BERGER PAINTS

Trusted Worldwide

ANNUAL REPORT 2023

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COMPANY INFORMATION

Board of Directors
Mr. Maqbool H. H. Rahimtoola - Chairman
Dr. Mahmood Ahmad - Chief Executive
Mr. Tariq Ikram - Director
Mr. Zafar A. Osmani - Director
Mr. Shahzad M. Hussain - Director
Mr. Ilyas Sharif - Director
Mr. Mohammad Saeed - Director
Ms. Zareen Aziz - Director

Audit Committee
Mr. Tariq Ikram - Chairman
Mr. Maqbool H. H. Rahimtoola
Ms. Zareen Aziz

Human Resource Committee
Mr. Zafar A. Osmani - Chairman
Dr. Mahmood Ahmad
Mr. Mohammad Saeed

Committee for Business Strategies
Mr. Tariq Ikram - Chairman
Mr. Zafar Aziz Osmani
Mr. Zahid Majid (Alternate to Mr. Ilyas Sharif)

Chief Financial Officer
Mr. Nauman Afzal

Company Secretary
Mr. Nauman Afzal

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

Auditors
BDO Ebrahim & 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 Site
www.berger.com.pk


BERGER

COMPANY PROFILE

Berger was established two centuries ago and now it has grown to become one of the world's largest paints manufacturer. 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 a 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 a 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 the largest paint company from Japan, which enabled Berger to develop Automotive, Vehicle Refinishes and Industrial Paints conforming to international standards; a Japanese chemical company, for Bumper Paints; PCS Powders, Protech Oxyplast Belgium for Powder Coatings; DPI Sendirian Berhad, Malaysia for Road & Runway Markings and Cerachem for Construction Chemicals. 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 the manufacturing of a wide range of quality paints. Berger was the first paint company in Pakistan to have set up its own resin production facility.

Berger has regional sales offices in Karachi, Lahore, Islamabad 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 the 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 the community and shall focus on environment, health and safety.

A COMMITMENT TO EXCELLENCE

Berger is 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.

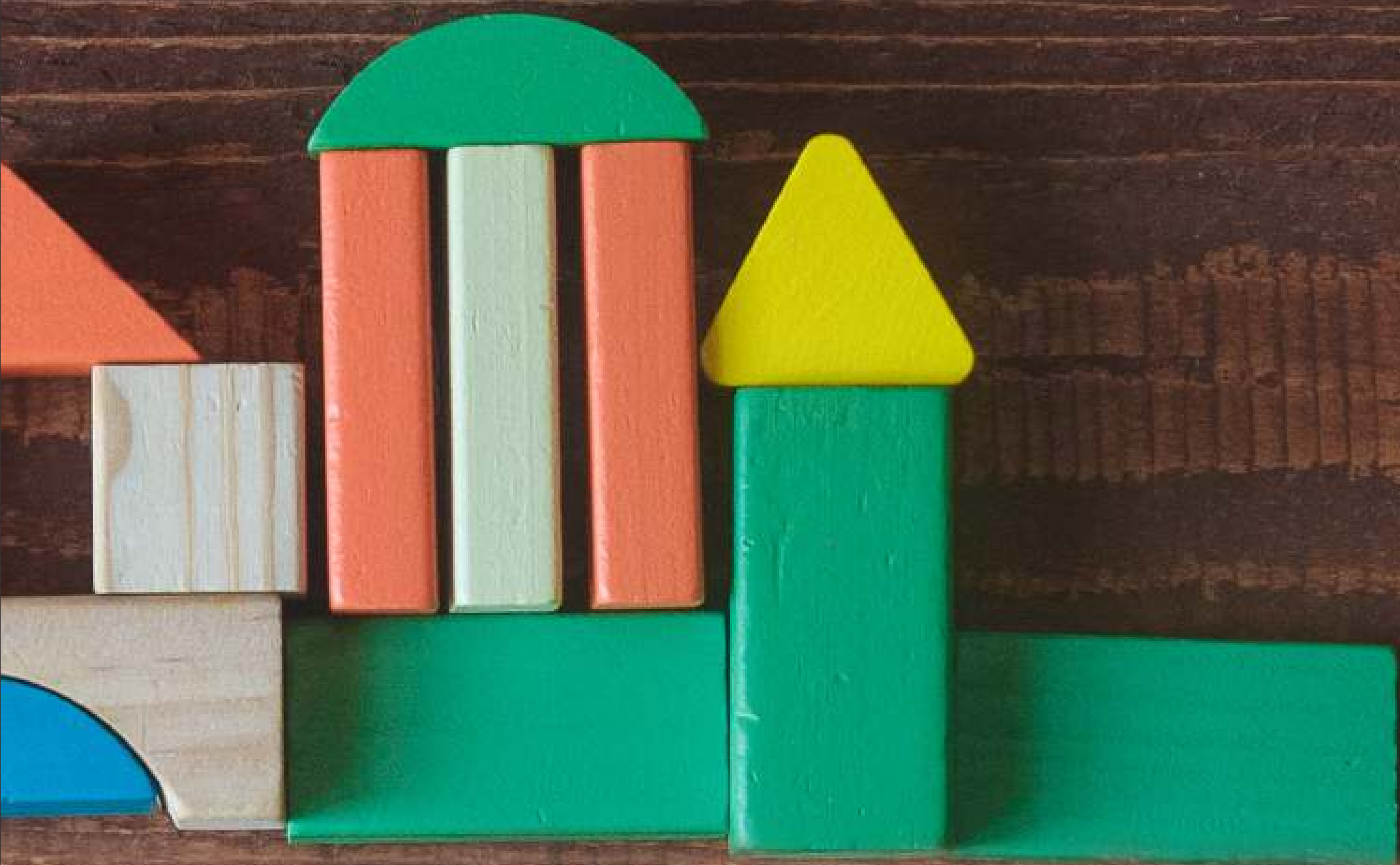
A high standard of paints manufacturing is further ensured by using resin produced at Berger's own plant.

CUSTOMER SERVICE

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

Thorough Berger's Color Advisory Service free color consultancy 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 offers professional services to its industrial customers through a highly qualified and experienced Technical Services team. The team consists of highly trained staff in industrial and protective coating products that are offered to customers.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 a 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 the right kind of people possessing best skills and unmatched competencies coupled with unflinching commitment.

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

HEALTH, SAFETY & ENVIRONMENT

By the Grace of Almighty Allah and continued efforts of employees, we have reached a milestone of achieving 4 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.

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 the 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.

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.

Business Lines

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

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 endeavors are 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 a regular basis. Berger's decorative product portfolio consists of flagship products like, Silk Emulsion, Elegance Matt Emulsion, VIP Super Gloss Enamel, VIP Matt Emulsion MaxPro, All Rounder Matt Enamel, Weathercoat Glow 365, Weathercoat, WeatherPro and SPD Semi Plastic 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 a wide range of colors through its tinting machines. These machines have been set up in different metro cities under the product name of Color Bank.

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 the Tractor & Truck manufacturing segment – to name a few Foton JW and Regal Automobiles 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.

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 air-conditioners, 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 offers a wide variety of shades in Bercoat its flagship powder coating brand. 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.

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 Autos.

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 saltwater. 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

Berger also offers technical expertise in the Vehicle Refinish business that offer touch-up paints precisely matched with 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 one of the most popular market brand that was primarily introduced by Berger with Nitrocellulose base. It is based on international trends and offers a complete painting solution comprising of putty, primer/surfacer, lacquer and thinners.

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 a complete range of 2-K Finishes such as binders, tinters, primers, top coats, clear coats and hardeners along with all types of thinners. The product range is made available at leading 3S dealerships, workshops and retail markets.

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

ROAD SAFETY

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

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

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

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

GOVT. & MARINE

Berger stands tall amongst esteemed suppliers to the 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 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 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 systems to meet customer's needs, improving the quality, safety, efficiency, economy, design and durability of construction. The product range of BERGER comprises 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 array of products include Concrete Admixtures, Waterproofing treatments, Epoxy Flooring, Sealants and Grouts.

ADHESIVES

The flagship brand of Berger's Adhesives business is Berlith and NUlith. It is white glue with a base of plastic resin combined with high concentration, bonding strength and excellent application qualities. Used both, in the wood furniture and sports goods industries, the high adhesion strength of Berlith and NUlith, is ideal for gluing hardboard, chipboard, softwood, ply, Formica, etc.

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

MARKETING ACTIVITIES

BERGER AD CAMPAIGN

TVC & Radio Campaign: The TVC campaign of Weathercoat Glow 365advertised on satellite and Radio channels (News, Drama, and Music channels) and regional entertainment channels. The ads were aired during evening prime time and morning shows. A successful digital media campaign was also launched along with the release of WEATHERCOAT GLOW 365 TVC campaign on major social & digital media apps like Instagram, Facebook, Twitter & YouTube.

TVC Airing: TVCs was aired in the following channels:

- ARY Digital
- Geo News
- HUM TV
- Dunya News
- ARY News
- Express News
- AVT Khyber
- Geo Entertainment
- 92 New
- City FM 89
- FM 91
- FM 106.2

BEAUTIFICATION OF BANARAS BRIDGE

The Banaras Bridge, which connects three towns in Karachi, was painted by Berger Paint. The Marketing Department went above and beyond to ensure its effective implementation by doing this project. Berger Paints Pakistan Limited has consistently supported city beautification initiatives.


BERGER DEALERS AND PAINTER PARTIES

Berger Paints organized Contractors Conventions in the main cities of Pakistan namely: Karachi, Lahore, Islamabad, Abbottabad, 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 draws 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.


WILD LIFE ART EXHIBITION AT LAHORE ZOO

In collaboration with Lahore Zoo, Berger Paints sponsored and organized Wildlife Art Exhibition held at Lahore Zoo "Sustaining all life on Earth". The main ideology behind the Exhibition was to acknowledge the fact that animals and plants are integral part of our lives for sustainable livelihoods.40 art students participated in the competition. Canvases at Lahore Zoo were brought to life by painting Wildlife murals. It was a 2 day activity followed by the prize distribution ceremony.

Overall the event was a huge success, Management of Lahore Zoo and participants appreciated the efforts of Berger Paints and Lahore Zoo for organizing such a marvelous event, also emphasized that colorful pictures of wildlife paintings enhances the beauty of the Lahore Zoo and provide a high spirited look for visitors.

Different media channels and newspapers were also there to cover the whole prize distribution ceremony. Event was also promoted and appreciated on Social Media as well. Berger Paints was the main sponsor and provided paints, t-shirts, trophies, certificates, card holders, caps and other material required for the competition to improve the aesthetics of Lahore Zoo.

IQBAL KITAB AWARD

To promote Allama Iqbal's thoughts and personality, the Allama Iqbal Stamps Society organized the Iqbal Kitab Award 2021-22. The Iqbal Kitab Award was introduced in 2018-19 with the Berger Paints Pakistan Limited sponsorship. This year, three awards were given to the books in three different categories. Dr. Arooba Masroor Siddiqui's book "*Kalam-e-Iqbal Mein Ma'badultibiyati Aur Sufiyana Anasir*" in Urdu category, Dr. Rehmat Aziz Chitrali's book "Fikar-e-Iqbal" in Khowar (local languages category) and Khurram Ellahi's book "*Menneskets Mode Med Engle I Iqbal Poesi*" in Danish (international languages category) got Iqbal Kitab Award. Certificates and appreciation letters were distributed among all the participants. The competition judges were Dr. Rafi-ud-Din Hashmi, Dr. Shafiq Ajami, Dr. M. Abrar and Dr. Zaib-un-Nisa Saroya. The prize distribution ceremony was held at Dabistan-i-Iqbal, Lahore, on November 26, 2022, with the collaboration of Berger Paints Pakistan Limited. The event's chief guest was Justice (R) Nasira Javid Iqbal. The other award also introduced by Allama Iqbal Stamps Society is the "Life Time Achievement Award." This award was given to Dr. Haroon-ur-Rashid Tabassum. The event was hosted by Mian Sajid Ali (Executive – MIS) and Warda Nayab. Mujtaba Khalid recited Kalam-e-Iqbal. Berger Paints Pakistan Limited is proud to be a part of this event and is looking forward to collaborating and participating in such events on the national level in the future.

The Marketing Department of Berger Paints Pakistan Limited sponsored the event for the last four years consecutively and designed and developed the shields, medals and certificates.

PAINT WITH A PURPOSE

Berger Paints organized an event, Paint with a Purpose. The event focused on the importance of protecting the environment through Eco-friendly coatings and green architecture. The event also included a “Green Pledge wall”, where architects recorded their video messages and made pledges towards a greener environment. The event was primarily a platform for social networking, where well-renowned architects from all over Pakistan got a chance to network and share their thoughts on the greener future.

BEAUTIFICATION OF UNDERPASS

Berger Paints has supported beautification efforts by participating in various projects. One such project was the painting of the Shadman Underpass, which Berger completed to add colour and vibrancy to the area. This initiative was a part of the company's commitment to improving public spaces and creating a better environment for the community. By actively participating in such initiatives, Berger has demonstrated its commitment to social responsibility and contributing to the betterment of society. Many people appreciated this effort of Berger Paints.

WALL PAINTING

Carrying on the tradition of beautification of cities, Berger Paints is conducting wall painting activities in different cities of Pakistan in which untidy and unclear walls are being converted into beautiful canvases. In the month of Feb, this activity was conducted at Wall Painting at Islamabad Girls College - F-6/, Islamabad.

BERGER PAINTS X HELPING HANDS - CSR

Colours have the power to change lives. Berger Paints and Helping Hands joined forces for an unforgettable collaboration. Witness the incredible transformation of an orphanage and countless lives. As laughter filled the air, everyone joyfully painted their dreams on once-plain walls, infusing hope and imagination into every stroke. Together, let us paint the world with unwavering hope, bringing colour to lives.


Alhamdulillah!
We proudly announce that BERGER has successfully concluded the privately placed Rated, Secured Diminishing Musharkah Sukuk Issue of
PKR
500
MILLION
Mandated Lead Advisors & Arrangers
TOPLINE
BankIslami
INVESTMENT AGENT
PAK OMAN
LEGAL COUNSEL
PINJANI&VADRIA
LAWYERS
SHARIAH STRUCTURING AND ACCOUNTS BANK
BankIslami

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.

BOOK CLOSURE DATES

The Share Transfer Books will remain closed from October 18, 2023 to October 24, 2023, both days inclusive.

BONUS SHARES

Interim Bonus Shares for the year ended June 30, 2023, were issued and credited in June 2023 at a ratio of 1 bonus share for every 5 shares held, representing a 20% bonus allocation.

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.

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.

INVESTOR RELATIONS

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.

FINANCIAL HIGHLIGHTS

Rupees in thousand

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
NET ASSETS						
Fixed Assets	**2,306,831**	1,628,184	1,635,006	1,639,574	1,179,841	1,231,583
Goodwill	**-**	-	-	24,000	24,000	32,263
Long Term Investments	**78,479**	70,915	52,505	52,037	54,504	67,287
Long Term Loans & Deposits	**59,479**	76,770	70,566	81,849	65,833	120,244
Deferred Taxation	**-**	-	29,093	-	43,878	-
Net Current Assets	**1,449,633**	923,707	667,445	533,742	455,897	289,841
Total	**3,894,422**	2,699,576	2,454,615	2,331,202	1,823,953	1,741,218
FINANCED BY						
Share Capital	**245,516**	204,597	204,597	204,597	204,597	181,864
Reserves	**1,454,674**	1,310,842	1,171,720	973,326	903,660	828,666
Surplus on Revaluation of Fixed Assets	**1,495,613**	830,273	849,056	877,100	472,012	509,131
	3,195,803	2,345,712	2,225,373	2,055,023	1,580,269	1,519,661
Long Term and Deferred Liabilities	**698,619**	353,864	229,242	276,179	243,684	221,557
Total	**3,894,422**	2,699,576	2,454,615	2,331,202	1,823,953	1,741,218
TURNOVER AND PROFITS						
Turnover	**7,341,165**	7,073,478	5,602,160	4,177,951	5,120,444	5,453,221
Gross Profit	**1,483,113**	1,222,010	1,116,560	876,334	1,116,423	1,190,648
	20.20%	17.28%	19.93%	20.98%	21.80%	21.83%
Profit/(Loss) before tax	**331,197**	247,018	267,046	114,532	112,998	147,212
Taxation	**91,136**	45,132	(71,825)	40,224	12,173	45,106
Profit/(Loss) after tax	**240,061**	201,886	195,221	74,308	100,825	102,106
EARNING AND DIVIDENDS						
Earning/(Loss) per share	**9.78**	9.87	9.54	3.63	4.93	4.99
Interim Dividend per share-Cash (Rupee)	**-**	-	-	-	-	-
Final Dividend per share-Cash (Rupee)	**-**	4.00	4.00	1.00	1.00	1.25

CHAIRMAN'S REVIEW

It is my immense pleasure to submit this review report under the requirement of section 192 of the Companies Act, 2017 for the year ended June 30, 2023, to the stakeholders of Berger Paints Pakistan Limited (the "Company") on the overall performance of the Board of Directors and its effectiveness in achieving the Company's set objectives. To build an effective governance model, risk management and control environment, the Board has implemented several policies through the Company's Management.

The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in the Code of corporate governess 2019 in its true letter and spirit;

The Board of Directors has three sub-committees:

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

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

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

The Board Directors frequently interact with the Management team, meeting both the internal auditors and external Auditors and paid visits to the Factory, so to take timely decisions at its Board and sub-Committee meetings

Management is responsible for executing day-to-day business activities in line with objectives set by the Board and ensured that sound system of internal controls is in place. The Management is also responsible to complied with all the regulatory requirements and acted in accordance with the applicable laws and best practices.

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

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

Mr. Maqbool H.H. Rahimtoola
Chairman

Date: 22 September 2023

چیئرمین کا تجزیہ

30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنیز ایکٹ 2017ء کے سیکشن 192 کی معیارات کے تحت میں برجر پینٹس پاکستان لمیٹڈ (''کمپنی'') کے شیئر ہولڈرز کو بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور کمپنی کے طے شدہ مقاصد کے حصول میں اس کے مؤثر کردار پر یہ جائزہ رپورٹ از راہِ مسرت پیش کرتا ہوں۔ مؤثر گورننس ماڈل، رسک مینجمنٹ اور کنٹرول انوائرنمنٹ قائم کرنے کے لئے بورڈ نے کمپنی کی انتظامیہ کی مدد سے کئی پالیسیاں نافذ کی ہیں۔

بورڈ نے یقینی بنایا ہے کہ کوڈ آف کارپوریٹ گورننس 2019ء پر من وعن عمل کرتے ہوئے بورڈ اور اس کی کمیٹیوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز کی مناسب نمائندگی موجود ہے۔

بورڈ آف ڈائریکٹرز کی تین ذیلی کمیٹیاں ہیں:

1. آڈٹ کمیٹی
2. ہیومن ریسورس کمیٹی
3. کاروباری حکمت عملی کے لئے کمیٹی

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

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ کا سالانہ جائزہ سال میں ایک بار عمل میں لایا جاتا ہے تاکہ بورڈ کی مجموعی کارکردگی طے شدہ جامع اصولوں کے عین مطابق ہو۔ زیر جائزہ سال کے دوران بورڈ نے کمپنی کی معاونت میں مؤثر کردار ادا کیا ہے تاکہ پائیدار آپریشنل اور مالیاتی نتائج حاصل کئے جاسکیں۔

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

انتظامیہ بورڈ کے طے شدہ اہداف کو مدنظر رکھ کر معمول کی کاروباری سرگرمیاں چلاتی اور یقینی بناتی ہے کہ انٹرنل کنٹرول کا مربوط نظام قائم رہے۔ انتظامیہ تمام ریگولیٹری معیارات پر عمل کرتی ہے اور مروجہ قوانین اور بہترین طریق عمل کے تحت اپنے فرائض سرانجام دیتی ہے۔

بورڈ کاروبار کے تسلسل کے لئے منصوبہ بندی کرتی ہے تاکہ حالیہ مشکل ترین حالات سے نپٹا جاسکے اور ملازمین اور دیگر اسٹیک ہولڈرز کی حفاظت اور خوشحالی کو یقینی بنایا جاسکے۔ بورڈ آف ڈائریکٹرز بہتر کارپوریٹ گورننس پر عمل کرتے ہوئے کمپنی کی سمت کا تعین کرنے، منصوبوں پر عمل درآمد کرنے کے لئے اپنا کردار ادا کرتے رہیں گے۔

برجر کے بورڈ کی جانب سے میں انتظامیہ، اپنے تمام ملازمین، صارفین، وینڈرز، سرمایہ داروں اور معزز شیئر ہولڈرز کے کردار اور کمپنی پر ان کے اعتماد، مسلسل سپورٹ اور عزم کے لئے تہہ دل سے شکر گزار ہوں۔

مقبول ایچ ایچ رحمت اللہ

چیئرمین

DIRECTORS' REPORT

For the year ended 30 June 2023

The Directors of your Company are pleased to present their report along with the audited financial statements of the Company for the year ended June 30, 2023.

ECONOMY OF PAKISTAN

The country is experiencing severe challenges reflecting long-standing structural weaknesses. The macroeconomic imbalances, high inflation, domestic supply shocks and international economic slowdown led to a fall in GDP growth rate to 0.29% in FY 23 as compared to 6.5% of last year. The significant low level of forex reserves, put extra ordinary pressure on the local currency. Accordingly, to maintain macroeconomic stability and regulate aggregate demand, the SBP increased the benchmark interest rate, representing 600 bps increase since December 2022. On the fiscal front, the Government has recently passed Finance Act, 2023 which has proposed imposition of further taxes on targeted segments and withdrawal of certain tax credits.

The Large-Scale Manufacturing (LSM) index contracted by 9.9% in FY 23. The sector's contraction is mainly due to import restrictions, rupee devaluation, higher financing costs, expensive energy, and local economic and political instability. Resultantly, most demand indicators including sales of cement, POL, automobiles, and textiles reflected a downward trend. However, the recent development with IMF ensuring unrestricted import movement and uplifting of foreign reserves will support industrial sector.

BUSINESS PERFORMANCE

Given the situation mentioned above, your company managed to achieve net Sales for the year at Rs. 7,341 million as compared to Rs. 7,105 million in last year, up only by 3.32%. Gross profit increased mainly because of better product mix and more than commensurate increase in selling prices.

Sales and marketing expenses are less than from last year which is attributable to better control on promotional activities in unpredictable economic conditions because of import restrictions. Administrative expenses rose mainly due to the effects of continued inflation. financial cost increased by 1.7 times higher than the comparative period largely because of the sharp increase in policy rates. In spite of these massive external problems the Company in achieving profit after tax of Rs. 240 million, up by 18.9%.

The financial position is summarized as follows:

Rupees in thousand	30 June 2023	30 June 2022
Operating Profit	**517,051**	336,090
Other operating income	**97,691**	74,405
	614,742	410,495
Finance cost	**(283,545)**	(163,477)
Profit before taxation	**331,197**	247,018
Taxation	**(91,136)**	(45,132)
Profit after taxation	**240,061**	201,886

FUTURE OUTLOOK

The economy, over the years, has shown strong resilience despite unexpected volatility and uncertainty. Moving forward, In the Year to come, stability in value of Rupee against US dollar and international commodity prices will have an important bearing on the inflation trajectory.

The resumption of the IMF program has provided a solid base for economic take off should the expected private and official foreign exchange inflow keep Pakistan's position stable. The effects of the political instability, along with the massive natural flood calamity in recent days has further aggravated the in-country situation and could affect a broad-based recovery of the economy into the near future.

Macroeconomic environment could improve gradually, but the undocumented or informal business sector needs to be brought into the Tax net in every sector to improve Tax collection, along with some sort of controls of smuggling both into and out of Pakistan.

Cost reduction, prompt price changes, cash flow generation and sales execution remain as key operating priorities and with our motivated sales team, the Company is well positioned to compete with unorganized sector, keeping market share intact and keep adding value for its stakeholder's.

HEALTH, SAFETY & ENVIORNMENT (HSE)

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

Multiple initiatives have been taken such as but not limited to the installation of charging cabinet to control contaminated exposure and resultant minimization the risk of respiratory damage to the workers, improvement of our emergency declaration system improved the effectiveness of our firefighting system and provision of additional firefighting facility (Foam injector).

The Company demonstrated its firm commitment to HSE with 7.53 million safe hours so far. To give a clean and ecofriendly environment, Company has installed Solar power projects in Lahore Head office, Karachi, Islamabad and Multan regional warehouses in addition to one megawatt solar power project in factory for its consumption which has green impact on community all around.

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

ENTERPRISE RISK MANAGEMENT -ERM

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

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

BOARD OF DIRECTORS

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

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

DIRECTORS' REPORT

For the year ended 30 June 2023

All relevant other information has already been disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and note 45 to the financial statements.

AUDIT RISK MANAGEMENT COMMITTEE

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

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

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

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

HUMAN RESOURCE COMMITTEE

The members of HR possess significant acumen related to Human Resources affairs of the Company and in general. Chairman of the HR Committees is an independent Director.

During the year this Committee met formally twice. Some of the key challenges addressed and managed including special planning and steps taken for employee's management under hyper inflationary situation at the Berger Factory and all other offices during these unusual circumstances.

HRC also evaluated the management of the high potential employees from each department and suggested development of the career path, while also reviewed the Employee Engagement activities which included Women Day celebration, Birthdays, Employee of the Month, Top Sales Performer etc. This Sub Committee also reviewed the Company Values dissemination process.

COMMITTEE FOR BUSINESS STRATEGY (CBS)

In these abnormal times the Board formed a Business Strategies Sub Committee. The Chairman of the CBS, is an independent Director. The members of BAC possess significant economic, financial and business acumen related to the affairs of the Company, so to advice the Board on business strategies.

CONSOLIDATED FINANCIAL STATEMENTS

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

HOLDING COMPANY

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

PROFIT PER SHARE

The Earnings per share for the year is Rs. 9.78 (2022: Rs.8.22).

BONUS SHARES

The Company had issued and credited Interim Bonus Shares, in the proportion of 1 share(s) for every 5 share(s) held i.e. 20% in June 2023.

AUDITORS

The present auditors, M/s BDO Ebrahim & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and on recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment by the Shareholders at the forth coming Annual Genera as the auditors of the company for the year ended June 30, 2024.

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 June 30, 2023 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, 2023 and its disclosure, as required by the Code of Corporate Governance appears on Page___.

STATEMENT OF CORPORATE FINANCIAL REPORTING FRAMEWORK

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations. Accordingly, the Directors are pleased to confirm the following:

i. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
ii. The principal business activity of the Company is manufacturing, marketing and distribution of decorative and industrial paints and other related products.
iii. Proper books of accounts have been maintained by the Company.
iv. Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan.
v. The accounting estimates, wherever required are based on reasonable and prudent judgment.
vi. International financial reporting standard, as applicable in Pakistan, have been followed in preparation of financial statements.
vii. The system of internal control is sound in design and has been effectively implemented.
viii. There are no significant doubts upon the Company's ability to continue as a going concern.
ix. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
x. The key operating and financial data of the last six years is annexed.
xi. The value of investments of provident, gratuity and pension funds are at June 30, 2023:

	Rupees in Thousand
Berger Paints Executive Staff Pension Fund	62,153
Berger Paints Gratuity Fund	31,175
Berger Paints Provident Fund	296,981

DIRECTORS' REPORT

For the year ended 30 June 2023

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) - ACTIVITIES

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

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

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

ON BEHALF OF THE BOARD

Lahore	**Dr. Mahmood Ahmad**	**Mr. Maqbool H.H. Rahimtoola**
Date: September 22, 2023	Chief Executive	Director

ڈائریکٹرز رپورٹ

برائے سال مختتمہ 30 جون، 2023ء

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2023ء کو اختتام پذیر سال کے لئے پڑتال شدہ مالیاتی اسٹیٹمنٹس بمعہ رپورٹ پیش کرتے ہیں۔

پاکستان کی معیشت

ملک شدید خطرات سے دوچار ہے اور طویل عرصے سے جاری ناقص اصلاحات اس کی عکاسی کرتی ہیں۔ کلی اقتصادی عدم استحکام، افراطِ زر کی بلند شرح، ملکی سطح پر سپلائی میں رکاوٹوں اور بین الاقوامی سطح پر معاشی سست روی نے مالیاتی سال 2023ء میں شرح نمو کو 0.29% تک گرادیا تھا جب کہ گذشتہ برس یہی شرح نمو 6.5% تھی۔ غیر ملکی زرمبادلہ کے ذخائر کی کم ترین سطح نے مقامی کرنسی پر غیر معمولی دباؤ بڑھایا۔ اسی طرح سے، کلی اقتصادی استحکام اور مجموعی طلب کو ریگولیٹ کرنے کے لئے SBP نے بینچ مارک شرح سود کو دسمبر 2022ء سے تاحال 600 بیسز پوائنٹس تک بڑھا دیا ہے۔ مالیاتی شعبہ پر نظر دوڑائی جائے تو حکومت نے حال ہی میں فائنس ایکٹ 2023ء منظور کیا ہے جس میں مخصوص شعبوں پر مزید ٹیکس عائد کرنے اور ٹیکس کریڈٹ کے خاتمے کی تجویز ہے۔

بڑے پیمانے پر صنعت کاری (LSM) انڈیکس مالیاتی سال 2023ء میں سکڑ کر 9.9% ہوگیا۔ اس شعبے میں جمود کی بڑی وجہ درآمدات پر پابندی، روپے کی قدر میں کمی، قرضوں پر لاگت میں اضافہ، توانائی کی قیمتوں میں اضافہ اور ملکی معاشی وسیاسی عدم استحکام ہے۔ نتیجتاً، سیمنٹ کی فروخت، POL، آٹو موبائلز اور ٹیکسٹائلز جیسے شعبوں کے اشاریے پستی کا رجحان پیش کررہے ہیں۔ البتہ، IMF کے ساتھ حالیہ پیش رفت سے درآمدات کی بلا روک ٹوک ترسیل اور غیر ملکی زرمبادلہ کے ذخائر میں اضافہ کے باعث صنعتی شعبہ کو سہارا ملے

ڈائریکٹرز رپورٹ

برائے سال مختتمہ 30 جون، 2023ء

گا۔

کاروباری کارکردگی

مذکورہ حالات کے پیش نظر آپ کی کمپنی گذشتہ برس میں 7,105 ملین روپے کے مقابلے میں 7,341 ملین روپے خالص سیلز حاصل کرنے میں کامیاب ہوئی جو گذشتہ برس کی نسبت %3.32 زائد ہے۔ مجموعی منافع میں اضافہ نئی مصنوعات کی شمولیت اور قیمت فروخت میں اضافہ کے باعث سامنے آیا۔

سیلز اور مارکیٹنگ اخراجات گذشتہ برس کی نسبت کم ہیں جسے درآمدی پابندیوں کے باعث غیر متوقع معاشی حالات میں تشہیری سرگرمیوں پر بہتر کنٹرول سے منسوب کیا جارہا ہے۔

مسلسل مہنگائی کے اثرات کے باعث انتظامی اخراجات میں اضافہ ہوا۔ پالیسی ریٹ میں تیز رفتار اضافے کے باعث مسابقتی دورانیہ کی نسبت قرضوں کی لاگت میں 1.7 گنا اضافہ ہوا۔ ان بڑے بیرونی مسائل کے باوجود کمپنی 240 ملین روپے یعنی %18.9 زائد نفع علاوہ ٹیکس حاصل کرنے میں کامیاب ہوئی۔

مالیاتی کارکردگی

مالیاتی حالت کا خلاصہ حسب ذیل ہے:

ہزار روپوں میں	30 جون 2023ء	30 جون 2022ء
آپریٹنگ منافع	517,051	336,090
دیگر آپریٹنگ آمدنی	97,691	74,405
	614,742	410,495
قرضوں پر لاگت	(283,545)	(163,477)
نفع بمعہ ٹیکسیشن	331,197	247,018
ٹیکسیشن	(91,136)	(45,132)
نفع علاوہ ٹیکسیشن	240,061	201,886

مستقبل کا منظر نامہ

غیر متوقع عدم استحکام اور بے یقینی کے باوجود گذشتہ کئی سالوں سے معیشت میں بہتری جاری ہے۔ مستقبل پر نظر دوڑائیں تو آئندہ برس ڈالر کے مقابلے میں روپے کی قدر میں بہتری اور بین الاقوامی سطح پر اشیائے خورد ونوش کی قیمتوں میں استحکام منہگائی کے گراف پر مثبت اثرات مرتب کرے گا۔ آئی ایم ایف پروگرام کے دوبارہ آغاز نے پاکستانی معیشت میں نئی جان ڈال دی ہے اور متوقع نجی اور سرکاری سطح پر غیر ملکی رقوم کی آمد پاکستان کو مستحکم پوزیشن پر لے آئے گی۔ سیاسی عدم استحکام کے اثرات اور حالیہ دنوں میں تباہ کن سیلاب نے ملکی حالات کو مزید بگاڑ دیا ہے جس سے مستقبل قریب میں معاشی بحالی پر منفی اثرات مرتب ہونے کا خدشہ ہے۔

کلی معاشی اشاریے بتدریج بہتر ہوسکیں گے لیکن غیر دستاویزی یا غیر روایتی کاروباری شعبے کو ٹیکس میں نیٹ میں لانا ضروری ہے تاکہ محصولات کا وصولی کو بہتر کیا جاسکے۔ اس بابت پاکستان کے اندر اور باہر سے سمگلنگ پر کنٹرول کرنا لازمی ہے۔

لاگت میں کمی، قیمتوں میں اچانک تبدیلی، کیش فلو اکٹھا کرنا اور فروخت کے عمل کو بڑھانا اہم آپریٹنگ ترجیحات ہوں گی۔ پرجوش سیلز ٹیم کی مدد سے کمپنی غیر منظم شعبے سے مقابلہ کرنے کے قابل ہو جائے گی اور مارکیٹ میں اپنے قدم جما کر اپنے سٹیک ہولڈرز کے منافع میں اضافہ کرے گی۔

صحت، تحفظ اور ماحولیات (HSE)

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

آلودگی کے اثرات کوکنٹرول کرنے اور ورکرز کو سانس کی تکلیف کے خطرات کوکم کرنے کے لئے چار جنگ کیبنٹ کی تنصیب جیسے متعدد اقدامات کئے گئے ہیں۔ایمرجنسی اعلان کے نظام کی بہتری اور اضافی فائر فائٹنگ سہولت (فوم انجیکٹر) کی شمولیت سے ہمارے فائر فائٹنگ سسٹم میں مزید نکھار آیا ہے۔

کمپنی 7.53 ملین محفوظ گھنٹوں کے ساتھ HSE پر عمل پیرا ہونے کے لئے پر عزم ہے۔صاف اور ماحول دوست فضا پیدا کرنے کے لئے کمپنی نے اپنے استعمال کے لئے ایک میگا واٹ سولر پاور پروجیکٹ نصب کیا ہے جس کے اردگرد کی آبادیوں پر خوشگوار اثرات مرتب ہوئے ہیں۔

یہ پیش رفت صحت اور تحفظ کے لئے کمپنی کی ترجیحات کی واضح عکاسی کرتی ہے۔

کاروباری رسک مینجمنٹ–ERM

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

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

بورڈ آف ڈائریکٹرز

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

مسٹر مقبول ایچ ایچ رحمت اللہ	4
ڈاکٹر محمود احمد	4
مسٹر طارق اکرام	4
مسٹر شہزاد ایم حسین	4
مسٹر ظفر اے عثمانی	4
مسٹر محمد سعید	4
مس زریں عزیز	2
مسٹر زاہد مجید (مسٹر الیاس شریف کے متبادل)	4

تمام متعلقہ معلومات کا تعمیلی اعلامیہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2017ء کے تحت مالیاتی اسٹیٹمنٹس کے نوٹ 45 میں قبل ازیں ظاہر کیا گیا۔

آڈٹ رسک مینجمنٹ کمیٹی

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

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

BAC نے کمپنی میں تمام سطحوں پر موثر مالیتی، آپریشنل اور تعمیلی کنٹرولز اور رسک مینجمنٹ کے ذریعے بروقت مالیاتی رپورٹنگ مقاصد کے حصول اور شیئر ہولڈرز کے منافع میں اضافہ کو یقینی بنایا ہے۔

سال بھر میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔

ہیومن ریسورس کمیٹی

ڈائریکٹرز رپورٹ

برائے سال مختتمہ 30 جون،2023ء

ایچ آر کے اراکین کمپنی کے ہیومن ریسورس امور میں وسیع تجربہ رکھتے ہیں۔ایچ آر کمیٹی کے چیئر میں ایک خودمختار ڈائریکٹر ہیں۔

مذکورہ سال کے دوران اس کمیٹی کے دو باقاعدہ اجلاس منعقد ہوئے۔جن چند اہم چیلنجز کا مقابلہ کیا گیا اُن میں غیر معمولی حالات کے دوران برجر فیکٹری اور تمام دیگر دفاتر میں مہنگائی کے رجحان پر ملازمین کی مینجمنٹ کے لئے خصوصی منصوبہ بندی اوراقدامات شامل ہیں۔

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

کمیٹی برائے کاروباری حکمت

ان غیر معمولی حالات میں بورڈ نے کاروباری حکمت عملی کی ایک ذیلی کمیٹی تشکیل دی ہے۔CBS کے چیئر مین ایک خودمختار ڈائریکٹر ہیں۔BAC کے اراکین کمپنی کے امور کی بابت غیر معمولی معاشی، مالیاتی اورکاروباری تجربہ کے حامل ہیں تا کہ وہ کاروباری حکمت عملی پر بورڈ کی معاونت کر سکیں۔

مجمد مالیاتی اسٹیٹمنٹس

کمپنی کی مجمد مالیاتی اسٹیٹمنٹس میں اس کی ذیلی کمپنیوں، برجر DPI (پرائیویٹ) لمیٹڈ، برجر روڈ سیفٹی (پرائیویٹ) لمیٹڈ کے کھاتے شامل ہیں۔

ہولڈنگ کمپنی

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

فی حصص منافع

مذکورہ برس کے لئے فی حصص منافع 9.78 روپے ہے۔[2022ء: 8.22 روپے)

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے جون 2023ء میں 20% بونس حصص کی صورت میں عبوری منافع منقسمہ جاری کیا ہے۔کمپنی نے حال ہی میں عبوری بونس حصص جاری اور کریڈٹ کردیئے ہیں جس کا تناسب ہر 5 ملکیتی حصص بنام 1 حصص یعنی 14 جون 2023ء کو 20%۔

آڈیٹرز

آئندہ سالانہ اجلاس عام کے اختتام پر حالیہ آڈیٹرز میسرز BDO ابراہیم اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اورسال 24-2023 کے لئے آڈیٹرز کی تقرری سالانہ اجلاس عام میں کی جائے گی۔

متعلقہ فریقین سے لین دین

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

کوڈ آف کارپوریٹ گورننس کا تعمیلی اعلامیہ

30 جون 2023ء کو اختتام پذیر سال سے منسوب لسٹنگ ریگولیشنز میں پاکستان سٹاک ایکسچینج کی جانب سے بیان کردہ کوڈ آف کارپوریٹ گورننس کے معیارات کی باقاعدہ تعمیل کی گئی ہے۔اس کی بابت اعلامیہ رپورٹ کے ساتھ منسلک ہے۔

پیٹرن آف شیئر ہولڈنگ

کوڈ آف کارپوریٹ گورننس کے تحت 30 جون 2023ء کو اختتام پذیر سال تک شیئر ہولڈنگ کا پیٹرن صفحہ................ پر دستیاب ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک کا اعلامیہ

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

ڈائریکٹرز رپورٹ

برائے سال مختتمہ 30 جون، 2023ء

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

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

iii. کمپنی نے کھاتوں کی باقاعدہ کتابیں تیار کررکھی ہیں۔

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

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

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

vii. انٹرنل کنٹرول کا ایک مربوط نظام موجود ہے اور اسے مؤثر انداز میں لاگو کیا گیا ہے۔

viii. کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی نمایاں شکوک وشبہات موجود نہیں ہیں۔

ix. لسٹنگز ریگولیشنز کے مطابق کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ٹھوس سقم موجود نہیں۔

x. گذشتہ چھے برس کے اہم آپریٹنگ اور مالیاتی اعداد و شمار لف ہذا ہیں۔

xi. 30 جون 2023ء تک پراویڈنٹ، گریجوایٹی اور پنشن فنڈز کی مالیت حسب ذیل ہے:

	ہزار روپوں میں
برجر پینٹس ایگزیکٹو سٹاف پنشن فنڈ	62,153
برجر پینٹس گریجوایٹی فنڈ	31,175
برجر پینٹس پراویڈنٹ فنڈ	296,981

xii. ڈائریکٹرز، CEO، ایگزیکٹو اور ان کی اہلیان اور کمسن بچوں نے کمپنی حصص کی تجارت میں حصہ نہیں لیا ہے۔

کاروباری وسماجی ذمہ داری

برجر اپنی سماجی ذمہ داری سے بخوبی آگاہ ہے جو کمپنی اور معاشرے کے مابین تعلق کو مضبوط کرتا ہے۔ برجر بقیہ پینٹ اور ضیاع کو استعمال کرنے اور اسے دوبارہ قابل استعمال بنانے کے ماحول دوست اقدامات اور اسے مستحق علاقوں کے سکولوں، مساجد، اور گرجا گھروں میں عطیہ کرنے سے متعلق آگاہ کرنے میں فخر محسوس کرتا ہے۔ روشنی ہیلپ لائن کے ذریعے ''ٹرک آرٹ- چائلڈ فائنڈر'' کے تحت برجر کی مہم گمشدہ بچوں کی تلاش کے لئے مفید ثابت ہوئی ہے۔ اس اقدام کو عالمی سطح پر پذیرائی ملی ہے اور کمپنی نے دو سلور اور تین برونز ٹرافیاں حاصل کی ہیں۔

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

اظہار تشکر

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

منجانب بورڈ

چیف ایگزیکٹو	ڈائریکٹر

لاہور

22 ستمبر 2023ء

PATTERN OF SHAREHOLDING

as on 30 June 2023

	------Shareholdings------		
No. of Shareholders	From	To	Total Shares Held
419	1	100	11,005
326	101	500	79,680
380	501	1,000	249,072
649	1,001	5,000	1,374,367
93	5,001	10,000	653,478
35	10,001	15,000	449,409
12	15,001	20,000	207,423
11	20,001	25,000	248,595
6	25,001	30,000	168,173
6	30,001	35,000	193,638
5	35,001	40,000	187,826
1	45,001	50,000	47,550
1	50,001	55,000	51,300
1	55,001	60,000	60,000
1	60,001	65,000	63,314
1	75,001	80,000	78,600
3	85,001	90,000	259,210
5	105,001	110,000	539,094
1	130,001	135,000	135,000
1	160,001	165,000	164,948
1	165,001	170,000	166,200
1	205,001	210,000	208,860
1	210,001	215,000	214,875
1	220,001	225,000	223,890
1	245,001	250,000	249,067
1	345,001	350,000	348,000
1	350,001	355,000	354,424
1	355,001	360,000	359,400
1	470,001	475,000	473,112
1	480,001	485,000	483,728
1	510,001	515,000	512,041
1	630,001	635,000	632,362
1	1,120,001	1,125,000	1,122,000
1	1,200,001	1,205,000	1,202,797
1	12,775,001	12,780,000	12,779,176
1,972			**24,551,614**

PATTERN OF SHAREHOLDING

as on 30 June 2023

CATEGORIES OF SHAREHOLDER AS OF 30-06-2023

Particulars	Shares Held	Percentage
Directors, CEO and their spouse and minor children	2,129	0.01%
Associated Companies, undertakings and related parties (Parent Company)	13,028,243	53.06%
NIT & ICP	356,433	1.45%
Banks, DFI & NBFC	348,210	1.42%
Insurance Companies	457,950	1.87%
Modarbas and Mutual Funds	843,913	3.44%
General Public (Local)	9,381,940	38.21%
General Public (Foreign)	130,950	0.53%
Others	1,846	0.01%
Company Total	**24,551,614**	**100.00%**

Categories of Shareholders Required under the code of Corporate Governance as at June 30, 2023

DIRECTORS THEIR SPOUSES & MINOR CHILDREN:		
DR. MAHMOOD AHMED	2	0.00%
MR. MUHAMMAD ILYAS	1	0.00%
MR. ZAFAR AZIZ OSMANI	1	0.00%
MR. MAQBOOL H. H. RAHIMTOOLA (CDC)	2,121	0.01%
MR. MOHAMMAD SAEED	1	0.00%
MR. SHAHZAD MUMTAZ HUSSAIN	1	0.00%
MISS ZARINE AZIZ	1	0.00%
MR. TARIQ IKRAM	1	0.00%
	2,129	**0.01%**
ASSOCIATED COMPANIES:		
SLOTRAPID LIMITED (CDC)	**12,779,176**	**52.05%**
SIKANDER (PVT) LIMITED (CDC)	**249,067**	**1.01%**
	13,028,243	**53.06%**
NIT & ICP:		
M/S INVESTMENT CORPORATION OF PAKISTAN	795	0.00%
M/S. NATIONAL BANK OF PAKISTAN TURSTEE DEPARTMENT	1,214	0.00%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	354,424	1.44%
	356,433	**1.45%**
BANKS, DFI AND NBFC	348,210	1.42%
INSURANCE COMPANIES	457,950	1.87%
MODARBAS AND MUTUAL FUNDS	843,913	3.44%
GENERAL PUBLIC (LOCAL)	9,381,940	38.21%
GENERAL PUBLIC (FOREIGN)	130,950	0.53%
OTHERS	1,846	0.01%
	11,164,809	**45.47%**
	24,551,614	**100.00%**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **73rd Annual General Meeting of Berger Paints Pakistan Limited** will be held at 36-Industrial Estate, Kot Lakhpat, Lahore, and / or virtually via video-link/Zoom Cloud meetings on Tuesday **October 24, 2023** at **03:00 pm.** to transact the following business:

Ordinary Business:

1. To confirm minutes of Annual General Meeting held on October 26, 2022.

2. To receive, consider and adopt the Audited Accounts of the Company along with consolidated Accounts for the year ended June 30, 2023 together with the Auditors' Report, Chairman's Review and Directors' Report thereon.

3. Subject to the approval of shareholders to elect 7 directors of the Company, for a term of three years, in accordance with section 159 of the Companies Act 2017. The names of the retiring directors are as follows;

    - Mr. Maqbool H.H. Rahimtoola
    - Mr. Tariq Ikram
    - Mr. Zafar A. Osmani
    - Mr. Shahzad M. Hussain.
    - Mr. Ilyas Sharif
    - Mr. Mohammad Saeed
    - Ms. Zareen Aziz

4. To appoint Auditors for the year ending June 30, 2024 and fix their remuneration.

5. To consider any other business, that may be placed before the members with the permission of the chair.

Special Business:

1. To consider the requirement of section 223(7) of the Companies Act 2017, Financial Statements of the Company has been uploaded on the website of the Company , which can be downloaded from the following link/QR code:

    https://berger.com.pk/investor-information/

2. To consider the increase of the Authorized Share Capital from Rs. 250,000,000 (Rupees Two Hundred Fifty Million) divided into 25,000,000 shares of Rs.10 each to Rs. 500,000,000 (Rupees Five Hundred Million) divided into 50,000,000 shares of Rs. 10 each. The existing Authorized Share Capital of the Company is near to full utilization. To cater future needs (either as bonus, right or new share issuance), the increase in Authorized Share Capital is essential at this stage.

    As a consequence of aforesaid increase, some of the clauses relating to Memorandum and Articles of Association needs to be changed.

By Order of the Board

Lahore: October 03, 2023

Registered Office
36- Industrial Estate, Kot Lakhpat Lahore.

Nauman Afzal
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1) The Share Transfer Books will remain closed from October 18, 2023 to October 24, 2023, both days inclusive. Members (Non-CDC) are requested to promptly notify the Company's Registrar on any change in their addresses and submit, if applicable to them, the non-deduction of Zakat Form CZ-50 with Registrar of the Company M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial Block K, Model Town, Lahore, Punjab, 54000. All Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participations.

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

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

4) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

Attendance of AGM Through Video-Link
The entitled shareholders whose name appear in the Books of Company by the close of business in October 17, 2023 who are interested to attend AGM through online platform are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM at df.secretary@berger.com.pk.

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

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

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

The entitled shareholders (whose name appeared in the books of Company by the close of Business on October 17, 2023 along with the details mentioned above) may send their comments/suggestions for the proposed agenda items at the above email address at least 48 hours before the meeting.

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

For Attending the Meeting:

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

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

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.

Election of Directors

For Election of Directors, any person who seeks to contest the Election shall, whether he/she is a retiring director or otherwise, send his/her nomination for Election, duly signed by the Member or Members making the nomination or by their duly authorized representative, to the Company at its Registered Office, Berger Paints Pakistan Limited, 36-Industrial Estate Kot Lakhpat, Lahore, which should be received not less than fourteen (14) clear days before the date of the Meeting in terms of Section 159(3) of the Companies Act, 2017.

Categories for Election of Directors

In compliance with the provisions of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulation, 2019 Election of Directors will be held in the following categories:

1. Female Director
2. Independent Directors
3. Other Directors

   Any member while submitting his/her Notice of Intention shall select any one of the above categories and clearly mention his Notice of Intention for which category he/she seeks to contest the Election of Directors.

Candidates for Directorship

Every nomination of a candidate for Election must be accompanied with the following documents:

Consent of the Candidate to act as Director in Form 28, duly and signed by the Candidate, as required by the Companies Act 2017;

NOTICE OF ANNUAL GENERAL MEETING

Declaration of the Candidate for being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act 2017 to act as Director of a Listed Company;

Confirmation of the Candidate that he/she is not serving as Director in more than seven listed companies simultaneously, provided that his/her limit shall not include the directorship in the listed subsidiary; and

A detailed profile of the Candidate along with a copy of valid CNIC, Folio or CDC account number, Contact details and Office Address.

In case of an Independent Director, a declaration of the candidate as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Potential candidates may contact the Company Secretary at df.secretary @berger.com.pk. for any queries or assistance on the above.

The final list of contesting directors will be circulated not later than seven days before the date of the said Meeting.

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.

Postal Ballot / E-Voting

In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations,

Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on October 17, 2023 by Corplink (Private) Limited being the e voting service provider.

Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

Members shall cast vote online from October 21, 2023 9.00 a.m. till October 23, 2023 5:00 p.m. Voting shall close on October 23, 2023, at 5:00 p.m. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot

Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper will also be available on the Company's website wwww.berger.com.pk to download.

The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the: The Company Secretary, at Berger Paints Pakistan Limited, 36 Madar-e-Millat Road, Quaid-e-Azam Industrial Estate Kot, Lakhpat, Lahore Email Address: df.secretary@berger.com.pk one day before the AGM, i.e., on October 23, 2023 before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

Video Conference

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

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

Unclaimed Dividend

Shareholders who have not claimed their dividend are advised to contact our Share Registrar to collect /enquire about their unclaimed dividend, if any. As per the provisions of Section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website http://www.berger.com.pk. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

Transmission of Annual Report 2023

i. In terms of the approval of the members of the Company in their Annual General Meeting held on October 24, 2023 and pursuant to the SECP's NotificationNo. SRO 389 (1)/2023 dated March 21, 2023, the Annual Report for the financial year ended on June 30, 2023 of the Company containing inter alia the audited financial statements, auditors report, directors' and Chairman's reports thereon may be viewed and downloaded by following the QR Code and web-link as given hereunder:

https://berger.com.pk/investor-information/

ii. Annual Report has also been e-mailed to those shareholders who have provided their valid e-mail IDs to the Company.

iii. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

NOTICE OF ANNUAL GENERAL MEETING

Statement of Material Facts u/s 134(3) of the Companies Act, 2017

Increase in Authorized Capital (Special Business – Agenda # 2)

Comparative Analysis	
Existing Clause of Memorandum of Association	**Substituted Clause of Memorandum of Association**
The Authorized Capital of the Company is Rs. 250,000,000/- (Rupees two hundred fifty million only) divided into 25.0 million ordinary shares of Rs.10/- each.	The Authorized Capital of the Company is Rs. 500,000,000/- (Rupees five hundred million only) divided into 50 million ordinary shares of Rs.10/- each.
Existing Clause of Articles of Association	**Substituted Clause of Articles of Association**
The Authorized Capital of the Company is Rs. 250,000,000/- (Rupees two hundred fifty million only) divided into 25.0 million ordinary shares of Rs.10/- each.	The Authorized Capital of the Company is Rs. 500,000,000/- (Rupees five hundred million only) divided into 50 million ordinary shares of Rs.10/- each.

Reasons for Change:

In order to cater future share issuance needs, the Company seeks to enhance the Authorized Capital.

Statement by Board:

The aforesaid substitution has been approved by the Board of Directors in their meeting held on September 22, 2023 and is in line with the applicable provisions of the law and regulatory framework.

None of the Directors of the Company have any direct or indirect interest in this special business except in their capacity as Shareholders or Directors of the Company.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT 2017

The Term of Office of the Retiring Directors will expire on October 24, 2023 and the Board of Directors of Berger Paints Pakistan Limited (“the Company") will be re-constituted for the next term of three years by electing seven (7) directors including four (4) independent directors and one (1) female director in Annual General Meeting to be held on October 24, 2023.

Section 166(3) of the Companies Act 2017 provides that a statement of material facts is annexed to the Notice of the General Meeting called for the purpose of Election of Directors which shall indicate the justification for choosing the appointee for appointment as Independent Director.

Pursuant to the above-mentioned provision, Independent Directors will be elected through the process of election of directors as laid down under Section 159 of the Companies Act, 2017.

The Company will ensure that the Independent Directors to be elected meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and regulations issued thereunder and their names are listed on the data bank of Independent Directors maintained by Pakistan Institute of Corporate Governance. The Company while selecting Independent Directors shall assess respective competencies, diversity, skill, knowledge and experience of the Candidate.

The candidates are requested to read the relevant provisions/requirements relating to the Appointment/Election of Directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and ensure compliance with the same in letter and spirit.

نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ برجر پینٹس پاکستان لمیٹڈ کا تہترواں (73واں) سالانہ اجلاس عام مورخہ 24 اکتوبر 2023ء سہ پہر 03:00 بجے 36-انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور اور/یا بذریعہ وڈیو لنک/زوم کلاؤڈ فاصلاتی طور پر مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور

1. 26 اکتوبر 2022ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
2. 30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنی کے پڑتال شدہ کھاتے بمعہ مجمدا کاؤنٹس، آڈیٹرز رپورٹ، چیئرمین کی جائزہ رپورٹ اور اس پر ڈائریکٹرز کی رپورٹ کو وصول کرنا، زیرغور لانا اور اپنانا۔
3. کمپنیز ایکٹ 2017ء کے سیکشن 159 کے تحت شیئر ہولڈرز کی منظوری سے مشروط کمپنی کے 7 ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام مندرجہ ذیل ہیں:
   - مسٹر مقبول ایچ ایچ رحمت اللہ
   - مسٹر طارق اکرام
   - مسٹر ظفر اے عثمانی
   - مسٹر شہزاد ایچ حسین
   - مسٹر الیاس شریف
   - مسٹر محمد سعید
   - مس زریں عزیز
4. 30 جون 2024ء کو اختتام پذیر سال کے لئے آڈیٹرز کی تقرری کرنا اور ان کا مشاہیرہ طے کرنا۔
5. چیئرمین کی اجازت سے اراکین کے سامنے رکھے جانے والے دیگر امور کو زیرغور لانا۔

خصوصی امور:

1. کمپنیز ایکٹ 2017ء کے سیکشن 223(7) کے تحت کمپنی کی مالیاتی اسٹیٹمنٹس کمپنی کی ویب سائٹ پر شائع کردی گئی ہیں۔ جو مندرجہ ذیل لنک/QR کوڈ کے ذریعے ڈاؤن لوڈ کی جاسکتی ہیں:

   https://berger.com.pk/investor-information/

2. مجاز سرمایہ حصص میں -/10 روپے فی حصص کی شرح سے 25,000,000 حصص میں تقسیم -/250,000,000 روپے سے -/10 روپے فی حصص کی شرح سے 50,000,000 حصص میں تقسیم -/500,000,000 روپے (پانچ سو ملین روپے) اضافہ کرنا۔ کمپنی کا حالیہ سرمایہ حصص تقریباً مکمل استعمال ہو چکا ہے۔
   مستقبل کی ضروریات کو پورا کرنے کے لئے (بذریعہ بونس، رائٹ یا نئے حصص کا اجرا) مجاز سرمایہ حصص میں اضافہ اس وقت بہت ضروری ہے۔
   مذکورہ بالا اضافے کے بعد میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کی شقوں میں ترمیم درکار ہوگی۔

لاہور: اکتوبر 03، 2023ء

بحکم بورڈ

نعمان افضل

کمپنی سیکریٹری

رجسٹرڈ آفس

36-انڈسٹریل اسٹیٹ، کوٹ لکھپت لاہور

مندرجات:

1) شیئر ٹرانسفر books مؤرخہ 18 اکتوبر 2023ء تا 24 اکتوبر 2023ء (بشمول دونوں ایام) بند رہیں گی۔ (نان CDC) اراکین سے درخواست ہے کہ وہ اپنے پتہ میں تبدیلی کی بابت کمپنی رجسٹرار کو فوراً آگاہ کریں اور، اگر ان پر لاگو ہو، زکوٰۃ کی عدم کٹوتی کا فارم CZ-50 کمپنی رجسٹرار میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل بلاک K، ماڈل ٹاؤن لاہور پنجاب 54000 کو جمع کرائیں۔ CDC کے ذریعے حصص کے مالک تمام اراکین کو درخواست کی جاتی ہے اپنے پتہ اور اپنی شرکت کے ساتھ زکوٰۃ کی حیثیت کو اپ ڈیٹ کریں۔

2) اس اجلاس میں شرکت اور ووٹ کرنے کا/کی اہل رکن کسی دوسرے/ دوسری رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کو مؤثر کرنے کی غرض سے پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے۔ پراکسی کو لازمی کمپنی کا رکن ہونا چاہیے۔

3) CDC اکاؤنٹس ہولڈر کو مؤرخہ 26 جنوری، 2000ء کو جاری کردہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 1 میں بیان ہدایات پر عمل کرنا ہوگا۔

4) CDC اکاؤنٹ ہولڈرز کو مذکورہ زیریں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات پر بھی عمل کرنا ہوگا:

بذریعہ وڈیو لنک AGM میں شرکت

17 اکتوبر 2023ء کو کاروبار بند ہونے تک کمپنی کے کھاتوں میں درج اہل شیئر ہولڈرز جو سالانہ اجلاس عام میں بذریعہ آن لائن پلیٹ فارم شرکت کرنا چاہتے ہیں انہیں سالانہ اجلاس عام کے آغاز سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری کو df.secretary@berger.com.pk پر مندرجہ ذیل تفصیلات فراہم کرنے کی درخواست کی جاتی ہے۔

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

خواہشمند شیئر ہولڈرز سے مذکورہ بالا معلومات موصول ہونے پر کمپنی لاگ اِن کی تفصیلات ان کے ای میل ایڈریس پر بھیجے گی۔ کمپنی ''زوم کلاوڈ میٹنگز'' کے ذریعے اجلاس طلب کرے گی۔ یہ ایپ گوگل پلے یا ایپ سٹور سے ڈاؤن لوڈ کی جا سکتی ہے۔ لہٰذا ہم اپنے شیئر ہولڈرز سے درخواست کرتے ہیں کہ اجلاس سے قبل یہ ایپلیکیشن ڈاؤن لوڈ کر لیں۔ اجلاس کے دن، شیئر ہولڈرز لاگ اِن کر سکیں گے اور بذریعہ سمارٹ فون یا کمپیوٹر آلات اپنے رہائشی مقام سے اجلاس عام میں شرکت کر سکیں گے۔ لاگ اِن کی سہولت اجلاس کے انعقاد سے 30 منٹ قبل شروع کر دی جائے گی تاکہ شرکاء اپنی شناخت اور تصدیق کے عمل سے گزر کر اجلاس میں شامل ہو سکیں۔

17 اکتوبر 2023ء کو کاروبار بند ہونے تک کمپنی کے کھاتوں میں درج اہل شیئر ہولڈرز مذکورہ بالا معلومات کے ہمراہ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل مذکورہ بالا ای میل ایڈریس پر مجوزہ ایجنڈا آئٹمز سے متعلق رائے/تجاویز ارسال کر سکتے ہیں۔

AGM کا الیکٹرونک نوٹس

کمپنی نے AGM کا نوٹس تمام اراکین کو ان کے رجسٹرڈ پتہ پر ارسال کر دیا ہے۔ مزید برآں نوٹس بمعہ پراکسی فارم کمپنی کی ویب سائٹ www.berger.com.pk پر بھی موجود ہے اور اسے PUCARS کے ذریعے PSX کو بھیج دیا گیا ہے۔ نوٹس یا پراکسی فارم تک رسائی میں کسی بھی مشکل کی صورت میں اراکین کمپنی کے ساتھ ای میل df.secretary@berger.com.pk کے ذریعے رابطہ کر سکتے ہیں۔ کمپنی نوٹس اور پراکسی فارم کی نقل صرف ان اراکین کو ای میل کرے گی جنہوں نے کمپنی کے شیئر رجسٹرار کارپ لنک (پرائیویٹ) لمیٹڈ کو تحریری درخواست کی ہے اور اپنے ای میل ایڈریس کی تفصیلات فراہم کی ہیں۔

اجلاس میں شرکت کے لئے

نوٹس برائے سالانہ اجلاس عام

i. فرد واحد کی صورت میں، اکاؤنٹ ہولڈ یا سب اکاؤنٹ ہولڈر اور/ یا ایسے افراد جن کی سیکیورٹیز گروپ اکاؤنٹ میں موجود ہیں اور ان کی رجسٹریشن تفصیلات ضوابط کے تحت شائع کی گئی ہیں کو بذریعہ ویڈیو لنک اجلاس میں شرکت کی بابت اپنی شناخت ثابت کرنے کے لئے اپنا اصلی شناختی کارڈ نمبر یا اصلی پاسپورٹ پیش کرنا ہوگا۔

ii. کاروباری ادارے کی صورت میں بوڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے (اگر پہلے جمع نہیں کرائے گئے ہیں)۔

پراکسیز کی تقرری کے لئے

i. فرد واحد کی صورت میں، اکاؤنٹ ہولڈ یا سب اکاؤنٹ ہولڈر اور/ یا ایسے افراد جن کی سیکیورٹیز گروپ اکاؤنٹ میں موجود ہیں اور ان کی رجسٹریشن تفصیلات ضوابط کے تحت شائع کی گئی ہیں کو مذکورہ بالا معیار کے مطابق پراکسی فارم جمع کرانا ہوگا۔

ii. دو افراد پراکسی فارم کے گواہ ہوں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں۔

iii. مستفید ہونے والے مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی کے ساتھ لازمی منسلک ہوں۔

iv. اجلاس کے موقع پر پراکسی اپنا اصلی شناختی کارڈ یا اصلی پاسپورٹ پیش کرے گا/گی۔

v. کاروباری ادارے کی صورت میں پراکسی فارم کے ہمراہ بوڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے (اگر پہلے جمع نہیں کرائے گئے ہیں)۔

ڈائریکٹرز کا انتخاب

کمپنیز ایکٹ 2017ء کے سیکشن (3)159 کے تحت ڈائریکٹرز کے انتخاب کے لئے اگر کوئی شخص انتخاب میں حصہ لینے کا خواہشمند ہو، چاہے وہ ریٹائر ہونے والا یا کوئی اور ڈائریکٹر ہو، کو اپنے کاغذات نامزدگی بمعہ دستخط رکن/ اراکین یا مجاز نمائندہ، کمپنی کے رجسٹرڈ آفس برگر پینٹس پاکستان لمیٹڈ، 36-انڈسٹریل اسٹیٹ کوٹ لکھپت، لاہور میں اجلاس کے انعقاد سے چودہ (14) یوم قبل پہنچ جانی چاہئیں۔

ڈائریکٹرز کے انتخاب کے لئے کیٹیگریز

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، 2019ء کے قاعدہ 7A کے قواعد کی تعمیل میں مندرجہ ذیل کیٹیگریز میں ڈائریکٹرز کا انتخاب عمل میں لایا جائے گا:

1. خاتون ڈائریکٹر
2. آزاد ڈائریکٹرز
3. دیگر ڈائریکٹرز

کاغذات جمع کرانے والے اراکین مذکورہ بالا کیٹگریز میں کسی ایک انتخاب کریں گے جس میں واضح طور پر درج ہو کہ وہ کس کیٹیگری میں ڈائریکٹرز کے انتخاب میں حصہ لینے کا خواہشمند ہے۔

ڈائریکٹرشپ کے امیدوار

انتخاب کے لئے امیدوار کے کاغذات نامزدگی میں مندرجہ ذیل دستاویزات شامل ہونے چاہئیں:

کمپنیز ایکٹ 2017ء کے تحت درکار فارم 28 پر ڈائریکٹر کی حیثیت سے کام کرنے کا اقرارنامہ جس پر امیدوار کے دستخط موجود ہوں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے معیارات کی تعمیل اور لسٹڈ کمپنی کے ڈائریکٹر کی حیثیت سے کام کرنے کے لئے کمپنیز ایکٹ 2017ء میں بیان کردہ اہلیت اکے معیار کی بابت اقرارنامہ

امیدوار کی جانب سے تصدیق کہ وہ ایک ہی وقت میں سات سے زائد لسٹڈ کمپنیز بطور ڈائریکٹر خدمات سرانجام نہیں دے رہا/ رہی۔ جب کہ لسٹڈ ذیلی کمپنی میں ڈائریکٹرشپ کو اس حد میں شامل نہیں کیا جائے گا۔

کارآمد CNIC کی نقل، فولیو یا CDC اکاؤنٹ نمبر کے ہمراہ امیدوار کا تفصیلی پروفائل۔

آزاد ڈائریکٹر کی صورت میں، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے تحت اقرارنامہ

مذکورہ بالا کی بابت سوالات یا معاونت کے لئے ممکنہ امیدوار کمپنی سیکریٹری سے df.secretary@berger.com.pk پر رابطہ کرسکتے ہیں۔ ڈائریکٹرز کے انتخاب میں حصہ لینے والے امیدواروں کی حتمی فہرست مذکورہ اجلاس کے انعقاد سے سات یوم قبل بھیج دی جائے گی۔

شناختی کارڈ اور NTN سرٹیفکیٹ (لازمی) کی نقول جمع کرانا

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

پوسٹل بیلٹ/ای-ووٹنگ

کمپنیز (پوسٹل بیلٹ) ضوابط، 2018ء (''ضوابط'') کے تحت کمپنیز ایکٹ 2017ء کے قواعد کی روشنی میں خصوصی امور پر الیکٹرونک ووٹنگ سہولت اور ڈاک کے ذریعے ووٹ کرنے کا اختیار ہر لسٹڈ کمپنی کے اراکین کو دیا جائے گا جو ضوابط میں بیان کردہ انداز اور شرائط کے تحت ہوگا۔

ای-ووٹنگ سہولت کی تفصیلات صرف انہیں اراکین کو بذریعہ ای میل فراہم کی جائیں گی جن کے کارآمد سیل نمبر/ای میل ایڈریس بطور ای ووٹنگ سروس پرووائیڈر کارپ لنک (پرائیویٹ) لمیٹڈ کی جانب سے کمپنی کے رجسٹر ممبران میں 17 اکتوبر 2023ء کو کاروبار بند ہونے تک دستیاب ہوں۔

بذریعہ ای-ووٹنگ ووٹ کاسٹ کرنے کے خواہشمند اراکین کی شناخت الیکٹرونک دستخط اور لاگ اِن کی توثیق کے ذریعے کی جائے گی۔

اراکین قرارداد پر 21 اکتوبر 2023ء صبح 09:00 بجے سے 23 اکتوبر 2023ء شام 05:00 بجے تک آن لائن اپنا ووٹ کاسٹ کرسکتے ہیں۔ جب کوئی رکن اپنا ووٹ کاسٹ کرلیتا/لیتی ہے تو وہ اس میں تبدیلی کا مجاز نہیں ہوگا/گی۔

بذریعہ پوسٹل بیلٹ ووٹنگ کا طریقہ کار

اس کے برعکس، اراکین بذریعہ پوسٹل بیلٹ ووٹ کرنے کا انتخاب کرسکتے ہیں۔ اراکین کی سہولت کے لئے بیلٹ پیپر کمپنی کی ویب سائٹ www.berger.com.pk پر ڈاؤن لوڈ کرنے کے لئے دستیاب ہے۔

اراکین کو یقینی بنانا ہوگا کہ باقاعدہ پُر اور دستخط شدہ بیلٹ پیپر بمعہ نقل کمپیوٹرائزڈ شناختی کارڈ (CNIC) AGM کے انعقاد یعنی 23 اکتوبر 2023ء کو شام 05:00 بجے سے پہلے کمپنی سیکریٹری کو برجر پینٹس پاکستان لمیٹڈ، 36 مادرِ ملت روڈ، قائد اعظم انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور ای میل ایڈریس: df.secretary@berger.com.pk پر لازمی پہنچ جانا چاہئے۔ اس وقت/تاریخ کے بعد موصول بیلٹ پیپر کو ووٹنگ کے لئے شمار نہیں کیا جائے گا۔ بیلٹ پر کئے گئے دستخط شناختی کارڈ پر موجود دستخط کے عین مطابق ہونے چاہئیں۔

لادعویٰ منافع منقسمہ

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

سالانہ رپورٹ 2023ء کی ترسیل

نوٹس برائے سالانہ اجلاس عام

i. 24 اکتوبر 2023ء کو منعقد ہونے والے سالانہ اجلاس عام میں کمپنی کے اراکین کی منظوری سے مشروط اور SECP کے نوٹیفکیشن نمبر SRO 389(1)/2023 مؤرخہ 21 مارچ 2023ء کی پیروی میں مالیاتی سال مختتمہ 30 جون 2023ء کے لئے کمپنی کی مالیاتی اسٹیٹمنٹس پر مشتمل سالانہ رپورٹ، آڈیٹرز رپورٹ، ڈائریکٹرز اور چیئرمین کی رپورٹ مندرجہ ذیل QR کوڈ اور ویب لنک سے ڈاؤن لوڈ اور دیکھی جا سکتی ہے:

https://berger.com.pk/investor-information/

ii. سالانہ رپورٹ ان شیئر ہولڈرز کو بھی ای میل کی جا چکی ہے جنہوں نے اپنے کارآمد ای میل آئی ڈی کمپنی کو جمع کرائے ہیں۔

iii. جو شیئر ہولڈرز مذکورہ بالا دستاویزات کی کاغذی نقل حاصل کرنا چاہتے ہیں وہ سالانہ رپورٹ اور کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم کمپنی سیکریٹری/شیئر رجسٹرار کو جمع کرا سکتے ہیں اس کے بعد کمپنی درخواست موصول ہونے کے ایک ہفتہ کے اندر مذکورہ بالا دستاویزات کی کاغذی نقول خواہشمند شیئر ہولڈرز کو بالکل مفت فراہم کرے گی۔

نوٹس سالانہ اجلاس عام بمعہ اعلامیہ مادی حقائق کی ترسیل

نوٹس سالانہ اجلاس عام بمعہ اعلامیہ مادی حقائق بمطابق سیکشن 134(3) اور 166(3) کمپنیز ایکٹ 2017ء شیئر ہولڈرز کو ارسال کرنے کے علاوہ کمپنی کی ویب سائٹ www.berger.com.pk پر شائع کر دیا گیا ہے

کمپنیز ایکٹ 2017ء کے سیکشن 134(3) کے تحت مادی حقائق کا اعلامیہ

مجاز سرمایہ حصص میں اضافہ (خصوصی امور - ایجنڈا نمبر 2)

مسابقتی جائزہ	
میمورنڈم آف ایسوسی ایشن کی حالیہ شق	**میمورنڈم آف ایسوسی ایشن کی ترمیمی شق**
کمپنی کا مجاز سرمایہ حصص -/250,000,000 روپے (دو سو پچاس ملین روپے) ہے جسے 10 روپے فی حصص کی شرح سے 25.0 ملین عمومی حصص میں تقسیم کیا گیا ہے۔	کمپنی کا مجاز سرمایہ حصص -/500,000,000 روپے (پانچ سو ملین روپے) ہے جسے 10 روپے فی حصص کی شرح سے 50.0 ملین عمومی حصص میں تقسیم کیا گیا ہے۔
آرٹیکلز آف ایسوسی ایشن کی حالیہ شق	**آرٹیکلز آف ایسوسی ایشن کی ترمیمی شق**
کمپنی کا مجاز سرمایہ حصص -/250,000,000 روپے (دو سو پچاس ملین روپے) ہے جسے 10 روپے فی حصص کی شرح سے 25.0 ملین عمومی حصص میں تقسیم کیا گیا ہے۔	کمپنی کا مجاز سرمایہ حصص -/500,000,000 روپے (پانچ سو ملین روپے) ہے جسے 10 روپے فی حصص کی شرح سے 50.0 ملین عمومی حصص میں تقسیم کیا گیا ہے۔

تبدیلی کی وجوہات

آئندہ کے لئے حصص کے اجراء کی ضروریات کو پورا کرنے کے لئے کمپنی کو مجاز سرمایہ میں اضافہ درکار ہے۔

بورڈ کا اعلامیہ

بورڈ آف ڈائریکٹرز نے 22 ستمبر 2023ء کو منعقدہ ہونے والے اپنے اجلاس میں مذکورہ بالا ترمیم کی منظوری دی ہے جو مروجہ قواعد اور ریگولیٹری فریم ورک کے عین مطابق ہے۔

کمپنی کے ڈائریکٹرز یا شیئر ہولڈرز کی حیثیت کے علاوہ کمپنی کا کوئی بھی ڈائریکٹر خصوصی قرارداد میں بالواسطہ یا بلاواسطہ مفاد نہیں رکھتا۔

کمپنیز ایکٹ 2017ء کے سیکشن 166(3) کے تحت مادی حقائق کا اعلامیہ

ریٹائر ہونے والے ڈائریکٹرز کی مدت 24 اکتوبر 2023ء کو ختم ہو جائے گی اور 24 اکتوبر، 2023ء کو منعقد ہونے والے سالانہ اجلاس عام میں سات (7) ڈائریکٹرز بشمول چار (4) آزاد اور ایک (01) خاتون ڈائریکٹرز کے انتخاب کے ذریعے اگلے تین برس کی مدت کے لئے برجر پینٹس پاکستان لمیٹڈ (''کمپنی'') کے بورڈ آف ڈائریکٹرز کی تشکیل نو کی جائے گی۔

نوٹس برائے سالانہ اجلاس عام

کمپنیز ایکٹ 2017ء کے سیکشن (3)166 کے تحت سالانہ اجلاس عام کے نوٹس کے ساتھ مادی حقائق کا اعلامیہ منسلک کیا گیا جو الیکشن آف ڈائریکٹرز کے متعلق ہے اور جس سے آزاڈائریکٹرز کی تقرری کے لئے نامزدگی کا جواز ظاہر ہوگا۔

مذکورہ بالاشق کی پیروی میں کمپنیز ایکٹ 2017ء کے سیکشن 159 کے تحت بیان کردہ ڈائریکٹرز کے انتخاب کے عمل کے ذریعے آزادڈائریکٹرز کو منتخب کیا جائے گا۔ کمپنی یقینی بنائے گی کہ منتخب کئے جانے والے آزدڈائریکٹر کمپنیز ایکٹ 2017ء کے سیکشن 166 اوراس کے مطابق جاری قواعد کے تحت خودمختاری کے معیار پورا اترتے ہوں اوران کے نام پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کے زیرانتظام ڈیٹا بینک میں درج ہوں۔ خودمختار ڈائریکٹرز کو منتخب کرتے ہوئے کمپنی امیدوار کی متعلقہ قابلیت، تنوع، مہارت، علم اور تجربہ کا جائزہ لے گی۔

امیدواران کوڈائریکٹرز کی تقرری/ انتخاب کی بابت متعلقہ قواعد/ اصولوں کو پڑھنے کی ہدایت کی جاتی ہے جیسا کہ کمپنیز ایکٹ 2017ء اورلسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء میں درج ہیں تا کہ وہ ان قواعد/ اصولوں کی من وعن تعمیل کو یقینی بنائیں۔

STATEMENT OF COMPLIANCE

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

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

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

a.	Male	Seven
b.	Female	One

2. The composition of the board is as follows:

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

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

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of 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. All directors have minimum 14 years of education and 15 years' experience on the board of listed Company hence exempt from directors training program (DTP).
10. During the year, the Board has approved appointment of CFO, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations and there was no appointment of Company Secretary and Head of Internal Audit.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

STATEMENT OF COMPLIANCE

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

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

a). Audit Committee

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

b) HR and Remuneration Committee

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

c) Committee for Business Strategies

Mr. Tariq Ikram	Chairman
Mr. Zafar Aziz Osmani	Member
Mr. Zahid Majid (Alternate to Mr. Ilyas Sharif)	Member

13. The terms of the reference of the aforesaid committees have been developed by the Board, documented and advised to the committee for compliance except for Committee for Business Strategies;

14. The Board has provided adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively.

15. Secretary of Audit Committee circulated minutes of meetings of the audit committee to all members, directors, and head of internal audit and to chief financial officer, when required, and prior to the next meeting of the Board.

16. The frequency of the meetings of the committees were as following:

BOD Committee	Frequency
Audit Committee	Four meetings
HR and Remuneration Committee	Two meetings
Committee for Business Strategies	Two meetings

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

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

19. The Board has recommended appointment of external auditors for a year and such recommendations included in the Directors' Report.

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

21. Company has ensured that the statement of compliance is reviewed and certified by statutory auditors as per relevant Regulations specified by Commission.

22. We confirmed that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mr. Maqbool H.H. Rahimtoola
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BERGER PAINTS PAKISTAN LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Berger Paints Pakistan Limited for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Imran

Lahore

Date: 03 October 2023

UDIN: CR202310131yOKQSaTqb

Berger Paints Pakistan Limited
Unconsolidated Financial Statements

for the year ended June 30, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed financial statements of BERGER PAINTS PAKISTAN LIMITED (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, its cash flows and the changes in equity 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 matter	How the matters were addressed in our audit
1.	**Revenue Recognition**	
	(Refer note 33 to the annexed financial statements) The Company is principally engaged in the production and sale of paints, varnishes and other related items in the local and export markets. • Revenue from sale of goods is recognised when the performance obligation is satisfied by transferring control of promised goods to the customers.	Our audit procedures in relation to the matter, amongst others, included the following: • Understood and evaluated management controls over revenue and checked their validation; • Performed verification of sales with underlying documentation including dispatch documents and sales invoices; • Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in

Sr. No.	Key audit matter	How the matters were addressed in our audit
	• We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company. In addition, revenue was also considered as an area of an inherent risk of material misstatement and significant audit risk as part of the audit process.	the correct period; • Verified that sales prices are approved by the appropriate authority; • Tested on a sample basis, specific discounts as per Company's policy; • Performed analytical procedures to analyse variation in the price and quantity sold during the year; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and • Assessed the adequacy of disclosures made in the financial statements related to revenue.
2.	**Inventory valuation** As at June 30, 2023, the Company held Rs. 1,437.793 million in inventories. Given the size of the inventory balance relative to the total assets of the Company and the estimates and judgements described below, the valuation of inventory required significant audit attention. As disclosed in Note 5.5, inventory is held at the lower of cost and net realizable value determined using the moving average cost method / average cost plus production overheads. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory aging reports together with historical trends to estimate the likely future salability of slow-moving and older inventory items; • The Company reviews the carrying amount of inventories on a regular basis and provision is made for	Our audit procedures involved assessing the Company's accounting policies over recognizing and valuation of inventory in compliance with applicable accounting standards. • We tested the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value. • We performed an analytical review of the inventory to compare and investigate any unexpected or unusual variation between current year and prior year and discuss these with management and also corroborate with underlying record. • We checked final stock valuation sheet to physical stock taking sheet to ensure that all items are included. • We reconciled final stock valuation sheet to general ledger and stock ledger and checked amount to appropriate sources and investigate unusual items. • We assessed the Company's disclosures in the financial statements in respect of inventory. • We checked that the provision made is appropriate in the circumstances.

Sr. No.	Key audit matter	How the matters were addressed in our audit
	obsolescence if there is any change in usage pattern and physical form of related inventories. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required. Refer to Notes 5.5 & 14 of the financial statements.	

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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the separate and consolidated 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 cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

Other Matter

The financial statements of the Company for the year ended June 30, 2022 were audited by another firm of Chartered Accountants who vide their report dated October 5, 2022, expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran.

BDO Ebrahim & Co.

Lahore
Date: 03 October 2023
UDIN: AR202310131dQ9otxlZ2

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,306,831	1,628,161
Intangible assets	8	-	23
Long term investments	9	78,479	70,915
Long term loans	10	37,261	38,632
Long term deposits	11	22,218	38,138
		2,444,789	1,775,869
CURRENT ASSETS			
Stores, spare parts and loose tools	13	30,341	22,735
Stock in trade	14	1,437,793	1,625,411
Trade debts - unsecured	15	1,907,525	1,628,302
Loans and advances	16	277,322	221,950
Trade deposits and short term prepayments	17	31,864	26,821
Other receivables	18	62,053	113,633
Tax refund due from government	19	182,994	207,054
Short term investment	20	191,000	140,000
Cash and bank balances	21	47,078	223,671
		4,167,970	4,209,577
TOTAL ASSETS		6,612,759	5,985,446
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		250,000	250,000
Issued, subscribed and paid-up share capital	22	245,516	204,597
Capital reserves			
Revaluation surplus on property, plant and equipment	23.3	1,495,613	830,273
Other reserves	23	56,205	58,017
		1,551,818	888,290
Revenue reserves			
General reserve	23	285,000	285,000
Accumulated profits	23	1,113,469	967,825
		1,398,469	1,252,825
		3,195,803	2,345,712
NON-CURRENT LIABILITIES			
Long term financing - secured	24	94,221	183,222
Long term diminishing musharaka	25	333,333	16,000
Deferred grant	26	21,672	2,251
Long term employee benefits	27	144,748	144,012
Deferred taxation - net	12	104,645	8,379
		698,619	353,864
CURRENT LIABILITIES			
Trade and other payables	28	2,020,366	1,790,697
Current portion of long term financing	29	228,098	69,110
Unclaimed dividend		13,106	6,826
Accrued markup	30	31,459	45,298
Short term borrowings - secured	31	425,308	1,373,939
		2,718,337	3,285,870
TOTAL LIABILITIES		3,416,956	3,639,734
TOTAL EQUITY AND LIABILITIES		6,612,759	5,985,446
CONTINGENCIES AND COMMITMENTS	32		

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer Chief Executive Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue from contract with customers - net	33	7,341,165	7,105,233
Cost of sales	34	(5,858,052)	(5,883,486)
Gross profit		1,483,113	1,221,747
Selling and distribution expenses	35	(582,571)	(677,395)
Administrative and general expenses	36	(208,993)	(191,950)
Impairment loss (charged) / reversed during the year	15.3 & 11	(73,084)	3,074
Other operating expenses	37	(101,414)	(19,386)
		(966,062)	(885,657)
Profit from operations		517,051	336,090
Other income	38	97,691	74,405
		614,742	410,495
Finance cost	39	(283,545)	(163,477)
Profit before taxation		331,197	247,018
Taxation	40	(91,136)	(45,132)
Profit after taxation		240,061	201,886
Earnings per share - basic and diluted (Rupees)	41	9.78	8.22

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer Chief Executive Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Profit after taxation for the year		240,061	201,886
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to statement of profit or loss			
Fair value (loss)/gain on investment classified as FVOCI	9.2.2	(13,212)	18,410
Related deferred tax liability on fair value gain/(loss) on investment classified as FVOCI		11,400	(5,697)
		(1,812)	12,713
Actuarial gain/(loss) on staff retirement benefits	27.1.3	13,127	(12,421)
Revaluation surplus on property, plant and equipment	23.3	811,763	-
Related deferred tax liability on revaluation surplus		(131,209)	-
		680,554	-
Total comprehensive income for the year		931,930	202,178

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities before working capital changes	43	872,347	550,521
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools	13	(7,606)	(4,244)
Stock-in-trade	14	199,364	(382,030)
Trade debts - unsecured	15	(279,223)	(408,624)
Loans and advances	16	(45,217)	53,537
Trade deposits and short term prepayments	17	(5,043)	4,056
Other receivables	18	51,580	72,130
		(86,145)	(665,175)
Increase in current liabilities:			
Trade and other payables	28	209,144	191,021
Cash generated from operations		995,346	76,367
Finance cost paid		(296,440)	(140,298)
Taxation - net	19.1	(87,189)	(2,934)
Long term employee benefit paid		(31,600)	(21,227)
Funds transferred to the Company from the Gratuity fund		-	55,000
Worker's Profit Participation Fund paid		(13,248)	(13,470)
Workers' Welfare Fund paid		(4,137)	-
Long term loans received/(disbursed) - net		3,457	(2,124)
Long term deposits realised		3,678	2,109
		(425,479)	(122,944)
Net cash generated from /(used in) operating activities		569,867	(46,577)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(25,655)	(128,201)
Proceeds from disposal of property, plant and equipment		14,408	6,809
Mark-up received on term deposit and long term loan		23,708	9,753
Short term investments made during the year		(81,000)	-
Right shares purchased during the year		(29,399)	-
Net cash used in investing activities		(97,938)	(111,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing - net		(108,332)	(12,459)
Proceeds from long term diminishing musharaka		484,000	16,000
Dividend paid		(75,559)	(82,564)
(Repayments)/proceeds of/from short term borrowings - net		(255,552)	194,852
Net cash generated from financing activities		44,557	115,829
Net increase / (decrease) in cash and cash equivalents		516,486	(42,387)
Cash and cash equivalents at beginning of the year		(784,716)	(742,329)
Cash and cash equivalents at end of the year	42	(268,230)	(784,716)

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer　　Chief Executive　　Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up share capital	Reserves						Total
		Capital reserves			Revenue reserves		Total reserves	
		Revaluation surplus on property, plant and	Share premium	Fair value reserve	General reserve	Accumulated profits		
	(Rupees in thousand)							
Balance as at July 01, 2021	204,597	849,056	34,086	11,218	285,000	841,416	2,020,776	2,225,373
Total comprehensive income for the year ended June 30, 2022								
Profit after taxation for the year	-	-	-	-	-	201,886	201,886	201,886
Other comprehensive income for the year								
- Fair value gain on Investment classified as FVOCI	-	-	-	12,713	-	-	12,713	12,713
- Actuarial loss on staff retirement benefits	-	-	-	-	-	(12,421)	(12,421)	(12,421)
Total comprehensive income for the year	-	-	-	12,713	-	189,465	202,178	202,178
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(18,783)	-	-	-	18,783	-	-
Transactions with the owners of the Company								
Final cash dividend for the year ended 'June 30, 2021 @ Rs. 4 per share	-	-	-	-	-	(81,839)	(81,839)	(81,839)
	-	(18,783)	-	-	-	(63,056)	(81,839)	(81,839)
Balance as at June 30, 2022	204,597	830,273	34,086	23,931	285,000	967,825	2,141,115	2,345,712
Total comprehensive income for the year ended June 30, 2023								
Profit after taxation for the year	-	-	-	-	-	240,061	240,061	240,061
Other comprehensive income for the year								
- Revaluation surplus on property, plant and equipment	-	680,554	-	-	-	-	680,554	680,554
- Fair value loss on investment classified as FVOCI	-	-	-	(1,812)	-	-	(1,812)	(1,812)
- Actuarial gain on staff retirement benefits	-	-	-	-	-	13,127	13,127	13,127
Total comprehensive income for the year	-	680,554	-	(1,812)	-	253,188	931,930	931,930
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(15,214)	-	-	-	15,214	-	-
Transactions with the owners of the Company								
Bonus issue during the year 1 bonus shares for every 5 shares held	40,919	-	-	-	-	(40,919)	-	-
Final cash dividend for the year ended June 30, 2022 @ Rs. 4 share	-	-	-	-	-	(81,839)	(81,839)	(81,839)
	40,919	(15,214)	-	-	-	(107,544)	(81,839)	(81,839)
Balance as at June 30, 2023	245,516	1,495,613	34,086	22,119	285,000	1,113,469	2,991,206	3,195,803

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

Berger Paints Pakistan Limited (the "Company") was incorporated in Pakistan on March 25, 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%.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

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.

Regional office	Office address
Karachi	X-3 Manghopir Road, S.I.T.E
Islamabad	Plot No. 201, Street 1, Sector, I-10/3
Multan	174/A Lodhi Colony, MRE, Opposite Hascol Petrol Pump, MDA Road

3 BASIS OF PREPARATION

3.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of direct cost of investment less identified impairment, if any rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following investments:

Company name	Country of incorporation	Percentage of shareholding	Nature of business
Subsidiary			
Berger DPI (Private) Limited	Pakistan	51.00%	Execution of contracts relating to application of road marking paints and installation of road safety equipment

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Company name	Country of incorporation	Percentage of shareholding	Nature of business
Associate			
3S Pharmaceuticals **(Private) Limited**	**Pakistan**	**49.00%**	**Manufacturing of medicines**

3.2 Statement of compliance

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

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

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

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

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

3.4 Functional and presentation currency

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

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements.

5.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold and leasehold land, buildings thereon and plant and machinery, which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Cost comprises purchase price, non refundable duties and taxes after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus on property, plant and equipment account except for a reversal of deficit already charged to statement of profit or loss. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus, in which case the deficit is taken to revaluation surplus on property, plant and equipment. The revaluation surplus on property, plant and equipment to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets is transferred annually directly to accumulated profit net of related deferred tax. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is adjusted to the revalued amount of the assets.

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

Depreciation on all property, plant and equipment except freehold land is charged to profit or loss using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values are reviewed at each reporting date and adjusted if the impact on depreciation is significant.

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

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

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

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

Right-of-use asset and Lease liability

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

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

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

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

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

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Capital work in progress

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

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

5.2 Intangible assets

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles are measured initially at cost. The cost of intangible comprises of its purchase price including non-refundable purchase taxes after deducting trade discounts and rebates and includes other costs directly attributable to acquisition. Cost incurred after the asset is in the condition necessary for it to operate in the manner intended by management are recognised in statement of profit or loss.

5.2.1 Computer software

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

Amortization on assets with finite useful life is charged to statement of profit or loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 8.

5.2.2 Goodwill acquired in business combinations

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

5.3 Investments in equity instruments of subsidiaries and associates

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

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

Investment in unquoted subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognized in other income. Gains and losses on disposal of investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

5.4 Stores, spare parts and loose tools

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

5.5 Stock in trade

Stock in trade is valued at lower of cost and Net Realizable Value (NRV).

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and valuation has been determined as follows:

Raw materials, packing materials and semi-

processed goods	Moving weighted average cost
Finished goods	Moving weighted average manufacturing cost
Finished goods purchased for resale	Moving weighted average cost
Stock in transit	Invoice value plus other charges paid thereon up to the reporting date

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

Provision for obsolete and slow moving stock in trade is based on management's estimate and is recognised in financial statements whenever necessary.

5.6 Trade debts and other receivables

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

5.7 Cash and cash equivalents

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

5.8 Financial instruments

5.8.1 Classification and measurement of financial assets and financial liabilities

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

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

- Those to be measured at amortized cost.

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

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

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

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

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

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

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

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

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

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

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

i) Financial assets at FVTPL

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

ii) Financial assets at amortised cost

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

iii) Debt investments at FVOCI

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

iii) Debt investments at FVOCI

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

5.8.2 Impairment

The Company recognizes loss allowances for ECLs on:

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

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

Additional information about how the company measures allowance for impairment is detailed in note 47.1.3 of the financial statements.

5.8.3 Derecognition

Financial assets

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

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

Financial liabilities

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

5.8.4 Offsetting

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

5.9 Impairment of non-financial assets

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

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

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

5.10 Provisions

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

5.11 Contingent assets

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

5.12 Contingent liabilities

A contingent liability is disclosed when:

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

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

5.13 Revenue recognition

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

Revenue from contract with customers primarily includes sale of paints and coatings. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

i)Identify the contract with a customer.
ii) Identify the performance obligation in the contract.
iii) Determine the transaction price of the contract.
iv) Allocate the transaction price to each of the separate performance obligations in the contract.
v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

a) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer (i.e. after obtaining customer acknowledgment at the time of delivery of goods). Although the transfer of risks and rewards is not the only criterion to be considered to determine whether control over the goods has transferred, it is in most situations considered to be the main indicator of the customer's ability to direct the use of and obtain the benefits from the asset and largely also coincides with the physical transfer of the goods and the obligation of the customer to pay. In case of expected returns, no revenue is recognized for such products.

Variable considerations, including among others rebates and discounts are accrued for as performance obligations are satisfied and revenue is recognized. Variable considerations are only recognized when it is highly probable that it is not subject to significant reversal.

Revenue is measured at the fair value of the consideration received or receivable for the goods sold, net of returns, discounts and sales tax.

b) Other

Profit on short-term bank deposits is accounted for on a time-apportioned basis using the effective interest rate method.

Financial income on funds invested, mark-up / interest income on lending's made by the Company and amortization gains on interest free loans given to staff is accounted for using the effective interest rate method.

5.14 Financial expenses

Financial expenses are recognized using the effective interest rate method and comprise of mark-up / interest expense on borrowings, along with amortization losses on interest free loans given to staff.

5.15 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.

5.16 Taxation

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

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any.

The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Under / over paid amount of current tax is recorded as tax refundable / payable due from / to the Government.

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for;

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

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

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

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

5.17 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

5.18 Trade and other payables

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

5.19 Employee benefits

5.19.1 Short term employee benefits

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

5.19.2 Defined benefit plan

The Company operates the following defined benefit schemes:

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

Pension scheme

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

Gratuity scheme

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

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

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

5.19.3 Defined contribution plan

Provident fund

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

5.19.4 Other long term benefits - Accumulated compensated absences

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

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

5.19.5 Other employee benefits

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

5.20 Foreign currency transactions and translation

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

5.21 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.

5.22 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

5.23 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.

5.24 Capital reserves - Share premium

This reserve can be utilized by the Company only for the purposes specified in section 81(3) of the Companies Act, 2017.

5.25 Related party transactions

Transactions with related parties are based at arm's length that normal commercial rates on the same terms and conditions as applicable to third party transactions.

5.26 Borrowing costs

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

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

5.27 Government grants

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

5.28 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

5.29 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Balance considered irrecoverable are written off.

6 USE OF JUDGMENTS AND ESTIMATES

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

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

	Note
- Property, plant and equipment	5.1
- Stock in trade	5.5
- Trade debts - unsecured	5.6
- Impairment of cash generating unit	5.9
- Recoverability of deferred tax assets	5.16
- Long term employee benefits	5.19
- Taxation	5.16
- Stores, spare parts and loose tools	5.4

a) Income taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 7.10 to these financial statements.

b) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in note 8 to these financial statements, the Company has revalued its free hold land as on June 30, 2023.

d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

e) Financial instrument

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) Provision for doubtful receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

g) Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Establishment's financial and non- financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

h) Provision and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

i) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

j) Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

7 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		(Rupees in thousand)	
Operating fixed assets	7.1	2,088,301	1,423,908
Right-of-use-asset	7.2	216,666	190,071
Capital work in progress	7.3	1,864	14,182
		2,306,831	1,628,161

7.1 Operating fixed assets

The following is the statement of property, plant and equipment:

Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Laboratory equipment	Electric fittings	Computer and related accessories	Office equipment	Furniture and fixtures	Motor vehicles	Total
	(Rupees in thousand)										
Net carrying value basis											
Year ended June 30, 2023											
Opening net book value (NBV)	661,921	235,386	50,661	244,495	19,226	120,882	5,186	17,925	9,503	58,723	1,423,908
Additions (at cost)	-	-	449	2,919	6,707	779	1,294	184	786	24,852	37,970
Disposals (at NBV)	-	-	-	(456)	-	-	-	-	-	(2,617)	(3,073)
Depreciation charge for the year	-	(23,595)	(6,825)	(55,248)	(5,069)	(16,280)	(2,036)	(2,857)	(2,333)	(19,930)	(134,173)
Revaluation /(impairment) during the year	402,364	166,263	(16,374)	211,416	-	-	-	-	-	-	763,669
Closing net book value	1,064,285	378,054	27,911	403,126	20,864	105,381	4,444	15,252	7,956	61,028	2,088,301
Gross carrying value basis											
Year ended June 30, 2023											
Cost / revalued amount	1,064,285	456,220	47,941	568,899	57,713	182,547	38,459	33,335	31,907	118,403	2,599,709
Accumulated depreciation and impairment losses	-	(78,166)	(20,030)	(165,773)	(36,849)	(77,166)	(34,015)	(18,083)	(23,951)	(57,375)	(511,408)
Net book value (NBV)	1,064,285	378,054	27,911	403,126	20,864	105,381	4,444	15,252	7,956	61,028	2,088,301
Net carrying value basis											
Year ended June 30, 2022											
Opening net book value (NBV)	661,921	258,981	57,491	218,334	19,744	137,222	3,633	13,860	11,957	45,649	1,428,792
Additions (at cost)	-	-	-	83,237	3,372	956	3,243	7,068	-	27,033.00	124,909
Disposals (at NBV)	-	-	-	(1,539)	-	(448)	-	-	-	(262)	(2,249)
Depreciation charge for the year	-	(23,595)	(6,830)	(55,537)	(3,890)	(16,848)	(1,690)	(3,003)	(2,454)	(13,697)	(127,544)
Closing net book value	661,921	235,386	50,661	244,495	19,226	120,882	5,186	17,925	9,503	58,723	1,423,908
Gross carrying value basis											
Year ended June 30, 2022											
Cost / revalued amount	661,921	289,957	63,866	355,020	51,006	181,768	37,165	33,151	31,121	96,168	1,801,143
Accumulated depreciation and impairment losses	-	(54,571)	(13,205)	(110,525)	(31,780)	(60,886)	(31,979)	(15,226)	(21,618)	(37,445)	(377,235)
Net book value (NBV)	661,921	235,386	50,661	244,495	19,226	120,882	5,186	17,925	9,503	58,723	1,423,908
Useful life	-	20.00	10 - 20	2.8 - 12.5	10	4 - 10	4	4 - 10	10	5	

7.1.1 Disposal of operating assets

Particulars of assets	Sold to: Name	Sold to: Relationship with the Company	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
			(Rupees in thousand)					
2023								
Plant and machinery								
Attritor	Akram Trading	Third-party	169	76	93	255	162	Bid
Dust collectors	Akram Trading	Third-party	22	10	12	-	(12)	Bid
Brighton Pot, 700Kg	Akram Trading	Third-party	75	34	41	147	106	Bid
Karcher Pump 13 - 14	Akram Trading	Third-party	163	83	80	247	167	Bid
Donkey Pump 1"	Akram Trading	Third-party	5	3	2	8	6	Bid
Ms Pot#88 - Of-P-88 - 800 Kg	Akram Trading	Third-party	24	12	12	36	24	Bid
Ms Pot#89 - Of-P-89 - 800 Kg	Akram Trading	Third-party	24	12	12	36	24	Bid
Ms Pot#90 - Of-P-90 - 800 Kg	Akram Trading	Third-party	24	12	12	36	24	Bid
Tcm Lifter 4 (Rms-331)	U.F. Farat Traders	Third-party	400	211	189	700	511	Bid
Motor vehicles								
Toyota Corolla Lec-16-8682	Mr. Abdul Wahid Qureshi	Employee	160	-	160	1,147	987	Buy-back
Suzuki Wagon-R Lea-18-7312	Asad Ali	Third party	1,109	942	167	1,912	1,745	Auction
Suzuki Wagon-R Lec-18-7419	Hassan Ali	Third party	141	30	111	2,013	1,902	Auction
Honda City 1.3Mt	Mr. Wajid Gohar	Employee	1,537	1,537	-	506	506	Buy-back
Toyota Altis Aku-830	Pervaiz Khan	Employee	1,995	964	1,031	1,746	715	Buy-back
Toyota Prado Leb-16-245	Abdul Wahid Qureshi	Employee	3,555	3,022	533	2,888	2,355	Buy-back
Suzuki Wagon-R Lec-18-896	Mr. Shahid Butt	Employee	106	23	83	264	181	Buy-back
Honda City Lef-16-5796	Mr. Ali Asghar Qureshi	Employee	135	16	119	337	218	Buy-back
Honda City Le-18A-7638	Mr. Zafar Iqbal	Employee	174	20	154	1,812	1,658	Buy-back
Suzuki Cultus Lef-18-5265	Mr. Sohail Qayum	Employee	296	34	262	318	56	Buy-back
			10,114	7,041	3,073	14,408	11,335	
2022								
Plant and machinery	Akram Trading	Third-party	3,296	1,757	1,539	681	(858)	Bid
Electric fittings	Various parties	Third-party	2,557	2,109	448	386	(62)	Bid
Motor vehicles	Various parties	Employee	639	377	262	5,741	5,479	Buy-back
			6,492	4,243	2,249	6,808	4,559	

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

	2023	2022
	(Rupees in thousand)	
Freehold land	207,183	207,183
Leasehold land	3,381	3,475
Buildings on freehold land	109,490	116,407
Buildings on leasehold land	40,655	48,126
Plant and machinery	88,883	121,994
	449,592	497,185

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

Particulars	Date of revaluation	(Rupees in thousand)
Freehold land	June 30, 2023	904,642
Leasehold land	June 30, 2023	184,166
Building on freehold land	June 30, 2023	321,345
Building on leasehold land	June 30, 2023	23,724
Plant and machinery	June 30, 2023	302,344

7.1.4 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Harvestor Services (Private) Limited as at June 30, 2023 on the basis of market value.

7.1.5 Particulars of immovable fixed assets

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

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

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

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

Cost of sales	34	101,265	98,442
Selling and distribution expenses	35	24,275	22,308
Administrative and general expenses	36	13,761	11,834
	7.1.7	139,301	132,584

7.1.7 This includes depreciation on lease hold land amounting to Rs. 5.12 million (2020: Rs. 5.04 million) charged to selling and distribution expenses.

7.1.8 During the period the Company has acquired certain fixed assets from Berger Road Safety (Private) Limited a related party of the Company at Rs. 1.

7.1.9 During the period certain vehicles have been transferred upon completion of Ijarah facility.

7.1.10 The cost of fully depreciated assets which are still in use is Rs. 106.60 million (2022: Rs. 81.04 million).

	Note	2023	2022
		(Rupees in thousand)	
7.2 Right-of-use-asset			
Opening net book value		190,071	191,636
Additions during the year		-	3,475
Depreciation charge for the year		(5,125)	(5,040)
Revaluation surplus for the year	23	31,720	-
Closing net book value		216,666	190,071

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

7.3 Capital work in progress

	Note	2023	2022
This comprises of:			
Civil works		-	228
Plant and machinery		-	399
Electrical installations	7.3.2	1,864	555
Advances to suppliers		-	13,000
		1,864	14,182

7.3.1 Movement of carrying value is as follows:

	Civil Works	Plant and machinery	Electrical installations	Advances to suppliers	Total
	(Rupees in thousands)				
Year ended June 30, 2023					
Opening balance	228	399	555	13,000	14,182
Additions (at cost)	-	2,721	2,088	24,852	29,661
Adjustment	(228)	(201)	-	(13,000)	(13,429)
Transferred to operating fixed assets	-	(2,919)	(779)	(24,852)	(28,550)
Closing balance	-	-	1,864	-	1,864
Year ended June 30, 2022					
Opening balance	-	3,288	1,423	9,656	14,367
Additions (at cost)	228	15,544	124,107	13,000	152,879
Transferred to operating fixed assets		(18,433)	(124,975)	(9,656)	- (153,064)
Closing balance	228	399	555	13,000	14,182

7.3.2 Electrical installations includes cost on solar panels project which is completed subsequently.

		Note	2023	2022
			(Rupees in thousand)	
8	**INTANGIBLE ASSETS**			
	Computer software	8.1	-	23

8.1 Computer software

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

	Note	2023	2022
Cost			
As at July 01		33,410	33,410
Additions during the year		-	-
As at June 30		33,410	33,410
Accumulated amortization			
As at July 01		33,387	33,199
Amortization during the year	8.1.1	23	188
As at June 30		33,410	33,387
Balance as at June 30		-	23
Rate of amortization		33.33%	33.33%

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

	2023	2022
Administrative and general expenses	23	188

		Note	2023	2022
9	**LONG TERM INVESTMENTS**			
	In equity instruments - at cost	9.1	58,233	37,457
	Investment in equity instrument classified as FVOCI	9.2	20,246	33,458
			78,479	70,915

9.1 In equity instruments - at cost

No. of shares - ordinary 2023	No. of shares - ordinary 2022	Name of the Company	Percentage	2023	2022
(i) Subsidiary Company - unlisted					
765,000	765,000	Berger DPI (Private) Limited	51.00%	2,550	2,550

The face value of these shares is Rs. 10 each

No. of shares - ordinary		Name of the Company	Percentage / Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
(ii) Associated Company - unlisted					
392,000	98,000	3S Pharmaceutical (Private) Limited	49.00%	39,200	39,200
		Add: Right issued during the year		29,399	-
		Less: Impairment loss	9.1.1	(12,916)	(4,293)
				55,683	34,907
				58,233	37,457

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

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

9.1.1 Movement of impairment loss is as follows:

	Note	2023	2022
As at July 01		4,293	4,293
Impairment during the year	37	8,623	-
As at June 30		12,916	4,293

9.2 Investment in equity instrument classified as FVOCI

Buxly Paints Limited - listed

	Note	2023	2022
Cost		3,830	3,830
Fair value adjustment	9.2.2	16,416	29,628
		20,246	33,458

9.2.1 The Company owns 273,600 (2022: 273,600) fully paid ordinary shares of Rs. 10 each representing 19.00% (2022: 19.00%) investment of total shares in Buxly Paints Limited. As at year end, the market value of each share was Rs. 74 (2022: Rs. 122.29).

9.2.2 Fair value adjustment

	2023	2022
As at July 01	29,628	11,218
Fair value (loss) / gain	(13,212)	18,410
As at June 30	16,416	29,628

10 LONG TERM LOANS

	Note	2023	2022
Opening balance		69,701	67,577
Disbursements during the year		23,755	24,378
Repayments during the year		(27,212)	(22,254)
		66,244	69,701
Discounting adjustment for recognition at fair value			
- deferred employee benefits	11	(5,135)	(17,377)
Closing balance		61,109	52,324
Current portion shown under current assets	16	(23,847)	(13,692)
		37,262	38,632

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 loans are recoverable over a period of three to ten years. These loans have been discounted using market rate as at reporting date and the corresponding discounting impact has been recognised as prepaid employee benefits.

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

		Note	2023	2022
			(Rupees in thousand)	
11	**LONG TERM DEPOSITS**			
	Deposits - unsecured			
	- Considered good		17,083	20,761
	- Considered doubtful	11	852	852
			17,935	21,613
	Prepaid employee benefits	10	5,135	17,377
	Less: Allowance for doubtful deposits	11.1	(852)	(852)
		11.2	22,218	38,138
11.1	**Movement in allowance for doubtful deposits is as follows:**			
	Balance as at July 01		852	4,969
	Reversal during the year		-	(4,117)
	Balance as at June 30		852	852

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

12 DEFERRED TAXATION - NET

	2023	2022
Deferred tax liability on taxable temporary differences arising in respect of		
- Accelerated tax depreciation	78,846	(16,672)
- Surplus on revaluation of fixed assets	(272,713)	(85,257)
	(193,867)	(101,929)
- Fair value gain on investment classified as FVOCI	-	(5,697)
Deferred tax asset on deductible temporary differences arising in respect of:		
- Impairment allowance on financial assets	71,448	61,426
- Investment in related parties	1,491	1,328
- Intangibles	-	5
- Minimum turnover tax	-	23,328
- Fair value loss on investment classified as FVOCI	5,703	-
- Provision for slow moving stock	10,580	13,160
	89,222	99,247
	(104,645)	(8,379)

	Note	2023	2022
		(Rupees in thousand)	
12.1 Movement in deferred tax balances is as follows:			
As at July 01		(8,379)	29,093
Recognized in profit or loss:			
- Accelerated tax depreciation including surplus on revaluation of fixed assets		39,266	5,012
- Charge / (reversal) of impairment allowance on financial assets		10,022	(13,359)
- Minimum turnover tax		(23,328)	(19,692)
- Investment in related parties		163	111
- Provision for slow moving stock		(2,580)	(3,847)
		23,543	(31,775)
Recognized in other comprehensive income:			
- Fair value gain on investment classified as FVOCI		(131,209)	-
- Surplus on revaluation of fixed assets		11,400	(5,697)
As at June 30		(104,645)	(8,379)

13 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2023	2022
Stores in hand		30,945	23,301
Stationery store		1,773	1,773
		32,718	25,074
Less: Provision for slow moving and obsolete stores and spares - net	13.1	(2,377)	(2,339)
		30,341	22,735

13.1 Provision for slow moving and obsolete stores, spare parts and loose tools

	2023	2022
Balance at beginning of the year	2,339	2,296
Provision charged during the year	38	43
Stores written-off against provision	-	-
Balance at end of the year	2,377	2,339

13.2 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

14 STOCK IN TRADE

	Note	2023	2022
Raw and packing materials			
- in hand		589,530	711,306
- in transit		206,607	319,267
		796,137	1,030,573
Semi processed goods		164,124	162,191
Finished goods			
- Manufactured	14.1	500,787	501,776
- Trading		91,527	57,399
		592,314	559,175
		1,552,575	1,751,939

	Note	2023	2022
		(Rupees in thousand)	
Provision for slow moving and obsolete stocks	14.2		
- Raw material		(23,665)	(47,850)
- Semi processed goods		(5,900)	(4,137)
- Finished goods		(85,217)	(74,541)
		(114,782)	(126,528)
		1,437,793	1,625,411

14.1 Aggregate stocks with a cost of Rs. 13.43 million (2022: Rs. 69.71 million) are being valued at net realizable value of Rs. 9.24 million (2022: Rs. 61.34 million).

14.2 Provision for slow moving and obsolete stocks

	2023	2022
As at the beginning of year	126,528	144,014
Provision made during the year	24,258	15,502
Reversal during the year	(3,072)	(22,668)
Write off during the year	(32,932)	(10,320)
As at year end	114,782	126,528

14.3 The cost of stock in trade recognised as an expense amounted to Rs. 4,951.12 million (2022: Rs. 5,151.53 million).

14.4 Stock-in-trade up to a maximum amount of Rs. 3,939 million (2022: Rs. 2,270 million) are under hypothecation of commercial banks as security for short term borrowings.

15 TRADE DEBTS - UNSECURED

	Note	2023	2022
Considered good			
Related parties	15.1 & 15.2	241,351	227,651
Others		1,860,458	1,539,239
		2,101,809	1,766,890
Considered doubtful			
Related parties		7,608	15,835
Others		145,785	139,117
		153,393	154,952
Impairment allowance on trade debts	15.3	(153,393)	(154,952)
Provision for discounts	15.4	(194,284)	(138,588)
		1,907,525	1,628,302

15.1 Trade debts include the following amounts due from the following related parties:

	Note	2023	2022
Buxly Paints Pakistan Limited - related party	15.1.1	248,959	209,511
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	15.1.2	-	33,975
	15.1.3	248,959	243,486

15.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 248.959 million (2022: Rs. 211.90 million).

15.1.2 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 33.97 million (2022: 92.14 million).

15.1.3 The Company has recognized impairment allowance on these balances as at June 30, 2023 amounting to Rs. 7.61 million (2022: Rs. 15.84 million).

		Note	2023	2022
			(Rupees in thousand)	
15.2	**Aging of related party balances**			
	Considered good			
	0 - 30 days		96,602	51,933
	31 - 60 days		-	53,971
	Considered doubtful			
	61 - 90 days		29,214	54,011
	91 - 120 days		36,304	61,369
	121 - 180 days		86,839	11,365
	181 - 364 days		-	4,282
	over one year		-	6,554
			248,959	243,485
15.3	**Movement in impairment allowance**			
	Balance as at July 01		154,952	216,962
	Provision for the year		73,084	-
	Bad debts written off		(74,643)	(62,010)
	Balance as at June 30		153,393	154,952
15.4	**Provision for discounts**			
	Balance at beginning of the year		138,588	87,540
	Charge for the year - net	33	2,196,122	2,131,627
	Discounts paid during the year		(2,140,426)	(2,080,579)
	Balance at end of the year		194,284	138,588
16	**LOANS AND ADVANCES**			
	Current portion of long term loans:			
	Due from employees			
	- secured, considered good		22,314	12,442
	- considered doubtful		1,533	1,250
		10	23,847	13,692
	Less: Impairment allowance	16.1	(1,533)	(1,250)
			22,314	12,442
	Loan to related party	16.2	-	40,000
	Advances - unsecured, considered good:			
	- employees		1,341	432
	- suppliers		253,667	169,076
			255,008	169,508
			277,322	221,950

	Note	2023	2022
		(Rupees in thousand)	
16.1 Movement in impairment allowance is as follows:			
Balance as at July 01		1,250	1,564
Charged/(reversed) during the year		283	(314)
Balance as at June 30		1,533	1,250
16.2 Movement in loan to related party is as follows:			
Balance as at July 01		40,000	40,000
Additions during the year		-	-
Adjusted during the year	16.2.1	(40,000)	-
Balance as at June 30		-	40,000

16.2.1 This represents loan given to Berger Road Safety (Private) Limited, a related party at a markup of average borrowing rate of the Company plus 2% per annum. The loan was repayable in October 2022 and is secured by charge over stock in trade and trade debts of the borrower and personal guarantee of director. During this year loan has been adjusted as explained in note 46.2 to these financial statements.

17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2023	2022
Trade deposits			
- considered good		18,536	11,337
- considered doubtful		11,390	10,515
		29,926	21,852
Less: Impairment allowance	17.1	(11,390)	(10,515)
		18,536	11,337
Short term prepayments		13,328	15,484
		31,864	26,821

17.1 Movement in impairment allowance is as follows:

		2023	2022
Balance as at July 01		10,515	9,716
Provision made during the year		875	799
Balance as at June 30		11,390	10,515

18 OTHER RECEIVABLES

	Note	2023	2022
LC margin		20,363	-
Receivable from related parties	18.1	-	104,866
Export rebate		10,536	12,297
Provision against export rebate	18.4	(9,736)	(11,824)
		800	473
Accrued interest		14,010	4,306
Insurance claim receivable		1,608	2,646
Others		3,206	1,342
Due from provident fund	18.5	22,066	-
		62,053	113,633

		Note	2023	2022
			(Rupees in thousand)	
18.1	**Other receivables include the following amounts due from the following related parties:**			
	Buxly Paints Pakistan Limited - related party	18.1.1	1,338	58,612
	Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	18.1.2	10,621	62,936
	3S Pharmaceutical (Private) Limited - related party	18.1.3	3,879	2,419
		18.1.4	15,838	123,967
	Less: Impairment allowance	18.3	(15,838)	(19,101)
			-	104,866

18.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 77.87 million (2022: Rs. 58.77 million).

18.1.2 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 73.79 million (2022: Rs. 71.60 million).

18.1.3 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 3.43 million. (2022: Rs. 2.42 million).

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

		2023	2022
18.2	**Aging of related party balances**		
	Past due 0 - 30 days	8,358	8,474
	Past due 31 - 60 days	440	4,997
	Past due 61 - 90 days	551	5,759
	Past due 91 - 120 days	3,817	6,038
	Past due 121 - 180 days	222	11,082
	Past due 181 - 364 days	465	69,681
	Past due over one year	1,985	17,936
		15,838	123,967
18.3	**Movement in impairment allowance is as follows:**		
	Balance as at July 01	19,101	18,857
	Provision (reversed)/charged during the year	(3,263)	244
	Balance as at June 30	15,838	19,101
18.4	**Movement in provision against export rebate is as follows:**		
	Balance as at July 01	11,824	11824
	Provision for the year	-	-
	Written off during the year	(2,088)	
	Balance as at June 30	9,736	11,824

18.5 This represents excess contribution to the provident fund due to the payment to ex employees on behalf on provident fund.

		Note	2023	2022
			(Rupees in thousand)	
19	**TAX REFUND DUE FROM GOVERNMENT**			
	Tax refund due from Government		207,054	200,592
	Taxation net	19.1	(24,060)	6,462
			182,994	207,054
19.1	**Taxation net**			
	Addition: advance taxes and taxes withheld		87,189	81,232
	Adjustments during the year		3,430	(61,413)
	Provision for the year	40	(114,679)	(13,357)
	Closing balance		(24,060)	6,462
20	**SHORT TERM INVESTMENT**			
	At amortised cost			
	Term deposit receipts (TDRs)			
	JS Bank Limited	20.1	31,000	30,000
	National Bank of Pakistan Limited	20.2	110,000	110,000
	Bank Islami Pakistan Limited	20.3	50,000	-
			191,000	140,000

20.1 This represents, investment in Term Deposit Receipts (TDRs) with the JS Bank Limited, having a maturity periods of one year and maturing between July 21, 2023 to September 06, 2023. These carry mark-up ranging from 7.00% to 20.00% (2022: 7% to 11.25%) per annum.

20.2 This represents, investment in Term Deposit Receipts (TDRs) with the National Bank of Pakistan, having a maturity period of three months and maturing on July 19, 2023. These carry mark-up ranging from 10.75% to 20.10% (2022: 10.75%) per annum.

20.3 This represents, investment in Term Deposit Receipts (TDRs) with the Bank Islami Pakistan Limited, having a maturity period of one year and maturing on September 29, 2023. This carries mark-up of 15 % per annum.

20.4 The balance includes Rs. 110 million which has been included in cash and cash equivalents in note 41 to these financial statements.

	Note	2023	2022
		(Rupees in thousand)	

21 CASH AND BANK BALANCES

Cash at bank:			
Local currency			
- current accounts		46,470	222,690
Cash in hand		608	981
		47,078	223,671

22 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2023	2022	2023	2022
	(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	12,415,816	8,323,881	124,158	83,239
	24,551,614	20,459,679	245,516	204,597

22.1 As at June 30, 2023, Slotrapid Limited, the Holding Company, and their nominees hold 12,779,176 (2022: 10,649,314) voting ordinary shares of Rs. 10 each representing 52.05% (2022: 52.05%) of the ordinary paid up capital of the Company.

22.2 Movement of share capital is as follows:

	Note	2023	2022
Opening balance		204,597	204,597
Bonus shares issued during the year	22.3	40,919	-
Closing balance		245,516	204,597

22.3 The Company has issued bonus shares in the proportion of 1 for every 5 shares held having face value of Rs. 10 each as approved by the Board of Directors of the Company vide its resolution dated June 13, 2023.

22.4 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

23 RESERVES

	Note	2023	2022
		(Rupees in thousand)	
Capital reserves			
Share premium reserve	23.1	34,086	34,086
Fair value reserve - net of tax	23.2	22,119	23,931
		56,205	58,017
Revaluation surplus on property, plant and machinery - net of tax	23.3	1,495,613	830,273
		1,551,818	888,290
Revenue reserves			
General reserve	23.3.3	285,000	285,000
Accumulated profits		1,113,469	967,825
		1,398,469	1,252,825
		2,950,287	2,141,115

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

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

23.3 Revaluation surplus on property, plant and machinery - net of tax

	Note	2023	2022
As at beginning of the year		830,273	849,056
Surplus arising on revaluation:			
Freehold and leasehold land	7.1	434,084	-
Building on freehold	7.1	108,502	-
Plant and machinery	7.1	137,968	-
		680,554	-
		1,510,827	849,056
Incremental depreciation - net of tax		(15,214)	(18,783)
		1,495,613	830,273

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

23.3.2 The latest valuation of freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery was carried out by M/s. Harvestor Services (Private) Limited, an independent valuer on June 30, 2023. 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.

23.3.3 This represents reserve held for future expansion of the company and further for mitigating any future losses that may occur during business operations.

24 LONG TERM FINANCING - SECURED

	Note	2023	2022
		(Rupees in thousand)	
Secured			
Mark-up based financing from conventional banks:			
JS Bank Limited	24.1	35,998	43,943
Samba Bank Limited	24.2	-	15,030
National Bank of Pakistan Limited	24.3	65,018	98,551
		101,016	157,524
Islamic mode of financing:			
First Habib Modaraba	24.4	20,823	41,346
Bank Islami Pakistan Limited	24.5	27,083	52,083
		47,906	93,429
		148,922	250,953
Mark-up based financing from conventional banks:			
Current portion shown under current liabilities	29	(23,518)	(34,980)
Islamic mode of financing:			
Current portion shown under current liabilities	29	(31,183)	(32,751)
		(54,701)	(67,731)
		94,221	183,222

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

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

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

	Note	2023	2022
		(Rupees in thousand)	
24.4 First Habib Modaraba			
- First Habib Modaraba - facility 1	24.4.1	-	4,482
- First Habib Modaraba - facility 3	24.4.2	1,767	2,300
- First Habib Modaraba - facility 4	24.4.3	3,212	3,927
- First Habib Modaraba - facility 5	24.4.4	1,099	1,363
- First Habib Modaraba - facility 6	24.4.5	3,748	4,620
- First Habib Modaraba - facility 7	24.4.6	1,704	3,636
- First Habib Modaraba - facility 8	24.4.7	6,225	7,481
- First Habib Modaraba - facility 9	24.4.8	3,068	3,579
- First Habib Modaraba - facility 10	24.4.9	-	9,958
		20,823	41,346

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

24.4.2 This represents diminishing musharika facility amounting to Rs. 3.39 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in June 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.5% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.3 This represents diminishing musharika facility amounting to Rs. 5.21 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.4 This represents diminishing musharika facility amounting to Rs. 1.795 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in December 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.5 This represents diminishing musharika facility amounting to Rs. 6.04 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in November 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.6 This represents diminishing musharika facility amounting to Rs. 4.81 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.7 This represents diminishing musharika facility amounting to Rs. 8.91 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in April 2026. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.8 This represents diminishing musharika facility amounting to Rs. 3.94 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in October 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility is fully repaid.

24.4.9 This represents diminishing musharika facility amounting to Rs. 10.64 million for purchase of vehicles. The facility was repayable in 20 quarterly installments ending in February 2027. Profit was payable quarterly and charged at the rate of three month's KIBOR plus 1% per annum. The facility was secured against charge over present and future current and fixed assets of the Company. The title of asset was held jointly by the Company and the lender till the facility was fully repaid.

24.5 This represents diminishing musharika facility amounting Rs. 100 million to pay off conventional liabilities. The facility is repayable in monthly installments of Rs. 2.08 million each ending in July 2024 with a grace period of 1 year. Mark-up is payable monthly and is charged at the rate of six month KIBOR plus 1.25% per annum. This facility is secured against raking charge amounting to Rs. 133 million on all present and future current assets of the Company.

24.6 The Company has total credit facilities of Rs. 363 million (2022: Rs. 518 million) at the year end. Whereas the Company has availed credit facilities of Rs. 363 million (2022: Rs. 518 million) and unavailed credit facilities of Nil (2022: Nil) at the year end.

25 LONG TERM DIMINISHING MUSHARAKA

	Note	2023	2022
		(Rupees in thousand)	
Secured			
Berger Paints Pakistan Limited (BPPL) - Sukuk of Rs. 500 million	25.1	500,000	16,000
Current portion shown under current liabilities	29	(166,667)	-
		333,333	16,000

25.1 During the year ended June 30, 2023, the Company issued Rs. 484 million (2022: Rs. 16 million) BPPL Sukuk certificates, having face value of Rs. 1 million each aggregating to Rs. 484 million (2022: Rs. 16 million) and entered into a diminishing musharaka agreement with the investment agent, Pak Oman Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. The issue resulted in cash receipt of subscription money of Rs. 484 million (2022: Rs. 16 million). The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1.5% with quarterly rental payments. These certificates are issued for a tenure of four years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2023. Under this arrangement the Company sold the beneficial ownership of the musharaka assets, its freehold land and building on freehold land, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

26 DEFERRED GRANT

	Note	2023	2022
		(Rupees in thousand)	
Balance as at July 01		3,630	3,562
Recognised during the year		31,073	3,898
Reversed during the year		-	(800)
Amortization of grant during the year	38	(6,301)	(3,030)
		28,402	3,630
Less: current portion of deferred grants	29	(6,730)	(1,379)
Balance as at June 30		21,672	2,251

26.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility as 'referred to in notes 24.1, 24.2 and 24.3. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. Company received term finance facility under Refinancing / Temporary Economic Refinance Facility Scheme of the State Bank/ of Pakistan from different banks. ICAP issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Group recognized the Deferred Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

		2023	2022
		(Rupees in thousand)	
27 LONG TERM EMPLOYEE BENEFITS			
Defined benefit plan			
Staff pension fund	27.1	24,616	41,790
Staff gratuity fund	27.1	95,404	82,734
		120,020	124,524
Other long term employee benefits			
Accumulating compensated absences	27.2	24,728	19,488
		144,748	144,012

Defined benefit plan

As mentioned in note 5.19 the Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at June 30, 2023. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2023	2022
Valuation discount rate	15.75%	13.25%
Expected rate of increase in salaries	14.75%	12.25%
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement age	60 years	60 years

27.1 Statement of financial position reconciliation

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
Present value of defined benefit obligation	86,770	126,579	101,260	111,000
Fair value of plan assets	(62,154)	(31,175)	(59,471)	(28,266)
	24,616	95,404	41,789	82,734

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
27.1.1 Movement in defined benefit obligation is as follows:				
Obligation as at July 01	101,260	110,999	98,206	89,299
Employees' contribution not paid to the fund by the Company	1,573	-	1,391	-
Service cost	2,215	15,091	2,107	12,282
Interest cost	13,866	13,321	9,682	8,308
Benefits paid	(4,435)	(20,934)	(2,764)	(12,446)
Remeasurement loss / (gain)	(27,709)	8,102	(7,362)	13,557
Obligation as at June 30	86,770	126,579	101,260	111,000
27.1.2 Movement in the fair value of plan assets is as follows:				
Fair value as at July 01	59,471	28,267	57,944	75,203
Expected return on plan assets	8,326	3,745	5,794	5,020
Remeasurement loss	(5,643)	(837)	(4,268)	(1,958)
Company's contribution	4,435	20,934	2,764	17,446
Fund transferred back to the Company during the year	-	-	-	(55,000)
Benefits paid	(4,435)	(20,934)	(2,764)	(12,446)
Fair value as at June 30	62,154	31,175	59,471	28,265
27.1.3 Movement in net liability in the statement of financial position is as follows:				
Net liability as at July 01	41,790	82,733	40,262	14,096
Charge for the year	7,755	24,667	5,995	15,570
Charge to other comprehensive income during the year	(22,066)	8,939	(3,094)	15,515
Company's contribution	(4,435)	(20,934)	(2,764)	(17,446)
Fund transferred back to the Company during the year	-	-	-	55,000
Employees' contribution deducted but not paid to the fund	1,573	-	1,391	-
Net liability as at June 30	24,617	95,405	41,790	82,735

	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
	(Rupees in thousand)			
27.1.4 Charge for the year - net				
Current service cost	2,215	15,091	2,107	12,282
Interest cost	13,866	13,321	9,682	8,308
Expected return on plan assets	(8,326)	(3,745)	(5,794)	(5,020)
Loss on settlements	-	-	-	-
	7,755	24,667	5,995	15,570
27.1.5 Actual return on plan assets	2,683	2,908	1,526	3,062
27.1.6 The charge for the year has been allocated as follows:				
Cost of sales	3,354	11,206	2,959	7,132
Selling and distribution expenses	3,518	9,195	2,428	5,852
Administrative and general expenses	883	4,266	608	2,585
	7,755	24,667	5,995	15,569
27.1.7 Plan assets comprise of the following:				
Collective investment schemes	60,000	25,000	39,732	25,000
Cash at bank	2,154	6,175	19,739	3,267
	62,154	31,175	59,471	28,267

27.1.8 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:

As at June 30,	2023	2022	2021	2020	2019
	(Rupees in thousand)				
Present value of defined benefit obligation	213,349	212,260	187,505	164,016	178,501
Fair value of plan assets	(93,329)	(87,735)	(133,147)	(54,064)	(51,507)
Deficit	120,020	124,525	54,358	109,952	126,994
Experience adjustment:					
Loss / (gain) on obligations	(19,607)	6,195	5,746	(4,810)	(4,883)
Gain on plan assets	12,071	10,814	7,783	6,317	4,471

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

27.1.9 Expected expense for next year

The expected expense to the pension and gratuity schemes for the year ending June 30, 2024 works out to Rs. 6.21 million and Rs. 31.46 million respectively.

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

Mortality / withdrawal risks

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

Interest rate risks

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

27.1.11 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2023 would have been as follows:

Impact on present value of defined benefit obligation as at June 30, 2023

		Pension		Gratuity	
	Change	Increase to	Decrease to	Increase to	Decrease to
		(Rupees in thousand)			
Discount rate	± 1%	71,111	105,875	114,592	139,824
Future salary	± 1%	96,808	77,774	139,821	114,591

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.

27.1.12 Weighted average duration of the defined benefit obligation is 20 years and 10 years for pension and gratuity plans, respectively.

		Note	2023	2022
			(Rupees in thousand)	
27.2	**Other long term employee benefits**			
	Movement in accumulated compensated absences			
	Balance as at July 01		19,488	21,231
	Provision during the year	27.2.2	13,041	665
	Payments made during the year		(7,801)	(2,408)
	Balance as at June 30		24,728	19,488
27.2.1	**Reconciliation of present value of liability**			
	Present value of liability as at July 01		19,488	21,231
	Service cost		2,271	2,191
	Interest on defined benefit liability		2,065	2,003
	Benefits paid		(7,801)	(2,408)
	Remeasurement gain		8,705	(3,529)
	Present value of liability as at June 30		24,728	19,488
27.2.2	**Charge for the year**			
	Service cost		2,271	2,191
	Interest on defined benefit liability		2,065	2,003
	Remeasurement gain		8,705	(3,529)
			13,041	665
27.2.3	**The charge for the year has been allocated as follows:**			
	Cost of sales		1,994	305
	Selling and distribution expenses		6,683	250
	Administrative and general expenses		4,364	110
			13,041	665

27.2.4 Expected expense for next year

The expected expense pertaining to accumulated compensated absences for the year ending June 30, 2024 works out to Rs. 6.99 million.

27.2.5 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2023 would have been as follows:

Impact on present value of defined benefit obligation as at June 30, 2023

			Defined benefit obligation	
		Change	Increase to	Decrease to
Discount rate	±	1%	22,385	27,314
Future salary	±	1%	27,315	22,386

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.

27.2.6 Weighted average duration of the defined benefit obligation is 10 years.

	Note	2023	2022
		(Rupees in thousand)	
28 TRADE AND OTHER PAYABLES			
Trade and other creditors		1,173,882	943,432
Import bills payable		316,196	402,462
Contract liabilities	33.4	80,111	45,164
Accrued expenses		129,831	81,184
Provision for infrastructure cess	28.1	96,087	96,087
Royalty payable to related parties	28.3	40,158	48,210
Technical fee payable		40,090	40,299
Workers' Profits Participation Fund	28.4	22,478	17,920
Workers' Welfare Fund	28.5	8,038	19,020
Due to statutory authorities		9,634	18,654
Others	28.6	41,682	44,026
Sales tax payable		62,179	34,239
		2,020,366	1,790,697

28.1 Provision for infrastructure cess

	2023	2022
Balance as at July 01	96,087	88,097
Provision for the year	-	7,990
Balance as at June 30	96,087	96,087

28.2 Pursuant to Honorable Supreme Court order in September 2021, during the year, the Company is paying this Cess as per the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. However, in the said order, interim relief was provided to the companies, and recovery of the Cess payable was suspended till any further order.

28.3 This includes amount due to the following related parties:

	2023	2022
Slotrapid Limited - Holding Company	40,126	48,178
Buxly Paints Limited - Associated Company	32	32
	40,158	48,210

28.4 Workers' Profits Participation Fund

	2023	2022
Balance as at July 01	17,920	17,893
Allocation for the year	17,806	13,137
Interest on funds utilized in the Company's business	944	360
	36,670	31,390
Payments during the year	(14,192)	(13,470)
Balance as at June 30	22,478	17,920

28.4.1 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.

		Note	2023	2022
			(Rupees in thousand)	
28.5	**Workers' welfare Fund**			
	Balance as at July 01		19,020	22,795
	Allocation for the year		7,123	5,649
	Interest on funds utilized in the Company's business		-	-
			26,143	28,444
	Payments/adjustments during the year		(18,105)	(9,424)
	Balance as at June 30		8,038	19,020
28.6	**Advance against sale of vehicle from employee**			
	Deduction from salaries	28.6.1	12,742	9,821

28.6.1 This represents the balance deducted against employees' salaries for the vehicles scheme. This will be adjusted against the disposal of fixed assets on retirement/leaving of employees or completion of full deduction.

		Note	2023	2022
			(Rupees in thousand)	
29	**CURRENT PORTION OF LONG TERM FINANCING**			
	Current portion of long term financing	24	54,701	67,731
	Current portion of long term diminishing musharaka	25	166,667	-
	Current portion of deferred income	26	6,730	1,379
			228,098	69,110
30	**ACCRUED MARKUP**			
	Mark-up based borrowings from conventional banks			
	Long term financing - secured		396	1,644
	Short term financing - secured		-	3,128
	Short term running finances - secured		24,991	33,057
			25,387	37,829
	Mark-up based borrowings from Islamic banks			
	Long term financing - secured		1,724	1,815
	Long term diminishing musharaka - secured		1,293	-
	Short term financing - secured		1,605	1,115
	Short term running finances - secured		1,450	4,539
			31,459	45,298

	Note	2023	2022
		(Rupees in thousand)	
31 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks			
Short term financing - secured	31.1	-	92,552
Short term running finance - secured	31.2	268,720	918,399
		268,720	1,010,951
Mark-up based borrowings from Islamic banks			
Short term financing - secured	31.3	-	163,000
Short term running finance - secured	31.4	156,588	199,988
		156,588	362,988
		425,308	1,373,939

31.1 Short term financing - Conventional banks

This represents utilized amount of short term financing facilities under mark-up arrangements available from commercial banks aggregating to Rs. 255 million (2022: Rs. 255 million). These facilities were secured against ranking charge on all present and future current assets of the Company. These carried mark-up at rates ranging between 15.30% and 17.11% (2022: 8.51% and 15.41%) per annum, payable quarterly.

31.2 Short term running finances - Conventional banks

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 1,019 million (2022: Rs. 1,050 million). These facilities are secured against joint pari passu charge over all the present and future current assets of the Company and carry mark-up at rates ranging between 12.89% and 23.58% (2022: 8.45% and 15.31%) per annum, payable quarterly.

31.3 Short term financing - Islamic banks

This represents utilized amount of short term financing facilities under mark-up arrangements available from Islamic banks aggregating to Rs. 32.656 million (2022: Rs. 350 million). These facilities are secured against joint pari passu charge on all present and future current assets of the Company. These carry mark-up at rates ranging between 16.49% and 18.26% (2022: 11.61% and 13.14%) per annum, payable quarterly.

31.4 Short term running finances - Islamic banks

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 200 million (2022: Rs. 200 million). These facilities are secured against registered charge over the current assets of the Company and carry mark-up at rates ranging between 15.56% and 22.95% (2022: 14.62% and 15.56%) per annum, payable quarterly.

31.5 The Company has total credit facilities of Rs. 1,450 million (2022: 1,855 million) at the year end. Whereas the Company has availed credit facilities of Rs. 1,450 million (2022: Rs. 1,855 million) and unavailed credit facilities of Nil (2022: Nil) at the year end.

32 CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

a) The Company contracted Allied Engineering for installation of solar panels and solar systems at the factory. The process was to be completed in different phases. After the completion of initial phase, issues were identified in the solar systems installed. The Company opted to get the solar systems installed from another vendor while inviting Allied Engineering to reach a settlement. However, Allied Engineering wanted full execution of the contract and full payment of the agreed amount, out of which Rs. 4 million is unpaid at the reporting date. The management on the basis of legal advice, believes that it has a strong case and no further financial obligation is expected to arise.

b) The Sindh Revenue Board (SRB) through an assessment raised sales tax demand amounting to Rs. 39.34 million along-with penalty. Department (SRB) had inadvertently added all royalty figures appearing in accounts including royalty receivable, royalty payable, royalty expense and related party transfers for the calculation of tax on royalties. The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Company is managing its affairs from the province of Punjab. The Commissioner (Appeals) had reduced the demand to Rs. 8.18 million, against which the Company had filed an appeal before Appellate Tribunal SRB which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

c) During 2018, the Deputy Commissioner Inland Revenue (DCIR) issued show cause notices for collection of income tax under section 236G / 236H of the Income Tax Ordinance 2001. In this regard, the taxation officer raised demand of Rs. 58.94 million for tax years 2014, 2015, 2016 and 2017 vide various assessment orders. The Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals (CIR - A) against the said orders which are still pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

d) The Additional Commissioner Inland Revenue (ACIR) and Deputy Commissioner Inland Revenue (DCIR), while proceeding U/S 122 of the Income Tax Ordinance, 2001 created income tax demands amounting to Rs. 484.38 million and Rs. 213.12 million for the tax years 2014 and 2016 respectively vide two separate orders. The Company filed an appeal before Commissioner Inland Revenue (Appeals), the Commissioner Inland Revenue (Appeals) remanded the case on some issues and confirmed additions to the tune of Rs. 32.99 million and Rs. 9.2 million for the tax year 2014 and 2016 respectively. The Company through its legal counsel had filed an appeal before ACIR which is pending adjudication. The management believes that it has a strong arguable case and matter will be decided in favor of the Company. Hence no provision has been recorded in these financial statements.

e) The Commissioner Appeals - I, Lahore, vide its order for tax year 2016, deleted certain additions while remanding the case on certain issues and upheld the case on issue of contractor services which involves revenue amounting to Rs. 10.67 million. Appeal against this order has been filed which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

f) During the year 2016, a notice from Punjab Revenue Authority involving an amount of Rs. 11.45 million as royalty fee and technical services for the period October 2012 to March 2015 was issued which is under investigation / adjudication proceedings and no demand is raised. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

g) Additional Commissioner Enforcement of Punjab Revenue Authority issued assessment order creating demand of Rs. 132 million under various section of Punjab Sales Tax on Services Act 2012. However, the Company through its legal counsel filed appeal before Commissioner Appeals PRA against the order of Additional Commissioner which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

h) The Additional Commissioner Inland Revenue (ACIR) issued order under section I 22 (5A) of the Income Tax Ordinance, 2001 for tax year 2019. The Company filed an appeal against the said order before Commissioner IR Appeals-I, Lahore who remanded back the case in respect of certain issues to the tune of Rs. 22.81 million which is pending adjudication, deleted certain additions and upheld the disallowance of initial allowance claimed amounting to Rs. 1.7 million. The Company has filed appeal before ATIR against this disallowance which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful for a favorable outcome, hence no provision has been recorded in these financial statements.

i) DCIR raised a demand amounting to Rs. 10.5 million in relation to sales tax on sales of scrap stock burnt in fire in 2008 which was upheld by Commissioner Appeals. This demand was later reduced by Appellate Tribunal up to the demand pertaining to sales tax on fixed assets. The Company being aggrieved by the order of ATIR, filed an appeal before honorable Lahore high court which was remanded back to the ATIR and is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these financial statements.

j) The DCIR passed order under section 161(1) for tax year 2014 and raised a demand amounting to Rs. 33.5 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Appeals remanded back the case to the department for further assessment. Currently, no demand is in field against the Company.

k) Various cases on account of income tax and sales tax matters involving an amount Rs. 11.401 million are also pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome in all these cases, hence no provision has been recorded in these financial statements.

l) The Additional Commissioner IR issued a show cause notice dated April, 23, 2022 for tax year 2021 and subsequently passed order under section 122 (5A) to the Income Tax Ordinance, 2001 dated September 02, 2022 amounting to Rs. 455 million. The Company has filed an appeal before Commissioner IR Appeals-1 Lahore and expecting a favorable outcome, accordingly no provision has been recorded in the books of accounts..

Proceeding's u/s 4(9) of the Worker Welfare Fund Ordinance, 1971(the Ordinance) for the Tax Year 2017 were initiated by the Deputy Commissioner Inland Revenue (the DCIR), Enforcement-I, vide notice dated June 17, 2021. The Company, properly complied the said notice by submitting the requisite information/data etc. Later on, the DCIR passed Order u/s 4(4) dated May 25, 2023 raising a demand of Rs. 5.749 million on account of unlawful adjustment of WWF.

m) Being aggrieved from the aforesaid Order, the Company has preferred to file Appeal before the first Appellate forum through its AR i.e. Commissioner Inland Revenue, June 23, 2023. The case was fixed for hearing on August 09, 2023 whereby after hearing facts & arguments, the judgement reserved for order and awaiting till date. The Company is expecting a favorable outcome.

n) The Company is facing claims, launched in the labor courts, pertaining to staff retirement benefits, salaries and others related matters. The claims amount cannot be quantified due to nature of the claims.

32.2 Outstanding letters of guarantee as at June 30, 2023 amounts to Rs. 125.14 million (2022: Rs. 124.70 million).

32.3 Commitments

Outstanding letters of credit as at June 30, 2023 amounts to Rs. 804.83 million (2022: Rs. 967.30 million) for purchase of raw and packing materials.

The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2023	2022
	(Rupees in thousand)	
Not later than one year	-	1,698

		Note	2023	2022
			(Rupees in thousand)	
33	**REVENUE FROM CONTRACT WITH CUSTOMERS**			
	Local	33.6	11,141,904	10,812,135
	Export		55,288	12,522
			11,197,192	10,824,657
	Less:			
	Discounts		(2,196,122)	(2,131,627)
	Sales tax		(1,659,905)	(1,587,797)
			(3,856,027)	(3,719,424)
			7,341,165	7,105,233

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

33.2 Timing of revenue recognition - net

	2023	2022
Goods and services transferred at a point in time	7,341,165	7,105,233

33.3 Geographical market

	2023	2022
Pakistan	7,285,877	7,092,711
Afghanistan	55,288	12,522
	7,341,165	7,105,233

33.4 Contract balances

Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. Balance as at reporting date amounted to Rs. 80.11 million (2022: 45.16 million). Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 45.16 million (2022: Rs. 34.84 million).

33.5 Movement of contract liabilities is as follows:

	2023	2022
Opening balance	45,164	34,840
Advance received	80,111	45,164
Income recongised	(45,164)	(34,840)
Closing balance	80,111	45,164

33.6 This includes an amount of Rs. 331.079 million and Rs. 31.839 million (2022: Rs. 345.585 million and Rs. 31.755) charged to Buxly Paints Limited, a related party of the Company for material and toll manufacturing, respectively.

	Note	2023	2022
		(Rupees in thousand)	

34 COST OF SALES

	Note	2023	2022
Finished goods as at July 01		501,776	465,057
Cost of goods manufactured	34.1	5,818,915	5,884,194
Provision /(reversal) slow moving finished goods		10,676	(13,413)
Less: Finished goods as at June 30	14	(500,787)	(501,776)
Consumption of finished goods purchased for resale	34.4	27,472	49,424
Cost of sales		5,858,052	5,883,486

34.1 Cost of goods manufactured

	Note	2023	2022
Raw and packing materials consumed	34.2	4,904,449	5,147,795
Freight and handling		283,220	237,766
Stores and spare parts consumed		9,425	7,007
Salaries, wages and other benefits	34.3	124,086	92,396
Contracted services	34.5	193,031	187,295
Travelling and conveyance		16,780	12,863
Fuel, water and power		90,713	84,873
Legal and professional		1,589	954
Rent, rates and taxes		20	365
Insurance		9,479	7,708
Repairs and maintenance		41,987	41,503
Depreciation	7.1.6	101,265	98,442
Ijarah lease rentals		347	1,831
Toll manufacturing cost		25,839	32,018
Printing and stationery		1,909	2,094
Communication		1,225	1,292
Others		13,721	9,571
		5,819,085	5,965,773
Opening stock of semi-processed goods		162,191	80,946
Closing stock of semi-processed goods	14	(164,124)	(162,191)
Provision reversed during the year		1,763	(334)
Cost of goods manufactured		5,818,915	5,884,194

34.2 Raw and packing materials consumed

	Note	2023	2022
Raw and packing material as at July 01		1,030,573	742,219
Purchases of raw and packing material		4,694,198	5,439,888
Provision /(reversal) slow moving finished goods		(24,185)	(3,739)
Less: Raw and packing material as at June 30	14	(796,137)	(1,030,573)
Raw and packing materials consumed		4,904,449	5,147,795

34.3 Salaries, wages and benefits include Rs. 11.21 million (2022: Rs. 7.13 million) in respect of gratuity fund, Rs. 3.35 million (2022: Rs. 2.96 million) in respect of pension fund, Rs. 1.99 million (2022: Rs. 0.3 million) in respect of compensated absences and Rs. 3.66 million (2022: Rs. 3.43 million) in respect of provident fund contribution.

		Note	2023	2022
			(Rupees in thousand)	
34.4	The movement of finished goods purchased for resale is as follows:			
	Finished goods as at July 01		57,399	81,687
	Add: Finished goods purchased for resale during the year		61,600	25,136
	Less: Consumption of finished goods during the year		(27,472)	(49,424)
	Finished goods as at June 30		91,527	57,399

34.5 This represents amounts relates to outsourced staff from FSC Integrated Services (Private) Limited.

35 SELLING AND DISTRIBUTION EXPENSES

	Note	2023	2022
Salaries and other benefits	35.1	346,588	344,651
Contracted services	35.4	34,092	26,807
Travelling and conveyance		2,911	2,826
Rent, rates and taxes		7,132	5,122
Insurance		11,573	11,666
Fuel, water and power		3,822	9,742
Advertising and sales promotion		127,000	181,249
Technical services and royalty fee	35.2	4,494	53,523
Repairs and maintenance		2,487	2,361
Depreciation	7.1.6	24,275	22,308
Ijarah lease rentals		413	2,264
Printing and stationery		2,131	1,304
Legal and professional		1,879	2,558
Communication		8,149	5,195
Others		5,625	5,819
		582,571	677,395

35.1 Salaries, wages and benefits include Rs.9.2 million (2022: Rs. 5.86 million) in respect of gratuity fund, Rs. 3.52 million (2022: Rs. 2.43 million) in respect of pension fund, Rs. 6.68 million (2022: Rs. 0.25 million) in respect of compensated absences and Rs. 9.12 million (2022: Rs. 8.05 million) in respect of provident fund contribution.

35.2 This represents royalty and technical fee expense for the year. Detail is as follows:

Name and address of the party	Relationship with Company	Note	2023	2022
			(Rupees in thousand)	
Slotrapid Limited (Suit# 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.)	Licensor (the Holding Company)	35.3	-	48,178
Oxyplast Belgium N.V. (Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)	Licensor		4,494	5,345
			4,494	53,523

35.3 During the year the parent entity has waived off its right to receive for royalty, accordingly no provision has been made against this head.

35.4 This represents amounts relates to outsourced staff from FSC Integrated Services (Private) Limited.

	Note	2023	2022
		(Rupees in thousand)	
36 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and other benefits	36.1	127,359	112,168
Contracted services	36.2	4,071	7,533
Directors' meeting fee		4,900	4,200
Travelling and conveyance		16,989	10,327
Rent, rates and taxes		2,384	2,290
Insurance		3,011	4,021
Auditors' remuneration	36.3	3,453	3,908
Fuel, water and power		2,479	5,407
Repairs and maintenance		2,676	2,390
Depreciation	7.1.6	13,761	11,834
Amortization of computer software	8	23	188
Ijarah lease rentals	32.3	558	1,694
Printing and stationery		1,573	1,600
Legal and professional		13,371	13,012
Communication		1,738	2,960
Others		10,647	8,418
		208,993	191,950

36.1 Salaries, wages and benefits include Rs. 4.27 million (2022: Rs. 2.59 million) in respect of gratuity fund, Rs. 0.88 million (2022: Rs. 0.61 million) in respect of pension fund, Rs. 4.36 million (2022: Rs. 0.11 million) in respect of compensated absences and Rs. 5.66 million (2022: Rs. 5.35 million) in respect of provident fund contribution.

36.2 This represents amounts relates to outsourced staff from FSC Integrated Services (Private) Limited.

	Note	2023	2022
36.3 Auditors' remuneration			
Audit fee		2,100	2,100
Consolidation and half yearly review		900	900
Out of pocket expenses		178	578
Statutory certifications		275	330
		3,453	3,908
37 OTHER OPERATING EXPENSES			
Workers' Welfare Fund	28.5	7,123	5,659
Workers' Profit Participation fund	28.4	17,806	13,137
Exchange loss - net		34,896	-
Written off advance income tax (1996)	37.1	8,905	-
Sales tax on royalty		7,511	-
Others		176	590
Impairment on investment in associate	9.1	8,623	-
Impairment on revaluation of building	7.1	16,374	-
		101,414	19,386

37.1 The Company has written of advance income tax which was taken in the year 1996 and the Company believes that this will not be adjustable and on prudence basis has written off.

38 OTHER INCOME

	Note	2023	2022
		(Rupees in thousand)	
Income from financial assets			
Mark-up on term deposit receipts and long term loan	38.1	33,412	11,681
Income from non-financial assets			
Sale of scrap		28,406	31,854
Gain on disposal of property, plant and equipment - net		11,335	4,560
Rental income and other services charged to related parties		5,319	4,187
Export rebate		720	711
Insurance claim		3,087	871
Exchange gain - net		-	9,933
Amortization of deferred grant	26	6,301	3,030
Others		5,848	7,578
Impairment loss reversed during the year	18.3	3,263	-
		97,691	74,405

38.1 This includes interest income of Rs. 5.799 million (2022: Rs. 6.27 million) charged on receivable balance from Berger Road Safety (Private) Limited and 3S Pharmaceutical (Private) Limited, related parties.

39 FINANCE COST

	2023	2022
Islamic mode of financing:		
- Long term financing - secured	11,518	9,256
- Long term diminshing musharaka - secured	90,036	-
- Short term financing - secured	1,188	2,548
- Short term running finances - secured	31,183	4,539
	133,925	16,343
Mark-up based borrowings from conventional banks:		
- Long term financing - secured	18,314	18,700
- Short term financing - secured	23,138	4,976
- Short term running finances - secured	100,686	111,740
	142,138	135,416
Interest on WPPF	944	360
Bank charges	6,538	11,358
	283,545	163,477

40 TAXATION

	Note	2023	2022
		(Rupees in thousand)	
Current			
- for the year	40.1	114,984	93,291
- prior year		(305)	(79,934)
		114,679	13,357
Deferred			
- current year	12.1	(23,543)	31,775
- prior year		-	-
		91,136	45,132

40.1 Current year tax includes super tax as follows:

	2023	2022
- for the year	22,974	4,146

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

	2023	2022
Applicable tax rate	29.00%	29.00%
Tax effect of:		
- income under Final Tax Regime	0.13%	0.05%
- prior year adjustment	-0.09%	-32.36%
- permanent difference	0.01%	6.72%
- others	-7.44%	13.04%
- effect of super tax	6.78%	1.82%
Average effective tax rate charged to profit or loss	28.39%	18.27%

40.3 Comparison of tax provision against tax assessments

Years	Excess/ (Short)	Tax provision	Tax assessment/ tax return
		(Rupees)	
2021-22	305,289	93,291,025	92,985,736
2019-20	79,911,491	121,277,078	41,365,587
2018-19	(28,048,061)	34,487,452	62,535,513

40.4 As at June 30, 2023, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in the financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

41 EARNINGS PER SHARE - BASIC AND DILUTED

41.1 Earning per share - basic and diluted

	2023	2022 Restated
Profit attributable to ordinary shareholders (Rupees in thousand)	240,061	201,886
Weighted average number of shares outstanding during the year (Number of shares)	24,551,614	24,551,614
Earning per share - basic (Restated) (Rupees)	9.78	8.22

41.2 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options as at June 30, 2023, which would have an impact on earnings per share when exercised.

41.3 EPS of last year has been restated based on bonus element for bonus share issued during the year.

		Note	2023	2022
			(Rupees in thousand)	
42	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	21	47,078	223,671
	Short term investment	20	110,000	110,000
	Short term running finance - secured	31	(425,308)	(1,118,387)
			(268,230)	(784,716)
43	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		331,197	247,018
	Adjustments for non-cash and other items:			
	Depreciation on property, plant and equipment	7.1.6	139,301	132,584
	Amortization on intangible assets	8.1.1		188
	Gain on disposal of property, plant and equipment	38	(11,335)	(4,560)
	Provision (reversed)/charged against slow moving stock - net		(11,746)	(17,486)
	Impairment loss (reversed) / recorded during the year		73,084	(3,074)
	Provision for long term employee benefit		45,463	22,229
	Finance cost	39	283,545	163,477
	Provision for Workers' Profit Participation Fund	37	17,806	13,137
	Provision for Workers' Welfare Fund	37	7,123	5,659
	Amortization of deferred grant	38	6,301	3,030
	Impairment on revaluation of building		16,374	-
	Impairment on investment in associate		8,623	-
	Mark-up on term deposit receipts and long term loan	38	(33,412)	(11,681)
	Net cash flow before working capital changes		872,347	550,521

44 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Unclaimed dividend	Long term diminishing musharaka	Long term financing	Short term borrowing	Total
	(Rupees in thousand)				
As at June 30, 2022	6,826	16,000	250,953	1,373,939	1,647,718
Changes from financing cash flows					
Dividend paid	(75,559)	-	-	-	(75,559)
Short term borrowings - net	-	-	-	(255,552)	(255,552)
Long term financing - net	-	-	(108,332)	-	(108,332)
Long term diminishing musharaka - net	-	484,000	-	-	484,000
Total changes from financing cash flows	(75,559)	484,000	(108,332)	(255,552)	44,557
Other changes					
Adjustment of Government grant	-	-	6,301	-	6,301
Change in borrowings- net	-	-	-	(693,079)	(693,079)
Dividend declared	81,839	-	-	-	81,839
Total liability related other changes	81,839	-	6,301	(693,079)	(604,939)
As at June 30, 2023	13,106	500,000	148,922	425,308	1,087,336
As at June 30, 2021	7,551	-	260,382	847,505	1,115,438
Changes from financing cash flows					
Dividend paid	(82,564)	-	-	-	(82,564)
Short term borrowings - net	-	-	-	194,852	194,852
Long term financing	-	-	(12,459)	-	(12,459)
Long term diminishing musharka	-	16,000	-	-	16,000
Total changes from financing cash flows	(82,564)	16,000	(12,459)	194,852	115,829
Other changes					
Adjustment of Government grant	-	-	3,030	-	3,030
Change in borrowings	-	-	-	331,582	331,582
Dividend declared	81,839	-	-	-	81,839
Total liability related other changes	81,839	-	3,030	331,582	416,451
As at June 30, 2022	6,826	16,000	250,953	1,373,939	1,647,718

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2023			2022		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(Rupees in thousand)					
Fees	-	-	4,900	-	-	4,200
Managerial remuneration (including bonus)	19,000	64,995	-	14,000	59,085	-
Retirement and other long term benefits	21,818	45,553	-	15,000	42,971	-
House rent allowance	-	22,456	-	-	20,594	-
Utilities	-	4,990	-	-	4,577	-
Medical expenses	-	6,238	-	-	5,721	-
Provident fund	1,727	4,535	-	1,273	4,388	-
	42,545	148,767	4,900	30,273	137,336	4,200
Number of persons	1	22	7	1	20	7

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

45.2 The Chief Executive and certain other executives of the Company are provided with free use of Company cars. The approximate value of the benefit amounts to Rs. 21.93 million (2022: Rs. 9.40 million).

46 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is a subsidiary of Slotrapid Limited, therefore all the subsidiaries and associates of the Holding Company are related parties of the Company. In addition related parties includes long term employee benefit, directors and key management personnel. Amounts due from and due to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

Name of parties	Nature of relationship	Nature of transactions	June 30, 2023 Transactions during the period	June 30, 2023 Closing balance	June 30, 2022 Transactions during the year	June 30, 2022 Closing balance
			(Rupees in thousand)			
Slotrapid Limited	Holding Company	Royalty expense	-	-	48,178	-
		Royalty payable		40,126		48,178
		Royalty waiver	39,640	-	-	-
		Payment	-	-	16,801	-
		Dividend paid	30,600	-	36,072	-
Berger Road Safety (Private) Limited	(Wholly owned subsidiary of Berger DPI (Private) Limited)	Sales	-	-	6,556	-
		Rental income and	-	-	-	-
		other services charged	175	-	2,987	-
		Receipts / adjustments	136,215	-	8,596	-
		Loss on adjustment	174	-	-	-
		Trade and other receivables taken	136,041	-	-	-
		Common expenditures incurred	2,868	-	19,031	-
		Royalty payable	-	32	-	32
		Other receivable	-	10,621	-	62,936
		Interest income	5,352	-	-	-
3S Pharmaceutical (Private) Limited	Associated Company	Common expenditures incurred	1,459	-	539	-
		Other receivable	-	3,879	-	2,419
		Interest income	448	-	-	-
Buxly Paints Limited ("BPL")	Associated Company	Sales	362,918	-	377,340	-
		Rental expense	1,812	-	1,812	-
		Rental income and other services	1,200	-	1,200	-
		Common expenditures incurred	19,255	-	13,661	-
		Receipts / adjustments	1,933	-	2,938	-
		Trade debt	-	248,959	-	-
		Other receivable	-	1,338	-	58,612
		Toll manufacturing - cost	27,131	-	32,018	-
Post employment benefit plans (Key Management Personnel)		Contribution to gratuity fund	20,934	-	17,446	-
		Contribution to pension fund	4,435	-	2,764	-
		Provident fund contribution	36,872	-	33,668	-
		Provident fund receivable /payable	-	22,066	-	8,590

46.1 Basis of relationship with the company

In respect of associated companies and holding company incorporated inside Pakistan with whom the company had entered into transaction during the financial year along with basis of relationship is as follows:

Name of related party	Country of Incorporation/origin	Relationship	2023 Basis of Association	2023 Shareholdings	2022 Basis of Association	2022 Shareholdings
Slotrapid Limited	British Virgin Island	Holding	Shareholding	52.05%	Shareholding	52.05%
Berger DPI (Private) Limited	Pakistan	Subsidiary	Shareholding	51%	Common management	51%
Berger Road Safety (Private) Limited	Pakistan	(Wholly owned subsidiary of Berger DPI (Private) Limited)	Shareholding		Common management	
3S Pharmaceutical (Private) Limited	Pakistan	Associated	Shareholding	49%	Common management	49%
Buxly Paints Limited	Pakistan	Associated	Common management	19%	Common management	19%

46.2 During the period the Company has acquired third party trade receivables and other receivables, stock, of Berger Road Safety (Private) Limited an amounting to Rs. 136.041 million against outstanding trade receivables, other receivables, loan and markup from Berger Road Safety (Private) Limited amounting to Rs. 136.215 million. During the period the Company has also acquired certain fixed assets from Berger Road Safety (Private) Limited at Rs. 1. These transactions have been made based on the prices/adjustments approved by the Board.

46.3 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.

46.4 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 45)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

46.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

47 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

47.1 Risk management of financial instruments

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

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

- Market risk
- Credit risk
- Liquidity risk

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

47.1.1 Risk management framework

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

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

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

47.1.2 Market risk

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

47.1.2.1 Currency risk

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

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

The Company's exposure to foreign exchange risk is as follows:

Statement of financial position items	2023	2022
	(Amount in thousand)	
Trade and other payables		
- Euro	-	21
- USD	888	406
- RMB	475	-
- JPY	-	387
Off statement of financial position items		
Outstanding letters of credit as at the year end are as follows:		
- Euro	-	4
- USD	2,498	3,139
- RMB	-	-
- JPY	-	-

The following significant exchange rates were applied during the year:	2023	2022
	(In rupees)	
Rupees per Euro		
Average rate for the year	263.37	201.26
Reporting date rate	312.93	213.81
Rupees per USD		
Average rate for the year	245.42	181.58
Reporting date rate	285.99	204.85
Rupees per RMB		
Average rate for the year	35.14	27.50
Reporting date rate	39.67	30.60
Rupees per JPY		
Average rate for the year	1.75	1.47
Reporting date rate	1.99	1.50

Sensitivity analysis

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

Effect on profit or loss	2023	2022
	(Amount in thousand)	
- Euro	-	15
- USD	630	288
- RMB	337	-
- JPY	-	275

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

47.1.2.2 Price risk

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

Sensitivity analysis

The Company's investments in equity instrument of other entities are publicly traded on the PSX. The summary below explains the impact of increase on the Company's surplus on investment classified as FVOCI to change in market price. The analysis is based on the assumption that the market price had increased by 10% with all other variables held constant:

	Impact on equity	
	2023	2022
	(Rupees in thousands)	
Buxly Paints Limited	2,025	3,346

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

47.1.2.3 Interest rate risk

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

	Effective rate		Carrying amount	
	2023	2022	2023	2022
	(Percentage)		(Rupees in thousands)	
Financial assets				
Fixed rate instruments				
Short term investment	11%	7%	191,000	140,000

	Effective rate		Carrying amount	
	2023	2022	2023	2022
	(Percentage)		(Rupees in thousands)	
Floating rate instruments				
Loan to related party	10.66% to 16.11%	10.66% to 16.11%	-	40,000
Financial liabilities				
Fixed rate instruments				
Long term financing - secured	5% to 6%	5% to 6%	101,016	157,524
Floating rate instruments				
Long term financing - secured	16.25% to 23.30%	8.65% to 16.25%	47,906	93,429
Long term diminishing musharaka	17.58%	17.58%	500,000	16,000
Short term financing - secured	15.30% to 17.11%	8.51% to 15.41%	-	255,552
Short term running finance - secured	12.89% to 23.58%	8.70% to 15.66%	425,308	1,118,387
			973,214	1,483,368

Cash flow sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2023.

	100 bps	
	Decrease	**Increase**
As at June 30, 2023	9,732	(9,732)
As at June 30, 2022	14,834	(14,834)

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

47.1.3 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Out of the total financial assets of Rs. 2,387.39 million (2022: Rs. 1,907.52 million) financial assets which are subject to credit risk amount to Rs. 2,387.39 million (2022: Rs. 1,628.3 million).

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

	2023	2022
	(Rupees in thousand)	
Loan to related party - secured	-	40,000
Long term loans - secured	61,109	52,324
Long term deposits	22,218	20,761
Trade debts - unsecured	1,907,525	1,628,302
Long term investments	78,479	70,915
Trade deposits	18,536	11,337
Other receivables		
- Receivable from related parties	-	104,866
- LC Margin	20,363	-
- Others	41,690	8,767
	62,053	113,633
Short term investment - secured	191,000	140,000
Bank balances	46,470	222,690
	2,387,390	2,299,962

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:

	2023	2022
	(Rupees in thousand)	
Trade debts	1,907,525	1,628,302
Banking companies and financial institutions	257,833	362,690
Others	222,032	238,055
	2,387,390	2,229,047

47.1.3.1 Loan to related party

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

47.1.3.2 Trade deposits and other receivables

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

47.1.3.3 Receivable from related party

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

47.1.3.4 Long term loans

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

47.1.3.5 Trade debts

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

	Weighted average loss rate	Gross carrying amount	Loss allowance
June 30, 2023			
Past due 0 - 30 days	0.00%	1,129,668	-
Past due 31 - 60 days	1.45%	409,754	5,938
Past due 61 - 90 days	1.91%	191,924	3,672
Past due 91 - 120 days	4.12%	123,768	5,103
Past due 121 - 180 days	7.28%	181,209	13,194
Past due 181 - 364 days	34.03%	141,571	48,178
Past due over one year	100.00%	77,308	77,308
		2,255,202	153,393
June 30, 2022			
Past due 0 - 30 days	0.00%	702,742	-
Past due 31 - 60 days	0.88%	422,012	3,713
Past due 61 - 90 days	1.13%	240,252	2,719
Past due 91 - 120 days	2.91%	149,985	4,361
Past due 121 - 180 days	5.58%	77,351	4,314
Past due 181 - 364 days	24.60%	67,728	16,661
Past due over one year	100.00%	123,184	123,184
		1,783,254	154,952

47.1.3.6 Balances with banking companies

'The Company held balances with banks, short term investments and LC margin amounting to Rs. 257.833 million as at June 30, 2023. These are held with banks and financial institutions counterparties, which are rated A1 to AAA, based on credit ratings from rating agencies.

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

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

		2023	2022
		(Rupees in thousand)	
Bank balances	21	46,470	222,690
Short term investment	20	191,000	140,000
Other receivables	18	20,363	-
		257,833	362,690

47.1.3.7 Credit quality of financial assets

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

Banks	Rating		Rating	2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
Bank Al Habib Limited	A-1+	AAA	PACRA	18,817	19,629
Habib Metropolitan Bank Limited	A-1	AA+	PACRA	23,349	181,294
Habib Bank Limited	A-1+	AAA	VIS	35	35
JS Bank Limited	A-1+	AA-	PACRA	31,000	30,000
Al-Baraka Bank Pakistan Limited	A-1	A+	VIS	6	6
United Bank Limited	A-1+	AA+	PACRA	20	-
National Bank of Pakistan	A-1+	AAA	PACRA	114,131	112,550
Bank Islami Pakistan Limited	A-1	A+	PACRA	60,240	16,632
Samba Bank Limited	AA	A-1	VIS	-	9
Faysal Bank Limited	A-1+	AA	PACRA	10,235	2,535
				257,833	362,690

The Company has not recognised an impairment allowance on bank balances during the year ended June 30, 2023, as the impact was immaterial.

47.1.4 Liquidity risk

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

The following are the contractual maturities of financial liabilities as at June 30, 2023

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
Non derivative financial liabilities			(Rupees in thousand)		
Long term financing - secured	148,922	212,705	66,324	108,192	38,189
Long term diminishing musharaka	500,000	642,938	243,790	399,148	-
Trade and other payables	1,741,839	1,741,839	1,741,839	-	-
Interest / mark-up accrued on borrowings	31,459	31,459	31,459	-	-
Short term borrowings - secured	425,308	495,399	495,399	-	-
	2,847,528	3,124,340	2,578,811	507,340	38,189

The following are the contractual maturities of financial liabilities as at June 30, 2022

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
Non derivative financial liabilities			(Rupees in thousand)		
Long term financing - secured	250,953	291,833	79,127	159,598	53,108
Long term diminishing musharaka	16,000	18,813	-	18,813	-
Trade and other payables	1,559,613	1,559,613	1,559,613	-	-
Interest / mark-up accrued on borrowings	45,298	45,298	45,298	-	-
Short term borrowings - secured	1,373,939	1,600,364	1,600,364	-	-
	3,245,803	3,515,921	3,284,402	178,411	53,108

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

47.2 Fair value measurement of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at June 30, 2023	Rupees in thousand							
Financial assets - measured at fair value								
Investment classified as FVOCI	-	20,246	-	20,246	20,246	-	-	20,246
Financial assets - at cost								
Long term investments	58,233	-	-	58,233	-	-	-	-
Financial assets - at amortised cost								
Long term loans - secured	61,109	-	-	61,109	-	-	-	-
Long term deposits	22,218	-	-	22,218	-	-	-	-
Trade debts	1,907,525	-	-	1,907,525	-	-	-	-
Trade deposits	18,536	-	-	18,536	-	-	-	-
Other receivables	62,053	-	-	62,053	-	-	-	-
Short term investment - secured	191,000	-	-	191,000	-	-	-	-
Cash and bank balances	46,470	-	-	46,470	-	-	-	-
	2,367,144	20,246	-	2,387,390	20,246	-	-	20,246
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	148,922	148,922	-	-	-	-
Long term diminishing musharaka	-	-	500,000	500,000	-	-	-	-
Trade and other payables	-	-	1,741,839	1,741,839	-	-	-	-
Accrued markup	-	-	31,459	31,459	-	-	-	-
Short term borrowings - secured	-	-	425,308	425,308	-	-	-	-
	-	-	2,847,528	2,847,528	-	-	-	-

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
As at June 30, 2022								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	33,458	-	33,458	33,458	-	-	33,458
Financial assets - at cost								
Long term investments	37,457	-	-	37,457	-	-	-	-
Financial assets - at amortised cost								
Loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Long term loans - secured	52,324	-	-	52,324	-	-	-	-
Long term deposits	20,761	-	-	20,761	-	-	-	-
Trade debts	1,628,302	-	-	1,628,302	-	-	-	-
Trade deposits	11,337	-	-	11,337	-	-	-	-
Other receivables	113,633	-	-	113,633	-	-	-	-
Short term investment - secured	140,000	-	-	140,000	-	-	-	-
Cash and bank balances	222,690	-	-	222,690	-	-	-	-
	2,266,504	33,458	-	2,299,962	33,458	-	-	33,458
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	250,953	250,953	-	-	-	-
Long term diminishing musharaka			16,000	16,000	-	-	-	-
Trade and other payables	-	-	1,559,613	1,559,613	-	-	-	-
Accrued markup	-	-	45,298	45,298	-	-	-	-
Short term borrowings - secured	-	-	1,373,939	1,373,939	-	-	-	-
	-	-	3,245,803	3,245,803	-	-	-	-

47.3 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.

47.4 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. Reconciliation of level three has been disclosed in relevant note and there is no transfer between fair value hierarchy.

48 CAPITAL RISK MANAGEMENT

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

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

	2023	2022
	(Rupees in thousand)	
Long term loans	648,922	250,953
Short term borrowings	425,308	1,373,939
Total debt	1,074,230	1,624,892
Total equity	3,195,803	2,345,712
Total equity and debt	4,270,033	3,970,604
Gearing ratio	25:75	41:59

49 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY

	2023	2022
Mortgages and charges		
First		
Hypothecation of all present and future current assets	2,070,000	2,003,000
Mortgage over land and building	1,268,171	628,171
Ranking		
Hypothecation of all present and future current assets	1,869,000	267,000
Mortgage over land and building	-	734,000

		2023	2022
		(Number of persons)	
50	**NUMBER OF EMPLOYEES**		
	The Company has employed following number of persons:		
	- Factory employees	74	92
	- Salaried employee	250	321
		324	413
	- Average number of employees	246	413
	- Average number of factory employees	83	94

51 PROVIDENT FUND RELATED DISCLOSURES

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

	(Unaudited) June 30, 2023	(Unaudited) June 30, 2022
	(Rupees in thousands)	
Size of the fund		
Cost of investments made	314,630	279,294
Percentage of investments - (% of total assets)	247,697	228,660
Fair value of investments	79%	82%
	296,981	266,194

51.1 The break-up of investments is as follows:

	2023		2022	
	Rupees in thousands	%age	Rupees in thousands	%age
Investment in debt collective investment scheme	-	0%	24,408	9%
Investment in money market collective investment scheme	37,966	13%	25,322	10%
Investment in equity collective investment scheme	-	0%	12,030	5%
Bank balances	27,290	10%	53,122	20%
Certificate of deposits	111,725	38%	101,250	38%
Term deposit receipts	120,000	39%	50,062	18%
	296,981	100%	266,194	100%

		2023	2022
		(Liters in thousand)	
52	**PRODUCTION CAPACITY**		
	Actual production	40,217	43,793

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 15.55 million liters (2022: 19.41 million liters) which is used in the manufacture of the final product.

53 OPERATING SEGMENTS

53.1 These financial statements have been prepared on the basis of single reportable segment.

53.2 Revenue from sale of paints and allied represents 100% (2022: 100%) of the total revenue of the Company.

53.3 99.51% (2022: 99.88%) sales of the Company relates to customers in Pakistan.

53.4 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

54 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period except the following for appropriate presentation:

Reclassification from	Reclassification to	Amount 000'
Cost of sales	Cost of sales	
Fuel, water and power	Contracted services	11,418
Salaries and other benefits	Contracted services	175,877
Selling and distribution expenses	Selling and distribution expenses	
Salaries and other benefits	Contracted services	26,807
Administrative and general expenses	Administrative and general expenses	
Salaries and other benefits	Contracted services	7,533
	Trade and other payables	
Tax refund due from government	Sales tax payable	34,239
Other income: Rental income	Revenue	31,755
Other operating expenses	Cost of sales	
	Toll manufacturing cost	32,018

55 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

56 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There are no significant adjusting or non adjusting event after the reporting date requiring adjustment or disclosure in financial statements except elsewhere disclosed in these financial statements (2022: The Board of Directors of the Company in its meeting held on September 28, 2022 has proposed a final cash dividend of Rs. 4.00 per share, for the year ended June 30, 2022 for approval of the members in the Annual General Meeting to be held on October 26, 2022).

57 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 22, 2023 by the Board of Directors of the Company.

58 GENERAL

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

Chief Financial Officer   Chief Executive   Director

Berger Paints Pakistan Limited
Consolidated Financial Statements
for the year ended June 30, 2023

Consolidated Financial Highlights

Rupees in thousand

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
NET ASSETS						
Fixed Assets	**2,307,469**	1,629,143	1,636,252	1,641,351	1,183,189	1,237,149
Goodwill	**-**	-	-	24,000	24,000	32,263
Long Term Investments	**68,259**	68,632	49,955	48,885	51,199	63,532
Long Term Loans & Deposits	**59,480**	76,770	70,566	41,849	66,818	81,229
Deferred Taxation	**-**	-	24,700	-	52,847	-
Net Current Assets	**1,482,048**	948,191	707,871	586,186	477,662	362,868
Total	**3,917,256**	2,722,736	2,489,344	2,342,271	1,855,715	1,777,041
FINANCED BY						
Share Capital	**245,516**	204,597	204,597	204,597	204,597	181,864
Reserves	**1,477,703**	1,340,904	1,206,449	1,041,323	934,336	864,227
Surplus on Revaluation of Fixed Assets	**1,495,613**	830,273	849,056	832,950	472,012	509,131
	3,218,832	2,375,774	2,260,102	2,078,870	1,610,945	1,555,222
Long Term and Deferred Liabilities	**698,424**	346,962	229,242	263,401	244,770	221,819
Total	**3,917,256**	2,722,736	2,489,344	2,342,271	1,855,715	1,777,041
TURNOVER AND PROFITS						
Turnover	**7,347,337**	7,125,276	5,659,620	4,306,249	5,304,887	5,701,402
Gross Profit	**1,482,920**	1,243,061	1,142,355	912,990	1,163,698	1,260,136
	20.18%	17.45%	20.18%	21.20%	21.94%	22.10%
Profit/(Loss) before tax	**335,732**	251,551	298,313	111,595	106,632	155,984
Taxation	**102,704**	55,874	(101,750)	44,116	9,839	48,500
Profit/(Loss) after tax	**233,028**	195,677	196,563	67,479	96,793	107,484

Directors' Report

For the year ended 30 June 2023

The Directors of the Holding Company present their report together with the audited consolidated financial statements for the year ended June 30, 2023.

ECONOMY OF PAKISTAN

The country is experiencing severe challenges reflecting long-standing structural weaknesses. The macroeconomic imbalances, high inflation, domestic supply shocks and international economic slowdown led to a fall in GDP growth rate to 0.29% in FY 23 as compared to 6.5% of last year. The Government has recently passed Finance Act, 2023 which has proposed imposition of further taxes on targeted segments and withdrawal of certain tax credits.

The Large-Scale Manufacturing (LSM) index contracted by 9.9% in FY 23. The sector's contraction is mainly due to import restrictions, rupee devaluation, higher financing costs, expensive energy, and local economic and political instability. Resultantly, most demand indicators including sales of cement, POL, automobiles, and textiles reflected a downward trend. However, the recent development with IMF ensuring unrestricted import movement and uplifting of foreign reserves will support industrial sector.

BUSINESS PERFORMANCE

Given the situation mentioned above, your company managed to achieve net Sales for the year at Rs. 7,347 million as compared to Rs. 7,157 million in last year, up only by 2.66%. Gross profit increased mainly because of better product mix and more than commensurate increase in selling prices.

Sales and marketing expenses are less than from last year which is attributable to better control on promotional activities in unpredictable economic conditions because of import restrictions. Administrative expenses rose mainly due to the effects of continued inflation. Financial cost increased by 1.7 times higher than the comparative period largely because of the sharp increase in policy rates. In spite of these massive external problems the Company in achieving profit after tax of Rs. 233 million, up by 19.09%.

Rupees in Thousand	
Profit before taxation	**335,732**
Taxation	**(102,704)**
Profit after taxation	**233,028**
Minority interest	**376**
Net profit for the year attributable to the Holding Company	**232,652**

The audited accounts of the Holding Company for the year ended June 30, 2023 are annexed.

HOLDING COMPANY

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

PROFIT PER SHARE

The profit per share for the year is Rs. 9.48 [2022: Rs. 7.91].

AUDITORS

The present auditors, M/s BDO Ebrahim & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and Auditors for the year 2023-24 will be appointed in Annual General Meeting.

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

Date: September 22, 2023

Dr. Mahmood Ahmad
Chief Executive

Mr. Maqbool H.H. Rahimtoola
Director

30 جون 2023ء کو اختتام پذیر سال کے لئے ہولڈنگ کمپنی کے پڑتال شدہ کھاتے لف ہذا ہیں۔

ہولڈنگ کمپنی

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

فی حصص منافع

مذکورہ برس کے لئے فی حصص منافع 9.48 روپے ہے۔[2022ء: 7.91 روپے)

آڈیٹرز

آئندہ سالانہ اجلاس عام کے اختتام پر حالیہ آڈیٹرز میسرز BDO ابراہیم اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور سال 24-2023 کے لئے آڈیٹرز کی تقرری سالانہ اجلاس عام میں کی جائے گی۔

کارپوریٹ گورننس

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

دیگر معلومات

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

منجانب بورڈ

چیف ایگزیکٹو | ڈائریکٹر

لاہور:

22 ستمبر 2023ء

ڈائریکٹرز کی رپورٹ

ہولڈنگ کمپنی کے ڈائریکٹرز 30 جون 2023ء کو اختتام پذیر سال کے لئے پڑتال شدہ منجمد مالیاتی اسٹیٹمنٹس بمعہ رپورٹ پیش کرتے ہیں۔

پاکستان کی معیشت

ملک شدید خطرات سے دوچار ہے اور طویل عرصے سے جاری سٹرکچرل کمزوریاں اس کی عکاسی کرتی ہیں۔کلی اقتصادی عدم استحکام، افراطِ زر کی بلند شرح، ملکی سطح پر سپلائی میں رکاوٹوں اور بین الاقوامی سطح پر معاشی سست روی نے مالیاتی سال 2023ء میں شرح نمو کو 0.29% تک گرادیا تھا جب کہ گذشتہ برس یہی شرح نمو 6.5% تھی۔حکومت نے حال ہی میں مالیاتی ایکٹ 2023ء منظور کیا ہے جس میں مخصوص شعبوں پر مزید ٹیکس عائد کرنے اور ٹیکس کریڈٹ کے خاتمے کی تجویز ہے۔

بڑے پیمانے پر صنعت کاری (LSM) انڈیکس مالیاتی سال 2023ء میں سکڑ کر 9.9% ہو گیا۔اس شعبے میں جمود کی بڑی وجہ درآمدات پر پابندی، روپے کی قدر میں کمی، قرضوں پر لاگت میں اضافہ، توانائی کی قیمتوں میں اضافہ اور ملکی معاشی و سیاسی عدم استحکام ہے۔نتیجتاً، سیمنٹ کی فروخت، POL، آٹوموبائلز اور ٹیکسٹائلز جیسے شعبوں کے اشاریے پستی کا رجحان پیش کررہے ہیں۔البتہ، IMF کے ساتھ حالیہ پیش رفت سے درآمدات کی بلا روک ٹوک ترسیل اور غیر ملکی زرمبادلہ کے ذخائر میں اضافہ کے باعث صنعتی شعبہ کو سہارا ملے گا۔

کاروباری کارکردگی

مذکورہ حالات کے پیش نظر آپ کی کمپنی گذشتہ برس میں 7,157 ملین روپے کے مقابلے میں 7,347 ملین روپے خالص سیلز حاصل کرنے میں کامیاب ہوئی جو گذشتہ برس کی نسبت 2.66% زائد ہے۔مجموعی منافع میں اضافہ نئی مصنوعات کی شمولیت اور قیمت فروخت میں اضافہ کے باعث سامنے آیا۔

سیلز اور مارکیٹنگ اخراجات گذشتہ برس کی نسبت کم ہیں جسے درآمدی پابندیوں کے باعث غیر متوقع معاشی حالات میں تشہیری سرگرمیوں پر بہتر کنٹرول سے منسوب کیا جارہا ہے۔مسلسل مہنگائی کے اثرات کے باعث انتظامی اخراجات میں اضافہ ہوا۔پالیسی ریٹ میں تیز رفتار اضافے کے باعث مسابقتی دورانیہ کی نسبت قرضوں کی لاگت میں 1.7 گنا اضافہ ہوا۔ان بڑے بیرونی مسائل کے باوجود کمپنی 233 ملین روپے یعنی 19.09% زائد نفع علاوہ ٹیکس حاصل کرنے میں کامیاب ہوئی۔

روپے ہزار میں

نفع بمعہ ٹیکسیشن	335,732
ٹیکسیشن	(102,704)
نفع علاوہ ٹیکسیشن	233,028
منارٹی انٹرسٹ	376
ہولڈنگ کمپنی سے منسوب مذکورہ سال میں خالص منافع	232,652

INDEPENDENT AUDITOR'S REPORT

To the members of Berger Paints Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of BERGER PAINTS PAKISTAN LIMITED and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, 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 matter	How the matters were addressed in our audit
1.	**Revenue Recognition** (Refer note 33 to the annexed consolidated financial statements) The Group is principally engaged in the production and sale of paints, varnishes and other related items in the local and export markets. Revenue from sale of goods is recognised when the performance obligation is satisfied by transferring control of promised goods to the customers. We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group. In addition, revenue was	Our audit procedures in relation to the matter, amongst others, included the following: • Understood and evaluated management controls over revenue and checked their validation; • Performed verification of sales with underlying documentation including dispatch documents and sales invoices; • Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; • Verified that sales prices are approved by the appropriate authority;

Sr. No.	Key audit matter	How the matters were addressed in our audit
	also considered as an area of an inherent risk of material misstatement and significant audit risk as part of the audit process.	• Tested on a sample basis, specific discounts as per Group's policy; • Performed analytical procedures to analyse variation in the price and quantity sold during the year; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and • Assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.
2.	**Inventory valuation**	
	As at June 30, 2023, the Group held Rs. 1,437.793 million in inventories. Given the size of the inventory balance relative to the total assets of the Group and the estimates and judgements described below, the valuation of inventory required significant audit attention. As disclosed in Note 4.5, inventory is held at the lower of cost and net realizable value determined using the moving average cost method / average cost plus production overheads. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory aging reports together with historical trends to estimate the likely future salability of slow-moving and older inventory items; • The Group reviews the carrying amount of inventories on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related inventories.	Our audit procedures involved assessing the Company's accounting policies over recognizing and valuation of inventory in compliance with applicable accounting standards. • We tested the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value. • We performed an analytical review of the inventory to compare and investigate any unexpected or unusual variation between current year and prior year and discuss these with management and also corroborate with underlying record. • We checked final stock valuation sheet to physical stock taking sheet to ensure that all items are included. • We reconciled final stock valuation sheet to general ledger and stock ledger and checked amount to appropriate sources and investigate unusual items. • We assessed the Group disclosures in the consolidated financial statements in respect of inventory. • We checked that the provision made is appropriate in the circumstances. • We assessed the Group's disclosures in the consolidated financial statements in respect of inventory.

Sr. No.	Key audit matter	How the matters were addressed in our audit
	• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required. **Refer to Notes 4.5 & 14 of the financial statements.**	

Information Other than the consolidated financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the 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.

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

Auditor's Responsibilities for the Audit of the consolidated financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

The consolidated financial statements of the Group for the year ended June 30, 2022 were audited by another firm of Chartered Accountants who vide their report dated October 5, 2022 expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran.

BDO Ebrahim & Co.

Lahore | **BDO EBRAHIM & CO.**
Date: 03 October 2023 | **CHARTERED ACCOUNTANTS**
UDIN: AR20231013162DHIUwly

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,307,469	1,629,120
Intangible assets	7	-	23
Equity - accounted investee - unlisted	8	48,013	35,174
Long term investment - FVOCI	9	20,246	33,458
Long term loans	10	37,262	38,632
Long term deposits and prepayments	11	22,218	38,138
		2,435,208	1,774,545
CURRENT ASSETS			
Stores, spare parts and loose tools	13	30,341	22,735
Stock in trade	14	1,437,793	1,628,152
Trade debts - unsecured	15	1,917,825	1,701,094
Loans and advances	16	277,322	186,924
Trade deposits and short term prepayments	17	31,864	26,976
Other receivables	18	65,549	64,418
Tax refund due from government	19	209,904	259,518
Short term investment	20	191,000	140,000
Cash and bank balances	21	47,824	224,292
		4,209,422	4,254,109
TOTAL ASSETS		6,644,630	6,028,654
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	22	250,000	250,000
Issued, subscribed and paid-up share capital	22	245,516	204,597
Capital reserves			
Revaluation surplus on property, plant and equipment	23.3	1,495,613	830,273
Other reserves	23	56,205	58,017
		1,551,818	888,290
Revenue reserves			
General reserve	23	285,000	285,000
Accumulated profits	23	1,128,397	990,162
		1,413,397	1,275,162
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		3,210,731	2,368,049
NON-CONTROLLING INTERESTS		8,101	7,725
TOTAL EQUITY		3,218,832	2,375,774
NON-CURRENT LIABILITIES			
Long term financing - secured	24	94,221	183,222
Long term diminishing musharaka	25	333,333	16,000
Deferred grant	26	21,672	2,251
Long term employee benefits	27	144,748	144,012
Deferred taxation - net	12	104,450	1,477
		698,424	346,962
CURRENT LIABILITIES			
Trade and other payables	28	2,029,403	1,810,745
Current portion of long term financing	29	228,098	69,110
Unclaimed dividend		13,106	6,826
Accrued markup	30	31,459	45,298
Short term borrowings - secured	31	425,308	1,373,939
		2,727,374	3,305,918
TOTAL LIABILITIES		3,425,798	3,652,880
TOTAL EQUITY AND LIABILITIES		6,644,630	6,028,654
CONTINGENCIES AND COMMITMENTS	32		

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue from contract with customers - net	33	7,347,337	7,157,031
Cost of sales	34	(5,864,417)	(5,914,233)
Gross profit		1,482,920	1,242,798
Selling and distribution expenses	35	(583,554)	(683,396)
Administrative and general expenses	36	(209,669)	(193,062)
Impairment loss (charged) / reversed during the year	15.3 & 11	(73,084)	2,539
Other operating expenses	37	(129,272)	(19,524)
		(995,579)	(893,443)
Profit from operations		487,341	349,355
Other income	38	139,960	65,465
		627,301	414,820
Finance cost	39	(283,632)	(163,536)
Share of profit of equity - accounted investee	8	(7,937)	267
Profit before taxation		335,732	251,551
Taxation	40	(102,704)	(55,874)
Profit after taxation		233,028	195,677
Attributable to:			
Owners of the Company		232,652	194,135
Non-controlling interests		376	1,542
		233,028	195,677
Earnings per share - basic and diluted (Rupees)	41	9.48	7.91

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer   Chief Executive   Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Profit after taxation for the year		233,028	195,677
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to statement of profit or loss			
Fair value (loss)/gain on investment classified as FVOCI	9.2	(13,212)	18,410
Related deferred tax liability on fair value gain/(loss) on investment classified as FVOCI		11,400	(5,697)
		(1,812)	12,713
Actuarial gain/(loss) on staff retirement benefits	27.1.3	13,127	(12,421)
Revaluation surplus on property, plant and equipment	23.3	811,763	-
Related deferred tax liability on revaluation surplus	12.2	(131,209)	-
		680,554	-
Total comprehensive income for the year		924,897	195,969
Attributable to:			
Owners of the Company		924,521	194,427
Non-controlling interests		376	1,542
		924,897	195,969

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities before working capital changes	43	839,840	555,738
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools	13	(7,606)	(4,244)
Stock-in-trade	14	202,105	(373,505)
Trade debts - unsecured	15	(216,731)	(427,056)
Loans and advances	16	(85,217)	63,040
Trade deposits and short term prepayments	17	(4,888)	4,700
Other receivables	18	(1,131)	99,860
		(113,468)	(637,205)
Increase in current liabilities:			
Trade and other payables	28	205,359	171,395
Cash generated from operations		931,731	89,928
Finance cost paid		(296,675)	(140,357)
Taxation - net	19.1	(88,395)	(10,813)
Long term employee benefit paid		(31,600)	(21,227)
Funds transferred to the Company from the Gratuity fund		-	55,000
Worker's Profit Participation Fund paid		(13,248)	(14,165)
Workers' Welfare Fund paid		(4,137)	-
Long term loans received/(disbursed) - net		3,457	(2,124)
Long term deposits realised		3,678	2,109
		(426,920)	(131,577)
Net cash generated/(used in) from operating activities		504,811	(41,649)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(25,664)	(128,238)
Proceeds from disposal of property, plant and equipment		22,656	6,809
Mark-up received on term deposit and long term loan		21,852	3,800
Short term investments made during the year		(81,000)	-
Right shares purchased during the year		29,399	-
Net cash used in investing activities		(32,757)	(117,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing - net		(108,332)	(12,459)
Proceeds from long term diminishing musharaka		484,000	16,000
Dividend paid		(75,559)	(82,564)
(Repayments)/proceeds of/from short term borrowings - net		(255,552)	194,852
Net cash generated from financing activities		44,557	115,829
Net increase / (decrease) in cash and cash equivalents		516,611	(43,449)
Cash and cash equivalents at beginning of the year		(784,095)	(740,646)
Cash and cash equivalents at end of the year	42	(267,484)	(784,095)

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up share capital	Reserves					Total equity attributable to owners of the Parent Company	Non controlling Interests	Total
		Capital reserves			Revenue reserves				
		Revaluation surplus on property, plant and equipment	Share premium	Fair value reserve	General reserve	Accumulated profits			
	(Rupees in thousand)								
Balance as at July 01, 2021	204,597	849,056	34,086	11,218	285,000	869,962	2,253,919	6,183	2,260,102
Total comprehensive income for the year ended June 30, 2022									
Profit after taxation for the year	-	-	-	-	-	195,677	195,677	1,542	197,219
Other comprehensive income for the year									
- Fair value gain on Investment classified as FVOCI	-	-	-	12,713	-	-	12,713	-	12,713
- Actuarial loss on staff retirement benefits	-	-	-	-	-	(12,421)	(12,421)	-	(12,421)
Total comprehensive income for the year	-	-	-	12,713	-	183,256	195,969	1,542	197,511
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(18,783)	-	-	-	18,783	-	-	-
Transactions with the owners of the Company									
Final cash dividend for the year ended 'June									-
30, 2021 @ Rs. 4 per share	-	-	-	-	-	(81,839)	(81,839)	-	(81,839)
	-	(18,783)	-	-	-	(63,056)	(81,839)		(81,839)
Balance as at June 30, 2022	204,597	830,273	34,086	23,931	285,000	990,162	2,368,049	7,725	2,375,774
Total comprehensive income for the year ended June 30, 2023									
Profit after taxation for the year	-	-	-	-	-	232,652	232,652	376	233,028
Other comprehensive income for the year									
- Revaluation surplus on property, plant and equipment	-	680,554	-	-	-	-	680,554	-	680,554
- Fair value loss on investment classified as FVOCI	-	-	-	(1,812)	-	-	(1,812)	-	(1,812)
- Actuarial gain on staff retirement benefits	-	-	-	-	-	13,127	13,127	-	13,127
Total comprehensive income for the year	-	680,554	-	(1,812)	-	245,779	924,521	376	924,897
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	(15,214)	-	-	-	15,214	-	-	-
Transactions with the owners of the Company									
Bonus issue during the year 1 bonus shares for every 5 shares held	40,919	-	-	-	-	(40,919)	-	-	-
Final cash dividend for the year ended June 30, 2022 @ Rs. 4 share	-	-	-	-	-	(81,839)	(81,839)	-	(81,839)
	40,919	(15,214)	-	-	-	(107,544)	(81,839)	-	(81,839)
Balance as at June 30, 2023	245,516	1,495,613	34,086	22,119	285,000	1,128,397	3,210,731	8,101	3,218,832

The annexed notes from 1 to 58 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 REPORTING ENTITY INFORMATION

The group comprises of the following companies:

Parent Company

- Berger Paints Pakistan Limited

Subsidiary companies

- Berger DPI (Private) Limited

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

Associated company

- 3S Pharmaceuticals (Private) Limited

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

The Parent Company owns 51 percent of the share capital of Berger DPI (Private) Limited who in turn holds 100 percent share capital of the Berger Road Safety (Private) Limited. The Group is a subsidiary of Slotrapid Limited British Virgin Islands (the Holding Company).

Following is the pertinent information related to the Holding Company:

Particulars	**Related information**
Registered address	Suit # 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.
Principle officer - President / Director	Vernon Emmanuel Salazar Zurita
Aggregate Percentage of holding	52%
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

2.1 Consolidated financial statements

These consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary companies as at June 30, 2023.

(a) Subsidiaries

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

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

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

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

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

(b) Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Group. Non-controlling interest is presented as a separate item in the consolidated financial statements.

NCI are measured initially at their proportionate share of acquiree's identifiable net assets at the date of acquisition. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group and are recorded in the consolidated statement of profit or loss.

(c) Interests in equity - accounted investees

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

Associates are all entities over which the Group has significant influence but not control, or joint control over the financial and operating policies. The Group's share of its associate's post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

2.2 Statement of compliance

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

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

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

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

2.4 Functional and presentation currency

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

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023.

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold and leasehold land, buildings thereon and plant and machinery, which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Cost comprises purchase price, non refundable duties and taxes after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus on property, plant and equipment account except for a reversal of deficit already charged to consolidated statement of profit or loss. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus, in which case the deficit is taken to revaluation surplus on property, plant and equipment. The revaluation surplus on property, plant and equipment to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets is transferred annually directly to accumulated profit net of related deferred tax. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is adjusted to the revalued amount of the assets.

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

Depreciation on all property, plant and equipment except freehold land is charged to profit or loss using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values are reviewed at each reporting date and adjusted if the impact on depreciation is significant.

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

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

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

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

Right-of-use asset and Lease liability

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

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

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

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

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Capital work in progress

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

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

4.2 Intangible assets

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the Group and the cost of the asset can be measured reliably. Intangibles are measured initially at cost. The cost of intangible comprises of its purchase price including non-refundable purchase taxes after deducting trade discounts and rebates and includes other costs directly attributable to acquisition. Cost incurred after the asset is in the condition necessary for it to operate in the manner intended by management are recognised in consolidated statement of profit or loss.

4.2.1 Computer software

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

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

4.2.2 Goodwill acquired in business combinations

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

4.3 Impairment

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

4.4 Stores, spare parts and loose tools

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

4.5 Stock in trade

Stock in trade is valued at lower of cost and Net Realizable Value (NRV).

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and valuation has been determined as follows:

Raw materials, packing materials and semi-

processed goods	Moving weighted average cost
Finished goods	Moving weighted average manufacturing cost
Finished goods purchased for resale	Moving weighted average cost
Stock in transit	Invoice value plus other charges paid thereon up to the reporting date

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

Provision for obsolete and slow moving stock in trade is based on management's estimate and is recognised in consolidated financial statements whenever necessary.

4.6 Trade debts and other receivables

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

4.7 Cash and cash equivalents

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

4.8 Financial instruments

4.8.1 Classification and measurement of financial assets and financial liabilities

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

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

- Those to be measured at amortized cost.

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

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

- The determination of business model within which a financial asset is held; and

- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

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

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

i) Financial assets at FVTPL

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

ii) Financial assets at amortised cost

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

iii) Debt investments at FVOCI

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

iv) Equity investments at FVOCI

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

4.8.2 Impairment

The Group recognizes loss allowances for ECLs on:

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

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

Additional information about how the Group measures allowance for impairment is detailed in note 47.1.3 of the consolidated financial statements.

4.8.3 Derecognition

Financial assets

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

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

Financial liabilities

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

4.8.4 Offsetting

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

4.9 Impairment of non-financial assets

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

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

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

4.10 Provisions

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

4.11 Contingent assets

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

4.12 Contingent liabilities

A contingent liability is disclosed when:

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

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

4.13 Revenue recognition

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

Revenue from contract with customers primarily includes sale of paints and coatings. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

i) Identify the contract with a customer.
ii) Identify the performance obligation in the contract.
iii) Determine the transaction price of the contract.
iv) Allocate the transaction price to each of the separate performance obligations in the contract.
v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

a) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer (i.e. after obtaining customer acknowledgment at the time of delivery of goods). Although the transfer of risks and rewards is not the only criterion to be considered to determine whether control over the goods has transferred, it is in most situations considered to be the main indicator of the customer's ability to direct the use of and obtain the benefits from the asset and largely also coincides with the physical transfer of the goods and the obligation of the customer to pay. In case of expected returns, no revenue is recognized for such products.

Variable considerations, including among others rebates and discounts are accrued for as performance obligations are satisfied and revenue is recognized. Variable considerations are only recognized when it is highly probable that it is not subject to significant reversal.

Revenue is measured at the fair value of the consideration received or receivable for the goods sold, net of returns, discounts and sales tax.

b) Other

Profit on short-term bank deposits is accounted for on a time-apportioned basis using the effective interest rate method.

Financial income on funds invested, mark-up / interest income on lending's made by the Group and amortization gains on interest free loans given to staff is accounted for using the effective interest rate method.

4.14 Financial expenses

Financial expenses are recognized using the effective interest rate method and comprise of mark-up / interest expense on borrowings, along with amortization losses on interest free loans given to staff.

4.15 Contract liabilities

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

4.16 Taxation

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

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any.

The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Under / over paid amount of current tax is recorded as tax refundable / payable due from / to the Government.

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

- temporary differences arising on the initial recognition of goodwill.

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

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

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

4.17 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

4.18 Trade and other payables

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

4.19 Employee benefits

4.19.1 Short term employee benefits

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

4.19.2 Defined benefit plan

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

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

Pension scheme

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

Gratuity scheme

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

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

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

4.19.3 Defined contribution plan

Provident fund

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

4.19.4 Other long term benefits - Accumulated compensated absences

The Group also provides for compensated absences for all eligible employees in accordance with the rules of the Parent Company. The Group accounts for these benefits in the period in which the absences are earned. Employees are entitled to earned leaves of 21 days per annum. The unutilized leaves are accumulated subject to a maximum of 42 days. The unutilized accumulated leaves can be encashed at the time the employee leaves 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 compensated absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit or loss. The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation. Actuarial gains and losses are charged to the profit or loss immediately in the year when these occur.

4.19.5 Other employee benefits

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

4.20 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 consolidated statement of financial position date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end, exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the date of the initial transaction.

4.21 Dividends and appropriations to general reserve

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

4.22 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

4.23 Earnings per share (EPS)

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

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

4.24 Capital reserves - Share premium

This reserve can be utilized by the Group only for the purposes specified in section 81(3) of the Companies Act, 2017.

4.25 Related party transactions

Transactions with related parties are based at arm's length that normal commercial rates on the same terms and conditions as applicable to third party transactions.

4.26 Borrowing costs

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

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

4.27 Government grants

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

4.28 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has only one reportable segment.

4.29 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Balance considered irrecoverable are written off.

5 USE OF JUDGMENTS AND ESTIMATES

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

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

	Note
-Property, plant and equipment	4.1
-Stock in trade	4.5
-Trade debts - unsecured	4.6
-Impairment of cash generating unit	4.9
-Recoverability of deferred tax assets	4.16
-Long term employee benefits	4.19
-Taxation	4.16
-Stores, spare parts and loose tools	4.4

a) Income taxes

The Group takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 4.16 to these consolidated financial statements.

b) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Group. Further, the Group reviews the value of the assets for possible impairment on an annual basis.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in note 6 to these consolidated financial statements, the Group has revalued its free hold land as on June 30, 2023.

d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognizedin profit and loss account as provision / reversal.

e) Financial instrument

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) Provision for doubtful receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

g) Fair value measurement

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Establishment's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

h) Provision and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

i) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

j) Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

	Note	2023	2022
		(Rupees in thousand)	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	2,088,939	1,424,867
Right-of-use-asset	6.2	216,666	190,071
Capital work in progress	6.3	1,864	14,182
		2,307,469	1,629,120

6.1 Operating fixed assets

The following is the statement of property, plant and equipment:

Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Laboratory equipment	Electric fittings	Computer and related accessories	Office equipment	Furniture and fixtures	Motor vehicles	Total
	(Rupees in thousand)										
Net carrying value basis											
Year ended June 30, 2023											
Opening net book value (NBV)	661,921	235,386	50,661	245,399	19,226	120,882	5,199	17,925	9,545	58,723	1,424,867
Additions (at cost)	-	-	449	2,919	6,707	779	1,294	184	786	24,852	37,970
Disposals (at NBV)	-	-	-	(456)	-	-	-	-	-	(2,617)	(3,073)
Depreciation charge for the year	-	(23,595)	(6,825)	(55,560)	(5,069)	(16,280)	(2,039)	(2,857)	(2,339)	(19,930)	(134,494)
Revaluation /(impairment) during the year	402,364	166,263	(16,374)	211,416	-	-	-	-	-	-	763,669
Closing net book value	1,064,285	378,054	27,911	403,718	20,864	105,381	4,454	15,252	7,992	61,028	2,088,939
Gross carrying value basis											
Year ended June 30, 2023											
Cost / revalued amount	1,064,285	456,220	47,941	581,907	57,713	182,547	38,754	33,335	31,967	133,709	2,628,378
Accumulated depreciation and impairment losses	-	(78,166)	(20,030)	(178,189)	(36,849)	(77,166)	(34,300)	(18,083)	(23,975)	(72,681)	(539,439)
Net book value (NBV)	1,064,285	378,054	27,911	403,718	20,864	105,381	4,454	15,252	7,992	61,028	2,088,939
Net carrying value basis											
Year ended June 30, 2022											
Opening net book value (NBV)	661,921	258,981	57,491	219,557	19,744	137,222	3,635	13,860	11,979	45,649	1,430,039
Additions (at cost)	-	-	-	83,237	3,372	956	3,256	7,068	25	27,033.00	124,947
Disposals (at NBV)	-	-	-	(1,539)	- -	448.00	-	-	- -	262.00	(2,249)
Depreciation charge for the year	-	(23,595)	(6,830)	(55,856)	(3,890)	(16,848)	(1,692)	(3,003)	(2,459)	(13,697)	(127,870)
Closing net book value	661,921	235,386	50,661	245,399	19,226	120,882	5,199	17,925	9,545	58,723	1,424,867
Gross carrying value basis											
Year ended June 30, 2022											
Cost / revalued amount	661,921	289,957	63,866	368,028	51,006	181,768	37,460	33,151	31,181	111,474	1,829,812
Accumulated depreciation and impairment losses	-	(54,571)	(13,205)	(122,629)	(31,780)	(60,886)	(32,261)	(15,226)	(21,636)	(52,751)	(404,945)
Net book value (NBV)	661,921	235,386	50,661	245,399	19,226	120,882	5,199	17,925	9,545	58,723	1,424,867
Useful life	-	20	10 - 20	2.8 - 12.5	10	4 - 10	4	4 - 10	10	5	

6.1.1 Disposal of operating assets

Particulars of assets	Sold to		Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
	Name	Relationship with the Group						
			(Rupees in thousand)					
2023								
Plant and machinery								
Attritor	Akram Trading	Third-party	169	76	93	255	162	Bid
Dust collectors	Akram Trading	Third-party	22	10	12	-	(12)	Bid
Brighton Pot, 700Kg	Akram Trading	Third-party	75	34	41	147	106	Bid
Karcher Pump 13 - 14	Akram Trading	Third-party	163	83	80	247	167	Bid
Donkey Pump 1"	Akram Trading	Third-party	5	3	2	8	6	Bid
Ms Pot#88 - Of-P-88 - 800 Kg	Akram Trading	Third-party	24	12	12	36	24	Bid
Ms Pot#89 - Of-P-89 - 800 Kg	Akram Trading	Third-party	24	12	12	36	24	Bid
Ms Pot#90 - Of-P-90 - 800 Kg	Akram Trading	Third-party	24	12	12	36	24	Bid
Tcm Lifter 4 (Rms-331)	U.F. Farat Traders	Third-party	400	211	189	700	511	Bid
Motor vehicles								
Toyota Corolla Lec-16-8682	Mr. Abdul Wahid Qureshi	Employee	160	-	160	1,147	987	Buy-back
Suzuki Wagon-R Lea-18-7312	Asad Ali	Third party	1,109	942	167	1,912	1,745	Auction
Suzuki Wagon-R Lec-18-7419	Hassan Ali	Third party	141	30	111	2,013	1,902	Auction
Honda City 1.3Mt	Mr. Wajid Gohar	Employee	1,537	1,537	-	506	506	Buy-back
Toyota Altis Aku-830	Pervaiz Khan	Employee	1,995	964	1,031	1,746	715	Buy-back
Toyota Prado Leb-16-245	Abdul Wahid Qureshi	Employee	3,555	3,022	533	2,888	2,355	Buy-back
Suzuki Wagon-R Lec-18-896	Mr. Shahid Butt	Employee	106	23	83	264	181	Buy-back
Honda City Lef-16-5796	Mr. Ali Asghar Qureshi	Employee	135	16	119	337	218	Buy-back
Honda City Le-18A-7638	Mr. Zafar Iqbal	Employee	174	20	154	1,812	1,658	Buy-back
Suzuki Cultus Lef-18-5265	Mr. Sohail Qayum	Employee	296	34	262	318	56	Buy-back
Truck Isuzu Les-6783	Mr. Mehmood Ali	Third-party	487	487	-	850	850	Bid
Truck Isuzu Ju-4888	Mr. Mehmood Ali	Third-party	487	487	-	850	850	Bid
Truck Isuzu Ris-1798	Mr. Mehmood Ali	Third-party	2,250	2,250	-	3,274	3,274	Bid
Truck Isuzu Ris-1677	Mr. Mehmood Ali	Third-party	2,250	2,250	-	3,274	3,274	Bid
			15,588	12,515	3,073	22,656	19,583	
2022								
Plant and machinery	Akram Trading	Third-party	3,296	1,757	1,539	681	(858)	Bid
Electric fittings	Various parties	Third-party	2,557	2,109	448	386	(62)	Bid
Motor vehicles	Various parties	Employee	639	377	262	5,741	5,479	Buy-back
			6,492	4,243	2,249	6,808	4,559	

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

	Note	2023	2022
		(Rupees in thousand)	
Freehold land		207,183	207,183
Leasehold land		3,381	3,475
Buildings on freehold land		109,490	116,407
Buildings on leasehold land		40,655	48,126
Plant and machinery		88,883	121,994
		449,592	497,185

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

Particulars	Date of revaluation	(Rupees in thousand)
Freehold land	June 30, 2023	904,642
Leasehold land	June 30, 2023	184,166
Building on freehold land	June 30, 2023	321,345
Building on leasehold land	June 30, 2023	23,724
Plant and machinery	June 30, 2023	302,344

6.1.4 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Harvestor Services (Private) Limited as at June 30, 2023 on the basis of market value.

6.1.5 Particulars of immovable fixed assets

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

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

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

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

	Note	2023	2022
Cost of sales	34	101,577	98,761
Selling and distribution expenses	35	24,275	22,308
Administrative and general expenses	36	13,779	11,841
	6.1.7	139,631	132,910

6.1.7 This includes depreciation on lease hold land amounting to Rs. 5.12 million (2020: Rs. 5.04 million) charged to selling and distribution expenses.

6.1.8 During the period certain vehicles have been transferred upon completion of Ijarah facility.

6.1.9 The cost of fully depreciated assets which are still in use is Rs. 106.60 million (2022: Rs. 81.04 million).

		Note	2023	2022
			(Rupees in thousand)	
6.2	**Right-of-use-asset**			
	Opening net book value		190,071	191,636
	Additions during the year		-	3,475
	Depreciation charge for the year		(5,125)	(5,040)
	Revaluation surplus for the year	23	31,720	-
	Closing net book value		216,666	190,071

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

6.3 Capital work in progress

	Note	2023	2022
This comprises of:			
Civil works		-	228
Plant and machinery		-	399
Electrical installations	6.3.2	1,864	555
Advances to suppliers		-	13,000
		1,864	14,182

6.3.1 Movement of carrying value is as follows:

	Civil Works	Plant and machinery	Electrical installations	Advances to suppliers	Total
	(Rupees in thousands)				
Year ended June 30, 2023					
Opening balance	228	399	555	13,000	14,182
Additions (at cost)	-	2,721	2,088	24,852	29,661
Adjustment	(228)	(201)	-	(13,000)	(13,429)
Transferred to operating fixed assets	-	(2,919)	(779)	(24,852)	(28,550)
Closing balance	-	-	1,864	-	1,864
Year ended June 30, 2022					
Opening balance	-	3,288	1,423	9,656	14,367
Additions (at cost)	228	15,544	124,107	13,000	152,879
Transferred to operating fixed assets		(18,433)	(124,975)	(9,656)	- (153,064)
Closing balance	228	399	555	13,000	14,182

6.3.2 Electrical installations includes cost on solar panels project which is completed subsequently.

		Note	2023	2022
			(Rupees in thousand)	
7	**INTANGIBLE ASSETS**			
	Computer software	7.1	-	23

7.1 Computer software

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

	Note	2023	2022
		(Rupees in thousand)	
Cost			
As at July 01		33,410	33,410
Additions during the year		-	-
As at June 30		33,410	33,410
Accumulated amortization			
As at July 01		33,387	33,199
Amortization during the year	7.1.1	23	188
As at June 30		33,410	33,387
Balance as at June 30		-	23
Rate of amortization		33.33%	33.33%

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

	2023	2022
Administrative and general expenses	23	188

8 EQUITY - ACCOUNTED INVESTEE - UNLISTED

	2023	2022
Cost of investment - 3S Pharmaceutical (Private) Limited		
392,000 (2022: 98,000) fully paid ordinary shares of Rs. 100 each	39,200	39,200
Add: Right shares issued during the year	29,399	-
Share of profit / (loss)		
As at July 01	1,395	1,128
Share of profit for the year	(7,937)	267
	(6,542)	1,395
Share of other comprehensive income		
As at July 01	9,540	9,540
Share of OCI for the year		-
	9,540	9,540
Less: Accumulated impairment	(23,584)	(14,961)
Carrying value of investment as at June 30	48,013	35,174

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

8.1 Summarised financial information in respect of equity - accounted investee on the basis of its separate financial statements for the year ended June 30, 2023 and June 30, 2022 are set out below:

	Note	2023	2022
		(Rupees in thousand)	
Non current assets		77,504	79,509
Current assets		52,968	41,597
Non current liabilities		(1,664)	(10,635)
Current liabilities		(4,535)	(30,000)
Net assets - 100%		124,273	80,471
Percentage ownership interest		49.00%	49.00%
Group's share of net assets		60,893	39,431
Goodwill		9,860	9,860
Other adjustment		844	844
		71,597	50,135
Accumulated impairment of the investment		(23,584)	(14,961)
		48,013	35,174
Revenue		18,022	33,087
Profit for the year from operations		(16,198)	544
Other comprehensive income		-	-
Group's share of income - post acquisition		2,998	10,935

9 LONG TERM INVESTMENT - FVOCI

	Note	2023	2022
Investment in equity instrument classified as FVOCI		20,246	33,458
Buxly Paints Limited - listed			
Cost		3,830	3,830
Fair value adjustment	9.2	16,416	29,628
		20,246	33,458

9.1 The Parent Company owns 273,600 (2022: 273,600) fully paid ordinary shares of Rs. 10 each representing 19.00% (2022: 19.00%) investment of total shares in Buxly Paints Limited. As at year end, the market value of each share was Rs. 74 (2022: Rs. 122.29).

		Note	2023	2022
			(Rupees in thousand)	
9.2	**Fair value adjustment**			
	As at July 01		29,628	11,218
	Fair value (loss) / gain		(13,212)	18,410
	As at June 30		16,416	29,628
10	**LONG TERM LOANS**			
	Opening balance		69,701	67,577
	Disbursements during the year		23,755	24,378
	Repayments during the year		(27,212)	(22,254)
			66,244	69,701
	Discounting adjustment for recognition at fair value			
	- deferred employee benefits	11	(5,135)	(17,377)
	Closing balance		61,109	52,324
	Current portion shown under current assets	16	(23,847)	(13,692)
			37,262	38,632

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

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

		Note	2023	2022
11	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Deposits - unsecured			
	- Considered good		17,083	20,761
	- Considered doubtful	11	852	852
			17,935	21,613
	Prepaid employee benefits	10	5,135	17,377
	Less: Allowance for doubtful deposits	11.1	(852)	(852)
		11.2	22,218	38,138
11.1	**Movement in allowance for doubtful deposits is as follows:**			
	Balance as at July 01		852	4,969
	Reversal during the year		-	(4,117)
	Balance as at June 30		852	852

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

		Note	2023	2022
			(Rupees in thousand)	
12	**DEFERRED TAXATION - NET**			
	Deferred tax liability on taxable temporary differences arising in respect of			
	- Accelerated tax depreciation		79,041	(16,851)
	- Surplus on revaluation of fixed assets		(272,713)	(85,257)
			(193,672)	(102,108)
	- Fair value gain on investment classified as FVOCI		-	(5,697)
	Deferred tax asset on deductible temporary differences arising in respect of:			
	- Impairment allowance on financial assets		71,448	68,465
	- Investment in related parties		1,491	5
	- Intangibles		-	23,370
	- Minimum turnover tax		-	1,328
	- Fair value loss on investment classified as FVOCI		5,703	-
	- Provision for slow moving stock		10,580	13,160
			89,222	106,328
			(104,450)	(1,477)

12.1 The subsidiaries have not recogonised deferred tax asset amounting to Rs. 0.042 (2021: Nil) in respect of deductible temporary differences.

		Note	2023	2022
12.2	**Movement in deferred tax balances is as follows:**			
	As at July 01		(1,477)	24,700
	Recognized in profit or loss:			
	- Accelerated tax depreciation including surplus on revaluation of fixed assets		16,275	4,328
	- (Reversal) / charge of impairment allowance on financial assets		2,983	5,468
	- Minimum turnover tax		(1,328)	(27,757)
	- Investment in related parties		1,486	1,328
	- Provision for slow moving stock		(2,580)	(3,847)
			16,836	(20,480)
	Recognized in other comprehensive income:			
	- Fair value gain on investment classified as FVOCI		(131,209)	-
	- Surplus on revaluation of fixed assets		11,400	(5,697)
	As at June 30		(104,450)	(1,477)
13	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores in hand		30,945	23,301
	Stationery store		1,773	1,773
			32,718	25,074
	Less: Provision for slow moving and obsolete stores and	13.1	(2,377)	(2,339)
	spares - net		30,341	22,735

	Note	2023	2022
		(Rupees in thousand)	

13.1 Provision for slow moving and obsolete stores, spare parts and loose tools

	2023	2022
Balance at beginning of the year	2,339	2,296
Provision charged during the year	38	43
Stores written-off against provision	-	-
Balance at end of the year	2,377	2,339

13.2 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

14 STOCK IN TRADE

	Note	2023	2022
Raw and packing materials			
- in hand		589,530	711,306
- in transit		206,607	319,267
		796,137	1,030,573
Semi processed goods		164,124	162,191
Finished goods			
- Manufactured	14.1	500,924	501,776
- Trading		91,390	60,140
		592,314	561,916
		1,552,575	1,754,680
Provision for slow moving and obsolete stocks	14.2		
- Raw material		(23,665)	(47,850)
- Semi processed goods		(5,900)	(4,137)
- Finished goods		(85,217)	(74,541)
		(114,782)	(126,528)
		1,437,793	1,628,152

14.1 Aggregate stocks with a cost of Rs. 13.43 million (2022: Rs. 69.71 million) are being valued at net realizable value of Rs. 9.24 million (2022: Rs. 61.34 million).

14.2 Provision for slow moving and obsolete stocks

	2023	2022
As at the beginning of year	126,528	144,014
Provision made during the year	24,258	15,502
Reversal during the year	(3,072)	(22,668)
Write off during the year	(32,932)	(10,320)
As at year end	114,782	126,528

14.3 The cost of stock in trade recognised as an expense amounted to Rs. 4,951.12 million (2022: Rs. 5,151.53 million).

14.4 Stock-in-trade up to a maximum amount of Rs. 3,939 million (2022: Rs. 2,270 million) are under hypothecation of commercial banks as security for short term borrowings.

		Note	2023	2022
			(Rupees in thousand)	
15	**TRADE DEBTS - UNSECURED**			
	Considered good			
	Related parties	15.1 & 15.2	241,351	203,976
	Others		1,870,758	1,633,877
			2,112,109	1,837,853
	Considered doubtful			
	Related parties		7,608	5,535
	Others		135,485	139,117
			143,093	144,652
	Impairment allowance on trade debts	15.3	(143,093)	(177,831)
	Provision for discounts	15.4	(194,284)	(138,588)
			(337,377)	(316,419)
	Contract assets		-	35,008
			1,917,825	1,701,094
15.1	**Trade debts include the following amounts due from the following related parties:**			
	Buxly Paints Pakistan Limited - related party	15.1.1	248,959	209,511

15.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 248.959 million (2022: Rs. 211.90 million).

15.1.2 The Group has recognized impairment allowance on these balances as at June 30, 2023 amounting to Rs. 7.61 million (2022: Rs. 5.54 million).

		2023	2022
15.2	**Aging of related party balances**		
	Considered good		
	0 - 30 days	96,602	50,784
	31 - 60 days	-	52,306
	Considered doubtful		
	61 - 90 days	29,214	52,707
	91 - 120 days	36,304	53,657
	121 - 180 days	86,839	57
	181 - 364 days	-	-
	over one year	-	-
		248,959	209,511
15.3	**Movement in impairment allowance**		
	Balance as at July 01	177,831	221,116
	Provision for the year	73,084	18,725
	Bad debts written off	(74,643)	(62,010)
	Provision written back	(33,179)	-
	Balance as at June 30	143,093	177,831

		Note	2023	2022
			(Rupees in thousand)	
15.4	**Provision for discounts**			
	Balance at beginning of the year		138,588	87,540
	Charge for the year - net	33	2,196,122	2,131,627
	Discounts paid during the year		(2,140,426)	(2,080,579)
	Balance at end of the year		194,284	138,588
16	**LOANS AND ADVANCES**			
	Current portion of long term loans:			
	Due from employees			
	- secured, considered good		22,314	17,416
	- considered doubtful		1,533	1,250
		10	23,847	18,666
	Less: Impairment allowance	16.1	(1,533)	(1,250)
			22,314	17,416
	Advances - unsecured, considered good:			
	- employees		1,341	432
	- suppliers		253,667	169,076
			255,008	169,508
			277,322	186,924
16.1	**Movement in impairment allowance is as follows:**			
	Balance as at July 01		1,250	1,564
	Charged/(reversed) during the year		283	(314)
	Balance as at June 30		1,533	1,250
17	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits			
	- considered good		18,536	11,492
	- considered doubtful		11,390	10,515
			29,926	22,007
	Less: Impairment allowance	17.1	(11,390)	(10,515)
			18,536	11,492
	Short term prepayments		13,328	15,484
			31,864	26,976
17.1	**Movement in impairment allowance is as follows:**			
	Balance as at July 01		10,515	9,716
	Provision made during the year		875	799
	Balance as at June 30		11,390	10,515

		Note	2023	2022
			(Rupees in thousand)	
18	**OTHER RECEIVABLES**			
	LC margin		20,363	-
	Receivable from related parties	18.1	-	55,651
	Export rebate		10,536	12,297
	Provision against export rebate	18.4	(9,736)	(11,824)
			800	473
	Accrued interest		14,010	4,306
	Insurance claim receivable		1,608	2,646
	Others		6,702	1,342
	Due from provident fund	18.5	22,066	-
			65,549	64,418
18.1	**Other receivables include the following amounts due from the following related parties:**			
	Buxly Paints Pakistan Limited - related party	18.1.1	1,338	58,612
	3S Pharmaceutical (Private) Limited - related party	18.1.2	3,879	2,419
		18.1.3	5,217	61,031
	Less: Impairment allowance	18.3	(5,217)	(5,380)
			-	55,651

18.1.1 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 77.87 million (2022: Rs. 58.77 million).

18.1.2 Maximum aggregate balance due from the related party at the end of any month during the year was Rs. 3.43 million. (2022: Rs. 2.42 million).

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

		2023	2022
18.2	**Aging of related party balances**		
	Past due 0 - 30 days	-	3,290
	Past due 31 - 60 days	440	1,270
	Past due 61 - 90 days	551	1,540
	Past due 91 - 120 days	1,554	1,584
	Past due 121 - 180 days	222	2,714
	Past due 181 - 364 days	465	48,186
	Past due over one year	1,985	2,447
		5,217	61,031
18.3	**Movement in impairment allowance is as follows:**		
	Balance as at July 01	5,380	5,261
	Charged/(reversed) during the year	(163)	119
	Balance as at June 30	5,217	5,380

		Note	2023	2022
			(Rupees in thousand)	
18.4	**Movement in provision against export rebate is as follows:**			
	Balance as at July 01		11,824	11,824
	Provision for the year		-	-
	Written off during the year		(2,088)	
	Balance as at June 30		9,736	11,824

18.5 This represents excess contribution to the provident fund due to the payment to ex employees on behalf on provident fund.

19 TAX REFUND DUE FROM GOVERNMENT

	Note	2023	2022
Tax refund due from Government		259,518	252,701
Taxation net	19.1	(49,614)	6,817
		209,904	259,518

19.1 Taxation net

	Note	2023	2022
Addition: advance taxes and taxes withheld		88,395	87,278
Adjustments during the year		(22,570)	(61,413)
Provision for the year	40	(115,439)	(19,048)
Closing balance		(49,614)	6,817

20 SHORT TERM INVESTMENT

	Note	2023	2022
At amortised cost			
Term deposit receipts (TDRs)			
JS Bank Limited	20.1	31,000	30,000
National Bank of Pakistan Limited	20.2	110,000	110,000
Bank Islami Pakistan Limited	20.3	50,000	-
		191,000	140,000

20.1 This represents, investment in Term Deposit Receipts (TDRs) with the JS Bank Limited, having a maturity periods of one year and maturing between July 21, 2023 to September 06, 2023. These carry mark-up ranging from 7.00% to 20.00% (2022: 7% to 11.25%) per annum.

20.2 This represents, investment in Term Deposit Receipts (TDRs) with the National Bank of Pakistan, having a maturity period of three months and maturing on July 19, 2023. These carry mark-up ranging from 10.75% to 20.10% (2022: 10.75%) per annum.

20.3 This represents, investment in Term Deposit Receipts (TDRs) with the Bank Islami Pakistan Limited, having a maturity period of one year and maturing on September 29, 2023. This carries mark-up of 15 % per annum.

20.4 The balance includes Rs. 110 million which has been included in cash and cash equivalents in note 42 to these financial statements.

		Note	2023	2022
			(Rupees in thousand)	
21	**CASH AND BANK BALANCES**			
	Cash at bank:			
	Local currency			
	- current accounts		46,808	222,903
	- deposit accounts		408	408
	Cash in hand		608	981
			47,824	224,292

21.1 The balances in deposit accounts bear mark up which ranges from 2% to 6% per annum (2022: 2% to 6% per annum).

22 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2023	2022	2023	2022
	(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	12,415,816	8,323,881	124,158	83,239
	24,551,614	20,459,679	245,516	204,597

22.1 As at June 30, 2023, Slotrapid Limited, the Holding Company, and their nominees hold 12,779,176 (2022: 10,649,314) voting ordinary shares of Rs. 10 each representing 52.05% (2022: 52.05%) of the ordinary paid up capital of the Company.

22.2 **Movement of share capital is as follows:**

	Note	2023	2022
Opening balance		204,597	204,597
Bonus shares issued during the year	22.3	40,919	-
Closing balance		245,516	204,597

22.3 The Parent Company has issued bonus shares in the proportion of 1 for every 5 shares held having face value of Rs. 10 each as approved by the Board of Directors of the Parent Company vide its resolution dated June 13, 2023.

22.4 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

23 RESERVES

	Note	2023	2022
		(Rupees in thousand)	
Capital reserves			
Share premium reserve	23.1	34,086	34,086
Fair value reserve - net of tax	23.2	22,119	23,931
		56,205	58,017
Revaluation surplus on property, plant and machinery - net of tax	23.3	1,495,613	830,273
		1,551,818	888,290
Revenue reserves			
General reserve	23.3.3	285,000	285,000
Accumulated profits		1,128,397	990,162
		1,413,397	1,275,162
		2,965,215	2,163,452

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

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

23.3 Revaluation surplus on property, plant and machinery - net of tax

	Note	2023	2022
As at beginning of the year		830,273	849,056
Surplus arising on revaluation:			
Freehold and leasehold land	6.1	434,084	-
Building on freehold	6.1	108,502	-
Plant and machinery	6.1	137,968	-
		680,554	-
		1,510,827	849,056
Incremental depreciation - net of tax		(15,214)	(18,783)
		1,495,613	830,273

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

23.3.2 The latest valuation of freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery was carried out by M/s. Harvestor Services (Private) Limited, an independent valuer on June 30, 2023. 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.

23.3.3 This represents reserve held for future expansion of the company and further for mitigating any future losses that may occur during business operations.

	Note	2023	2022
		(Rupees in thousand)	
24 LONG TERM FINANCING - SECURED			
Secured			
Mark-up based financing from conventional banks:			
JS Bank Limited	24.1	35,998	43,943
Samba Bank Limited	24.2	-	15,030
National Bank of Pakistan Limited	24.3	65,018	98,551
		101,016	157,524
Islamic mode of financing:			
First Habib Modaraba	24.4	20,823	41,346
Bank Islami Pakistan Limited	24.5	27,083	52,083
		47,906	93,429
		148,922	250,953
Mark-up based financing from conventional banks:			
Current portion shown under current liabilities	29	(23,518)	(34,980)
Islamic mode of financing:			
Current portion shown under current liabilities	29	(31,183)	(32,751)
		(54,701)	(67,731)
		94,221	183,222

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

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

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

		Note	2023	2022
			(Rupees in thousand)	
24.4	**First Habib Modaraba**			
	- First Habib Modaraba - facility 1	24.4.1	-	4,482
	- First Habib Modaraba - facility 3	24.4.2	1,767	2,300
	- First Habib Modaraba - facility 4	24.4.3	3,212	3,927
	- First Habib Modaraba - facility 5	24.4.4	1,099	1,363
	- First Habib Modaraba - facility 6	24.4.5	3,748	4,620
	- First Habib Modaraba - facility 7	24.4.6	1,704	3,636
	- First Habib Modaraba - facility 8	24.4.7	6,225	7,481
	- First Habib Modaraba - facility 9	24.4.8	3,068	3,579
	- First Habib Modaraba - facility 10	24.4.9	-	9,958
			20,823	41,346

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

24.4.2 This represents diminishing musharika facility amounting to Rs. 3.39 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in June 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1.5% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.3 This represents diminishing musharika facility amounting to Rs. 5.21 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.4 This represents diminishing musharika facility amounting to Rs. 1.795 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in December 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.5 This represents diminishing musharika facility amounting to Rs. 6.04 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in November 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.6 This represents diminishing musharika facility amounting to Rs. 4.81 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in September 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.7 This represents diminishing musharika facility amounting to Rs. 8.91 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in April 2026. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.8 This represents diminishing musharika facility amounting to Rs. 3.94 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in October 2025. Profit is payable quarterly and charged at the rate of six month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset is held jointly by the Parent Company and the lender till the facility is fully repaid.

24.4.9 This represents diminishing musharika facility amounting to Rs. 10.64 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in February 2027. Profit is payable quarterly and charged at the rate of three month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Parent Company. The title of asset was held jointly by the Parent Company and the lender till the facility is fully repaid.

24.5 This represents diminishing musharika facility amounting Rs. 100 million to pay off conventional liabilities. The facility is repayable in monthly installments of Rs. 2.08 million each ending in July 2024 with a grace period of 1 year. Mark-up is payable monthly and is charged at the rate of six month KIBOR plus 1.25% per annum. This facility is secured against raking charge amounting to Rs. 133 million on all present and future current assets of the Parent Company.

24.6 The Parent Company has total credit facilities of Rs. 363 million (2022: Rs. 518 million) at the year end. Whereas the Parent Company has availed credit facilities of Rs. 363 million (2022: Rs. 518 million) and unavailed credit facilities of Nil (2022: Nil) at the year end.

	Note	2023	2022
		(Rupees in thousand)	

25 LONG TERM DIMINISHING MUSHARAKA

	Note	2023	2022
Secured			
Berger Paints Pakistan Limited (BPPL) - Sukuk of Rs. 500 million	25.1	500,000	16,000
Current portion shown under current liabilities	29	(166,667)	-
		333,333	16,000

25.1 During the year ended June 30, 2023, the Parent Company issued Rs. 484 million (2022: Rs. 16 million) BPPL Sukuk certificates, having face value of Rs. 1 million each aggregating to Rs. 484 million (2022: Rs. 16 million) and entered into a diminishing musharaka agreement with the investment agent, Pak Oman Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. The issue resulted in cash receipt of subscription money of Rs. 484 million (2022: Rs. 16 million). The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1.5% with quarterly rental payments. These certificates are issued for a tenure of four years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2023. Under this arrangement the Parent Company sold the beneficial ownership of the musharaka assets, its freehold land and building on freehold land, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Parent Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

26 DEFERRED GRANT

	Note	2023	2022
Balance as at July 01		3,630	3,562
Recognised during the year		31,073	3,898
Reversed during the year		-	(800)
Amortization of grant during the year	38	(6,301)	(3,030)
		28,402	3,630
Less: current portion of deferred grants	29	(6,730)	(1,379)
Balance as at June 30		21,672	2,251

26.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility as 'referred to in notes 24.1, 24.2 and 24.3. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Parent Company received term finance facility under Refinancing / Temporary Economic Refinance Facility Scheme of the State Bank/ of Pakistan from different banks. ICAP issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Group recognized the Deferred Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

27 LONG TERM EMPLOYEE BENEFITS

	Note	2023	2022
		(Rupees in thousand)	
Defined benefit plan			
Staff pension fund	27.1	24,616	41,790
Staff gratuity fund	27.1	95,404	82,734
		120,020	124,524
Other long term employee benefits			
Accumulating compensated absences	27.2	24,728	19,488
		144,748	144,012

Defined benefit plan

As mentioned in note 5.19 the Parent Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at June 30, 2023. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2023	2022
Valuation discount rate	15.75%	13.25%
Expected rate of increase in salaries	14.75%	12.25%
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement age	60 years	60 years

27.1 Statement of financial position reconciliation

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
Present value of defined benefit obligation	86,770	126,579	101,260	111,000
Fair value of plan assets	(62,154)	(31,175)	(59,471)	(28,266)
	24,616	95,404	41,789	82,734

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
		(Rupees in thousand)		

27.1.1 Movement in defined benefit obligation is as follows:

Obligation as at July 01	101,260	110,999	98,206	89,299
Employees' contribution not paid to the fund by the Group	1,573	-	1,391	-
Service cost	2,215	15,091	2,107	12,282
Interest cost	13,866	13,321	9,682	8,308
Benefits paid	(4,435)	(20,934)	(2,764)	(12,446)
Remeasurement loss / (gain)	(27,709)	8,102	(7,362)	13,557
Obligation as at June 30	86,770	126,579	101,260	111,000

27.1.2 Movement in the fair value of plan assets is as follows:

Fair value as at July 01	59,471	28,267	57,944	75,203
Expected return on plan assets	8,326	3,745	5,794	5,020
Remeasurement loss	(5,643)	(837)	(4,268)	(1,958)
Group's contribution	4,435	20,934	2,764	17,446
Fund transferred back to the Group during the year	-	-	-	(55,000)
Benefits paid	(4,435)	(20,934)	(2,764)	(12,446)
Fair value as at June 30	62,154	31,175	59,471	28,265

27.1.3 Movement in net liability in the statement of financial position is as follows:

Net liability as at July 01	41,790	82,733	40,262	14,096
Charge for the year	7,755	24,667	5,995	15,570
Charge to other comprehensive income during the year	(22,066)	8,939	(3,094)	15,515
Group's contribution	(4,435)	(20,934)	(2,764)	(17,446)
Fund transferred back to the Group during the year	-	-	-	55,000
Employees' contribution deducted but not paid to the fund	1,573	-	1,391	-
Net liability as at June 30	24,617	95,405	41,790	82,735

		2023		2022	
		Pension	Gratuity	Pension	Gratuity
		(Rupees in thousand)			
27.1.4	**Charge for the year - net**				
	Current service cost	2,215	15,091	2,107	12,282
	Interest cost	13,866	13,321	9,682	8,308
	Expected return on plan assets	(8,326)	(3,745)	(5,794)	(5,020)
	Loss on settlements	-	-	-	-
		7,755	24,667	5,995	15,570
27.1.5	Actual return on plan assets	2,683	2,908	1,526	3,062
27.1.6	**The charge for the year has been allocated as follows:**				
	Cost of sales	3,354	11,206	2,959	7,132
	Selling and distribution expenses	3,518	9,195	2,428	5,852
	Administrative and general expenses	883	4,266	608	2,585
		7,755	24,667	5,995	15,569
27.1.7	**Plan assets comprise of the following:**				
	Collective investment schemes	60,000	25,000	39,732	25,000
	Cash at bank	2,154	6,175	19,739	3,267
		62,154	31,175	59,471	28,267

27.1.8 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:

As at June 30,	2023	2022	2021	2020	2019
	(Rupees in thousand)				
Present value of defined benefit obligation	213,349	212,260	187,505	164,016	178,501
Fair value of plan assets	(93,329)	(87,735)	(133,147)	(54,064)	(51,507)
Deficit	120,020	124,525	54,358	109,952	126,994
Experience adjustment:					
Loss / (gain) on obligations	(19,607)	6,195	5,746	(4,810)	(4,883)
Gain on plan assets	12,071	10,814	7,783	6,317	4,471

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

27.1.9 Expected expense for next year

The expected expense to the pension and gratuity schemes for the year ending June 30, 2024 works out to Rs. 6.21 million and Rs. 31.46 million respectively.

27.1.10 The plans expose the Group to the actuarial risks such as:

Salary risks

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

Mortality / withdrawal risks

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

Interest rate risks

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

27.1.11 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2023 would have been as follows:

Impact on present value of defined benefit obligation as at June 30, 2023

		Pension		Gratuity	
	Change	Increase to	Decrease to	Increase to	Decrease to
		(Rupees in thousand)			
Discount rate	± 1%	71,111	105,875	114,592	139,824
Future salary	± 1%	96,808	77,774	139,821	114,591

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.

27.1.12 Weighted average duration of the defined benefit obligation is 20 years and 10 years for pension and gratuity plans, respectively.

		Note	2023	2022
			(Rupees in thousand)	
27.2	**Other long term employee benefits**			
	Balance as at July 01		19,488	21,231
	Provision during the year	27.2.2	13,041	665
	Payments made during the year		(7,801)	(2,408)
	Balance as at June 30		24,728	19,488
27.2.1	**Reconciliation of present value of liability**			
	Present value of liability as at July 01		19,488	21,231
	Service cost		2,271	2,191
	Interest on defined benefit liability		2,065	2,003
	Benefits paid		(7,801)	(2,408)
	Remeasurement gain		8,705	(3,529)
	Present value of liability as at June 30		24,728	19,488
27.2.2	**Charge for the year**			
	Service cost		2,271	2,191
	Interest on defined benefit liability		2,065	2,003
	Remeasurement gain		8,705	(3,529)
			13,041	665
27.2.3	**The charge for the year has been allocated as follows:**			
	Cost of sales		1,994	305
	Selling and distribution expenses		6,683	250
	Administrative and general expenses		4,364	110
			13,041	665

27.2.4 Expected expense for next year

The expected expense pertaining to accumulated compensated absences for the year ending June 30, 2024 works out to Rs. 6.99 million.

27.2.5 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at June 30, 2023 would have been as follows:

Impact on present value of defined benefit obligation as at June 30, 2023

			Defined benefit obligation	
		Change	Increase to	Decrease to
Discount rate	±	1%	22,385	27,314
Future salary	±	1%	27,315	22,386

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.

27.2.6 Weighted average duration of the defined benefit obligation is 10 years.

		Note	2023	2022
			(Rupees in thousand)	
28	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors		1,178,134	954,763
	Import bills payable		316,196	402,462
	Contract liabilities	33.4	80,111	50,236
	Accrued expenses		131,707	81,644
	Provision for infrastructure cess	28.1	96,087	96,087
	Royalty payable to related parties	28.3	40,158	48,210
	Technical fee payable		40,090	40,299
	Workers' Profits Participation Fund	28.4	22,478	17,920
	Workers' Welfare Fund	28.5	8,817	19,511
	Due to statutory authorities		9,634	18,654
	Others	28.6	41,699	44,026
	Sales tax payable		64,292	36,933
			2,029,403	1,810,745

		2023	2022
28.1	**Provision for infrastructure cess**		
	Balance as at July 01	96,087	88,097
	Provision for the year	-	7,990
	Balance as at June 30	96,087	96,087

28.2 Pursuant to Honorable Supreme Court order in September 2021, during the year, the Company is paying this Cess as per the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. However, in the said order, interim relief was provided to the companies, and recovery of the Cess payable was suspended till any further order.

		2023	2022
28.3	**This includes amount due to the following related parties:**		
	Slotrapid Limited - Holding Company	40,126	48,178
	Buxly Paints Limited - Associated Company	32	32
		40,158	48,210
28.4	**Workers' Profits Participation Fund**		
	Balance as at July 01	17,920	17,893
	Allocation for the year	17,806	13,137
	Interest on funds utilized in the Company's business	944	360
		36,670	31,390
	Payments during the year	(14,192)	(13,470)
	Balance as at June 30	22,478	17,920

28.4.1 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.

	Note	2023	2022
		(Rupees in thousand)	
28.5 Workers' welfare Fund			
Balance as at July 01		19,470	23,059
Allocation for the year		7,370	5,787
Interest on funds utilized in the Company's business		82	48
		26,922	28,894
Payments/adjustments during the year		(18,105)	(9,424)
Balance as at June 30		8,817	19,470
28.6 Advance against sale of vehicle from employee			
Deduction from salaries	28.6.1	12,742	9,821

28.6.1 This represents the balance deducted against employees' salaries for the vehicles scheme. This will be adjusted against the disposal of fixed assets on retirement/leaving of employees or completion of full deduction.

29 CURRENT PORTION OF LONG TERM FINANCING

	Note	2023	2022
Current portion of long term financing	24	54,701	67,731
Current portion of long term diminishing musharaka	25	166,667	-
Current portion of deferred income	26	6,730	1,379
		228,098	69,110

30 ACCRUED MARKUP

	2023	2022
Mark-up based borrowings from conventional banks		
Long term financing - secured	396	1,644
Short term financing - secured	-	3,128
Short term running finances - secured	24,991	33,057
	25,387	37,829
Mark-up based borrowings from Islamic banks		
Long term financing - secured	1,724	1,815
Long term diminshing musharaka - secured	1,293	-
Short term financing - secured	1,605	1,115
Short term running finances - secured	1,450	4,539
	31,459	45,298

	Note	2023	2022
		(Rupees in thousand)	
31 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks			
Short term financing - secured	31.1	-	92,552
Short term running finance - secured	31.2	268,720	918,399
		268,720	1,010,951
Mark-up based borrowings from Islamic banks			
Short term financing - secured	31.3	-	163,000
Short term running finance - secured	31.4	156,588	199,988
		156,588	362,988
		425,308	1,373,939

31.1 Short term financing - Conventional banks

This represents utilized amount of short term financing facilities under mark-up arrangements available from commercial banks aggregating to Rs. 255 million (2022: Rs. 255 million). These facilities were secured against ranking charge on all present and future current assets of the Parent Company. These carried mark-up at rates ranging between 15.30% and 17.11% (2022: 8.51% and 15.41%) per annum, payable quarterly.

31.2 Short term running finances - Conventional banks

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 1,019 million (2022: Rs. 1,050 million). These facilities are secured against joint pari passu charge over all the present and future current assets of the Parent Company and carry mark-up at rates ranging between 12.89% and 23.58% (2022: 8.45% and 15.31%) per annum, payable quarterly.

31.3 Short term financing - Islamic banks

This represents utilized amount of short term financing facilities under mark-up arrangements available from Islamic banks aggregating to Rs. 32.656 million (2022: Rs. 350 million). These facilities are secured against joint pari passu charge on all present and future current assets of the Parent Company. These carry mark-up at rates ranging between 16.49% and 18.26% (2022: 11.61% and 13.14%) per annum, payable quarterly.

31.4 Short term running finances - Islamic banks

This represents utilized amount of short term running finance facilities under mark-up arrangements available from commercial banks aggregating to Rs. 200 million (2022: Rs. 200 million). These facilities are secured against registered charge over the current assets of the Parent Company and carry mark-up at rates ranging between 15.56% and 22.95% (2022: 14.62% and 15.56%) per annum, payable quarterly.

31.5 The Group has total credit facilities of Rs. 1,450 million (2022: 1,855 million) at the year end. Whereas the Parent Company has availed credit facilities of Rs. 1,450 million (2022: Rs. 1,855 million) and unavailed credit facilities of Nil (2022: Nil) at the year end.

32 CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

a) The Parent Company contracted Allied Engineering for installation of solar panels and solar systems at the factory. The process was to be completed in different phases. After the completion of initial phase, issues were identified in the solar systems installed. The Parent Company opted to get the solar systems installed from another vendor while inviting Allied Engineering to reach a settlement. However, Allied Engineering wanted full execution of the contract and full payment of the agreed amount, out of which Rs. 4 million is unpaid at the reporting date. The management on the basis of legal advice, believes that it has a strong case and no further financial obligation is expected to arise.

b) The Sindh Revenue Board (SRB) through an assessment raised sales tax demand amounting to Rs. 39.34 million along-with penalty. Department (SRB) had inadvertently added all royalty figures appearing in accounts including royalty receivable, royalty payable, royalty expense and related party transfers for the calculation of tax on royalties. The Parent Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Parent Company is managing its affairs from the province of Punjab. The Commissioner (Appeals) had reduced the demand to Rs. 8.18 million, against which the Parent Company had filed an appeal before Appellate Tribunal SRB which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

c) During 2018, the Deputy Commissioner Inland Revenue (DCIR) issued show cause notices for collection of income tax under section 236G / 236H of the Income Tax Ordinance 2001. In this regard, the taxation officer raised demand of Rs. 58.94 million for tax years 2014, 2015, 2016 and 2017 vide various assessment orders. The Parent Company through its legal counsel filed appeals to Commissioner Inland Revenue Appeals (CIR - A) against the said orders which are still pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

d) The Additional Commissioner Inland Revenue (ACIR) and Deputy Commissioner Inland Revenue (DCIR), while proceeding U/S 122 of the Income Tax Ordinance, 2001 created income tax demands amounting to Rs. 484.38 million and Rs. 213.12 million for the tax years 2014 and 2016 respectively vide two separate orders. The Parent Company filed an appeal before Commissioner Inland Revenue (Appeals), the Commissioner Inland Revenue (Appeals) remanded the case on some issues and confirmed additions to the tune of Rs. 32.99 million and Rs. 9.2 million for the tax year 2014 and 2016 respectively. The Parent Company through its legal counsel had filed an appeal before ACIR which is pending adjudication. The management believes that it has a strong arguable case and matter will be decided in favor of the Parent Company. Hence no provision has been recorded in these consolidated financial statements.

e) The Commissioner Appeals - I, Lahore, vide its order for tax year 2016, deleted certain additions while remanding the case on certain issues and upheld the case on issue of contractor services which involves revenue amounting to Rs. 10.67 million. Appeal against this order has been filed which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

f) During the year 2016, a notice from Punjab Revenue Authority involving an amount of Rs. 11.45 million as royalty fee and technical services for the period October 2012 to March 2015 was issued which is under investigation / adjudication proceedings and no demand is raised. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

g) Additional Commissioner Enforcement of Punjab Revenue Authority issued assessment order creating demand of Rs. 132 million under various section of Punjab Sales Tax on Services Act 2012. However, the Company through its legal counsel filed appeal before Commissioner Appeals PRA against the order of Additional Commissioner which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

h) The Additional Commissioner Inland Revenue (ACIR) issued order under section I 22 (5A) of the Income Tax Ordinance, 2001 for tax year 2019. The Parent Company filed an appeal against the said order before Commissioner IR Appeals-I, Lahore who remanded back the case in respect of certain issues to the tune of Rs. 22.81 million which is pending adjudication, deleted certain additions and upheld the disallowance of initial allowance claimed amounting to Rs. 1.7 million. The Parent Company has filed appeal before ATIR against this disallowance which is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful for a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

i) DCIR raised a demand amounting to Rs. 10.5 million in relation to sales tax on sales of scrap stock burnt in fire in 2008 which was upheld by Commissioner Appeals. This demand was later reduced by Appellate Tribunal up to the demand pertaining to sales tax on fixed assets. The Parent Company being aggrieved by the order of ATIR, filed an appeal before honorable Lahore high court which was remanded back to the ATIR and is pending adjudication. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome, hence no provision has been recorded in these consolidated financial statements.

j) The DCIR passed order under section 161(1) for tax year 2014 and raised a demand amounting to Rs. 33.5 million. The Parent Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Appeals remanded back the case to the department for further assessment. Currently, no demand is in field against the Parent Company.

k) Various cases on account of income tax and sales tax matters involving an amount Rs. 11.401 million are also pending. The management on the basis of opinion of the tax advisor is hopeful of a favorable outcome in all these cases, hence no provision has been recorded in these consolidated financial statements.

l) The Additional Commissioner IR issued a show cause notice dated April, 23, 2022 for tax year 2021 and subsequently passed order under section 122 (5A) to the Income Tax Ordinance, 2001 dated September 02, 2022 amounting to Rs. 455 million. The Parent Company has filed an appeal before Commissioner IR Appeals-1 Lahore and expecting a favorable outcome, accordingly no provision has been recorded in the books of accounts.

Proceeding's u/s 4(9) of the Worker Welfare Fund Ordinance, 1971(the Ordinance) for the Tax Year 2017 were initiated by the Deputy Commissioner Inland Revenue (the DCIR), Enforcement-I, vide notice dated June 17, 2021. The Parent Company, properly complied the said notice by submitting the requisite information/data etc. Later on, the DCIR passed Order u/s 4(4) dated May 25, 2023 raising a demand of Rs.5.749 million on account of unlawful adjustment of WWF.

m)Being aggrieved from the aforesaid Order, the Parent Company has preferred to file Appeal before the first Appellate forum through its AR i.e. Commissioner Inland Revenue, June 23, 2023. The case was fixed for hearing on August 09, 2023 whereby after hearing facts & arguments, the judgement reserved for order and awaiting till date. The Parent Company is expecting a favorable outcome.

n) The Parent Company is facing claims, launched in the labor courts, pertaining to staff retirement benefits, salaries and others related matters. The claims amount cannot be quantified due to nature of the claims.

Subsidiaries

There are no contigencies at year end (2022: nil)

32.2 Outstanding letters of guarantee as at June 30, 2023 amounts to Rs. 125.14 million (2022: Rs. 124.70 million).

32.3 Commitments

Outstanding letters of credit as at June 30, 2023 amounts to Rs. 804.83 million (2022: Rs. 967.30 million) for purchase of raw and packing materials.

The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2023	**2022**
	(Rupees in thousand)	
Not later than one year	-	1,698

		Note	2023	2022
			(Rupees in thousand)	
33	**REVENUE FROM CONTRACT WITH CUSTOMERS**			
	Local	33.6	11,148,076	10,863,933
	Export		55,288	12,522
			11,203,364	10,876,455
	Less:			
	Discounts		(2,196,122)	(2,131,627)
	Sales tax		(1,659,905)	(1,587,797)
			(3,856,027)	(3,719,424)
			7,347,337	7,157,031

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

		2023	2022
33.2	**Timing of revenue recognition - net**		
	Goods and services transferred at a point in time	7,347,337	7,157,031
33.3	**Geographical market**		
	Pakistan	7,292,049	7,144,509
	Afghanistan	55,288	12,522
		7,347,337	7,157,031

33.4 Contract balances

Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. Balance as at reporting date amounted to Rs. 80.11 million (2022: 50.24 million). Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 45.16 million (2022: Rs. 45.27 million).

		2023	2022
33.5	**Movement of contract liabilities is as follows:**		
	Opening balance	50,240	45,270
	Advance received	80,111	50,240
	Income recongised	(50,240)	(45,270)
	Closing balance	80,111	50,240

33.6 This includes an amount of Rs. 331.079 million and Rs. 31.839 million (2022: Rs. 345.585 million and Rs. 31.755) charged to Buxly Paints Limited, a related party of the Group for material and toll manufacturing, respectively.

		Note	2023	2022
			(Rupees in thousand)	
34	**COST OF SALES**			
	Finished goods as at July 01		501,776	465,057
	Cost of goods manufactured	34.1	5,822,539	5,904,896
	Provision /(reversal) slow moving finished goods		10,676	(13,413)
	Less: Finished goods as at June 30	14	(500,924)	(501,776)
	Consumption of finished goods purchased for resale	34.4	30,350	59,469
	Cost of sales		5,864,417	5,914,233
34.1	**Cost of goods manufactured**			
	Raw and packing materials consumed	34.2	4,904,449	5,147,795
	Freight and handling		283,259	237,824
	Stores and spare parts consumed		9,575	7,725
	Salaries, wages and other benefits	34.3	124,086	100,925
	Contracted services	34.5	193,118	187,295
	Travelling and conveyance		16,824	12,999
	Fuel, water and power		92,809	92,955
	Legal and professional		1,589	954
	Rent, rates and taxes		439	1,171
	Insurance		9,479	7,708
	Repairs and maintenance		42,427	43,385
	Depreciation	6.1.6	101,577	98,761
	Ijarah lease rentals		347	1,831
	Toll manufacturing cost		25,839	32,018
	Printing and stationery		1,910	2,103
	Communication		1,225	1,292
	Others		13,757	9,734
			5,822,709	5,986,475
	Opening stock of semi-processed goods		162,191	80,946
	Closing stock of semi-processed goods	14	(164,124)	(162,191)
	Provision reversed during the year		1,763	(334)
	Cost of goods manufactured		5,822,539	5,904,896
34.2	**Raw and packing materials consumed**			
	Raw and packing material as at July 01		1,030,573	753,485
	Purchases of raw and packing material		4,694,198	5,428,622
	Provision /(reversal) slow moving finished goods		(24,185)	(3,739)
	Less: Raw and packing material as at June 30	14	(796,137)	(1,030,573)
	Raw and packing materials consumed		4,904,449	5,147,795

34.3 Salaries, wages and benefits include Rs. 11.21 million (2022: Rs. 7.13 million) in respect of gratuity fund, Rs. 3.35 million (2022: Rs. 2.96 million) in respect of pension fund, Rs. 1.99 million (2022: Rs. 0.3 million) in respect of compensated absences and Rs. 3.66 million (2022: Rs. 3.43 million) in respect of provident fund contribution.

		Note	2023	2022
			(Rupees in thousand)	
34.4	The movement of finished goods purchased for resale is as follows:			
	Finished goods as at July 01		60,140	93,742
	Add: Finished goods purchased for resale during the year		61,600	33,212
	Less: Consumption of finished goods during the year		(30,350)	(66,814)
	Finished goods as at June 30		91,390	60,140

34.5 This represents amounts relates to outsourced staff from FSC Integrated Services (Private) Limited.

35 SELLING AND DISTRIBUTION EXPENSES

	Note	2023	2022
Salaries and other benefits	35.1	346,737	345,359
Contracted services	35.4	34,092	26,807
Travelling and conveyance		2,945	2,966
Rent, rates and taxes		7,132	5,122
Insurance		12,011	12,598
Fuel, water and power		3,822	9,742
Advertising and sales promotion		127,124	182,227
Technical services and royalty fee	35.2	4,494	53,523
Repairs and maintenance		2,488	2,390
Depreciation	6.1.6	24,275	22,308
Ijarah lease rentals		413	2,264
Printing and stationery		2,144	1,334
Legal and professional		1,879	2,558
Communication		8,162	5,365
Others		5,836	8,833
		583,554	683,396

35.1 Salaries, wages and benefits include Rs.9.2 million (2022: Rs. 5.86 million) in respect of gratuity fund, Rs. 3.52 million (2022: Rs. 2.43 million) in respect of pension fund, Rs. 6.68 million (2022: Rs. 0.25 million) in respect of compensated absences and Rs. 9.12 million (2022: Rs. 8.05 million) in respect of provident fund contribution.

35.2 This represents royalty and technical fee expense for the year. Detail is as follows:

Name and address of the party	Relationship with Company	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
Slotrapid Limited (Suit# 1 Akara Building, 24 De-Cantro Street, Wickham Cay 1, Road Town, Tortola, British Virgin Island.)	Licensor (the Holding Company)	35.3	-	48,178
Oxyplast Belgium N.V. (Hulsdonk 35-B 9042/Gent – Mendonk, Belgium.)	Licensor		4,494	5,345
			4,494	53,523

36.1 Salaries, wages and benefits include Rs. 4.27 million (2022: Rs. 2.59 million) in respect of gratuity fund, Rs. 0.88 million (2022: Rs. 0.61 million) in respect of pension fund, Rs. 4.36 million (2022: Rs. 0.11 million) in respect of compensated absences and Rs. 5.66 million (2022: Rs. 5.35 million) in respect of provident fund contribution.

36.2 This represents amounts relates to outsourced staff from FSC Integrated Services (Private) Limited.

36 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2023	2022
Salaries and other benefits	36.1	127,359	112,168
Contracted services	36.2	4,071	7,533
Directors' meeting fee		4,900	4,200
Travelling and conveyance		17,020	10,349
Rent, rates and taxes		2,435	2,770
Insurance		3,011	4,021
Auditors' remuneration	36.3	3,798	4,208
Fuel, water and power		2,479	5,407
Repairs and maintenance		2,676	2,409
Depreciation	6.1.6	13,770	11,841
Amortization of computer software	7	23	188
Ijarah lease rentals	32.3	558	1,694
Printing and stationery		1,592	1,648
Legal and professional		13,584	13,178
Communication		1,738	2,973
Others		10,655	8,475
		209,669	193,062

		Note	2023	202
			(Rupees in thousand)	
36.3	**Auditors' remuneration**			
36.3.1	Auditors' remuneration of the Parent Company			
	Audit fee		2,100	2,100
	Consolidation and half yearly review		900	900
	Out of pocket expenses		178	578
	Statutory certifications		275	330
			3,453	3,908
36.3.2	Auditors' remuneration of the Subsidiary Company			
	Audit fee		345	300
			3,798	4,208

		Note	2023	202
37	**OTHER OPERATING EXPENSES**			
	Workers' Welfare Fund	28.5	7,370	5,797
	Workers' Profit Participation fund	28.4	17,806	13,137
	Exchange loss - net		34,896	-
	Written of advance income tax (1996)	37.1	8,905	-
	Sales tax on royalty		7,511	-
	Others		176	590
	Impairment on investment in associate	8	8,623	-
	Impairment on revaluation of building	6.1	16,374	-
	Debit balances written off directly		27,611	-
			129,272	19,524

37.1 The Parent Company has written of advance income tax which was taken in the year 1996 and the Parent Company believes that this will not be adjustable and on prudence basis has written off.

		Note	2023	202
38	**OTHER INCOME**			
	Income from financial assets			
	Mark-up on term deposit receipts and long term loan	20	31,556	5,728
	Income from non-financial assets		-	
	Sale of scrap		28,406	31,854
	Gain on disposal of property,		-	
	plant and equipment - net		19,583	4,560
	Rental income and other services		-	
	charged to related parties		5,144	1,200
	Export rebate		720	711
	Insurance claim		3,087	871
	Exchange gain - net		-	9,933
	Amortization of deferred grant	26	6,301	3,030
	Others		5,912	7,578
	Impairment loss reversed during the year		36,442	-
	Credit Balances written back		2,809	-
			139,960	65,465

		Note	2023	2022
			(Rupees in thousand)	
39	**FINANCE COST**			
	Islamic mode of financing:			
	- Long term financing - secured		11,518	9,256
	- Long term diminshing musharaka - secured		90,036	-
	- Short term financing - secured		1,188	2,548
	- Short term running finances - secured		31,183	4,539
			133,925	16,343
	Mark-up based borrowings from conventional banks:			
	- Long term financing - secured		18,314	18,700
	- Short term financing - secured		23,138	4,976
	- Short term running finances - secured		100,686	111,740
			142,138	135,416
	Interest on WPPF		1,026	360
	Bank charges		6,543	11,417
			283,632	163,536
40	**TAXATION**			
	Current			
	- for the year	40.1	117,081	98,664
	- prior year		(1,642)	(79,616)
			115,439	19,048
	Deferred			
	- current year	12.2	(12,735)	36,826
	- prior year		-	-
			102,704	55,874
40.1	Current year tax includes super tax as follows:			
	- for the year		22,974	4,146

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

	2023	2022
Applicable tax rate	29.00%	29.00%
Tax effect of:		
- income under Final Tax Regime	0.13%	0.05%
- prior year adjustment	-0.09%	-31.65%
- permanent difference	0.01%	8.38%
- others	-7.44%	14.64%
- effect of super tax	6.78%	1.79%
Average effective tax rate charged to profit or loss	28.39%	22.21%

40.3 Comparison of tax provision against tax assessments

Years	Excess/ (Short)	Tax provision	Tax assessment/ tax return
		(Rupees)	
2021-22	305,289	93,291,025	92,985,736
2019-20	79,911,491	121,277,078	41,365,587
2018-19	(28,048,061)	34,487,452	62,535,513

40.4 As at June 30, 2023, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in the financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

41 EARNINGS PER SHARE - BASIC AND DILUTED

41.1 Earning per share - basic and diluted

	2023	2022 Restated
Profit attributable to ordinary shareholders (Rupees in thousand)	232,652	194,135
Weighted average number of shares outstanding during the year (Number of shares)	24,551,614	24,551,614
Earning per share - basic (Restated) (Rupees)	9.48	7.91

41.2 No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options as at June 30, 2023, which would have an impact on earnings per share when exercised.

41.3 EPS of last year has been restated based on bonus element for bonus share issued during the year.

42 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in thousand)	
Cash and bank balances	21	47,824	224,292
Short term investment	20	110,000	110,000
Short term running finance - secured	31	(425,308)	(1,118,387)
		(267,484)	(784,095)

	Note	2023	2022
		(Rupees in thousand)	

43 CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2023	2022
Profit before taxation		335,732	251,551
Adjustments for non-cash and other items:			
Depreciation on property, plant and equipment	6.1.6	139,631	132,910
Amortization on intangible assets	7.1.1	23	188
Gain on disposal of property, plant and equipment	38	(19,583)	(4,560)
Provision (reversed)/charged against slow moving stock - net		(11,746)	(17,486)
Impairment loss (reversed) / recorded during the year		73,084	(2,539)
Provision for long term employee benefit		45,463	22,229
Finance cost	39	283,632	163,536
Provision for Workers' Profit Participation Fund	37	17,806	13,137
Provision for Workers' Welfare Fund	37	7,370	5,797
Amortization of deferred grant	38	6,301	(3,030)
Impairment on revaluation of building		16,374	-
Share of profit of equity - accounted investee		7,937	(267)
Impairment on investment in associate		8,623	-
Impairment loss reversed during the year		(36,442)	-
Mark-up on term deposit receipts and long term loan		(31,556)	(5,728)
Credit Balances written back	38	(2,809)	-
Net cash flow before working capital changes		839,840	555,738

44 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Unclaimed dividend	Long term diminishing musharaka	Long term financing	Short term borrowing	Total
	(Rupees in thousand)				
As at June 30, 2022	6,826	16,000	250,953	1,373,939	1,647,718
Changes from financing cash flows					
Dividend paid	(75,559)	-	-	-	(75,559)
Short term borrowings - net	-	-	-	(255,552)	(255,552)
Long term financing - net	-	-	(108,332)	-	(108,332)
Long term dimishing musharaka - net	-	484,000	-	-	484,000
Total changes from financing cash flows	(75,559)	484,000	(108,332)	(255,552)	44,557
Other changes					
Adjustment of Government grant	-	-	6,301	-	6,301
Change in borrowings- net	-	-	-	(693,079)	(693,079)
Dividend declared	81,839	-	-	-	81,839
Total liability related other changes	81,839	-	6,301	(693,079)	(604,939)
As at June 30, 2023	13,106	500,000	148,922	425,308	1,087,336
As at June 30, 2021	7,551	-	260,382	847,505	1,115,438
Changes from financing cash flows					
Dividend paid	(82,564)	-	-	-	(82,564)
Short term borrowings - net	-	-	-	194,852	194,852
Long term financing	-	-	(12,459)	-	(12,459)
Long term diminishing musharka	-	16,000	-	-	16,000
Total changes from financing cash flows	(82,564)	16,000	(12,459)	194,852	115,829
Other changes					
Adjustment of Government grant	-	-	3,030	-	3,030
Change in borrowings	-	-	-	331,582	331,582
Dividend declared	81,839	-	-	-	81,839
Total liability related other changes	81,839	-	3,030	331,582	416,451
As at June 30, 2022	6,826	16,000	250,953	1,373,939	1,647,718

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Parent Company are as follows:

	2023			2022		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(Rupees in thousand)					
Fees	-	-	4,900	-	-	4,200
Managerial remuneration (including bonus)	19,000	64,995	-	14,000	59,085	-
Retirement and other long term benefits	21,818	45,553	-	15,000	42,971	-
House rent allowance	-	22,456	-	-	20,594	-
Utilities	-	4,990	-	-	4,577	-
Medical expenses	-	6,238	-	-	5,721	-
Provident fund	1,727	4,535	-	1,273	4,388	-
	42,545	148,767	4,900	30,273	137,336	4,200
Number of persons	1	22	7	1	20	7

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

45.2 The Chief Executive and certain other executives of the Parent Company are provided with free use of Company cars. The approximate value of the benefit amounts to Rs. 21.93 million (2022: Rs. 9.40 million).

46 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is a subsidiary of Slotrapid Limited, therefore all the subsidiaries and associates of the Holding Company are related parties of the Company. In addition related parties includes long term employee benefit, directors and key management personnel. Amounts due from and due to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

			June 30, 2023		June 30, 2022	
Name of parties	Nature of relationship	Nature of transactions	Transactions during the period	Closing balance	Transactions during the year	Closing balance
			(Rupees in thousand)			
Slotrapid Limited	Holding Company	Royalty expense	-	-	48,178	
		Royalty payable		40,126		48,178
		Royalty waiver	39,640	-	-	-
		Payment	-	-	16,801	-
		Dividend paid	30,600	-	36,072	-
3S Pharmaceutical (Private) Limited	Associated Company	Common expenditures incurred	1,459	-	539	-
		Other receivable	-	3,879	-	2,419
		Interest income	448			
Buxly Paints Limited ("BPL")	Associated Company	Sales	362,918	-	377,340	-
		Rental expense	1,812	-	1,812	-
		Rental income and other services	1,200	-	1,200	-
		Common expenditures incurred	19,255	-	13,661	-
		Receipts / adjustments	1,933	-	2,938	-
		Trade debt	-	248,959	-	-
		Other receivable	-	1,338	-	58,612
		Toll manufacturing - cost	27,131	-	32,018	-
Post employment benefit plans (Key Management Personnel)		Contribution to gratuity fund	20,934	-	17,446	-
		Contribution to pension fund	4,435	-	2,764	-
		Provident fund contribution	36,872	-	33,668	-
		Provident fund receivable		22,066	-	8,590

46.1 Basis of relationship with the company

In respect of associated companies and holding company incorporated inside Pakistan with whom the company had entered into transaction during the financial year along with basis of relationship is as follows:

Name of related party	Country of Incorporation/origin	Relationship	Basis of Association	Shareholdings	Basis of Association	Shareholdings
			2023		2022	
Slotrapid Limited	British Virgin Island	Holding	Shareholding	52.05%	Shareholding	52.05%
Berger DPI (Private) Limited	Pakistan	Subsidiary	Shareholding	51%	Common management	51%
Berger Road Safety (Private) Limited	Pakistan	(Wholly owned subsidiary of Berger DPI (Private) Limited)	Shareholding		Common management	
3S Pharmaceutical (Private) Limited	Pakistan	Associated	Shareholding	49%	Common management	49%
Buxly Paints Limited	Pakistan	Associated	Common management	19%	Common management	19%

46.2 During the period the Parent Company has acquired third party trade receivables and other receivables, stock, of Berger Road Safety (Private) Limited an amounting to Rs. 136.041 million against outstanding trade receivables, other receivables, loan and markup from Berger Road Safety (Private) Limited amounting to Rs. 136.215 million. During the period the Company has also acquired certain fixed assets from Berger Road Safety (Private) Limited at Rs. 1. These transactions have been made based on the prices/adjustments approved by the Board.

46.3 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 company will handover the possession of the building to BPL free of cost.

46.4 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 45)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

46.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

47 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

47.1 Risk management of financial instruments

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

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

- Market risk
- Credit risk
- Liquidity risk

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

47.1.1 Risk management framework

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

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

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

47.1.2 Market risk

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

47.1.2.1 Currency risk

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

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro (EUR), RMB (Chinese Yuan), United States Dollar (USD) and Japanese Yen (JPY). Currently, the Group's foreign exchange risk exposure is restricted to the amounts payable to foreign entities.

The Group's exposure to foreign exchange risk is as follows:

	2023	2022
Statement of financial position items	**(Amount in thousand)**	
Trade and other payables		
- Euro	-	21
- USD	888	406
- RMB	475	-
- JPY	-	387
Off statement of financial position items		
Outstanding letters of credit as at the year end are as follows:		
- Euro	-	4
- USD	2,498	3,139
- RMB	-	-
- JPY	-	-

	2023	2022
The following significant exchange rates were applied during the year:	**(In rupees)**	
Rupees per Euro		
Average rate for the year	263.37	201.26
Reporting date rate	312.93	213.81
Rupees per USD		
Average rate for the year	245.42	181.58
Reporting date rate	285.99	204.85
Rupees per RMB		
Average rate for the year	35.14	27.50
Reporting date rate	39.67	30.60
Rupees per JPY		
Average rate for the year	1.75	1.47
Reporting date rate	1.99	1.50

Sensitivity analysis

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

Effect on profit or loss	2023	2022
	(Amount in thousand)	
- Euro	-	15
- USD	630	288
- RMB	337	-
- JPY	-	275

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Group.

47.1.2.2 Price risk

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

Sensitivity analysis

The Group's investments in equity instrument of other entities are publicly traded on the PSX. The summary below explains the impact of increase on the Group's surplus on investment classified as FVOCI to change in market price. The analysis is based on the assumption that the market price had increased by 10% with all other variables held constant:

	Impact on equity	
	2023	2022
	(Rupees in thousands)	
Buxly Paints Limited	2,025	3,346

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

47.1.2.3 Interest rate risk

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

	Effective rate		Carrying amount	
	2023	2022	2023	2022
	(Percentage)		(Rupees in thousands)	
Financial assets				
Fixed rate instruments				
Short term investment	11%	7%	191,000	140,000

	Effective rate		Carrying amount	
	2023	2022	2023	2022
	(Percentage)		(Rupees in thousands)	
Financial liabilities				
Fixed rate instruments				
Long term financing - secured	5% to 6%	5% to 6%	101,016	157,524
Floating rate instruments				
Long term financing - secured	16.25% to 23.30%	8.65% to 16.25%	47,906	93,429
Long term diminishing musharaka	17.58%	17.58%	500,000	16,000
Short term financing - secured	15.30% to 17.11%	8.51% to 15.41%	-	255,552
Short term running finance - secured	12.89% to 23.58%	8.70% to 15.66%	425,308	1,118,387
			973,214	1,483,368

Cash flow sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2023.

	100 bps	
	Decrease	Increase
As at June 30, 2023	9,732	(9,732)
As at June 30, 2022	14,834	(14,834)

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

47.1.3 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Out of the total financial assets of Rs. 2,387.39 million (2022: Rs. 1,907.52 million) financial assets which are subject to credit risk amount to Rs. 2,387.39 million (2022: Rs. 1,628.3 million).

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

	2023	2022
	(Rupees in thousand)	
Long term loans - secured	61,109	52,324
Long term deposits	22,218	20,761
Trade debts - unsecured	1,917,825	1,701,094
Long term investment - FVOCI	20,246	33,458
Trade deposits	18,536	11,492
Other receivables		
- Receivable from related parties	-	55,651
- LC Margin	20,363	-
- Others	45,186	8,767
	65,549	64,418
Short term investment - secured	191,000	140,000
Bank balances	47,216	223,311
	2,343,699	2,246,858

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:

	2023	2022
Trade debts	1,917,825	1,701,094
Banking companies and financial institutions	258,579	363,311
Others	167,295	182,453
	2,343,699	2,246,858

47.1.3.1 Trade deposits and other receivables

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

47.1.3.2 Receivable from related party

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

47.1.3.3 Long term loans

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

47.1.3.4 Trade debts

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

	Weighted average loss rate	Gross carrying amount	Loss allowance
June 30, 2023			
Past due 0 - 30 days	0.00%	1,129,668	-
Past due 31 - 60 days	1.45%	409,754	5,938
Past due 61 - 90 days	1.91%	191,924	3,672
Past due 91 - 120 days	4.12%	123,768	5,103
Past due 121 - 180 days	1.60%	181,209	2,894
Past due 181 - 364 days	34.03%	141,571	48,178
Past due over one year	100.00%	77,308	77,308
		2,255,202	143,093
June 30, 2022			
Past due 0 - 30 days	0.00%	730,923	-
Past due 31 - 60 days	0.99%	432,166	4,261
Past due 61 - 90 days	1.30%	240,252	3,120
Past due 91 - 120 days	3.12%	160,382	5,005
Past due 121 - 180 days	6.36%	77,900	4,952
Past due 181 - 364 days	26.60%	71,874	19,121
Past due over one year	85.46%	165,428	141,372
		1,878,925	177,831

47.1.3.5 Balances with banking companies

'The Group held balances with banks, short term investments and LC margin amounting to Rs. 258.579 million as at June 30, 2023. These are held with banks and financial institutions counterparties, which are rated A1 to AAA, based on credit ratings from rating agencies.

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

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

	2023	2022
	(Rupees in thousand)	
Bank balances	47,216	223,311
Short term investment	191,000	140,000
Other receivables	20,363	-
	258,579	363,311

47.1.3.6 Credit quality of financial assets

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

Banks	Rating Short term	Rating Long term	Rating Agency	2023	2022
				(Rupees in thousand)	
Bank Al Habib Limited	A-1+	AAA	PACRA	18,817	19,629
Habib Metropolitan Bank Limited	A-1	AA+	PACRA	24,095	181,915
Habib Bank Limited	A-1+	AAA	VIS	35	35
JS Bank Limited	A-1+	AA-	PACRA	31,000	30,000
Al-Baraka Bank Pakistan Limited	A-1	A+	VIS	6	6
United Bank Limited	A-1+	AA+	PACRA	20	-
National Bank of Pakistan	A-1+	AAA	PACRA	114,131	112,550
Bank Islami Pakistan Limited	A-1	A+	PACRA	60,240	16,632
Samba Bank Limited	AA	A-1	VIS	-	9
Faysal Bank Limited	A-1+	AA	PACRA	10,235	2,535
				258,579	363,311

The Group has not recognised an impairment allowance on bank balances during the year ended June 30, 2023, as the impact was immaterial.

47.1.4 Liquidity risk

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

The following are the contractual maturities of financial liabilities as at June 30, 2023

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
Non derivative financial liabilities	(Rupees in thousand)				
Long term financing - secured	148,922	212,705	66,324	108,192	38,189
Long term diminishing musharaka	500,000	642,938	243,790	399,148	-
Trade and other payables	1,747,984	1,747,984	1,747,984	-	-
Interest / mark-up accrued on borrowings	31,459	31,459	31,459	-	-
Short term borrowings - secured	425,308	495,399	495,399	-	-
	2,853,673	3,130,485	2,584,956	507,340	38,189

The following are the contractual maturities of financial liabilities as at June 30, 2022

	Carrying amount	Contractual cash flow	Less than one year	Two to five years	More than five years
Non derivative financial liabilities	(Rupees in thousand)				
Long term financing - secured	250,953	291,833	79,127	159,598	53,108
Long term diminishing musharaka	16,000	18,813	-	18,813	-
Trade and other payables	1,571,404	1,571,404	1,571,404	-	-
Interest / mark-up accrued on borrowings	45,298	45,298	45,298	-	-
Short term borrowings - secured	1,373,939	1,600,364	1,600,364	-	-
	3,257,594	3,527,712	3,296,193	178,411	53,108

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

47.2 Fair value measurement of financial instruments

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at June 30, 2023	Rupees in thousand							
Financial assets - measured at fair value								
Investment classified as FVOCI	-	20,246	-	20,246	20,246	-	-	20,246
Financial assets - at amortised cost								
Long term loans - secured	61,109	-	-	61,109	-	-	-	-
Long term deposits	22,218	-	-	22,218	-	-	-	-
Trade debts	1,917,825	-	-	1,917,825	-	-	-	-
Trade deposits	18,536	-	-	18,536	-	-	-	-
Other receivables	65,549	-	-	65,549	-	-	-	-
Short term investment - secured	191,000	-	-	191,000	-	-	-	-
Cash and bank balances	47,216	-	-	47,216	-	-	-	-
	2,323,453	20,246	-	2,343,699	20,246	-	-	20,246
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	148,922	148,922	-	-	-	-
Long term diminishing musharaka	-	-	500,000	500,000	-	-	-	-
Trade and other payables	-	-	1,747,984	1,747,984	-	-	-	-
Accrued markup	-	-	31,459	31,459	-	-	-	-
Short term borrowings - secured	-	-	425,308	425,308	-	-	-	-
	-	-	2,853,673	2,853,673	-	-	-	-

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
As at June 30, 2022								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	33,458	-	33,458	33,458	-	-	33,458
Financial assets - at amortised cost								
Long term loans - secured	52,324	-	-	52,324	-	-	-	-
Long term deposits	20,761	-	-	20,761	-	-	-	-
Trade debts	1,701,094	-	-	1,701,094	-	-	-	-
Trade deposits	11,492	-	-	11,492	-	-	-	-
Other receivables	64,418	-	-	64,418	-	-	-	-
Short term investment - secured	140,000	-	-	140,000	-	-	-	-
Cash and bank balances	223,311	-	-	223,311	-	-	-	-
	2,213,400	33,458	-	2,246,858	33,458	-	-	33,458
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	250,953	250,953	-	-	-	-
Long term diminishing musharaka			16,000	16,000	-	-	-	-
Trade and other payables	-	-	1,571,404	1,571,404	-	-	-	-
Accrued markup	-	-	45,298	45,298	-	-	-	-
Short term borrowings - secured	-	-	1,373,939	1,373,939	-	-	-	-
	-	-	3,257,594	3,257,594	-	-	-	-

48 CAPITAL RISK MANAGEMENT

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

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

	2023	2022
	(Rupees in thousand)	
Long term loans	648,922	250,953
Short term borrowings	425,308	1,373,939
Total debt	1,074,230	1,624,892
Total equity	3,218,832	2,375,774
Total equity and debt	4,293,062	4,000,666
Gearing ratio	25:75	41:59

49 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY

Mortgages and charges

	2023	2022
First		
Hypothecation of all present and future current assets	2,070,000	2,003,000
Mortgage over land and building	1,268,171	628,171
Ranking		
Hypothecation of all present and future current assets	1,869,000	267,000
Mortgage over land and building	-	734,000

50 NUMBER OF EMPLOYEES

	2023	2022
	(Number of persons)	
The Group has employed following number of persons:		
- Factory employees	74	92
- Salaried employee	250	321
	324	413
- Average number of employees	369	326
- Average number of factory employees	83	94

51 PROVIDENT FUND RELATED DISCLOSURES

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

	(Unaudited) June 30, 2023	(Unaudited) June 30, 2022
	(Rupees in thousands)	
Size of the fund		
Cost of investments made	314,630	279,294
Percentage of investments - (% of total assets)	247,697	228,660
Fair value of investments	79%	82%
	296,981	266,194

51.1 The break-up of investments is as follows:

	2023		2022	
	Rupees in thousands	%age	Rupees in thousands	%age
Investment in debt collective investment scheme	-	0%	24,408	9%
Investment in money market collective investment scheme	37,966	13%	25,322	10%
Investment in equity collective investment scheme	-	0%	12,030	5%
Bank balances	27,290	10%	53,122	20%
Certificate of deposits	111,725	38%	101,250	38%
Term deposit receipts	120,000	39%	50,062	18%
	296,981	100%	266,194	100%

The investments out of provident fund as at June 30, 2023 have been made in accordance with the requirements of section 218 of the Companies Act, 2017.

52 PRODUCTION CAPACITY

	2023	2022
	(Liters in thousand)	
Actual production	40,217	43,793

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 15.55 million liters (2022: 19.41 million liters) which is used in the manufacture of the final product.

53 OPERATING SEGMENTS

53.1 These financial statements have been prepared on the basis of single reportable segment.

53.2 Revenue from sale of paints and allied represents 100% (2022: 100%) of the total revenue of the Group.

53.3 99.51% (2022: 99.88%) sales of the Group relates to customers in Pakistan.

53.4 All non-current assets of the Group as at June 30, 2023 are located in Pakistan.

54 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period except the following for appropriate presentation:

Reclassification from	Reclassification to	Amount 000'
Cost of sales	Cost of sales	
Fuel, water and power	Contracted services	11,418
Salaries and other benefits	Contracted services	175,877
Selling and distribution expenses	Selling and distribution expenses	
Salaries and other benefits	Contracted services	26,807
Administrative and general expenses	Administrative and general expenses	
Salaries and other benefits	Contracted services	7,533
	Trade and other payables	
Tax refund due from government	Sales tax payable	36,933
Other income: Rental income	Revenue	31,755
Other operating expenses	Cost of sales	
	Toll manufacturing cost	32,018

55 **SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUPS FINANCIAL POSITION AND PERFORMANCE**

All significant transactions and events that have affected the Group's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

56 **NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

There are no significant adjusting or non adjusting event after the reporting date requiring adjustment or disclosure in financial statements except elsewhere disclosed in these financial statements (2022: The Board of Directors of the Company in its meeting held on September 28, 2022 has proposed a final cash dividend of Rs. 4.00 per share, for the year ended June 30, 2022 for approval of the members in the Annual General Meeting to be held on October 26, 2022).

57 **DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on September 22, 2023 by the Board of Directors of the Group.

58 **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 Wednesday October 25, 2023 at 10:00 am via video link and at any adjournment thereof.

Signed this____________________ day of ____________________ 2023.

Signature on Rs. 5.00 Revenue Stamp

Notes:

1. The share transfer book will remain closed from October 18, 2023 to October 24, 2023 (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.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.

پراکسی کا فارم

سیکریٹری،

برجر پینٹس پاکستان لمیٹڈ

36انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور

میں/ہم..

ساکن..

....بطور رکن برجر پینٹس پاکستان لمیٹڈ

اور..............................عمومی حصص کے مالک بمطابق فولیو نمبر..............................یہاں باضابطہ طور پر

ساکن..

....

کو25اکتوبر،2023بروز بدھ صبح10:00 بجے کو منعقد ہونے والے سالانہ اجلاس عام یا مابعد نشست میں اپنی جگہ بذریعہ ویڈیو لنک شرکت کے لئے اپنا پراکسی مقرر کرتا/کرتے ہوں/ہیں۔

دستخط:..

مؤرخہ..

5.00روپے کی ریونیو سٹامپ پر دستخط کریں

نوٹس:

1. شیئر ٹرانسفر بکس مؤرخہ18اکتوبر2023ء تا24اکتوبر2023ء (بشمول دونوں ایام) بند رہیں گی۔
2. اجلاس میں شرکت اور ووٹ کرنے کا/کی اہل رکن کسی دوسرے/دوسری رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے اپنا پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسی کو مؤثر کرنے کی غرض سے پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد سے کم از کم48 گھنٹے قبل پہنچ جانا چاہئے۔
3. اس اجلاس میں ووٹ کرنے کے اہلCDC کے مستفید ہونے والے مالکان کو اپنی شناخت ثابت کرنے کے لئے اپنا اصلی شناختی کارڈ پیش کرنا ہوگا۔ پراکسی کی صورت میں، شیئر ہولڈرز کے شناختی کارڈ کی مصدقہ نقل پراکسی فارم کے ساتھ منسلک کی جائے۔ کاروباری ادارے نمائندگان اس مقصد کے لئے تمام معمول کے دستاویزات ہمراہ لائیں گے۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.

Electronic Dividend Mandate Form
Berger Paints Pakistan Limtied

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.

الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم

برجرپینٹس پاکستان لمیٹڈ

تاریخ: ..../............/............

کمپنیز ایکٹ 2017ء کے سیکشن 242 کے قواعد کی روشنی میں نقد کی صورت میں واجب الادا منافع منقسمہ صرف الیکٹرونک ذرائع سے اہل شیئر ہولڈرز کے مقررہ بینک اکاؤنٹ میں براہِ راست منتقل کیا جائے گا۔ SECP نے مؤرخہ 01 اگست، 2017ء کے سرکلر نمبر 18/2017 کے ذریعے وقتی طور پر 31 اکتوبر 2017ء تک اس شرط سے استثنٰی دے دیا ہے۔ مقررہ تاریخ کے بعد واجب الادا منافع منقسمہ صرف طے شدہ طریقہ کار کے مطابق ہی ادا کیا جائے گا۔ شیئر ہولڈرز سے درخواست ہے کہ وہ طے شدہ طریقہ کار کے مطابق باقاعدہ دستخط و پرشدہ اپنی الیکٹرونک ڈیوڈنڈ مینڈیٹ معلومات بمعہ مصدقہ نقل شناختی کارڈ کمپنی کے شیئر رجسٹرار میسرز کارپلنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل بلاک K ماڈل ٹاؤن لاہور پنجاب 54000 کو جمع کرائیں۔ CDC شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے ڈیویڈنڈ مینڈیٹ فارم اور شناختی کارڈ کی مصدقہ نقل اپنے بروکر (شریک)/CDC کو براہ راست جمع کرائیں۔

میں/ہم.. یہاں برجرپینٹس پاکستان لمیٹڈ کو اعلان کردہ منافع منقسمہ کو مندرجہ ذیل بینک اکاؤنٹ میں براہ راست کریڈٹ کرنے کا مجاز ٹھہراتے ہیں۔

نام شیئر ہولڈر: ....

فولیو نمبر/CDC اکاؤنٹ نمبر .... برجرپینٹس پاکستان لمیٹڈ

شیئر ہولڈر کا رابطہ نمبر ....

عنوان اکاؤنٹ: ....

IBAN(*): ....

بینک برانچ: ....

برانچ کا ڈاک کا پتہ: ....

شناختی کارڈ نمبر (نقل لف کریں): ....

NTN نمبر (کاروباری ادارے کی صورت میں): ....

میں/ہم اپنے بھرپور علم اور یقین کے مطابق بیان کرتا/کرتے ہیں کہ مذکورہ بالا تفصیلات میرے/ہمارے یقین کے مطابق بالکل درست اور صحیح ہیں؛ اور میں/ہم برجرپینٹس پاکستان لمیٹڈ اور اس کے شیئر رجسٹرار کو اپنی مذکورہ بالا تفصیلات کے مطابق آئندہ مطلع کرتا/کرتے رہوں/رہیں گے۔

دستخط شیئر ہولڈر	تاریخ

نوٹس: * براہِ کرم اپنی متعلقہ بینک اکاؤنٹ برانچ سے چیک کرنے کے بعد اپنا مکمل IBAN (انٹرنیشنل بینک اکاؤنٹ نمبر) فراہم کریں تاکہ آپ کے بینک اکاؤنٹ میں براہ راست الیکٹرونک کریڈٹ کیا جا سکے۔

** ایسے شیئر ہولڈرز جو فزیکل فارم میں شیئرز کے مالک ہیں انہیں درخواست کی جاتی ہے کہ وہ مذکورہ بالا ای-ڈیویڈنڈ بینک مینڈیٹ فارم پر کریں اور اسے کمپنی کے شیئر رجسٹرار میسرز کارپ لنک لمیٹڈ ونگز آرکیڈ، K-1، کمرشل بلاک K، ماڈل ٹاؤن، لاہور پنجاب، 54000، رابطہ 35916714 42 92+ ای میل ایڈریس: corplink786@gmail.com کو بھیجیں۔

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The Company Secretary

Berger Paints Pakistan Limited

36 - Industrial Estate, Kot Lakhpat,
Lahore.