		
Islamic mode of financing:		
- Long term financing - secured	9,256	10,785
- Short term financing - secured	2,548	-
- Short term running finances - secured	4,539	-
	<b>16,343</b>	<b>10,785</b>
Mark-up based borrowings from conventional banks:		
- Long term financing - secured	18,700	12,496
- Short term financing - secured	4,976	4,508
- Short term running finances - secured	111,740	81,017
	<b>135,416</b>	<b>98,021</b>
Interest on WPPF	360	394
Bank charges	11,417	8,581
	<b>163,536</b>	<b>117,781</b>

	2022	2021
	(Rupees in thousand)	
<b>38 Taxation</b>		
Current		
- for the year	98,664	138,189
- prior year	(79,616)	(4,906)
	19,048	133,283
Deferred		
- current year	36,826	(36,614)
- prior year	-	5,081
	55,874	101,750

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

	2022	2021
Applicable tax rate	29.00%	29.00%
Tax effect of:		
- income under Final Tax Regime	0.05%	0.07%
- prior year adjustment	-31.65%	-1.80%
- permanent difference	8.38%	7.47%
- others	14.64%	-0.64%
- effect of super tax	1.79%	0.00%
Average effective tax rate charged to profit or loss	22.21%	34.10%

### 39 Earnings per share - basic and diluted

<b>39.1 Earning per share - basic and diluted</b>	2022	2021
Profit attributable to ordinary shareholders (Rupees in thousand)	194,135	201,822
Weighted average number of shares outstanding during the year (Number of shares)	20,459,679	20,459,679
Earning per share - basic (Rupees)	9.49	9.86

**39.2** No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options as at June 30, 2022, which would have an impact on earnings per share when exercised.

	Note	2022	2021
		(Rupees in thousand)	
<b>40 Cash and cash equivalents</b>			
Cash and bank balances	20	224,292	46,159
Short term investment	19	110,000	-
Short term running finance - secured	29	(1,118,387)	(786,805)
		(784,095)	(740,646)



**41 Remuneration of Chief Executive, Directors and Executives**

	2022			2021		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Directors
	(Rupees in thousand)					
Fees	-	-	4,200	-	-	3,600
Managerial remuneration (including bonus)	14,000	59,085	-	14,000	42,473	-
Retirement and other long term benefits	15,000	42,971	-	13,636	34,159	-
House rent allowance	-	20,594	-	-	19,113	-
Utilities	-	4,577	-	-	4,247	-
Medical expenses	-	5,721	-	-	5,309	-
Provident Fund	1,273	4,388	-	1,273	21,070	-
	30,273	137,336	4,200	28,909	126,371	3,600
Number of persons	1	20	7	1	17	7

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

**41.2** The Chief Executive and certain other executives of the Parent Company are provided with free use of Company cars. The approximate value of the benefit amounts to Rs. 9.40 million (2021: Rs. 5.94 million).

**42 Reconciliation of movement of liabilities to cash flows arising from financing activities**

	2022				
	Unclaimed dividend	Long term diminishing musharaka	Long term financing	Short term borrowing	Total
	(Rupees in thousand)				
<b>As at June 30, 2021</b>	7,551	-	260,382	847,505	1,115,438
<b>Changes from financing cash flows</b>					
Dividend paid	(82,564)	-	-	-	(82,564)
Short term borrowings - net	-	-	-	194,852	194,852
Long term financing - net	-	-	(12,459)	-	(12,459)
Long term diminishing musharaka - net	-	16,000	-	-	16,000
<b>Total changes from financing cash flows</b>	(82,564)	16,000	(12,459)	194,852	115,829
<b>Other changes</b>					
Adjustment of Government grant	-	-	3,030	-	3,030
Change in borrowings- net	-	-	-	331,582	331,582
Dividend declared	81,839	-	-	-	81,839
<b>Total liability related other changes</b>	81,839	-	3,030	331,582	416,451
<b>As at June 30, 2022</b>	6,826	16,000	250,953	1,373,939	1,647,718

	2021				
	Unclaimed dividend	Long term diminishing musharaka	Long term financing	Short term borrowing	Total
	(Rupees in thousand)				
<b>As at June 30, 2020</b>	6,687	-	347,881	1,051,551	1,406,119
<b>Changes from financing cash flows</b>					
Dividend paid	(19,596)	-	-	-	(19,596)
Proceeds / (repayments) short term borrowings - net	-	-	-	(81,276)	(81,276)
Long term financing	-	-	(87,676)	-	(87,676)
Total changes from financing cash flows	(19,596)	-	(87,676)	(81,276)	(188,548)
<b>Other changes</b>					
Change in borrowings	-	-	177	(122,770)	(122,593)
Dividend declared	20,460	-	-	-	20,460
Total liability related other changes	20,460	-	177	(122,770)	(102,133)
<b>As at June 30, 2021</b>	7,551		260,382	847,505	1,115,438

**2022      2021**  
**(Number of persons)**

#### 43 Number of employees

The Group has employed following number of persons:

- Factory employees	92	96
- Salaried employee	321	331
	413	427
- Average number of employees	326	331
- Average number of factory employees	94	98

**44 Transactions with related parties**

The related parties of the Group comprises of Holding Company, associated companies, directors of the Group and also those under common directorship, key management personnel and post employment benefits plans. 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:

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2022	2021
			(Rupees in thousand)	
Holding Company				
Slotrapid Limited	52.05%	Royalty expense	48,178	44,371
		Payment	16,801	37,500
		Dividend paid	36,072	9,431
Associated				
Dadex Eternit Limited (Associated Company)	-	Sales	-	318
3S Pharmaceutical (Private) Limited	49.00%	Common expenditures incurred	539	836
Related parties				
Buxly Paints Limited ("BPL")	19.95%	Sales	377,340	273,668
		Royalty expense	-	6
		Rental expense	1,812	1,812
		Rental income and other services	1,200	1,200
		Common expenditures incurred	13,661	16,656
		Receipts / Adjustments	2,938	5,873
		Toll manufacturing	31,755	27,072
Post employment benefit plans (Key Management Personnel)	-	Contribution to gratuity fund	17,446	85,212
		Contribution to pension fund	2,764	2,208
		Provident fund contribution	33,668	30,067

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 Parent Company will handover the possession of the building to BPL free of cost.

**45 Provident fund related disclosures**

The Parent Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un - audited financial statements of the provident fund:

	(Unaudited)	(Audited)
	June 30, 2022	December 31, 2021
	(Rupees in thousands)	
Size of the fund	279,294	261,404
Cost of investments made	228,660	222,747
Percentage of investments - (% of total assets)	82%	85%
Fair value of investments	266,194	254,369

**45.1** The break-up of investments is as follows:

	2022		2021	
	Rupees in thousands	%age	Rupees in thousands	%age
Investment in debt collective investment scheme	24,408	9%	24,509	3%
Investment in money market collective investment scheme	25,322	10%	24,278	4%
Investment in equity collective investment scheme	12,030	5%	12,192	5%
Bank balances	53,122	20%	47,209	23%
Certificate of deposits	101,250	38%	96,119	36%
Term deposit receipts	50,062	18%	50,062	29%
	266,194	100%	254,369	100%

The investments out of provident fund as at June 30, 2022 have been made in accordance with the requirements of section 218 of the Companies Act, 2017.

**46 Financial instruments - Fair values and risk management****46.1 Risk management of financial instruments**

The Group finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity.

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

- Market risk
- Credit risk
- Liquidity risk

The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**46.1.1 Risk management framework**

The Board of Directors have the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also 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 risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect to changes in market conditions and the Group's activities. The Group through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which employees understand their roles and responsibilities.

The Group'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.

**46.1.2 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 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.

**46.1.2.1 Currency risk**

Currency 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. Currency 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 (EUR), RMB (Chinese Yuan), 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.

**2022      2021**  
**(Amount in thousand)**

The Group's exposure to foreign exchange risk is as follows:

**Statement of financial position items**

**Trade and other payables**

- Euro	21	62
- USD	406	1,822
- RMB	-	935
- JPY	387	387

**Off statement of financial position items**

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

- Euro	4	-
- USD	3,139	669
- RMB	-	69
- JPY	-	-

**2022      2021**  
**(In rupees)**

The following significant exchange rates were applied during the year:

**Rupees per Euro**

Average rate for the year	201.26	188.66
Reporting date rate	213.81	188.71

**Rupees per USD**

Average rate for the year	181.58	163.18
Reporting date rate	204.85	158.30

**Rupees per RMB**

Average rate for the year	27.50	24.08
Reporting date rate	30.60	24.39

**Rupees per JPY**

Average rate for the year	1.47	1.50
Reporting date rate	1.50	1.43

**Sensitivity analysis**

At reporting date, if the PKR had strengthened by one rupee against the foreign currencies with all other variables held constant, profit after tax for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency loans.

	2022	2021
	(Amount in thousand)	
<b>Effect on profit or loss</b>		
- Euro	15	44
- USD	288	664
- RMB	-	1,294
- JPY	275	275

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

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

#### 46.1.2.2 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 Group's investments in equity instrument of other entities are publicly traded on the PSX. The summary below explains the impact of increase on the Group's surplus on investment classified as FVOCI to change in market price. The analysis is based on the assumption that the market price had increased by 10% with all other variables held constant:

	Impact on equity	
	2022	2021
	(Rupees in thousands)	
Buxly Paints Limited	3,346	1,505

The sensitivity analysis prepared is not necessarily indicative of the effects on profit after tax for the year and assets / liabilities of the Group.

#### 46.1.2.3 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.

	Effective rate		Carrying amount	
	2022 (Percentage)	2021	2022 (Rupees in thousands)	2021
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Short term investment	7%	7%	140,000	30,000
<b>Financial liabilities</b>				
<b>Fixed rate instruments</b>				
Long term financing - secured	5% to 6%	3% to 6%	157,524	145,788
<b>Floating rate instruments</b>				
Long term financing - secured	8.65% to 16.25%	7.65% to 10.33%	93,429	114,594
Short term financing - secured	8.51% to 15.41%	8.16% to 9.37%	255,552	60,700
Short term running finance - secured	8.70% to 15.66%	8.03% to 12.94%	1,118,387	786,805
			1,467,368	962,099

#### Cash flow sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rates financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit or loss.

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2022.

	100 bps	
	Decrease	Increase
As at June 30, 2022	10,418	(10,418)
As at June 30, 2021	6,831	(6,831)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit after tax for the year and assets / liabilities of the Group.

#### 46.1.3 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if the counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Group. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of a company's performance to developments affecting a particular industry.



	2022	2021
	(Rupees in thousand)	
<b>At amortised cost</b>		
Long term loans - secured	52,324	49,911
Long term deposits	20,761	18,753
Trade debts - unsecured	1,701,094	1,276,577
Trade deposits and others	11,492	20,906
Other receivables		
- Receivable from related parties	55,651	40,430
- LC Margin	-	110,000
- Others	8,767	12,158
	64,418	162,588
Short term investment - secured	140,000	30,000
Bank balances	223,311	45,149
	2,213,400	1,603,884

#### Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2022	2021
	(Rupees in thousand)	
Trade debts	1,701,094	1,276,577
Banking companies and financial institutions	363,311	185,149
Others	148,995	142,158
	2,213,400	1,603,884

#### 46.1.3.1 Trade deposits and other receivables

Deposits and other receivables represents deposits held by government institutions and vendors. The Group has assessed, based on historical experience, that the expected credit loss associated with these financial assets is generally trivial. Hence, no additional allowance has been recognised in these consolidated financial statements.

#### 46.1.3.2 Receivable from related party

The Group uses an allowance matrix to measure ECLs on receivables from related parties. Loss rates are determined using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from related parties are accounted for in calculating the loss rate.

#### 46.1.3.3 Long term loans

Long term loans are due from employees of the Group and are secured against assets. Hence, the management believes that no impairment allowance is necessary in respect of these loans.

**46.1.3.4 Trade debts**

The Group uses an allowance matrix to measure ECLs of trade debts. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from trade debtors are accounted for in calculating the loss rate.

	Weighted average loss rate	Gross carrying amount	Loss allowance
<b>June 30, 2022</b>			
Past due 0 - 30 days	0.00%	730,923	-
Past due 31 - 60 days	0.99%	432,166	4,261
Past due 61 - 90 days	1.30%	240,252	3,120
Past due 91 - 120 days	3.12%	160,382	5,005
Past due 121 - 180 days	6.36%	77,900	4,952
Past due 181 - 364 days	26.60%	71,874	19,121
Past due over one year	85.46%	165,428	141,372
		1,878,925	177,831
<b>June 30, 2021</b>			
Past due 0 - 30 days	1.72%	589,457	10,120
Past due 31 - 60 days	1.85%	259,817	4,813
Past due 61 - 90 days	2.61%	182,322	4,750
Past due 91 - 120 days	6.19%	112,008	6,929
Past due 121 - 180 days	9.48%	91,352	8,662
Past due 181 - 364 days	72.84%	51,076	37,204
Past due over one year	70.22%	211,661	148,638
		1,497,693	221,116

**46.1.3.5 Balances with banking companies**

The Group held balances with banks, short term investments and LC margin amounting to Rs. 363.311 million as at June 30, 2022. These are held with banks and financial institutions counterparties, which are rated A1 to AAA, based on credit ratings from rating agencies.

Impairment on these financial assets has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Group considers that these balances have low credit risk based on the external ratings of the counterparties.

12 month probabilities of default are based on historical data supplied by PACRA and VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

	2022	2021
	(Rupees in thousand)	
Bank Balances	223,311	45,149
Short term investment	140,000	30,000
Other receivables	-	110,000
	363,311	185,149

#### 46.1.3.6 Credit quality of financial assets

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2022	2021
	Short term	Long term		(Rupees in thousand)	
Bank Al Habib Limited	A-1+	AAA	PACRA	19,629	19,356
Habib Metropolitan Bank Limited	A-1	AA+	PACRA	181,915	9,835
Habib Bank Limited	A-1+	AAA	VIS	35	985
JS Bank Limited	A-1+	AA-	PACRA	30,000	30,840
Al-Barka Bank Pakistan Limited	A-1	A+	VIS	6	1,812
Bank Alfalah Limited	A-1+	AA+	PACRA	-	-
National Bank of Pakistan	A-1+	AAA	PACRA	112,550	110,540
Bank Islami Pakistan Limited	A-1	A+	PACRA	16,632	1,870
Samba Bank Limited	AA	A-1	VIS	9	-
Faysal Bank Limited	A-1+	AA	PACRA	2,535	9,911
				363,311	185,149

The Group has not recognised an impairment allowance on bank balances during the year ended June 30, 2022, as the impact was immaterial.

#### 46.1.4 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 as at June 30, 2022

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
(Rupees in thousand)					
<b>Non derivative financial liabilities</b>					
Long term financing - secured	250,953	250,953	67,731	139,421	43,801
Long term diminishing musharaka	16,000	16,000	-	16,000	-
Trade and other payables	1,571,404	1,571,404	1,571,404	-	-
Interest / mark-up accrued on borrowings	45,298	45,298	45,298	-	-
Short term borrowings - secured	1,373,939	1,373,939	1,373,939	-	-
	3,257,594	3,257,594	3,058,372	155,421	43,801

The following are the contractual maturities of financial liabilities as at June 30, 2021

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
<b>Non derivative financial liabilities</b>					
	(Rupees in thousand)				
Long term financing - secured	260,382	287,012	124,796	150,624	11,592
Trade and other payables	1,401,968	1,401,968	1,401,968	-	-
Interest / mark-up accrued on borrowings	22,479	22,479	22,479	-	-
Short term borrowings - secured	847,505	1,095,218	1,095,218	-	-
	2,532,334	2,806,677	2,644,461	150,624	11,592

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

#### 46.2 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
As at June 30, 2022								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	33,458	-	33,458	33,458	-	-	33,458
Financial assets - at amortised cost								
Long term loans - secured	52,324	-	-	52,324	-	-	-	-
Long term deposits	20,761	-	-	20,761	-	-	-	-
Trade debts	1,701,094	-	-	1,701,094	-	-	-	-
Trade deposits	11,492	-	-	11,492	-	-	-	-
Other receivables	64,418	-	-	64,418	-	-	-	-
Short term investment - secured	140,000	-	-	140,000	-	-	-	-
Cash and bank balances	224,292	-	-	224,292	-	-	-	-
	2,214,381	33,458	-	2,247,839	33,458	-	-	33,458
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	250,953	250,953	-	-	-	-
Trade and other payables	-	-	1,571,404	1,571,404	-	-	-	-
Accrued markup	-	-	45,298	45,298	-	-	-	-
Short term borrowings - secured	-	-	1,373,939	1,373,939	-	-	-	-
	-	-	3,241,594	3,241,594	-	-	-	-

	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at June 30, 2021	Rupees in thousand							
<b>Financial assets - measured at fair value</b>								
Investment classified as FVOCI	-	15,048	-	15,048	15,048	-	-	15,048
<b>Financial assets - at amortised cost</b>								
Long term loans - secured	49,911	-	-	49,911	-	-	-	-
Long term deposits	18,753	-	-	18,753	-	-	-	-
Trade debts	1,246,279	-	-	1,246,279	-	-	-	-
Trade deposits and others	20,906	-	-	20,906	-	-	-	-
Other receivables	162,588	-	-	162,588	-	-	-	-
Short term investment - secured	30,000	-	-	30,000	-	-	-	-
Cash and bank balances	46,159	-	-	46,159	-	-	-	-
	1,574,596	15,048	-	1,589,644	15,048	-	-	15,048
<b>Financial liabilities - at amortised cost</b>								
Long term financing - secured	-	-	260,382	260,382	-	-	-	-
Trade and other payables	-	-	1,401,968	1,401,968	-	-	-	-
Accrued markup	-	-	22,479	22,479	-	-	-	-
Short term borrowings - secured	-	-	847,505	847,505	-	-	-	-
	-	-	2,532,334	2,532,334	-	-	-	-

**46.3 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.

**46.4** 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.

**47 Capital risk management**

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The gearing ratios as at year end are as follows:

	<b>2022</b>	<b>2021</b>
	<b>(Rupees in thousand)</b>	
Long term loans	250,953	260,382
Short term borrowings	1,373,939	847,505
Total debt	1,624,892	1,107,887
Total equity	2,375,774	2,260,102
Total equity and debt	4,000,666	3,367,989
Gearing ratio	41:59	33:67
<b>48 Restriction on title and assets pledged as security</b>		
<b>Mortgages and charges</b>		
<b>First</b>		
Hypothecation of all present and future current assets	2,003,000	2,003,000
Mortgage over land and building	628,171	726,000
<b>Ranking</b>		
Hypothecation of all present and future current assets	267,000	-
Mortgage over land and building	734,000	334,000

	2022 (Liters in thousand)	2021
<b>49 Production capacity</b>		
Actual production	43,793	39,653

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 19.41 million liters (2021: 17.12 million liters) which is used in the manufacturing of the final product.

## 50 Operating segments

- 50.1** These consolidated financial statements have been prepared on the basis of single reportable segment.
- 50.2** Revenue from sale of paints and allied represents 100% (2021: 99.50%) of the total revenue of the Group.
- 50.3** 99.88% (2021: 98.94%) sales of the Group relates to customers in Pakistan.
- 50.4** All non-current assets of the Group as at June 30, 2022 are located in Pakistan.

## 51 Date of authorization for issue

These consolidated financial statements were authorized for issue on September 28, 2022 by the Board of Directors of the Group.

## 52 Non adjusting events after the balance sheet date

The Board of Directors of the Group in its meeting held on September 28, 2022 has proposed a final cash dividend of Rs. 4.00 per share, for the year ended June 30, 2022 for approval of the members in the Annual General Meeting to be held on October 26, 2022.

## 53 General

Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.



Chief Financial Officer



Chief Executive



Director





For Free Color Advisory

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