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BUXLY PAINTS LIMITED.

Financial Statements For The

Year Ended 30 June 2024

Buxly

CHAIRMAN'S REVIEW

It is my immense pleasure to submit this review report under the requirement of section 192 of the Companies Act, 2017 for the year ended June 30, 2024, to the stakeholders of Buxly Paints Limited (the "Company") on the overall performance of the Board of Directors and its effectiveness in achieving the Company's 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 has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in the Code of corporate governess regulations 2019 in its true letter and spirit;

The Board of Directors has its two sub-committees:

1. Audit Committee

2. HR and Remuneration Committee

These committees assisted the Board of Directors in the effective performance of its duties. These sub-committees met and reported to the Board as set out in the Code of Corporate Governance regulations 2019.

An annual evaluation of the Board was conducted in accordance with the Code of Corporate Governance regulations 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 managing the affairs of the Company, with successful operational and satisfactory financial results.

The Board of Directors has developed a mechanism to regularly evaluate the Company's objectives, strategies and business and financial performance in collaboration with management, internal auditors and other independent consultants and providing appropriate guidance.

Management is responsible for executing day-to-day business activities and implement the Board's strategies. Especially in an unprecedented situation of economic instability, management under the supervision of the board ensured business continuity while maintaining the safety and well-being of employees and other stakeholders.

The Board of Directors will continue to play a critical role in setting the direction of the Company, supporting its success and performance, and guiding management to conduct operations in accordance with the strategies approved by the Board of Directors while adhering to the principles of good corporate governance.

On behalf of Buxly, I would like to acknowledge the contribution of management, all our employees, customers, creditors, vendors and our valued shareholders for their trust, continued support and commitment to the company.

Mr. Shamshad Ali
Chairman

Karachi
September 25, 2024

BUXLY PAINTS LIMITED

KARACHI : X-3 Manghopir Road, S.I.T.E., Karachi-7500 Pakistan. P.O. Box No. 3630 Tel : (92-21) 32577702, 32578255 Fax: (92-21) 32560468

LAHORE : The Annexe, 36 Industrial Estate, Kotlakh Pat, Lahore-Pakistan Ph: 042-38101017 Fax : 042-35151549 E-mail: info@buxly.com

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DIRECTORS' REPORT

The Directors of your company submit the Annual Report of the Company along with the Audited Accounts and the Auditors' Report thereon for the year ended 30 June 2024. Financial Results are as follows:

Financial Results:	2024 (Rs.000's)
Profit before taxation	14,790
Taxation	(7,787)
Profit after taxation	7,003
Earnings per share	4.86

MACROECONOMIC REVIEW

Pakistan's economy has faced challenges with low GDP growth rate and high inflation in the last financial year. The fiscal deficit at 7.8% of GDP and public debt at 77.1% of GDP remain one of the main concerns for Pakistan's economy lately. In response to these challenges, the Company implemented effective strategies to navigate the turbulent business environment.

BUSINESS PERFORMANCE REVIEW

Despite intense competition your company has achieved sales value of Rs. 622.99 million as against Rs. 577.08 million of last year which is 8% more than the last year. Gross profit achieved in 2024 amounts to Rs. 107.323 million which is 20% more than the last year. Gross profit increased mainly because of better product mix and price optimization. Increase in expenses is partly attributed to the sales growth and partly to the inflationary impact. In spite of all the challenges, the Company achieved a profit after tax of Rs. 7 million. This translates into an Earnings per Share (EPS) of Rs. 4.86.

FUTURE OUTLOOK

Despite various economic challenges, the current account deficit improved by 1% of GDP and Moody's also upgraded Pakistan's credit rating, reflecting better economic stability. Pakistani rupee has shown signs of stability in the recent months while state bank policy rate has also been decreased from 22% to 19.5% over the last six months. The paint manufacturing sector can

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BOARD OF DIRECTORS

The Board of Directors currently comprises of a non-executive Chairman, Chief Executive Officer, three independent Directors and three non-executive Directors.

BOARD OF DIRECTORS' MEETINGS

During the year, 5 meetings of the Board of Directors were held and attendance was as follows:

Name of Directors	Attendance
Mr. Shamshad Ali	4
Ms. Rubina Rizvi	4
Mr. Fakhrul Arfin	4
Mr. Muhammad Hanif Idrees	4
Mr. Sheikh Asim Rafiq (NIT Nominee)	3
Mr. Major (R) Naseer Ahmed	3
Mr. Adnan Iqbal	4
Mr. Bashir Ahmed (CEO)	4

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

AUDIT COMMITTEE

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

HUMAN RESOURCE COMMITTEE

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

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding is provided hereafter.

EARNING PER SHARE

Earnings Per share is Rs. 4.86 [2023: Rs. 1.89]

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AUDITORS

The present auditors, M/s Rehman Rahim Iqbal Rafiq, Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board has approved & recommended the appointment of M/s Rehman Rahim Iqbal Rafiq, Chartered Accountants to the shareholders as auditors of the Company for the year ended 2024-25.

REASONS FOR NON DECLARATION OF DIVIDEND

Due to additional working capital requirement of the company to support its sales growth and due to presence of accumulated loss, although decreased from prior year, the Directors did not recommend any dividend for the year ended June 30, 2024.

HEALTH, SAFETY & ENVIRONMENT

Company being customer-focused is committed to ensure safer and environment-friendly operations, products and services. Your company is certified in ISO-9001-2015. Your company is also working to promote a quality conscious and safe working environment. Training sessions are conducted for employees to enhance the security awareness.

PRINCIPAL RISKS AND UNCERTAINITIES

The company is taking all the necessary steps to mitigate/reduce inherent risks and uncertainties in the operational, market, compliance and financial areas.

INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to internal financial controls. They confirm that adequate controls are in place in the company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance with the code of corporate governance is annexed with the report.

MATERIAL CHANGES

There have been no material changes since June 30, 2024 to date of the report and company has not entered into any commitment during the period, which would have adverse impact on the financial position of the company.

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CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required under the Code of Corporate Governance incorporated in the Companies Act, the Directors are pleased to state as follows:

i. The financial statements together with the notes thereon have been drawn up to the conformity with the Companies Act, 2017. These Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

ii. Proper books of accounts of the Company have been maintained.

iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates and are based on reasonable and prudent judgment.

iv. International financial reporting standards as applicable in Pakistan, have been followed in preparation of financial statements.

v. The system of internal control is satisfactory and has been effectively implemented.

vi. Information about taxes and levies is given in the notes to and forming part of financial statements.

vii. The Company's ability to continue as a going concern is intact.

viii. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations except for those highlighted by the auditors in their report. The management continues endeavoring to make your company fully compliant with these regulations.

ix. The key operating and financial data of last six years is provided hereafter.

x. Value of investment of employees' provident fund as on June 30, 2024 is Rs. 6.499 million (2023: Rs. 4.682 million) for the year ended June 30, 2024.

Chief Executive | **Director**

Dated: September 25, 2024

Karachi

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

BUXLY PAINTS LIMITED

June 30, 2024

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

1. The total number of directors are 7 as per the following, -
   a. Male: 6
   b. Female: 1
2. The composition of the Board is as follows:

i) Independent Directors	Mr. Muhammad Hanif Idrees Mr. Major (R) Naseer Ahmed Ms. Rubina Rizvi.
ii) Non-Executive Director	Mr. Shamshad Ali (Chairman) Mr. Fakhrul Arfin Mr. Sheikh Asim Rafiq
iii) Executive Directors	Mr. Adnan Iqbal
iv) Female Directors	Ms. Rubina Rizvi

   The Chief Executive is not the director of the company.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

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6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Three directors have completed directors training program (DTP) whereas remaining four directors have minimum 14 years of education and 15 years of experience on the board of listed companies hence exempt from DTP.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below. –

a)	Audit Committee	Mr. Muhammad Hanif Idrees	– Chairman
		Ms. Rubina Rizvi	– Member
		Mr. Fakhrul Arfin	– Member
b)	HR and Remuneration Committee	Mr. Major (R) Naseer Ahmed	– Chairman
		Mr. Sheikh Asim Rafiq	– Member
		Mr. Shamshad Ali	– Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following;

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

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15. The board has set up an effective internal audit function and the person in-charge is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

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Signature
Shamshad ~~Ahmed~~ Ali
Chairman

Dated: 25/09/2024

Signature
Bashir Ahmed
Chief Executive Officer

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Buxly Paints 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 Buxly Paints Limited (the Company) for the year ended 30 June 2024 in accordance with the requirements of Regulation No. 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2024.

Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants
Engagement Partner: Adnan Rasheed
Lahore 25 SEP 2024

UDIN: CR202410701d8CfWpkma

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INDEPENDENT AUDITORS' REPORT

To the members of Buxly Paints Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Buxly Paints Limited (the Company), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Inventory existence and valuation**	
	The valuation of inventory at the reporting date amounts to Rs. 80.163 million representing 22% of the Company's total current assets after considering allowance for inventory obsolescence amounting to Rs. 5.017 million as disclosed in note 10 with related policies in note 4.6 to the accompanying financial statements. The allowance for inventory obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates. We have considered this area to be a key audit matter due to its materiality and significance in terms of judgments involved in determining the cost and net realizable value of inventory at the reporting date.	Our audit procedures over existence and valuation of stock in trade, amongst others, included the following: • assessed whether the Company's accounting policy for inventory valuation was in line with the applicable financial reporting standards; • observed inventory count at major locations at the year end to ascertain the condition and existence of inventory and reconciled physical inventory with inventory lists provided to ensure completeness of data; • reviewed the management's procedures for evaluating the NRV, tested on a sample basis to assess the NRV of the inventories and evaluated the adequacy of provisions for slow moving inventories at the year end; • assessed the appropriateness of identifying obsolete inventories. we also evaluated the historical accuracy of inventory allowances recognized by management by comparing actual losses to historical allowances, using a sample-based approach. Furthermore, we conducted tests to assess the accuracy of the ageing analysis of inventories on a sample basis. In addition, we examined the cost of goods using underlying invoices and expenses incurred in accordance with the inventory valuation method.

2.

(ii)	Valuation of trade debts	
	At the reporting date, the Company has a significant balance of trade debts amounting to Rs 217.753 million represents 60% of the Company's total current assets after considering impairment allowance under Expected Credit Loss (ECL) model of Rs. 24.559 million, as disclosed in note 11 with related policies in 4.5 and 4.13.4 . We considered recoverability of trade debts as a key audit matter due to significance of the amount and significant judgments made by the management regarding the recoverability of the trade debts.	Our audit procedures to assess the valuation of trade debts, amongst others, included the following: • obtained an understanding of procedures and system of the Company for recording and accounting for such type of financial assets; • obtained an understanding of the basis for the determination of provision required at the year end and the receivables collection process; • checked the accuracy of the data on test basis extracted from the Company's accounting system which is used to calculate the impairment allowance under ECL model.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mr. Adnan Rasheed.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Lahore: 2 5 SEP 2024
UDIN: **AR202410701VH8dwXU63**

BUXLY PAINTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024	2023
		(Rupees in '000)	
PROPERTY AND ASSETS			
Non-current assets			
Property and equipment	5	**171,287**	171,457
Investment properties	6	**3,536**	3,690
Long term loans and advances	7	**8,543**	5,873
Long term receivable	8	**11,700**	9,900
Long term security deposits		**361**	361
Deferred taxation	9	**-**	-
		195,427	191,281
Current assets			
Stock in trade	10	**80,163**	81,599
Trade debts	11	**217,753**	160,679
Advances and deposits	12	**2,797**	6,261
Prepayments and other receivables	13	**318**	69
Term deposit receipts	14	**150**	150
Markup receivable		**12**	8
Current portion of long term loans and advances	7	**633**	585
Income tax recoverable/ adjustable		**10,458**	6,420
Cash and bank balances	15	**49,174**	43,261
		361,458	299,032
Total assets		**556,885**	490,313
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	**14,400**	14,400
Capital reserve			
Surplus on revaluation of property and equipment	17	**168,934**	168,934
Revenue reserves			
General reserve		**5,993**	5,993
Accumulated loss		**(1,942)**	(8,945)
		187,385	180,382
Non-current liabilities			
Long term borrowings	18	**-**	-
Lease liability	19	**538**	977
		538	977
Current liabilities			
Markup accrued		**4,822**	2,414
Current portion of lease liability	19	**437**	343
Unpaid dividend		**217**	217
Unclaimed dividend		**102**	102
Short term borrowings	20	**87,761**	43,473
Trade and other payables	21	**275,623**	262,405
		368,962	308,954
Contingencies and commitments	22	**-**	-
Total equity and liabilities		**556,885**	490,313

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

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BUXLY PAINTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		(Rupees in '000)	
Sales	23	622,985	577,076
Cost of sales	24	(515,662)	(487,576)
Gross profit		107,323	89,500
Distribution and selling expenses	25	(55,850)	(49,918)
Administrative expenses	26	(28,361)	(23,675)
		(84,211)	(73,593)
		23,112	15,907
Other income	27	3,637	3,622
		26,749	19,529
Finance cost	28	(10,793)	(8,691)
Other expenses	29	(1,166)	(908)
Profit before levies and income tax		14,790	9,930
Levies	30	(2,560)	(1,361)
Profit before income tax		12,230	8,569
Taxation- Income tax	31	(5,227)	(5,852)
Profit for the year		7,003	2,717
OTHER COMPREHENSIVE INCOME- NET OF INCOME TAX			
Items that will be reclassified to profit or loss		-	-
Items that will never be reclassified to profit or loss:			
Surplus on revaluation of property and equipment recognized during the year	17	-	38,582
Other comprehensive income		-	38,582
Total comprehensive income		7,003	41,299
		--------------(Rupees)-------------	
Earnings per share - basic and diluted	32	4.86	1.89

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer　　Director　　Chief Financial Officer

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BUXLY PAINTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Capital reserve	Revenue reserves		Total
		Surplus on revaluation of property and equipment	General reserve	Accumulated loss	
	---------------	---------------	(Rupees in '000)	---------------	---------------
Balance as at 01 July 2022	14,400	130,352	5,993	(11,662)	139,083
Total comprehensive income for the year:					
Profit for the year	-	-	-	2,717	2,717
Other comprehensive income	-	-	-	38,582	38,582
	-	-	-	41,299	41,299
Revaluation surplus recognised during the year	-	38,582	-	(38,582)	-
Balance as at 30 June 2023	14,400	168,934	5,993	(8,945)	180,382
Total comprehensive income for the year:					
Profit for the year	-	-	-	7,003	7,003
Other comprehensive income	-	-	-	-	-
	-	-	-	7,003	7,003
Balance as at 30 June 2024	**14,400**	**168,934**	**5,993**	**(1,942)**	**187,385**

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

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BUXLY PAINTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and income tax		**14,790**	9,930
Adjustments for:			
Depreciation		**490**	571
Finance cost		**10,793**	8,691
Markup on term deposit receipts		**(25)**	(10)
Provision for slow moving stock		**260**	-
Impairment allowance for expected credit loss		**3,637**	11,124
Provision for Workers' Welfare Fund (WWF)		**368**	412
Provision for Workers' Profit Participation Fund (WPPF)		**798**	496
Rental income		**(1,800)**	(1,800)
		29,311	29,414
Changes in working capital			
(Increase)/ decrease in current assets:			
Stock in trade		**1,176**	18,279
Trade debts		**(57,211)**	(7,957)
Advances and deposits		**(36)**	1,142
Prepayments and other receivables		**(249)**	404
		(56,320)	11,868
(Decrease)/ increase in current liabilities:			
Trade and other payables		**12,575**	(5,006)
Cash generated from operations		**(14,434)**	36,276
Levies paid		**(2,560)**	(1,361)
Income tax paid		**(9,265)**	(9,160)
Finance cost paid		**(8,106)**	(7,365)
WWF paid		**-**	(14)
WPPF paid		**(523)**	(578)
Net cash (used in)/ generated from operating activities		**(34,888)**	17,798
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made in property and equipment		**(166)**	-
Markup received on term deposit receipts		**21**	6
Long term loans and advances		**(2,718)**	(1,652)
Net cash used in investing activities		**(2,863)**	(1,646)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings repaid		**-**	(1,046)
Payment of lease liability		**(624)**	(579)
Net cash used in financing activities		**(624)**	(1,625)
Net (decrease)/ increase in cash and cash equivalents		**(38,375)**	14,527
Cash and cash equivalents at the beginning of the year		**(212)**	(14,739)
Cash and cash equivalents at the end of the year		**(38,587)**	(212)
Cash and cash equivalents comprise of the following:			
Cash and bank balances	15	**49,174**	43,261
Short term borrowings (Running finance)	20	**(87,761)**	(43,473)
		(38,587)	(212)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

BUXLY PAINTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1 NATURE AND STATUS OF THE COMPANY

Buxly Paints Limited (the Company) was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act, 1913 (now the Companies Act, 2017) and subsequently converted into a public limited company in May 1985. Its shares are listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of paints, pigments, protective surface coating, varnishes and other related products under a toll manufacturing agreement with Berger Paints Pakistan Limited (an associated company), at a specified toll manufacturing fees. As per the arrangements, the Company will deliver the materials, packing, filling and other bulk components, together with other ingredients to Berger Paints Pakistan Limited, who will process the ingredients and pack the products and deliver the products to the Company or designated party in Pakistan indicated by the Company.

Geographical location and address of business units/ plants:

Purpose		Location
a.	Registered Office	X-3, Manghopir Road, S.I.T.E, Karachi.
b.	Lahore Office	28 km Multan Road, Lahore
c.	Islamabad	The Annexe, Plot No. 201, Street No. I, Sector I-10/3, Industrial Area, Islamabad

2 BASIS OF PREPARATION

2.1 Accounting convention

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

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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

During the year the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance- "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance suggests taxes paid under final or minimum tax regime to be shown separately as a levy instead of showing it in current tax. Accordingly comparative figures have been rearranged/ reclassified as under:

Reclassified from	Reclassified to	Amount (Rs in "000")
Taxation - Income taxes	Levies	1,361

2.3 Functional and presentation currency

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

2.4 Reclassification and rearrangements

Corresponding figures have been reclassified and rearranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. Appropriate disclosures are given in relevant notes in case of material reclassifications and rearrangements.

2.5 Use of estimates and judgments

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

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

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

- Estimated useful lives of property and equipment and measurement of revalued amounts (notes 4.1, 4.2 and 5)
- Recognition of taxation and deferred taxation (notes 4.9 , 9 and 31)
- Provisions and contingencies (note 4.11 and note 22)
- Classification of investment properties (notes 4.3 and 6)
- Provision against trade debts and deposits (notes 4.5, 11.1 and 12.1)
- Impairment (note 4.17)
- Stock-in-trade (notes 4.6 and 10)

3 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

a) Standards and interpretations that became effective but not relevant to the Company

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

- IAS 1 - Presentation of financial statements - Amendments regarding the classification of debt with covenants.
- IAS 1 - Presentation of financial statements - Amendments regarding the classification of liabilities.
- IAS 7 - Statement of cash flows - Amendments regarding supplier finance arrangements.
- IFRS 7 - Financial Instruments - Amendments regarding supplier finance arrangements.
- IFRS 16 - Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

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

- IFRS 7 - Amendments regarding the classification and measurement of financial instruments - (applicable on Annual periods beginning on or after 1 January 2026).
- IFRS 9 - Amendments regarding the classification and measurement of financial instruments - (applicable on Annual periods beginning on or after 1 January 2026).
- IFRS 17 - Insurance Contracts - (initial application on Annual periods beginning on or after 1 January 2026).

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures
- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 – Climate-related Disclosures

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4 MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted disclosure of Accounting Policies (narrow- scope Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

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

4.1 Property and equipment

Operating fixed assets, except leasehold land, are measured at cost less accumulated depreciation and impairment loss, if any. Leasehold land is stated at revalued amount. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation on all property and equipment except land is charged on the reducing balance method at the rates specified in note 5.

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

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

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

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

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

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

4.2 Accounting for right-of-use (ROU) assets and leases

ROU asset

The Company recognizes a ROU asset and related lease liability at the lease commencement date. The ROU asset is initially measured at cost which comprises 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 the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The ROU asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the ROU asset or the end of the lease term. The estimated useful life of ROU asset is determined on the same basis as those operating tangible assets. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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Lease liability

The lease liability is initially measured at the present value of the lease payments over the period of lease term and 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. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Company applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and ROU asset recognized.

4.3 Investment properties

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

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

4.4 Staff retirement benefits

a) Defined contribution plan

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

b) Compensated absences

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

4.5 Trade debts

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

4.6 Stock in trade

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

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

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

4.7 Revenue recognition

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

4.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

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4.9 **Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

a) **Current**

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b) **Deferred**

Deferred tax is provided using liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using the current rates of taxation. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged to income except in case of items credited or charged to equity in which case it is included in the equity.

c) **Levies**

Tax charged under the Income Tax Ordinance 2001 which is not based on taxable income or any amount paid/ payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensve income as these levies fall under the scope of IFRIC 21/ IAS 37.

4.10 **Borrowings**

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

4.11 **Provisions**

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

4.12 **Trade and other payables**

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

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

4.13 **Financial instruments**

Recognition and measurement

Financial assets and liabilities are recognized, when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets. In case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

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Financial assets are long term investments, short term investments, trade and other receivables, advances adjustable in cash and cash and bank balances. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the right to receive the cash flows from the assets have been expired or have been transferred; and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise the financial assets or a portion of financial assets.

The Company has classified its financial assets based on the requirements as set out in IFRS-9 'Financial Instruments'. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and contains three principal classifications categories of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets are generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

4.13.1 Financial assets

(a) Financial asset at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(b) Financial asset at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(c) Financial asset at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Recognition and measurement

Financial assets at initial recognition are measured at its fair value of the consideration given. Subsequent to initial recognition, financial assets shall be classified at amortized cost using effective interest method, fair value through other comprehensive income with changes in fair value recognized in other comprehensive income and fair value through profit or loss with changes in fair value recognized in profit or loss.

4.13.2 Financial liabilities

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. At the time of initial recognition, all financial liabilities shall be measured at fair value plus or minus transaction cost that are directly attributable to the issue of a financial liability. Financial liabilities shall subsequently be measured at amortized cost. Significant financial liabilities are due to related party, trade and other payables.

Any gain or loss on subsequent remeasurement to fair value of financial assets and financial liabilities is taken to the statement of profit or loss in the year in which it arises.

Offsetting of financial assets and financial liabilities

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

4.13.3 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.

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Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. 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 the statement of profit or loss.

4.13.4 Impairment

Financial assets

A financial asset is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. Loss allowance for ECL on a financial asset is recognized to account for impairment.

If a financial asset has low credit risk at the date of initial application of IFRS 9, than the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Non financial assets

The Company assesses at each statement of financial position date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount of the asset had there been no impairment loss. A reversal of the impairment loss is recognized in the statement of profit or loss.

4.14 Foreign currencies

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

4.15 Dividend

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

4.16 Earnings per share

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

4.17 Impairment of other assets

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

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5 PROPERTY AND EQUIPMENT

2024

	Cost/ Revalued amount				Rate	Depreciation				Written down value as at 30 June 2024
	As at 01 July 2023	Additions	(Disposals)/ (transfer)	As at 30 June 2024	%	As at 01 July 2023	Charge for the year	Reversal	As at 30 June 2024	
	(Rupees in '000)					(Rupees in '000)				
Operating fixed assets										
Leasehold land:										
- Cost	836	-	-	836		-	-	-	-	836
- Revaluation	168,934	-	-	168,934		-	-	-	-	168,934
	169,770	-	-	169,770		-	-	-	-	169,770
Owned										
Furniture and fixtures	586	-	-	586	10	477	11	-	488	98
Vehicles	410		-	410	20	401	2	-	403	7
Office equipments	378	122	-	500	10	269	11	-	280	220
Computers	1,204	44	-	1,248	33	1,131	35	-	1,166	82
	172,348	166	-	172,514		2,278	59	-	2,337	170,177
ROU asset										
Vehicles	2,040	-	-	2,040	20	653	277	-	930	1,110
	174,388	166	-	174,554		2,931	336	-	3,267	171,287

2023

	Cost/ Revalued amount				Rate	Depreciation				Written down value as at 30 June 2023
	As at 01 July 2022	Additions	(Disposals)/ (transfer)	As at 30 June 2023	%	As at 01 July 2022	Charge for the year	Reversal	As at 30 June 2023	
	(Rupees in '000)					(Rupees in '000)				
Operating fixed assets										
Leasehold land:										
- Cost	836	-	-	836		-	-	-	-	836
- Revaluation	130,352	38,582	-	168,934		-	-	-	-	168,934
	131,188	38,582	-	169,770		-	-	-	-	169,770
Owned										
Furniture and fixtures	586	-	-	586	10	465	12	-	477	109
Vehicles	410		-	410	20	399	2	-	401	9
Office equipments	378	-	-	378	10	257	12	-	269	109
Computers	1,204	-	-	1,204	33	1,095	36	-	1,131	73
	133,766	38,582	-	172,348		2,216	62	-	2,278	170,070
ROU asset										
Vehicles	2,040	-	-	2,040	20	306	347	-	653	1,387
	135,806	38,582	-	174,388		2,522	409	-	2,931	171,457

5.1 Depreciation for the year has been allocated as follows:

		2024	2023
		(Rupees in '000)	
Distribution and selling expenses	25	67	82
Administrative expenses	26	269	327
		336	409

5.2 The Company on 22 June 2023 had carried out revaluation of its leasedhold land situated at Manghopir Road, S.I.T.E, Karachi having area of 27,780.60 square feet. The revaluation exercise was conducted by an independent valuer M/s Professional Associates (Regd.) F-12, Rakshanda Complex, 244-Kashmir Block, Allama Iqbal Town, Lahore. The revaluation excercise was conducted after enquiring market rates of similar sized plots in near vicinity from the brokers, dealers, real estate agents, other concerned authorities and keeping in view the location, size and availability of the leasehold land. The Board of Directors of the Company (the Board) concurred to this valuation. Forced sale value as per the revaluation report is Rs. 144.305 million. Fair value has been assessed under 'fair value hierarchy; level 3'.

5.3 Had the asset not been revalued, the net book value of leasehold land would have amounted to Rs. 0.836 million (2023: Rs. 0.836 million).

6 INVESTMENT PROPERTIES

2024

	Cost				Depreciation			Written down value as at 30 June 2024
	As at 01 July 2023	Transfer	As at 30 June 2024	Rate %	As at 01 July 2023	Charge for the year	As at 30 June 2024	
	(Rupees in '000)				(Rupees in '000)			
Leasehold land	700	-	700	-	87	-	87	613
Office building	5,408	-	5,408	5	2,331	154	2,485	2,923
	6,108	-	6,108		2,418	154	2,572	3,536

2023

	Cost				Depreciation			Written down value as at 30 June 2023
	As at 01 July 2022	Transfer	As at 30 June 2023	Rate %	As at 01 July 2022	Charge for the year	As at 30 June 2023	
	(Rupees in '000)				(Rupees in '000)			
Leasehold land	700	-	700	-	87	-	87	613
Office building	5,408	-	5,408	5	2,169	162	2,331	3,077
	6,108	-	6,108		2,256	162	2,418	3,690

6.1 The Company is recording investment property at cost. Had the investment property been measured at fair value, the value of property would have been Rs.125.712 million and the forced sale value would have been Rs. 106.855 million as per independent valuers' report of June 2023.

a. The land element has been valued at Rs. 104.323 million after enquiring market rates of similar sized plots in near vicinity from the real estate agents and keeping in view the location, size and availability of the land. The land is situated at Manghopir Road, S.I.T.E. Karachi having area of 17,071 square feet. and

b. Building element has been valued at Rs. 21.389 million after taking into account the type and class of construction. Building is situated on a portion of the same land covering an area of 3,500 square feet.

The fair value of the property has been assessed under 'fair value hierarchy; level 3'.

	Note	2024	2023
		(Rupees in '000)	
6.2 Depreciation for the year has been allocated as follows:			
Distribution and selling expenses	25	31	32
Administrative expenses	26	123	130
		154	162
6.3 Amounts recognised in the statement of profit or loss for investment properties			
Rental income from operating lease		1,800	1,800

7 LONG TERM LOANS AND ADVANCES
- Secured and considered good

	Note	2024	2023
Employee loans	7.1	9,176	6,458
Less: Current portion		(633)	(585)
		8,543	5,873

7.1 This represents interest free loans to employees for the purpose of purchase of motor vehicles. These loans are secured against these motor vehicles and recoverable in 120 equal monthly instalments. These loans have not been discounted to their present values as the financial impact is not material.

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	Note	2024	2023
		(Rupees in '000)	
8 LONG TERM RECEIVABLE		**11,700**	9,900

The Company under operating lease arrangements has leased out portion of its land to an associated company as disclosed in note 22.2. Rent has been provided since 1 January 2018 at the rate of Rs. 150,000/- per month being the fair market value of rent for such land. This amount would be available for adjustment against the value of building when handed over to the Company after expiry of lease term on 31 December 2027.

8.1 At 30 June 2024, the maturity analysis of contractual undiscounted cashflows under non-cancellable lease was receivable as follows:

		2024	2023
Less than one year		**1,800**	1,800
Between one and five years		**4,500**	6,300
		6,300	8,100

9. DEFERRED TAXATION

The Company has not recognised deferred tax asset of Rs. 26.558 million (2023: Rs. 21.44 million) in respect of deductible temporary difference amounting to Rs. 56.176 million (2023: Rs. 44.817 million) as per policy given in note 4.9 (b).

10. STOCK IN TRADE

	Note	2024	2023
Packing material		**4,552**	2,695
Work in process		**3,192**	2,750
Finished goods		**77,436**	80,911
		85,180	86,356
Provision against slow moving stocks:			
- Finished goods	**10.1**	**(5,017)**	(4,757)
		80,163	81,599
10.1 Opening balance		**4,757**	4,757
Charge for the year	**24**	**260**	-
Closing balance		**5,017**	4,757

11. TRADE DEBTS

	Note	2024	2023
- Unsecured			
Considered good		**219,237**	160,679
Considered doubtful		**23,075**	24,422
		242,312	185,101
Impairment allowance for expected credit loss	**11.1**	**(24,559)**	(24,422)
		217,753	160,679
11.1 Opening balance		**24,422**	18,298
Charge for the year	**26**	**137**	6,124
Closing balance		**24,559**	24,422

12. ADVANCES AND DEPOSITS

	Note	2024	2023
Advances - unsecured and considered good			
Employees		**867**	392
Deposits			
Margin against letters of guarantee		**3,105**	3,298
Earnest money and tender deposits		**9,557**	9,802
		12,662	13,101
Provision against expired letters of guarantee, earnest money and tender deposits	**12.1**	**(10,732)**	(7,232)
		2,797	6,261
12.1 Opening balance		**7,232**	2,232
Charge for the year	**26**	**3,500**	5,000
Closing balance		**10,732**	7,232

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	2024	2023
	(Rupees in '000)	
13. PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	**318**	69
14. TERM DEPOSIT RECEIPTS		
- Held to maturity	**150**	150

These are short term deposits, carrying markup from 6.55% to 20.25% (2023: 6.35% to 6.55%) per annum and have maturities within one to two year. The term deposits are under lien against letters of guarantees issued by the banks.

15. CASH AND BANK BALANCES

	2024	2023
Cash in hand	**58**	58
Cash at banks - in current accounts	**49,116**	43,203
	49,174	43,261

16. SHARE CAPITAL

2024	2023		2024	2023
(Number of shares)				
Authorized capital				
5,000,000	5,000,000	Ordinary shares of Rs.10 each	**50,000**	50,000
Issued, subscribed and paid-up capital				
1,257,288	1,257,288	Ordinary shares of Rs.10 each fully paid in cash	**12,573**	12,573
82,712	82,712	Ordinary shares of Rs.10 each fully paid for consideration other than cash	**827**	827
100,000	100,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**1,000**	1,000
1,440,000	1,440,000		**14,400**	14,400

Issued, subscribed and paid-up capital at the year end includes 816,090 (2023: 816,090) ordinary shares of Rs. 10 each, held by directors and associated undertakings.

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

	2024	2023
17. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT	**168,934**	168,934

17.1 The surplus is in respect of leasehold land located at Plot No. X-3, Manghopir Road, S.I.T.E, Karachi. The plot is revalued on 22 June 2023 by an independent valuer M/s Professional Associates (Regd.), Karachi. The valuation of land has been made on the basis of fair market value. The valuation resulted in net surplus of Rs. 38.582 million. The aforementioned surplus on revaluation of property has been shown as a part of equity. Previously such revaluation was carried out in 30 June 2018 by another independent valuer M/s Harvester Services (Private) Limited, Karachi.

	Note	2024	2023
		(Rupees in '000)	
Movement in the surplus during the year was as follows:			
Opening balance		**168,934**	130,352
Add: Surplus recognized during the year		-	38,582
Closing balance		**168,934**	168,934
18 LONG TERM BORROWINGS			
- Secured			
Opening balance		-	1,046
Less: Paid during the year		-	(1,046)
Closing balance		-	-
Less: Current portion		-	-
		-	-

A term finance facility under the refinance scheme of State Bank of Pakistan was obtained from JS Bank Limited for payment of wages and salaries to the workers and employees of business concerns for an amount up to Rs. 5 million for a term of 2 years with grace period of 6 months. This facility was sanctioned to finance wages and salaries of permanent, contractually outsourced and daily wagers. This arrangement was secured against first hypothecation charge of Rs. 107 million over stocks and receivables of the Company and additional comfort of first equitable mortgage charge of Rs. 67 million on industry property of the Company situated at Plot # X-3, Manghopir Road, S.I.T.E., Karachi. This facility has been paid in 8 equal quarterly instalments which ended in October 2022. It carried markup @ SBP + 3% p.a. Effective markup during last year was 18.16%.

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	Note	2024	2023
		(Rupees in '000)	
19 LEASE LIABILITY			
Opening balance		**1,320**	**1,624**
Interest accrued on lease liability	**28**	**279**	**275**
Payments made during the year		**(624)**	**(579)**
Closing balance		**975**	**1,320**
Less: Current portion		**(437)**	**(343)**
		538	**977**

The reconciliation between gross minimum lease payments, future financial charges and present value of minimum lease payments is as under:

	Minimum lease payments (MLP)	Future finance cost	Present value of MLP
	(Rupees in '000)		
As on 30 June 2024			
Not later than one year	**611**	**(174)**	**437**
Later than one year but not later than five years	**611**	**(73)**	**538**
	1,222	**(247)**	**975**
As on 30 June 2023			
Not later than one year	629	(286)	343
Later than one year but not later than five years	1,258	(281)	977
	1,887	(567)	1,320

The lease finance has been obtained from First Habib Modaraba. The obligation represents the present value of minimum lease payments discounted at the rate of 3 months KIBOR + 1% and are payable in equal quaterly installments.

Purchase options are available to the Company after making payment of last installment and on surrender of deposit at the end of the lease period. The Company intends to exercise its option to purchase leased assets at its salvage value upon completion of respective leased period. The cost of operating and maintaining the leased assets is to be borne by the Company.

20. SHORT TERM BORROWINGS

	2024	2023
- Secured	**87,761**	43,473

The Company has entered into an agreement with JS Bank Limited for short term running finance facility under markup arrangement. This arrangement is secured against first hypothecation charge of Rs. 107 million (2023: Rs. 107 million) over stocks and receivables of the Company and additional comfort of first equitable mortgage charge of Rs. 67 million (2023: Rs. 67 million) on industry property of the Company situated at Plot # X-3, Manghopir Road, S.I.T.E., Karachi. The running finance facility carries markup of 3 months KIBOR + 2% (2023: 3 months KIBOR + 2%) per annum. Total limit available to the Company amount to Rs. 50 million (2023: Rs. 50 million). Excess drawings of Rs. 37.761 million (2023: nil) at the year end was due to unpresented cheques, which were subsequently cleared from the funds transferred by the Company. The effective markup rates charged during the year ranged from 23.46% to 24.91% (2023: 17.16% to 23.98%) per annum.

21. TRADE AND OTHER PAYABLES

	Note	2024	2023
- Unsecured			
Trade creditors	**21.1**	**264,642**	251,800
Accrued expenses	**21.2**	**578**	831
		265,220	252,631
Other liabilities			
Contract liabilities		**2,446**	2,446
WPPF payable	**21.3**	**971**	696
WWF payable	**21.4**	**1,494**	1,126
Sales tax payable		**972**	3,390
Payable to employees provident fund		**1,816**	2
Others	**21.5**	**2,704**	2,114
		10,403	9,774
		275,623	262,405

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21.1 This includes Rs. 221.577 million (2023: Rs. 217.525 million) payable to Berger Paints Pakistan Limited - (an associated company)

21.2 It includes payables of Rs. 269 (2023: Rs. 216,000) on account of EOBI.

	Note	2024	2023
		(Rupees in '000)	
21.3 WPPF payable			
Opening balance		**696**	778
Charge for the year	29	**798**	496
Paid during the year		**(523)**	(578)
Closing balance		**971**	696
21.4 WWF payable			
Opening balance		**1,126**	728
Charge for the year	29	**368**	412
Paid during the year		**-**	(14)
Closing balance		**1,494**	1,126

21.5 It includes payables on account of withholding income tax from employees of Rs. 0.053 million (2023: nil) and withholding income tax from suppliers of Rs. 2.255 million (2023: Rs. 1.404 million).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 The guarantees amounted to Rs. 3.419 million (2023: Rs. 3.568 million) given in favour of collector of Central Excise Department and Customs against supplies to the Government departments against their orders and gas supply.

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

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

22.1.3 The Deputy Commissioner Inland Revenue issued order under section 161 of the Income Tax Ordinance, 2001 by levying impugned tax demand of Rs. 386,258 and Rs. 305,646 for tax year 2014 and 2015 respectively. Against such demands, the Company had filed the appeal with the Commissioner Inland Revenue Appeals who passed the order dated 6 July 2018 in favor of the Company. However being aggrieved by the decision, the tax department has filed appeals in the Appellate Tribunal Inland Revenue (ATIR) against the order. The notice for hearing has yet to be issued by the ATIR.

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

22.1.4 The Deputy Commissioner Inland Revenue issued order dated 31 March 2023 under section 161 (1) / 205 of the Income Tax Ordinance, 2001, creating demand against non/ short deduction of witholding income taxes on various expenditure and payments to the tune of Rs. 26.213 million, default surcharge and penalty amounting to the tune of Rs. 3.146 million and Rs. 2.621 million respectively for tax year 2022. The Company filed the appeal with the Commissioner Inland Revenue (Appeals) against the order. As per the legal advisor of the Company, a favourable outcome is expected.

22.2 Commitments:

The management has agreed upon an arrangement with Berger Paints Pakistan Limited (Berger) - an associated company for letting out a piece of its leasehold land. Under the arrangement Berger has constructed a facility for production and warehousing on the subject land, which will remain in use of Berger for a period of 10 years from the date of completion. On expiry of the tenure of agreement, the warehouse building will be transferred to the Company free of cost as a consideration for utilizing the subject land for the said tenure (note 8).

	2024	2023
	(Rupees in '000)	
23. SALES		
Gross sales	**884,655**	797,592
Less: Sales tax	**(138,285)**	(119,687)
	746,370	677,905
Less: Discounts	**(123,385)**	(100,829)
	622,985	577,076

Opening balance of contract liabilities was Rs. 2.446 million (2023: Rs. 2.446 million) out of which Rs. nil (2023: nil) was converted into sales through dispatch of goods to customers.

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24. COST OF SALES

	Note	2024	2023
		(Rupees in '000)	
Opening stock			
Packing material		2,695	3,973
Purchases			
Raw material		413,990	380,496
Packing material		64,680	61,670
		478,670	442,166
		481,365	446,139
Closing stock			
Packing material		(4,552)	(2,695)
Material consumed		476,813	443,444
Manufacturing expenses			
Toll manufacturing charges		35,556	27,131
Provision for slow moving stock	10.1	260	-
		512,629	470,575
Work in process			
Opening stock		2,750	3,793
Closing stock		(3,192)	(2,750)
		(442)	1,043
Cost of goods manufactured		512,187	471,618
Finished goods			
Opening stock		80,911	96,869
Closing stock		(77,436)	(80,911)
		3,475	15,958
		515,662	487,576

25. DISTRIBUTION AND SELLING EXPENSES

	Note	2024	2023
Salaries and other benefits	25.1	21,409	18,854
Insurance		624	736
Rent, rates and taxes		60	323
Carriage outward		17,581	15,760
Advertising and promotional expenses		4,237	5,964
Travelling and conveyance		11,468	7,458
Printing and stationery		53	158
Postage, telephone and fax		136	298
Repairs and maintenance		24	29
Depreciation	5.1 and 6.2	98	114
Entertainment and welfare		-	25
Fees and subscription		-	39
Sundry expenses		160	160
		55,850	49,918

25.1 Included herein a sum of Rs. 0.793 million (2023: Rs. 0.686 million) in respect of staff retirement benefits (Provident Fund).

26. ADMINISTRATIVE EXPENSES

	Note	2024	2023
Salaries and other benefits	26.1	14,921	6,761
Directors' fee		505	575
Insurance		239	117
Printing and stationery		85	63
Postage, telephone and fax		11	1
Travelling and conveyance		1,271	240
Service charges		1,200	1,200
Auditors' remuneration	26.2	610	565
Fees and subscription		1,367	1,157
Legal and professional charges		600	183
Repairs and maintenance		155	170
Depreciation	5.1 and 6.2	392	457
Entertainment and welfare		2,734	257
Utilities		437	473
Impairment allowance for expected credit loss	11.1	137	6,124
Provision againts doubtful advances and deposits	12.1	3,500	5,000
Miscellaneous		197	332
		28,361	23,675

26.1 Included herein a sum of Rs. 0.430 million (2023: Rs. 0.292 million) in respect of staff retirement benefits (Provident Fund).

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	Note	2024	2023
		(Rupees in '000)	

26.2 Auditors' remuneration

Statutory audit		**303**	303
Half yearly review		**118**	118
Other certifications		**189**	144
		610	565

27. OTHER INCOME

	Note	2024	2023
Financial asset			
Markup on term deposit receipts		**25**	10
Non financial asset			
License fee		**12**	12
Rental income	27.1	**3,600**	3,600
		3,612	3,612
		3,637	3,622

27.1 This is earned on the portions of the land and building that has been rented out to Berger Paints Pakistan Limited (an associated company).

28. FINANCE COST

	Note	2024	2023
Markup on:			
Short term borrowings		**10,048**	7,740
Long term borrowings		**-**	12
Lease liability	19	**279**	275
Bank charges		**466**	664
		10,793	8,691

29. OTHER EXPENSES

	Note	2024	2023
WPPF	21.3	**798**	496
WWF	21.4	**368**	412
		1,166	908

30. LEVIES

		2024	2023
LEVIES		**2,560**	1,361

This represents minimum taxes paid under section 113 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/ IAS 37.

31. TAXATION- INCOME TAX

		2024	2023
Current year		**5,227**	5,852

31.1 Current status of tax assessments

The income tax assessments of the Company have been finalised upto and including the tax year 2023 (Income year ended 30 June 2023). The returns for income tax have been filed, according to section 120 of the Income Tax Ordinance, 2001 which provides that return filed is deemed to be an assessment order. However, these returns (i.e. return for tax years 2019 to 2023) may be selected for detailed audit within five years from the year end of the tax year in which the return has been filed and the Commissioner of Income Tax may amend the assessment in case of objection raised in audit.

31.2 Reconciliation of accounting profit and tax expense

		2024	2023
Profit before income tax		**12,230**	8,569
Normal tax @ 29%		**3,547**	2,485
Impact of :			
Admissible/ inadmissible items		**1,147**	3,181
Rental income		**(209)**	(209)
Levies		**742**	395
		1,680	3,367
Tax expense		**5,227**	5,852

32. EARNINGS PER SHARE - BASIC AND DILUTED

32.1 Basic earnings per share

Basic earnings per share has been computed by dividing profit for the year after taxation by the weighted average number of shares outstanding during the year.

		2024	2023
Profit for the year		**7,003**	2,717
		(Shares in '000)	
Weighted average number of shares outstanding during the year		**1,440**	1,440
		(Rupees)	
Earnings per share		**4.86**	1.89

32.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments.

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33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2024			2023		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	(Rupees in '000)					
Directors' fee	-	505	-	-	575	-
Managerial remuneration	3,617	2,997	1,489	2,488	-	1,254
House rent allowance	1,628	1,348	666	857	-	555
Utilities	361	300	148	245	-	123
Entertainment	2,727	-	-	-	-	-
Conveyance	1,195	276	148	245	-	123
Disturbance allowance	40	20	-	-	-	-
Medical allowance	38	24	-	245	-	-
	9,606	5,470	2,451	4,080	575	2,055
Number of persons	1	1	1	1	1	7

34. PLANT CAPACITY AND PRODUCTION

	2024	2023
	(In litres)	
Produced for the Company by a related party under toll manufacturing agreement	1,480,261	1,608,610

35. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Related parties comprise associated undertakings, directors of the Company, major shareholders and their close family members, key management personnel, employment retirement benefits plan. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions at agreed rates. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of directors and key management personnel is in accordance with their terms of engagements and disclosed in note 33. Balances due to/ from related parties are describe in note 8 and 21.1. Details of transactions with related parties are as follows:

	2024	2023
	(Rupees in '000)	
Associated undertakings		
Purchases made during the year	413,990	380,496
Rental expense and service charges	1,200	1,200
Toll manufacturing expenses incurred	35,556	27,131
Rental income	3,600	3,600
Common expenditures	23,866	20,742
License fee income	12	12
Buxly Paints Limited Provident Fund		
The Company's contribution	1,223	978
Payable to Provident Fund	1,816	2

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

S. No	Name	Basis of relationship	Aggregate % of shareholding
1	Berger Paints Pakistan Limited	Shareholding	19%
2	Mr. Bashir Ahmad	Chief executive officer	0.03%
3	Mr. Naseer Ahmad	Director	-
4	Mr. Rubina Rizvi	Director	-
5	Mr. Muhammad Hanif	Director	-
6	Mr. Sheikh Asim Rafiq	Director	-
7	Mr. Shamshad Ali	Director	-
8	Mr. Adnan Iqbal	Director	-
9	Mr. Fakharul Arfin	Director	-
10	Buxly Paints Limited Provident Fund	Common control	-

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36. FINANCIAL INSTRUMENTS

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

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

Risk management framework

The objective of the Company's overall financial risk management is to minimize earnings volatility and provide maximum return to the shareholders.

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

36.1 Financial instruments by categories:

	Note	2024	2023
		(Rupees in '000)	
Financial assets - amortized cost			
Long term loans and advances	7	9,176	6,458
Long term security deposits		361	361
Trade debts	11	217,753	160,679
Advances and deposits	12	2,797	6,261
Term deposit receipts	14	150	150
Markup receivable		12	8
Cash and bank balances	15	49,174	43,261
		279,423	217,178
Financial liabilities - amortized cost			
Lease liability	19	975	1,320
Markup accrued		4,822	2,414
Unpaid dividend		217	217
Unclaimed dividend		102	102
Short term borrowings	20	87,761	43,473
Trade and other payables	21	272,205	256,569
		366,082	304,095

36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral.

35.2.1 Concentration of credit risk

Concentration of credit arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by the changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance for developments affecting a particular industry. The Company believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

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

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other relevent factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days to customers to reduce the credit risk.

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

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

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	Note	2024	2023
		(Rupees in '000)	
Long term loans and advances	7	**9,176**	6,458
Long term security deposits		**361**	361
Trade debts	11	**217,753**	160,679
Advances and deposits	12	**2,797**	6,261
Term deposit receipts	14	**150**	150
Markup receivable		**12**	8
Bank balances	15	**49,116**	43,203
		279,365	217,120

Credit quality

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

	30-Jun-24		30-Jun-23	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)		(Rupees in '000)	
Past due 0 - 30 days	**58,301**	**-**	73,833	-
Past due 31 - 60 days	**57,408**	**-**	54,963	-
Past due 61 - 180 days	**69,127**	**-**	26,971	-
More than 180 days	**57,476**	**23,075**	29,334	24,422
	242,312	**23,075**	185,101	24,422

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

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

Bank	Rating Agency	Rating: Short term	Rating: Long term	2024	2023
				(Rupees in '000)	
National Bank of Pakistan	PACRA	A1+	AAA	3	3
Habib Bank Limited	VIS	A-1+	AAA	-	-
JS Bank Limited	PACRA	A1+	AA	48,764	42,070
MCB Islamic Bank Limited	PACRA	A1	A+	308	308
Bank AL Habib Limited	PACRA	A1+	AAA	32	14
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	9	808
				49,116	43,203

36.3 Liquidity risk

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

Exposure to liquidity risk

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

	30-Jun-24				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
	------(Rupees in '000)------				
Financial liabilities at amortised cost					
Lease liability	**975**	**1,222**	**-**	**611**	**611**
Short term borrowings	**87,761**	**87,761**	**87,761**	**-**	**-**
Markup accrued	**4,822**	**4,822**	**4,822**	**-**	**-**
Trade and other payables	**272,205**	**272,205**	**269,501**	**2,704**	**-**
Unpaid dividend	**217**	**217**	**-**	**217**	**-**
Unclaimed dividend	**102**	**102**	**-**	**102**	**-**
	366,082	**366,329**	**362,084**	**3,634**	**611**

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	30-Jun-23				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
	----------(Rupees in '000)----------				
Financial liabilities at amortised cost					
Lease liability	1,320	1,887	-	629	1,258
Short term borrowings	43,473	43,473	43,473	-	-
Markup accrued	2,414	2,414	2,414	-	-
Trade and other payables	256,569	256,569	254,455	2,114	-
Unpaid dividend	217	217	-	217	-
Unclaimed dividend	102	102	-	102	-
	304,095	304,662	300,342	3,062	1,258

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

The contractual cash flows relating to the above financial liabilities have been determined on the basis of applicable markup rates as at 30 June 2024, if any.

36.4 Market risk

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

The Company is exposed to three types of market risks: currency risk, intrest rate risk and other price risk.

36.4.1 Currency risk

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

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

36.4.2 Interest rate risk

Interest/ markup rate risk arises from the possibility of changes in interest/ markup rates which may effect the value of financial instruments held by the Company and its profit or loss.

Exposure to interest rate risk

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

	Effective rate		Carrying amount	
	2024	2023	**2024**	2023
	(in percentage)		**(Rupees in '000)**	
Financial assets - fixed rate instruments				
Term deposit receipts	**6.55 to 20.25**	6.35 to 6.55	**150**	150
Financial liabilities - variable rate instruments				
Lease liability	**22.46 to 23.91**	16.16 to 22.98	**975**	1,320
Short term borrowings	**23.46 to 24.91**	17.16 to 23.98	**87,761**	43,473
			88,736	**44,792**

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

<u>Cash flow sensitivity analysis for variable rate instruments</u>

If KIBOR had been 1% (lower)/ higher with all other variables held constant, the impact on the profit before tax for the year would have been higher/ (lower) by Rs. 0.887 million (2023: Rs. 0.448 million).

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36.4.3 Other price risk

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

36.5 Operational risk

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

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

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

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

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

36.6 Fair value of financial instruments

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

Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy:

The company is required to classify financial instrunments 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:

Level 1: Quoted market price (unadjusted) in an active market for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. CAPITAL MANAGEMENT

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

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

38. NUMBER OF EMPLOYEES

	2024	2023
Total number of employees at the end of the year (permanent employees)	24	25
Average number of employees during the year	28	26

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39. PROVIDENT FUND DISCLOSURE

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

	2024	2023
	(Rupees in '000)	
	Unaudited	Unaudited
Size of the fund - total assets	**6,498,702**	4,682,472
Percentage of investments made	**53%**	73%
Fair value of investments made	**3,440,244**	4,682,472
Cost of investments made (Unaudited)	**3,440,244**	3,438,372

Breakup of the cost of investments is:

	2024		2023	
	% of fund	Rupees	% of fund	Rupees
Defence Saving Certificates	44%	2,827,500	60%	2,827,500
Mutual funds	9%	612,744	13%	610,872
	53%	3,440,244	73%	3,438,372

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. Financial year end of the Provident Fund Trust is 30 June 2024.

40. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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

41. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on

2 5 SEP 2024

Chief Executive Officer **Director** **Chief Financial Officer**

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