BERGER PAINTS

Trusted Worldwide

Annual Report 19

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Company Information

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

CFO & Company Secretary

Mr. Abdul Wahid Qureshi

Bankers

MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Faysal Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Samba Bank Limited
Bank Islami Pakistan Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Solicitors

Surridge & Beecheno

Company Registrar

M/s Corplink Private Limited

Registered Office

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

Factory

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

Web Presence

www.berger.com.pk


BERGER
OSAKA

Company Profile

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

BERGER PAINTS PAKISTAN LTD. became a public limited company in 1974, when 49.38% of its shares were acquired by Pakistani investors, while the remaining 50.62% were held by U.K. parent company, Jenson & Nicholson Limited. Later Slotrapid Limited registered in B.V.I. with diversified business interests, acquired control of Berger Paints Pakistan Limited by gaining 52.0502% shares of the company.

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

In 2006, Berger established state of the art manufacturing facility in Lahore. With its head office now located in Lahore, Berger caters to the demands of its valued customers on national basis.

Consistent quality has always been Berger's trait. This has been the driving force in making it the leading brand name backed by premium quality across Pakistan.

Berger has the most comprehensive product range for various paint market segments at different price points. Berger has earned the admiration and trust of customers by virtue of its superior technology, product quality and a very high level of customized services.

Berger over years has entered into a number of technical collaboration arrangements with leading international manufacturers. These include one of the largest paint company from Japan, which enables Berger develop Automotive, Vehicle Refinishes and Industrial Paints conforming to international standards; a Japanese chemical company, for Bumper Paints; PCS Powders, UK for Powder Coatings; DPI Sendirian Berhad, Malaysia for Road & Runway Markings; Cerachem for Construction Chemicals and Asian Paints for Decorative Paints. In 2011, Berger acquired the distribution rights of DuPont Performance Coatings, now Axalta Coating Systems - Cromax, for Pakistan. In 2017, Berger also acquired distribution rights of another brand from Axalta Coatings by the name of Duxone for Pakistan.

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

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

Vision & Mission

Vision

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

Mission

Innovation

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

Commitment

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

Care

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

Corporate Social Responsibility

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

A Commitment to Excellence

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

As an ISO-9001-2015 certified company, Berger continues to upgrade and improve its range by introducing innovative products in line with consumer needs.

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

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

Customer Service

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

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

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

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

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

People

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

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

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

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

Health, Safety & Environment

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

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

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

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

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

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

By the Grace of Almighty Allah and continued efforts of employees, we have reached a milestone of achieving 3 MILLION SAFE MAN HOURS, without any LTI which has now become a stepping stone to grow even stronger and safer. If God wills, with top management commitment and with continued efforts of all the employees, within no time we would be able to double and triple the safe man hours and it's possible only.

"When ordinary people rise above the expectations and seize the opportunity those milestones truly are reached."

BERGER BUSINESS LINES

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

QUALITY IN DIVERSITY

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

Decorative Paints

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

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

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

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

Decorative Projects

UET, Kalashahkako Campus
Garisson School & Colleges
New Airport ISB
Dean Heights ISB
Quaid-e-Azam University
Nust University ISB
Serena Hotel ISB
Centaurus ISB
World Trade Centre ISB
The City Schools
Allama Iqbal International Airport, LHR
DHA Complex, LHR
ChandBagh School
BMCH Medical Hospital Bahawalpur
Indian Embassy ISB
Shaukat Khanaum Memorial Hosp.Peshawar
Grand Hayat Hotel Peshawar
Defence Valley ISB
Center Point KHI
Vincey Shopping Mall KHI
Royal Palm Country Club
Sports complex Narowal
Nurpur Plant Bhalwal
Nishat Emporium Lahore

Automotive Paints

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

In order to serve the Japanese car manufacturing segment Berger has had a long standing Technical collaboration with the prestigious paint company of Japan whereby Berger uses Japanese technology to manufacture special Auto paints to supply to customers like Toyota. Besides the car segment Berger also has a considerable share in Tractor & Truck manufacturing segment – to name a few HINO Pak, Al-Hajj FAW Motors (FAW Trucks), Master Motors are some of the main customers.

The Auto business enjoys a significant market share in the two & three wheeler industry as well by supplying paint to leading Japanese and Chinese Motorcycle & Rickshaw manufacturers along with the local bicycle industry.

The Automotive Paints Business over the years has grown and flourished and Berger is recognized as one of the major players in this segment for its high quality standards & efficient technical services.

Berger is proud to be associated with the Automotive Industry of Pakistan and is committed to provide the same high level of services in the years to come.

Powder Coatings

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

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

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

Bercoat – Berger's in-house brand launched in early 2000's. Bercoat has been successfully performing since then in the local market.

Oxyplast – an international brand of Powder Coatings from Belgium whose sole franchise rights are with Berger in Pakistan. This franchise was acquired in 2009. Berger offers a wide variety of shades in Bercoat & Oxyplast. These shades are available in both Pure Polyester and Epoxy Polyester based systems. Customers can also get customized shades developed if need be. These finishes vary from glossy to matt, texture, antique and are all available to our customers as per their requirement.

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

General Industrial Finishes

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

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

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

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

Protective Coatings

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

Protective Coatings serve a dual purpose of protecting surfaces from chemical reactions as well as improving visual appeal. These protective paints conform to international standards of quality and are designed to resist the severity of extreme environmental as well as corrosive effects of atmosphere, and other decaying agents.

They have excellent resisting properties against chemicals, marine environment, oil spillage and fresh and salt water. These coatings can be applied to concrete, cement render, asbestos sheeting, steel/concrete pipelines, harbors, oil refineries, dams, barrages, chemical plants, battery rooms etc. and shore installations with good durability.

Vehicle Refinishes

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

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

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

In 2011, Berger acquired the distribution rights of DuPont Performance Coatings, now Axalta Coating Systems, for Pakistan.

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

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

Refinish Training Center

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

Road Safety

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

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

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

Berger Road Safety

Major Road Safety Application Projects

Motorway M-2 Project
Motorway M-3 Project
Motorway M-4 Project
Peshawar-Torkham Road
Quetta-Chaman Road
Makran Coastal Highway
Panu Aaqil Bridge
Taftaan Highway
Hyderabad-Mirpurkhas Road
Sakrand Bypass
RYK-tmp Project (N-5 Section)
Pak Iran Border
Adb Flood Relief Projects
Lhr-skp-fsd Bot Project
Lahore Ring Road
Lahore-kasur Road
Gujranwala-sialkot Road
Narowal-zafarwal Road
Metro Bus Service Project Lahore
Bahria Town (Karachi, Lahore, Islamabad)
Fwo Batgram Project
CDA Islamabad Roads
DHA (Karachi, Lahore, Islamabad)
Allama Iqbal International Airport Lahore
Multan International Airport
Sialkot International Airport
Walton Airport Lahore
Benazir Bhutto International Airport
Mehran Air Base Karachi
Mehran Highway
Khadim-e- Punjab Rural Roads Program
Jalkhad-chilas Road Project
Jacobabad Project
Quetta City Roads
Gwadar City Project
Kararo-Wadh Project
Larkana City Roads
Lyari Expressway
Thar Coal Project
Sujawal Project
Naulachi Bridge Muzzafarabad
Chaklala Cantonment Board Rawalpindi
Kohat Garrison
Mangla Garrison
Cantonment Board Walton Roads
Cantonment Board Lahore Roads
Cantonment Board Multan Roads
Cantonment Board Clifton Roads
FRRP Project Faislabad
LRRP Project Phase I & II
LahoreAzadi Chowk Interchange
Qanchi-chungi Interchange Lahore
City Roads Faislabad
LDA Avenue 1
Kalma Chowk Flyover Lahore
Kalma-chowk New Campus Road Lahore
Widening Of Canal Road Lahore
Southern Bypass Roas Lahore
Mall Road Lahore
Shalimar Link Road Lahore
Quaid E Azam Solar Park Bahawalpur
Maulana Shoukat Ali Road Lahore
Canal Expressway Faisalabad
Khunjraj And Raikot Bridge Gantry Project
Hasil Pur Road Bahwalpur
Canal Bank Road Lahore
Aziz Cross Fly Over Gujranwala
Gurumanget Underpass Lahore
Langarwal Pattan Bridge Chota Sahiwal Sargodha
Motorway Samundri Abdul Hakeem Section (Pkm)
Bhikkhi Power Plant
Head Balloki Power Plant
Lodhran Khanewal Road
Bhalwal Industrial Estate
Metro Islamabad
MPCHS B-17 Cooperative Housing Society
GT Road Rawalpindi
ISI Head Quarters
Naval Head Quarters
Rangers Head Quarters
Heavy Industries Taxila (Hit)
Muzaffarabad City
Peer Chanasi Ajk
South Wazeristan
North Wazeristan
Swat Motorway
Bahria Town Nawabshah
Pakka Chung-Nawabshah Road
Green Line Project
Jhampier Power Project
Tipu Sultan Road
Mithi Airport
Shahrah-e-Faisal
Khalid Bin Waleed Road
Deep Water Container Terminal
Waghan Road Larkana
Golf City Gawadar
Muzzafargarh to DG Khan Road Project
Shorkot Motorway M4
Air Field Marking DG Khan Cements
Four Seasons Housing Society
Park View Lahore
Lake City Lahore
Abdul Hakeem to Khanewal Motorway M4
Multan – Sukkar Motorway M5

Govt. & Marine

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

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

Construction Chemicals

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

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

The company has earned wide acclaim for its high performance Epoxy Floorings and Chemical Waterproofing products. BERGER products are manufactured under stringent quality control using ingredients sourced indigenously as well as imported.

The staggering array of products includes Concrete Admixtures, Waterproofing treatments, Epoxy Flooring, Sealants and Grouts.

Adhesives

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

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

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

Marketing Activities

Berger Ad Campaign

Berger Paints carried out a major TVC and outdoor campaign in the month of November and December for the year 2018-19 which included:

New TVC Campaign: Berger Paints made a new TVC starring famous film and TV actress Mehwish Hayat. Berger Paints advertised its new product based TVCs of Silk Emulsion, Elegance Matt Emulsion and Weathercoat Exterior Emulsion. Ad concept, direction and production was done by Pakistan's top agency and international production house.

Berger TVCs are also being advertised on satellite channels (News, Drama, Movie and Music channels) and regional news channels. The ads are being aired during evening prime time and morning shows.

TVC Airing:
TVCs were aired in the following channels:

ARY Digital
PTV Sports
HUM TV
Dunya News
City 42
SAMAA
AVT Khyber

ARY News
Dawn News
Geo News
8XM
HBO
KTN

Bus Shelters: Ads were placed on bus shelters in Islamabad and Lahore.

Social Media: Weekly sponsored TVCs, GIFS, Posts and cover photos of Product based ads were posted on Facebook official page, Instagram, Pinterest, Youtube, Daily Motion and company website.

Magazines:
Ads were placed in consumers and architect magazines which included:

Consumer Magazines:
Hello
Aurora
Newsline
Page 3
Herald
Visage
Libaas
Brides & You
Niche
Me & My Wedding

Architect Magazines:
Archi Times
ADA Magazine
A+I
Design & Style

SMS Marketing

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

I am Karachi

Berger has been on the fore front to beautify the cities of Pakistan for the past 2 years in which we have beautified the walls and bridges of different cities in collaboration with the local government authorities. This time we have made a big leap forward and collaborated with I AM KARACHI (NGO) to beautify and restore the image of Karachi and to bring back the life in society. We always feel proud in engaging in CSR activities and give back to society.

Concerned citizens and civil society organizations of Karachi have come together to initiate a city-wide movement by the name of I AM KARACHI. I AM KARACHI aims to collectively rebuild the diverse social and cultural fabric of the city by providing a platform for like-minded organizations and individuals committed to promoting socio-cultural activities and campaigns as vehicles for peace building through Arts, Culture, Sports and Dialogue.

IAK started International Public Art Festival (IPAF) on 2nd December, 2018 in Karachi. The festival went on till 19th April, 2019 in which artists from different countries like Italy & France show cased their artistic marvels along with the local famous artists. The unveiling ceremony was organized on 19th December, 2018 and was attended by top dignitaries & artists namely (Ms. Anna Rafael – Consulate General – Italy, Mr. Amin Hashwani – President IAK, Mr. Amin Gul Jee) and commissioner & deputy mayor of Karachi.

International Public Art Festival (IPAF) presented the biggest public art mural of Pakistan by Italian muralist Giuseppe Percivati. He is a professional street artist whose work is recognized all across the world, also known for his larger than life murals.

GSA building restoration project in Keamari was initiated by IAK on which Italian artist made a mural and the theme was a fusion of Pakistani and Italian culture. The facade of GSA building is around 2300 sq. ft. which was completed in a span of 2 weeks. The project is a collaboration of the Consulate General of Italy, Karachi Port Trust, I AM KARACHI, GSA House and Berger Paints Pakistan. Giuseppe Percivati, cleaned the whole building all by himself to prepare it for final mural. He single handedly white washed the building and created the marvelous mural on GSA building in just 9 Days. GSA building which was neglected before is now a piece of art created by the Italian artist and Berger is proud to be part of such a huge project which is acknowledged both nationally and internationally.

Berger is the main partner in providing the paint for all those buildings and walls to be painted.

Moreover walls of Lalazar, DMC East and Alliance Francaise were also beautified in collaboration with I AM KARACHI.

Links of the interviews and press releases given below:

https://youtu.be/69iBiYTuXEk
https://www.facebook.com/ARTTVPAKISTAN/videos/1993427014284431/
https://www.dawn.com/news/1452650/mural-by-italian-artist-spruces-up-keamari-building
https://youtu.be/3pxbP6tMn6Y

Gymkhana Golf Course Branding

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

Direction Boards

Direction Signs at Mansehra to Naran: Traffic awareness and direction signboards installed from Mansehra to Naran in collaboration with Mansehra Traffic Police.

Direction Boards at Chakdara to Timargara: Traffic awareness and Direction signboards installed from Chakdara till Timargara ,Timargara to Chitral road (Khaal) and in city branding, collaboration with Traffic Police Dir Lower.

Quaid-e-Azam Industrial Estate Branding: Berger Paints renewed direction and safety sign boards of Quaid-e-Azam Industrial Estate Kot Lakhpat, Lahore.

Shahrah-e-Faisal Branding: Safety signs were installed on both bike and car lanes to help create the awareness of traffic rules and to ensure the safety of the public. Berger banners are installed on pedestrian bridges of Shahrah-e-Faisal to welcome 9th International Defense Exhibition and Seminar (IDEAS) 2018.

Society Branding

Faisal Town Society: Faisal Town Society, located in Islamabad (Sector F-18), was branded with new sign boards and direction boards.

Naval Anchorage: Naval Anchorage Society located on main Islamabad expressway between Bahria town and DHA, Society entrance and street direction boards have been installed.

NFC Society: NFC Housing Society, located in Lahore, has been branded by Berger Paints. Society entrance and street direction boards have been installed.

Al-Khair Housing Scheme: Al-Khair Housing Scheme, which is located in Quetta, has been branded by Berger Paints. Marketing department. Society entrance sign board was installed.

Sangeen Housing Scheme: Sangeen Housing Scheme, located in Quetta, has undergone Berger's branding with the installation of main entrance board of the society.

Wall Painting by Berger Paints

Berger Paints continues to recognize art and culture through beautification of walls. Last year this activity was limited to Lahore which had now spread to Karachi and Islamabad in the fiscal year 2018-19. This year following walls were beautified:

Islamabad Model College for Girls I-8/4
Islamabad Model College for Boys H-9
Islamabad Model College for Girls I-8/3
Mayo Hospital Lahore
Government College Township, Lahore
IWMI Walls Thokar Niaz Baig, Lahore
Sun Academy, Karachi
Wall Beautification in DMC East, Karachi with I AM KARACHI
LALAZAR Walls Painting in collaboration with I AM KARACHI
Wall Beautification at Alliance Francaise in collaboration with
I AM KARACHI

Karachi and Lahore Zoological Garden

Berger Paints again instigated the movement and joined hands with KMC to effectuate the beautification of Karachi city. Karachi zoological garden's boundary wall which is approximately 27,000 sq.ft in area was brought to life by painting wildlife murals. To make this project a success.

Berger Paints with the collaboration of Lahore Zoo Management Committee, conducted wall painting activity on walls of Leopard House in Lahore Zoo, in order to increase the aesthetic appeal of the Zoo.

The work done at Karachi and Lahore zoological Garden was also appreciated by the residents of the city at different social media platforms, several media channels and newspapers. Below are the links shared for news broadcast on different channels:

https://we.tl/b-xCH68bsiDG
https://we.tl/b-zx8ZqMfqgc
https://youtu.be/EDD71AZELEE

Outdoor Branding

Bus Shelters (Lahore & Islamabad): Berger Paints brands bus shelters throughout the year in Lahore and Islamabad.

There are a total number of 5 bus shelters in Lahore and 4 in Islamabad at various prominent locations.

Shop Fascia: Berger Paints is installing shop boards on ongoing basis throughout the country.

Airport Trolley Branding: Berger Paints has branded airport trolleys in Lahore and Karachi airports.

Islamabad Traffic Police Head Office Branding: Berger sponsored Islamabad Traffic Police Head Office by placing banners along with safety messages on entrance gate, waiting hall and license office.

ITP-Branding: Traffic direction charts installed at Islamabad traffic police Office Faizabad entrance gate in collaboration with Islamabad transport Authority.

Mirpur City-Branding: Traffic awareness signboards installed from Mirpur city till Mangla Dam, collaboration with Mirpur Traffic Police. Govt. College's signboard also installed.

Social Media

Berger actively advertises and posted different posts regarding Berger's products and social events on Berger's official Facebook, Youtube, Instagram, Daily Motion, Pinterest pages during the whole fiscal year 2018-19 to create the 360 degree effect which resulted in an Integrated Marketing Communication message for the consumers.

Magazine Advertisement

Berger Paints has been actively engaged in advertising in various consumer and architect magazines throughout the fiscal year 2018-19.

Truck Art Child Finder

Every year, over 3,000 children go missing in Pakistan. There's a huge issue when it comes to reporting and investigating a missing child complaint. Unfortunately, there are very few resources allocated to investigate and locate these missing children in Pakistan. Moreover, finding lost children in Pakistan becomes even harder because the children are dispersed throughout the country as quickly as they disappear.

Noting this huge problem in the country, Berger Paints decided to join hands with Roshni Helpline and Samar Minallah Khan to create a unique campaign called "Truck Art Child Finder" to help find these children.

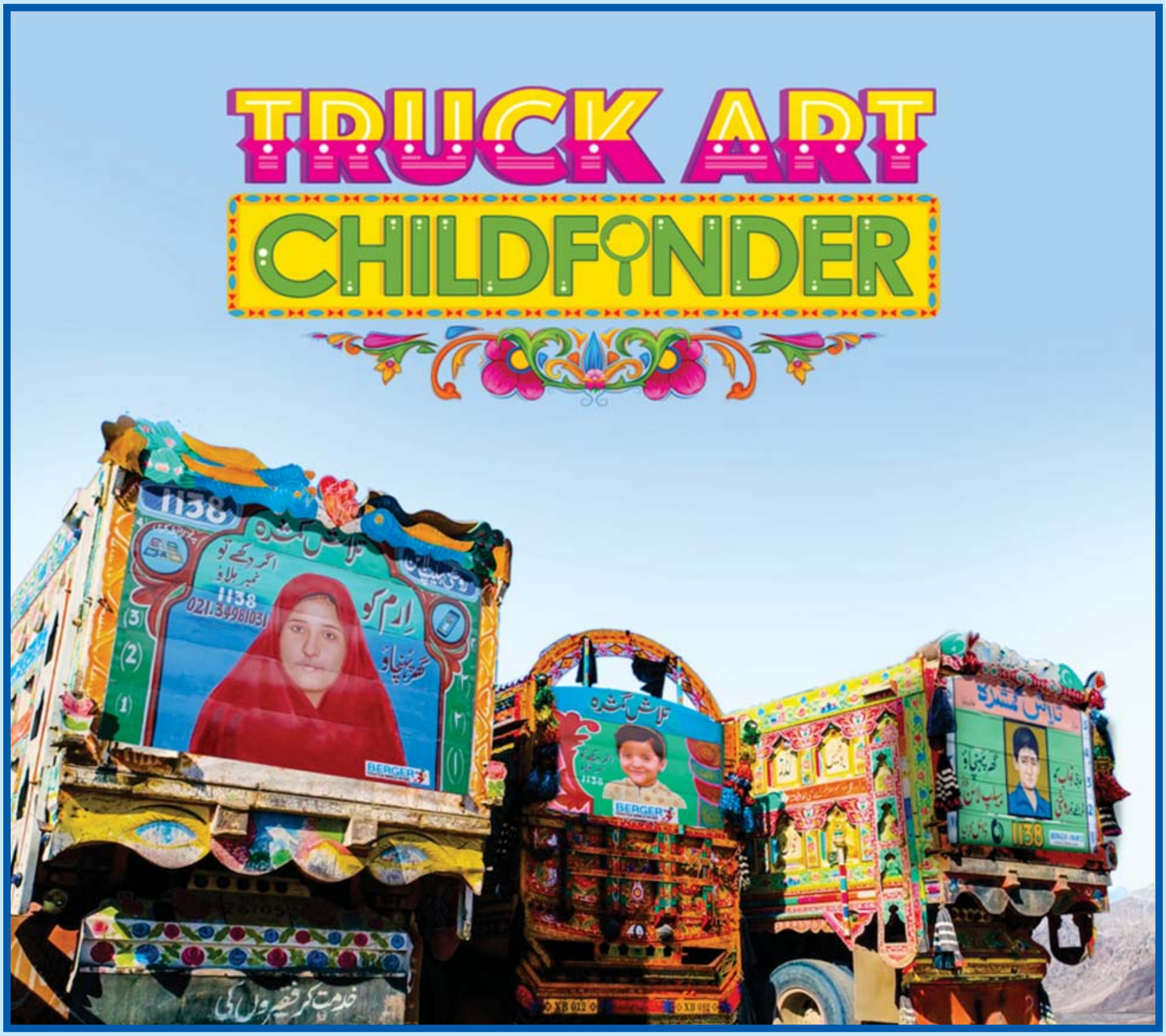
The company is using the form of truck art to locate these children. Truck art is celebrated in Pakistan and nearly every truck has some sort of art on it. Most trucks display poems, phrases, and pictures of prominent personalities.

Berger decided to replace the portrait of famous personalities on the back of trucks with portraits of missing children, turning these trucks into moving billboards that travel across the country. In its 1st phase Berger provided paint for 20 trucks to be painted and used for this noble activity.

With this campaign, Berger paints is spreading the news of missing children far and wide in Pakistan. By the Grace of Almighty, Roshni Helpline received 313 calls in just one week and 4 children have been reunited with their families. We as part of this noble cause feel very proud and appreciate the efforts of all the partners who helped us in this cause.

For the sake of confidentiality we cannot share pictures of the Children found but some details are as under:

Name	Bilal Nawab	Baid Ullah	Taimur Khan	Hasnain
Age	12 Years	12 Years	13 Years	8 Years
Missing Since	22-Jul-18	17-Oct-18	19-Nov-17	12-Sep-15
Missing Location	Karachi	Karachi	Rawalpindi	Karachi
Recovery Location	Bahawalpur	Lahore	Peshawar	Karachi



Moreover video links and social media links are shared below:

https://www.facebook.com/berger.pak/videos/2029981993765401/
https://twitter.com/BergerPakistan/status/1095648078416228352
https://www.instagram.com/p/Bt0egcxH4AW/
https://youtu.be/AJgt0tjII_4
https://goo.gl/NRRbSE
https://goo.gl/cYyg3F
https://adobomagazine.com/tags/truck-art-child-finder
https://arabianmarketer.ae/berger-paints-bbdo-use-truck-art-to-locate-missing-children/
https://brandinginasia.com/truck-art-pakistan/

Berger Contractor Conventions

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

Corporate Activities

BERGER Corporate Cricket Team

Berger participated in different corporate cricket league matches this year also to relive and cherish sportsmanship spirit and to promote healthy competition among their employees. This time Berger actively participated in the "Pepsi Lahore Corporate and Corporate Cricket Gala 2019" and reached to the Semifinals with Meezan Bank. Tremendous match was seen between both teams.

Berger team players once again gave their best shot to achieve the highest level of performance and won many medals by attaining man of the match position. Leading man of the match of the tournament was Mr. Khurram Ijaz, who valiantly took 6 wickets in 4 overs for 26 runs against Finca Bank which was rewarded as shining performance of the tournament.

Birthday Celebrations

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

Independence Day Celebrations

We witnessed an overwhelming display of patriotism and team work as Berger Family celebrated Independence Day of Pakistan at Head office, Factory and all regional offices.

The day was celebrated in all offices of the company across Pakistan. Display of National Flag across all offices invokes patriotism among employees.

Job Fairs

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

Berger participated at various Job Fairs organized by renowned Universities.

HAJJ Draw

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

Training & Development

Human Resource department is paying keen interest in training & development of its team members. Through proper training we can increase job satisfaction and morale among employees, increase employee motivation and hence increase efficiencies in processes and reduce employee turnover. Keeping in view the importance of learning & development, Berger has conducted various training programs throughout the year. There are periodic internal as well as external trainings imparted by renowned trainers from all over Pakistan. This time of the year Berger emphasized customized internal product knowledge trainings to ensure employees are well aware and equipped with sound knowledge of the extensive product range offered to customers.

BERGER Corporate Social Responsibility

Berger understands that CSR activities strengthen the bond between Company and Society which has enabled us to contribute positively towards the betterment of society and environment .Employees at Berger are committed to improve local communities and feel a stronger connection with this cause of the Company by focusing on the elements of humanity.

Following CSR Projects were taken up by Berger:

Berger adopted Government Primary School in the vicinity of our factory area. The School caters to the children of employees and local community and has over 200 Students. We have constructed new class rooms provided with furniture, toilets and clean drinking water. A full-time teacher has been hired by Berger to fulfill the needs.

Approximately Rs. 1 million was spent.

Berger takes pride in helping create better atmosphere by not wasting left over paint which is transformed into usable form and that paint is donated to underprivileged Schools and Mosques.

Berger is continuously contributing towards knowledge sharing program, National Outreach Program free seminars and workshops for students and business community at large by inviting eminent speakers on different topics.

We believe in making continuous efforts and make our society a better place for living!

Financial Highlights

Rupees in thousand

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
NET ASSETS						
Fixed Assets	**1,179,841**	1,231,583	1,146,921	1,046,039	1,049,567	587,703
Assets under Finance Lease	**-**	-	-	-	3,473	4,809
Goodwill	**24,000**	32,263	36,750	36,750	36,750	36,750
Long Term Investments	**54,504**	67,287	74,568	52,557	12,528	12,810
Long Term Loans & Deposits	**65,833**	120,244	111,703	64,017	50,397	39,927
Deferred Taxation	**43,878**	-	1,859	-	36,745	156,457
Net Current Assets	**455,897**	289,841	314,084	273,435	116,097	119,694
Total	**1,823,953**	1,741,218	1,685,885	1,472,798	1,305,557	958,150
FINANCED BY						
Share Capital	**204,597**	181,864	181,864	181,864	181,864	181,864
Reserves	**903,660**	828,666	724,418	638,038	444,701	385,317
Surplus on Revaluation of Fixed Assets	**472,012**	509,131	521,363	542,313	559,773	184,878
	1,580,269	1,519,661	1,427,645	1,362,215	1,186,338	752,059
Long Term and Deferred Liabilities	**243,684**	221,557	258,240	110,583	119,219	206,091
Total	**1,823,953**	1,741,218	1,685,885	1,472,798	1,305,557	958,150
TURNOVER AND PROFITS						
Turnover	**5,120,444**	5,453,221	5,122,570	5,081,749	4,301,830	4,509,031
Gross Profit	**1,116,423**	1,190,648	1,489,961	1,528,317	1,155,332	1,097,260
	21.80%	21.83%	29.09%	30.07%	26.86%	24.33%
Profit/(Loss) before tax	**112,998**	147,212	265,931	322,395	166,588	148,962
Taxation	**12,173**	45,106	63,820	137,618	57,435	51,454
Profit/(Loss) after tax	**100,825**	102,106	202,111	184,777	109,153	97,508
EARNING AND DIVIDENDS						
Earning/(Loss) per share	**4.93**	4.99	11.11	10.16	6.00	5.36
Interim Dividend per share-Cash (Rupee)			4.50		1.50	
Final Dividend per share-Cash (Rupee)	**1.00**	1.25		4.50	1.00	1.00

Investor Relations

REGISTERED OFFICE

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

SHARE REGISTRAR

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

LISTING ON STOCK EXCHANGES

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

STOCK CODE / SYMBOL

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

STATUTORY COMPLIANCE

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

CASH DIVIDEND

Cash Dividend for the year ended June 30, 2019 at Rs.1.00 per share i.e., 10%. This is in addition to interim dividends already paid at Rs. 0 per shares i.e. 0%.

BOOK CLOSURE DATES

Share Transfer Books will remain closed from October 08, 2019 to October 14, 2019, both days inclusive.

DIVIDEND REMITTANCE

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

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic from: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

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

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

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

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

GENERAL MEETINGS & VOTING RIGHTS

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

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

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

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

INVESTOR'S GRIEVANCES

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

PROXIES

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

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

WEB PRESENCE

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

Chairman's Review on Board Performance

I am pleased to present annual accounts of Berger Paints Pakistan Limited for the year ended on June 30, 2019. The Company witnessed another challenging year marked by massive devaluation of Rupee against US Dollar, hike in inflation, interest rate, oil prices and a depressed projects and construction industry. Due to the challenging economic environment the sales of the Company decreased by 6%, however the Company managed to maintain its net profitability.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board has eight (8) Directors including three (3) non-executive, four (4) independent director and one (1) Executive Director. The Board provides strategic direction to the management and is available for guidance. The Board approves the budget and ensures that a competent and energetic team is in position to achieve the goals set. The Board safeguards that all regulatory requirements are implemented by the Management.

During the year, the Board approved a risk management framework after identification of risks and mitigating measures specific to the Company. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it, along with its Related Party Transaction Policy, as was required. The Board thanked Management for its inputs, its implementation and its advice, on all the above matters.

The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team. An important role of the Committee is succession planning.

During the year four (4) board meetings were held in which the Board fulfilled all of their responsibilities including:

- The Board members are familiar with the current vision, mission and values and support them. The Board revisits the vision and mission statements from time to time.
- Reviewed the operating results and approving the quarterly and annual financial statements of the Company.
- Approved related party transactions.
- Approved budgets including the capital expenditure.
- Reviewed and so approving bank borrowings.
- The Board devised policies and procedures for ensuring business continuity and recovery from disasters and risks, as is required.
- The Board, being cognizant of the importance of human development, looked into human resource policies and training and development needs of employees, based on its vast experience in that field.
- The Board recommends the appointment of the Company's External Auditors
- The Board included a visit to the Factory and Head Office of the Company
- The Board also evaluated its own performance and that of all its committees.

The Board ensured that all the legal and regulatory requirements have been complied with, as advised by the Company's Management.

It is important that like all tax compliant corporations we would welcome any move made by this government to bring the gray economy into the tax net as this would enable us to finally have an a level playing field. This would help the government raise far more revenue than at present. This incentive to the tax compliant cooperate world will go a long way to the recovery of those Industry's that pay sales tax , custom Duty and income tax and so help the countries economic revival.

On behalf of the Board, I wish to acknowledge the contributions of all our employees in the success of the Company, and also thank our shareholders, customers, suppliers, bankers for their support to the company.

Mr. Maqbool H.H. Rahimtoola
Chairman

Lahore
Date: 19 September 2019

چیئرمینز ریویو

بورڈ کی مجموعی کارکردگی پر چیئرمین کا ریویو

میں 30 جون، 2019 کو ختم ہونیوالے سال کے لئے برجر پینٹس پاکستان لمیٹڈ کے سالانہ اکاؤنٹس پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ کمپنی نے ایک اور مشکل سال دیکھا جس میں امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی، افراط زر میں اضافہ، سود کی شرح، تیل کی قیمتوں اور مایوس کن منصوبوں اور ذبوں حال تعمیراتی صنعت کی وجہ سے ایک اور مشکل سال کا سامنا کرنا پڑا۔ مشکل معاشی ماحول کی وجہ سے کمپنی کی فروخت میں 6% کی کمی واقع ہوئی ہے، تاہم کمپنی اپنا خالص منافع برقرار رکھنے میں کامیاب رہی۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف پس منظر اور کاروبار، مالیات، بینکاری اور ضوابط کے شعبوں میں بھرپور تجربہ کی عکاسی کرتی ہے۔ بورڈ کے پاس آٹھ (8) ڈائریکٹرز ہیں جن میں تین (3) نان ایگزیکٹو، چار (4) آزاد ڈائریکٹر اور ایک (1) ایگزیکٹو ڈائریکٹر شامل ہیں۔ بورڈ انتظامیہ کو اسٹریٹجک سمت فراہم کرتا ہے اور رہنمائی کے لئے دستیاب ہے۔ بورڈ بجٹ کی منظوری دیتا ہے اور اس بات کو یقینی بناتا ہے کہ طے شدہ اہداف کے حصول کے لئے ایک قابل اور متحرک ٹیم پوزیشن میں ہو۔ بورڈ انتظامیہ کے ذریعہ تمام ریگولیٹری تقاضوں کے نفاذ کا تحفظ کرتا ہے۔

سال کے دوران، بورڈ نے کمپنی سے متعلق خطرات کی نشاندہی کرنے اور ان سے نمٹنے کے اقدامات کے بعد رسک مینجمنٹ فریم ورک کی منظوری دی۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ہے، بورڈ اس کی متعلقہ پارٹی ٹرانزیکشن پالیسی کے ساتھ ساتھ اس کے تیار کردہ میکانزم کے ذریعہ اپنی کارکردگی کا جائزہ لے گا۔ بورڈ نے مذکورہ بالا تمام امور پر مینجمنٹ کی رائے، اس کے نفاذ اور اس کے مشورے پر اسکا شکریہ ادا کیا۔

بورڈ کو اس کی کمیٹیوں کے ذریعہ مدد ملتی ہے۔ آڈٹ کمیٹی مالی بیانات کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اکاؤنٹس کمپنی کی مالی حیثیت کی نمائندگی کرتے ہیں۔ یہ اندرونی کنٹرول کی تاثیر کو بھی یقینی بناتا ہے۔ HR کمیٹی HR پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضے کی سفارش کرتی ہے۔ کمیٹی کا ایک اہم کردار جانشینی کی منصوبہ بندی ہے۔

سال کے دوران بورڈ کے چار (4) اجلاس ہوئے جس میں بورڈ نے اپنی تمام تر ذمہ داریوں کو نبھایا جن میں شامل ہیں:

☆ بورڈ ممبران موجودہ نظریے، مشن اور اقدار سے واقف ہیں اور ان کی مکمل حمایت کرتے ہیں۔

☆ بورڈ وقتاً فوقتاً نظریے اور مشن کی تحاریر پر نظر ثانی کرتا رہتا ہے۔

☆ آپریٹنگ نتائج کا جائزہ لیا اور کمپنی کی سہ ماہی اور سالانہ مالی بیانات کی منظوری دی۔

☆ متعلقہ پارٹی لین دین کی منظوری دی گئی۔

☆ بجٹ بشمول کیپیٹل اخراجات کی منظوری دی گئی۔

☆ بینک سے لیے گئے قرضوں کا جائزہ لیا اور انکی منظوری دی گئی۔

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

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

☆ بورڈ کمپنی کے ایکسٹرنل آڈیٹرز کی تقرری کی سفارش کرتا ہے۔

☆ بورڈ میں کمپنی کی فیکٹری اور ہیڈ آفس کا دورہ بھی شامل تھا۔

☆ بورڈ نے اپنی کارکردگی اور اپنی تمام کمیٹیوں کی کارکردگی کا بھی جائزہ لیا۔

بورڈ نے اس بات کو یقینی بنایا کہ کمپنی کی انتظامیہ کے مشورے کے مطابق تمام قانونی اور ضابطی تقاضوں کی تعمیل کی گئی ہے۔

یہ ضروری ہے کہ ہم بھی ٹیکس کمپلائنٹ کارپوریشنز کی طرح اس حکومت کی طرف سے سرمئی معیشت کو ٹیکس کے جال میں لانے کے لئے کیے گئے ہر اقدام کا خیر مقدم کریں کیونکہ اس سے ہمیں بہتر نتائج حاصل ہوسکیں گے۔ اس سے حکومت کو موجودہ دور کے مقابلے میں کہیں زیادہ محصولات میں اضافہ کرنے میں مدد ملے گی۔ ٹیکس کے مطابق تعاون کرنے والی دنیا کو یہ مراعات ان صنعتوں کی بازیابی میں بہت طویل سفر طے کرے گی جو سیلز ٹیکس، کسٹم ڈیوٹی اور انکم ٹیکس ادا کرتی ہے اور اس طرح کی معاشی بحالی میں مددگار ہوگی

بورڈ کی جانب سے، میں کمپنی کی کامیابی میں اپنے تمام ملازمین کی کوششوں کو تسلیم کرنا چاہتا ہوں، اور اپنے شیئر ہولڈرز، صارفین، سپلائی کنندگان، بینکرز کا تہہ دل سے شکریہ ادا کرتا ہوں

مقبول ایچ ایچ رحمت اللہ

چیئرمین

تاریخ: ستمبر 19، 2019

Directors' Report

For the year ended 30 June 2019

The directors of your Company are pleased to present their review along with the audited financial statements of the Company for the year ended June 30, 2019.

ECONOMY OF PAKISTAN

During the year under review, macro-economic challenges continued to dominate the country's economy. GDP growth stood at 3.3% for the year 2019 against a target of 6.2%, the lowest in the last nine years.

Inflation increased to 7.3% in FY 2019, primarily due to the depreciation of rupee and increase in fuel prices. Despite adoption of two supplementary budgets, the overall fiscal deficit is estimated to be over 7% of GDP. This is partially as a result of significant shortfall in collection of revenue.

The Current Account Deficit (CAD) has on the other hand started to show signs of improvement as it closed at USD 13.6 billion down by 32%. Multiple rounds of PKR devaluation and imposition of additional duties helped in restricting the import bill to USD 54.80 billion, reflecting a decline of 9.9%. However, exports remained stagnant at USD 22.9 billion. Home remittances remained strong with growth of 9.7% and stood at USD 21.8 billion during FY 19.

The State Bank of Pakistan (SBP) gradually raised its policy rate to 13.25% reflecting a cumulative increase of 750 basis points. In this scenario, PSX 100 index continued its losing streak and closed at 33,901 points at the end of June 2019. The subdued Large Scale Manufacturing sector performance can largely be attributed to a deceleration in construction, its allied industry and consumer durables, as monetary and fiscal measures have severely affected the domestic demand.

BUSINESS PERFORMANCE

Due to challenging economic environment, frequent price adjustments in response to PKR depreciation and rising oil prices in addition to the continued surge in raw material prices, sales of the Company were closed at Rs. 5,120 million which is 6% lower as compared to Rs. 5,453 million in the corresponding period last year.

Selling Marketing and Administrative expenses amounted to Rs. 850 million compared with Rs. 976 million of the previous year, resulting in reduction in costs by 13%.

During FY 19, the SBP policy rate was raised to 13.25% from 5.75% resulting in a sharp increase in the financial cost to Rs. 165 million as compared to Rs. 88 million in the corresponding period of last year.

FINANCIAL PERFORMANCE

The financial position is summarized as follows:

Rupees in thousand	30 June 2019	30 June 2018
Operating Profit	**266,362**	214,251
Other operating income	**31,681**	36,923
	298,043	251,174
Finance cost	**165,067**	88,142
Other charges	**19,978**	15,820
	185,045	103,962
Profit before taxation	**112,998**	147,212
Taxation	**12,173**	45,106
Profit after taxation	**100,825**	102,106

FUTURE OUTLOOK

Gradual recovery in the country's economic activity is expected to take place depending upon the resolution of taxation negotiated between Traders and Federal Board of Revenue. However, Sustainable economic growth shall also depend on the progress of creating additional revenue through increase in number of new tax payers and their potential to pay their share of taxes.

Again, the deteriorating state of foreign currency reserves for various reasons is likely to pose challenge to business conditions and any further devaluation in Pak Rupee against USD would continue to adversely affect the profitability of the company.

HEALTH & SAFTY & ENVIORNMENT (HSE)

The health and safety of all employees is of great importance. The company is responsible for providing a healthy and injury free environment. The Company has successfully completed three million mark of Safe Man Hours. This signifies that there has been no Lost Time Injury since December 19, 2016 till to date. The Company take pleasure to state that the Effluent Treatment Plant has commissioned at our factory premises and help provide safe water for plantation purpose.

NEW EHS INITIATIVE:

1. ETP plant is fully operational, all the parameters of process water after treatment are within NEQS values.
2. Islamabad warehouse expansion (Extension of additional fire alarm and smoke detectors)
3. EHS checklist for the vendors' evaluation before starting a project was developed and implemented.
4. EHS observers have been selected, from different departments of the plant reporting unsafe acts, conditions and employees behavior on regular basis.

ENTERPRISE RISK MANAGEMENT -ERM

The Company is exposed to operational, financial and compliance risk which are mitigated through effective risk management framework, coupled with internal controls.

The Board of Directors has approved a Comprehensive Risk Management Policy and Framework. The objectives of the policy include assurance that the business activities are undertaken within approved risk appetite and tolerance levels.

Formally established, ERM program within the Company was overseen by the Board. The ERM framework serves as a base of ERM program ensuring comprehensive, consistent and efficient management of all material risks and opportunities. The key objective of the risk management system is to support business success and protect the Company through an opportunity-focused but risk-aware decision-making process.

The risk management system is intended to systematically and continually identify, assess, control, monitor and report risks and opportunities; sets risk tolerance based on our overall corporate targets, in order support the achievement of strategic objectives and to enhance risk awareness throughout the Company.

BOARD OF DIRECTORS

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

Mr. Maqbool H. H. Rahimtoola	4
Dr. Mahmood Ahmad	3
Mr. Muhammad Naseem	4

Mr. Shahzad M. Hussain	3
Mr. Zafar A. Osmani	4
Mr. Mohammad Saeed	4
Mr. Sohail Osman Ali	3
Mr. Zafar Qidwai (alternate to Mr. Ilyas Sharif)	4

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

All relevant other information has already been disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 and note 39 to the financial statements.

AUDIT COMMITTEE

The internal control framework has been effectively implemented through an Internal Audit function established by the Board which is independent of the External Auditors of the Company. The Company's system of internal control is sound in design and has been continuously evaluated for effectiveness and adequacy.

HUMAN RESOURCE COMMITTEE

During the year two meetings of Human Resource committee were held.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company includes Accounts of its subsidiaries, Berger DPI (Private) Limited, Berger Road Safety (Private) Limited.

HOLDING COMPANY

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

PROFIT PER SHARE

The Earnings per share for the year is Rs. 4.93 (2018: Rs.4.99).

DIVIDEND

The Board of Directors of the Company has announced 10% final cash dividend i.e Re. 1 per share for the year ended 30 June 2019 subject to approval of the shareholders in the Annual General Meeting.

AUDITORS

The present auditors, M/s KPMG Taseer Hadi & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has suggested and the Board has approved & recommended their re-appointment to the shareholders as auditors of the Company for the year ended 2019-20.

RELATED PARTY TRANSACTIONS

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirement of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their listing regulations relevant for the year ended 30 June 2019 were duly complied with. A statement to this effect is attached with the report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2019 and its disclosure, as required by the Code of Corporate Governance appears on Page 55.

STATEMENT OF CORPORATE FINANCIAL REPORTING FRAMEWORK

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

Accordingly, the Directors are pleased to confirm the following:

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

ii. The principal business activity of the Company is manufacturing, marketing and distribution of decorative and industrial paints and other related products.

iii. Proper books of accounts have been maintained by the Company.

iv. Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan.

v. The accounting estimates, wherever required are based on reasonable and prudent judgment.

vi. International financial reporting standard, as applicable in Pakistan, have been followed in preparation of financial statements.

vii. The system of internal control is sound in design and has been effectively implemented.

viii. There are no significant doubts upon the Company's ability to continue as a going concern.

ix. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

x. The key operating and financial data of the last six years is annexed.

xi. The value of investments of provident, gratuity and pension funds are at June 30, 2019:

	Rupees in Thousand
Berger Paints Executive Staff Pension Fund	51,467
Berger Paints Gratuity Fund	40
Berger Paints Provident Fund	238,630

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) - ACTIVITIES

Berger believes and fully understand its Social Responsibilities which strengthened the bond between Company and society.

Following CSR Projects were taken up by Berger:

- Berger adopted a Government Primary School in the vicinity of the factory. The School caters to the children of employees and local community and presently over 200 Students are enrolled. New class rooms, new furniture, toilets and clean drinking water. A full-time teacher was hired to support the academics needs. The project has so far cost Rs. one million.

- Berger pleased to share environment friendly initiative of using left over paint waste and to convert into usable form of Paint which is donated to schools in underprivileged areas and Mosques.
- Berger is continuously contributing towards knowledge sharing programs. National Outreach Program is conducting free seminars and workshops for students and business community at large by inviting eminent speakers on different topics.
- Berger started a campaign under "Truck Art -Child Finder" and decided to join hands with Roshni Helpline to help find missing children. In its first phase, Berger provided paint for 20 trucks. Roshni Helpline received 313 calls in just one week and 4 children were reunited with their families. We, as part of this noble cause, feel proud of the contribution and appreciate the efforts of the partners who contributed towards mission.

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

ON BEHALF OF THE BOARD

Lahore Date: 19 September 2019	**Dr. Mahmood Ahmad** Chief Executive	**Mr. Maqbool H.H. Rahimtoola** Director

برجر کی طرف سے مندرجہ ذیل سی ایس آر منصوبے عمل میں لائے گئے:

* برجر نے فیکٹری کے نزدیک ایک گورنمنٹ پرائمری سکول کو اپنایا۔ یہ سکول ملازمین اور مقامی لوگوں کے بچوں کی تعلیمی ضروریات پوری کرتا ہے اور فی الوقت اس میں طلباء کی تعداد 200 سے زاید ہے۔ نئے کلاس رومز، نیا فرنیچر، بیت الخلاء اور پینے کے صاف پانی کے علاوہ تعلیمی ضروریات کو پورا کرنے کیلئے ایک فل ٹائم ٹیچر کی خدمات بھی حاصل کی گئیں۔ اس منصوبے کی اب تک کی لاگت 10 لاکھ روپے ہے۔
* برجر کو ایک ماحول دوست اقدام شیئر کرنے پر خوشی ہے جس میں بچا کھچا پینٹ ویسٹ ایک قابل استعمال پینٹ میں تبدیل کیا جاتا ہے جو پسماندہ علاقوں کے اسکولوں اور مساجد کو عطیہ کیا جاتا ہے۔
* برجر نالج شیئرنگ پروگراموں میں مستقل تعاون کر رہی ہے۔ نیشنل آؤٹ ریچ پروگرام مختلف موضوعات پر نامور مقررین کو مدعو کر کے بڑے پیمانے پر طلباء اور کاروباری برادری کیلئے مفت سیمینارز اور ورکشاپس کا انعقاد کر رہا ہے۔
* برجر نے ''ٹرک آرٹ چائلڈ فائنڈر'' کے تحت ایک مہم شروع کی اور لاپتہ بچوں کی تلاش میں معاونت کیلئے روشنی ہیلپ لائن کے ساتھ ہاتھ ملانے کا فیصلہ کیا۔ پہلے مرحلے میں برجر نے 20 ٹرکوں کیلئے پینٹ مہیا کیا۔ روشنی ہیلپ لائن کو صرف ایک ہفتے میں 313 کالیں موصول ہوئیں اور 4 لاپتہ بچے اپنے کنبہ کے ساتھ مل گئے۔ ہمیں اس عظیم کام کا حصہ بننے اور اس میں شرکت کرنے پر فخر ہے اور ہم اس مشن میں اپنے شراکت داروں کی کوششوں کو سراہتے ہیں۔

ڈائریکٹرز اس موقع سے فائدہ اٹھاتے ہوئے اپنے شیئر ہولڈرز اور قابل قدر کسٹمر کا ان کے مسلسل اعتماد کیلئے شکریہ ادا کرتے ہیں جیسے کہ کمپنی واقعی میں اپنے تمام ملازمین کی محنت اور لگن کی قدر کرتی ہے۔

حسب الحکم بورڈ

ڈاکٹر محمود احمد	مقبول ایچ ایچ رحمت اللہ	
چیف ایگزیکٹو	ڈائریکٹر	لاہور: 19 ستمبر 2019ء

کارپوریٹ گورنینس کے ضابطہ کی تعمیل کا بیان

پاکستان اسٹاک ایکسچینج کی 30 جون 2019ء کو ختم ہوئے سال کیلئے متعلقہ لسٹنگ ریگولیشنز میں دی گئی کارپوریٹ گورنینس کے ضابطہ کی پابندی کی پوری طرح تعمیل کی گئی۔اس بارے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

شیئر ہولڈنگ کا خاکہ

30 جون 2019ء کو شیئر ہولڈنگ کا خاکہ اور اس کا انکشاف، جیسا کہ صفحہ نمبر 55 پر کارپوریٹ گورنینس کے ضابطہ کا تقاضہ ہے۔

کارپوریٹ فنانشل رپورٹنگ فریم ورک کا بیان

کمپنی نے لسٹنگ ریگولیشنز کے مطابق کارپوریٹ گورنینس کے ضابطہ کے تمام تقاضوں کی تعمیل کی ہے۔

اسی طرح، ڈائریکٹرز کو درج ذیل کی تصدیق کرنے پر خوشی ہے:

i- مالیاتی گوشوارں کے ساتھ ساتھ نوٹس میں بھی کمپنیز ایکٹ 2017 کی تعمیل کی گئی ہے۔ان گوشواروں میں کمپنی کی صورتحال، اس کی کاروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کیا گیا ہے۔

ii- کمپنی بنیادی طور پر آرائشی اور صنعتی رنگوں اور دیگر متعلقہ مصنوعات کی تیاری، مارکیٹنگ اور ڈسٹری بیوشن کرتی ہے۔

iii- کمپنی میں اکاؤنٹس کی کتابیں ٹھیک طریقے سے برقرار رکھی گئی ہیں۔

iv- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے جو پاکستان میں رائج بین الاقوامی اکاؤنٹنگ سٹینڈرڈ کے مطابق ہیں۔

v- اکاؤنٹنگ کے تخمینے، جہاں کہیں بھی ان کی ضرورت پڑتی ہے، مناسب اور دانشمندانہ فیصلہ پر مبنی ہوتے ہیں۔

vi- مالیاتی گوشواروں کی تیاری کے سلسلے میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ کے معیار کی پیروی کی گئی ہے۔

vii- اندرونی کنٹرول کا نظام بناوٹ میں مستحکم ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے۔

viii- کمپنی کی ایک منافع بخش کاروباری ادارے کے طور پر جاری رہنے کی صلاحیت میں کوئی نمایاں شکوک وشبہات نہیں ہیں۔

ix- کارپوریٹ گورنینس کے بہترین معمولات سے کسی قسم کا انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے دیا گیا ہے۔

x- پچھلے چھ برسوں کے اہم آپریٹنگ اور مالیاتی اعداد وشمار کو منسلک کیا گیا ہے۔

xi- 30 جون 2019ء کو پراویڈنٹ فنڈ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاری کی مالیت:

	روپے ہزار میں
برجر پینٹس ایگزیکٹو سٹاف پنشن فنڈ	51,467
برجر پینٹس گریجویٹی فنڈ	40
برجر پینٹس پراویڈنٹ فنڈ	238,630

xii- ڈائریکٹرز، سی ای او، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی تجارت نہیں کی۔

کارپوریٹ سماجی ذمہ داری (سی ایس آر) کی سرگرمیاں

برجر اپنی سماجی ذمہ داریوں کو پوری طرح سمجھتی اور ان پر یقین رکھتی ہے جن سے کمپنی اور سماج کے مابین تعلقات کو استحکام ملا۔

جناب ظفر اے عثمانی	4
جناب محمد سعید	4
جناب سہیل عثمان علی	3
جناب ظفر قدوائی (جناب الیاس شریف کے متبادل)	4

غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی جو میٹنگز میں شمولیت سے قاصر تھے۔

تمام دیگر متعلقہ معلومات لسٹڈ کمپنیوں (کارپوریٹ گورنینس کا ضابطہ) کے ضابطوں کے ساتھ تعمیل کا بیان، 2017 اور مالیاتی گوشواروں کے نوٹ 39 میں پہلے ہی ظاہر کی جا چکی ہیں۔

آڈٹ کمیٹی

داخلی کنٹرول فریم ورک بورڈ کے قائم کردہ انٹرنل آڈٹ فنکشن کے ذریعے موثر طریقے سے نافذ کیا گیا ہے جو کمپنی کے ایکسٹرنل آڈیٹرز سے آزاد ہے۔ کمپنی کا داخلی کنٹرول کا نظام بناوٹ میں مستحکم ہے اور اس کی کامیابی اور اہلیت کا مسلسل جائزہ لیا جاتا ہے۔

انسانی وسائل کی کمیٹی

سال کے دوران ہیومن ریسورس کمیٹی کی دو میٹنگز منعقد ہوئیں۔

متفقہ مالیاتی گوشوارے

کمپنی کے متفقہ مالیاتی گوشواروں میں اس کی ذیلی کمپنیوں، برجر ڈی پی آئی (پرائیویٹ) لمیٹڈ، برجر روڈ سیفٹی (پرائیویٹ) لمیٹڈ کے اکاؤنٹس شامل ہیں۔

ہولڈنگ کمپنی

برجر پینٹس پاکستان لمیٹڈ کی ہولڈنگ کمپنی میسرز سلوٹریپڈ لمیٹڈ ہے جو کہ بی وی آئی میں شامل ہے۔

فی شیئر منافع

رواں سال کیلئے فی شیئر منافع 4.93 روپے ہے (2018: 4.99 روپے)۔

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے 10 فیصد حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے۔ جو کہ 1 روپیہ فی شیئر ہے، 30 جون 2019ء تک کیلئے جو سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کی بناپر، خود کو دوبارہ تقرری کیلئے پیش کریں گے۔ کمپنی کی آڈٹ کمیٹی نے تجویز دے دی ہے اور بورڈ آف ڈائریکٹرز نے سال 20-2019 کیلئے شیئر ہولڈرز سے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے اور منظوری دی ہے۔

متعلقہ پارٹی لین دین

بورڈ متعلقہ فریقین کے ساتھ تمام لین دین کا جائزہ لیتا ہے اور اس کی منظوری دیتا ہے۔ بورڈ نے متعلقہ پارٹی لین دین کیلئے قیمتوں کا تعین کرنے کی پالیسی کی منظوری دے دی ہے۔

مستقبل کا جائزہ

توقع کی جارہی ہے کہ تاجروں اورفیڈرل بورڈ آف ریونیو کے مابین ٹیکس عائد کرنے کی قرارداد کی روشنی میں ملک کی معاشی سرگرمی بتدریج بحال ہوگی۔ تاہم پائیدار معاشی نمو، نئے ٹیکس دہندگان کی تعداد میں اضافے اور ٹیکسوں میں اپنا حصہ ڈالنے کی ان کی صلاحیت کے ذریعے، اضافی محصولات پیدا کرنے کی پیشرفت پر بھی منحصر ہوگی۔

ایک بار پھر، مختلف وجوہات کی بنا پر غیر ملکی کرنسی کے ذخائر کی بگڑتی ہوئی صورت حال سے کاروباری حالات کو مشکلات پیش آنے کا خدشہ ہے اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مزید کمی کی وجہ سے کمپنی کے منافع پر بھی منفی اثر پڑے گا۔

صحت اور حفاظت اور ماحولیات (ایچ ایس ای)

تمام ملازمین کی صحت اور حفاظت ہمارے لئے بڑی اہمیت کی حامل ہے۔ کمپنی صحت منداور چوٹ سے محفوظ ماحول فراہم کرنے کی ذمہ دار ہے۔ کمپنی نے کارکنوں کیلئے محفوظ ماحول کے تین ملین گھنٹوں کا نشان کامیابی سے مکمل کرلیا ہے۔ اس سے ظاہر ہوتا ہے کہ 19 دسمبر 2016ء سے آج تک کسی کو چوٹ لگنے کا کوئی واقع رونما نہیں ہوا۔ کمپنی کو یہ بتاتے ہوئے بے حد خوشی ہے کہ "ایفلوئنٹ ٹریٹمنٹ پلانٹ" (ای ٹی پی) نے ہماری فیکٹری کے احاطے میں کام شروع کردیا ہے جس سے شجرکاری کے مقصد کیلئے محفوظ پانی کی فراہمی میں مدد ملی ہے۔

نئے ایچ ایس ای کا آغاز

1- ای ٹی پی پلانٹ مکمل طور پر فعال ہے، ٹریٹمنٹ کے بعد پانی کے تمام پیرامیٹرز NEQS کی مقداروں کے اندر ہیں۔
2- اسلام آباد گودام میں توسیع (اضافی فائر الارم اور سموک ڈیٹکٹرز کی توسیع)۔
3- منصوبہ شروع کرنے سے پہلے وینڈرز کے جائزے کیلئے ایچ ایس سی چیک لسٹ تیار کی گئی اور اس پر عمل درآمد کیا گیا۔
4- پلانٹ کے مختلف شعبوں سے ایچ ایس سی مشاہدہ کنندگان کا انتخاب کیا گیا ہے جو غیر محفوظ افعال، حالات اور ملازمین کے طرزعمل کی مستقل بنیادوں پر اطلاع دیتے ہیں۔

انٹرپرائز رِسک مینجمنٹ- ای آر ایم

کمپنی عملیاتی، مالی اور تعمیل کے خطرات سے دوچار ہوسکتی ہے جنہیں اندرونی کنٹرولز کے ساتھ ساتھ موثر رِسک مینجمنٹ فریم ورک کے ذریعے کم کیا گیا ہے۔

بورڈ آف ڈائریکٹرز نے ایک جامع رِسک مینجمنٹ پالیسی اور فریم ورک کی منظوری دے دی ہے۔ اس پالیسی کے مقاصد میں یہ بھی شامل ہے کہ کاروباری سرگرمیاں خطرات اور برداشت کی طے شدہ حدوں میں رہیں۔

بورڈ کی نگرانی میں کمپنی کے اندر باضابطہ طور پر ای آر ایم پروگرام کا قیام عمل میں لایا گیا۔ ای آر ایم فریم ورک ای آر ایم پروگرام کی بنیاد ہے جو تمام طبی خطروں اور موقعوں کے جامع، مستقل اور موثر انتظام کو یقینی بناتا ہے۔ رِسک مینجمنٹ سسٹم کا بنیادی مقصد کاروبار کی کامیابی میں معاونت اور موقع پر مرکوز لیکن خطرے سے آگاہ فیصلہ سازی کے عمل کے ذریعے کمپنی کی حفاظت کرنا ہے۔

رِسک مینجمنٹ سسٹم کا مقصد منظّم اور مستقل طور پر خطروں اور موقعوں کی نشاندہی، تشخیص، کنٹرول، نگرانی اور ان کی اطلاع دینا ہے؛ یہ پوری کمپنی میں حکمت عملی کے مقاصد کے حصول میں معاونت اور خطرے سے آگاہی کو بڑھانے کیلئے، ہمارے مجموعی کارپوریٹ اہداف کی بنیاد پر خطرے کی برداشت کا تعین کرتا ہے۔

بورڈ آف ڈائریکٹرز

سال کے دوران، بورڈ آف ڈائریکٹرز کی چار میٹنگز ہوئیں جن میں حاضری حسب ذیل تھی:

جناب مقبول ایچ ایچ رحیمۃ اللہ	4
ڈاکٹر محمود احمد	3
جناب محمد نسیم	4
جناب شہزاد ایم حسین	3

ڈائریکٹرز رپورٹ

برائے سال مختتم 30 جون 2019ء

آپ کی کمپنی کے ڈائریکٹرز کو 30 جون 2019ء کو ختم ہوئے سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں کے ساتھ اپنا جائزہ پیش کرنے پر خوشی ہے۔

پاکستان کی معیشت

زیر نظر سال کے دوران بڑے معاشی مسائل نے ملکی معیشت پر اپنا غلبہ برقرار رکھا۔ سال 2019ء کیلئے 6.2% کے ہدف کے مقابلے میں جی ڈی پی کی شرح نمو 3.3% رہی جو کہ گزشتہ 9 برسوں میں سب سے کم ہے۔

مالی سال 2019ء میں بنیادی طور پر روپے کی قدر میں کمی اور ایندھن کی قیمتوں میں اضافے کی وجہ سے افراطِ زر میں 7.3% تک اضافہ ہوا۔ دو اضافی بجٹس کو اپنانے کے باوجود مجموعی مالی خسارہ کا تخمینہ جی ڈی پی کے 7% سے زیادہ ہے۔ یہ جزوی طور پر محصول کی وصولی میں نمایاں کمی کا نتیجہ ہے۔

دوسری طرف کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) میں بہتری کے آثار ظاہر ہونا شروع ہو گئے ہیں کیونکہ وہ 32% کمی سے 13.6 بلین ڈالر پر بند ہوا۔ پاکستانی روپے کی قدر میں متعدد بار کمی اور اضافی ڈیوٹیاں لگانے سے درآمدی بل کو 54.80 بلین ڈالر تک محدود رکھنے میں مدد حاصل ہوئی، جو کہ 9.9% کمی کی عکاسی کرتی ہے۔ تاہم برآمدات 22.9 بلین ڈالر پر مستحکم رہیں۔ گھریلو ترسیلات زر 9.7% اضافے کے ساتھ مستحکم ہوئیں اور مالی سال 19 کے دوران 21.8 بلین ڈالر پر برقرار رہیں۔

اسٹیٹ بینک آف پاکستان (ایس بی پی) نے بتدریج اپنی پالیسی شرح کو بڑھا کر 13.25% کر دیا جو کہ 750 بیسز پوائنٹس کے مجموعی اضافے کی عکاسی کرتی ہے۔ اس صورت حال میں پی ایس ایکس 100 انڈیکس نے اپنے خسارے کا سلسلہ جاری رکھا اور جون 2019ء کے اختتام پر 33,901 پوائنٹس پر بند ہوا۔ تعمیرات، اس سے متعلقہ صنعت اور صارفین میں کمی کے باعث دباؤ میں آنے والے لارج اسکیل مینوفیکچرنگ کے شعبے کی کارکردگی متاثر ہوئی، کیونکہ معاشی حالات اور مالیاتی اقدامات نے گھریلو طلب کو بُری طرح سے متاثر کیا۔

کاروباری کارکردگی

مشکل معاشی ماحول کے باعث پاکستانی روپے کی قدر میں کمی اور تیل کی بڑھتی ہوئی قیمتوں کے ردعمل کے طور پر بار بار قیمتوں کی ایڈجسٹمنٹ کے علاوہ خام مال کی قیمتوں میں مسلسل اضافے کی وجہ سے کمپنی کی فروخت 5,120 ملین روپے پر بند ہوئی جو کہ گزشتہ سال کے اسی عرصہ کے دوران 5,453 ملین روپے کے مقابلے میں 6% کم ہے۔

سیلنگ مارکیٹنگ اور انتظامی اخراجات پچھلے سال کے 976 ملین روپے کے مقابلے میں 850 ملین رہے، جس کے نتیجے میں اخراجات میں 13% کمی واقع ہوئی۔

مالی سال 19 کے دوران، اسٹیٹ بینک آف پاکستان کی پالیسی شرح 5.75% سے 13.25% تک بڑھا دی گئی جس کے نتیجے میں مالی لاگت میں تیزی سے اضافہ ہوا، اور یہ گزشتہ سال اسی عرصہ کے دوران 88 ملین روپے کے مقابلے میں بڑھ کر 165 ملین تک پہنچ گئی۔

مالیاتی کارکردگی

مالی حیثیت کا خلاصہ حسب ذیل ہے:

روپے ہزاروں میں	30 جون، 2019	30 جون، 2018
آپریٹنگ منافع	**266,362**	214,251
دیگر آپریٹنگ آمدنی	**31,681**	36,923
	298,043	251,174
سرمایہ کاری کی لاگت	**165,067**	88,142
دیگر اخراجات	**19,978**	15,820
	185,045	103,962
ٹیکس لگانے سے پہلے منافع	**112,998**	147,212
لاگو ٹیکس	**12,173**	45,106
ٹیکس لگانے کے بعد منافع	**100,825**	102,106

Pattern of Shareholding

as on June 2019

	------Shareholdings------		
No. of Shareholders	**From**	**To**	**Total Shares Held**
393	1	100	11,250
374	101	500	94,566
210	501	1,000	148,683
272	1,001	5,000	573,444
44	5,001	10,000	313,994
19	10,001	15,000	224,279
7	15,001	20,000	124,612
9	20,001	25,000	200,196
4	25,001	30,000	111,721
1	30,001	35,000	30,937
1	35,001	40,000	37,045
1	40,001	45,000	42,750
1	50,001	55,000	52,762
1	70,001	75,000	72,509
1	90,001	95,000	91,125
1	100,001	105,000	102,575
1	110,001	115,000	112,500
1	125,001	130,000	127,050
1	135,001	140,000	137,457
1	205,001	210,000	207,556
1	360,001	365,000	363,854
1	380,001	385,000	382,812
1	385,001	390,000	385,875
1	390,001	395,000	394,260
1	400,001	405,000	403,107
1	425,001	430,000	426,701
2	525,001	530,000	1,055,919
1	535,001	540,000	537,183
1	1,000,001	1,005,000	1,002,331
1	2,040,001	2,045,000	2,041,312
1	10,645,001	10,650,000	10,649,314
1,355			**20,459,679**

Pattern of Shareholding

as on June 2019

CATEGORIES OF SHAREHOLDERS AS OF 30-06-2019

Particulars	Shares held	Percentage
Directors, CEO and their spouses and minor childern	29,860	0.146%
NIT & ICP	365,529	1.787%
Banks, DFI & NBFI	785,500	3.839%
Investment Companies	382,812	1.871%
Modarabas	5,625	0.027%
General Public (Local)	5,696,126	27.841%
General Public (Foreign)	91,625	0.448%
Others	282,601	1.381%
Foreign Companies	12,820,001	62.660%
Company Total	**20,459,679**	**100.0000%**

Categories of Shareholders Required Under the Code of Corporate Governance as at June 30, 2019

Directors, CEO and their spouses and minor Holding Percentage

Dr. Mahmood Ahmed	2	0.000%
Mr. Muhammad Ilyas	1	0.000%
Mr. Muhammad Naseem	1	0.000%
Mr. Zafar Aziz Osmani	1	0.000%
Mr. Sohail Osman Ali	29,855	0.146%
	29,860	**0.1459%**

Associated Companies

Slotrapid Limited	10,649,314	52.050%

NIT & ICP

Investment Corporation of Pakistan	663	0.003%
National Bank of Pakistan Turstee Department	1,012	0.005%
Trustee National Investment (Unit) Trust	363,854	1.778%
	365,529	**1.787%**

Banks, DFI & NBFI	785,500	3.839%
General Public (Local)	5,696,126	27.841%
General Public (Foreign)	91,625	0.448%
Others	2,841,725	13.889%
	9,414,976	**46.017%**
	20,459,679	**100.000%**

Notice of Annual General Meeting

Notice is hereby given that the Sixty Ninth Annual General Meeting of the Members of the Company will be held on Thursday, October 24, 2019 at 10:00 am at Berger Factory 28 KM Multan Road, Lahore to transact the following business:

A. ORDINARY BUSINESS

1. To confirm Minutes of Annual General Meeting held on October 23, 2018.
2. To receive, consider and adopt the Audited Accounts of the Company along with Consolidated accounts for the year ended June 30, 2019 together with the Chairman's Review Report and Reports of the Directors' and Auditors' thereon.
3. To approve a final cash dividend of 10% (i.e. Rs.1 per share) for the year 2019 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2019-20 and to fix their remuneration. The present auditors - Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

B. SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as Special Resolution pursuant to Section 199 of the Companies Act 2017, with or without any modification(s), addition(s) or deletion(s) in respect of Company's issuing loan to Berger Road Safety (Private) Limited:

   RESOLVED by way of Special Resolution pursuant to Section 199 of the Companies Act 2017 and subject to requisite regulatory permission and consent, approval of the members of Berger Paints Pakistan Limited (the "Company" or "BPPL") be and is hereby accorded to further renew loan of PKR 40,000,000/- (Rupees forty million) to its associated company Berger Road Safety (Private) Limited for a period of three years to finance working capital of associated company on same terms which are already approved.

By Order of the Board

Lahore: October 01, 2019

Abdul Wahid Qureshi
Company Secretary

NOTES:

i. The Share Transfer Books of the Company will remain closed from October 08, 2019 to October 14, 2019 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 07, 2019. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K, Model Town, Lahore, Punjab 54000.

   All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.

ii. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

   CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1, dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the meeting.

ii. In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B. For Appointing Proxies

i. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

v. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

The Notice of Annual General Meeting has been placed on the Company's website www.berger.com.pk in addition to its dispatch to the shareholders.

Submission of copies of CNIC and NTN Certificate (Mandatory)

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

Withholding Tax on Dividend

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

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

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

Withholding Tax on Dividend in case of Joint Account Holders

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

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

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

Payment of Cash Dividend through Electronic Mode (Mandatory)

The provisions of Section 242 of the Companies Act, 2017 ("ACT") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that with effect from November 01, 2017 as also provided in the Companies (Distribution of Dividends) Regulations, 2017 (as amended from time to time) cash dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC.

Please note that as per Section 243(3) of the Act, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

For the convenience of shareholders e-Dividend Mandate Form is available on Company's website.

E-Voting

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

Video Conference

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

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

Distribution of Annual Report through Email

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan has under and pursuant to SRO No. 787(1)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditors' report and directors' report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notice of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K Model Town, Lahore, Punjab 54000.

Financial Statements and reports of the Company for the year ended June 30, 2019 can be downloaded from the Company's website.

Unclaimed Dividend

As per the provisions of Section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website http://www.berger.com.pk. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/ unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

Annexure A

In compliance with section 134 (3)of companies Act 2017.

BERGER ROAD SAFETY (PRIVATE) LIMITED

EXTRACTS OF FINANCIAL POSITION

AS AT JUNE 30, 2019

All amount in thousands

Non-Current Assets	12,954
Current Assets	192,819
Non-Current Liabilities	1,086
Current Liabilities	199,386
NET ASSETS	**5,301**

Revenue	356,019
Profit/(Loss) Before tax	(8,995)
Tax	2,333
Profit/(Loss) After Tax	**(6,663)**

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 24, 2019. To renew loan of Rs. 40,000,000/- (Rupees Forty Million) to Berger Road Safety (Private) Limited.

All material terms of the transaction is attached with this notice.

Information Required under Clause (b) of sub-regulation (1) of Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

S. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria basis on which the associated relationship is established;	Berger Road Safety (Private) Limited Berger Paints Holds 51% shares in Berger DPI (Pvt.) Limited which holds 100% shares in Berger Road Safety (Private) Limited.
2	Amount of loans;	Rs.40,000,000
3	Purpose of loans and benefits likely to accrue to the investing company and its members from such loans or advances;	BRS has shown significant growth in Sales in last three years. To maintain this growth pattern, company needs additional funds to invest in working capital.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	No loan has been given to Berger Road Safety (Private) Limited before.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or undertaking on the basis of its latest financial statements;	Attached as Annex A

6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	15%
7	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Company borrowing cost plus 2%
8	Sources of funds from where loans will be given;	Internal cash generation of the Company
9	Where loans or advances are being granted using borrowed funds: a) justification for granting loan or advance out of borrowed funds; b) detail of guarantees / assets pledged for obtaining such funds, if any; and c) repayment schedules of borrowing of the investing company;	Not applicable
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Against Stocks and receivables
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when	Not applicable

	the conversion may be exercisable;	
12	Repayment schedule and terms of loans or advances to be given to the investee company;	To be repaid at the end of 3rd year
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Except mentioned in this document, there is no other agreement entered with associated company.
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Dr. Mahmood Ahmed (CEO of BPPL) is also a director of Berger Road Safety (Private) Limited
15	Any other important details necessary for the members to understand the transaction; and	Not Any.
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required: a) a description of the project and its history since conceptualization;	Not Applicable

	b) starting date and expected date of completion; c) time by which such project shall become commercially operational; d) expected return on total capital employed in the project; and e) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;	

Inspection:

All the documents related to the special business are being kept at the register office of the Company for inspection during usual business hours till the date of the Annual General Meeting.

9- الیکٹرانک انتخاب(E-Voting)

سیکشن145-143 کے ایکٹ اور کمپنیز (پوسٹل بیلٹ) کے قوانین2018 کے مطابق ممبران رائے شماری کا حق رکھ سکتے ہیں۔

10- ویڈیو کانفرنس

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مورخہ 21 مئی 2014ء کو جاری کئے جانے والے سرکلر نمبر 10 کے تحت ممبرز ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ ویڈیو کانفرنس کی سہولت صرف اس صورت میں فراہم کی جائے گی اگر کمپنی کو مجموعی طور پر 10 فیصد یا زائد حصص کے ساتھ ممبرز کی طرف سے ویڈیو کانفرنس کے ذریعے میٹنگ میں شرکت کیلئے سالانہ جنرل میٹنگ کی تاریخ سے کم از کم 10 دن قبل رضامندی ملے گی۔ کمپنی اُسی صورت میں ویڈیو کانفرنس کی صورت فراہم کرے گی اگر اُس شہر میں یہ سہولت موجود ہے۔

کمپنی ممبران کو جنرل میٹنگ کے تاریخ سے 5 دن قبل ویڈیو کانفرنس کی سہولت کے مقام اور اس تک پہنچنے کے بارے میں تمام ضروری تفصیلات سے آگاہ کرے گی۔

اس حوالے سے جو ممبران لاہور میں ویڈیو کانفرنس کی سہولت میں شرکت کرنا چاہتے ہیں وہ درج ذیل طریقے سے اپنی درخواست دستخط کے ساتھ ارسال کریں۔

میں/ہم ـــــــــــــــــــــــ ولد /دختر /زوجہ ـــــــــــــــــــــــ برجر پینٹس پاکستان لمیٹڈ کا ممبر ہوں اور ـــــــــــــــــــــــ شیئرز کا حامل ہوں، بمطابق رجسٹرڈ فولیو نمبر ـــــــــــــــــــــــ بمقام ـــــــــــــــــــــــ (شہر کا نام) ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا/چاہتی ہوں۔

ممبر کے دستخط

ـــــــــــــــــــــــ

11- ای میل کے ذریعہ سالانہ رپورٹ کی تقسیم

اپنے شیئر ہولڈرز کو یہ بتانے میں خوشی محسوس ہو رہی ہے کہ ایس ای سی پی (SECP) نے SRO. No. 787(1)/2014 مورخہ 8 ستمبر 2014ء کے ذریعے کمپنیز کو اجازت دی ہے کہ وہ اپنی سالانہ بیلنس شیٹ، نفع ونقصان کے اکاؤنٹس، آڈیٹر کی رپورٹ اور ڈاریکٹر کی رپورٹ وغیرہ (سالانہ رپورٹ) کو سالانہ جنرل میٹنگ (AGM) کے نوٹس کے ساتھ اپنے تمام شیئر ہولڈرز کو ای میل کے ذریعہ ارسال کر سکتے ہیں۔ کمپنی کے شیئر ہولڈرز جو کہ کمپنی کی سالانہ رپورٹ اور سالانہ جنرل میٹنگ کے نوٹس کو ای میل کے ذریعہ حاصل کرنے کے خواہشمند ہیں، اُن سے گزارش ہے۔ کہ وہ الیکٹرانک مواصلات کے ذریعہ کمپنی کے شیئر رجسٹرار میسرز کارپلنک (پرائیویٹ) لمیٹڈ، وِنگز آرکیڈ، K-1 کمرشل بلاک K ماڈل ٹاؤن، لاہور، پنجاب 54000 کو اپنی رضامندی ظاہر کریں۔

کمپنی کے مالی گوشوارے اور رپورٹ مورخہ 30 جون 2019ء تک کمپنی کی ویب سائٹ سے حاصل کیے جا سکتے ہیں۔

12- غیر حاصل شدہ منافع

کمپنی ایکٹ کے سیکشن 244 کے تحت کوئی بھی جاری کردہ حصص یا کمپنی کا اعلانیہ منافع جو کہ ادائیگی کی تاریخ سے تین سال تک ادا نہ کیا گیا ہو، ایس ای سی پی (SECP) کے قانون کے مطابق حصص داران کو نوٹس کرنے کے بعد وفاقی حکومت کو جمع کروا دیا جائے گا۔ جاری کردہ حصص کی تفصیلات اور کمپنی کا اعلانیہ منافع، جو کہ تین سال تک ادا نہ کیا گیا ہو، وہ کمپنی کی آفیشل ویب سائٹ پر رہے گا۔ حصص داران کو درخواست کی جاتی ہے کہ اُن کا غیر وصول شدہ منافع جس کا دعویٰ نہ کیا گیا ہو اور کمپنی غیر وصول شدہ تمام تر منافع جات وفاقی حکومت کو کمپنی ایکٹ سیکشن (2)244 کے تحت جمع کروا دے گی۔

BERGER PAINTS
Trusted Worldwide

پراکسی کی تعیناتی کیلئے:

i- انفرادی ممبران کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپ لوڈ ہوگئی ہیں اس کے مطابق پراکسی فارم جمع کروائیں۔

ii- پراکسی فارم پر دو گواہوں کے دستخط ہونے چاہئیں جن کا پتہ اور سی این آئی سی نمبرز فارم پر درج کئے گئے ہوں۔

iii- فائدہ مند مالکان اور پراکسی کے کارآمد سی این آئی سی کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ لگانا ضروری ہے۔

iv- پراکسی کو میٹنگ میں شمولیت کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ دکھانا ہوگا۔

v- کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز ریزولیوشن/پاور آف اٹارنی، نامزد کے نمونہ کے دستخط کے ساتھ اور کارپوریٹ ادارے کے ایماء پر ووٹ دینے اور اس کی نمائندگی کرنے والے فرد کے کارآمد سی این آئی سی کی تصدیق شدہ کاپی کمپنی کو جمع کروانی ہوگی۔

6- قومی شناختی کارڈ اور ٹیکس سرٹیفیکیٹ کی نقول کا اندراج (لازمی)

ایس ای سی پی کی ہدایات کے تحت، جن شیئر ہولڈرز کے سی این آئی سی کی کاپیاں کمپنی کو موصول نہیں ہوئیں ان کا منافع کا پیوں کی وصولی تک الیکٹرونکلی جمع نہیں کروایا جائے گا۔ تاہم انفرادی شیئر ہولڈرز جنہوں نے اپنے سی این آئی سی کی کاپیاں کمپنی کو جمع نہیں کروائی، ان کیلئے گزارش ہے کہ وہ اپنے سی این آئی سی کی کاپی جلد از جلد براہ راست کمپنی کے شیئر رجسٹرار میسرز کارپلنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، 'K-1' کمرشل بلاک 'K' ماڈل ٹاؤن' لاہور کو بھجوائیں۔

7- منافع پر ود ہولڈنگ ٹیکس

(i) حکومت پاکستان نے فنانس ایکٹ 2019ء کے ذریعے انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں بعض تبدیلیاں کی ہیں جس میں کمپنیز کی طرف سے ادا کئے گئے ڈیویڈنڈ کی مالیت پر وِد ہولڈنگ ٹیکس کے مختلف ریٹس مقرر کئے گئے ہیں۔ اب فنانس ایکٹ کے مطابق یہ ریٹس حسب ذیل ہیں:

a) انکم ٹیکس ریٹرنز کے فائلرز کیلئے: 15 فیصد

b) انکم ٹیکس ریٹرنز کے نان فائلرز کیلئے: 30 فیصد

کمپنی کو نقد منافع کی رقم پر 30% کے بجائے 15% کی شرح سے ٹیکس کی کٹوتی کے قابل بنانے کیلئے وہ تمام شیئر ہولڈرز جن کے نام ایف بی آر کی ویب سائٹ پر ایکٹیو ٹیکس پیئرز لسٹ (اے ٹی ایل) میں شامل نہیں ہیں، اس حقیقت سے قطع نظر کہ وہ فائلر ہیں، انہیں ہدایت کی جاتی ہے کہ حتمی منافع کے حصول کیلئے وہ حصص کی کتب بند ہونے سے پہلے اپنے ناموں کا اے ٹی ایل میں اندراج یقینی بنائیں۔

(ii) کسی بھی سوال/مسئلہ/معلومات کیلئے سرمایہ کار شیئر رجسٹرار سے رابطہ کر سکتے ہیں: مینجر، شیئر رجسٹرار ڈیپارٹمنٹ، میسرز کارپلنک پرائیویٹ لمیٹڈ، ٹیلی فون نمبر: 35916714 42 92+، ای میل ایڈریس: corplink786@gmail.com

فیڈرل بورڈ آف ریونیو (ایف بی آر) کی وضاحت کے مطابق وِد ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر کے ساتھ ساتھ جوائنٹ ہولڈرز کے شیئر ہولڈنگ کے تناسب کی بنیاد پر ان کے ''فائلر/نان فائلر'' سٹیٹس کے مطابق الگ الگ ہوگا۔ لہٰذا وہ تمام شیئر ہولڈرز جن کے شیئرز مشترکہ ہیں ان سے درخواست ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کا بحوالہ شیئرز جو کہ ان کے پاس موجود ہیں، کمپنی کے شیئر رجسٹرار، میسرز کارپلنک (پرائیویٹ) لمیٹڈ، وِنگز آرکیڈ، K-1 کمرشل بلاک K ماڈل ٹاؤن، لاہور، پنجاب 54000 کو تحریری طور پر مندرجہ ذیل طریقے سے شیئر ہولڈنگ کا تناسب فراہم کریں۔

(ٹیبل ٹیکسٹ)

کمپنی کا نام	فولیو/سی ڈی سی اکاؤنٹ#	ٹوٹل شیئرز	پرنسپل شیئر ہولڈر		جوائنٹ شیئر ہولڈر	
			نام اور قومی شناختی کارڈ#	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور قومی شناختی کارڈ#	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

درکار معلومات ہمارے شیئر رجسٹرار تک اس نوٹس کے 10 دن کے اندر پہنچ جانی چاہیں بصورت دیگر پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کے شیئرز مساوی تصور کئے جائیں گے۔

8- منافع کی رقم کے لیے الیکٹرانک ذریعہ (لازمی)

کمپنیز ایکٹ 2017ء کے سیکشن 242 کے مطابق لسٹڈ کمپنیوں کیلئے ضروری ہے کہ وہ نقد منافع صرف الیکٹرونک صورت میں شیئر ہولڈر کے اسی مقصد کیلئے متعین کئے گئے بینک اکاؤنٹ میں ادا کریں۔ اپنے بینک اکاؤنٹ میں براہ راست منافع وصول کرنے کیلئے شیئر ہولڈرز سے درخواست ہے کہ وہ ڈیویڈنڈ مینڈیٹ پُر کریں فزیکل ہولڈنگ رکھنے والے شیئر ہولڈرز کمپنی کے رجسٹرار کو مجوزہ ڈیویڈنڈ مینڈیٹ فارم جمع کروائیں۔ شیئر ہولڈرز جن کے شیئرز شرکاء/سٹاک بروکر یا سی ڈی سی کے ساتھ ہیں، ڈیویڈنڈ مینڈیٹ فارم کی کاپی کے ساتھ کمپنی کے شیئر رجسٹرار کو جمع کرواسکتے ہیں، ڈیویڈنڈ مینڈیٹ فارم سالانہ رپورٹ میں دستیاب ہے اور کمپنی کی ویب سائٹ پر بھی اپ لوڈ کیا گیا ہے۔

نوٹس برائے سالانہ جنرل میٹنگ

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ برجر پینٹس پاکستان کا 69واں اجلاس عام برجر فیکٹری 28- کلومیٹر ملتان روڈ، لاہور میں بروز جمعرات مورخہ 24 اکتوبر 2019ء صبح 10:00 بجے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی کاروبار

1- مورخہ 23 اکتوبر 2018ء کو منعقد ہوئے اجلاس عام کی کاروائی کی توثیق۔

2- مورخہ 30 جون 2019ء کو ختم ہوئے سال کیلئے کمپنی کے مالیاتی گوشوارں بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غوروخوض اور منظوری۔

3- کمپنی کے عام حصص پر 2019 کے منافع کا اعلان اور منظوری۔ ڈائریکٹرز نے عام حصص پر 10 فیصد (1.00 روپیہ فی شیئر) حتمی نقد منافع کی تجویز پیش کی ہے۔

4- آئندہ سال 20-2019 کیلئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس، ریٹائر ہوگئے ہیں اور اہلیت کی بنیاد پر اپنی دوبارہ تقرری کی پیشکش کی ہے۔

5- چیئرمین کی اجازت سے معمول کا کوئی بھی دیگر کاروباری لین دین۔

خصوصی کاروبار

1- کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت، کمپنی کی طرف سے برجر روڈ سیفٹی (پرائیویٹ) لمیٹڈ کو قرض جاری کرنے کے حوالے سے، کسی ترمیم اضافے یا حذف کے ساتھ یا اس کے بغیر، درج ذیل قرارداد پر بطور خصوصی قرارداد، غوروخوض اور مناسب سمجھے جانے پر اس کی منظوری۔

کمپنیز ایکٹ 2017 کے سیکشن 199 کے اور ریگولیٹری اجازت اور رضامندی کے تحت خصوصی قرارداد کے ذریعے برجر پینٹس پاکستان لمیٹڈ (''کمپنی'' یا ''بی پی پی ایل'') کے ممبران کی منظوری کے ساتھ اس کی متعلقہ کمپنی برجر روڈ سیفٹی (پرائیویٹ) لمیٹڈ کو ورکنگ کیپٹل میں مالی معاونت کیلئے مبلغ 40,000,000 (چار کروڑ روپے) کے قرض کی تجدید۔ اس میٹنگ کے قواعد وضوابط کی حتمی منظوری ہو چکی ہے۔

مزید یہ کہ کمپنی کے چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر دونوں کو مشترکہ طور پر برجر روڈ سیفٹی (پرائیویٹ) لمیٹڈ کو تین سال کے لیے مبلغ 40,000,000 (چار کروڑ روپے) قرض دینے، تمام امور سرانجام دینے، اور اس سلسلے میں ضروری تمام دستاویزات پر دستخط کرنے اور ان پر عمل درآمد سمیت تمام ضروری کاروائیاں کرنے اور تمام قانونی رسمی مراحل کو مکمل کرنے اور مذکورہ بالا عمل درآمد کیلئے تمام ضروری دستاویزات کو فائل کرنے کا اختیار حاصل ہے۔

حسب الحکم بورڈ،

عبدالواحد قریشی
کمپنی سیکرٹری

لاہور یکم اکتوبر 2019ء

نوٹس:

1- کمپنی کے حصص کی کتب 8 اکتوبر 2019ء سے 14 اکتوبر 2019ء (بشمول دونوں ایام) بند رہیں گی اور رجسٹریشن کیلئے شیئرز کی منتقلی قابل قبول نہ ہوگی۔ انتقال دہندگان کے مذکورہ بالا استحقاق اور اجلاس میں شمولیت کی غرض سے کمپنی کے شیئر رجسٹرار، میسرز کارپلنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل بلاک K ماڈل ٹاؤن، لاہور، پنجاب 54000 کو مورخہ 7 اکتوبر 2019ء کے روز کاروبار بند ہونے سے قبل موصول ہونے والی ٹرانسفرز بروقت تصور کی جائیں گی۔ سی ڈی سی (CDC) کے ذریعے حاصل کیے گئے حصص والے تمام شرکاء سے گزارش ہے کہ وہ اپنے پتہ اور زکوٰۃ کے سٹیٹس کی تجدید کروایں۔

2- تمام ممبران/شیئر ہولڈر میٹنگ میں شمولیت اور ووٹ دینے کے اہل ہیں۔ ممبر اپنی طرف سے پراکسی (نمائندہ) مقرر کر سکتے ہیں جس کیلئے کمپنی کا ممبر ہونا ضروری ہے۔

3- انفرادی (ممبران/پراکسی) میٹنگ میں شمولیت کے وقت اپنی شناخت کی تصدیق کیلئے اپنا اصل کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ دکھائیں گے۔

4- پراکسی کی پہلے سے مکمل کی گئی دستاویز، اور کوئی بھی دیگر اتھارٹی جس پر دستخط ہوئے ہوں، یا نوٹری سے تصدیق شدہ کاپی، میٹنگ کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس (36 انڈسٹریل اسٹیٹ کوٹ لکھپت، لاہور) میں کمپنی سیکریٹری کے پاس جمع کروانا ضروری ہے۔

5- سی ڈی سی اکاؤنٹ ہولڈر کو مزید برآں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 1 'مورخہ 26 جنوری 2000ء کی تجویز کردہ درج ذیل ہدایات پر عمل کرنا ہوگا۔

میٹنگ میں شمولیت کیلئے:

i- انفرادی ممبران کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپ لوڈ ہوگئی ہیں، میٹنگ میں شمولیت کے وقت اپنی شناخت کی تصدیق کیلئے اپنا اصل کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ دکھائیں گے۔

ii- کارپوریٹ اداروں کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز ریزولیشن/پاور آف اٹارنی، نامزد کے نمونہ کے دستخط کے ساتھ (اگر پہلے سے فراہم نہیں کر دیا گیا) دکھانا ہوگا۔

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2017
For the year ended 30 June 2019

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

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

   a) Male: Seven
   b) Female: None

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

2. The composition of the board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with dates on which they are approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Requirement of the Regulations on Director's Training Program has been complied with.

10. No new appointment of the CFO and Company Secretary was made during the year. However, the Board has approved appointment of Mr. Umair Liaqat as Head of Internal Audit including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed following committees:

a) Audit Committee

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

b) HR and Remuneration Committee

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

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

14. The frequency of the meetings of the committees were as per following:

a) Audit Committee – Four quarterly meetings during the financial year ended 30 June 2019.

b) HR and Remuneration Committee – Two meetings during the financial year ended 30 June 2019.

15. The board has outsourced the internal audit function to Ernst & Young (EY) Ford Rhodes who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirmed that the all other requirements of the Regulations have been complied with.

ON BEHALF OF THE BOARD

Lahore
Date: 19 September 2019

Dr. Mahmood Ahmad
Chief Executive

Mr. Maqbool H.H. Rahimtoola
Director

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

Telephone +92 (42) 111 576 484
Fax +92 (42) 37429907
Internet www.kpmg.com.pk

Independent Auditor's Review Report

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Berger Paints Pakistan Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore
Date: 02 October 2019

Berger Paints Pakistan Limited
Unconsolidated Financial Statements

for the year ended 30 June 2019

KPMG

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

Telephone +92 (42) 111 576 484
Fax +92 (42) 37429907
Internet www.kpmg.com.pk

Independent Auditor's Report

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

Opinion

We have audited the annexed financial statements of Berger Paints Pakistan Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters.

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition** Refer to note 3.1, 3.17 and 29 to the financial statements. The Company recognized net revenue of Rs. 5.12 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to a risk that revenue is recognized without transferring the control.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales invoices, delivery challans, bill of ladings and other relevant underlying documents;

Sr. No.	Key audit matters	How the matters were addressed in our audit
		• comparing, on a sample basis, specific sales transactions recorded before and after the financial year end to determine whether the sale had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sale recorded during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2.	**Valuation of Trade Debts** Refer to notes 3.1, 3.7 and 14 to the financial statements. As at 30 June 2019, the Company's gross trade debts amount to Rs. 1,669.80 million. Pursuant to adoption of IFRS 9 'Financial Instruments' and using the modified retrospective approach, the Company has recognized expected credit loss ("ECL") of Rs. 5.90 million in opening retained earnings as at 01 July 2018 and Rs. 24.29 million for the year ended 30 June 2019. IFRS 9 requires the Company to make provision for financial assets (trade debts) using ECL approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered this as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our audit procedures to assess valuation of trade debts, amongst others, included the following: • Review the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis; • involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL; • assessing, on a sample basis, the accuracy of the data used for ECL computation; and • assessing the adequacy of disclosure made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore
Date: 02 October 2019

Statement of Financial Position

As at 30 June 2019

Rupees in thousand	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,177,145**	1,223,549
Intangibles	7	**26,696**	40,297
Investments in related parties	8	**54,504**	67,287
Loan to related party - *secured*	9	**-**	40,000
Long term loans - *secured*	10	**44,628**	54,360
Deferred taxation	12	**43,878**	-
Long term deposits - *unsecured*	11	**21,205**	25,884
		1,368,056	1,451,377
Current assets			
Stores, spare parts and loose tools		**16,906**	15,772
Stock-in-trade	13	**917,368**	1,015,911
Trade debts - *unsecured*	14	**1,461,014**	1,164,907
Loans and advances	15	**98,786**	199,686
Loan to related party - *secured*	9	**40,000**	-
Trade deposits and short term prepayments	16	**41,206**	51,360
Other receivables	17	**13,891**	16,388
Tax refund due from Government - *net*		**280,934**	291,573
Short term investment	18	**32,195**	42,275
Cash and bank balances	19	**76,625**	21,420
		2,978,925	2,819,292
		4,346,981	4,270,669
EQUITY AND LIABILITIES			
Authorised share capital	20	**250,000**	250,000
Share capital and reserves			
Issued, subscribed and paid-up capital	20	**204,597**	181,864
Reserves	21	**903,660**	828,666
Revaluation surplus on property, plant and machinery - *net of tax*	22	**472,012**	509,131
		1,580,269	1,519,661
Non-current liabilities			
Long term financing - *secured*	23	**89,635**	69,965
Staff retirement and other long term benefits	24	**154,049**	142,592
Deferred taxation	12	**-**	9,000
		243,684	221,557
Current liabilities			
Trade and other payables	25	**1,192,513**	1,301,943
Unclaimed dividend		**5,980**	4,756
Interest / mark-up accrued on borrowings	26	**39,432**	16,465
Current maturity of long term financing	23	**80,356**	68,298
Short term borrowings - *secured*	27	**1,204,747**	1,137,989
		2,523,028	2,529,451
		2,766,712	2,751,008
Contingencies and commitments	28		
		4,346,981	4,270,669

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

Chief Financial Officer | Chief Executive | Director

Statement of Profit or Loss

For the year ended 30 June 2019

Rupees in thousand	Note	2019	2018
Sales - *net*	29	**5,120,444**	5,453,221
Cost of sales	30	**(4,004,021)**	(4,262,573)
Gross profit		**1,116,423**	1,190,648
Selling and distribution costs	31	**(665,377)**	(785,010)
Administrative and general expenses	32	**(184,684)**	(191,387)
		(850,061)	(976,397)
Profit from operations		**266,362**	214,251
Other income	33	**31,681**	36,923
		298,043	251,174
Other expenses	34	**(19,978)**	(15,820)
Finance cost	35	**(165,067)**	(88,142)
		(185,045)	(103,962)
Profit before taxation		**112,998**	147,212
Taxation	36	**(12,173)**	(45,106)
Profit after taxation		**100,825**	102,106
		Rupees	Rupees *(Restated)*
Earnings per share -*basic and diluted*	37	**4.93**	4.99

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

Chief Financial Officer

Chief Executive

Director

Statement of Comprehensive Income

For the year ended 30 June 2019

Rupees in thousand	*Note*	**2019**	2018
Profit after taxation		**100,825**	102,106
<u>Other comprehensive loss</u>			
<u>Items that may be reclassified to profit or loss</u>			
Fair value loss on *Investment classified as available for sale*		**-**	(7,281)
<u>Items that will not be reclassified to profit or loss</u>			
Fair value loss on *Investment classified as FVOCI*	*8.2.1*	**(12,783)**	-
Remeasurement of defined benefit obligation	*24.5*	**3,391**	(5,966)
Total comprehensive income for the year		**91,433**	88,859

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

Chief Financial Officer Chief Executive Director

Statement of Cash Flow

For the year ended 30 June 2019

Rupees in thousand	Note	2019	2018
Cash flow from operating activities			
Profit before taxation		**112,998**	147,211
Adjustments for non-cash and other items:			
Depreciation on property, plant and equipment	6.7	**77,792**	79,778
Amortization on computer software	7.1.1	**5,338**	4,660
Gain on disposal of property, plant and equipment	33	**(17,024)**	(9,363)
Provision charged / (reversed) against slow moving stock - *net*		**4,952**	(2,902)
Insurance claim	33	**-**	(2,581)
Provision reversed for impairment in capital work in progress	34	**-**	(8,059)
Provision for doubtful debts	31	**24,293**	990
Bad debts written off	14.3	**2,529**	25,954
Provision for staff retirement and other long term benefits	24.6 & 24.16	**32,193**	28,321
Finance cost	35	**165,067**	88,142
Provision (reversed) / charged for doubtful loans	15	**(201)**	1,765
Impairment charged on Goodwill	7.2.1	**8,263**	4,487
Mark-up on term deposit receipts	33	**(12,150)**	(6,638)
		291,052	204,554
Operating profit before working capital changes		**404,050**	351,765
Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**(1,134)**	1,152
Stock-in-trade		**93,591**	5,227
Trade debts - *unsecured*		**(328,826)**	57,604
Loans and advances		**100,337**	(90,083)
Trade deposits and short term prepayments		**10,154**	(20,973)
Other receivables		**2,871**	(111)
		(123,007)	(47,184)
Decrease in current liabilities:			
Trade and other payables		**(109,430)**	(142,243)
Cash generated from operations		**171,613**	162,338
Finance cost paid		**(142,100)**	(85,071)
Taxes paid		**(56,608)**	(23,373)
Staff retirement and other long term benefits paid	24	**(17,345)**	(11,672)
Long term loans - *due from employees*		**10,496**	(12,275)
Long term deposits - *net*		**4,679**	(5,110)
		(200,878)	(137,501)
Net cash (used in) / generated from operating activities		**(29,265)**	24,837
Cash flow from investing activities			
Fixed capital expenditure		**(92,907)**	(166,390)
Sale proceeds from disposal of property, plant and equipment	6.2	**78,542**	14,712
Mark-up received on term deposit and long term loan		**11,778**	6,699
Short term investments		**10,080**	-
Net cash generated from / (used in) investing activities		**7,493**	(144,979)
Cash flow from financing activities			
Long term financing - *net*		**31,728**	(68,088)
Dividend paid		**(21,509)**	(23,960)
Short term borrowings - *net*		**(300,000)**	-
Net cash used in financing activities		**(289,781)**	(92,048)
Net decrease in cash and cash equivalents		**(311,553)**	(212,190)
Cash and cash equivalents at beginning of the year		**(716,569)**	(504,379)
Cash and cash equivalents at end of the year	38	**(1,028,122)**	(716,569)

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

Chief Financial Officer   Chief Executive   Director

Statement of Changes In Equity

For the year ended 30 June 2019

Rupees in thousand

		Reserves						
		Capital			Revenue			
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation on property, plant and machinery	Fair value reserve	General reserve	Accumulated Profits	Total reserves	Total
Balance as at 01 July 2017	181,864	56,819	521,363	28,988	285,000	353,611	1,245,781	**1,427,645**
Total comprehensive income for the year ended 30 June 2018								
Profit for the year	-	-	-	-	-	102,106	102,106	**102,106**
Other comprehensive income for the year								
- Fair value loss on *Investment classified as FVOCI*	-	-	-	(7,281)	-	-	(7,281)	**(7,281)**
- Remeasurement of defined benefit obligation	-	-	-	-	-	(5,966)	(5,966)	**(5,966)**
Total comprehensive income for the year	**-**	**-**	**-**	(7,281)	-	96,140	88,859	**88,859**
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - *net of tax*	-	-	(15,390)	-	-	15,390	-	**-**
Reversal of deferred tax due to change of rate	-	-	3,158	-	-	-	-	**3,158**
	-	-	(12,232)	-	-	15,390	-	**3,158**
Balance as at 30 June 2018	**181,864**	**56,819**	**509,131**	**21,707**	**285,000**	**465,141**	**1,334,640**	**1,519,662**
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	-	-	(4,187)	(4,187)	(4,187)
Adjusted balance as at 01 July 2018	**181,864**	**56,819**	**509,131**	**21,707**	**285,000**	**460,954**	**1,330,453**	**1,515,475**
Total comprehensive income for the year ended 30 June 2019								
Profit for the year	-	-	-	-	-	100,825	100,825	**100,825**
Other comprehensive income for the year								
- Fair value loss on *Investment classified as FVOCI*	-	-	-	(12,783)	-	-	(12,783)	**(12,783)**
- Remeasurement of defined benefit obligation	-	-	-	-	-	3,391	3,391	**3,391**
Total comprehensive income for the year	**-**	**-**	**-**	**(12,783)**	**-**	**104,216**	**91,433**	**91,433**
Transfer of incremental depreciation from revaluation surplus on property plant and machinery - *net of tax*	-	-	(17,632)	-	-	17,632	-	**-**
Transfer of revaluation surplus due to disposal of revalued assets	-	-	(15,581)	-	-	15,581	-	**-**
Transactions with the owners of the Company								
Final cash dividend at the rate of 12.5% (i.e. Rs. 1.25 per share) for the year ended 30 June 2018	-	-	-	-	-	(22,733)	(22,733)	**(22,733)**
Issue of Bonus shares at the rate of 12.5% (i.e. 1.25 shares for every 10 shares held)	22,733	(22,733)	-	-	-	-	-	**-**
Reversal of deferred tax due to change of rate	-	-	(3,906)	-	-	-	-	**(3,906)**
	22,733	**(22,733)**	**(37,119)**	-	-	**10,480**	**(22,733)**	**(26,639)**
Balance as at 30 June 2019	**204,597**	**34,086**	**472,012**	**8,924**	**285,000**	**575,650**	**1,399,153**	**1,580,269**

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

Chief Financial Officer Chief Executive Director

Notes to the financial statements

For the year ended 30 June 2019

1 Reporting entity information

1.1 Berger Paints Pakistan Limited ("the Company") was incorporated in Pakistan on 25 March 1950 as a Private Limited Company under the Companies Act 1913 (now Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on the Pakistan Stock Exchange ("PSX"). The principle business activity of the Company is manufacturing and trading of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the Holding Company. The aggregate percentage of holding is 52.05%. The registered office of the Company is situated at 36-Industrial Estate Kot-Lakhpat, Lahore and its only manufacturing facility is located at 28 Km Multan Road, Lahore.

2 Basis of preparation and statement of compliance

2.1 Separate financial statements

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

The Company has following investments:

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

2.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 3.4, the measurement of certain items of property, plant and equipment as referred to in note 22 at revalued amounts and recognition of certain staff retirement and other long term benefits as referred to in note 3.11 at present value and fair value respectively.

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

2.4 Functional and presentation currency

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

3 Significant accounting policies

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

3.1 Changes in significant accounting policy

3.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Company is engaged in the sale of paints, varnishes and other related items. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these financial statements except for reclassification of freight and handling cost from selling and distribution to cost of sales. Accordingly, selling and distribution costs of Rs. 128.56 million (2018: Rs. 113.86 million) have been reclassified to cost of sales. This reclassification has no impact on the reported Earning per Share (“EPS”) of the corresponding year. Similarly, the amounts received for future sale of goods were reclassified to 'contract liabilities' which were previously classified as "advances from customers". Company's accounting policy relating to revenue recognition is explained in note 3.17 of these financial statements.

3.1.2 Impact of financial statements

As at 01 July 2018, contract liabilities were increased by Rs. 71.95 million and advance from customers decreased by the same amount.

3.1.3 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.4 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortised cost

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

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

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

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

3.1.5 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 July 2018:

Financial Assets	Original classification under IAS 39	New classificatio n under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Listed equity security	Available for sale	FVOCI	25,537	25,537
Cash and bank balances	Loans and receivable	Amortized cost	20,474	20,474
Deposits and other receivables	Loans and receivable	Amortized cost	1,397,986	1,397,986
Long term deposits	Loans and receivable	Amortized cost	25,884	25,884
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	1,164,907	1,159,010

Impairment of financial assets

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, deposits and other receivables are also subject to ECL but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

The Company has applied IFRS 9 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 9 is recognised in retained earnings at the date of initial application. Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, The Company has recognised loss allowance amounting to Rs. 5.89 million against trade debts upon transition to IFRS 9 as of 01 July 2018 with a corresponding effect in opening retained earning and deferred taxation amounting to Rs. 4.19 million and Rs. 1.70 million.

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

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

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

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

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

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

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

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

3.2.1 Non financial assets impairment

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

3.3 Intangibles

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

3.3.1 Computer software

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

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

3.3.2 Goodwill acquired in business combinations

The purchase method of accounting is used to account for the acquisition of businesses by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, if any, at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities, if any, assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment loss, if any.

3.3.3 Impairment

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

3.4 Investments in equity instruments of subsidiaries and associates

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

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

3.5 Stores and spare parts

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

3.6 Stocks-in-trade

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

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

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

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

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

3.7 Trade debts and other receivables

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

3.8 Cash and cash equivalents

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

3.9 Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

3.10 Leases

Operating lease

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company’s benefit.

3.11 Employees benefits

3.11.1 Short term employee benefit

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

3.11.2 Defined benefit plan

The Company operates the following defined benefit schemes:

a) An approved and funded pension scheme for all executives; and

b) An approved and funded gratuity scheme for all its permanent employees.

Pension scheme

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

Gratuity scheme

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

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

3.11.3 Defined contribution plan

Provident fund

The Company also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10 percent of basic salary for executive and non-executive staff.

3.11.4 Other long term benefits - Accumulated compensated absences

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

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

Discount rate	12.5% per annum
Expected rate of salary increase in future years	11.5% per annum

3.12 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers‘ right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.13 Provisions

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

3.14 Contingent assets

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

3.15 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Foreign currency transactions and translation

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

3.17 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales returns and discounts. The Company's customer arrangements contain a single performance obligation to transfer manufactured or purchased paints, varnishes and other related items.

3.18 Financial instruments

3.18.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.18.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the balance sheet date.

Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, the Company has no such instrument at the statement of financial position date.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, long term and short term financing, liabilities against assets subject to finance lease and dividend payable.

3.18.3 Derecognition

Financial assets

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

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

Financial liabilities

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

3.19 Dividends and appropriations to general reserve

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

3.20 Related party transactions

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

3.21 Earnings per share ("EPS")

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

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

3.22 Profit from operations

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

4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards ("IFRS") as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of interpretation is not likely to have an impact on Company's financial statements

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

5 Use of judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are:

		Note
-	Depreciation method, useful lives and residual values of property, plant and equipment	*3.2*
-	Recoverable amount of assets / cash generating units and impairment	*3.2*
-	Stock-in-trade	*3.6*
-	Stores and spare parts	*3.5*
-	Trade and other receivables	*3.7*
-	Taxation	*3.9*
-	Deferred taxation	*3.9*
-	Staff retirement benefits and other long term benefits	*3.11*
-	Provisions	*3.13*
-	Lease classification	*3.10*

Rupees in thousand	*Note*	**2019**	2018
6 Property, plant and equipment			
Operating fixed assets	*6.1*	**1,153,113**	1,219,396
Capital work in progress	*6.6*	**24,032**	4,153
		1,177,145	1,223,549

6.1 Operating fixed assets

				30 June 2019				
Rupees in thousand	Useful life Years	Cost / revalued amount as at 01 July 2018	Additions / *adjustment / (deletions)	Cost / revalued amount as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge / adjustment / (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
Freehold land	-	528,173	2,957 (46,717)	484,413	-	-	-	484,413
Leasehold land	48.5	98,333	-	98,333	6,634	2,204	8,838	89,495
Building on freehold land	20	286,862	2,451	289,313	47,261	16,865	64,126	225,187
Building on leasehold land	10-20	63,848	19,456	83,304	5,299	5,927	11,226	72,078
Plant and machinery	2.8-12.5	308,412	13,887 (6,805)	315,494	117,090	30,688 (5,703)	142,075	173,419
Laboratory equipment	10	45,656	2,348 (4,346)	43,658	21,249	3,465 (4,014)	20,700	22,958
Electric fittings	4 - 10	64,462	2,793 (11,167)	56,088	33,592	4,158 (7,551)	30,199	25,889
Computer and related accessories	4	32,437	1,690 (3,371)	30,756	25,250	3,661 (3,277)	25,634	5,122
Office equipment	4 - 10	22,302	1,795 (1,453)	22,644	6,771	2,180 (1,271)	7,680	14,964
Furniture and fixtures	10	34,251	1,898 (5,348)	30,801	15,623	2,975 (4,436)	14,162	16,639
Motor vehicles	5	48,915	25,809 (30,352)	44,372	35,486	5,669 (19,732)	21,423	22,949
2019		1,533,651	75,084 (109,559)	1,499,176	314,255	77,792 (45,984)	346,063	1,153,113

*It includes reclassification of certain assets amounting to Rs. 2.06 million (Rs. 1.54 million depreciation) from electric fittings to building on freehold land and plant and machinery amounting to Rs. 1.49 million (Rs. 0.947 million depreciation) and Rs. 0.56 million (Rs. 0.56 million depreciation) respectively.

				30 June 2018				
Rupees in thousand	Useful life Years	Cost / revalued amount as at 01 July 2017	Additions / (deletions)	Cost / revalued amount as at 30 June 2018	Accumulated depreciation as at 01 July 2017	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2018	Book value as at 30 June 2018
Freehold land	-	450,673	77,500	528,173	-	-	-	528,173
Leasehold land	48.5	98,333	-	98,333	4,430	2,204	6,634	91,699
Building on freehold land	20	276,750	10,112	286,862	30,761	16,500	47,261	239,601
Building on leasehold land	10-20	13,914	49,934	63,848	1,601	3,698	5,299	58,549
Plant and machinery	2.8-12.5	280,451	43,807	308,412	98,355	33,375	117,090	191,322
			(15,846)			(14,640)		
Laboratory equipment	10	39,466	6,190	45,656	17,784	3,465	21,249	24,407
Electric fittings	10	58,572	6,236	64,462	28,084	5,578	33,592	30,870
			(346)			(70)		
Computer and related accessories	4	30,340	2,296	32,437	21,398	4,027	25,250	7,187
			(199)			(175)		
Office equipment	10	13,704	8,598	22,302	4,907	1,864	6,771	15,531
Furniture and fixtures	10	27,622	6,629	34,251	12,797	2,826	15,623	18,628
Motor vehicles	5	55,951	5,975	48,915	38,413	6,241	35,486	13,429
			(13,011)			(9,168)		
2018		1,345,776	217,277	1,533,651	258,530	79,778	314,255	1,219,396
			(29,402)			(24,053)		

6.2 Disposal of operating assets

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

Particulars of assets	Sold to		Cost / revalued Amounts	Accumulated depreciation	Book value	Sale proceeds / Insurance claim	Gain / (loss)	Mode of disposal
	Name	Relationship with the Company						
Freehold land								
Lahore factory	Ring Road Authority Lahore	Third Party	30,330	-	30,330	18,993	(11,337)	Government acquisition
Lahore factory	Ring Road Authority Lahore	Third Party	16,388	-	16,388	31,906	15,518	Government acquisition
Motor vehicles								
Toyota Hiace	Hassan Ali	Third Party	953	-	953	3,310	2,357	Bid
Honda City	Major Tariq	Employee	1,451	-	1,451	1,953	502	Employee - Final Settlement
Toyota Corolla	Mr. Mohsin Bhatti	Employee	1,655	-	1,655	2,220	565	Employee - Final Settlement
Toyota Corolla	Mr. Syed Arif	Employee	1,556	-	1,556	1,877	321	Employee - Final Settlement
Honda City	Mr. Syed Faisal	Employee	605	-	605	1,293	689	Employee - Final Settlement
Toyota Fortuner	Jubilee General Insurance Company Limited	Third Party	2,315	-	2,315	4,700	2,385	Insurance claim
Others including assets written off with book value less than Rs. 500,000			52,250	45,984	6,266	12,290	6,024	
2019			**107,503**	**45,984**	**61,519**	**78,542**	**17,024**	
2018			2,679	789	1,890	1,555	(335)	

6.3 Had freehold land and leasehold land, buildings on freehold and leasehold land and plant and machinery not been revalued, the carrying amount of these assets would have been as follows:

Rupees in thousand	2019	2018
Freehold land	**170,578**	199,269
Leasehold land	**1,068**	1,070
Buildings on freehold land	**155,391**	153,991
Buildings on leasehold land	**70,073**	66,488
Plant and machinery	**142,463**	149,806
	539,573	570,624

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

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

6.5 Immovable Fixed Assets

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

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

The buildings on freehold land, leasehold land and other immovable assets of the Company are constructed / located at above mentioned freehold lands and the land disclosed in note 42.

Rupees in thousand	*Note*	2019	2018
6.6 Capital work in progress			
Owned			
Civil works		**-**	586
Plant and machinery		**206**	1,078
Advances to suppliers		**23,826**	2,478
Others		**-**	11
	6.6.1	**24,032**	4,153

6.6.1 This mainly relates to the installation of solar panels at factory premises.

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

Rupees in thousand	Note	2019	2018
Cost of sales	30.1	**53,506**	57,762
Selling and distribution costs	31	**15,030**	13,093
Administrative and general expenses	32	**9,256**	8,923
		77,792	79,778

7 Intangibles

	Note	2019	2018
Computer software	7.1	**2,696**	8,034
Goodwill	7.2	**24,000**	32,263
		26,696	40,297

7.1 Computer software

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

Rupees in thousand	Note	2019	2018
Cost			
Cost as at 01 July		**32,845**	28,168
Additions during the year		**-**	4,677
Cost as at 30 June		**32,845**	32,845
Accumulated amortization			
Accumulated amortization as at 01 July		**24,811**	20,151
Amortization during the year	7.1.1	**5,338**	4,660
Accumulated amortization as at 30 June		**30,149**	24,811
Balance as at 30 June		**2,696**	8,034
Rate of amortization		**33.33%**	33.33%

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

Rupees in thousand	Note	2019	2018
Cost of sales	30.1	**352**	566
Selling and distribution costs	31	**314**	325
Administrative and general expenses	32	**4,672**	3,769
		5,338	4,660

7.2 Goodwill

	Note	2019	2018
Packaging Ink Business	7.2.1	**-**	8,263
Powder Coating Business	7.2.2	**24,000**	24,000
		24,000	32,263

7.2.1 During the year, the management of the Company charged impairment on Ink Business goodwill due to significant declined sales and shift in the Company's focus towards other business lines.

Rupees in thousand	**2019**	2018
Cost		
Cost as at 30 June	**16,750**	16,750
Accumulated impairment		
Accumulated impairment as at 01 July	**8,487**	4,000
Impairment charged during the year	**8,263**	4,487
Accumulated Impairment as at 30 June	**16,750**	8,487
Balance as at 30 June	**-**	8,263

7.2.2 This goodwill represents excess of purchase consideration paid by the Company for acquisition of the Powder Coating business over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. The recoverable amount of goodwill was tested for impairment as at 30 June 2019, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 19.98% pre tax rate and using terminal growth of 2.00%. The calculation of value in use is sensitive to discount rate and local inflation rates.

Rupees in thousand	*Note*	**2019**	2018
8 Investments in related parties			
In equity instruments - at cost	*8.1*	**41,750**	41,750
Investment classified as available for sale	*8.2*	**-**	25,537
Investment classified as FVOCI	*8.2*	**12,754**	-
	8.3	**54,504**	67,287

8.1 In equity instruments - ***at cost***

No. of shares - ordinary 2019	2018	Name of the Company	Percentage	2019 (Rupees in thousand)	2018 (Rupees in thousand)
(i) Subsidiary companies - *unlisted*					
765,000	765,000	Berger DPI (Private) Limited	51.00%	**2,550**	2,550
676,020	676,020	Berdex Construction Chemicals (Private) Limited	51.96%	**5,510**	5,510
		Less: Provision for impairment		**(5,510)**	(5,510)
				-	-
The face value of these shares is Rs. 10 each.				**2,550**	2,550
(ii) Associated Company - *unlisted*					
98,000	98,000	3S Pharmaceutical (Private) Limited	49.00%	**39,200**	39,200
				41,750	41,750

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

Rupees in thousand	Note	2019	2018
8.2 Investment classified as FVOCI	*Percentage*		
Buxly Paints Limited - *listed*			
273,600 (2018: 273,600) fully paid ordinary shares of Rs. 10 each Market value - Rs. 46.62 per share (2018: Rs. 93.34 per share)	19.95%		
Cost		**3,830**	3,830
Fair value adjustment	*8.2.1*	**8,924**	21,707
		12,754	25,537
8.2.1 Fair value adjustment			
As at 01 July		**21,707**	28,988
Fair value loss		**(12,783)**	(7,281)
As at 30 June		**8,924**	21,707

Rupees in thousand	Note	2019	2018
9 Loan to related party - *secured*			
Long term loan - Berger Road Safety (Private) Limited	*9.1*	**40,000**	40,000
Less: current portion presented under current assets		**(40,000)**	-
		-	40,000
Current portion of loan to related party - *secured*		**40,000**	-

9.1 This represents loan given to Berger Road Safety (Private) Limited, a related party, for purposes of its working capital needs. Mark-up is charged at the average borrowing rate of the Company plus 2.00% per annum (2018: Average borrowing rate of the Company plus 2.00% per annum). The loan is secured against stocks and receivables of the receiving entity and is repayable after 3 years i.e. 24 October 2019.

Rupees in thousand	Note	2019	2018
10 Long term loans - *secured*			
Due from employees - c*onsidered good*	*10.1*	**60,900**	71,396
Less: current portion shown under current assets	*15*	**(16,272)**	(17,036)
		44,628	54,360

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

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

Rupees in thousand	Note	2019	2018
11 Long term deposits - *unsecured*			
Considered good		**21,205**	25,884
Considered doubtful		**4,588**	4,588
		25,793	30,472
Less: provision for doubtful deposits		**(4,588)**	(4,588)
	11.1	**21,205**	25,884

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

Rupees in thousand	2019	2018
12 Deferred taxation		
Deferred tax liability on taxable temporary differences arising in respect of :		
- Accelerated tax depreciation	**(45,612)**	(38,551)
- Surplus on revaluation of fixed assets	**(29,100)**	(29,589)
Deferred tax asset on deductible temporary differences arising in respect of:		
- Provision for doubtful debts, other receivables and deposits	**67,770**	54,227
- Turnover tax credit	**42,000**	-
- Adjustment on initial application of IFRS 9	**1,710**	-
- Provision for slow moving stock	**7,110**	4,913
	118,590	59,140
	43,878	(9,000)

Rupees in thousand	Note	2019	2018
12.1 Movement in deferred tax balances is as follows:			
As at 01 June		**(9,000)**	1,859
Recognized in profit and loss:			
- Accelerated tax depreciation including surplus on revaluation of fixed assets		**12,464**	4,566
- Provision for doubtful debts, other receivables and deposits		**4,867**	(5,697)
- Provision for impairment in capital work in progress		**-**	(1,941)
- Turnover tax credit		**42,000**	-
- Provision for slow moving stock		**1,411**	(670)
- Impact of rate change		**(5,667)**	(10,275)
		55,075	(14,017)
Recognized to revaluation surplus on property plant and machinery:			
- Impact of rate change		**(3,906)**	3,158
- Adjustment on initial application of IFRS 9		**1,709**	-
		(2,197)	3,158
		43,878	(9,000)

Rupees in thousand	Note	2019	2018
13 Stock-in-trade			
Raw and packing materials			
- in hand		**467,584**	611,846
- in transit		**144,028**	57,184
		611,612	669,030
Semi processed goods		**76,751**	80,123
Finished goods			
- Manufactured	*13.1*	**271,041**	280,121
- Trading		**67,194**	90,915
		338,235	371,036
		1,026,598	1,120,189
Provision for slow moving and obsolete stocks			
- Raw material		**(58,730)**	(54,736)
- Semi processed goods		**(4,271)**	(3,183)
- Finished goods		**(46,229)**	(46,359)
		(109,230)	(104,278)
		917,368	1,015,911

13.1 Aggregate stocks with a cost of Rs. 42.86 million (2018: Rs. 31.50 million) are being valued at net realizable value of Rs. 37.30 million (2018: Rs. 26.81 million).

13.2 Details of stock-in-trade subject to charge as security are referred to in note 45 to the financial statements.

Rupees in thousand	Note	2019	2018
14 Trade debts *- unsecured*			
Considered good			
Related parties	*14.1 & 14.2*	**223,778**	199,362
Others		**1,237,236**	965,545
		1,461,014	1,164,907
Considered doubtful			
Others		**208,783**	200,022
		1,669,797	1,364,929
Provision for doubtful debts	*14.3*	**(208,783)**	(200,022)
		1,461,014	1,164,907
14.1 Trade debts include the following amounts due from the following related parties:			
Dadex Eternit Limited - *related party*	*14.1.1*	**-**	222
Buxly Paints Pakistan Limited - *related party*	*14.1.2*	**125,016**	103,669
Berger Road Safety (Private) Limited - *subsidiary of Berger DPI (Private) Limited*	*14.1.3*	**98,762**	95,471
	14.1.4	**223,778**	199,362

14.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 0.27 million.

14.1.2 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 121.84 million.

14.1.3 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 110.71 million.

14.1.4 The company has recognized ECL on these balances amounting to Rs. 5.9 million as at 30 June 2019.

Rupees in thousand	*Note*	**2019**	2018
14.2 Aging of related party balances			
Considered good			
Past due 0 - 30 days		**35,382**	61,854
Past due 31 - 60 days		**48,211**	39,098
Past due 61 - 90 days		**31,811**	37,818
Past due 91 - 120 days		**33,388**	42,385
Past due 121 - 180 days		**57,065**	8,755
Past due 181 - 364 days		**17,921**	9,452
		223,778	199,362
14.3 Movement in provision for doubtful debts			
Balance as at 01 July		**200,022**	224,986
Adjustment on initial application of IFRS 9		**5,897**	-
Provision for the year	*31*	**24,293**	19,827
Bad debts written off		**(2,529)**	(25,954)
Bad debts recovered		**(18,900)**	(18,837)
Balance as at 30 June		**208,783**	200,022
15 Loans and advances			
Current portion of long term loans:			
Due from employees - *secured, considered good*	*10*	**14,708**	15,271
Due from employees - c*onsidered doubtful*		**1,564**	1,765
		16,272	17,036
Less: provision for doubtful loans		**(1,564)**	(1,765)
Advances - unsecured, considered good:			
Employees		**1,571**	1,589
Suppliers		**82,507**	182,826
		84,078	184,415
		98,786	199,686

Rupees in thousand	Note	2019	2018
16 Trade deposits and short term prepayments			
Trade deposits - *considered good*		**26,814**	38,124
Trade deposits - *considered doubtful*		**9,221**	9,221
		36,035	47,345
Provision for doubtful deposits		**(9,221)**	(9,221)
		26,814	38,124
Short term prepayments		**14,392**	13,236
		41,206	51,360
17 Other receivables			
Receivable from related parties	*17.1*	**438**	8,702
Export rebate		**17,959**	15,860
Provision for export rebate		**(11,824)**	(10,000)
		6,135	5,860
Accrued interest		**731**	357
Others		**975**	575
Insurance claim receivable			
Property, plant and equipment		**4,700**	894
Others		**912**	-
		13,891	16,388

17.1 Other receivables include the following amounts due from the following related parties:

Buxly Paints Pakistan Limited - *related party*		**-**	8,702
Berger Road Safety (Private) Limited - *subsidiary of Berger DPI (Private) Limited*	*17.1.1*	**438**	-
		438	8,702

17.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 0.44 million.

17.1.2 This represents receivables related to sharing of common expenses under normal trade as per terms mutually agreed. This amount is not yet due.

18 Short term investment

This represents term deposit receipts which are mark-up based investments with conventional bank. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carrying mark-up at rates ranging from 5.25% to 12.00% per annum (2018: 4.24% to 5.25% per annum).

Rupees in thousand	2019	2018
19 Cash and bank balances		
Cash at bank:		
- current accounts	**75,505**	15,674
Mark-up based deposits with conventional banks:		
- deposit accounts	**-**	4,800
	75,505	20,474
Cash in hand	**1,120**	946
	76,625	21,420

20 Issued, subscribed and paid-up capital

	2019	2018	2019	2018
	(Number of shares)		(Rupees in thousand)	
Authorised share capital				
Ordinary shares of Rs. 10 each	**25,000,000**	25,000,000	**250,000**	250,000
Issued, subscribed and paid-up share capital				
Voting ordinary shares of Rs. 10 each fully paid up in cash	**12,135,798**	12,135,798	**121,358**	121,358
Voting ordinary shares of Rs. 10 each issued as bonus shares	**8,323,912**	6,050,611	**83,239**	60,506
	20,459,710	18,186,409	**204,597**	181,864

20.1 As at 30 June 2019, Slotrapid Limited B.V.I., the Holding Company, and their nominees hold 10,649,314 (2018: 9,466,057) voting ordinary shares of Rs. 10.00 each representing 52.05 % (2018: 52.05 %) of the ordinary paid up capital of the Company.

Rupees in thousand	2019	2018
20.2 ***Movement in number of shares***		
Opening number of shares	**18,186,409**	18,186,409
Issue of bonus shares at the rate of 12.5% (i.e. 1.25 shares for every 10 shares)	**2,273,301**	-
Closing number of shares	**20,459,710**	18,186,409

Rupees in thousand	Note	2019	2018
21 Reserves			
Capital reserve:			
Share premium reserve	*21.1*	**34,086**	56,819
Fair value reserve	*21.2*	**8,924**	21,707
		43,010	78,526
Revenue reserve:			
General reserve		**285,000**	285,000
Accumulated profits		**575,650**	465,140
		860,650	750,140
		903,660	828,666

21.1 This reserve can be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017. Furthermore, movement in this reserve represents issue of bonus shares during the year.

21.2 This represents surplus on revaluation of investment classified as FVOCI financial asset.

Rupees in thousand	2019	2018
22 Revaluation surplus on property, plant and machinery *-net of tax*		
As at beginning of the year	**509,131**	521,363
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year - *net of deferred tax*	**(33,213)**	(15,390)
	(3,906)	3,158
Other adjustments	**-**	-
As at end of the year	**472,012**	509,131

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

Rupees in thousand	Note	2019	2018
23 Long term financing - *secured*			
Mark-up based financing from conventional banks:			
- JS Bank Limited	*23.1 (a)*	**66,667**	133,333
Islamic mode of financing:			
- First Habib Modarba	*23.2 (a)*	**-**	750
- First Habib Modarba	*23.2 (b)*	**3,324**	4,180
- Bank Islami	*23.2 (c)*	**100,000**	-
		169,991	138,263
Mark-up based financing from conventional banks:			
Current maturity shown under current liabilities		**(66,667)**	(66,667)
Islamic mode of financing:			
Current maturity shown under current liabilities		**(13,689)**	(1,631)
		(80,356)	(68,298)
		89,635	69,965

23.1 (a) This represents a long term loan of Rs. 200 million obtained in 2017, for restructuring of statement of financial position. Principle terms of loan are as follows:

Principle repayment

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

Rate of return

Mark-up is payable quarterly and charged at the rate of three month KIBOR plus 0.75% per annum (2018: three month KIBOR plus 0.75% per annum).

Security

The loan is secured against an equitable mortgage and first charge amounting to Rs. 371.00 million on land and building of Lahore factory.

23.2 (a) The loan has been repaid in full during the year.

23.2 (b) This represents diminishing musharika facility of Rs. 5.28 million obtained in 2017, from First Habib Modarba for purchase of vehicle.

Principle repayment

The outstanding principal is repayable in 20 quarterly installments ending in February 2022.

Rate of return

Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.00% per annum (2018: six month's KIBOR plus 1.00% per annum).

Security

The facility is secured against charge over present and future current and fixed assets of the Company. The Company holds asset with joint ownership with the Modarba.

23.2 (c) This represents diminishing musharika facility of Rs. 100 million obtained in November 2018 for a period of 5 years, from Bank Islami to pay off conventional liabilities.

Principle repayment

The outstanding principal is repayable in monthly installments of Rs. 2.08 million each ending in November 2023 with a grace period of 1 year.

Rate of return

Mark-up is payable monthly and charged at the rate of six month KIBOR plus 1.75% per annum (2018: Nil) with floor of 10.00% and ceiling of 20.00%

Security

The loan is secured against exclusive charge over plant and machinery and a ranking charge over present and future assets of the company amounting to Rs. 133 million.

Rupees in thousand	*Note*	**2019**	2018
24 Staff retirement and other long term benefits			
Defined benefit plan			
Staff pension fund	*24.1*	**36,620**	41,704
Staff gratuity fund	*24.1*	**90,372**	74,235
		126,992	115,939
Other long term employee benefits			
Accumulating compensated absences	*24.13*	**27,057**	26,653
		154,049	142,592

Defined benefit plan

As mentioned in note 3.11 the Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2019. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2019	2018
Valuation discount rate	**12.5%**	9%
Expected rate of increase in salary level	**11.5%**	8%
Rate of return on plan assets	**12.5%**	9%
Retirement age	**60 years**	60 years
Withdrawal Rates	**Age-Based (per appendix)**	Age-Based (per appendix)
Expected mortality rate	**SLIC (2001-05)**	SLIC (2001-05)

Rupees in thousand

		2019		2018	
		Pension	**Gratuity**	Pension	Gratuity
24.1	**Statement of financial position reconciliation**				
	Present value of defined benefit obligation	**88,089**	**90,412**	92,218	74,330
	Fair value of plan assets	**(51,468)**	**(39)**	(50,514)	(95)
		36,621	**90,373**	41,704	74,235
24.2	**Movement in the fair value of plan assets is as follows:**				
	Fair value as at 01 July	**50,514**	**95**	50,956	480
	Expected return on plan assets	**4,446**	**25**	4,561	18
	Remeasurement (loss) / gain	**(1,254)**	**(238)**	(4,451)	159
	Company's contribution	**-**	**11,211**	2,000	8,441
	Benefits paid	**(2,238)**	**(11,054)**	(2,552)	(9,003)
	Fair value as at 30 June	**51,468**	**39**	50,514	95
24.3	**Movement in defined benefit obligation is as follows:**				
	Obligation as at 01 July	**92,218**	**74,330**	81,835	65,724
	Employees' contribution not paid to the fund by the Company	**1,475**	**-**	1,515	-
	Service cost	**3,494**	**10,768**	4,874	9,721
	Interest cost	**8,199**	**6,192**	7,250	5,510
	Benefits paid	**(2,238)**	**(11,054)**	(2,552)	(9,003)
	Remeasurement (gain) / loss	**(15,059)**	**10,176**	(704)	2,378
	Obligation as at 30 June	**88,089**	**90,412**	92,218	74,330
24.4	**Charge for the year -*net***				
	Current service cost	**3,494**	**10,768**	4,874	9,721
	Interest cost	**8,199**	**6,192**	7,250	5,510
	Expected return on plan assets	**(4,446)**	**(25)**	(4,561)	(18)
		7,247	**16,935**	7,563	15,213
	Actual return on plan assets	**3,192**	**(213)**	110	177

Rupees in thousand

	2019		2018	
	Pension	**Gratuity**	Pension	Gratuity
24.5 Movement in net liability in the balance sheet is as follows:				
Net liability as at 01 July	**41,704**	**74,235**	30,879	65,244
Charge for the year	**7,247**	**16,935**	7,563	15,213
Charge to other comprehensive income during the year	**(13,805)**	**10,414**	3,747	2,219
Company's contribution	**-**	**(11,211)**	(2,000)	(8,441)
Employees' contribution deducted but not paid to the fund	**1,475**	**-**	1,515	-
Net liability as at 30 June	**36,621**	**90,373**	41,704	74,235
24.6 The charge for the year has been allocated as follows:				
Cost of sales	**3,624**	**8,468**	3,782	7,607
Selling and distribution costs	**2,971**	**6,943**	3,101	6,237
Administrative and general expenses	**652**	**1,524**	680	1,369
	7,247	**16,935**	7,563	15,213
24.7 Plan assets comprise the following:				
Defence Saving Certificates	**13,250**	**-**	11,500	-
Cash at bank/pay order in hand	**4,198**	**39**	6,522	95
JS Islamic Hybrid Fund of Funds Mustahkem	**18,471**	**-**	17,492	-
NBP Fullerton Asset Management Ltd.	**15,548**	**-**	15,000	-
	51,467	**39**	50,514	95

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

Rupees in thousand

	2019	2018	2017	2016	2015
As at 30 June					
Present value of defined benefit obligation	**178,501**	166,548	130,969	106,517	87,436
Fair value of plan assets	**(51,507)**	(50,609)	(46,385)	(43,310)	(42,152)
Deficit	**126,994**	115,939	84,584	63,207	45,284
Experience adjustment:					
(Gain) / loss on obligations	**(4,883)**	1,674	2,444	3,187	(8,305)
Loss / (gain) on plan assets	**4,471**	4,720	368	(1,906)	(694)

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

24.9 Expected expense for next year

The expected expense to the pension and gratuity schemes for the year ending 30 June 2020 works out to Rs. 8.28 million and Rs. 23.05 million respectively.

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

Salary risks

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

Mortality / withdrawal risks

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

24.11 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1.00% with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

Impact on present value of defined benefit obligation as at 30 June 2019

Rupees in thousand

		Pension		Gratuity	
	Change	Increase to	Decrease to	Increase to	Decrease to
Discount rate	1.00%	**76,250**	**102,789**	**82,181**	**100,740**
Future salary	1.00%	**95,489**	**81,620**	**100,740**	**82,038**

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

24.12 Weighted average duration of the defined benefit obligation is 24 years and 09 years for pension and gratuity plans, respectively.

Rupees in thousand	2019	2018
24.13 Other long term employee benefits		
Movement in accumulated compensated absences		
Balance as at 01 July	**26,653**	23,854
Provision during the year	**4,457**	5,545
Payments made during the year	**(4,053)**	(2,746)
Balance as at 30 June	**27,057**	26,653

	Rupees in thousand	2019	2018
24.14	**Reconciliation of present value of liability**		
	Present value of liability as at 01 July	**26,653**	23,854
	Service cost	**3,896**	4,082
	Interest on defined benefit liability	**2,216**	2,023
	Benefits paid	**(4,053)**	(2,746)
	Remeasurement gain	**(1,655)**	(560)
		27,057	26,653
24.15	**Charge for the year**		
	Service cost	**3,896**	4,082
	Interest on defined benefit liability	**2,216**	2,023
	Remeasurement gain	**(1,655)**	(560)
		4,457	5,545
24.16	The charge for the year has been allocated as follows:		
	Cost of sales	**2,229**	2,773
	Selling and distribution costs	**1,827**	2,273
	Administrative and general expenses	**401**	499
		4,457	5,545

24.17 The investments out of provident fund and pension fund as at 31 December 2018 have been made in accordance with the requirements of section 218 of the Companies Act, 2017.

Rupees in thousand	Note	2019	2018
25 Trade and other payables			
Trade and other creditors		**572,177**	600,793
Import bills payable		**324,476**	378,241
Advances from customer		**-**	71,945
Contract liabilities		**56,420**	-
Accrued expenses		**30,366**	44,901
Provision for infrastructure cess	*25.1*	**68,609**	61,079
Royalty payable to related parties - *unsecured*	*25.2*	**39,119**	38,481
Technical fee payable		**32,729**	26,390
Workers' Profits Participation Fund	*25.3*	**11,132**	12,753
Workers' Welfare Fund	*25.4*	**36,236**	32,712
Income tax deducted at source and EOBI payable		**16,239**	11,505
Insurance claim payable		**661**	25
Others		**4,349**	23,118
		1,192,513	1,301,943

25.1 Provision for infrastructure cess

Balance as at 01 July		**61,079**	51,265
Provision for the year		**7,530**	9,814
Balance as at 30 June		**68,609**	61,079

25.2 This includes amount due to the following related parties:

Slotrapid Limited B.V.I. - *the Holding Company*		**38,823**	38,516
Buxly Paints Limited - *related party*		**296**	(35)
		39,119	38,481

25.3 Workers' Profits Participation Fund

Balance as at 01 July		**12,753**	18,689
Allocation for the year	*34*	**6,568**	8,152
Interest on funds utilized in the Company's business	*35*	**838**	875
		20,159	27,716
Payments during the year		**(9,027)**	(14,963)
Balance as at 30 June		**11,132**	12,753

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

25.4 Workers' Welfare Fund

It majorly represents balance payable after the Honorable Sindh High Court order dated March 01, 2013 declared the amendments made in the The Workers' Welfare Fund Ordinance, 1971 ("WWF") through Finance Act, 2008. The Honorable Supreme Court of Pakistan vide its order dated November 10, 2016, held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending.

The management of the Company is of the view that consequent to filing of these review petitions the judgment may not currently be treated as conclusive, therefore as a matter of prudence and abundant caution, the management has decided to continue to provide for WWF in these financial statements. without prejudice and without admitting liability. The Company shall revisit the position on the final outcome of the review petition.

Rupees in thousand	*Note*	**2019**	2018
26 Interest / mark-up accrued on borrowings			
<u>*Mark-up based borrowings from conventional banks*</u>			
Long term financing - *secured*		**2,077**	2,378
Short term financing - *secured*		**1,553**	1,553
Short term running finances - *secured*		**35,802**	12,534
		39,432	16,465
27 Short term borrowings -*secured*			
<u>*Mark-up based borrowings from conventional banks*</u>			
Short term financing - *secured*	*27.1*	**100,000**	400,000
Short term running finance - *secured*	*27.2*	**1,104,747**	737,989
		1,204,747	1,137,989

27.1 Short term financing

This represents utilized amount of short term financing facilites under mark-up arrangements available from commercial banks aggregating to Rs. 100 million (2018: Rs. 500 million) which is a sublimit of running finance facilities as described in note 27.2 to the financial statements. These facilities are secured against joint pari passu charge on all present and future current assets, registered charge (mortagage and hypothecation) over the current assets of the Company and carry mark-up at rates ranging between 7.72% and 12.09% (2018: 7.25% and 8.03%) per annum, payable quarterly. Refer to note 45 for details of charge registered.

27.2 Short term running finances

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 1,400 million (2018: Rs. 1,150 million). These facilities are secured against registered charge over the current assets of the Company and carry mark-up at rates ranging between 8.60% and 12.09% (2017: 7.14% and 8.17%) per annum, payable quarterly.

27.3 Unavailed credit facilities

The available facilities for opening of letters of credit and guarantees as at 30 June 2019 amounted to Rs. 2,684.07 million (2018: Rs. 1,450 million) out of which Rs. 2,224.55 million remained unavailed as at the reporting date (2018: Rs. 850.74 million).

28 Contingencies and commitments

28.1 Contingencies

- In 1987, the Company filed a suit against an ex-distributor ("the distributor") in the High Court of Sindh ("the court") for recovery of Rs. 8.89 million and damages amounting to Rs. 5.00 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs. 78.15 million against the Company in the court on account of damages and compensation. Consequently on the basis of legal advice the management believes that it has a strong case and no financial obligation is expected to arise.

- The Sindh Revenue Board ("SRB") through assessment order 490/2014 dated 18 September 2014 raised sales tax demand of Rs. 39.34 million along-with penalty but excluding default surcharge on the grounds that the Company has received franchise services through its registered office in Karachi but had not paid sales tax on these services for the tax periods July, 2011 to June, 2013. Department (SRB) had inadvertently added all royalty figures appearing in accounts including royalty receivable, royalty payable, royalty expense and related party transfers for the calculation of tax on royalties. The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Company is managing its affairs from the province of Punjab as the head office and the manufacturing facility is located there. The Commissioner (Appeals) had reduced the demand to Rs. 8.18 million, against which the Company had filed an appeal before Appellate Tribunal SRB which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements..

- The Sindh High Court ("the Court") in the case of 'Kasim Textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company may not be entitled to carry forward minimum tax paid in the tax year 2014 of Rs 39.12 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those may also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly minimum tax is adjusted against tax liability for the current year.

- During 2018, the Deputy Commissioner Inland Revenue issued show cause notices for collection of income tax under section 236G / 236H of the Income Tax Ordinance 2001. In this regard, the taxation officer raised demands of Rs. 19.90 million, Rs. 9.937 million, Rs. 19.10 million and Rs. 10 million for Tax years 2014, 2015, 2016 and 2017 vide assessment orders dated 28 March 2017, 02 February 2017, 12 June 2017 and 18 April 2018 respectively. The Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals ("CIR - A") against the said orders which are still pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

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

- For tax year 2016, the Commissioner Appeals - I, Lahore, vide its order number 25 dated 20 July 2018, deleted certains additions and remanded the case on certain issues and upheld the case on issue of contractor services which invloves revenue of Rs. 10,671,768. Appeal against this order was filed on 17 August 2018 which has not been heard. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

- During the year, a notice from PRA having number PRA/Royalty/2016/12 dated 22 June 2016 involving an amount of Rs. 11,446,800 as royalty fee and technical services for the period October 2012 to March 2015 was issued which is under investigation / adjudication proceedings. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.
- The Additional Commissioner Enforcement Punjab Revenue Authority issued a show cause notice PRA/ENF-IV/WHT/BERGER/1161 dated 17 January 2019 and assesment order ENF-IV/29/05/2019 dated 25 April 2019 creating demand of Rs. 132 million u/s 52 read with 14 & 19 of Punjab Sales Tax on Services Act 2012. However, the Company through its legal counsel filed appeal before Commissioner Appeals PRA against the order of Additional Commissioner for which hearing is pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.
- Various cases on account of income tax and sales tax matters involving an amount Rs. 24.83 million are also pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome in all these cases, hence no provision has been recorded in these financial statements.

28.2 Commitments

- Outstanding letters of credit as at 30 June 2019 amounted to Rs. 346.84 million (2018: Rs. 533.72 million) for purchase of raw and packing materials.
- Outstanding letters of guarantee as at 30 June 2019 amounted to Rs. 112.68 million (2018: Rs. 65.71 million).
- The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

Rupees in thousand	**2019**	2018
Not later than one year	**12,429**	15,371
Later than one year and not later than five years	**19,218**	40,937
	31,647	56,308

29 Sales - *net*

		2019	2018
Local		**6,819,543**	7,773,887
Export		**135,220**	162,584
		6,954,763	7,936,471
Less:	Discounts	**(904,927)**	(1,460,095)
	Sales tax	**(929,392)**	(1,023,155)
		(1,834,319)	(2,483,250)
		5,120,444	5,453,221

Rupees in thousand	Note	2019	2018

30 Cost of sales

Finished goods as at 01 July		**280,121**	326,810
Cost of goods manufactured	*30.1*	**3,917,058**	4,109,987
Provision against slowing moving finished goods		**(130)**	2,885
Less: Finished goods as at 30 June	*13*	**(271,041)**	(280,121)
Consumption of finished goods purchased for resale	*30.2*	**78,013**	103,012
Cost of sales		**4,004,021**	4,262,573

30.1 Cost of goods manufactured

Raw and packing materials consumed		**3,309,860**	3,534,028
Freight and handling		**128,556**	113,856
Provision charged / (reversed) against raw and packing material		**3,994**	(3,503)
Stores and spare parts consumed		**2,523**	4,215
Salaries, wages and other benefits	*30.1.1*	**241,026**	251,380
Travelling and conveyance		**3,946**	5,511
Fuel, water and power		**102,326**	91,313
Legal and professional		**2,062**	979
Rent, rates and taxes		**-**	126
Insurance		**9,026**	8,611
Repairs and maintenance		**32,868**	33,925
Depreciation on property, plant and equipment	*6.7*	**53,506**	57,762
Amortization	*7.1.1*	**352**	566
Ijarah lease rentals		**3,314**	3,710
Printing and stationery		**2,077**	2,379
Communication		**1,516**	1,318
Others		**15,646**	15,687
		3,912,598	4,121,863
Opening stock of semi-processed goods	*13*	**80,123**	70,531
Closing stock of semi-processed goods	*13*	**(76,751)**	(80,123)
Provision charged during the year		**1,088**	(2,284)
Cost of goods manufactured		**3,917,058**	4,109,987

30.1.1 Salaries, wages and benefits include Rs. 8.47 million (2018: Rs. 7.60 million) in respect of gratuity, Rs. 3.62 million (2018: Rs. 3.78 million) in respect of pension fund, Rs. 2.23 million (2018: Rs. 2.77 million) in respect of compensated absences and Rs. 4.09 million (2018: Rs. 3.94 million) in respect of provident fund contribution.

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

Rupees in thousand	*Note*	**2019**	2018
Finished goods as at 01 July		**90,915**	99,700
Add: Finished goods purchased for resale during the year		**54,292**	94,227
Less: Consumption of finished goods during the year		**(78,013)**	(103,012)
Finished goods as at 30 June		**67,194**	90,915

31 Selling and distribution costs

Salaries and other benefits	*31.1*	**364,897**	392,424
Travelling and conveyance		**5,075**	28,834
Rent, rates and taxes		**3,937**	7,102
Insurance		**9,504**	9,441
Fuel, water and power		**6,181**	6,010
Advertising and sales promotion		**174,116**	247,224
Technical services and royalty fee	*31.2*	**49,673**	41,909
Repairs and maintenance		**2,939**	11,380
Depreciation on property, plant and equipment	*6.7*	**15,030**	13,093
Amortization	*7.1.1*	**314**	325
Ijarah lease rentals		**6,881**	4,832
Provision for doubtful debts - *net of recoveries*	*14.3*	**5,393**	990
Printing and stationery		**2,642**	2,331
Legal and professional		**2,907**	2,178
Communication		**7,130**	7,602
Others		**8,758**	9,335
		665,377	785,010

31.1 Salaries and other benefits include Rs. 6.94 million (2018: Rs. 6.23 million) in respect of gratuity, Rs. 2.97 million (2018: Rs. 3.10 million) in respect of pension fund, Rs. 1.83 million (2018: Rs. 2.27 million) in respect of compensated absences and Rs. 9.91 million (2018: Rs. 10.14 million) in respect of provident fund contribution.

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

Rupees in thousand

Name / address of the party	Relationship with Company	2019	2018
Nippon Paint Company Limited *(2-1-2 Oyodo – Kita, Kita-Ku, Osaka – 531-8511 Japan.)*	**Licensor**	**4,252**	5,770
Slotrapid Limited *Suit# 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.*	**Licensor (the Holding Company)**	**38,823**	31,896
Buxly Paints Limited *(X-3, Mangopir Road, S.I.T.E., Karachi.)*	**Licensor (Common Group)**	**1,556**	2,034
Nippon Bee Chemical Company Limited *(14-1, 2-Chome, Shodai-Ohtani, Hirakata City, Osaka 573, Japan.)*	**Licensor**	**694**	331
Oxyplast Belgium N.V. *(Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)*	**Licensor**	**4,348**	1,878
		49,673	41,909

Rupees in thousand	Note	2019	2018
32 Administrative and general expenses			
Salaries and other benefits	*32.1*	**110,097**	108,531
Directors' meeting fee		**3,600**	4,475
Travelling and conveyance		**6,150**	7,594
Rent, rates and taxes		**6,822**	4,763
Insurance		**8,440**	11,685
Auditors' remuneration	*32.2*	**2,249**	1,917
Fuel, water and power		**1,975**	1,748
Repairs and maintenance		**2,501**	2,880
Depreciation on property, plant and equipment	*6.7*	**9,256**	8,923
Amortization of computer software	*7.1.1*	**4,672**	3,769
Ijarah lease rentals		**4,175**	4,147
Printing and stationery		**1,299**	1,403
Legal and professional		**13,973**	17,288
Communication		**2,764**	2,861
Others		**6,711**	9,403
		184,684	191,387

32.1 Salaries and other benefits include Rs. 1.52 million (2018: Rs. 1.37 million) in respect of gratuity, Rs. 0.65 million (2018: Rs. 0.68 million) in respect of pension fund, Rs. 0.40 million (2018: Rs. 0.49 million) in respect of compensated absences and Rs. 6.53 million (2018: Rs. 6.39 million) in respect of provident fund contribution.

Rupees in thousand	2019	2018
32.2 Auditors' remuneration		
Audit fee	**1,490**	1,290
Consolidation and half yearly review	**518**	440
Out of pocket expenses	**241**	187
	2,249	1,917

Rupees in thousand	Note	2019	2018
33 Other income - *net*			
Income from financial assets			
Mark-up on term deposit receipts and long term loan	33.1	**12,150**	6,638
Income from non financial assets			
Sale of scrap		**15,296**	17,449
Gain on disposal of property, plant and equipment		**12,324**	9,363
Rental income and other services charged to related parties		**7,069**	7,746
Export rebate		**2,653**	2,280
Insurance claim			
Property plant and equipment		**4,700**	-
Others		**2,676**	2,581
Provision charged for impairment loss on capital work in progress	6.6.1	**-**	8,059
Exchange loss		**(33,063)**	(18,271)
Others	33.2	**7,876**	1,078
		19,531	30,285
		31,681	36,923

33.1 This includes interest income of Rs. 8.64 million (2018: 4.55 million) on loan given to a related party.

33.2 This mainly includes penalty charged to suppliers and customers of Rs. 0.52 million (2018: Rs. 0.39 million).

Rupees in thousand	Note	2019	2018
34 Other expenses			
Impairment on goodwill		**8,263**	4,487
Reversal / provision for doubtful loans		**(201)**	1,765
Workers' Welfare Fund		**3,524**	1,416
Workers' Profit Participation fund	25.3	**6,568**	8,152
Provision for export rebate		**1,824**	-
		19,978	15,820
35 Finance cost			
Islamic mode of financing:			
- Long term financing (musharka) - *secured*		**369**	329
Mark-up based borrowings from conventional banks:			
- Long term financing - *secured*		**18,758**	11,252
- Short term financing - *secured*		**23,927**	28,677
- Short term running finances - *secured*		**105,658**	43,144
		148,343	83,073
Interest on WPPF	25.3	**838**	875
Bank charges		**15,517**	3,865
		165,067	88,142

Rupees in thousand	2019	2018
36 Taxation		
Current		
- for the year	**67,248**	67,105
- prior year	**-**	(36,016)
	67,248	31,089
Deferred		
- current year	**(55,075)**	14,017
	12,173	45,106

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

	2019	2018
Applicable tax rate	**29.00%**	30.00%
Tax effect of:		
- income under Final Tax Regime	**14.62%**	-0.35%
- minimum tax	**16.25%**	15.24%
- temporary difference due to turnover tax credit	**-37.20%**	0.00%
- other temporary difference including rate adjustment	**-11.58%**	9.52%
- prior year adjustment	**0.00%**	-24.47%
- others	**-0.31%**	0.69%
Average effective tax rate charged to profit and loss account	**10.78%**	30.64%

36.2 The Board of Directors in their meeting held on 19 September 2019 have recommended final cash dividend of Re. 1 per share for the year ended 30 June 2019 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax in this respect has been made in these financial statements.

36.3 Super tax under section 4(b) of the Income Tax Ordinance, 2001 is not applicable to the Company as the imputable income does not meet the threshold of Rs. 500 million.

36.4 The tax provision is charged by considering the provision of section 113 under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and imports and income from other sources which is full and final discharge of Company's tax liability in respect of income arising from such source.

Rupees in thousand	2019	2018 *(Restated)*
37 Earnings per share -*basic and diluted*		
Profit after taxation	**100,825**	102,106

Number of shares	2019	2018 *(Restated)*
Reconciliation of weighted average number of shares		
Voting ordinary shares of Rs. 10 each fully paid up in cash	**12,135,798**	12,135,798
Voting ordinary shares of Rs. 10 each issued as bonus shares	**8,323,912**	6,050,611
Effect of bonus issue	**-**	2,273,301
Weighted average number of shares outstanding during the year	**20,459,710**	20,459,710
	(Rupees)	
		(Restated)
Earnings per share	**4.93**	4.99

37.1 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options as at 30 June 2019, which would have an impact on earnings per share when exercised.

Rupees in thousand	*Note*	2019	2018
38 Cash and cash equivalents			
Cash and bank balances	*19*	**76,625**	21,420
Short term running finance - *secured*	*27.2*	**(1,104,747)**	(737,989)
		(1,028,122)	(716,569)

39 Remuneration of Chief Executive, Directors and Executives

Rupees in thousand

	2019			2018		
	Chief Executive	**Executives**	**Non-Executive Directors**	Chief Executive	Executives	Non-Executive Directors
Managerial remuneration (including bonus)	**12,727**	**52,458**	**-**	10,910	54,728	-
Retirement and other long term benefits	**12,909**	**36,152**	**-**	7,455	28,592	-
House Rent Allowance	**-**	**22,166**	**-**	-	2,063	-
Utilities	**-**	**4,926**	**-**	-	4,903	-
Medical expenses	**1,273**	**1,959**	**-**	1,090	2,537	-
	26,909	**117,661**	**-**	19,455	92,823	-
Number of persons	**1**	**24**	**7**	1	28	6

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

39.2 Non-executive directors were paid meeting fee aggregating Rs. 3.6 million (2018: Rs. 4.48 million).

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

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

Rupees in thousand

	2019					
	Issued, subscribed and paid-up capital	**Unclaimed Dividend**	**Long term financing**	**Short term borrowing**	**Accrued mark-up**	**Total**
As at 30 June 2018	181,864	4,756	138,263	1,137,989	16,465	**1,479,337**
Changes from financing cash flows						
Dividend paid	-	(21,509)	-	-	-	**(21,509)**
Financial charges paid	-	-	-	-	(142,100)	**(142,100)**
Long term financing	-	-	31,728	-	-	**31,728**
Total changes from financing cash flows	**-**	**(21,509)**	**31,728**	**-**	**(142,100)**	**(131,881)**
Other changes						
Change in borrowings	-	-	-	66,758	-	**66,758**
Dividend declared	-	22,733	-	-	-	**22,733**
Bonus issue	22,733	-	-	-	-	**22,733**
Interest expense	-	-	-	-	165,067	**165,067**
Total liability related other changes	**22,733**	**22,733**	**-**	**66,758**	**165,067**	**277,291**
As at 30 June 2019	**204,597**	**5,980**	**169,991**	**1,204,747**	**39,432**	**1,624,747**

Number of persons	2019	2018

41 Number of employees

The Company has employed following number of persons:

	2019	2018
- As at 30 June	737	921
- Average number of employees	875	931

42 Transactions with related parties

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

Material transactions with related parties are given below:

Rupees in thousand

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2019	2018
Holding Company				
Slotrapid Limited B.V.I.	52.05%	Royalty expense	38,823	38,516
		Payment / Adjustment	38,516	35,545
		Dividend paid	11,519	-
Subsidiary				
Berger Road Safety (Private) Limited (Wholly owned subsidiary of Berger DPI (Private) Limited)	-	Sales	171,576	182,249
		Rental income and other	14,509	10,600
		Common expenditures incurred	37,837	44,671
		Receipts / Adjustments	24,804	43,659
Associated				
3S Pharmaceutical (Private) Limited	49.00%	Common expenditures incurred	438	273
		Receipts / Adjustments	-	283
Related parties				
Buxly Paints Limited ("BPL") (Common Group)	19.95%	Sales	179,539	244,162
		Toll manufacturing income	22,356	28,679
		Royalty expense	1,556	2,034
		Rental expense	1,812	1,812
		Rental income and other services	1,200	1,200
		Common expenditures incurred	13,052	13,775
		Receipts / Adjustments	5,735	12,500

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

Rupees in thousand

Name of parties, nature and basis of relationship	**Holding Percentage**	**Nature of transaction**	**2019**	2018
Dadex Eternit Limited	-	Sales	**257**	1,254
Post employment benefit plans	-	Contribution to gratuity fund	**11,211**	8,441
(Key Management Personnel)		Contribution to pension fund	**-**	2,000
		Provident fund contribution	**41,064**	40,964

43 Financial instruments

43.1 Risk management framework

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

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

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

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

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

43.1.1 Market risk

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

(i) **Foreign exchange risk**

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

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

In thousands	**2019**	2018
Statement of financial position items		
Trade and other payables - Euro	**(8)**	(27)
Net exposure - Euro	**(8)**	(27)
Trade and other payables - USD	**(1,673)**	(2,695)
Net exposure - USD	**(1,673)**	(2,695)
Trade and other payables - JPY	**(32,036)**	(46,000)
Net exposure - JPY	**(32,036)**	(46,000)

Off statement of financial position items

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

Amount in thousand	
Euro	(7)
USD	(865)
JPY	(8,388)

The following significant exchange rates were applied during the year:

In rupees	**2019**	2018
Rupees per Euro		
Average rate for the year	**156.65**	134.38
Reporting date rate - *selling*	**186.99**	144.70
Rupees per USD		
Average rate for the year	**137.44**	112.94
Reporting date rate - *selling*	**164.50**	124.40
Rupees per JPY		
Average rate for the year	**1.24**	1.01
Reporting date rate - *selling*	**1.53**	1.11

Sensitivity analysis

If the functional currency, at reporting date, had fluctuated by 5.00% against the Euro, USD and JPY with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 16.28 million (2018: Rs. 19.51 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

(ii) Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Sensitivity analysis

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

Rupees in thousands	Impact on equity	
	2019	2018
Buxly Paints Limited	**1,275**	2,554

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

(iii) Interest rate risk

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

Fixed rate financial instruments

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

Amount in thousand

	2019		2018	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Non-derivative financial instruments				
Short term investment	**32,195**	**-**	25,195	-
Bank balances - deposit accounts	**-**	**-**	4,800	-
	32,195	**-**	29,995	-

Fair value sensitivity analysis for fixed rate instruments

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

Variable rate financial instruments

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

Rupees in thousand

	2019		2018	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
Non-derivative financial instruments				
Short term investment	**-**	**-**	17,080	-
Short term borrowings - *secured*	**-**	**1,204,747**	-	1,137,989
Long term financing - *secured*	**-**	**169,991**	-	138,263
	-	**1,374,738**	17,080	1,276,252

Cash flow sensitivity analysis for variable rate instruments

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

Rupees in thousand

	Profit	
	2019	2018
Increase of 100 basis points		
Variable rate instruments	**13,747**	12,592
Decrease of 100 basis points		
Variable rate instruments	**(13,747)**	(12,592)

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

43.1.2 Credit risk

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

Exposure to credit risk

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

Rupees in thousand	*Note*	**2019**	2018
Loans and receivables			
Loan to related party - *secured*	9	**40,000**	40,000
Long term loans - *secured*	*10*	**44,628**	54,360
Long term deposits	*11*	**21,205**	25,884
Loans and advances	*15*	**14,708**	15,271
Trade debts - *unsecured*	*14*	**1,461,014**	1,164,907
Trade deposits	*16*	**26,814**	38,124
Other receivables	*17*	**2,618**	1,826
Short term investment - *secured*	*18*	**32,195**	42,275
Bank balances	*19*	**75,505**	20,474
		1,718,687	1,403,121

Concentration of credit risk

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

Customers	**1,461,014**	1,164,907
Banking companies and financial institutions	**107,700**	62,749
Others	**149,973**	175,465
	1,718,687	1,403,121

Credit quality of financial assets

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

(i) Long term loans

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

(ii) Long term deposits

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

(iii) Trade debts

The trade debts as at the statement of financial position date are classified in Pak Rupees. The Compay recognises loss allowances based on ECL model as fully explained in note 3.1.5.

(iv) Bank balances

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

Rupees in thousand	2019	2018
Cash and bank balances		
In current accounts	**75,505**	15,674
In deposit accounts	**-**	4,800
Short term investment	**32,195**	42,275
	107,700	62,749

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

Rupees in thousand

	Rating		Rating		
Banks	**Short term**	**Long term**	**Agency**	**2019**	2018
Bank Al Habib Limited	A1+	AA+	PACRA	**27,478**	18,915
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**17,798**	16,686
United Bank Limited	A-1+	AAA	JCR-VIS	**-**	82
Habib Bank Limited	A-1+	AAA	JCR-VIS	**4,350**	3,241
JS Bank Limited	A1+	AA-	PACRA	**27,000**	23,000
Al-Barka Bank Limited	A1	A	PACRA	**711**	11
Bank Alfalah Limited	A1+	AA+	PACRA	**100**	100
National Bank of Pakistan	A1+	AAA	PACRA	**18,085**	714
Summit Bank Limited	A3	BBB-	JCR-VIS	**604**	-
Bank Islami	A1	A+	PACRA	**11,574**	-
				107,700	62,749

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

Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 3.13. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2019 (on adoption of IFRS 9) was determined as follows:

The aging of trade debts at the reporting date is:

Rupees in thousand

	2019		2018	
	Gross carrying amount	**Loss Allowance**	Gross carrying amount	Loss Allowance
Past due 0 - 30 days	**512,313**	**16,576**	439,512	6,240
Past due 31 - 60 days	**337,171**	**7,151**	384,139	7,879
Past due 61 - 90 days	**240,226**	**8,691**	211,612	7,312
Past due 91 - 120 days	**141,732**	**5,952**	181,771	9,059
Past due 121 - 180 days	**268,337**	**17,132**	216,301	16,193
Past due 181 - 364 days	**112,700**	**12,829**	134,693	18,785
Past due over one year	**140,452**	**140,452**	171,575	140,452
	1,752,931	**208,783**	1,739,603	205,920

43.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset, or that such obligation will have to be settled in a manner unfavorable to Company. The Company's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit limits.

The following are the contractual maturities of financial liabilities as at 30 June 2019:

Rupees in thousand

	Carrying amount	**Contractual cash flow**	**Less than one year**	**One to five years**	**More than five years**
Non derivative financial liabilities					
Long term financing - *secured*	**169,991**	**169,991**	**80,356**	**89,635**	**-**
Trade and other payables	**1,003,216**	**1,003,216**	**1,003,216**	**-**	**-**
Interest / mark-up accrued on borrowings	**39,432**	**39,432**	**39,432**	**-**	**-**
Short term borrowings - *secured*	**1,204,747**	**1,287,804**	**1,287,804**	**-**	**-**
	2,417,386	**2,500,443**	**2,410,808**	**89,635**	**-**

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

Rupees in thousand

	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Non derivative financial liabilities					
Long term financing - *secured*	138,263	144,101	74,439	69,662	-
Trade and other payables	1,111,924	1,111,924	1,111,924	-	-
Interest / mark-up accrued on borrowings	16,465	16,465	16,465	-	-
Short term borrowings - *secured*	1,137,989	1,221,046	1,221,046	-	-
	2,404,641	2,493,536	2,423,874	69,662	-

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

43.2 Fair value measurement of financial instruments

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

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

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

Rupees in thousand

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2019								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	12,754	-	12,754	12,754	-	-	12,754
Financial assets - at amortised cost								
Loan to related party - *secured*	-	-	-	-	-	-	-	-
Long term loans - *secured*	44,628	-	-	44,628	-	-	-	-
Long term deposits	21,205	-	-	21,205	-	-	-	-
Loans and advances	14,708	-	-	14,708	-	-	-	-
Trade debts	1,461,014	-	-	1,461,014	-	-	-	-
Trade deposits	26,814	-	-	26,814	-	-	-	-
Other receivables	2,618	-	-	2,618	-	-	-	-
Short term investment - *secured*	32,195	-	-	32,195	-	-	-	-
Loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Cash and bank balances	75,505	-	-	75,505	-	-	-	-
	1,718,687	12,754	-	1,731,441	12,754	-	-	12,754
Financial liabilities - measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities - at amortised cost								
Long term financing - *secured*	-	-	169,991	169,991	-	-	-	-
Trade and other payables	-	-	1,003,216	1,003,216	-	-	-	-
Interest / mark-up accrued on borrowings	-	-	39,432	39,432	-	-	-	-
Short term borrowings - *secured*	-	-	1,204,747	1,204,747	-	-	-	-
	-	-	2,417,386	2,417,386	-	-	-	-

Rupees in thousand

	Carrying amount				Fair value			
	Loans and receivables at amortised cost	Available for sale	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2018								
Financial assets - measured at fair value								
Available for sale investment	-	25,537	-	25,537	25,537	-	-	25,537
Financial assets - at amortised cost								
Loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Long term loans - secured	54,360	-	-	54,360	-	-	-	-
Long term deposits	20,774	-	-	20,774	-	-	-	-
Loans and advances	15,271	-	-	15,271	-	-	-	-
Trade debts	1,164,907	-	-	1,164,907	-	-	-	-
Trade deposits	38,124	-	-	38,124	-	-	-	-
Other receivables	1,801	-	-	1,801	-	-	-	-
Short term investment - secured	42,275	-	-	42,275	-	-	-	-
Cash and bank balances	20,474	-	-	20,474	-	-	-	-
	1,397,986	25,537	-	1,423,523	25,537	-	-	25,537
Financial liabilities - measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities - at amortised cost								
Long term financing - *secured*	-	-	138,263	138,263	-	-	-	-
Trade and other payables	-	-	1,111,924	1,111,924	-	-	-	-
Interest / mark-up accrued on borrowings	-	-	16,465	16,465	-	-	-	-
Short term borrowings - *secured*	-	-	1,137,989	1,137,989	-	-	-	-
	-	-	2,404,641	2,404,641	-	-	-	-

43.3 Fair value versus carrying amounts

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

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

44 Capital risk management

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

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

Rupees	**2019**	2018
The debt-to-equity ratios as at 30 June were as follows:		
Total debt	**1,414,170**	1,292,717
Total	**2,994,439**	2,812,378
Debt-to-equity ratio	**47%**	46%

Neither there were any changes in the Company's approach to capital management during the year.

Rupees in thousand	**2019**	2018
45 Restriction on title and assets pledged as security		
<u>Mortgages and charges</u>		
<u>First</u>		
Hypothecation of all present and future current assets	**2,004,000**	1,537,000
Mortgage over land and building	**506,000**	506,000
<u>Ranking</u>		
Hypothecation of all present and future current assets	**1,001,334**	1,135,000

Liters in thousand	2019	2018
46 Production capacity		
Actual production	**37,349**	41,594

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 15.11 million liters (2018: 15.33 million liters) which is used in the manufacture of the final product. The reason for shortfall during the year was due to decreased demand of the products.

47 Operating segments

47.1 These financial statements have been prepared on the basis of single reportable segment.

47.2 Revenue from sale of paints and allied represents 99.51% (2018: 99.37%) of the total revenue of the Company.

47.3 98.06% (2018: 97.95%) sales of the Company relates to customers in Pakistan.

47.4 All non-current assets of the Company as at 30 June 2019 are located in Pakistan.

48 Date of authorization for issue

These financial statements were authorized for issue on 19 September 2019 by the Board of Directors of the Company.

49 Non adjusting events after the balance sheet date

The Board of Directors of the Company in its meeting held on 19 September 2019 has proposed a final cash dividend of Re.1 per share, for the year ended 30 June 2019, for approval of the members in the Annual General Meeting to be held on 24 October 2019.

50 General

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

Chief Financial Officer   Chief Executive   Director

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Berger Paints Pakistan Limited
Consolidated Financial Statements

for the year ended 30 June 2019

Consolidated Financial Highlights

Rupees in thousand

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
NET ASSETS						
Fixed Assets	**1,183,189**	1,237,149	1,154,469	1,055,803	1,051,367	589,572
Assets under Finance Lease	**-**	-	-	-	10,285	7,927
Goodwill	**24,000**	32,263	36,750	36,750	36,750	36,750
Long Term Investments	**51,199**	63,532	70,143	49,117	9,978	10,260
Long Term Loans & Deposits	**66,818**	81,229	74,407	66,721	52,876	41,552
Deferred Taxation	**52,847**	-	1,710	-	36,525	156,199
Net Current Assets	**477,662**	362,868	382,320	303,262	145,257	149,318
Total	**1,855,715**	1,777,041	1,719,799	1,511,653	1,343,038	991,578
FINANCED BY						
Share Capital	**204,597**	181,864	181,864	181,864	181,864	181,864
Reserves	**934,336**	864,227	754,600	671,151	476,850	416,342
Surplus on Revaluation of Fixed Assets	**472,012**	509,131	521,363	542,313	559,773	184,878
	1,610,945	1,555,222	1,457,827	1,395,328	1,218,487	783,084
Long Term and Deferred Liabilities	**244,770**	221,819	261,972	116,325	124,551	208,494
Total	**1,855,715**	1,777,041	1,719,799	1,511,653	1,343,038	991,578
TURNOVER AND PROFITS						
Turnover	**5,304,887**	5,701,402	5,318,753	5,262,149	4,420,826	4,562,664
Gross Profit	**1,163,698**	1,260,136	1,540,336	1,587,913	1,199,008	1,115,705
	21.94%	22.10%	28.96%	30.18%	27.12%	24.45%
Profit/(Loss) before tax	**106,632**	155,984	267,022	327,615	169,820	145,728
Taxation	**9,839**	48,500	67,842	141,874	59,502	51,230
Profit/(Loss) after tax	**96,793**	107,484	199,180	185,741	110,318	94,498
EARNING AND DIVIDENDS						
Earning/(Loss) per share	**4.89**	5.13	11.03	10.13	6.03	5.20
Interim Dividend per share-Cash (Rupee)			4.50		1.50	
Final Dividend per share-Cash (Rupee)	**1.00**	1.25		4.50	1.00	1.00

Directors' Report

For the year ended 30 June 2019

The Directors of the Holding Company present their report together with the audited consolidated financial statements for the year ended 30 June 2019.

BUSINESS PERFORMANCE

During the year Group faced continuous challenges from non organized sector along with successive bouts of Rupee devaluation, rising oil prices in addition to the continued surge in raw material prices. Despite these challenges, the Group posted a profit of Rs. 96.793 million.

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

Rupees in Thousand	
Profit before taxation	**106,632**
Taxation	**(9,839)**
Profit after taxation	**96,793**
Minority interest	**3,264**
Net profit for the year attributable to the Holding Company	**100,057**

FINANCIAL STATEMENTS

The audited accounts of the Holding Company for the year ended 30 June 2019 are annexed.

HOLDING COMPANY

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

PROFIT PER SHARE

The profit per share for the year is Rs. 4.89 [2018: Rs.5.13].

AUDITORS

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

CORORATE GOVERNANCE

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

OTHER INFORMATION

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

ON BEHALF OF THE BOARD

Lahore Date: 19 September 2019	**Dr. Mahmood Ahmad** Chief Executive	**Mr. Maqbool H.H. Rahimtoola** Director

آڈیٹرز

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

کارپوریٹ گورنینس

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

دوسری معلومات

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

منجانب بورڈ

ڈاکٹر محمود احمد
چیف ایگزیکیٹو

لاہور
تاریخ: 19 ستمبر 2019

مجلس نظما کی رپورٹ

ہولڈنگ کمپنی کے ڈائریکٹروں نے 30 جون 2019 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مضبوط مالی بیانات کے ساتھ اپنی رپورٹ پیش کی.

کاروبار کی کارکردگی

گروپ کو سال کے دوران غیر منظّم شعبے سے مسلسل چیلنجز کے سامنے کے ساتھ روپے کی قدر میں کمی، خام مال کی قیمتوں میں مسلسل اضافہ اور تیل کی قیمتوں میں اضافے کا سامنا رہا ہے۔ ان چیلنجز کے باوجود گروپ نے 96.793 ملین. روپے کا منافع حاصل کیا ہے۔
مستقبل میں، ہم امید کرتے ہیں کہ تمام گروپ آف کمپنیز کو نئی مصنوعات کی جدت کو فروغ دینے پر توجہ مرکوز رکھیں گی اور ہمارے گاہکوں کو معیاری مصنوعات فراہم کرتی رہیں گی۔

روپے ہزاروں میں:

ٹیکس سے قبل منافع	106,632
ٹیکس	(9,839)
منافع بعداز ٹیکس	96,793
اقلیتی حصہ	3,264
ہولڈنگ کمپنی سے منسوب سال کے لئے خالص منافع	100,057

مالیاتی گوشوارے

30 جون 2019 کو ختم ہونے والے سال کے لئے ہولڈنگ کمپنی کی آڈٹڈ اکاؤنٹس شامل ہیں.

ہولڈنگ کمپنی

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

فی شئیر پرافٹ

اس سال کی فی شئیر آمدنی حصہ 4.89 روپے ہے (2018: 5.13 روپے)

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

Telephone +92 (42) 111 576 484
Fax +92 (42) 37429907
Internet www.kpmg.com.pk

Independent Auditor's Report

To the members of Berger Paints Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of Berger Paints Pakistan Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters.

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition** Refer to note 3.1, 3.16 and 29 to the consolidated financial statements. The Group recognized net revenue of Rs. 5.30 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to a risk that revenue is recognized without transferring the control.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; • assessing the appropriateness of the Group's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales invoices, delivery challans, bill of ladings and other relevant underlying documents;

Sr. No.	Key audit matters	How the matters were addressed in our audit
		• comparing, on a sample basis, specific sales transactions recorded before and after the financial year end to determine whether the sale had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sale recorded during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2.	**Valuation of Trade Debts** Refer to notes 3.1, 3.6 and 13 to the consolidated financial statements. As at 30 June 2019, the Group's gross trade debts amount to Rs. 1,720.29 million. Pursuant to adoption of IFRS 9 'Financial Instruments' and using the modified retrospective approach, the Group has recognized expected credit loss ("ECL") of Rs. 7.10 million in opening retained earnings as at 01 July 2018 and Rs. 48.13 million for the year ended 30 June 2019. IFRS 9 requires the Group to make provision for financial assets (trade debts) using ECL approach as against the Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered this as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our audit procedures to assess valuation of trade debts, amongst others, included the following: • Review the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis; • involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL; • assessing, on a sample basis, the accuracy of the data used for ECL computation; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

<u>Information Other than the consolidated financial statements and Auditor's Report Thereon</u>

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore
Date: 02 October 2019

Consolidated Statement of Financial Position

As at 30 June 2019

Rupees in thousand	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,180,493**	1,229,115
Intangibles	7	**26,696**	40,297
Investments in related parties	8	**51,199**	63,532
Long term loans - *secured*	9	**44,628**	54,360
Deferred taxation	11	**52,847**	-
Long term deposits - *unsecured*	10	**22,190**	26,869
		1,378,053	1,414,173
Current assets			
Stores, spare parts and loose tools		**16,906**	15,772
Stock-in-trade	12	**932,717**	1,024,042
Trade debts - *unsecured*	13	**1,479,490**	1,237,001
Loans and advances	14	**105,794**	200,825
Trade deposits and short term prepayments	15	**41,206**	51,757
Other receivables	16	**13,891**	16,388
Tax refund due from Government - *net*		**332,900**	319,994
Short term investment	17	**32,195**	42,275
Cash and bank balances	18	**79,253**	26,569
		3,034,352	2,934,623
		4,412,405	4,348,796
EQUITY AND LIABILITIES			
Authorised share capital	19	**250,000**	250,000
Share capital and reserves			
Issued, subscribed and paid-up capital	19	**204,597**	181,864
Reserves	20	**917,001**	843,628
Revaluation surplus on property, plant and machinery - *net of tax*	21	**472,012**	509,131
Total equity attributable to owners of Parent Company		**1,593,610**	1,534,623
Non-controlling interests		**17,335**	20,599
Total equity		**1,610,945**	**1,555,222**
Non-current liabilities			
Long term financing - *secured*	22	**89,635**	69,965
Staff retirement and other long term benefits	23	**154,049**	142,592
Liabilities against assets subject to finance lease - *secured*	24	**1,086**	2,099
Deferred taxation	11	**-**	7,163
		244,770	221,819
Current liabilities			
Trade and other payables	25	**1,225,162**	1,342,753
Unclaimed dividend		**5,980**	4,756
Interest / mark-up accrued on borrowings	26	**39,432**	16,465
Current maturity of long term financing	22	**80,356**	68,298
Current maturity of liabilities against assets subject to finance lease	24	**1,013**	1,494
Short term borrowings - *secured*	27	**1,204,747**	1,137,989
		2,556,690	2,571,755
		2,801,460	2,793,574
Contingencies and commitments	28		
		4,412,405	4,348,796

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

Chief Financial Officer | Chief Executive | Director

Consolidated Statement of Profit or Loss

For the year ended 30 June 2019

Rupees in thousand	Note	2019	2018
Sales - *net*	29	**5,304,887**	5,701,402
Cost of sales	30	**(4,141,189)**	(4,441,266)
Gross profit		**1,163,698**	1,260,136
Selling and distribution costs	31	**(701,811)**	(821,585)
Administrative and general expenses	32	**(195,435)**	(206,715)
		(897,246)	(1,028,300)
Profit from operations		**266,452**	231,836
Other income	33	**25,191**	27,802
		291,643	259,638
Other expenses	34	**(19,978)**	(15,820)
Finance cost	35	**(165,483)**	(88,504)
		(185,461)	(104,324)
Share of profit of equity-accounted investee - *net of tax*		**450**	670
Profit before taxation		**106,632**	155,984
Taxation	36	**(9,839)**	(48,500)
Profit after taxation		**96,793**	107,484
Attributable to:			
Owners of the Parent Company		**100,057**	105,043
Non-controlling interests		**(3,264)**	2,441
		96,793	107,484

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

Chief Financial Officer | Chief Executive | Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

Rupees in thousand	*Note*	**2019**	2018
Profit after taxation		**96,793**	107,484
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Fair value loss on *Investment classified as available for sale*		**-**	(7,281)
Items that will not be reclassified to profit or loss			
Fair value loss on *Investment classified as FVOCI*	*8.2.1*	**(12,783)**	-
Remeasurement of defined benefit obligation	*23.5*	**3,391**	(5,966)
Total comprehensive income of the Parent Company for the year		**87,401**	94,237

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

Chief Financial Officer　　　Chief Executive　　　Director

Consolidated Statement of Cash Flow

For the year ended 30 June 2019

Rupees in thousand	Note	2019	2018
Cash flow from operating activities			
Profit before taxation		**106,632**	155,984
Adjustments for non-cash and other items:			
Depreciation on property, plant and equipment	6.7	**80,010**	82,126
Amortization on computer software	7.1.1	**5,338**	4,660
Gain on disposal of property, plant and equipment	33	**(17,024)**	(9,363)
Provision charged / (reversed) against slow moving stock - *net*		**4,952**	(2,902)
Insurance claim	33	**(2,676)**	(2,731)
Provision reversed for impairment in capital work in progress	34	**-**	(8,059)
Provision for doubtful debts	13.3	**48,127**	990
Bad debts written off	13.3	**2,806**	25,954
Provision for staff retirement and other long term benefits	23.6 & 23.16	**32,192**	28,321
Share of profit of equity-accounted investee - *net of tax*	8.1	**(450)**	(670)
Finance cost	35	**165,483**	88,504
Provision (reversed) / charged for doubtful loans	14	**(201)**	1,765
Impairment charged on Goodwill	7.2.1	**8,263**	4,487
Mark-up on term deposit receipts	33	**(12,150)**	(6,729)
		314,670	206,353
Operating profit before working capital changes		**421,302**	362,337
Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**(1,134)**	1,152
Stock-in-trade		**86,374**	1,669
Trade debts - *unsecured*		**(303,360)**	27,994
Loans and advances		**94,468**	(83,441)
Trade deposits and short term prepayments		**10,551**	(21,370)
Other receivables		**5,547**	2,141
		(107,554)	(71,855)
Decrease in current liabilities:			
Trade and other payables		**(114,752)**	(124,168)
Cash generated from operations		**198,996**	166,314
Finance cost paid		**(142,140)**	(85,140)
Taxes paid		**(84,603)**	(26,770)
Staff retirement and other long term benefits paid	23	**(17,345)**	(11,672)
Long term loans - *due from employees*		**10,496**	(12,275)
Long term deposits - *net*		**4,679**	(3,391)
		(228,913)	(139,248)
Net cash (used in) / generated from operating activities		**(29,917)**	27,066
Cash flow from investing activities			
Fixed capital expenditure		**(92,906)**	(166,755)
Sale proceeds from disposal of property, plant and equipment	6.2	**78,542**	14,712
Mark-up received on term deposit and long term loan		**11,776**	6,790
Short term investments		**10,080**	-
Net cash generated from / (used in) investing activities		**7,492**	(145,253)
Cash flow from financing activities			
Long term financing - *net*		**31,728**	(68,088)
Dividend paid		**(21,509)**	(23,960)
Lease rentals paid		**(1,869)**	(2,205)
Short term borrowings - *net*		**(300,000)**	-
Net cash used in financing activities		**(291,650)**	(94,253)
Net decrease in cash and cash equivalents		**(314,075)**	(212,440)
Cash and cash equivalents at beginning of the year		**(711,420)**	(498,980)
Cash and cash equivalents at end of the year	37	**(1,025,495)**	(711,420)

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

Chief Financial Officer   Chief Executive   Director

Consolidated Statement of Changes In Equity

For the year ended 30 June 2019

Rupees in thousand

	Issued, subscribed and paid-up capital	Reserves: Capital: Share premium	Reserves: Capital: Surplus on revaluation on property, plant and machinery	Reserves: Capital: Fair value reserve	Reserves: Revenue: General reserve	Reserves: Revenue: Accumulated profit	Total equity attributable to owners of the Parent Company	Non controlling Interests	Total
Balance as at 01 July 2017	181,864	56,819	521,363	28,988	285,000	365,635	1,439,669	18,158	**1,457,827**
Total comprehensive income for the year ended 30 June 2018									
Profit for the year	-	-	-	-	-	105,043	105,043	2,441	**107,484**
Other comprehensive income for the year									
- Fair value loss on *Investment classified as available for sale*	-	-	-	(7,281)	-	-	(7,281)	-	**(7,281)**
- Remeasurement of defined benefit obligation	-	-	-	-	-	(5,966)	(5,966)		**(5,966)**
Total comprehensive income for the year	**-**	**-**	**-**	(7,281)	-	99,077	91,796	2,441	**94,237**
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - *net of tax*	-	-	(15,390)	-	-	15,390	-	-	**-**
Reversal of deferred tax due to change of rate	-	-	3,158	-	-		3,158	-	**3,158**
	-	-	(12,232)	-	-	15,390	3,158	-	**3,158**
Balance as at 30 June 2018	**181,864**	**56,819**	**509,131**	**21,707**	**285,000**	**480,102**	**1,534,623**	**20,599**	**1,555,222**
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	-	-	(5,039)	(5,039)	-	(5,039)
Adjusted balance as at 01 July 2018	**181,864**	**56,819**	**509,131**	**21,707**	**285,000**	**475,063**	**1,529,584**	**20,599**	**1,550,183**
Total comprehensive income for the year ended 30 June 2019									
Profit for the year	-	-	-	-	-	100,057	100,057	(3,264)	**96,793**
Other comprehensive income for the year									
- Fair value loss on *Investment classified as FVOCI*	-	-	-	(12,783)	-		(12,783)	-	**(12,783)**
- Remeasurement of defined benefit obligation	-	-	-	-	-	3,391	3,391	-	**3,391**
Total comprehensive income for the year	**-**	**-**	**-**	**(12,783)**	**-**	**103,448**	**90,665**	**(3,264)**	**87,401**
Transfer of incremental depreciation from revaluation surplus on property plant and machinery - *net of tax*	-	-	(17,632)	-	-	17,632	-	-	**-**
Transfer of revaluation surplus due to disposal of revalued assets	-	-	(15,581)	-	-	15,581	-	-	**-**
Transactions with the owners of the Company									
Final cash dividend at the rate of 12.5% (i.e. Rs. 1.25 per share) for the year ended 30 June 2018	-	-	-	-	-	(22,733)	(22,733)	-	**(22,733)**
Issue of Bonus shares at the rate of 12.5% (i.e. 1.25 shares for every 10 shares held)	22,733	(22,733)	-	-	-		-	-	**-**
Reversal of deferred tax due to change of rate	-	-	(3,906)	-	-		(3,906)	-	**(3,906)**
	22,733	**(22,733)**	**(37,119)**	-	-	**10,480**	**(26,639)**	**-**	**(26,639)**
Balance as at 30 June 2019	**204,597**	**34,086**	**472,012**	**8,924**	**285,000**	**588,991**	**1,593,610**	**17,335**	**1,610,945**

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

Chief Financial Officer　　　　Chief Executive　　　　Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

1 Reporting entity

The Group comprises of the following companies:

Parent company

- Berger Paints Pakistan Limited

Subsidiary companies

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

Associated company

- 3S Pharmaceuticals (Private) Limited

1.1 Berger Paints Pakistan Limited ("the Company") was incorporated in Pakistan on 25 March 1950 as a Private Limited Company under the Companies Act 1913 (now Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Parent Company is listed on the Pakistan Stock Exchange ("PSX"). The principle business activity of the Parent Company is manufacturing and trading of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the Holding Company. The aggregate percentage of holding is 52.05%. The registered office of the Parent Company is situated at 36-Industrial Estate Kot-Lakhpat, Lahore and its only manufacturing facility is located at 28 Km Multan Road, Lahore.

The Parent Company owns 51.00 percent of the share capital of Berger DPI (Private) Limited who in turn holds 99.00 percent share capital of the Berger Road Safety (Private) Limited. Further the Parent Company owns 51.96 percent of the share capital of Berdex Construction Chemicals (Private) Limited. The Group is a subsidiary of Slotrapid Limited British Virgin Islands ("The Holding Company").

Berdex Construction Chemicals (Private) Limited is under the process of members' voluntary winding up under the provisions of the Companies Act, 2017. Therefore, its financial statements have not been prepared on a going concern basis and the historical cost convention has been adjusted for realization of assets and liquidation of liabilities that might be necessary. The carrying value of its assets and liabilities as at 30 June 2019 approximates their realizable value.

Following is the pertinent information related to the Holding Company;

Particulars	***Related Information***
Registered Address	Suit # 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.
Principle Officer - President / Director	Vernon Emmanuel Salazar Zurita
Aggregate Percentage of Holding	52.05%
Operational Status	Active

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

2 Basis of preparation and statement of compliance

2.1 Consolidated financial statements

These consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary companies as at 30 June 2019.

(a) Subsidiaries

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

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

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

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

(b) Non-controlling interest

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

(c) Associates

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

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

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 3.17, the measurement of certain items of property, plant and equipment as referred to in note 21 at revalued amounts and recognition of certain staff retirement and other long term benefits as referred to in note 3.10 at present value and fair value respectively.

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

2.4 Functional and presentation currency

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

3 Significant accounting policies

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

3.1 Changes in significant accounting policy

3.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Parent Company is engaged in the sale of paints, varnishes and other related items. The contracts with customers for the sale of goods generally includes single performance obligation. The Subsidiary Company is engaged in road marking paints and installation of various road safety equipments generally includes single performance obligation. Management has concluded that revenue from application of road marking paints and installation of road safety equipments be recognised over time at percentage of completionManagement has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these consolidated financial statements except for reclassification of freight and handling cost from selling and distribution to cost of sales. Accordingly, selling and distribution costs of Rs. 134.51 million (2018: Rs. 119.78 million) have been reclassified to cost of sales. Similarly, the amounts received for future sale of goods were reclassified to 'contract liabilities' which were previously classified as "advances from customers". Group's accounting policy relating to revenue recognition is explained in note 3.16 of these consolidated financial statements.

3.1.2 Impact of financial statements

As at 01 July 2018, contract liabilities were increased by Rs. 76.87 million and advance from customers decreased by the same amount.

3.1.3 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.4 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortised cost

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

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

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

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

3.1.5 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets at 01 July 2018:

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Listed equity security	Available for sale	FVOCI	25,537	25,537
Cash and bank balances	Loans and receivable	Amortized cost	25,613	25,613
Deposits and other receivables	Loans and receivable	Amortized cost	1,441,711	1,441,711
Long term deposits	Loans and receivable	Amortized cost	26,869	26,869
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	1,237,001	1,229,904

Impairment of financial assets

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. IFRS 9 requires the Group to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, deposits and other receivables are also subject to ECL but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

The Group has applied IFRS 9 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 9 is recognised in retained earnings at the date of initial application. Considering the quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information, The Group has recognised loss allowance amounting to Rs. 7.10 million against trade debts upon transition to IFRS 9 as of 01 July 2018 with a corresponding effect in opening retained earning and deferred taxation amounting to Rs. 5.04 million and Rs. 2.06 million.

3.2 Property, plant and equipment

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

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

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

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

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

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

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

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

3.2.1 Non financial assets impairment

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

3.3 Intangibles

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

3.3.1 Computer software

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

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

3.3.2 Goodwill acquired in business combinations

The purchase method of accounting is used to account for the acquisition of businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, if any, at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities, if any, assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment loss, if any.

3.3.3 Impairment

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

3.4 Stores and spare parts

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

3.5 Stocks-in-trade

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

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

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

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

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

3.6 Trade debts and other receivables

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

3.7 Cash and cash equivalents

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

3.8 Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

3.9 Leases

Operating lease

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit and loss on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Group’s benefit.

3.10 Employees benefits

Short term employee benefit

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

3.10.1 Defined benefit plan

The Group operates the following defined benefit schemes:

a) An approved and funded pension scheme for all executives; and

b) An approved and funded gratuity scheme for all its permanent employees.

Pension scheme

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

Gratuity scheme

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

Actuarial valuation are carried out using the 'Projected Unit Credit Method'. Contributions to the schemes are based on these valuations. Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in consolidated statement of other comprehensive income. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plan are recognized in the consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The main features of defined benefit schemes are mentioned in note 23.

3.10.2 Defined contribution plan

Provident fund

The Group also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10 percent of basic salary for executive and non-executive staff.

3.10.3 Other long term benefits - Accumulated compensated absences

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

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

Discount rate	12.5% per annum
Expected rate of salary increase in future years	11.5% per annum

3.11 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. It also includes refund liabilities arising out of customers‘ right to claim amounts from the Group on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.12 Provisions

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

3.13 Contingent assets

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

3.14 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.15 Foreign currency transactions and translation

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

3.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales returns and discounts. The Group's customer arrangements contain a single performance obligation to transfer manufactured or purchased paints, varnishes and other related items, application of road marking paints and installation of various road safety equipments.

3.17 Financial instruments

3.17.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.17.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Group has no such instrument at the balance sheet date.

Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

All financial assets are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss. However, the Company has no such instrument at the statement of financial position date.

Financial assets – Business model assessment:

For the purposes of the assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

3.17.3 Derecognition

Financial assets

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

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

Financial liabilities

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

3.18 Dividends and appropriations to general reserve

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

3.19 Related party transactions

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

3.20 Operating profit

Consolidated operating profit is the result generated from the continuing principal revenue producing activities of the Group. Consolidated operating profit excludes other income, other expenses, finance costs, share of loss from associate and income taxes.

4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards ("IFRS") as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of interpretation is not likely to have an impact on Group's financial statements

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on Group's past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The application of amendments is not likely to have an impact on Group's financial statements.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The application of amendments is not likely to have an impact on Group's financial statements.

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

5 Use of judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are:

	Note
- Depreciation method, useful lives and residual values of property, plant and equipment	*3.2*
- Recoverable amount of assets / cash generating units and impairment	*3.2*
- Stock-in-trade	*3.5*
- Stores and spare parts	*3.4*
- Trade and other receivables	*3.6*
- Taxation	*3.8*
- Deferred taxation	*3.8*
- Lease classification	*3.9*
- Staff retirement benefits and other long term benefits	*3.10*
- Provisions	*3.12*

Rupees in thousand	*Note*	**2019**	2018
6 Property, plant and equipment			
Operating fixed assets	*6.1*	**1,156,461**	1,224,962
Capital work in progress	*6.6*	**24,032**	4,153
		1,180,493	1,229,115

6.1 Operating fixed assets

Rupees in thousand

	30 June 2019							
	Useful life Years	Cost / revalued amount as at 01 July 2018	Additions / *adjustment / (deletions)	Cost / revalued amount as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge / adjustment / (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
Freehold land	-	528,173	2,957 (46,717)	484,413	-	-	-	484,413
Leasehold land	48.5	98,333	-	98,333	6,634	2,204	8,838	89,495
Building on freehold land	20	286,862	2,451	289,313	47,261	16,865	64,126	225,187
Building on leasehold land	10-20	63,848	19,456	83,304	5,299	5,927	11,226	72,078
Plant and machinery	2.8-12.5	321,420	13,887 (6,805)	328,502	127,901	31,010 (5,703)	153,208	175,294
Laboratory equipment	10	45,656	2,348 (4,346)	43,658	21,250	3,465 (4,014)	20,701	22,957
Electric fittings	4 - 10	64,462	2,793 (11,167)	56,088	33,592	4,158 (7,551)	30,199	25,889
Computer and related accessories	4	32,742	1,690 (3,371)	31,061	25,446	3,708 (3,277)	25,877	5,184
Office equipment	4 - 10	22,311	1,795 (1,453)	22,653	6,779	2,180 (1,271)	7,688	14,965
Furniture and fixtures	10	34,286	1,898 (5,348)	30,836	15,629	2,978 (4,436)	14,171	16,665
Motor vehicles	5	52,729	25,809 (30,352)	48,186	39,300	5,669 (19,732)	25,237	22,949
2019		1,550,822	75,084 (109,559)	1,516,347	329,091	78,164 (45,984)	361,271	1,155,076
Leased								
Motor vehicles	5	10,030	-	10,030	6,799	1,846	8,645	1,385
2019		10,030	-	10,030	6,799	1,846	8,645	1,385
		1,560,852	75,084 (109,559)	1,526,377	335,890 -	80,010	369,916	1,156,461

*It includes reclassification of certain assets amounting to Rs. 2.06 million (Rs. 1.54 million depreciation) from electric fittings to building on freehold land and plant and machinery amounting to Rs. 1.49 million (Rs. 0.947 million depreciation) and Rs. 0.56 million (Rs. 0.56 million depreciation) respectively.

Rupees in thousand

	Useful life Years	Cost / revalued amount as at 01 July 2017	Additions / (deletions)	Cost / revalued amount as at 30 June 2018	Accumulated Depreciation as at 01 July 2017	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2018	Book value as at 30 June 2018
Owned								
Freehold land	-	450,673	77,500	528,173	-	-	-	528,173
Leasehold land	48.5	98,333	-	98,333	4,430	2,204	6,634	91,699
Building on freehold land	20	276,750	10,112	286,862	30,761	16,500	47,261	239,601
Building on leasehold land	10-20	13,914	49,934	63,848	1,601	3,698	5,299	58,549
Plant and machinery	2.8-12.5	293,117 -	44,149 (15,846)	321,420	108,873 -	33,668 (14,640)	127,901	193,519
Laboratory equipments	10	39,466	6,190	45,656	17,785	3,465	21,250	24,406
Electric fittings	10	58,572 -	6,236 (346)	64,462	28,084 -	5,578 (70)	33,592	30,870
Computer and related accessories	4	30,621 -	2,320 (199)	32,742	21,548 -	4,073 (175)	25,446	7,296
Office equipment	10	13,713	8,598	22,311	4,915	1,864	6,779	15,532
Furniture and fixtures	10	27,657	6,629	34,286	12,800	2,829	15,629	18,657
Motor vehicles	5	59,765	5,975 (13,011)	52,729	42,227	6,241 (9,168)	39,300	13,429
2018		1,362,581	217,643 (29,402)	1,550,822	273,024	80,120 (24,053)	329,091	1,221,731
Leased								
Motor vehicles	5	10,030	-	10,030	4,793	2,006	6,799	3,231
2018		10,030	-	10,030	4,793	2,006	6,799	3,231
		1,372,611	217,643 (29,402)	1,560,852	277,817	82,126 (24,053)	335,890	1,224,962

6.2 Disposal of operating assets

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

Rupees in thousand

Particulars of assets	Sold to		Cost / revalued Amounts	Accumulated depreciation	Book value	Sale proceeds / Insurance claim	Gain / (loss)	Mode of disposal
	Name	Relationship with the Company						
Freehold land								
Lahore factory	Ring Road Authority Lahore	Third Party	30,330	-	30,330	18,993	(11,337)	Government acquisition
Lahore factory	Ring Road Authority Lahore	Third Party	16,388	-	16,388	31,906	15,518	Government acquisition
Motor vehicles								
Toyota Hiace	Hassan Ali	Third Party	953	-	953	3,310	2,357	Bid
Honda City	Major Tariq	Employee	1,451	-	1,451	1,953	502	Employee - Final Settlement
Toyota Corolla	Mr. Mohsin Bhatti	Employee	1,655	-	1,655	2,220	565	Employee - Final Settlement
Toyota Corolla	Mr. Syed Arif	Employee	1,556	-	1,556	1,877	321	Employee - Final Settlement
Honda City	Mr. Syed Faisal	Employee	605	-	605	1,293	688	Employee - Final Settlement
Toyota Fortuner	Jubilee General Insurance Company Limited	Third Party	2,315	-	2,315	4,700	2,385	Insurance claim
Others including assets written off with book value less than Rs. 500,000			52,250	45,984	6,266	12,290	6,024	
2019			**107,503**	**45,984**	**61,519**	**78,542**	**17,023**	
2018			29,402	24,053	5,349	14,712	9,363	

6.3 Had freehold land and leasehold land, buildings on freehold and leasehold land and plant and machinery not been revalued, the carrying amount of these assets would have been as follows:

Rupees in thousand	2019	2018
Freehold land	**170,578**	199,269
Leasehold land	**1,068**	1,070
Buildings on freehold land	**155,391**	164,103
Buildings on leasehold land	**70,073**	56,376
Plant and machinery	**142,463**	152,003
	539,573	572,821

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

Rupees in thousand

Particulars	Revaluation Report Dates	Forced Sales Value
Freehold land	11 June 2015	**277,984**
Leasehold land	11 August 2015	**61,812**
Buildings on freehold land	11 June 2015	**160,103**
Buildings on leasehold land	11 August 2015	**19,651**
Plant and machinery	13 August 2015	**140,537**

6.5 Immovable Fixed Assets

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

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

The buildings on freehold land, leasehold land and other immovable assets of the Group are constructed / located at above mentioned freehold lands and the land disclosed in note 41.

Rupees in thousand	*Note*	2019	2018
6.6 Capital work in progress			
Owned			
Civil works		**-**	586
Plant and machinery		**206**	1,078
Advances to suppliers		**23,826**	2,478
Others		**-**	11
	6.6.1	**24,032**	4,153

6.6.1 This mainly relates to the installation of solar panels at factory premises.

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

Rupees in thousand	*Note*	**2019**	2018
Cost of sales	*30.1*	**55,673**	60,061
Selling and distribution costs	*31*	**15,030**	13,093
Administrative and general expenses	*32*	**9,307**	8,972
		80,010	82,126

7 Intangibles

Computer software	*7.1*	**2,696**	8,034
Goodwill	*7.2*	**24,000**	32,263
		26,696	40,297

7.1 Computer software

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

Rupees in thousand	*Note*	**2019**	2018
Cost			
Cost as at 01 July		**32,845**	28,168
Additions during the year		**-**	4,677
Cost as at 30 June		**32,845**	32,845
Accumulated amortization			
Accumulated amortization as at 01 July		**24,811**	20,151
Amortization during the year	*7.1.1*	**5,338**	4,660
Accumulated amortization as at 30 June		**30,149**	24,811
Balance as at 30 June		**2,696**	8,034
Rate of amortization		**33.33%**	33.33%

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

Cost of sales	*30.1*	**352**	566
Selling and distribution costs	*31*	**314**	325
Administrative and general expenses	*32*	**4,672**	3,769
		5,338	4,660

7.2 Goodwill

Packaging Ink Business	*7.2.1*	**-**	8,263
Powder Coating Business	*7.2.2*	**24,000**	24,000
		24,000	32,263

7.2.1 During the year, the management of the Group charged impairment on Ink Business goodwill due to significant declined sales and shift in the Group's focus towards other business lines.

Rupees in thousand	2019	2018
Cost		
Cost as at 30 June	**16,750**	16,750
Accumulated impairment		
Accumulated impairment as at 01 July	**8,487**	4,000
Impairment charged during the year	**8,263**	4,487
Accumulated Impairment as at 30 June	**16,750**	8,487
Balance as at 30 June	**-**	8,263

7.2.2 This goodwill represents excess of purchase consideration paid by the Parent Company for acquisition of the Powder Coating business over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. The recoverable amount of goodwill was tested for impairment as at 30 June 2019, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 19.98% pre tax rate and using terminal growth of 2.00%. The calculation of value in use is sensitive to discount rate and local inflation rates.

Rupees in thousand	*Note*	2019	2018
8 Investments in related parties			
Equity accounted investment - *unlisted*	*8.1*	**38,445**	37,995
Investment classified as available for sale	*8.2*	**-**	25,537
Investment classified as FVOCI	*8.2*	**12,754**	-
		51,199	**63,532**

Rupees in thousand	*Percentage*	2019	2018
8.1 Equity accounted investment - *unlisted*			
Cost of investment			
3S Pharmaceutical (Private) Limited			
98,000 (2016: 98,000) fully paid ordinary shares of Rs. 100 each	49.00%	**39,200**	39,200
Share of loss			
As at 01 July		**(1,205)**	(1,875)
Share of profit / (loss) for the year		**450**	670
Share of other comprehensive income			
As at 30 June		**(755)**	(1,205)
Net investment as at 30 June		**38,445**	37,995

Rupees in thousand	Percentage	2019	2018

8.2 Investment classified as FVOCI

Buxly Paints Limited - *listed*

273,600 (2018: 273,600) fully paid ordinary shares of Rs. 10 each Market value - Rs. 46.62 per share (2018: Rs. 93.34 per share)	19.00%		

Rupees in thousand	Note	2019	2018
Cost		**3,830**	3,830
Fair value adjustment	*8.2.1*	**8,924**	21,707
		12,754	25,537

8.2.1 Fair value adjustment

As at 01 July	**21,707**	28,988
Fair value loss	**(12,783)**	(7,281)
As at 30 June	**8,924**	21,707

8.2.2 Summarised financial information in respect of associated company on the basis of financial statements for the year ended 30 June 2019 and 2018 are set out below:

Rupees in thousand	2019	2018
Non current assets	**67,267**	69,514
Current assets	**48,788**	25,305
Non current liabilites	**(9,067)**	(9,694)
Current liabilities	**(48,652)**	(27,707)
Net assets - 100%	**58,337**	57,418
Percentage ownership interest	**49.00%**	49.00%
Group's share of net assets	**28,585**	28,135
Goodwill	**9,860**	9,860
	9,860	9,860
Carrying amount of interest in associated company	**38,445**	37,995
Revenue	**44,336**	31,263
Profit / (loss) for the year from operations	**918**	1,367
Group's share of loss - *post acquisition*	**(755)**	(1,205)

8.2.3 Summarised financial information in respect of subsidiary companies on the basis of financial statements for the year ended 30 June 2019 and 2018 are set out below:

Rupees in thousand

	Berger DPI (Private) Limited		**Bredex Construction Chemicals (Private)**	
	2019	2018	**2019**	2018
Non current assets	**12,954**	8,387	**-**	-
Current assets	**196,463**	211,215		156
Current liabilities	**(175,265)**	(137,773)	**-**	-
Non current liabilites	**(1,086)**	(42,099)		
Net assets - 100%	**33,066**	39,730	**-**	156
Revenue	**356,019**	430,430	**-**	-
Profit / (loss) for the year from operations	**(6,663)**	4,966	**-**	18
% of Non-Controlling interests (NCI)	**49%**	49%	**48%**	48%
Share of net assets of NCI	**16,202**	19,468	**-**	75
Other adjustments	**1,133**	1,131	**-**	-
Carrying amount of NCI	**17,335**	20,599	**-**	75
Cash flows from				
- operating activity	**(1,351)**	1,651	**-**	(318)
- investing activity	**-**	(366)	**-**	-
- financing activity	**(1,013)**	(1,494)	**-**	-
Net decrease in cash and cash equivalents	**(2,364)**	(209)	**-**	(318)

Rupees in thousand	*Note*	**2019**	2018
9 Long term loans - *secured*			
Due from employees - c*onsidered good*	*9.1*	**60,900**	71,396
Less: current portion shown under current assets	*14*	**(16,272)**	(17,036)
		44,628	54,360

9.1 These represent interest free loans provided to the employees of the Parent Company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles. These loans are secured by keeping title of the underlying assets in the name of the Group till final settlement. The loan is recoverable over a period of three to ten years.

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

Rupees in thousand	Note	2019	2018
10 Long term deposits - *unsecured*			
Considered good		**22,190**	26,869
Considered doubtful		**4,588**	4,588
		26,778	31,457
Less: provision for doubtful deposits		**(4,588)**	(4,588)
	10.1	**22,190**	26,869

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

Rupees in thousand	Note	2019	2018
11 Deferred taxation			
Deferred tax liability on taxable temporary differences arising in respect of :			
- Accelerated tax depreciation		**(46,221)**	(39,749)
- Surplus on revaluation of fixed assets		**(29,100)**	(29,589)
Deferred tax asset on deductible temporary differences arising in respect of:			
- Provision for doubtful debts, other receivables and deposits		**76,706**	57,262
- Turnover tax credit		**42,000**	-
- Adjustment on initial application of IFRS 9		**2,058**	-
-Finance lease obligations		**294**	-
- Provision for slow moving stock		**7,110**	4,913
		128,168	62,175
		52,847	(7,163)

Rupees in thousand	Note	2019	2018
11.1 Movement in deferred tax balances is as follows:			
As at 01 June		**(7,163)**	1,710
Recognized in profit and loss:			
- Accelerated tax depreciation including surplus on revaluation of fixed assets		**13,053**	3,517
- Provision for doubtful debts, other receivables and deposits		**10,768**	(2,662)
- Provision for impairment in capital work in progress		**-**	(1,941)
- Turnover tax credit		**42,000**	-
-Finance lease obligations		**294**	-
- Provision for slow moving stock		**1,411**	(670)
- Impact of rate change		**(5,667)**	(10,275)
		61,859	(12,031)
Recognized to revaluation surplus on property plant and machinery and accumulated profits:			
- Impact of rate change		**(3,906)**	3,158
- Adjustment on initial application of IFRS 9		**2,058**	-
		(1,848)	3,158
		52,848	(7,163)

12 Stock-in-trade

	Note	2019	2018
Raw and packing materials			
- in hand		**482,933**	619,977
- in transit		**144,028**	57,184
		626,961	677,161
Semi processed goods		**76,751**	80,123
Finished goods			
- *Manufactured*	12.1	**271,041**	280,121
- *Trading*		**67,194**	90,915
		338,235	371,036
		1,041,947	1,128,320
Provision for slow moving and obsolete stocks			
- Raw material		**(58,730)**	(54,736)
- Semi processed goods		**(4,271)**	(3,183)
- Finished goods		**(46,229)**	(46,359)
		(109,230)	(104,278)
		932,717	1,024,042

12.1 Aggregate stocks with a cost of Rs. 42.86 million (2018: Rs. 31.50 million) are being valued at net realizable value of Rs. 37.30 million (2018: Rs. 26.81 million).

12.2 Details of stock-in-trade subject to charge as security are referred to in note 44 to these consolidated financial statements.

Rupees in thousand	*Note*	**2019**	2018
13 Trade debts ***- unsecured***			
Considered good			
Related parties	*13.1 & 13.2*	**125,016**	103,891
Others		**1,354,474**	1,133,110
		1,479,490	1,237,001
Considered doubtful			
Others		**240,797**	207,279
		1,720,287	1,444,280
Provision for doubtful debts	*13.3*	**(240,797)**	(207,279)
		1,479,490	1,237,001

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

Dadex Eternit Limited - *related party*	*13.1.1*	**-**	222
Buxly Paints Pakistan Limited - *related party*	*13.1.2*	**125,016**	103,669
	13.1.3	**125,016**	103,891

13.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 0.27 million.

13.1.2 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 121.84 million.

13.1.3 The Group has recognized ECL on these balances amounting to Rs. 3.07 million as at 30 June 2019.

Rupees in thousand	**2019**	2018
13.2 Aging of related party balances		
Considered good		
Past due 0 - 30 days	**22,193**	30,561
Past due 31 - 60 days	**32,518**	37,323
Past due 61 - 90 days	**14,445**	19,275
Past due 91 - 120 days	**15,700**	7,280
Past due 121 - 180 days	**32,583**	9,452
Past due 181 - 364 days	**7,577**	
	125,016	103,891

Rupees in thousand	Note	2019	2018
13.3 Movement in provision for doubtful debts			
Balance as at 01 July		**207,279**	233,480
Adjustment on initial application of IFRS 9		**7,097**	-
Provision for the year	*31*	**48,127**	19,827
Bad debts written off		**(2,806)**	(25,954)
Bad debts recovered		**(18,900)**	(20,074)
Balance as at 30 June		**240,797**	207,279
14 Loans and advances			
Current portion of long term loans:			
Due from employees - *secured, considered good*	*9*	**14,708**	15,271
Due from employees - *considered doubtful*		**1,564**	1,765
		16,272	17,036
Less: provision for doubtful loans		**(1,564)**	(1,765)
Advances - unsecured, considered good:			
Insurance claim receivable		**4,000**	-
Project advances		**1,571**	-
Deposit against tender		**628**	-
Security Deposit Insurance		**796**	-
Advances to Staff		**50**	2,072
Suppliers		**84,041**	183,482
		91,086	185,554
		105,794	200,825
15 Trade deposits and short term prepayments			
Trade deposits - *considered good*		**26,814**	38,521
Trade deposits - *considered doubtful*		**9,221**	9,221
		36,035	47,742
Provision for doubtful deposits		**(9,221)**	(9,221)
		26,814	38,521
Short term prepayments		**14,392**	13,236
		41,206	51,757
16 Other receivables			
Receivable from related parties	*16.1*	**438**	8,702
Export rebate		**17,959**	15,860
Provision for export rebate		**(11,824)**	(10,000)
		6,135	5,860
Accrued interest		**731**	357
Others		**975**	575
Insurance claim receivable			
Property, plant and equipment		**4,700**	894
Others		**912**	-
		13,891	16,388

Rupees in thousand	Note	2019	2018
16.1 Other receivables include the following amounts due from the following related parties:			
Buxly Paints Pakistan Limited - *related party*		**-**	8,702
3S Pharmaceutical (Private) Limited - *related party*	*16.1.1*	**438**	-
		438	8,702

16.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 0.44 million.

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

17 Short term investment

This represents term deposit receipts which are mark-up based investments with conventional bank. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carrying mark-up at rates ranging from 5.25% to 12.00% per annum (2018: 4.24% to 5.25% per annum).

Rupees in thousand	2019	2018
18 Cash and bank balances		
Cash at bank:		
- current accounts	**78,123**	19,249
Mark-up based deposits with conventional banks:		
- deposit accounts	**-**	6,364
	78,123	25,613
Cash in hand	**1,130**	956
	79,253	26,569

19 Issued, subscribed and paid-up capital

	2019	2018	2019	2018
	Number of shares		Rupees in thousand	
Authorised share capital				
Ordinary shares of Rs. 10 each	**25,000,000**	25,000,000	**250,000**	250,000
Issued, subscribed and paid-up share capital				
Voting ordinary shares of Rs. 10 each fully paid up in cash	**12,135,798**	12,135,798	**121,358**	121,358
Voting ordinary shares of Rs. 10 each issued as bonus shares	**8,323,912**	6,050,611	**83,239**	60,506
	20,459,710	18,186,409	**204,597**	181,864

19.1 As at 30 June 2019, Slotrapid Limited B.V.I., the Holding Company, and their nominees hold 10,649,314 (2018: 9,466,057) voting ordinary shares of Rs. 10.00 each representing 52.05 % (2018: 52.05 %) of the ordinary paid up capital of the Parent Company.

	Rupees in thousand	*Note*	**2019**	2018
19.2	***Movement in number of shares***			
	Opening number of shares		**18,186,409**	18,186,409
	Issue of bonus shares at the rate of 12.5% (i.e. 1.25 shares for every 10 shares)		**2,273,301**	-
	Closing number of shares		**20,459,710**	18,186,409
20	**Reserves**			
	Capital reserve:			
	Share premium reserve	*20.1*	**34,086**	56,819
	Fair value reserve	*20.2*	**8,924**	21,707
			43,010	78,526
	Revenue reserve:			
	General reserve		**285,000**	285,000
	Accumulated profits		**588,991**	480,102
			873,991	765,102
			917,001	843,628

20.1 This reserve can be utilized by the Parent Company for the purpose specified in section 81(2) of the Companies Act, 2017. Furthermore, movement in this reserve represents issue of bonus shares during the year.

20.2 This represents surplus on revaluation of investment classified as FVOCI financial asset.

	Rupees in thousand	**2019**	2018
21	**Revaluation surplus on property, plant and machinery *-net of tax***		
	As at beginning of the year	**509,131**	521,363
	Transfer to unappropriated profit as a result of incremental depreciation charged during the current year - *net of deferred tax*	**(33,213)**	(15,390)
	Impact of change of rate	**(3,906)**	3,158
	Other adjustments	**-**	-
	As at end of the year	**472,012**	509,131

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

Rupees in thousand	Note	2019	2018
22 Long term financing - *secured*			
The Parent Company			
Mark-up based financing from conventional banks:			
- JS Bank Limited	*22.1 (a)*	**66,667**	133,333
Islamic mode of financing:			
- First Habib Modarba	*22.2 (a)*	**-**	750
- First Habib Modarba	*22.2 (b)*	**3,324**	4,180
- Bank Islami	*22.2 (c)*	**100,000**	-
		169,991	138,263
Mark-up based financing from conventional banks:			
Current maturity shown under current liabilities		**(66,667)**	(66,667)
Islamic mode of financing:			
Current maturity shown under current liabilities		**(13,689)**	(1,631)
		(80,356)	(68,298)
		89,635	69,965

22.1 (a) This represents a long term loan of Rs. 200 million obtained in 2017, for restructuring of statement of financial position. Principle terms of loan are as follows:

Principle repayment

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

Rate of return

Mark-up is payable quarterly and charged at the rate of three month KIBOR plus 0.75% per annum (2018: three month KIBOR plus 0.75% per annum).

Security

The loan is secured against an equitable mortgage and first charge amounting to Rs. 371.00 million on land and building of Lahore factory.

22.2 (a) The loan has been repaid in full during the year.

22.2 (b) This represents diminishing musharika facility of Rs. 5.28 million obtained in 2017, from First Habib Modarba for purchase of vehicle.

Principle repayment

The outstanding principal is repayable in 20 quarterly installments ending in February 2022.

Rate of return

Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.00% per annum (2018: six month's KIBOR plus 1.00% per annum).

Security

The facility is secured against charge over present and future current and fixed assets of the Parent Company. The Parent Company holds asset with joint ownership with the Modarba.

22.2 (c) This represents diminishing musharika facility of Rs. 100 million obtained in November 2018 for a period of 5 years, from Bank Islami to pay off conventional liabilities.

Principle repayment

The outstanding principal is repayable in monthly installments of Rs. 2.08 million each ending in November 2023 with a grace period of 1 year.

Rate of return

Mark-up is payable monthly and charged at the rate of six month KIBOR plus 1.75% per annum (2018: Nil) with floor of 10.00% and ceiling of 20.00%

Security

The loan is secured against exclusive charge over plant and machinery and a ranking charge over present and future assets of the Parent company amounting to Rs. 133 million.

Rupees in thousand	*Note*	**2019**	2018
23 Staff retirement and other long term benefits			
Defined benefit plan			
Staff pension fund	*23.1*	**36,620**	41,704
Staff gratuity fund	*23.1*	**90,372**	74,235
		126,992	115,939
Other long term employee benefits			
Accumulating compensated absences	*23.14*	**27,057**	26,653
		154,049	142,592

Defined benefit plan

As mentioned in note 3.1 the Parent Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2019. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2019	2018
Valuation discount rate	**12.5%**	9%
Expected rate of increase in salary level	**11.5%**	8%
Rate of return on plan assets	**12.5%**	9%
Retirement age	**60 years**	60 years
Withdrawal Rates	**Age-Based (per appendix)**	Age-Based (per appendix)
Expected mortality rate	**SLIC (2001-05)**	SLIC (2001-05)

	Rupees in thousand	**2019**		2018	
		Pension	**Gratuity**	Pension	Gratuity
23.1	**Statement of financial position reconciliation**				
	Present value of defined benefit obligation	**88,089**	**90,411**	92,218	74,330
	Fair value of plan assets	**(51,468)**	**(39)**	(50,514)	(95)
		36,621	**90,372**	41,704	74,235
23.2	**Movement in the fair value of plan assets is as follows:**				
	Fair value as at 01 July	**50,514**	**95**	50,956	480
	Expected return on plan assets	**4,446**	**25**	4,561	18
	Remeasurement (loss) / gain	**(1,254)**	**(238)**	(4,451)	159
	Company's contribution	**-**	**11,211**	2,000	8,441
	Benefits paid	**(2,238)**	**(11,054)**	(2,552)	(9,003)
	Fair value as at 30 June	**51,468**	**39**	50,514	95
23.3	**Movement in defined benefit obligation is as follows:**				
	Obligation as at 01 July	**92,218**	**74,330**	81,835	65,724
	Employees' contribution not paid to the fund by the Company	**1,475**	**-**	1,515	-
	Service cost	**3,494**	**10,768**	4,874	9,721
	Interest cost	**8,199**	**6,191**	7,250	5,510
	Benefits paid	**(2,238)**	**(11,054)**	(2,552)	(9,003)
	Remeasurement (gain) / loss	**(15,059)**	**10,176**	(704)	2,378
	Obligation as at 30 June	**88,089**	**90,411**	92,218	74,330

Rupees in thousand		2019		2018	
		Pension	**Gratuity**	Pension	Gratuity
23.4	**Charge for the year -*net***				
	Current service cost	**3,494**	**10,768**	4,874	9,721
	Interest cost	**8,199**	**6,191**	7,250	5,510
	Expected return on plan assets	**(4,446)**	**(25)**	(4,561)	(18)
		7,247	**16,934**	7,563	15,213
	Actual return on plan assets	**3,192**	**(213)**	110	177
23.5	**Movement in net liability in the balance sheet is as follows:**				
	Net liability as at 01 July	**41,704**	**74,235**	30,879	65,244
	Charge for the year	**7,247**	**16,934**	7,563	15,213
	Charge to other comprehensive income during the year	**(13,805)**	**10,414**	3,747	2,219
	Company's contribution	**-**	**(11,211)**	(2,000)	(8,441)
	Employees' contribution deducted but not paid to the fund	**1,475**	**-**	1,515	-
	Net liability as at 30 June	**36,621**	**90,372**	41,704	74,235
23.6	**The charge for the year has been allocated as follows:**				
	Cost of sales	**3,624**	**8,467**	3,782	7,607
	Selling and distribution costs	**2,971**	**6,943**	3,101	6,237
	Administrative and general expenses	**652**	**1,524**	680	1,369
		7,247	**16,934**	7,563	15,213
23.7	**Plan assets comprise the following:**				
	Defence Saving Certificates	**13,250**	**-**	11,500	-
	Cash at bank/pay order in hand	**4,198**	**39**	6,522	95
	JS Islamic Hybrid Fund of Funds Mustahkem	**18,471**	**-**	17,492	-
	NBP Fullerton Asset Management Ltd.	**15,548**	**-**	15,000	-
		51,467	**39**	50,514	95

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

Rupees in thousand

	2019	2018	2017	2016	2015
As at 30 June					
Present value of defined benefit obligation	**178,500**	166,548	130,969	106,517	87,436
Fair value of plan assets	**(51,507)**	(50,609)	(46,385)	(43,310)	(42,152)
Deficit	**126,993**	115,939	84,584	63,207	45,284
Experience adjustment:					
(Gain) / loss on obligations	**(4,883)**	1,674	2,444	3,187	(8,305)
Loss / (gain) on plan assets	**4,471**	4,720	368	(1,906)	(694)

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

23.10 Expected expense for next year

The expected expense to the pension and gratuity schemes for the year ending 30 June 2020 works out to Rs. 8.28 million and Rs. 23.05 million respectively.

23.11 The plans expose the Parent Company to the actuarial risks such as:

Salary risks

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

Mortality / withdrawal risks

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

23.12 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1.00% with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

Impact on present value of defined benefit obligation as at 30 June 2019

Rupees in thousand

		Pension		**Gratuity**	
	Change	**Increase to**	**Decrease to**	**Increase to**	**Decrease to**
Discount rate	1.00%	**76,250**	**102,789**	**82,181**	**100,740**
Future salary	1.00%	**95,489**	**81,620**	**100,740**	**82,038**

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

23.13 Weighted average duration of the defined benefit obligation is 24 years and 09 years for pension and gratuity plans, respectively.

	Rupees in thousand	2019	2018
23.14	**Other long term employee benefits**		
	Movement in accumulated compensated absences		
	Balance as at 01 July	**26,653**	23,854
	Provision during the year	**4,457**	5,545
	Payments made during the year	**(4,053)**	(2,746)
	Balance as at 30 June	**27,057**	26,653
23.15	**Reconciliation of present value of liability**		
	Present value of liability as at 01 July	**26,653**	23,854
	Service cost	**3,896**	4,082
	Interest on defined benefit liability	**2,216**	2,023
	Benefits paid	**(4,053)**	(2,746)
	Remeasurement gain	**(1,655)**	(560)
		27,057	26,653
23.16	**Charge for the year**		
	Service cost	**3,896**	4,082
	Interest on defined benefit liability	**2,216**	2,023
	Remeasurement gain	**(1,655)**	(560)
		4,457	5,545
23.17	The charge for the year has been allocated as follows:		
	Cost of sales	**2,229**	2,773
	Selling and distribution costs	**1,827**	2,273
	Administrative and general expenses	**401**	499
		4,457	5,545

23.18 The investments out of provident fund and pension fund as at 30 June 2019 have been made in accordance with the requirements of section 218 of the Companies Act, 2017.

24 Liabilities against assets subject to finance lease

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

Rupees in thousand

	2019			2018
	Minimum lease payments	**Future finance cost**	**Present value of lease liability**	Present value of lease liability
Not later than one year	**1,046**	**34**	**1,013**	1,494
Later than one year but not later than five years	**1,086**	**-**	**1,086**	2,099
	2,132	**34**	**2,099**	3,593

24.1 Berger DPI (Private) Limited has entered into lease agreements with financial institutions for vehicles. Lease rentals are payable on quarterly basis and include finance cost ranging from six months KIBOR plus 125 bps to 200 bps per annum (2018: six months KIBOR plus 125 bps to 200 bps per annum) which has been used as the discounting factor. It has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

Rupees in thousand	*Note*	**2019**	2018
25 Trade and other payables			
Trade and other creditors		**588,750**	620,815
Import bills payable		**324,476**	378,241
Contract liabilities		**70,112**	76,867
Accrued expenses		**32,710**	60,748
Provision for infrastructure cess	*25.1*	**68,609**	61,079
Royalty payable to related parties - *unsecured*	*25.2*	**39,119**	38,481
Technical fee payable		**32,729**	26,390
Workers' Profits Participation Fund	*25.3*	**11,132**	12,753
Workers' Welfare Fund	*25.4*	**36,236**	32,712
Income tax deducted at source and EOBI payable		**16,262**	11,505
Witholding tax payable		**17**	-
Insurance claim payable		**661**	25
Others		**4,349**	23,137
		1,225,162	1,342,753
25.1 Provision for infrastructure cess			
Balance as at 01 July		**61,079**	51,265
Provision for the year		**7,530**	9,814
Balance as at 30 June		**68,609**	61,079

Rupees in thousand	Note	2019	2018
25.2 This includes amount due to the following related parties:			
Slotrapid Limited B.V.I. - *the Holding Company*		**38,823**	38,516
Buxly Paints Limited - *related party*		**296**	(35)
		39,119	38,481
25.3 Workers' Profits Participation Fund			
Balance as at 01 July		**12,753**	18,689
Allocation for the year	*34*	**6,568**	8,152
Interest on funds utilized in the Company's business	*35*	**838**	875
		20,159	27,716
Payments during the year		**(9,027)**	(14,963)
Balance as at 30 June		**11,132**	12,753

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

25.4 Workers' Welfare Fund

It majorly represents balance payable after the Honorable Sindh High Court order dated March 01, 2013 declared the amendments made in the The Workers' Welfare Fund Ordinance, 1971 ("WWF") through Finance Act, 2008. The Honorable Supreme Court of Pakistan vide its order dated November 10, 2016, held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending.

The management of the Group is of the view that consequent to filing of these review petitions the judgment may not currently be treated as conclusive, therefore as a matter of prudence and abundant caution, the Group management has decided to continue to provide for WWF in these consolidated financial statements without prejudice and without admitting liability. The Group shall revisit the position on the final outcome of the review petition.

Rupees in thousand	2019	2018
26 Interest / mark-up accrued on borrowings		
Mark-up based borrowings from conventional banks		
Long term financing - *secured*	**2,077**	2,378
Short term financing - *secured*	**1,553**	1,553
Short term running finances - *secured*	**35,802**	12,534
	39,432	16,465

Rupees in thousand	Note	2019	2018
27 Short term borrowings -*secured*			
Mark-up based borrowings from conventional banks			
Short term financing - *secured*	*27.1*	**100,000**	400,000
Short term running finance - *secured*	*27.2*	**1,104,747**	737,989
		1,204,747	1,137,989

27.1 Short term financing

This represents utilized amount of short term financing facilites under mark-up arrangements available from commercial banks aggregating to Rs. 100 million (2018: Rs. 500 million) which is a sublimit of running finance facilities as described in note 27.2 to the financial statements. These facilities are secured against joint pari passu charge on all present and future current assets, registered charge (mortagage and hypothecation) over the current assets of the Parent Company and carry mark-up at rates ranging between 7.72% and 12.09% per annum (2018: 7.25% and 8.03%) per annum, payable quarterly. Refer to note 44 for details of charge registered.

27.2 Short term running finances

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 1,400 million (2018: Rs. 1,150 million). These facilities are secured against registered charge over the current assets of the Parent Company and carry mark-up at rates ranging between 8.60% and 12.09% (2017: 7.14% and 8.17%) per annum, payable quarterly.

27.3 Unavailed credit facilities

The available facilities for opening of letters of credit and guarantees as at 30 June 2019 amounted to Rs. 2,684.07 million (2018: Rs. 1,450 million) out of which Rs. 2,224.55 million remained unavailed as at the reporting date (2018: Rs. 850.74 million).

28 Contingencies and commitments

28.1 Contingencies

The Parent Company

- In 1987, the Parent Company filed a suit against an ex-distributor ("the distributor") in the High Court of Sindh ("the court") for recovery of Rs. 8.89 million and damages amounting to Rs. 5.00 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs. 78.15 million against the Company in the court on account of damages and compensation. Consequently on the basis of legal advice the management believes that it has a strong case and no financial obligation is expected to arise.

- The Sindh Revenue Board ("SRB") through assessment order 490/2014 dated 18 September 2014 raised sales tax demand of Rs. 39.34 million along-with penalty but excluding default surcharge on the grounds that the Company has received franchise services through its registered office in Karachi but had not paid sales tax on these services for the tax periods July, 2011 to June, 2013. Department (SRB) had inadvertently added all royalty figures appearing in accounts including royalty receivable, royalty payable, royalty expense and related party transfers for the calculation of tax on royalties.

The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Company is managing its affairs from the province of Punjab as the head office and the manufacturing facility is located there. The Commissioner (Appeals) had reduced the demand to Rs. 8.18 million, against which the Parent Company had filed an appeal before Appellate Tribunal SRB which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements..

- The Sindh High Court ("the Court") in the case of 'Kasim Textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Parent Company may not be entitled to carry forward minimum tax paid in the tax year 2014 of Rs 39.12 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those may also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly minimum tax is adjusted against tax liability for the current year.

- During 2018, the Deputy Commissioner Inland Revenue issued show cause notices for collection of income tax under section 236G / 236H of the Income Tax Ordinance 2001. In this regard, the taxation officer raised demands of Rs. 19.90 million, Rs. 9.937 million, Rs. 19.10 million and Rs. 10 million for Tax years 2014, 2015, 2016 and 2017 vide assessment orders dated 28 March 2017, 02 February 2017, 12 June 2017 and 18 April 2018 respectively. The Parent Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals ("CIR - A") against the said orders which are still pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

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

- For tax year 2016, the Commissioner Appeals - I, Lahore, vide its order number 25 dated 20 July 2018, deleted certains additions and remanded the case on certain issues and upheld the case on issue of contractor services which invloves revenue of Rs. 10,671,768. Appeal against this order was filed on 17 August 2018 which has not been heard. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

- During the year, a notice from PRA having number PRA/Royalty/2016/12 dated 22 June 2016 involving an amount of Rs. 11,446,800 as royalty fee and technical services for the period October 2012 to March 2015 was issued which is under investigation / adjudication proceedings. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

- The Additional Commissioner Enforcement Punjab Revenue Authority issued a show cause notice PRA/ENF-IV/WHT/BERGER/1161 dated 17 January 2019 and assesment order ENF-IV/29/05/2019 dated 25 April 2019 creating demand of Rs. 132 million u/s 52 read with 14 & 19 of Punjab Sales Tax on Services Act 2012. However, the Parent Company through its legal counsel filed appeal before Commissioner Appeals PRA against the order of Additional Commissioner for which hearing is pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

- Various cases on account of income tax and sales tax matters involving an amount Rs. 24.83 million are also pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome in all these cases, hence no provision has been recorded in these consolidated financial statements.

28.2 Commitments

- Outstanding letters of credit as at 30 June 2019 amounted to Rs. 346.84 million (2018: Rs. 533.72 million) for purchase of raw and packing materials.

- Outstanding letters of guarantee as at 30 June 2019 amounted to Rs. 112.68 million (2018: Rs. 65.71 million).

- The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

Rupees in thousand	**2019**	2018
Not later than one year	**12,429**	15,371
Later than one year and not later than five years	**19,218**	40,937
	31,647	56,308

29 Sales - ***net***

		2019	2018
Local		**7,003,986**	8,022,068
Export		**135,220**	162,584
		7,139,206	8,184,652
Less:	Discounts	**(904,927)**	(1,460,095)
	Sales tax	**(929,392)**	(1,023,155)
		(1,834,319)	(2,483,250)
		5,304,887	5,701,402

Rupees in thousand	Note	2019	2018

30 Cost of sales

	Note	2019	2018
Finished goods as at 01 July		**280,121**	326,810
Cost of goods manufactured	*30.1*	**4,051,307**	4,274,584
Provision against slowing moving finished goods		**(130)**	2,885
Application cost		**2,919**	14,096
Less: Finished goods as at 30 June	*12*	**(271,041)**	(280,121)
Consumption of finished goods purchased for resale	*30.2*	**78,013**	103,012
Cost of sales		**4,141,189**	4,441,266

30.1 Cost of goods manufactured

	Note	2019	2018
Raw and packing materials consumed		**3,397,589**	3,757,187
Freight and handling		**134,514**	119,784
Provision charged / (reversed) against raw and packing material		**3,994**	(3,503)
Stores and spare parts consumed		**4,797**	6,585
Salaries, wages and other benefits	*30.1.1*	**259,935**	138,001
Travelling and conveyance		**3,946**	13,911
Fuel, water and power		**113,143**	99,458
Legal and professional		**2,062**	8,423
Rent, rates and taxes		**3,394**	4,346
Insurance		**9,026**	8,611
Repairs and maintenance		**34,612**	35,937
Depreciation on property, plant and equipment	*6.7*	**55,673**	60,061
Amortization	*7.1.1*	**352**	566
Ijarah lease rentals		**3,314**	3,710
Printing and stationery		**2,088**	2,409
Communication		**1,516**	1,318
Others		**16,892**	29,656
		4,046,847	4,286,460
Opening stock of semi-processed goods	*12*	**80,123**	70,531
Closing stock of semi-processed goods	*12*	**(76,751)**	(80,123)
Provision charged during the year		**1,088**	(2,284)
Cost of goods manufactured		**4,051,307**	4,274,584

30.1.1 Salaries, wages and benefits include Rs. 8.47 million (2018: Rs. 7.60 million) in respect of gratuity, Rs. 3.62 million (2018: Rs. 3.78 million) in respect of pension fund, Rs. 2.23 million (2018: Rs. 2.77 million) in respect of compensated absences and Rs. 4.09 million (2018: Rs. 3.94 million) in respect of provident fund contribution.

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

Rupees in thousand	**2019**	2018
Finished goods as at 01 July	**90,915**	99,700
Add: Finished goods purchased for resale during the year	**54,292**	94,227
Less: Consumption of finished goods during the year	**(78,013)**	(103,012)
Finished goods as at 30 June	**67,194**	90,915

Rupees in thousand	*Note*	**2019**	2018
31 Selling and distribution costs			
Salaries and other benefits	*31.1*	**375,801**	338,506
Travelling and conveyance		**5,075**	95,684
Rent, rates and taxes		**3,937**	7,102
Insurance		**10,613**	10,446
Fuel, water and power		**6,181**	6,010
Advertising and sales promotion		**176,900**	267,296
Technical services and royalty fee	*31.2*	**49,673**	41,909
Repairs and maintenance		**2,939**	11,380
Depreciation on property, plant and equipment	*6.7*	**15,030**	13,093
Amortization	*7.1.1*	**314**	325
Ijarah lease rentals		**6,881**	4,832
Provision for doubtful debts - *net of recoveries*	*13.3*	**26,386**	990
Printing and stationery		**2,652**	2,336
Legal and professional		**2,907**	4,176
Communication		**7,297**	7,780
Others		**9,225**	9,720
		701,811	821,585

31.1 Salaries and other benefits include Rs. 6.94 million (2018: Rs. 6.23 million) in respect of gratuity, Rs. 2.97 million (2018: Rs. 3.10 million) in respect of pension fund, Rs. 1.83 million (2018: Rs. 2.27 million) in respect of compensated absences and Rs. 9.91 million (2018: Rs. 10.14 million) in respect of provident fund contribution.

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

Rupees in thousand

Name / address of the party	**Relationship with Parent Company**	**2019**	2018
Nippon Paint Company Limited *(2-1-2 Oyodo – Kita, Kita-Ku, Osaka – 531-8511 Japan.)*	**Licensor**	**4,252**	5,770
Slotrapid Limited *Suit# 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.*	**Licensor (the Holding Company)**	**38,823**	31,896
Buxly Paints Limited *(X-3, Mangopir Road, S.I.T.E., Karachi.)*	**Licensor (Common Group)**	**1,556**	2,034
Nippon Bee Chemical Company Limited *(14-1, 2-Chome, Shodai-Ohtani, Hirakata City, Osaka 573, Japan.)*	**Licensor**	**694**	331
Oxyplast Belgium N.V. *(Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)*	**Licensor**	**4,348**	1,878
		49,673	41,909

Rupees in thousand	Note	2019	2018
32 Administrative and general expenses			
Salaries and other benefits	*32.1*	**114,882**	101,293
Directors' meeting fee		**3,600**	4,475
Travelling and conveyance		**6,150**	12,924
Rent, rates and taxes		**6,822**	4,763
Insurance		**8,440**	11,685
Auditors' remuneration	*32.2*	**2,426**	2,037
Fuel, water and power		**1,975**	1,748
Repairs and maintenance		**2,501**	2,880
Depreciation on property, plant and equipment	*6.7*	**9,307**	8,972
Amortization of computer software	*7.1.1*	**4,672**	3,769
Provision for doubtful advances and deposits		**-**	5,321
Ijarah lease rentals		**4,175**	4,147
Printing and stationery		**1,299**	1,403
Legal and professional		**15,039**	18,587
Communication		**2,764**	2,861
Others		**11,383**	19,850
		195,435	206,715

32.1 Salaries and other benefits include Rs. 1.52 million (2018: Rs. 1.37 million) in respect of gratuity, Rs. 0.65 million (2018: Rs. 0.68 million) in respect of pension fund, Rs. 0.40 million (2018: Rs. 0.49 million) in respect of compensated absences and Rs. 6.53 million (2018: Rs. 6.39 million) in respect of provident fund contribution.

32.2 Auditors' remuneration

32.2.1 KPMG Taseer Hadi & Co. - Auditor of the Parent Company

Rupees in thousand	2019	2018
Audit fee	**1,490**	1,290
Consolidation and half yearly review	**518**	440
Out of pocket expenses	**241**	187
	2,249	1,917

32.2.2 Ahmad Usman Shabbir & Co. - Auditor of the Subsidiary Companies

Rupees in thousand	2019	2018
Audit fee	**177**	120
	2,426	2,037

Rupees in thousand	Note	2019	2018
33 Other income - *net*			
Income from financial assets			
Mark-up on term deposit receipts and long term loan		**12,150**	6,729
Income from non financial assets			
Sale of scrap		**15,296**	17,449
Gain on disposal of property, plant and equipment		**12,324**	9,363
Rental income and other services charged to related parties		**(7,440)**	(2,854)
Export rebate		**2,653**	2,280
Insurance claim			
Property plant and equipment		**4,700**	-
Others		**2,676**	2,731
Provision charged for impairment loss on capital work in progress	6.6.1	**-**	8,059
Reversal of sale promotion provision		**7,700**	-
Return on bank deposits		**42**	-
Exchange loss		**(33,063)**	(18,271)
Others	33.1	**8,153**	2,316
		13,041	21,073
		25,191	27,802

33.1 This mainly includes penalty charged to suppliers and customers of Rs. 0.52 million (2018: Rs. 0.39 million).

Rupees in thousand	Note	2019	2018
34 Other expenses			
Impairment on goodwill		**8,263**	4,487
Reversal / provision for doubtful loans		**(201)**	1,765
Workers' Welfare Fund		**3,524**	1,416
Workers' Profit Participation fund	25.3	**6,568**	8,152
Provision for export rebate		**1,824**	-
		19,978	15,820
35 Finance cost			
Islamic mode of financing:			
- Long term financing (musharka) -*secured*		**369**	329
Mark-up based borrowings from conventional banks:			
- Long term financing -*secured*		**18,758**	11,252
- Short term financing -*secured*		**23,927**	28,677
- Short term running finances -*secured*		**105,658**	43,144
- Liabilities against assets subject to finance lease - *secured*		**376**	293
		148,719	83,366
Interest on WPPF	25.3	**838**	875
Bank charges		**15,557**	3,934
		165,483	88,504

Rupees in thousand	2019	2018
36 Taxation		
Current		
- for the year	**71,698**	72,485
- prior year	**-**	(36,016)
	71,698	36,469
Deferred		
- current year	**(61,859)**	12,031
	9,839	48,500

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

	2019	2018
Applicable tax rate	**29.00%**	30.00%
Tax effect of:		
- income under Final Tax Regime	**14.62%**	-0.33%
- minimum tax	**16.25%**	14.38%
- temporary difference due to turnover tax credit	**-37.20%**	-
- other temporary difference including rate adjustment	**-11.58%**	8.99%
- prior year adjustment	**0.00%**	-23.09%
- others	**-0.31%**	1.14%
Average effective tax rate charged to profit and loss account	**10.78%**	31.09%

36.2 The Board of Directors in their meeting held on 19 September 2019 have recommended final cash dividend of Re. 1 per share for the year ended 30 June 2019 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax in this respect has been made in these consolidated financial statements.

36.3 Super tax under section 4(b) of the Income Tax Ordinance, 2001 is not applicable to the Group as the imputable income does not meet the threshold of Rs. 500 million.

36.4 The tax provision is charged by considering the provision of section 113 under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and imports and income from other sources which is full and final discharge of Group's tax liability in respect of income arising from such source.

Rupees in thousand	*Note*	2019	2018
37 Cash and cash equivalents			
Cash and bank balances	*18*	**79,253**	26,569
Short term running finance - *secured*	*27.2*	**(1,104,747)**	(737,989)
		(1,025,494)	(711,420)

38 Remuneration of Chief Executive, Directors and Executives

Rupees in thousand

	2019			2018		
	Chief Executive	**Executives**	**Non-Executive Directors**	Chief Executive	Executives	Non-Executive Directors
Managerial remuneration (including bonus)	**12,727**	**52,458**	**-**	10,910	54,728	-
Retirement and other long term benefits	**12,909**	**36,152**	**-**	7,455	28,592	-
House Rent Allowance	**-**	**22,166**	**-**	-	2,063	-
Utilities	**-**	**4,926**	**-**	-	4,903	-
Medical expenses	**1,273**	**1,959**	**-**	1,090	2,537	-
	26,909	**117,661**	**-**	19,455	92,823	-
Number of persons	**1**	**24**	**7**	1	28	6

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

38.2 Non-executive directors were paid meeting fee aggregating Rs. 3.6 million (2018: Rs. 4.48 million).

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

39 Reconciliation of movement of liabilities to cash flows arising from financing activities

Rupees in thousand

	2019						
	Issued, subscribed and paid-up capital	**Unclaimed Dividend**	**Long term financing**	**Short term borrowing**	**Liabilities against assets subject to finance lease**	**Accrued mark-up**	**Total**
As at 30 June 2018	181,864	4,756	138,263	1,137,989	3,593	16,465	**1,482,930**
Changes from financing cash flows							
Dividend paid	-	(21,509)	-	-	-	-	**(21,509)**
Financial charges paid	-	-	-	-	-	(142,140)	**(142,140)**
Long term financing	-	-	31,728	-	-	-	**31,728**
Repayment of lease liability		-	-	-	(1,869)	-	**(1,869)**
Total changes from financing cash flows	**-**	**(21,509)**	**31,728**	**-**	**(1,869)**	**(142,140)**	**(133,790)**
Other changes							
Change in borrowings	-	-	-	66,758	-	-	**66,758**
Dividend declared	-	22,733	-	-	-	-	**22,733**
Bonus issue	22,733	-	-	-	-	-	**22,733**
Interest expense	-	-	-	-	376	165,107	**165,483**
Total liability related other changes	**22,733**	**22,733**	**-**	**66,758**	**376**	**165,107**	**277,707**
As at 30 June 2019	**204,597**	**5,980**	**169,991**	**1,204,747**	**2,099**	**39,432**	**1,626,847**

Number of persons	2019	2018

40 Number of employees

The Group has employed following number of persons:

	2019	2018
- As at 30 June	**737**	1000
- Average number of employees	**875**	966

41 Transactions with related parties

The related parties of the Group comprises Holding Company and its all the subsidiaries and associates, associated undertakings, entities under common directorship, post employment benefit plans, directors and key management personnel. Amounts due from and due to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

Material transactions with related parties are given below:

Rupees in thousand

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2019	2018
Holding Company				
Slotrapid Limited B.V.I.	52.05%	Royalty expense	**38,823**	38,516
		Payment / Adjustment	**38,516**	35,545
		Dividend paid	**11,519**	-
Associated				
3S Pharmaceutical (Private) Limited	49.00%	Common expenditures incurred	**438**	273
		Receipts / Adjustments	**-**	283
Related parties				
Buxly Paints Limited ("BPL") (Common Group)	19.00%	Sales	**179,539**	244,162
		Toll manufacturing income	**22,356**	28,679
		Royalty expense	**1,556**	2,034
		Rental expense	**1,812**	1,812
		Rental income and other services	**1,200**	1,200
		Common expenditures incurred	**13,052**	13,775
		Receipts / Adjustments	**5,735**	12,500

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

Rupees in thousand

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	2019	2018
Dadex Eternit Limited	-	Sales	**257**	1,254
Post employment benefit plans	-	Contribution to gratuity fund	**11,211**	8,441
(Key Management Personnel)		Contribution to pension fund	**-**	2,000
		Provident fund contribution	**41,064**	40,964

42 Financial instruments

42.1 Risk management framework

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

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

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

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

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

42.1.1 Market risk

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

(i) Foreign exchange risk

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

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

In thousands	2019	2018
Statement of financial position items		
Trade and other payables - Euro	**(8)**	(27)
Net exposure - Euro	**(8)**	(27)
Trade and other payables - USD	**(1,673)**	(2,695)
Net exposure - USD	**(1,673)**	(2,695)
Trade and other payables - JPY	**(32,036)**	(46,000)
Net exposure - JPY	**(32,036)**	(46,000)

Off statement of financial position items

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

Amount in thousand	
Euro	(7)
USD	(865)
JPY	(8,388)

The following significant exchange rates were applied during the year:

In rupees	2019	2018
Rupees per Euro		
Average rate for the year	**156.65**	134.38
Reporting date rate - *selling*	**186.99**	144.70
Rupees per USD		
Average rate for the year	**137.44**	112.94
Reporting date rate - *selling*	**164.50**	124.40
Rupees per JPY		
Average rate for the year	**1.24**	1.01
Reporting date rate - *selling*	**1.53**	1.11

Sensitivity analysis

If the functional currency, at reporting date, had fluctuated by 5.00% against the Euro, USD and JPY with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 16.28 million (2018: Rs. 19.51 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

(ii) Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Sensitivity analysis

The Parent Company's investments in equity instrument of other entities are publicly traded on the Pakistan Stock Exchange. The summary below explains the impact of increase on the Parent Company's surplus of available for sale investment to change in market price. The analysis is based on the assumption that the market price had increased / decreased by 10% with all other variables held constant:

Rupees in thousands

	Impact on equity	
	2019	2018
Buxly Paints Limited	**1,275**	2,554

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

(iii) Interest rate risk

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

Fixed rate financial instruments

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

Amount in thousand

	2019		2018	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
Non-derivative financial instruments				
Short term investment	**32,195**	**-**	25,195	-
Bank balances - deposit accounts	**-**	**-**	6,364	-
	32,195	**-**	31,559	-

Fair value sensitivity analysis for fixed rate instruments

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

Variable rate financial instruments

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

Rupees in thousand

	2019		2018	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
Non-derivative financial instruments				
Short term investment	**-**	**-**	17,080	-
Short term borrowings - *secured*	**-**	**1,204,747**	-	1,137,989
Long term financing - *secured*	**-**	**169,991**	-	138,263
	-	**1,374,738**	17,080	1,276,252

Cash flow sensitivity analysis for variable rate instruments

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

Rupees in thousand

	Profit	
	2019	2018
Increase of 100 basis points		
Variable rate instruments	**13,747**	12,592
Decrease of 100 basis points		
Variable rate instruments	**(13,747)**	(12,592)

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

42.1.2 Credit risk

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

Exposure to credit risk

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

Rupees in thousand	*Note*	**2019**	2018
Loans and receivables			
Long term loans - *secured*	*9*	**44,628**	54,360
Long term deposits	*10*	**22,190**	26,869
Loans and advances	*14*	**14,708**	15,271
Trade debts - *unsecured*	*13*	**1,479,490**	1,237,001
Trade deposits	*15*	**26,814**	38,521
Other receivables	*16*	**2,618**	1,826
Short term investment - *secured*	*17*	**32,195**	42,275
Bank balances	*18*	**78,123**	25,613
		1,700,766	1,441,736

Concentration of credit risk

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

Rupees in thousand	**2019**	2018
Customers	**1,479,490**	1,237,001
Banking companies and financial institutions	**110,318**	67,888
Others	**110,958**	136,847
	1,700,766	1,441,736

Credit quality of financial assets

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

(i) Long term loans

Long term loans represent interest free loans provided to the employees of the Group in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles and motor cycles. These loans are secured by keeping title of the underlying assets in the name of the Group till final settlement. Hence, the management believes that no impairment allowance is necessary in respect of these long term loans.

(ii) Long term deposits

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

(iii) Trade debts

The trade debts as at the statement of financial position date are classified in Pak Rupees. The Group recognises loss allowances based on ECL model as fully explained in note 3.1.5.

(iv) **Bank balances**

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

Rupees in thousand	2019	2018
Cash and bank balances		
In current accounts	**78,123**	19,249
In deposit accounts	**-**	6,364
Short term investment	**32,195**	42,275
	110,318	67,888

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

Rupees in thousand

Banks	Rating Short term	Rating Long term	Rating Agency	2019	2018
Bank Al Habib Limited	A1+	AA+	PACRA	**27,478**	19,048
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**20,416**	21,670
United Bank Limited	A-1+	AAA	JCR-VIS	**-**	82
Habib Bank Limited	A-1+	AAA	JCR-VIS	**4,350**	3,249
JS Bank Limited	A1+	AA-	PACRA	**27,000**	23,000
Al-Barka Bank Limited	A1	A	PACRA	**711**	11
Bank Alfalah Limited	A1+	AA+	PACRA	**100**	100
National Bank of Pakistan	A1+	AAA	PACRA	**18,085**	714
Standard Chartered Bank	A1+	AAA	PACRA	**-**	14
Summit Bank Limited	A3	BBB-	JCR-VIS	**604**	-
Bank Islami	A1	A+	PACRA	**11,574**	-
				110,318	67,888

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

Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Group recognises ECL for trade debts using the simplified approach as explained in note 3.13. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2019 (on adoption of IFRS 9) was determined as follows:

The aging of trade debts at the reporting date is:

Rupees in thousand

	2019		2018	
	Gross carrying amount	**Loss Allowance**	Gross carrying amount	Loss Allowance
Past due 0 - 30 days	**499,040**	**16,492**	399,869	6,240
Past due 31 - 60 days	**321,341**	**7,015**	352,897	7,879
Past due 61 - 90 days	**222,617**	**8,448**	188,502	7,312
Past due 91 - 120 days	**123,655**	**5,563**	180,296	9,059
Past due 121 - 180 days	**242,788**	**16,065**	216,301	16,193
Past due 181 - 364 days	**101,435**	**11,908**	134,693	18,785
Past due over one year	**140,452**	**140,452**	171,575	140,452
	1,651,328	**205,943**	1,644,133	205,920

42.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset, or that such obligation will have to be settled in a manner unfavorable to Group. The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit limits.

The following are the contractual maturities of financial liabilities as at 30 June 2019:

Rupees in thousand

	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Non derivative financial liabilities					
Long term financing - *secured*	**169,991**	**169,991**	**80,356**	**89,635**	**-**
Liabilities against assets subject to finance lease - *secured*	**2,099**		**1,046**	**1,086**	
Trade and other payables	**1,022,133**	**1,022,133**	**1,022,133**	**-**	**-**
Interest / mark-up accrued on borrowings	**39,432**	**39,432**	**39,432**	**-**	**-**
Short term borrowings - *secured*	**1,204,747**	**1,287,804**	**1,287,804**	**-**	**-**
	2,438,402	**2,519,360**	**2,430,771**	**90,721**	**-**

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

Rupees in thousand

	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Non derivative financial liabilities					
Long term financing - *secured*	138,263	144,101	74,439	69,662	-
Liabilities against assets subject to finance lease - *secured*	3,593		1,627	2,132	
Trade and other payables	1,159,317	1,159,317	1,159,317	-	-
Interest / mark-up accrued on borrowings	16,465	16,465	16,465	-	-
Short term borrowings - *secured*	1,137,989	1,221,046	1,221,046	-	-
	2,455,627	2,540,929	2,472,894	71,794	-

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

42.2 Fair value measurement of financial instruments

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

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

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

Rupees in thousand

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2019								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	12,754	-	12,754	12,754	-	-	12,754
Financial assets - at amortised cost								
Long term loans - *secured*	44,628	-	-	44,628	-	-	-	-
Long term deposits	22,190	-	-	22,190	-	-	-	-
Loans and advances	14,708	-	-	14,708	-	-	-	-
Trade debts	1,479,490	-	-	1,479,490	-	-	-	-
Trade deposits	26,814	-	-	26,814	-	-	-	-
Other receivables	2,618	-	-	2,618	-	-	-	-
Short term investment - *secured*	32,195	-	-	32,195	-	-	-	-
Cash and bank balances	78,123	-	-	78,123	-	-	-	-
	1,700,766	12,754	-	1,713,520	12,754	-	-	12,754
Financial liabilities - measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities - at amortised cost								
Long term financing - *secured*	-	-	169,991	169,991	-	-	-	-
Trade and other payables	-	-	1,022,133	1,022,133	-	-	-	-
Interest / mark-up accrued on borrowings	-	-	39,432	39,432	-	-	-	-
Short term borrowings - *secured*	-	-	1,204,747	1,204,747	-	-	-	-
	-	-	2,436,303	2,436,303	-	-	-	-

Rupees in thousand

	Carrying amount				Fair value			
	Loans and receivables at amortised cost	Available for sale	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2018								
Financial assets - measured at fair value								
Available for sale investment	-	25,537	-	25,537	25,537	-	-	25,537
Financial assets - at amortised cost								
Long term loans - secured	54,360	-	-	54,360	-	-	-	-
Long term deposits	26,869	-	-	26,869	-	-	-	-
Loans and advances	15,271	-	-	15,271	-	-	-	-
Trade debts	1,237,001	-	-	1,237,001	-	-	-	-
Trade deposits	38,521	-	-	38,521	-	-	-	-
Other receivables	1,801	-	-	1,801	-	-	-	-
Short term investment - secured	42,275	-	-	42,275	-	-	-	-
Cash and bank balances	25,613	-	-	25,613	-	-	-	-
	1,441,711	25,537	-	1,467,248	25,537	-	-	25,537
Financial liabilities - measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities - at amortised cost								
Long term financing - *secured*	-	-	138,263	138,263	-	-	-	-
Liabilities against assets *subject to finance lease - secured*			3,593	3,593				
Trade and other payables	-	-	1,159,317	1,159,317	-	-	-	-
Interest / mark-up accrued on borrowings	-	-	16,465	16,465	-	-	-	-
Short term borrowings - *secured*	-	-	1,137,989	1,137,989	-	-	-	-
	-	-	2,455,627	2,455,627	-	-	-	-

42.3 Fair value versus carrying amounts

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

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

43 Capital risk management

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

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

Rupees	2019	2018
The debt-to-equity ratios as at 30 June were as follows:		
Total debt	**1,414,170**	1,292,717
Total	**3,007,780**	2,827,340
Debt-to-equity ratio	**47%**	46%

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

44 Restriction on title and assets pledged as security

Rupees in thousand	2019	2018
Mortgages and charges		
First		
Hypothecation of all present and future current assets	**2,004,000**	1,537,000
Mortgage over land and building	**506,000**	506,000
Ranking		
Hypothecation of all present and future current assets	**1,001,334**	1,135,000

Liters in thousand	2019	2018
45 Production capacity		
Actual production	**37,349**	41,594

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 15.11 million liters (2018: 15.33 million liters) which is used in the manufacture of the final product. The reason for shortfall during the year was due to decreased demand of the products.

46 Operating segments

46.1 These consolidated financial statements have been prepared on the basis of single reportable segment.

46.2 Revenue from sale of paints and allied represents 99.52% (2018: 99.50%) of the total revenue of the Group.

46.3 98.11% (2018: 98.01%) sales of the Group relates to customers in Pakistan.

46.4 All non-current assets of the Group as at 30 June 2019 are located in Pakistan.

47 Date of authorization for issue

These financial statements were authorized for issue on 19 September 2019 by the Board of Directors of the Company.

48 Non adjusting events after the balance sheet date

The Board of Directors of the Company in its meeting held on 19 September 2019 has proposed a final cash dividend of Re. 1 per share, for the year ended 30 June 2019, for approval of the members in the Annual General Meeting to be held on 24 October 2019.

49 General

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

Chief Financial Officer　　　Chief Executive　　　Director

Form of Proxy

The Secretary
Berger Paints Pakistan Limited
36 Industrial Estate, Kot Lakhpat, Lahore.

I/We ____

____

r/o____

____

being a member of Berger Pakistan Limited and a holder of ____________________

(No. of shares) ____

Ordinary shares as per folio number ____

____

hereby appoint ____

____

r/o____

____

On my/our behalf at the Annual General Meeting of the Company to be held on Thursday October 24, 2019 at 10:00 am at 28-KM Multan Road, Lahore and at any adjournment thereof.

Signed this____________________ day of ____________________ 2019.

Signature on
Rs. 5.00
Revenue
Stamp

Notes:

1. The share transfer book will remain closed from October 08, 2019 to October 14, 2019 (both days inclusive)
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. The completed proxy form must be received at the registered office of the company not less than 48 hours before the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy , a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of Corporate members should also bring the usual documents required for such purpose.

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The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.

پراکسی کا فارم

دی سیکٹری

برجر پینٹس پاکستان لمیٹڈ

36انڈسٹریل اسٹیٹ،کوٹ لکھپت، لاہور

میں/ہم ____________________

____

ساکن ____________________

____

بطور ممبر برجر پینٹس پاکستان لمیٹڈاور ہولڈر ____________________

(شیئرز کی تعداد) ____________________

فولیو نمبر کے مطابق آرڈنری شیئرز ____________________

تقرر کرتا/ کرتے ہیں ____________________

____

ساکن ____________________

____

میری\ہماری طرف سے کمپنی کے سالانہ اجلاس عام کیلئے جو 24 اکتوبر، 2019 صبح 10:00 بجے،ملتان روڈ سے 28 کلومیٹر لاہور میں منعقد کیا جائے گا۔ یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہو گا۔

آج بتاریخ __________ 2019 کو دستخط کیا۔

5 روپے کا رسیدی
ٹکٹ چسپاں کر
کے دستخط کریں۔

نوٹس:

☆شیئر ٹرانسفر بک 08 اکتوبر، 2019 سے 14 اکتوبر، 2019 تک بند رہے گی (بشمول دونوں دن)۔

☆کمپنی کا وہ ممبر جو میٹنگ میں شمولیت، بولنے اور ووٹ دینے کا اہل ہے، اپنی جگہ کسی اور ممبر کو بطور پراکسی شامل ہونے، بولنے اور ووٹ کا حق دے سکتا ہے۔ میٹنگ سے 48 گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل ہو کمپنی کے رجسٹرڈ آفس میں جمع کرا دیا جائے۔

☆سی ڈی سی (CDC) کا کوئی بھی انفرادی مالک انتفاعی جو اس میٹنگ میں ووٹ دینے کا اہل ہے اصلی قومی شناختی کارڈ ہمراہ لائے تا کہ شناخت ہو سکے اور پراکسی کی صورت میں پراکسی فارم کے ساتھ شیئر ہولڈر کے تصدیق شدہ قومی شناختی کارڈ کی کاپی لگانا لازم ہے۔ کارپوریٹ ممبران کے نمائندگان بھی اس مقصد کیلئے حسبِ معمول دستاویزات ہمراہ لائیں۔

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The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.

Electronic Dividend Mandate Form

Date: _____ / _____ / _____

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the prescribed manner only. Shareholders are requested to send their Electronic Dividend Mandate information duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K Model Town, Lahore, Punjab 54000. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/CDC.

I/We ______________________________ hereby authorize Berger Paints Pakistan Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account:

Name of shareholder: ______________________________

Folio Number/CDC Account No.: ____________________ of Berger Paints Pakistan Limited

Contact number of shareholder: ______________________________

Title of Account: ______________________________

IBAN (*): ______________________________

Name of Bank: ______________________________

Bank Branch: ______________________________

Mailing Address of Branch: ______________________________

CNIC No. (Attach attested copy): ______________________________

NTN (in case of corporate entity): ______________________________

It is stated that to the best of my/our knowledge and belief, the above particulars given by me/us are true and correct; and I/we shall keep Berger Paints Pakistan Limited and its Share Registrar informed in case of any changes in the said particulars in future.

______________________________ ____________________

Shareholder's Signature Date

NOTES: *Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

**The shareholders who hold shares in Physical Form are requested to fill the above mentioned E-Dividend Bank Mandate Form and send it to the Company's Share Registrar at M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K Model Town, Lahore, Punjab 54000,

Contact +92 42 35916714,

E-mail address: corplink786@gmail.com

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The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.

For Free Color Advisory

BERGER HELPLINE
08000-2000

111-BERGER(111-237-437) KHI, LHR, ISB.

Faisalabad: 041-8554044, 8724050
Peshawar: 091-5703376
Quetta: 081-2822772
Gujranwala: 055-3250744, 3843450
Multan: 061-4586461, 4580946, 4586337
Hyderabad: 022-2720908

Berger Paints Pakistan Limited 28 Km, Multan Road, Lahore, Pakistan.

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