ANNUAL REPORT 2020

NIMIR
NIMIR INDUSTRIAL CHEMICALS LTD.

NIMIR INDUSTRIAL CHEMICALS LTD.

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COMPANY INFORMATION

Board of Directors

Mr. M. Saeed-uz-Zaman	- Chairman
Mr. Zafar Mahmood	- Chief Executive Officer
Mr. Khalid Mumtaz Qazi	
Mr. Umar Iqbal	
Mr. Javed Saleem Arif	
Mr. Tariq Ahmad Khan	
Ms. Parveen Akhter Malik	
Mr. Muhammad Iqbal	
Mr. Abdul Jaleel Shaikh	
(Nominee - Pak Brunei Investment Company Limited)	

Executive Management

Mr. Zafar Mahmood
Mr. Khalid Mumtaz Qazi
Mr. Imran Afzal
Mr. Umar Iqbal
Mr. Aamir Jamil
Mr. Muhammad Yahya Khan

Chief Financial Officer

Syed Sajid Nasim

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit

Mr. Nabeel Ahmad Khan

Audit Committee

Mr. Javed Saleem Arif	- Chairman
Mr. Tariq Ahmad Khan	- Member
Mr. Abdul Jaleel Shaikh	- Member

Human Resource & Remuneration Committee

Ms. Parveen Akhter Malik	- Chairperson
Mr. M. Saeed-uz-Zaman	- Member
Mr. Zafar Mahmood	- Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

Shares' Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial),
Model Town, Lahore.
Tel: +92 42 35916714 & 19
Fax: +92 42 35869037
www.corplink.com.pk

Bankers

The Bank of Punjab
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Samba Bank Limited
Pak Brunei Investment Company Limited
Soneri Bank Limited
Askari Bank Limited
National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
Bank Alfalah Limited

Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited

Registered Office / Factory

14.8 km., Sheikhupura-Faisalabad Road,
Bhikhi, District Sheikhupura, Pakistan.
Tel: +92 56 3883001-7
Fax: +92 56 3883010
Cell: +92 301-8221151, 301-8483950

Lahore Office

12-B, New Muslim Town,
Lahore, Pakistan.
Tel: +92 42 35926090-93
Fax: +92 42 35926099

Website

www.nimir.com.pk

OUR VISION

To become an industry leader through a persistent commitment to customer focus, technical innovation, managerial excellence, entrepreneurial spirit and social responsibility.

OUR MISSION

To deliver unparalleled value to stakeholders and continually striving to exceed customer expectations by developing innovative industrial chemical solutions with special emphasis on workforce, health, safety, environment and contribution to the national economic development.

CHAIRMAN'S MESSAGE

The world is passing through one of the history's worst crisis since start of the year. The pandemic has pushed the world into recession and most global economies are showing negative growth.

Pakistan was already struggling with challenges of depreciating currency, rising inflation and higher interest rates; thus resulting in contracting demand. This pandemic has further dampened economic growth and created further issues for the ailing economy. Although major lockdown restrictions have been lifted, there are still much to do before normal business activities can be restored.

I am pleased to see that the management has been vigilant and passed through this difficult time successfully without any loss to the business. In fact, the consolidated results improved over the last year.

The Government of Pakistan has taken some commendable steps to boost the economic activities in the country. Reducing the policy rate, reducing tariff on industrial inputs, offering attractive loan package for new investments and introducing incentives for the construction industry are some key measures, which are expected to help the economy to revive.

To take advantage of these incentives, the board of directors has approved an aggressive investment plan for the expansion of existing plants and adding new product lines besides generating power at much cheaper price to ensure sustainable growth.

I would surely praise the persistent commitment of the management team and staff for achieving the consistent growth and wish the Company continued succeeding in future too.

Muhammad Saeed-uz-Zaman
Chairman

CEO'S MESSAGE

I am pleased to report that Nimir Industrial Chemicals Limited concluded the financial year 2019-2020 as yet another successful year of operations. We continued to fulfill our promise and commitment to all our stakeholders by achieving significant growth and grew gross consolidated sales to cross Rs.25 billion mark. This milestone has been achieved in a situation where most businesses were struggling to survive due to prolonged lockdown amid Covid-19.

Our Company recorded a consolidated net profit after tax of PKR 1.06 billion in the fiscal year 2020. Both increased prices and volumes played their role in achieving the top and bottom line; thus confirming our endeavors to enhance shareholders value.

We would like to state that during the year we have successfully completed the new aerosols project. The commercial operations shall be started in the beginning of FY 2021. Furthermore, our team also completed various expansion projects relating to soap business.

Going forward, we are focused on improving internal efficiencies through optimization of manufacturing processes, cost rationalization, new product development and further enhancing customer relationships. The Board and management are committed to achieve a balanced top-line and bottom-line growth, whilst fully capitalizing on opportunities for organic and inorganic growth. Along with my entire team, I look forward to delivering on another successful year ahead. Insha' Allah.

I would like to thank all our shareholders and stakeholders for their continued support in the execution of our strategy to deliver on growth and profitability, to strengthen our competitiveness and to secure the long term sustainability of our business.

Zafar Mahmood
Chief Executive Officer

ACCREDITATIONS

Sedex is a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains.

The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004 with the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

Good Manufacturing Practices (GMP) in accordance with
ISO 22716 : 2007 - Guidelines for Cosmetics

ISO 9001:2015 Certification
(Quality Management System)

Cert. No. HAL/ 057
www.ri-ca.org

IT IS HEREBY CERTIFIED THAT THE FOLLOWING PRODUCTS

SOAP NOODLE, GLYCERIN, STEARIC ACID & FINISHED SOAP

ARE IN COMPLIANCE WITH THE ISLAMIC SHARIAH (GUIDELINES), GLOBAL HALAL MANAGEMENT SYSTEM, IHI ALLIANCE-MALAYSIA (GHMS), PAKISTAN HALAL STANDARD (PS-3733:2016) AND UNDER THE SUPERVISION OF SHARIAH BOARD. THE PRODUCT CONTAINS HALAAL INGREDIENTS AND COMPLIES WITH THE ISLAMIC SHARIAH LAW, THEREFORE, IS LAWFUL FOR MUSLIM CONSUMPTION.

CORE BUSINESS AT A GLANCE

Distilled Fatty Acid / Oleo Chemicals

- Soap noodles
- Stearic Acid
- Glycerine

Soap Noodles (Palm Bright)

- Toilet soap

Stearic Acid (Double & Triple Press)

- Tyre and Rubber
- Textile Softener
- Metal Polishing
- Plastic
- Cosmetics
- Soap

Glycerine

- Pharmaceutical
- Alkyd Resin
- Tobacco
- Cosmetics

Caustic Soda

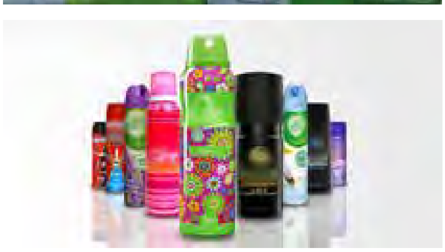
Sodium Hypochlorite

Hydrochloric Acid

- Textile Sector
- Cleaning & Bleaching
- Steel

Soap Bars

- Third party toilet soap finishing and packing facility

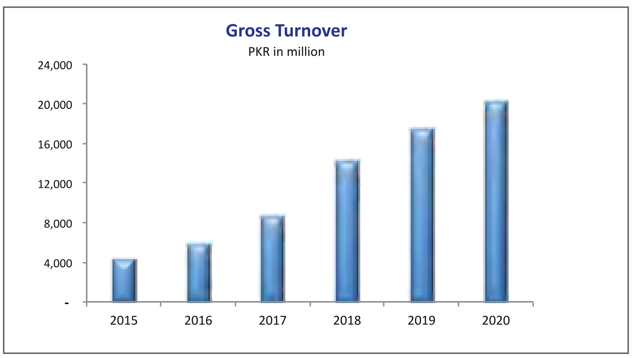


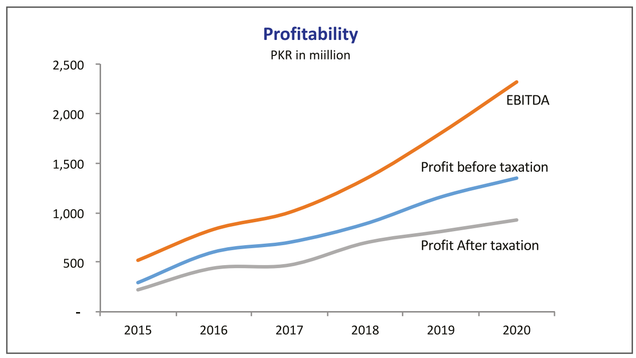
Aerosols

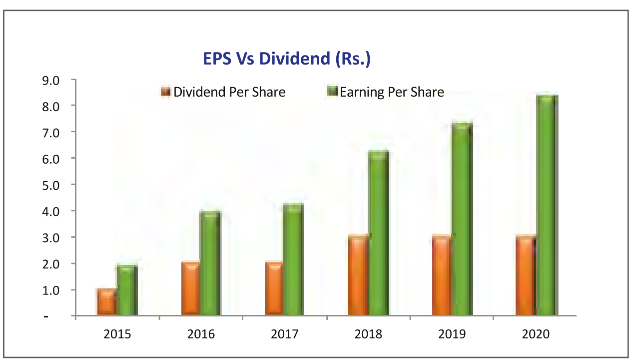
- Body Sprays
- Deodorants
- Antiperspirants
- Air Fresheners
- Insecticides
- Shaving Foam
- Hair Sprays
- Home Cleaners
- Starch Sprays
- Spray Paints
- Automobile Cleaners
- Metal Cleaners

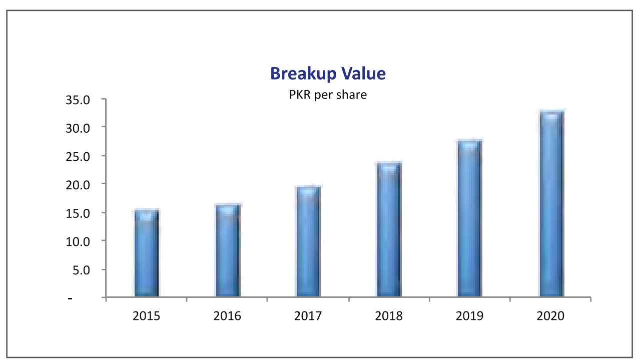
OUR PERFORMANCE STANDALONE

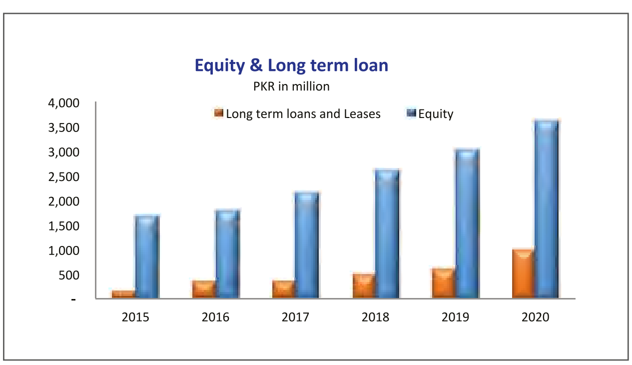
	2015	2016	2017	2018	2019	2020
	Rupees in million					
Gross Turnover	4,285	5,864	8,624	14,222	17,432	20,220
Net Sales	3,663	5,011	7,369	12,091	14,850	17,173
Profit before taxation	294	603	701	887	1,159	1,349
Profit after Taxation	222	441	471	696	810	926
EBITDA	520	832	1,003	1,340	1,804	2,319
Long term loans and Leases	166	348	354	480	592	1,004
Equity	1,681	1,788	2,144	2,615	3,035	3,623
Current Assets	1,494	1,966	2,926	4,726	5,076	6,769
Current Liabilities	1,199	1,784	2,763	4,274	4,566	5,845
Current Ratio	1.25	1.10	1.06	1.11	1.11	1.16
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	15.2	16.2	19.4	23.6	27.4	32.8
Earning per share - Rupees	2.0	4.0	4.3	6.3	7.3	8.4
Dividend Per Share - Rupees	1.0	2.0	2.0	3.0	3.0	3.0

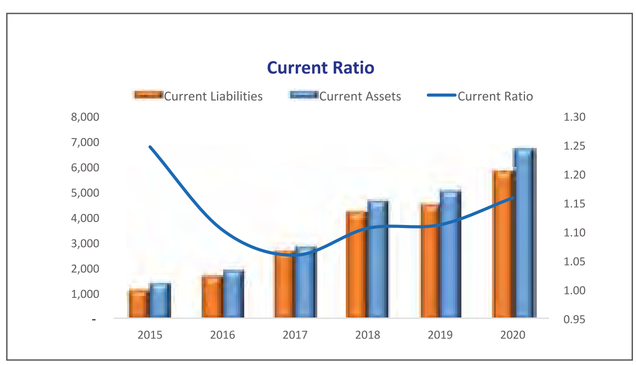






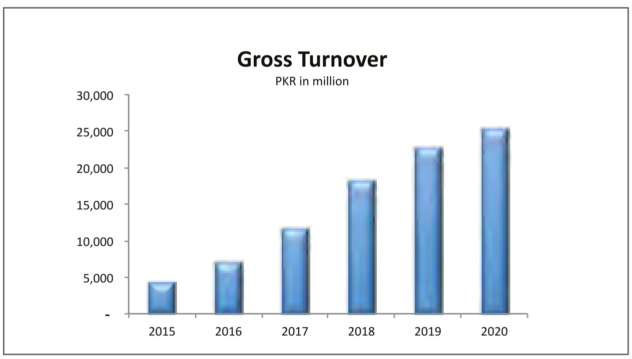


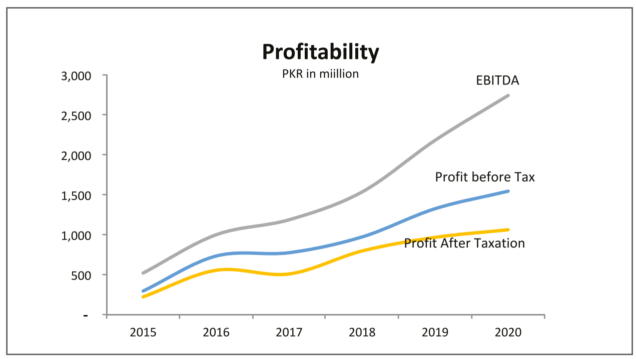


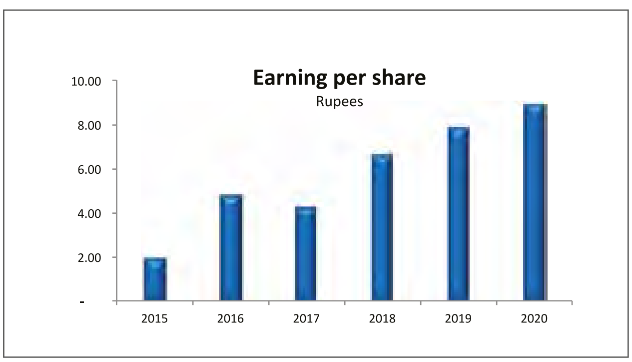


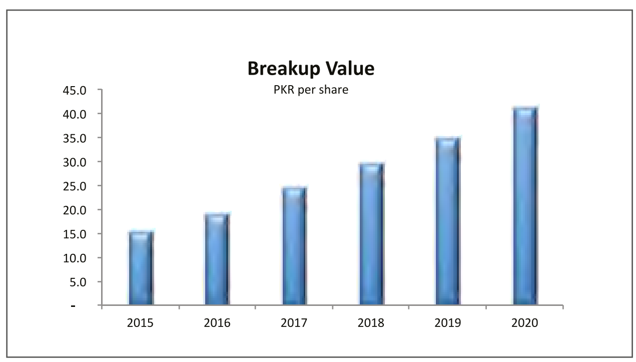
OUR PERFORMANCE CONSOLIDATED

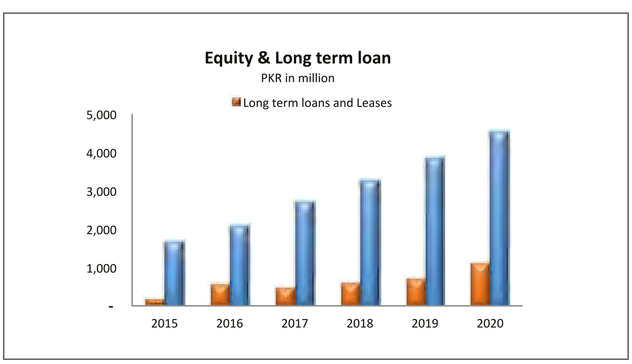
	2015	2016	2017	2018	2019	2020
			Rupees in million			
Gross Turnover	4,285	7,007	11,571	18,186	22,723	25,373
Net Sales	3,663	5,997	9,958	15,569	19,601	21,526
Profit before taxation	294	733	774	972	1,325	1,544
Profit after Taxation	222	554	508	796	966	1,061
EBITDA	520	999	1,187	1,535	2,181	2,743
Long term loans and Leases	166	547	463	592	704	1,120
Equity	1,681	2,092	2,696	3,265	3,842	4,565
Current Assets	1,494	3,249	4,567	7,034	7,635	9,284
Current Liabilities	1,199	2,762	3,921	6,010	6,423	7,606
Current Ratio	1.25	1.18	1.16	1.17	1.19	1.22
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	15.20	18.90	24.40	29.50	34.70	41.30
Earning per share - Rupees	2.01	4.84	4.29	6.62	7.87	8.88

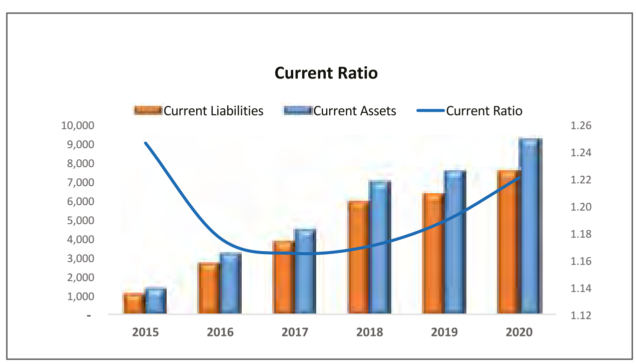












YEAR AT A GLANCE 2020

	Standalone		Consolidated	
	2019	2020	2019	2020
	Rupees in Million		Rupees in Million	
Gross Turnover	17,432	20,220	22,723	25,373
Gross Profit	2,030	2,546	2,520	3,052
Operating Profit	1,733	2,177	2,112	2,572
Profit before taxation	1,159	1,349	1,325	1,544
Profit after taxation	810	926	966	1,061
Net Worth	3,035	3,623	3,842	4,565
Long Term Loans and Leases	592	1,004	704	1,120
Total Assets	8,514	10,849	11,286	13,649
Breakup value per share - Rupees	27.4	32.8	34.7	41.3
Earning per share - Rupees	7.3	8.4	7.9	8.9

16%
Increase in
Gross Turnover

25%
Increase in
Gross Profit

26%
Increase in
Operating Profit

14%
Increase in
Profit after Tax

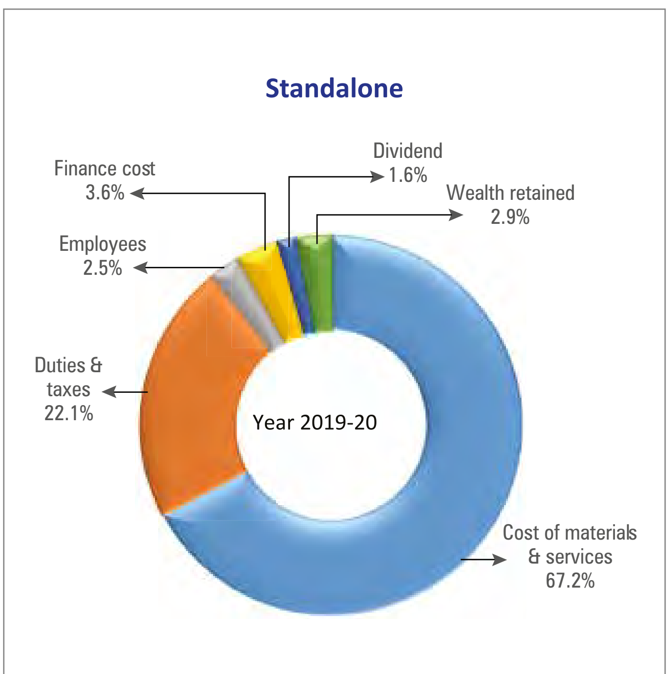
14%
Increase in
EPS

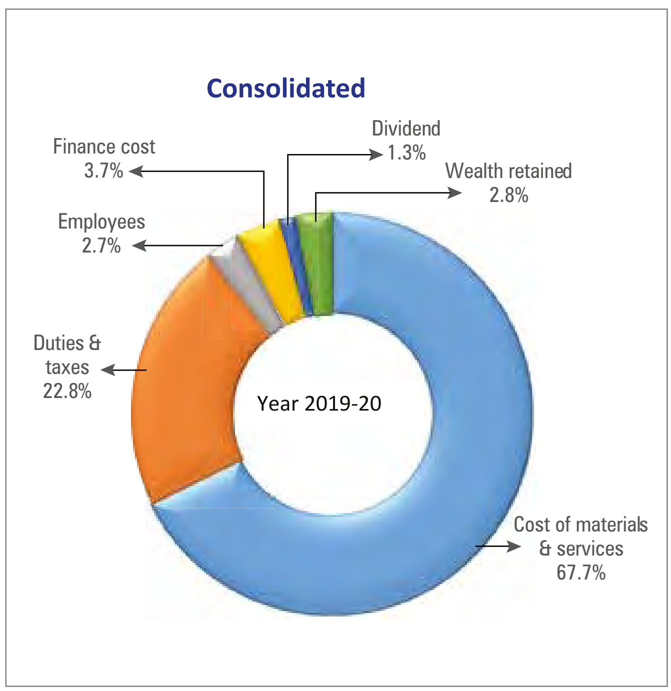
19%
Increase in
BreakUp Value

WEALTH GENERATED AND DISTRIBUTED

FOR THE YEAR ENDED JUNE 2020

	Standalone 2020		Consolidated 2020	
	RKR in million	Percentage	RKR in million	Percentage
Wealth Generated				
Sales with sales Tax	20,220	99.9%	25,373	99.9%
Other operating profit	17	0.1%	32	0.1%
	20,237	100%	25,405	100%
Distribution of Wealth				
Cost of materials & services	13,598	67.2%	17,196	67.7%
Duties & taxes	4,473	22.1%	5,528	21.8%
Employees	514	2.5%	696	2.7%
Finance cost	733	3.6%	930	3.7%
Dividend	332	1.6%	332	1.3%
Wealth retained	588	2.9%	723	2.8%
	20,237	100.0%	25,405	100.0%





HORIZONTAL & VERTICAL ANALYSIS

	2015	2016	2017	2018	2019	2020
			Rupees in million			
BALANCE SHEET						
Non Current Assets	1,659	2,063	2,548	2,862	3,438	4,079
Current Assets	1,494	1,966	2,926	4,726	5,076	6,769
TOTAL ASSETS	3,153	4,029	5,474	7,588	8,514	10,849
Share Capital and Reserves	1,681	1,788	2,144	2,615	3,035	3,623
Non Current Liabilities	273	458	567	699	913	1,381
Current Liabilities	1,199	1,784	2,763	4,274	4,566	5,845
TOTAL EQUITY AND LIABILITIES	3,153	4,029	5,474	7,588	8,514	10,849
PROFIT & LOSS ACCOUNT						
Sales- Net	3,663	5,011	7,369	12,091	14,850	17,173
Cost of Sales	3,103	4,039	6,304	10,542	12,821	14,626
Gross Profit	561	972	1,065	1,549	2,030	2,546
Distribution & Administration Cost	149	207	230	254	296	369
Operating Profit	412	765	835	1,295	1,733	2,177
Other Expenses/ (Income)	4	47	(11)	115	69	95
Finance Cost	106	91	135	204	359	602
Foreign Exchange Loss	8	24	10	89	146	132
Profit before Taxation	294	603	701	887	1,159	1,349
Taxation	72	163	229	192	349	423
Other Comprehensive Loss	0.2	2	4	4	3	6
Net Comprehensive income for the Year	222	439	467	692	807	920

Horizontal Analysis						Vertical Analysis					
2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
percentage change from last year						percentage					
4.79	24.35	23.52	12.34	20.12	18.64	52.61	51.19	46.54	37.72	40.38	37.60
43.69	31.62	48.82	61.50	7.40	33.37	47.39	48.81	53.46	62.28	59.62	62.40
20.21	27.79	35.87	38.62	12.20	27.42	100.00	100.00	100.00	100.00	100.00	100.00
15.19	6.38	19.94	21.94	16.06	19.39	53.31	44.37	39.17	34.46	35.65	33.40
(13.88)	67.37	23.88	23.30	30.64	51.16	8.67	11.36	10.36	9.21	10.73	12.73
41.66	48.79	54.92	54.70	6.82	28.01	38.02	44.27	50.47	56.33	53.63	53.88
20.21	27.79	35.87	38.62	12.20	27.42	100.00	100.00	100.00	100.00	100.00	100.00
9.96	36.78	47.06	64.08	22.82	15.64	100.00	100.00	100.00	100.00	100.00	100.00
10.07	30.18	56.08	67.22	21.62	14.09	84.69	80.60	85.55	87.19	86.33	85.17
9.35	73.30	9.58	45.48	30.99	25.46	15.31	19.40	14.45	12.81	13.67	14.83
2.65	39.22	11.23	10.30	16.49	24.56	4.06	4.13	3.13	2.10	1.99	2.15
11.99	85.61	9.13	55.19	33.84	25.61	11.25	15.26	11.33	10.71	11.67	12.68
(85.11)	1,170.9	(124.4)	(1,108.4)	(40.0)	37.7	0.10	0.93	(0.16)	0.95	0.47	0.55
31.98	(14.87)	49.61	50.82	76.00	67.33	2.90	1.81	1.84	1.69	2.42	3.50
131.24	210.31	(59.42)	805.14	64.98	(9.96)	0.21	0.48	0.13	0.73	0.98	0.77
13.49	105.04	16.15	26.58	30.61	16.44	8.03	12.04	9.51	7.34	7.80	7.86
12.13	124.52	40.94	(16.48)	81.94	21.25	1.98	3.25	3.11	1.58	2.35	2.46
(22.54)	782.01	162.33	(12.63)	(23.94)	115.60	0.01	0.03	0.06	0.03	0.02	0.04
13.99	98.09	6.41	48.10	16.69	14.00	6.05	8.76	6.34	5.72	5.44	5.36

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2015	2016	2017	2018	2019	2020
			Rupees in million			
Net Sales	3,663	5,011	7,369	12,091	14,850	17,173
Gross Profit	561	972	1,065	1,549	2,030	2,546
Operating Profit	412	765	835	1,295	1,733	2,177
Profit before taxation	294	603	701	887	1,159	1,349
Profit after taxation	222	441	471	696	810	926
EBITDA	520	832	1,003	1,340	1,804	2,319
Paid-up Capital	1,106	1,106	1,106	1,106	1,106	1,106
Net Worth	1,681	1,788	2,144	2,615	3,035	3,623
Long Term Loans and Leases	166	348	354	480	592	1,004
Current Liabilities	1,199	1,784	2,763	4,274	4,566	5,845
Current Assets	1,494	1,966	2,926	4,726	5,076	6,769
Total Assets	3,153	4,029	5,474	7,588	8,514	10,849
Breakup value per share - Rupees	15.2	16.2	19.4	23.6	27.4	32.8
Earnings per share - Rupees	2.0	4.0	4.3	6.3	7.3	8.4
Current Ratio	1.25 : 10	1.1 : 10	1.06 : 10	1.11 : 10	1.11 : 10	1.16 : 10
Lont Terms Debt to Equity Ratio	9 : 91	16 : 84	14 : 86	16 : 84	16 : 84	22 : 78
Interest Coverage Ratio	3.77	7.67	6.17	5.34	4.22	3.24

FINANCIAL STATEMENTS - SEPARATE

FOR THE YEAR ENDED JUNE 30, 2020

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22 Statement of Compliance CCG

24 Review Report From Auditors' CCG

25 Report On The Audit Of The Financial Statements

28 Statement Of Financial Position

33 Notes To The Separate Financial Statements

DIRECTORS' REPORT

The Directors are pleased to present the 27th Annual Report of your Company, together with the audited financial statements for the fiscal year, ended on June 30, 2020.

Performance of the Company's Business

The year under review was historically difficult and was badly affected by the COVID-19 pandemic that started in December 2019 and later spread all over the world. Like many countries, Pakistan's economy was also severely affected.

To alleviate the pandemic, a nation-wide lockdown was imposed in March 2020 in Pakistan. This caused many businesses to close down and resulting in further deteriorating the country's economy.

Nimir Industrial Chemicals Limited, being the producer of soap – an effective prevention tool against the virus, continued its operation throughout the lockdown period while adhering to the SOPs imposed by the Government to ensure health and safety of the workforce.

Therefore, the Company stayed resilient in its performance and posted better results on the back of increased sales and profitability during the financial year under review. The operating results of the FY 2020 are summarized as follows:

	2020	2019	Increase
	PKR Million		% age
Sales Revenue	17,173	14,850	16%
Gross Profit	2,546	2,030	25%
Operating Profit	2,177	1,733	26%
Profit after Tax	926	810	14%
Earnings per share (Rs.)	8.38	7.33	14%

The Company's topline was recorded at Rs. 17.1 billion; 16% more than the last year, driven by both increased prices and volumes. The gross and operating profits of the company increased by 25% & 26% to Rs. 2,546 million and Rs. 2,177 million, respectively.

The foreign exchange loss of Rs. 132 million is mainly on account of devaluation of Pak Rupee during the current financial year. Finance cost increased primarily due to the high discount rate that prevailed during most part of the financial year.

With increased operating profit, the company posted net profit of Rs. 926 million during the year under review against Rs. 810 million earned last year; showing a year-on-year increase of 14%. As a result, the Earning Per Share (EPS) increased from Rs. 7.33 per share to Rs. 8.38 per share.

With great pleasure, we would like to state that we have successfully completed the aerosols project during the year. The commercial operations shall be started in the beginning of FY 2021.

Credit Rating

PACRA (Pakistan Credit Rating Agency) has maintained the credit rating of the Company to A+ for long term and A1 for short term.

Future Outlook

The world is still struggling against the COVID-19 pandemic. Pakistan has seen a dramatic decrease in new cases and deaths. In view of this positive development, the Government has allowed resumption of most of the business activities in August 2020, after almost 140 days of lockdown. Furthermore, the State Bank of Pakistan has taken several steps for the revival of economy and reduced the policy rate down to 7%, while offering attractive financing schemes to encourage new investments. These measures would indeed help the economy to get back to normal.

Taking advantage of the low interest rate, your company has made aggressive investment plans. Besides executing the project of expanding caustic soda plant in April 2020, the Board of Directors have approved additional investment of Rs. 3,060 million in the new solid-fuel based 20 MW power plant. The Board also approved to invest Rs. 450 million in a third-party toll manufacturing facility to produce multiple consumer products for our FMCG customers. The Board further approved an investment of Rs. 250 million in the second line of aerosols, which will be used for the manufacturing of insect killer sprays and similar products.

In view of the above developments, we are confident that we will continue our journey of success and keep growing company's top line and profitability while constantly enhancing shareholders value, Insha'Allah.

Summary of Key operating and financial data of last six financial years

Summary of key operating and financial data of last six years is annexed.

Outstanding statutory payments

All outstanding payments are of nominal and routine nature.

Gratuity Scheme

The Company operates a funded gratuity scheme for its employee as referred in Note 12 to the accounts.

Board of Directors

Currently the Board of Directors comprises of nine (9) members which includes (8) male and one (1) female. Six are non-executive (including three independent) and three executive directors. The election of directors was last held in Extraordinary General Meeting in December 2018.

During the year under review, Four (4) Board, Four (4) Audit Committee and One (1) HR & Remuneration Committee meetings were held. Names of persons who, at any time during the financial year were directors of the Company along with their attendance are as follow:

Name of Director	Board of Directors	Audit Committee	HR & R Committee
M. Saeed-uz-Zaman	4 / 4		1 / 1
Zafar Mahmood	4 / 4		1 / 1
Khalid Mumtaz Qazi	4 / 4		
Umar Iqbal	3 / 4		
Parveen Akhter Malik	4 / 4		1 / 1
Javed Saleem Arif	4 / 4	4 / 4	
Tariq Ahmad Khan	4 / 4	4 / 4	
Abdul Jaleel Shaikh	4 / 4	4 / 4	
Muhammad Iqbal	4 / 4		

Leaves of absence were granted to a director who could not attend one of the meetings.

During the year Mr. Muhammad Iqbal got training under Directors' Training Program (DTP).

The Board has two sub committees namely Audit Committee and Human Resource and Remuneration Committee. The composition of these two committees are as under:

Audit Committee:

1.	Mr. Javed Saleem Arif	(Independent)	Chairman
2.	Mr. Tariq Ahmad Khan	(Independent)	Member
3.	Mr. Abdul Jaleel Shaikh	(Non-Executive)	Member

Human Resource and Remuneration Committee:

1.	Ms. Parveen Akhter Malik	(Independent)	Chairperson
2.	Mr. M. Saeed uz Zaman	(Non-Executive)	Member
3.	Mr. Zafar Mahmood	(Executive)	Member

Board Evaluation

In accordance with the Code of Corporate Governance (CCG) and the Companies Act, 2017 the evaluation of the Board, its committees and individual directors was conducted. The Board is assisted by sub-committees, i.e. the Audit Committee and the HR&R Committee, and these sub-committees held meetings during the year as per the stipulations of the Code of Corporate Governance . It is also important to praise the key role played by the sub-committees in highlighting areas of improvements and recommending practical solutions.

Directors' Remuneration Policy

Executive Directors' remuneration is fixed as per the formal policy approved by the Board in line with the Companies Act, 2017 and the Code of Corporate Governance. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of the Pakistan Stock Exchange Limited in the country, the Board of Directors is pleased to state as follows:

- The Financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of the Corporate Governance, as detailed in the listing regulations.
- Key operating and financial data for the last 6 years is annexed.
- Outstanding taxes and levis are given in the notes to the financial statements.

The management of the Company is committed towards good corporate governance, and taking all appropriate measures to comply with best practices and also continuously reviewing the system of internal controls in the light of Companies Act, 2017.

Corporate Social Responsibilities

The Company recognizes its social responsibilities as a key member of the community. It is committed to contribute its resources for the better environment with an unprejudiced approach. Its safety, health and environmental (SHE) policies are geared towards unbiased betterment of employees and community.

The Company ensures environment friendly operations, products and services and promotes environmental awareness among its employee and the community. It inducts employees from the surrounding community and offer internships and apprenticeship opportunities to technical institutes. It also encourages visits by the students of different educational institutions and support needy children of the employees for studies to promote education in the country.

Subsidiary Companies

Nimir Holding Private Limited (NHPL), a 100% subsidiary Company of Nimir Industrial Chemicals Limited (NICL), has filed an application with Securities and Exchange Commission of Pakistan (SECP) for voluntary winding up. Resultantly all the assets and liabilities held by NHPL have been transferred to NICL. As a result of the winding up process, Nimir Industrial Chemicals Limited now holds 51% shares in Nimir Management Private Limited and 11.63% shares in Nimir Resins Limited (NRSL) directly. Your Company's effective shareholding in NRSL stands unchanged at 37.64%.

External Auditors

The present auditors' M/s EY Ford Rhodes, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s EY Ford Rhodes, Chartered Accountant as external auditor of the Company for the year ending June 30, 2021.

Dividend / Bonus Shares

The Board has recommended a Rs. 1.5 final cash dividend for the year ended June 30, 2020. The Board had earlier declared and paid interim cash dividends totaling Rs. 1.5 per share (i.e. 15%). The total cash dividend for the year remained Rs. 3.0 per share (i.e. 30%).

Pattern of Shareholding

A pattern of shareholding of the Company is annexed. There was no trading in the shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary, Company Executive and their spouses and minor children during the year except those which are mentioned in the annexed statement required under code of CCG. Necessary returns in this respect filed with the regulatory authorities besides informing the Board and the Stock Exchange of the said transactions as required under the Code of Corporate Governance.

Acknowledgment

We are thankful to our valued stakeholders including customers, banks, suppliers, contractors and shareholders, regulators for their excellent support and confidence. We also thank our employees for their focused dedication and hard work throughout this period.

For and on behalf of the Board

Zafar Mahmood
Chief Executive Officer

Khalid Mumtaz Qazi
Director

Lahore
August 28, 2020

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے آپ کی کمپنی کی 27 ویں سالانہ رپورٹ معہ نظرثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

کمپنی کے کاروباری کارکردگی

زیرِ جائزہ سال تاریخی طور پر مشکل ترین سال تھا اور COVID-19 وباء نے بُری طرح متاثر کیا جو دسمبر 2019 میں شروع ہوا اور بعدازاں پوری دنیا میں پھیل گیا۔ کئی دوسرے ممالک کی طرح، پاکستانی معیشت بھی بُری طرح متاثر ہوئی۔

وباء کے خاتمہ کے لئے، پاکستان میں قومی سطح پر لاک ڈاؤن مارچ 2020 میں لاگو کیا گیا۔ جس وجہ سے کئی کاروبار بند ہوگئے اور نتیجتاً ملکی معیشت مزید بگڑ گئی۔ نمر انڈسٹریل کیمیکلز لمیٹڈ، بحیثیت صابن کا پروڈیوسر - وائرس کے خلاف ایک مؤثر حفاظتی ٹول، نے افرادی قوت کی صحت اور حفاظت کو یقینی بنانے کے لئے حکومت کی طرف سے عائد کردہ ایس او پیز پر عمل کرتے ہوئے پوری لاک ڈاؤن مدت میں اپنا کاروبار جاری رکھا۔

لہٰذا، کمپنی اپنی کارکردگی میں مستحکم رہنے کے قابل رہی اور زیرِ جائزہ مالی سال کے دوران زیادہ فروخت اور منافع یابی کی پشت پر قابلِ ذکر نتائج درج کئے ہیں۔

مالی سال 2020 کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

	2020	2019	اضافہ
	روپے ملین		اوسط فیصد
فروخت آمدنی	17,173	14,850	16%
مجموعی منافع	2,546	2,030	25%
آپریٹنگ منافع	2,177	1,733	26%
ٹیکس کے بعد منافع	926	810	14%
فی شیئر آمدنی (روپے)	8.38	7.33	14%

کمپنی کی ٹاپ لائن، گزشتہ سال سے 16 فیصد زیادہ، بنیادی طور پر زیادہ قیمتوں اور حجم بڑھ جانے کی وجہ سے 17.1 بلین روپے درج کی گئی۔ کمپنی کا مجموعی اور آپریٹنگ منافع بالترتیب 2,546 ملین روپے اور 2,177 ملین روپے جو 25 فیصد اور 26 فیصد تک زیادہ ہوا۔ موجودہ مالی سال کے دوران پاکستانی روپے کی قدر میں کمی کے لحاظ سے 132 ملین روپے کا غیر ملکی زرِمبادلہ کا نقصان ہوا ہے۔ مالی سال کے بیشتر حصے کے دوران موجودہ زیادہ شرح سود کی وجہ سے مالی لاگت بنیادی طور پر زیادہ ہوگئی۔

زیادہ آپریٹنگ منافع کے ساتھ، کمپنی نے گزشتہ سال 810 ملین روپے کے مقابلے زیرِ جائزہ سال کے دوران 926 ملین روپے کا خالص منافع کمایا، جو سال بہ سال 14 فیصد کا اضافہ ظاہر کررہا ہے۔

نتیجے کے طور پر، (EPS) فی شیئر آمدنی 7.33 روپے فی شیئر سے 8.38 روپے فی شیئر تک بڑھ گئی۔

ہم بڑی خوشی کے ساتھ بیان کرتے ہیں کہ ہم نے سال کے دوران ایروسول پروجیکٹ کو کامیابی کے ساتھ مکمل کیا۔ کمرشل آپریشنز مالی سال 2021 کے آغاز میں شروع ہوگا۔

کریڈٹ ریٹنگ:

PACRA (پاکستان کریڈٹ ریٹنگ ایجنسی) نے کمپنی کی طویل مدت کے لئے +A اور مختصر مدت کے لئے A1 کی کریڈٹ ریٹنگ برقرار رکھی۔

مستقبل کا نقطہ نظر

دنیا اب بھی COVID-19 وباء کے خلاف کوشش کررہی ہے۔ پاکستان نے نئے کیسز اور اموات میں ڈرامائی کمی دیکھی گئی ہے۔ اس مثبت تبدیلی کے مدِنظر، حکومت نے تقریباً 140 دنوں کے لاک ڈاؤن کے بعد اگست 2020 میں بیشتر کاروباری سرگرمیوں کی بحالی کی اجازت دے دی ہے۔ اس کے علاوہ، بینک دولت پاکستان نے معیشت کی بحالی اور نئی سرمایہ کاری کی حوصلہ افزائی کے لئے پُرکشش فنانسنگ اسکیموں کی پیشکش کرتے ہوئے پالیسی شرح 7 فیصد نیچے تک کم کرنے کے کئی اقدامات کئے ہیں۔ یہ اقدامات معیشت کو معمول پر واپس لانے میں مدد کریں گے۔ کم شرح سود کا فائدہ اُٹھاتے ہوئے، آپ کی کمپنی نے اگریسو سرمایہ کاری کے منصوبے بنائے ہیں۔ اپریل 2020 میں کاسٹک سوڈا پلانٹ کی توسیع کے منصوبہ کی تکمیل کے علاوہ، بورڈ آف ڈائریکٹرز نے 20 میگاواٹ پاور پلانٹ پر مبنی نئے سالڈ فیول میں 3,060 ملین روپے کی اضافی سرمایہ کاری کی منظوری دی۔ بورڈ نے ہمارے FMCG کسٹمرز کے لئے ملٹی پل کنزیومر پروڈکٹس پیدا کرنے کے لئے تھرڈ پارٹی ٹول مینوفیکچرنگ سہولت میں 450 ملین روپے کی سرمایہ کاری کی بھی منظوری دی ہے۔ بورڈ نے ایروسولز کی دوسری لائن میں 250 ملین روپے کی سرمایہ کاری کی مزید منظوری دی، جو کیڑے مار سپرے اور اسی طرح کی مصنوعات بنانے میں استعمال کی جائے گی۔

بالا ڈویلپمنٹ کے مدِنظر، ہم پُراُمید ہیں کہ ہم انشاءاللہ کامیابی کا اپنا سفر اور حصص داران کی قدر کو مسلسل بڑھاتے ہوئے کمپنی کی ٹاپ لائن اور منافع یابی کو بڑھانا جاری رکھیں گے۔

گزشتہ چھ مالی سالوں کے کلیدی آپریٹنگ اور مالیاتی اعدادوشمار کا خلاصہ

گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی اعدادوشمار کا خلاصہ منسلک ہے۔

بقایا قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

گریجویٹی سکیم

کمپنی نے اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 12 پر درج، فنڈڈ گریجویٹی سکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

موجودہ بورڈ آف ڈائریکٹرز نو (9) ارکان پر مشتمل ہے جس میں آٹھ (8) مرد اور ایک (1) خاتون شامل ہیں۔ چھ نان ایگزیکٹو (بشمول تین آزاد) اور تین ایگزیکٹو ڈائریکٹرز ہیں۔ ڈائریکٹرز کے انتخابات دسمبر 2018 میں غیر معمولی اجلاس عام میں منعقد ہوئے۔

زیرِ جائزہ سال کے دوران، چار (4) بورڈ، چار (4) آڈٹ کمیٹی اور ایک (1) ایچ آر اینڈ ریمنریشن کمیٹی کے اجلاس منعقد ہوئے۔ اشخاص کے نام جو مالی سال کے دوران کسی وقت میں کمپنی کے ڈائریکٹرز تھے معہ ان کی حاضری حسبِ ذیل ہیں:

ڈائریکٹرز جو چند اجلاسوں میں شرکت نہیں کرسکتے تھے، کو غیر حاضری کی چھٹی دی گئی۔

سال کے دوران جناب محمد اقبال نے ڈائریکٹرز ٹریننگ پروگرام (DTP) کے تحت ٹریننگ حاصل کی۔

بورڈ کی دو ذیلی کمیٹیاں یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمنریشن کمیٹی ہیں۔ ان دو کمیٹیوں کی ترتیب حسبِ ذیل ہے:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریمنریشن کمیٹی
محمد سعیدالزمان	4/4		1/1
ظفر محمود	4/4		1/1
خالد ممتاز قاضی	4/4		
عمر اقبال	3/4		
پروین اختر ملک	4/4		1/1
جاوید سلیم عارف	4/4	4/4	
طارق احمد خان	4/4	4/4	
عبدالجلیل شیخ	4/4	4/4	
محمد اقبال	4/4		

آڈٹ کمیٹی:

1۔جناب جاوید سلیم عارف	(آزاد)	چیئرمین
2۔جناب طارق احمد خان	(آزاد)	رکن
3۔عبدالجلیل شیخ	(نان ایگزیکٹو)	رکن

ہیومن ریسورس اینڈ ریمنریشن کمیٹی:

1۔محترمہ پروین اختر ملک	(آزاد)	چیئرمین
2۔جناب محمد سعید الزمان	(نان ایگزیکٹو)	رکن
3۔جناب ظفر محمود	(ایگزیکٹو)	رکن

بورڈ کی تشخیص

کوڈ آف کارپوریٹ گورننس (سی سی جی) اورکمپنیز ایکٹ 2017 کے مطابق بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی تشخیص کی گئی۔ بورڈ کی مدد ذیلی کمیٹیوں، یعنی آڈٹ کمیٹی اور ایچ آر اینڈ آر کمیٹی کے ذریعے کی جاتی ہے، اور ان ذیلی کمیٹیوں نے کارپوریٹ گورننس کے ضابطہ اخلاق کی شرائط کے مطابق سال کے دوران اجلاس منعقد کیئے۔ بہتری کے شعبوں کو اجاگر کرنے اور عملی حل تجویز کرنے میں ذیلی کمیٹیوں کے کلیدی کردار کی تعریف کرنا بھی ضروری ہے۔

ڈائریکٹرز کی معاوضہ پالیسی

ایگزیکٹو ڈائریکٹرز کا معاوضہ کمپنیز ایکٹ، 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ کی طرف سے منظور شدہ رسمی پالیسی کے مطابق طے کیا گیا ہے۔ کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو اور آزاد ڈائریکٹرز کی فیس کا تعین وقتاً فوقتاً بورڈ کرتا ہے۔

کارپوریٹ گورننس

ملک میں اسٹاک ایکسچینج لمیٹڈ کے فہرستی قوانین میں شامل کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز بخوشی بیان کرتے ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- بقایا ٹیکسز اور لیویز کا مالی حسابات کے نوٹ میں انکشاف کیا گیا ہے۔

کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے لئے پُرعزم ہے، اور بہترین طریقوں کے مطابق عمل کرنے کے لئے مناسب اقدامات کئے گئے ہیں اور کمپنیز ایکٹ 2017 کی روشنی میں مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داریاں

کمپنی کمیونٹی کے ایک اہم رکن کے طور پر اپنی سماجی ذمہ داریوں کو پہچانتی ہے۔ یہ غیر جانبدار نقطہ نظر کے ساتھ بہتر ماحول کے لئے اپنے وسائل کو استعمال کرنے میں مصروف ہے۔ اس کی حفاظتی، صحت اور ماحولیاتی (SHE) پالیسیاں ملازمین اور کمیونٹی کی غیر جانبدارانہ بہتری کے لئے تیار کی گئی ہیں۔

کمپنی ماحول دوست آپریشنز، مصنوعات اور خدمات کو یقینی بناتی ہے اور اپنے ملازمین اور کمیونٹی کے درمیان ماحولیاتی شعور کو فروغ دیتی ہے۔ یہ اردگرد کی کمیونٹی سے ملازمین کو شامل اور تکنیکی اداروں کو انٹرن شپ اور اپرنٹس شپ کے مواقع پیش کرتی ہے۔ یہ مختلف تعلیمی اداروں کے طالب علموں کی طرف سے دوروں کی حوصلہ افزائی اور ملک میں تعلیم کو فروغ دینے کے لئے ضرورت مند ملازمین کے بچوں کی مدد کرتی ہے۔

ذیلی کمپنیاں

نمر ہولڈنگ پرائیویٹ لمیٹڈ (NHPL)، جو نمر انڈسٹریل کیمیکلز لمیٹڈ (NICL) کی ایک 100% ذیلی کمپنی ہے، جس نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ہاں رضاکارانہ وائنڈنگ اپ کی درخواست جمع کرائی ہے۔ نتیجتاً NHPL کے ملکیتی تمام اثاثے اور واجبات NICL میں منتقل ہو گئے ہیں۔ وائنڈنگ اپ پراسیس کے نتیجے میں، نمر انڈسٹریل کیمیکلز لمیٹڈ اب براہ راست نمر مینجمنٹ پرائیویٹ لمیٹڈ میں 51% حصص اور نمر ریزائنز لمیٹڈ (NRSL) میں 11.63% حصص رکھتی ہے۔ NRSL میں آپ کی کمپنی کی 37.64% مؤثر شیئر ہولڈنگ قائم رہی ہے۔

بیرونی محاسب

اس سال سبکدوش ہونے والے موجودہ محاسب میسرز ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2021ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈیویڈینڈ/بونس شیئرز

بورڈ نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے -/1.5 روپے فی شیئر (یعنی 15%) حتمی نقد منافع کی سفارش کی ہے۔ بورڈ پہلے ہی عبوری نقد ڈیویڈینڈ کل -/1.5 روپے فی شیئر (یعنی 15%) کا اعلان اور ادا کر چکا ہے۔ سال کے لئے کل نقد ڈیویڈینڈ -/3 روپے فی شیئر (یعنی 30%) رہا۔

نمونہ حصص داری

کمپنی کا نمونہ حصص داری منسلک ہے۔ سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، کمپنی ایگزیکٹو اور ان کے زوج اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی گئی، ماسوائے جس کا ذکر کوڈ آف کارپوریٹ گورننس (سی سی جی) کے ضابطہ کے تحت درکار منسلکہ بیان میں کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کے تحت درکار، مذکورہ لین دین کا بورڈ اور اسٹاک ایکسچینج کو مطلع کرنے کے علاوہ بابت ہذا میں ضروری ریٹرنز ریگولیٹری اتھارٹی کے ہاں داخل کی گئی ہیں۔

اعتراف

ہم اپنے قابل قدر اسٹیک ہولڈرز بشمول صارفین، بینکوں، سپلائرز، ٹھیکیداروں اور حصص داران کے شاندار تعاون اور اعتماد کے شکر گزار ہیں۔ ہم اس پوری مدت میں اپنے ملازمین کی مرکوز توجہ اور سخت محنت کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ

ظفر محمود	**خالد ممتاز قاضی**	**28 اگست 2020ء**
چیف ایگزیکٹو آفیسر	ڈائریکٹر	لاہور

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2020

Nimir Industrial Chemicals Limited (the "Company") has complied the requirement of the Regulations in the following manner:

Note: The Board was reconstituted after the elections in December 2018.

1. The total number of directors is 09 as detailed below:

a. Male : 08
b. Female : 01

2. The composition of the board is as follows:

S. No.	Categoary	Name
1	Independent Director	1. Mr. Javed Saleem Arif 2. Mr. Tariq Ahmed Khan 3. Ms. Parveen Akhter Malik
2	Executive Director	1. Mr. Zafar Mahmood - Chief Executive Officer 2. Mr. Khalid Mumtaz Qazi 3. Mr. Umar Iqbal
3	Non- Executive Director	1. Mr. Muhammad Saeed uz Zaman - Chairman 2. Mr. Muhammad Iqbal 3. Mr. Abdul Jaleel Shaikh
4	Female Director	1. Ms. Parveen Akhter Malik

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies (as applicable), including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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.

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 Companies Act, 2017 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 requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the 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. During the year Mr. Muhammad Iqbal got trained under Directors' Training Program.

10. The Board has approved appointment of chief financial officer (CFO), company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

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

I. **Audit Committee:**

i.	Mr. Javed Saleem Arif	– Chairman
ii.	Mr. Tariq Ahmad Khan	
iii.	Mr. Abdul Jaleel Shaikh	

II. **HR and Remuneration Committee:**

i.	Ms. Parveen Akhter Malik – Chairperson	
ii.	Mr. Muhammad Saeed uz Zaman	
iii.	Mr. Zafar Mahmood	

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

14. The frequency of meetings (quarterly/half-yearly/yearly) of the committees were as per following:

I. **Audit Committee**

Four quarterly meetings were held during the financial year ended June 30, 2020.

II. **HR & Remuneration Committee**

One meeting was held during the financial year ended June 30, 2020.

15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

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

19. Explanation for noncompliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36, are below: Not Applicable.

For Nimir Industrial Chemicals Limited

Muhammad Saeed uz Zaman	Zafar Mahmood
Chairman	Chief Executive Officer

Lahore
August 28, 2020

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CCG

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

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

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

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

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

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner : Abdullah Fahad Masood

Lahore
September 04, 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Opinion

We have audited the annexed financial statements of Nimir Industrial Chemicals Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Revenue Recognition	
As described in note 5.11 and note 28, the Company generates revenue from several types of products and services including three major categories i.e. oleo chemicals, chlor alkali and toll manufacturing. During the year ended 30 June 2020, the Company generated total revenue of Rs. 17.18 billion which represents approximately 15.64% increase as compared to last year. The revenue recognition is identified as a key audit matter due to its significance as key indicator for performance of management and raises the risk that revenue could be misstated to meet targets.	Our audit procedures, amongst others, included the following: Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof. On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period. Performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales, seasonal and market patterns. Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures. Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents. Ensured the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

2. Tax Contingencies	
As disclosed in note 14 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The aggregate amounts involved in such contingencies is Rs. 249.7 million as of 30 June 2020. The tax contingencies require the management to make judgements and estimates in relation to the interpretation of tax laws and regulations that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex.	We assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of on-going inspections by local tax authorities. We obtained explanations from management and corroborative evidence including communication with local tax authorities and confirmations of external tax advisors. We gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes. We analyzed management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 14 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.

EY Ford Rhodes

Lahore
September 04, 2020

EY Ford Rhodes
Chartered Accountants

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
145,000,000 (2019: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	6	1,105,905,460	1,105,905,460
Unappropriated profit - revenue reserve		2,517,418,583	1,928,979,050
		3,623,324,043	3,034,884,510
NON CURRENT LIABILITIES			
Long term loans	7	903,637,538	532,343,478
Lease liabilities	8	100,832,324	59,336,054
Deferred tax liability	9	376,091,088	321,621,058
		1,380,560,950	913,300,590
CURRENT LIABILITIES			
Trade and other payables	10	1,380,672,169	914,306,757
Contract liabilities	11	113,882,173	33,545,653
Net defined benefit liability - funded gratuity	12	97,246,058	75,287,437
Mark up accrued		77,583,396	81,770,711
Unclaimed dividend		13,404,285	7,467,502
Short term borrowings	13	3,387,284,677	2,849,881,343
Current maturity of long term loans	7	257,401,086	242,302,967
Current maturity of lease liabilities	8	39,291,814	22,969,840
Provision for taxation		477,943,408	338,310,955
		5,844,709,066	4,565,843,165
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		10,848,594,059	8,514,028,265
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	3,826,271,636	3,122,888,130
Intangibles	16	-	283,024
Investment in subsidiaries	17	202,384,469	281,852,260
Loan to subsidiary	18	14,512,000	-
Long term deposits	19	35,966,232	33,124,772
		4,079,134,337	3,438,148,186
CURRENT ASSETS			
Stores, spare parts and loose tools	20	280,618,381	203,644,477
Stock in trade	21	3,601,156,962	2,466,535,948
Trade debts	22	2,127,174,811	1,757,640,119
Loans and advances	23	66,386,965	71,135,001
Trade deposits and short term prepayments	24	4,130,470	3,488,942
Short term investment		-	8,200,000
Other receivables	25	21,595,727	15,955,234
Tax refunds due from the Government	26	566,673,677	518,521,706
Cash and bank balances	27	101,722,729	30,758,652
		6,769,459,722	5,075,880,079
TOTAL ASSETS		10,848,594,059	8,514,028,265

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
Revenue from contracts with customers - net	28	17,172,579,881	14,850,121,491
Cost of sales	29	(14,626,318,244)	(12,820,522,822)
Gross profit		2,546,261,637	2,029,598,669
Distribution costs	30	(140,464,106)	(102,301,780)
Administrative expenses	31	(228,360,624)	(193,802,828)
		(368,824,730)	(296,104,608)
Operating profit		2,177,436,907	1,733,494,061
Other expenses	32	(112,421,691)	(86,064,035)
Other income	33	17,333,245	16,985,246
Foreign exchange loss	34	(131,697,639)	(146,264,583)
Finance cost	35	(601,538,267)	(359,497,488)
Profit before taxation		1,349,112,555	1,158,653,201
Taxation	36	(422,635,290)	(348,556,229)
Profit after taxation		926,477,265	810,096,972
Earnings per ordinary share - basic and diluted	37	8.38	7.33

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
Profit after taxation		926,477,265	810,096,972
Other comprehensive income / (loss)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	12.4	(8,825,484)	(4,093,370)
Income tax effect		2,559,390	1,187,077
Re-measurement losses on defined benefit plan - net		(6,266,094)	(2,906,293)
Items to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year		(6,266,094)	(2,906,293)
Total comprehensive income for the year		920,211,171	807,190,679

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit - Revenue reserve (Rupees)	Total (Rupees)
Balance as on 1 July 2018	1,105,905,460	1,508,855,282	2,614,760,742
Final dividend for 2018 @ Rs. 2 per share	-	(221,181,092)	(221,181,092)
Interim dividend for 2019 @ Rs. 1.5 per share	-	(165,885,819)	(165,885,819)
Profit after taxation	-	810,096,972	810,096,972
Other comprehensive loss	-	(2,906,293)	(2,906,293)
Total comprehensive income for the year	-	807,190,679	807,190,679
Balance as on 30 June 2019	1,105,905,460	1,928,979,050	3,034,884,510
Final dividend for 2019 @ Rs.1.50 per share	-	(165,885,819)	(165,885,819)
Interim dividend for 2020 @ Rs.1.50 per share	-	(165,885,819)	(165,885,819)
Profit after taxation	-	926,477,265	926,477,265
Other comprehensive loss	-	(6,266,094)	(6,266,094)
Total comprehensive income for the year	-	920,211,171	920,211,171
Balance as on 30 June 2020	1,105,905,460	2,517,418,583	3,623,324,043

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,349,112,555	1,158,653,201
Adjustment for:			
Depreciation	15.6	368,495,878	284,832,690
Amortization	16	283,024	679,251
Expected credit losses of trade debts	32	4,845,009	3,519,807
Impairment on stores and spares	32	3,154,991	-
Loss on investment in subsidiary	32	6,545,842	-
Mark-up expense		593,541,785	352,454,255
Loss on property, plant and equipment - written off	32	-	1,601,846
Provision for gratuity	12.3	21,633,317	15,333,219
Reversal of provision	33	-	(1,465,444)
Gain on disposal of property, plant and equipment	33	(4,643,560)	(4,296,386)
Exchange loss - unrealized	34.1	41,794,850	7,870,045
Workers' profit participation fund provision	32	72,349,420	61,979,779
Workers' welfare fund provision	32	25,526,429	18,962,603
		1,133,526,985	741,471,665
Operating profit before working capital changes		2,482,639,540	1,900,124,866
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(80,128,895)	(62,305,599)
Stock in trade		(1,134,621,014)	(207,938,471)
Trade debts		(374,379,701)	(139,582,185)
Loans and advances		4,748,036	6,504,693
Trade deposits and short term prepayments		(641,528)	24,614,461
Other receivables		(5,640,493)	39,904,716
Tax refunds due from the Government		(72,222,191)	3,748,500
		(1,662,885,786)	(335,053,885)
Increase / (decrease) in current liabilities			
Trade and other payables		514,291,060	19,212,608
Contract liabilities		80,336,520	(1,026,025)
		(1,068,258,206)	(316,867,302)
Cash generated from operations		1,414,381,334	1,583,257,564
Contribution to gratuity fund	12.4	(8,500,180)	(849,554)
Mark-up paid		(580,015,196)	(299,336,152)
Tax paid		(269,612,322)	(170,728,031)
Long term deposits		(2,841,460)	(6,839,410)
Workers' profit participation fund paid	10.3	(61,979,779)	(52,977,509)
Workers' welfare fund paid	10.4	(19,235,474)	(15,669,939)
		(942,184,411)	(546,400,595)
Net cash generated from operating activities		472,196,923	1,036,856,969
Balance carried forward		472,196,923	1,036,856,969

	Note	2020 (Rupees)	2019 (Rupees)
Balance brought forward		472,196,923	1,036,856,969
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment - net		(30,680,439)	(161,095,791)
Additions in capital work in progress	15.7	(952,373,514)	(676,970,189)
Sale proceeds from disposal of property, plant and equipment	15.2	5,529,500	18,496,306
Short term investment		8,200,000	-
Assets transferred on dissolution of subsidiary		72,921,949	-
Net cash used in investing activities		(896,402,504)	(819,569,674)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		595,664,161	368,116,875
Long term loan repaid		(223,783,982)	(185,884,270)
Dividend paid		(325,834,855)	(385,449,122)
Lease rentals repaid		(49,607,031)	(65,348,121)
Short term borrowings - net		498,731,365	75,590,030
Net cash generated from / (used in) financing activities		495,169,658	(192,974,608)
Net increase in cash and cash equivalents		70,964,077	24,312,687
Cash and cash equivalents at the beginning of the year		30,758,652	6,445,965
Cash and cash equivalents at the end of the year		101,722,729	30,758,652

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited ('the Company') was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and sales of chemical products. Following are the business units of the Company along with their respective locations:

Business Unit	Address
Registered office and plant	14.8 km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan.
Head office	Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

1.1 Nimir Industrial Chemicals Limited is part of Nimir Group which consist of:

Subsidiary Companies	% age of Direct shareholding	% age of Effective shareholding
Nimir Holding (Private) Limited ("NHPL")	-	-
Nimir Management (Private) Limited ("NMPL")	51%	51%
Nimir Resins Limited ("NRL")	11.63%	37.64%

The registered office of Nimir Holding (Private) Limited (NHPL) and Nimir Management (Private) Limited (NMPL) is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan. NHPL and NMPL were formed for the purpose of investment in Nimir Resins Limited. During the year, NHPL had initiated voluntary-winding up; resultantly, the net assets of NHPL (primarily the investment in NMPL and NRL) were transferred to the Company as discussed in note 17.

Nimir Resins Limited is a listed company engaged in the manufacturing of surface coating resins, polyesters, optical brightener and textile auxiliaries. The registered office of the NRL is 14.5 Km, Lahore-Sheikhupura Road, Lahore. The Company considers that it exercises control over Nimir Resins Limited and hence the investment has been treated as investment in subsidiary company.

These financial statements are the separate financial statements of the Company in which investment in subsidiary companies is accounted for on cost basis rather than on the basis of reported results. Consolidated financial statements are prepared separately.

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

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

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

New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2019, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 14	-	Regulatory Deferral Accounts
IFRS 16	-	Leases
IFRIC 23	-	Uncertainty over Income Tax Treatments
IFRS 9	-	Prepayment Features with Negative Compensation — (Amendments)
IAS 28	-	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19	-	Plan Amendment, Curtailment or Settlement — (Amendments)
IFRS 3	-	Business Combinations - Previously held Interests in a joint operation — (AIP)
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation — (AIP)
IAS 12	-	Income Taxes - Income tax consequences of payments on financial instruments classified as equity — (AIP)
IAS 23	-	Borrowing costs eligible for capitalization (AIP)

The nature and effect of the changes as a result of adoption of IFRS 16 are described below. The adoption of other standards, interpretations and amendments applied for the first time in the period did not have any material impact on the financial statements of the Company.

2.1 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019.

The effect of adoption of IFRS 16 (increase / (decrease)) is as follows:

Statement of Financial Position	**30 June 2020 (Rupees)**	**1 July 2019 (Rupees)**	**30 June 2019 (Rupees)**
Leases previously accounted for as operating leases			
Assets			
Property, plant and equipment - right-of-use assets	59,612,630	67,687,918	-
Deferred tax asset	2,066,423	-	-
Liabilities			
Lease liabilities	(66,738,226)	(67,687,918)	-
Leases previously classified as finance leases			
Assets			
Property, plant and equipment - right-of-use assets	80,218,667	86,770,094	-
Property, plant and equipment - leased assets	-	-	86,770,094
Liabilities			
Lease liabilities	(73,385,912)	(82,305,894)	-
Liabilities against assets subject to finance lease	-	-	(82,305,894)

The effect of adoption of IFRS 16 during the year ended 30 June 2020 is as follows:

Statement of Profit or Loss	**(Rupees)**
Lease rental expense not booked	(16,617,440)
Depreciation - right-of-use assets	14,661,741
Mark-up on lease liabilities	9,081,295
Impact on profit before taxation	7,125,596
Taxation	(2,066,423)
Impact on profit after taxation (decrease)	5,059,173
Impact on earnings per share - basic and diluted (Rupees) - (decrease)	0.05

The Company has lease contracts for various items of plant and machinery, vehicles and building. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows

	Amount (Rupees)
Operating lease commitments as at 30 June 2019	94,474,881
Weighted average incremental borrowing rate as at 1 July 2019	14.97%
Lease liability as at 1 July 2019	67,687,918

Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	- Definition of a Business — (Amendments)	1 January 2020
IAS 1 and IAS 8	- Definition of material — (Amendments)	1 January 2020
IFRS 9, IAS 39 and IFRS 7	- Interest Rate Benchmark Reform — (Amendments)	1 January 2020

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standard	1 July 2009
IFRS 17	Insurance Contracts	1 January 2023

The Company expects that above standards will not have any material impact on the Company's financial statements.

3 BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 5.1 and 5.12

3.2 PRESENTATION CURRENCY

These financial statements are presented in Pak Rupee, which is the Company's functional currency.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.2 Provision for taxation and deferred tax

In making the estimates for income tax payable, the Company takes into account the applicable laws and the decisions by appellate authorities on certain issues in the past.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated otherwise.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any except land which is stated at cost. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition.

Depreciation is calculated using the straight line method at rates disclosed in note 15.1 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed of.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Company.

Capital Work In Progress

These are stated at cost less impairment loss, if any, including capitalization of borrowing costs. It consists of expenditures incurred in respect of fixed assets in the course of their construction and installation.

Leased Asset

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

b) Lease liabilities - rented premises

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5.2 Intangibles

Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangibles are measured to be finite. Intangibles with finite lives are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and amortization method for an intangibles with a finite life is reviewed at each financial period end. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangibles.

Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

5.3 Stock in trade

Stock in trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Raw and packing material	-	weighted average cost
Material in transit	-	cost
Work in process	-	cost
Finished goods	-	weighted average cost
Stores, spare parts and loose tools	-	weighted average cost

Items considered obsolete are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates of usage in normal business operations. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

5.4 Trade debts

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.6.1

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

5.6 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.6.1 Financial assets

Financial assets - initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term deposits, trade debts, loans and advances, other receivables and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not have financial asset at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, trade debts, advance to employees against salary and other receivables excluding sales tax refund bonds.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under 'IAS 32 Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

5.6.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.7 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.8 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.9 Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. 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.

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the balance sheet date.

5.10 Contract liabilities

A contract liability is the obligation 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.

5.11 Revenue recognition

The Company is in the business of providing goods (i.e. oleo chemicals and chlor alkali) and services (i.e. toll manufacturing). Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specific revenue recognition details are as follows:

Sale of goods

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied, which refers to the storage of processed finished soap noodles in Company's warehouse and its intimation to the respective customer, the delivery or the dispatch of such goods to respective customer, as agreed in the contract. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

Service income from toll manufacturing

Sale of goods and toll manufacturing services are distinct performance obligations as the promise to transfer the goods and to provide services are distinct within the context of the contract. The goods and services are not inputs to a combined item in the contract. In addition, the goods and services are not highly interdependent or highly interrelated, because the performance obligation for goods is satisfied upon storage of processed goods into separate warehouse and its intimation to the customer or delivery to the customer if toll manufacturing services are not opted by the customer, while performance obligation for toll manufacturing services is satisfied upon completion of goods into packaged soap and dispatch of such goods to customers. The Company determines the transaction price of the sale of goods and the toll manufacturing services based on relative stand-alone selling prices.

Service income from toll manufacturing is recognized upon the completion of processing of soap noodles into packaged soaps and dispatch of such packaged soaps to respective customer. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

Cost to obtain contract

The Company pays sales commission to its distributors and dealers for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately charge sales commissions (included in note 28) because the amortization period of the asset that the Company otherwise would have used is one year or less.

Profit on bank deposit

Profit earned on saving and deposit accounts is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

5.12 Staff retirement benefits

Defined benefit plan

The Company formed an approved funded defined benefit gratuity plan for all of its permanent employees (excluding members of executive management). Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service.

Experience adjustments are recognized in other comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements, and net interest income / expense. All other changes in net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to statement of profit or loss.

5.13 Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the balance sheet date.

Profits or losses arising on translation are recognized in the statement of profit or loss.

5.14 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are 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. Such borrowing costs are capitalized as part of the cost of the qualifying asset.

5.15 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision. The management has determined that the Company has a single reportable segment, as Board of Directors views the Company's operations as one reportable segment.

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
No. of shares			(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash	1,105,905,460	1,105,905,460

7 LONG TERM LOANS

	Note	2020 (Rupees)	2019 (Rupees)
Term finance - Secured I		-	40,104,175
Term finance - Secured II		-	18,750,000
Term finance - Secured III	7.1	93,141,860	149,026,137
Term finance - Secured IV	7.2	75,000,000	105,000,000
Term finance - Secured V	7.3	206,250,015	281,250,003
Term finance - Secured VI	7.4	176,470,588	180,516,130
Term finance - Secured VII	7.5	252,665,186	-
Term finance - Secured VIII	7.6	250,000,000	-
Term finance - Secured IX	7.7	92,998,975	-
Loan from directors / sponsors - unsecured	7.8	14,512,000	-
		1,161,038,624	774,646,445
Mark up accrued		25,985,189	16,566,351
		1,187,023,813	791,212,796
Less: Current maturity shown under current liabilities		(257,401,086)	(242,302,967)
Less: Mark up accrued shown under current liabilities		(25,985,189)	(16,566,351)
		903,637,538	532,343,478

7.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from February 2018. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.2 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 equal monthly instalments starting from June 2018. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from March 2019. This facility is secured against first pari passu charge over present and future fixed assets of the Company.

7.4 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 16 equal quarterly instalments starting from March 2020. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.5 This represents long term finance facility from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 16 equal quarterly instalments starting from March 2021. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.6 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from April 2021. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.7 This represents long term finance facility from a financial institution for disbursement of salaries under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carries mark-up at SBP rate plus 1% per annum and repayable in 8 equal quarterly instalments starting from January 2021. This facility is secured against first joint pari passu charge over fixed assets of the Company. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' is considered immaterial.

7.8 This represents unsecured loan obtained from ex-director / sponsors of Nimir Resins Limited acquired as a result of winding of NHPL (see note 17). This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

8 LEASE LIABILITIES

The effective interest rates used as the discounting factor range from 8.49% to 16.42%. Related leased assets, expenses and movement in lease liabilities are disclosed in note 15.1, note 35 and note 38.2 respectively. The amount of future payments and the period during which they will become due are:

Year ending 30 June	2020 (Rupees)	2019 (Rupees)
2020	-	26,879,965
2021	55,207,380	28,968,242
2022	41,922,648	15,664,847
2023	37,165,238	9,623,139
2024	31,478,590	8,314,167
2025	4,116,276	-
	169,890,132	89,450,360
Less: Future finance charges	(29,765,994)	(7,144,466)
	140,124,138	82,305,894
Less: Current maturity shown under current liabilities	(39,291,814)	(22,969,840)
	100,832,324	59,336,054

8.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:

	2020		2019	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	55,207,380	39,291,814	26,879,965	22,969,840
Due later than 1 year but not later than 5 years	114,682,752	100,832,324	62,570,395	59,336,054
	169,890,132	140,124,138	89,450,360	82,305,894

9 DEFFERED TAX LIABILITY

This comprises of:

	Note	2020 (Rupees)	2019 (Rupees)
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		406,885,070	354,926,243
Deferred tax assets on deductible temporary differences			
Capital work in progress - impairment		(18,375,856)	(18,375,856)
Allowance for expected credit losses		(3,034,386)	(6,667,358)
Deferred and unpaid liabilities		(8,468,793)	(5,909,402)
Others		(914,947)	(2,352,569)
		376,091,088	321,621,058
Reconciliation of deferred tax liabilities - net			
As of 1 July		321,621,058	218,877,025
Tax expense recognized in statement of profit or loss	36	57,029,420	103,931,110
Tax income recognized in OCI		(2,559,390)	(1,187,077)
As at 30 June		376,091,088	321,621,058

10 TRADE AND OTHER PAYABLES

	Note	2020 (Rupees)	2019 (Rupees)
Creditors	10.1	853,520,886	376,626,559
Accrued liabilities		399,773,944	371,682,871
Security deposits	10.2	400,000	400,000
Workers' profit participation fund	10.3	72,349,420	61,979,779
Workers' welfare fund	10.4	25,253,558	18,962,603
Sales tax payable		-	67,709,125
Withholding tax payable		6,610,214	540,061
Others		22,764,147	16,405,759
		1,380,672,169	914,306,757

10.1 Creditors include amount payable to Nimir Resins Limited (a related party) Rs. 5,773,950 (2019: Rs. 683,973) on account of purchase of raw materials.

10.2 These represent security deposits from distributors which, by virtue of agreement, are interest free, repayable on demand and are used in the normal course of business in accordance with section 217 of Companies Act, 2017.

		Note	2020 (Rupees)	2019 (Rupees)
10.3	Balance as at 01 July		61,979,779	52,977,509
	Add: Provision for the year	32	72,349,420	61,979,779
	Less: Payments made during the year		(61,979,779)	(52,977,509)
	Balance as at 30 June		72,349,420	61,979,779
10.4	Balance as at 01 July		18,962,603	15,721,490
	Add: Provision for the year	32	25,526,429	18,962,603
	Less: Payments made during the year		(19,235,474)	(15,669,939)
	Less: Reversal during the year		-	(51,551)
	Balance as at 30 June		25,253,558	18,962,603

11 CONTRACT LIABILITIES

11.1 This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2019: Nil).

11.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 33,545,653 (2019: Rs. 29,156,823)

11.3 The outstanding balance increased as at reporting date due to Rs. 75.4 million received from new customers during last month of the year.

12 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2020 (Rupees)	2019 (Rupees)
Staff retirement benefits - gratuity	12.1	97,246,058	75,287,437

12.1 The amounts recognized in the statement of financial position are as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Present value of defined benefits obligation	12.5	117,676,686	93,436,201
Less: Fair value of plan assets	12.6	(20,430,628)	(18,148,764)
		97,246,058	75,287,437

12.2 The amounts recognized in the statement of profit or loss are as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Current service cost		12,220,869	10,971,083
Interest cost on defined benefit obligation - net		9,412,448	4,362,136
Expense recognized in the statement of profit or loss	12.3	21,633,317	15,333,219

12.3 The charge for the year has been allocated as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Cost of sales	29.2	13,118,650	10,391,923
Distribution costs	30.1	2,989,160	1,161,273
Administrative expenses	31.1	5,525,507	3,780,023
		21,633,317	15,333,219

12.4 Movements in the net liability recognized as follows:	**2020 (Rupees)**	**2019 (Rupees)**
Net liabilities at the beginning of the year	75,287,437	56,710,402
Current service cost	12,220,869	10,971,083
Interest cost on defined benefit obligation	9,412,448	4,362,136
Contribution by employer	(8,500,180)	(849,554)
Remeasurements charged to other comprehensive income	8,825,484	4,093,370
Net liabilities at the end of the year	97,246,058	75,287,437

12.5 Movements in the present value of defined benefit obligation:	**2020 (Rupees)**	**2019 (Rupees)**
Present value of defined benefits obligation at the beginning of the year	93,436,201	77,199,315
Current service cost	12,220,869	10,971,083
Interest cost on defined benefit obligation	11,859,906	5,965,837
Benefits paid	(7,854,950)	(441,554)
Remeasurement:		
Experience adjustments	8,014,660	(258,480)
Present value of defined benefits obligation at the end of the year	117,676,686	93,436,201

12.6 Movements in the fair value of plan assets:	**2020 (Rupees)**	**2019 (Rupees)**
Fair value of plan assets at the beginning of the year	18,148,764	20,488,913
Contribution by employer	8,500,180	849,554
Interest income	2,447,458	1,603,701
Benefits paid	(7,854,950)	(441,554)
Return on plan assets excluding interest income	(810,824)	(4,351,850)
Fair value of plan assets at the end of year	20,430,628	18,148,764

12.7 Components of plan assets	**2020 (Rupees)**	**2019 (Rupees)**
Mutual funds units	19,686,010	18,148,764
Cash and cash equivalents	744,618	-
	20,430,628	18,148,764

12.8 Estimated expense to be charged to statement of profit or loss in next year	**2021 (Rupees)**
Current service cost	13,027,029
Interest cost on defined benefit obligation - (net)	7,982,506
Amount chargeable to profit or loss	21,009,535

12.9 Estimated contribution to the fund in next year	20,000,000

Qualified actuaries have carried out the valuation as at 30 June 2020. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2020	**2019**
Discount rate for obligation	9.00%	13.25%
Expected rates of salary increase in future years	8.00%	11.25%
Retirement assumption	Age 60	Age 60

A quantitative sensitivity analysis for significant assumption on defined benefit obligation is as shown below:

Sensitivity level	**Assumption**	**Defined benefit obligation**
+100 bps	Discount rate	108,069,432
- 100 bps	Discount rate	128,739,292
+100 bps	Expected increase in salary	128,739,292
- 100 bps	Expected increase in salary	107,902,130

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years.

13 SHORT TERM BORROWINGS - SECURED

	2020 (Rupees)	2019 (Rupees)
Running finance	300,558,636	140,318,182
Finance Against Trust Receipts	2,522,607,047	2,709,563,161
FE-25	564,118,994	-
	3,387,284,677	2,849,881,343

The above balance represents utilized portion of funded facilities. The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at year end is Rs.7,399 million (2019: Rs. 6,399 million) which includes running finance facilities amounting Rs.1,025 million (2019: Rs. 900 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 100 bps with no floor and no cap (2019: 1 month KIBOR to 6 months KIBOR + 0 to 100 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Company.

14 CONTINGENCIES AND COMMITMENTS

14.1 CONTINGENCIES

Pending the outcome of below cases, no provision has been made in the financial statements, since the management of the Company based on its consultants' opinion, is confident that the outcome of the appeals will be in favor of the Company. The aggregate exposure of the following cases amounts to Rs. 249.7 million.

14.1.1 The income tax authority amended the Company's assessment relating to tax year 2009 under section 122 (5A) of the Ordinance, disallowing certain expenses thereby reducing declared loss from Rs. 167 million to Rs. 65 million (consequent tax exposure Rs. 35.7 million). The Company filed an appeal before the Commissioner Inland Revenue (Appeals), who upheld the order on major additions vide Order dated 23 April 2018. The Company has filed second appeal before the ATIR dated 21 May 2018, which is pending adjudication.

14.1.2 The income tax authority raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the Tax Year 2011 which was challenged at Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of the Company vide Order dated 2 December 2013. The Income Tax Department has filed an appeal in February 2014 before the Honorable Lahore High Court against the ATIR's decision which is pending adjudication.

14.1.3 The income tax authority amended the Company's assessment relating to Tax Year 2016 under section 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) raised a demand of Rs. 8 million vide Order dated 15 May 2017. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who upheld the said order. The Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) who decided the case in favor of the Company vide Order dated 22 January 2018. The tax authority has filed a reference dated 11 June 2018 before the Lahore High Court against the decision of the ATIR which is pending adjudication.

14.2 COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee as at 30 June are as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery		1,382 million	492 million
Letter of guarantee issued by financial institution in favor of SNGPL		96 million	96 million
Letter of guarantee issued by financial institution in favor of PSO		50 million	27 million
Letter of guarantee issued by financial institution in favor of Total PARCO		5 million	3 million

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
Operating fixed assets	15.1	3,697,705,016	3,094,530,012
Capital work in progress	15.7	128,566,620	28,358,118
		3,826,271,636	3,122,888,130

15.1 Operating fixed assets

2020

Particulars	COST: As at July 1, 2019	COST: Additions (Disposals)	COST: Written off	COST: Transfer / Adjustment	COST: As at June 30, 2020	Rate %	DEPRECIATION: Accumulated as at July 1, 2019	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Written off	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2020	Net Book value As at June 30, 2020
Owned	(Rupees)						(Rupees)						(Rupees)
Free-hold land	229,047,504	11,299,156	-	-	240,346,660	-	-	-	-	-	-	-	240,346,660
Building on free-hold land	474,535,321	108,545,202 (130,006)	-	-	582,950,517	4-5	123,431,549	43,781,297	(130,005)	-	-	167,082,841	415,867,676
Plant and machinery	3,682,400,766	743,619,810 (15,103,093)	-	-	4,410,917,483	4-50	1,358,367,991	252,217,505	(15,103,066)	-	-	1,595,482,430	2,815,435,053
Furniture and fittings	6,496,238	680,808	-	-	7,177,046	10-33	4,151,218	729,091	-	-	-	4,880,309	2,296,737
Office and factory equipment	142,620,045	17,979,615 (1,114,188)	-	-	159,485,472	10-50	63,698,732	27,420,230	(1,088,743)	-	-	90,030,219	69,455,253
Vehicles	56,929,527	380,000 (6,609,203)	-	1,069,000	51,769,324	20	34,619,993	7,926,855	(5,748,736)	-	498,872	37,296,984	14,472,340
	4,592,029,401	882,504,591 (22,956,490)	-	1,069,000	5,452,646,502		1,584,269,483	332,074,978	(22,070,550)	-	498,872	1,894,772,783	3,557,873,719
RIGHT OF USE													
Vehicles	79,305,891	15,777,860	-	(1,069,000)	94,014,751	20	27,502,216	17,221,465	-	-	(498,872)	44,224,809	49,789,942
Plant and machinery	50,427,717	-	-	-	50,427,717	4-50	15,461,298	4,537,694	-	-	-	19,998,992	30,428,725
Building - lease-hold*	67,687,918	6,586,453	-	-	74,274,371		-	14,661,741	-	-	-	14,661,741	59,612,630
	197,421,526	22,364,313	-	(1,069,000)	218,716,839		42,963,514	36,420,900	-	-	(498,872)	78,885,542	139,831,297
2020	4,789,450,927	904,868,904 (22,956,490)	-	-	5,671,363,341		1,627,232,997	368,495,878	(22,070,550)	-	-	1,973,658,325	3,697,705,016

2019

Particulars	COST: As at July 1, 2018	COST: Additions (Disposals)	COST: Written off	COST: Transfer / Adjustment	COST: As at June 30, 2019	Rate %	DEPRECIATION: Accumulated as at July 1, 2018	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Written off	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2019	Net Book value As at June 30, 2019
Owned	(Rupees)						(Rupees)						(Rupees)
Free hold land	50,170,537	178,876,967		-	229,047,504	-	-	-	-		-	-	229,047,504
Building on free hold land	289,680,493	187,747,640 (125,462)	(654,184)	(2,113,166)	474,535,321	4-5	97,364,633	28,226,498	(115,798)	(646,610)	(1,397,174)	123,431,549	351,103,772
Plant and machinery	3,082,688,861	662,134,310 (18,321,004)	(124,889,107)	80,787,706	3,682,400,766	4-50	1,256,224,172	209,592,031	(6,014,607)	(123,294,836)	21,861,231	1,358,367,991	2,324,032,775
Furniture and fittings	6,432,716	1,179,387 (1,115,865)	-	-	6,496,238	10-33	4,608,680	635,172	(1,092,634)	-	-	4,151,218	2,345,020
Office and factory equipment	80,480,826	58,953,328 (12,659,875)	(30,000)	15,875,766	142,620,045	10-50	56,251,180	17,983,500	(12,479,699)	(29,999)	1,973,750	63,698,732	78,921,313
Vehicles	45,653,224	11,622,823 (4,706,020)	-	4,359,500	56,929,527	20	29,227,134	6,843,157	(4,618,369)	-	3,168,071	34,619,993	22,309,534
	3,555,106,657	1,100,514,455 (36,928,226)	(125,573,291)	98,909,806	4,592,029,401		1,443,675,799	263,280,358	(24,321,107)	(123,971,445)	25,605,878	1,584,269,483	3,007,759,918
LEASED													
Vehicles	51,773,100	34,274,291 (2,382,000)	-	(4,359,500)	79,305,891	20	18,404,436	13,055,050	(789,199)	-	(3,168,071)	27,502,216	51,803,675
Plant and machinery	144,978,023	-	-	(94,550,306)	50,427,717	4-50	29,401,823	8,497,282	-	-	(22,437,807)	15,461,298	34,966,419
	196,751,123	34,274,291 (2,382,000)	-	(98,909,806)	129,733,608		47,806,259	21,552,332	(789,199) -	-	(25,605,878)	42,963,514	86,770,094
2019	3,751,857,780	1,134,788,746 (39,310,226)	(125,573,291)	-	4,721,763,009		1,491,482,058	284,832,690	(25,110,306)	(123,971,445)	-	1,627,232,997	3,094,530,012

15.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyers	Relationship with Group
			(Rupees)					
Vehicle - FAW LE-17A-8409	1,097,053	528,846	568,207	1,015,000	446,793	Tender	Syed Shuja Abbas	Un-related
Toyota Corolla GLi - LEB-9405	1,890,351	1,578,095	312,256	1,550,000	1,237,744	Tender	Abdul Aziz Khan	Un-related
Plant and machinery, office equipment and vehicles**	19,969,086	19,963,609	5,477	2,964,500	2,959,023	Negotiation	Various	Un-related
2020	22,956,490	22,070,550	885,940	5,529,500	4,643,560			
2019	39,310,226	25,110,306	14,199,920	18,496,306	4,296,386			

* This represents recognition of right-of-use asset as a result of adoption of 'IFRS 16 - Leases' as explained in note 2.1

** In view of large number of items having individual book value below Rs. 500,000, the management considers it impracticable to disclose particulars of all assets disposed during the year.

15.3 There are fully depreciated assets, having cost of Rs. 233 million (2019: Rs.122 million) that are still in use as at the reporting date.

15.4 Company's immovable fixed assets are located at 14.8 km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan and Plot No. 122-A, Muslim Town, Lahore having area of 68.62 acres and 2.5 kanals respectively.

15.5 No assets were sold to the Chief Executive, Directors, Executives or shareholders holding more than 10% of total paid-up capital.

15.6 Depreciation for the year has been allocated as under:	**Note**	**2020 (Rupees)**	**2019 (Rupees)**
Cost of sales	29	346,914,260	267,890,846
Distribution costs	30	5,191,701	3,661,987
Administrative expenses	31	16,389,917	13,279,857
		368,495,878	284,832,690

15.7 Capital work in progress	**Note**	**2020**			**2019**
		Building on free-hold land	**Plant and machinery**	**Total**	**Total**
		(Rupees)			
Opening balance		-	91,723,138	91,723,138	356,180,904
Additions during the year		108,545,202	843,828,312	952,373,514	676,970,189
		108,545,202	935,551,450	1,044,096,652	1,033,151,093
Transferred to fixed assets		(108,545,202)	(743,619,810)	(852,165,012)	(941,427,955)
		-	191,931,640	191,931,640	91,723,138
Less: Accumulated impairment	15.7.2	-	(63,365,020)	(63,365,020)	(63,365,020)
		-	128,566,620	128,566,620	28,358,118

15.7.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 10,353,130 (2019: Rs. 11,457,374). The expansion has been financed by term finance facilities from financial institutions described in note 7.

15.7.2 This represents impairment charged against two steam turbines in prior years.

16 INTANGIBLE

	Note	**2020 (Rupees)**	**2019 (Rupees)**
Software and licenses			
Cost:			
As at 1 July		4,204,250	4,204,250
Additions during the year		-	-
As at 30 June		4,204,250	4,204,250
Accumulated amortization:			
As at 1 July		(3,921,226)	(3,241,975)
Amortization during the year	31	(283,024)	(679,251)
As at 30 June		(4,204,250)	(3,921,226)
Net book value		-	283,024
Rate of amortization		20%-33.33%	20%-33.33%

17 INVESTMENT IN SUBSIDIARIES

In 2016, the Company formed a wholly owned subsidiary under the name of Nimir Holding (Private) Limited (NHPL). NHPL formed a sub-subsidiary, Nimir Management (Private) Limited (NMPL), which acquired the majority shareholding of Nimir Resins Limited (NRL), a listed company engaged in the business of industrial chemicals. The investments have been made in accordance with the requirements under the Companies Act, 2017. On 4 July 2019, NHPL closed its operations, appointed liquidator and initiated voluntary winding up. During the year, NHPL transferred its net assets to the Company after completion of winding up proceedings.

	Note	2020 (Rupees)	2019 (Rupees)
Investment in subsidiary - cost		281,852,260	281,852,260
Net assets transferred		(275,306,418)	-
Loss on investment charged during the year	32	6,545,842	-
		-	281,852,260

17.1 Net assets transferred on dissolution of NHPL:

	Note	2020 (Rupees)	2019 (Rupees)
Investment in shares of Nimir Management (Private) Limited - cost		128,161,710	-
Investment in shares of Nimir Resins Limited - cost		74,222,759	-
		202,384,469	-
Funds transferred		72,921,949	-
Loan to Nimir Resins Limited	18	14,512,000	-
Loan novated from previous sponsors of Nimir Resins Limited	7	(14,512,000)	-
		275,306,418	-

17.2 As at 30 June 2020, effective shareholding of the Company in Nimir Management (Private) Limited is 51%, whereas, in Nimir Resins Limited it is 37.64%. The Company has determined that Nimir Resins Limited is a subsidiary in accordance with IFRS 10 Consolidated Financial Statements as it directly and indirectly (i.e. through Nimir Management (Private) Limited) controls 62.63% voting rights of Nimir Resins Limited. Remaining 37.37% of the equity shares in Nimir Resins Limited are widely held by many other shareholders, none of whom individually hold more than 5% of the equity shares in Nimir Resins Limited. Further, the Company also has power to appoint majority of the directors on the board of Nimir Resins Limited.

18 LOAN TO SUBSIDIARY

	Note	2020 (Rupees)	2019 (Rupees)
Loan to Nimir Resins Limited - unsecured	18.1	14,512,000	-

18.1 This represents loan to subsidiary novated from ex-director of Nimir Resins Limited as disclosed in note 17.1. This loan is interest free and repayable on demand, however, the Company has agreed not to demand repayment for a period of next twelve months.

18.2 Maximum aggregate amount due from the subsidiary at the end of any month in the year was Rs. 14,512,000 (2019: Rs. Nil). No interest has been charged on the amounts due from associated undertakings.

19 LONG TERM DEPOSITS

	Note	2020 (Rupees)	2019 (Rupees)
Security deposits			
Financial institutions (including banks)		18,297,630	15,978,930
Others	19.1	17,668,602	17,145,842
		35,966,232	33,124,772

19.1 This includes deposit amounting to Rs. 12.24 million (2019: Rs. 12.24 million) given to electricity supply company for dedicated line.

20 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2020 (Rupees)	2019 (Rupees)
Stores, spare parts and loose tools			
In hand		266,939,552	200,598,426
In transit		16,833,820	3,046,051
Less: Provision for slow moving items	20.1	(3,154,991)	-
		280,618,381	203,644,477

20.1 Movement in provision for slow moving items is as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Opening balance		-	-
Charge for the year	32	3,154,991	-
Closing balance		3,154,991	-

	Note	2020 (Rupees)	2019 (Rupees)
21 STOCK IN TRADE			
Raw and packing material			
In hand		411,658,738	249,102,424
In transit		2,663,701,315	1,668,616,482
		3,075,360,053	1,917,718,906
Finished goods		525,796,909	548,817,042
		3,601,156,962	2,466,535,948

22 TRADE DEBTS

	Note	2020 (Rupees)	2019 (Rupees)
Considered good - unsecured			
Due from customers	22.1	2,111,028,811	1,731,056,490
Due from associated companies	22.2	16,146,000	26,583,629
		2,127,174,811	1,757,640,119
Considered doubtful		10,463,405	22,990,888
Allowance for expected credit losses	22.5	(10,463,405)	(22,990,888)
		-	-
		2,127,174,811	1,757,640,119

22.1 These customers have no recent history of default. For age analysis of these trade debts, refer to Note 38.1.1

22.2 Trade debts from Nimir Resins Limited (a related party) amount to Rs. 16,146,000 (2019: Rs. 26,583,629).

22.3 Aggregate amount due from Directors, Chief Executive and Executives of the Company is Rs. Nil (2019: Rs. Nil)

22.4 Maximum aggregate amount due from Nimir Resins Limited at the end of any month in the year was Rs. 51,182,879 (2019: Rs. 56,757,548). No interest has been charged on the amounts due from associated undertakings.

22.5 Movement in allowance for expected credit losses is as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Opening balance		22,990,888	19,367,842
IFRS 9 adjustment		-	103,239
Charge for the year	32	4,845,009	3,519,807
Written off during the year		(17,372,492)	-
Closing balance		10,463,405	22,990,888

23 LOANS AND ADVANCES

	Note	2020 (Rupees)	2019 (Rupees)
Considered good - unsecured			
Suppliers		59,978,623	63,642,945
Employees against business expenses	23.2	2,631,090	2,858,532
Employees against salary	23.3	3,777,252	4,633,524
		66,386,965	71,135,001

23.1 Amount due from related parties is Rs. Nil (2019 Rs. Nil)

23.2 This includes advance given to executives amounting to Rs. 1,674,611 (2019: Rs. 717,428). No amount has been given to CEO or Directors.

23.3 This includes advance given to executives amounting to Rs. 2.06 million (2019: Rs. 3.3 million). No amount has been given to CEO or directors.

Name of borrower	Terms of repayment	2020 (Rupees)	2019 (Rupees)
Mr. Hasan Arif (Divisional Manager - II Production)	Adjustment against salary	1,193,863	1,493,863

23.4 Loans and advances that are either past due or impaired amount to Rs. Nil (2019: Rs. Nil)

24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2020 (Rupees)	2019 (Rupees)
Prepayments	4,130,470	3,488,942

25 OTHER RECEIVABLES

	2020 (Rupees)	2019 (Rupees)
Margin against bank guarantee	15,102,950	12,602,950
Margin against LC	6,492,777	3,352,284
	21,595,727	15,955,234

25.1 Other receivables that are either past due or impaired amount to Rs. Nil (2019: Rs. Nil)

26 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2020 (Rupees)	2019 (Rupees)
Income tax		562,160,611	518,521,706
Sales Tax		4,513,066	-
		566,673,677	518,521,706

27 CASH AND BANK BALANCES

	Note	2020 (Rupees)	2019 (Rupees)
Cash in hand		1,887,115	1,903,309
Cash at bank			
Current accounts		99,824,551	28,460,105
Savings account	27.1	11,063	395,238
		99,835,614	28,855,343
		101,722,729	30,758,652

27.1 These carry mark-up rate ranging from 6.5% to 11.25% (2019: 4% to 10.25%) per annum.

28 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2020 (Rupees)	2019 (Rupees)
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Manufacturing	19,841,469,183	17,175,753,314
Toll manufacturing	378,618,972	255,818,005
	20,220,088,155	17,431,571,319
Less:		
Sales tax	(2,940,243,286)	(2,536,372,567)
Trade discounts	(32,976,087)	-
Commission	(74,288,901)	(45,077,261)
	17,172,579,881	14,850,121,491
Geographical region:		
Pakistan	20,220,088,155	17,431,571,319
Timing of transfer of goods and services:		
At a point in time	20,220,088,155	17,431,571,319

	Note	2020	2019
29 COST OF SALES		**(Rupees)**	**(Rupees)**
Raw and packing material consumed	29.1	12,941,580,865	11,347,667,935
Salaries, wages and benefits	29.2	363,217,433	331,481,723
Depreciation	15.6	346,914,260	267,890,846
Fuel and power		764,329,733	733,200,648
Stores, spare parts and loose tools consumed		100,359,668	104,006,460
Repairs and maintenance		17,449,203	35,533,530
Traveling, conveyance and entertainment		37,124,622	31,873,865
Communications		1,242,972	1,030,736
Insurance		16,753,374	15,270,584
Rent, rates and taxes		3,514,826	17,726,270
Printing and stationery		3,193,763	2,367,143
Dues, fees and subscription		2,428,537	3,664,856
Other expenses		5,188,855	5,937,072
		14,603,298,111	12,897,651,668
Add: Opening stock-finished goods	21	548,817,042	471,688,196
Less: Closing stock-finished goods	21	(525,796,909)	(548,817,042)
		14,626,318,244	12,820,522,822

29.1 Raw and packing material consumed

	Note	2020	2019
Opening Balance		1,917,718,906	1,786,909,281
Purchases		14,099,222,012	11,478,477,560
		16,016,940,918	13,265,386,841
Less: Closing Balance	21	(3,075,360,053)	(1,917,718,906)
Raw and packing material consumed		12,941,580,865	11,347,667,935

29.2 This includes Rs. 13.1 million (2019: Rs. 10.4 million) in respect of staff retirement benefits - gratuity scheme.

29.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 196.6 million (2019: Rs. 105.8 million).

	Note	2020	2019
30 DISTRIBUTION COSTS		**(Rupees)**	**(Rupees)**
Salaries, wages and benefits	30.1	51,499,976	38,582,496
Depreciation	15.6	5,191,701	3,661,987
Repairs and maintenance		44,874	57,870
Traveling, conveyance and entertainment		3,904,337	2,934,968
Communications		400,545	304,887
Insurance		729,034	1,592,528
Printing and stationery		349,146	387,959
Freight outward		77,895,543	54,397,395
Packing, carriage and forwarding		30,260	380
Dues, fees and subscription		354,380	338,802
Other expenses		64,310	42,508
		140,464,106	102,301,780

30.1 This includes Rs. 3 million (2019: Rs. 1.2 million) in respect of staff retirement benefits - gratuity scheme.

	Note	2020	2019
31 ADMINISTRATIVE EXPENSES		**(Rupees)**	**(Rupees) (Restated)**
Salaries, wages and benefits	31.1	136,022,913	119,629,748
Depreciation	15.6	16,389,917	13,279,857
Amortization	16	283,024	679,251
Fuel and power		2,419,714	2,049,672
Repairs and maintenance		3,513,583	1,911,278
Traveling, conveyance and entertainment		14,455,928	14,195,733
Communications		6,061,972	5,449,689
Insurance		2,132,405	2,480,909
Rent, rates and taxes		4,663,333	4,365,661
Printing and stationery		1,217,756	2,575,876
Advertisement		2,616,857	1,372,714
Legal, professional and consultancy charge		9,750,932	7,254,986
Auditors' remuneration	31.2	2,275,000	2,275,000
Dues, fees and subscription		18,714,415	12,122,199
Other expenses		7,842,875	4,160,255
		228,360,624	193,802,828

31.1 This includes Rs. 5.5 million (2019: Rs. 3.8 million) in respect of staff retirement benefits - gratuity scheme.

	Note	2020	2019
31.2 Auditors' remuneration		**(Rupees)**	**(Rupees) (Restated)**
Audit fee		1,250,000	1,250,000
Consolidation, reviews and certifications		950,000	950,000
Out of pocket expenses		75,000	75,000
		2,275,000	2,275,000

	Note	2020	2019
32 OTHER EXPENSES			
Workers' profit participation fund	10.3	72,349,420	61,979,779
Workers' welfare fund	10.4	25,526,429	18,962,603
Expected credit losses of trade debts	22.5	4,845,009	3,519,807
Loss on investment in subsidiary	17	6,545,842	-
Impairment on stores and spares	20.1	3,154,991	-
Loss on property, plant and equipment - written off		-	1,601,846
		112,421,691	86,064,035
33 OTHER INCOME			
Non financial assets			
Gain on disposal of property, plant and equipment	15.2	4,643,560	4,296,386
Reversal of provision		-	1,465,444
Other income	33.1	11,644,109	10,949,762
Financial assets - amortized cost			
Profit on savings account		1,045,576	273,654
		17,333,245	16,985,246

33.1 This includes income from sale of scrap material amounting Rs. 7,772,006 (2019: Rs. 10,513,202)

	Note	2020	2019
34 FOREIGN EXCHANGE LOSS		**(Rupees)**	**(Rupees)**
On foreign exchange denominated liabilities	34.1	131,697,639	146,264,583

34.1 This includes unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 41,794,850 (2019: Rs. 7,870,045).

35 FINANCE COST

	2020 (Rupees)	2019 (Rupees)
Mark-up on		
Long term loans	101,640,229	62,008,611
Short term borrowings	474,187,652	283,181,970
Financial charges on lease	17,713,904	7,263,674
Bank charges, fee and commission	7,996,482	7,043,233
	601,538,267	359,497,488

36 TAXATION

	2020 (Rupees)	2019 (Rupees)
Current tax:		
Current year	358,853,065	252,327,327
Prior year	6,752,805	(7,702,208)
	365,605,870	244,625,119
Deferred tax		
Relating to the reversal and origination of temporary differences	57,029,420	73,190,232
Effect of rate change from prior year	-	30,740,878
	57,029,420	103,931,110
	422,635,290	348,556,229

36.1 Relationship between tax expenses and accounting profit

	2020 (Rupees)	2019 (Rupees)
Accounting profit before taxation	1,349,112,555	1,158,653,201
Tax at applicable tax rate of 29% (2019: 29%)	391,242,641	336,009,428
Effect of expenses not allowed for tax	24,639,844	37,380,263
Effect of super tax	-	18,583,350
Effect of tax credit	-	(35,714,604)
Effect of prior years tax	6,752,805	(7,702,208)
Tax expense for the year	422,635,290	348,556,229

36.2 Comparison of tax provision

	2019* (Rupees)	2018** (Rupees)	2017*** (Rupees)
Provision as per financial statements	252,327,327	184,385,392	158,928,673
Amount as per Income Tax Return	225,973,417	176,683,184	130,926,746

* The difference mainly relates to tax credit claimed under section 65B.

** The difference has been adjusted during the year ended 30 June 2019 as prior year tax.

*** The difference mainly relates to super tax which was computed separately from tax return in tax year 2017.

37 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

37.1 Basic

	2020	2019
Profit attributable to ordinary shareholders (Rupees)	926,477,265	810,096,972
Weighted average number of ordinary shares (Number)	110,590,546	110,590,546
Earnings per ordinary share	8.38	7.33

37.2 Diluted

No figure for diluted earning per share has been presented as the Company has not issued any instrument carrying option which would have an impact on earnings per share when exercised.

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

38.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on loan to subsidiary, long-term deposits, trade debts, advances to employees against salary, other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying values	
	2020 (Rupees)	2019 (Rupees)
Loan to subsidiary	14,512,000	-
Long-term deposits	17,668,602	17,145,842
Trade debts – unsecured	2,127,174,811	1,757,640,119
Loans and advances	3,777,252	4,633,524
Other receivables	21,595,727	15,955,234
Bank balances	99,835,614	28,855,343

38.1.1 Trade Debts

	2020 (Rupees)	2019 (Rupees)
Other than related parties		
Not yet due	1,352,715,016	1,324,808,744
Past due		
1-30 days	509,193,355	360,175,602
31-60 days	213,857,510	27,707,404
61-90 days	42,426,542	10,182,362
Over 90 days	3,299,793	31,173,266
	768,777,200	429,238,634
	2,121,492,216	1,754,047,378
Related parties		
Not yet due	16,146,000	26,583,629

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Company's trade debts using a provision matrix:

	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
As at 30 June 2020						
Expected credit loss rate	0.28%	0.25%	0.44%	5.79%	59.92%	
Estimated total gross carrying	1,368,861,016	509,193,355	213,857,510	42,426,542	3,299,793	2,137,638,216
Expected credit loss	3,799,107	1,284,454	944,278	2,458,193	1,977,373	10,463,405
As at 30 June 2019						
Expected credit loss rate	0.02%	0.26%	2.42%	5.85%	65.71%	
Estimated total gross carrying amount	1,351,392,373	360,175,602	27,707,404	10,182,362	31,173,266	1,780,631,007
Expected credit loss	310,946	928,312	670,771	595,599	20,485,260	22,990,888

As at 30 June 2020, trade debts of Rs. 10.6 million (2019: Rs. 22.9 million) were impaired and provided for. The sale to three major customers amount to Rs. 8,626 million (2019: Rs. 7,587 million) which represents approximately 50% (2019: 51%) of the total revenue.

38.1.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	Ratings Agency	Short Term	Long term	2020 (Rupees)	2019 (Rupees)
Albaraka Bank (Pakistan) Limited	PACRA	A-1	A	602,733	616,451
Allied Bank Limited	PACRA	A1+	AAA	81,951	-
Askari Bank Limited	PACRA	A1+	AA+	916,965	477,270
Bank Alfalah Limited	PACRA	A1+	AA+	1,365,580	-
BankIslami Pakistan Limited	PACRA	A1	A+	322,338	10,000
Habib Bank Limited	JCR-VIS	A1+	AAA	5,184,991	1,433,819
Habib Metropolitan Bank Limited	PACRA	A1+	AA	135,550	-
MCB Bank Limited	PACRA	A1+	AAA	11,063	395,238
Meezan Bank Limited	JCR-VIS	A-1+	AA+	683,000	1,162,653
National Bank of Pakistan	JCR-VIS	A-1+	AAA	1,675,854	1,416,048
Samba Bank Limited	JCR-VIS	A-1	AA	-	15,690,064
Silk Bank Limited	JCR-VIS	A-2	A-	479	479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	550,068	564,085
The Bank of Punjab	PACRA	A1+	AA	88,305,042	7,089,236
				99,835,614	28,855,343

38.1.3 With respect to credit risk arising from other financial assets of the Company, including long term deposits, loans and advances and other receivables, the Company's management assesses exposure to such risk to be minimal based on past experience and is restricted to the carrying amount of those assets.

38.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analyzed below, with regard to their remaining contractual maturities.

As at 30 June 2020	Maturity Up to One Year	Maturity After One Year	Total
	(Rupees)		
Long term loans	257,401,086	903,637,538	1,161,038,624
Lease liabilities	39,291,814	100,832,324	140,124,138
Short term borrowings	3,387,284,677	-	3,387,284,677
Mark up accrued	77,583,396	-	77,583,396
Unclaimed dividend	13,404,285	-	13,404,285
Trade and other payables	1,253,294,830	-	1,253,294,830
Total financial liabilities	5,028,260,088	1,004,469,862	6,032,729,950
As at 30 June 2019			
Long term loans	242,302,967	532,343,478	774,646,445
Liabilities against assets subject to finance lease	22,969,840	59,336,054	82,305,894
Short term borrowings	2,849,881,343	-	2,849,881,343
Mark up accrued	81,770,711	-	81,770,711
Unclaimed dividend	7,467,502	-	7,467,502
Trade and other payables	748,309,430	-	748,309,430
Total financial liabilities	3,952,701,793	591,679,532	4,544,381,325

Changes in liabilities arising from financing activities

	As at 1 July 2019	Cash flows	Foreign exchange movement	New leases	Others	As at 30 June 2020
	(Rupees)					
Long term loans	774,646,445	371,880,179	-	-	14,512,000	1,161,038,624
Lease Liability	82,305,894	(49,607,031)	-	89,711,371	17,713,904	140,124,138
Short term borrowings	2,849,881,343	498,731,365	38,671,969	-	-	3,387,284,677
Unclaimed dividend	7,467,502	(325,834,855)	-	-	331,771,638	13,404,285
	3,714,301,184	495,169,658	38,671,969	89,711,371	363,997,542	4,701,851,724

	As at 1 July 2018	Cash flows	Foreign exchange movement	New leases	Others	As at 30 June 2019
	(Rupees)					
Long term loans	592,413,840	182,232,605	-	-	-	774,646,445
Liabilities against assets subject to finance lease	108,125,341	(65,348,121)	-	32,265,000	7,263,674	82,305,894
Short term borrowings	2,774,291,313	75,590,030	-	-	-	2,849,881,343
Unclaimed dividend	5,849,713	(385,449,122)	-	-	387,066,911	7,467,502
	3,480,680,207	(192,974,608)	-	32,265,000	394,330,585	3,714,301,184

38.3 Market Risk

38.3.1 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. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are material foreign currency balances.

38.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk for loans and borrowings obtained from the financial institutions and lease liabilities, which have been disclosed in the relevant note to the financial statements.

If interest rates at the year end, fluctuate by 1% higher / lower, pre-tax profit for the year would have been Rs. 46.9 million (2019: Rs. 37.1 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at reporting date were outstanding for the whole year.

38.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves, whereas, debt includes long term loans, short term borrowings and lease liabilities. The gearing ratio of the Company is 56% (2019: 55%).

38.5 Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value. Further, all financial assets and financial liabilities at reporting date are categorized into amortized cost.

39 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

The Company have interest based on common directorship and / or percentage of shareholding in the following:

Names	Basis of relationship
Nimir Management (Private) Limited	51% shareholding by the Company and common directorship
Nimir Resins Limited	37.64% shareholding by the Company and common directorship
*Nimir Holding (Private) Limited	51% shareholding by the Company and common directorship
Terranova (Private) Limited	Common directorship with subsidiary
Extracts 4 Life (Private) Limited	Common directorship with subsidiary

*On 4 July 2019, NHPL closed its operations, appointed liquidator and initiated voluntary winding up. During the year, NHPL transferred its net assets to the Company after completion of winding up proceedings.

Remuneration of Chief Executive, directors and executives is also shown in Note 40. Transactions with related parties during the year are as follows:

Names of Company	Nature and Description of Related Party Transaction	2020 (Rupees)	2019 (Rupees)
Nimir Resins Limited	Purchase of goods	6,302,121	806,732
	Sale of goods	139,214,700	131,908,050
	Services provided	4,300,056	3,906,900
	Services acquired	3,193,200	2,928,000
	Reimbursement of expenses	555,964	3,163,856
Nimir Chemicals Pakistan Limited*	Sale of goods	-	7,042,740
Staff retirement benefits	Contribution to gratuity fund	8,500,180	849,554

* Effective 29 December 2018, Nimir Chemicals Pakistan Limited ceased to be considered a related party.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
Number of persons	1	1	2	2	26	18
	(Rupees)					
Managerial remuneration	11,612,903	10,219,355	17,806,452	15,483,870	69,313,559	47,047,730
Housing	5,225,806	4,598,710	8,012,904	6,967,742	31,191,101	21,171,499
Utilities	1,161,291	1,021,935	1,780,644	1,548,388	6,931,360	4,704,795
Bonus	5,564,562	5,569,221	8,431,154	8,441,766	30,722,867	23,235,261
Gratuity	-	-	-	-	5,083,002	3,177,000
	23,564,562	21,409,221	36,031,154	32,441,766	143,241,889	99,336,285

40.1 The Chief Executive Officer and Directors have been provided with company - maintained cars and generator sets, further they are also entitled to club membership and reimbursement of medical and entertainment expenses whereas some executives have been provided with company- maintained cars.

40.2 An amount of Rs.4,800,000 (2019: Rs. 5,150,000) was paid to non-executive directors for attending the board meetings.

41 TOTAL NUMBER OF EMPLOYEES

	2020	2019
Number of employees as at 30 June	178	161
Average number of employees during the year	173	155
Number of factory employees as at 30 June	123	120
Average number of factory employees during the year	119	116

42 PRODUCTION CAPACITY IN METRIC TONS

	2020 Maximum Capacity	2020 Actual Production	2019 Maximum Capacity	2019 Actual Production (Restated)
Oleo Chemicals (Metric ton) *	110,000	89,336	90,000	84,427
Chlor Alkali Products (Metric ton)	50,000	49,657	50,000	47,431
Soap Finishing Line (Metric ton)**	50,000	28,651	45,000	19,044
Aerosol (cans)***	15,000,000	208,824	-	-
Blending****	-	29,478	-	34,044

* The plant capacity was enhanced in the later half of the year hence actual production capacity was under utilized.

** The capacity was underutilized differ due to product mix and late enhancement of production capacity.

*** The plant started its commercial operation after 15 June 2020, hence actual production capacity was under utilized.

**** The plant capacity is indeterminable because it is a multi-product plant involving varying processes.

43 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Summary of significant transactions and events that have affected the Company's position and performance during the year, as follows,

- The turnover in 2020 has increased by Rs. 2.3 billion (approximately 15.7%) over the year 2019 (note 28)

- Installation of aerosol plant and enhancement of oleo chemicals and soap finishing line production capacity resulting in capitalization of Rs. 852 million. (note 15)

44 SUBSEQUENT EVENTS

44.1 Subsequent to the year end, the Honorable Supreme Court of Pakistan has issued a judgment dated 13 August 2020 which rejected all pleas challenging the Gas Infrastructure Development Cess (GIDC). In light of the said judgment, arrears of the cess that have become due up to 31 July 2020 and have not been recovered so far shall be recovered by gas companies. The Company has made sufficient provision to meet its liability in this respect. However, the management has decided to appeal against this order at available forum.

44.2 The Board of Directors at its meeting held on 28 August 2020 has proposed a final dividend @ Rs. 1.5 per share for the year ended 30 June 2020 (2019: Rs. 1.5) amounting to Rs. 165,885,819 (2019: Rs. 165,885,819) for approval of the members at the Annual General Meeting to be held on 22 October 2020. These financial statements do not reflect this dividend.

45 GENERAL

45.1 Figures have been rounded off to nearest rupee unless otherwise stated.

45.2 In March 2020, the Government of Pakistan implemented a country-wide lockdown in order to contain the spread of COVID-19. Consequently, economic slowdown was observed in the country affecting majority of the business. However, financial performance of the Company, being engaged in manufacturing of chemical products which are main ingredient of soap, an essential item, has not been affected by the lockdown. Based on the above, the management has evaluated and concluded that there is no material implication of COVID-19 on these financial statements.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 28 August 2020. Subsequent to the approval of these financial statements by the Board, the Securities and Exchange Commission of Pakistan had issued circular no. 26 of 2020 dated 31 August 2020 in compliance of which, note 45.2 has been added and approved by the Board on 2 September 2020.

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

FINANCIAL STATEMENTS - CONSOLIDATED

FOR THE YEAR ENDED JUNE 30, 2020

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DIRECTORS' REPORT

The Directors are pleased to present their consolidated Directors' Report together with the audited Group Financial Statements of Nimir Industrial Chemicals Limited for the year ended June 30, 2020.

The year 2020 is seen the worst year for the whole world. Covid-19, a pandemic that rapidly spread all around the planet has now taken 0.8 million lives besides affecting 22 million people and putting the growth rate of world economies in the negative, with Pakistan being no exception.

To confine the spread of pandemic, a nation-wide lockdown was imposed throughout Pakistan. This resulted in further deteriorating the country's ailing economy and businesses, which were already struggling against higher inflation and interest rates, depreciating currency and contracting demand. Our well diversified product range helped us to successfully pass through this difficult time. We, being the producer of some essential products required during the pandemic, continued our partial operations throughout the lockdown period. As a result, our consolidated performance of the year improved over the last year.

The consolidated gross revenue has crossed the Rs. 25 billion mark during the year under review; registering a year on year increase of 12 %. The consolidated net profit also increased to Rs. 1,061 million (up by 10 %). Consequently, the consolidated EPS increased to Rs. 8.88 per share.

While the world is still facing the surge in new cases of COVID-19, Pakistan has seen a significant drop in new cases and deaths. As as result, the Government has allowed resumption of most of the business activities in August 2020. Furthermore, the State Bank of Pakistan has taken several steps for the revival of economy and reduced the policy rate down to 7%, offered attractive incentives for new investments and introduced package for the construction industry. These measures are expected to help the economy to normalize.

We shall endeavor to take maximum benefit of available opportunities, while remaining vigilant about any risks associated with post Covid-19 situation and shall constantly enhancing stakeholders' value, Insha'Allah.

For and on behalf of the Board

Zafar Mahmood
Chief Executive Officer

Khalid Mumtaz Qazi
Director

Lahore
August 28, 2020.

ڈائریکٹرز رپورٹ-اشتمال شدہ

ڈائریکٹرز 30 جون 2020ء کو ختم ہونے والے سال کے لئے نمر انڈسٹریل کیمیکلز لمیٹڈ کے نظر ثانی شدہ گروپ مالی گوشوارے معہ ان کی اشتمال شدہ ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

سال 2020 پوری دنیا کے لئے بدترین سال رہا ہے۔ کوویڈ-19، ایک وبائی بیماری جو تیزی سے دینا کے چاروں اطراف پھیل گئی جس نے اب تک 22 لاکھ افراد کو متاثر کرنے اور عالمی معیشتوں کی نمو کو منفی میں بدلنے کے علاوہ 0.8 ملین افراد کی جانیں لے لیں، اور پاکستان بھی اس سے مستثنیٰ نہیں ہے۔

وبائی مرض کے پھیلاؤ کو محدود کرنے کے لئے، پورے پاکستان میں ملک بھر میں لاک ڈاؤن نافذ کردیا گیا۔ اس کے نتیجے میں ملک کی کمزور معیشت اور کاروبار مزید خراب ہوگئے، جو پہلے ہی مہنگائی اور شرح سود، کرنسی کی قدر میں کمی اور طلب کی کمی کے خلاف جدوجہد کررہے تھے۔ ہماری اچھی متنوع مصنوعات کی رینج نے ہمیں اس مشکل وقت کو کامیابی کے ساتھ گزارنے میں مدد فراہم کی۔ ہم نے، وبائی مرض کے دوران درکار کچھ ضروری مصنوعات کے تیارکنندہ ہونے کے ناطے، لاک ڈاؤن کے پورے دور میں اپنے جزوی کاروائیاں جاری رکھیں۔ اس کے نتیجے میں، ہماری سال کی مجموعی کارکردگی میں گذشتہ سال کے مقابلے میں بہتری آئی ہے۔

زیرِ جائزہ سال کے دوران اشتمال شدہ مجموعی آمدنی 25 بلین روپے کے حد سے تجاوز کرگئی، جو سال بہ سال 12 فیصد کا اضافہ درج کررہی ہے۔ اشتمال شدہ خالص منافع بھی بڑھ کر 1,061 ملین روپے (10 فیصد تک زیادہ) ہوگیا۔ اس کے نتیجے میں، مجموعی EPS بڑھ کر 8.88 روپے فی شیئر ہوگیا۔

اگرچہ دنیا اب بھی کوویڈ 19 کے نئے کیسز میں اضافے کا سامنا کررہی ہے، پاکستان میں نئے کیسز اور اموات میں نمایاں کمی دیکھنے میں آئی ہے۔ اس کے نتیجے میں، حکومت نے اگست 2020 میں بیشتر کاروباری سرگرمیاں دوبارہ شروع کرنے کی اجازت دے دی ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے معیشت کی بحالی کے لئے متعدد اقدامات اٹھائے ہیں اور پالیسی کی شرح کو 7 فیصد تک کم کیا، نئی سرمایہ کاری کے لئے پرکشش مراعات کی پیش کش کی اور تعمیراتی صنعت کے لئے پیکیج متعارف کرایا گیا۔ توقع کی جارہی ہے کہ ان اقدامات سے معیشت کو معمول پر لانے میں مدد ملے گی۔

ہم دستیاب مواقع سے زیادہ سے زیادہ فائدہ اٹھانے کی کوشش کریں گے، جبکہ کوویڈ 19 کے بعد کی صورتحال سے وابستہ کسی خطرات کے بارے میں چوکس رہیں گے اور اسٹیک ہولڈرز کی قدر میں مسلسل اضافہ کریں گے۔ انشاءاللہ

منجانب بورڈ

ظفر محمود
چیف ایگزیکٹو آفیسر

خالد ممتاز قاضی
ڈائریکٹر

28 اگست 2020ء
لاہور

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Opinion

We have audited the annexed consolidated financial statements of Nimir Industrial Chemicals Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, 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 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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:

Key audit matters	How our audit addressed the key audit matter
1. Revenue Recognition	
As described in note 5.12 and note 29, the Group generates revenue from several types of products and services. During the year ended 30 June 2020, the Group generated total revenue of Rs. 21.52 billion which represents approximately 9.82% increase as compared to last year. The revenue recognition is identified as a key audit matter due to its significance as key indicator for performance of management and raises the risk that revenue could be misstated to meet targets.	Our audit procedures, amongst others, included the following: Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof. On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period. Performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales, seasonal and market patterns. Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures. Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents. Ensured the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

2. Tax Contingencies	
As disclosed in note 17 to the consolidated financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The aggregate amounts involved in such contingencies is Rs. 268.93 million as of 30 June 2020. The tax contingencies require the management to make judgements and estimates in relation to the interpretation of tax laws and regulations that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex.	We assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of on-going inspections by local tax authorities. We obtained explanations from management and corroborative evidence including communication with local tax authorities and confirmations of external tax advisors. We gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes. We analyzed and challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the consolidated financial statements. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 17 to the consolidated financial statements.

3. Preparation of consolidated financial statements	
The Group's consolidated financial statements comprise of transactions and balances of the holding company and its subsidiaries and sub-subsidiaries. Consolidating these financial statements involves elimination of intercompany transactions and balances, and consolidation of the amounts and disclosures of each entity's financial statements. Significant auditor attention is required in review of the consolidation schedules as the intercompany transactions are material to the consolidated financial statements as a whole, hence these are considered a Key Audit Matter.	We cross-matched the inter-company transactions and balances with the respective financial statements of the entities for elimination of the same. We reviewed reporting deliverables from the component audit team. We performed tests on consolidation adjustments and manual journal entries, both at group and component level to obtain an understanding of significant entries made. We reviewed the completeness of disclosures in the consolidated financial statements by comparing with the relevant disclosures in each entity's individual financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.

EY Ford Rhodes

Lahore
September 04, 2020

EY Ford Rhodes
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
145,000,000 (2019: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	8	1,105,905,460	1,105,905,460
Unappropriated profits - revenue reserve		2,767,319,159	2,123,150,393
Non-controlling interest		691,661,014	612,552,915
		4,564,885,633	3,841,608,768
NON CURRENT LIABILITIES			
Long term loans	9	1,017,221,797	641,446,928
Lease liabilities	10	100,832,324	59,336,054
Diminishing musharaka finance	11	1,653,414	3,252,972
Deferred tax liability	12	358,059,262	317,499,951
		1,477,766,797	1,021,535,905
CURRENT LIABILITIES			
Trade and other payables	13	1,945,459,916	1,168,243,467
Contract liabilities	14	128,634,240	42,386,776
Net defined benefit liability - funded gratuity	15	113,641,899	86,239,892
Mark up accrued		100,980,828	116,608,306
Unclaimed dividend		13,697,104	7,760,321
Short term borrowings	16	4,452,222,166	4,334,710,198
Current maturity of long term loans	9	264,650,386	242,985,167
Current maturity of lease liabilities	10	39,291,814	22,969,840
Current maturity of diminishing musharaka finance	11	1,747,115	1,575,105
Provision for taxation		545,559,683	399,379,718
		7,605,885,151	6,422,858,790
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		13,648,537,581	11,286,003,463
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	4,314,915,254	3,607,502,689
Intangibles	19	331,736	946,497
Long term deposits	20	48,823,619	42,460,465
		4,364,070,609	3,650,909,651
CURRENT ASSETS			
Stores, spare parts and loose tools	21	296,103,094	219,602,327
Stock in trade	22	4,869,285,925	3,320,279,897
Trade debts	23	2,924,575,381	2,750,669,858
Loans and advances	24	106,873,669	104,199,756
Trade deposits and short term prepayments	25	5,025,247	3,816,177
Interest accrued		-	396,347
Short term investment		-	54,900,000
Other receivables	26	22,904,727	28,526,850
Tax refunds due from the Government	27	934,808,084	1,024,969,725
Cash and bank balances	28	124,890,845	127,732,875
		9,284,466,972	7,635,093,812
TOTAL ASSETS		13,648,537,581	11,286,003,463

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
Revenue from contracts with customers - net	29	21,526,167,772	19,600,644,123
Cost of sales	30	(18,473,815,187)	(17,081,030,724)
Gross profit		3,052,352,585	2,519,613,399
Distribution costs	31	(197,459,018)	(166,684,983)
Administrative expenses	32	(282,936,396)	(241,364,030)
		(480,395,414)	(408,049,013)
Operating profit		2,571,957,171	2,111,564,386
Other expenses	33	(130,173,741)	(114,906,737)
Other income	34	32,457,891	33,478,265
Foreign exchange loss	35	(143,460,937)	(177,831,486)
Finance cost	36	(786,666,531)	(527,089,215)
Profit before taxation		1,544,113,853	1,325,215,213
Taxation	37	(482,735,746)	(359,350,870)
Profit after taxation		1,061,378,107	965,864,343
Attributable to:			
Equity holders of the parent		982,230,403	870,038,300
Non-controlling interests		79,147,704	95,826,043
		1,061,378,107	965,864,343
Earnings per ordinary share - basic and diluted	38	8.88	7.87

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
Profit after taxation		1,061,378,107	965,864,343
Other comprehensive income / (loss)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	15.4	(8,914,934)	(2,818,138)
Income tax effect		2,585,330	817,260
Re-measurement losses on defined benefit plan - net		(6,329,604)	(2,000,878)
Items to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year		(6,329,604)	(2,000,878)
Total comprehensive income for the year		1,055,048,503	963,863,465
Attributable to:			
Equity holders of the parent		975,940,404	867,472,805
Non-controlling interests		79,108,099	96,390,660
		1,055,048,503	963,863,465

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit - revenue reserve (Rupees)	Non-controlling interest (Rupees)	Total (Rupees)
Balance as on 1 July 2018	1,105,905,460	1,642,744,499	516,162,255	3,264,812,214
Final dividend for 2018 @ Rs. 2.00 per share	-	(221,181,092)	-	(221,181,092)
interim dividend for 2019 @ Rs. 1.50 per share	-	(165,885,819)	-	(165,885,819)
Profit after taxation	-	870,038,300	95,826,043	965,864,343
Other comprehensive (loss) / income	-	(2,565,495)	564,617	(2,000,878)
Total comprehensive income for the year	-	867,472,805	96,390,660	963,863,465
Balance as on 30 June 2019	1,105,905,460	2,123,150,393	612,552,915	3,841,608,768
Final dividend for 2019 @ Rs.1.50 per share	-	(165,885,819)	-	(165,885,819)
Interim dividend for 2020 @ Rs.1.50 per share	-	(165,885,819)	-	(165,885,819)
Profit after taxation	-	982,230,403	79,147,704	1,061,378,107
Other comprehensive loss	-	(6,289,999)	(39,605)	(6,329,604)
Total comprehensive income for the year	-	975,940,404	79,108,099	1,055,048,503
Balance as on 30 June 2020	1,105,905,460	2,767,319,159	691,661,014	4,564,885,633

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 (Rupees)	2019 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,544,113,853	1,325,215,213
Adjustment for:		
Depreciation	411,150,837	328,117,540
Amortization	614,761	1,010,988
Mark-up expense	772,727,786	511,995,348
Income from financial assets	(2,583,927)	(5,318,792)
Provision against stock in trade	-	10,035,974
Provision for slow moving items	3,154,991	-
Expected credit losses of trade debts	14,526,957	19,798,379
Provision for gratuity	29,613,294	22,069,816
Reversal of provision	-	(1,465,444)
Gain on disposal of property, plant and equipment	(5,393,560)	(5,336,386)
Loss on property, plant and equipment - written off	-	1,747,055
Exchange loss - unrealized	46,457,525	23,842,682
Workers' profit participation fund provision	82,432,204	70,775,759
Workers' welfare fund provision	30,059,589	22,585,544
	1,382,760,457	999,858,463
Operating profit before working capital changes	2,926,874,310	2,325,073,676
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	(79,655,758)	(64,579,084)
Stock in trade	(1,549,006,028)	(90,529,329)
Trade debts	(188,432,480)	(399,761,659)
Loans and advances	(2,673,913)	43,319,281
Trade deposits and short term prepayments	(1,209,070)	27,877,562
Other receivables	5,622,123	36,642,100
Tax refunds due from the Government	79,231,684	(84,750,696)
	(1,736,123,442)	(531,781,825)
(Decrease) / increase in current liabilities		
Trade and other payables	750,294,286	(188,261,931)
Contract liabilities	86,247,464	(8,358,696)
	(899,581,692)	(728,402,452)
Cash generated from operations	2,027,292,618	1,596,671,224
Contribution to gratuity fund	(11,126,221)	(2,976,017)
Mark-up paid	(769,795,960)	(437,780,695)
Tax paid	(282,481,183)	(213,026,248)
Long term deposits	(6,363,154)	(5,435,147)
Workers' profit participation fund paid	(70,775,759)	(57,597,509)
Workers' welfare fund paid	(22,579,427)	(18,751,128)
	(1,163,121,704)	(735,566,744)
Net cash generated from operating activities	864,170,914	861,104,480
Balance carried forward	864,170,914	861,104,480

	2020 (Rupees)	2019 (Rupees)
Balance brought forward	864,170,914	861,104,480
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(38,848,398)	(172,896,993)
Additions in capital work in progress - net	(990,889,573)	(725,957,715)
Sale proceeds from disposal of property, plant and equipment	6,279,500	19,536,306
Short term investment	54,900,000	(54,900,000)
Interest received	2,980,274	5,186,774
Net cash used in investing activities	(965,578,197)	(929,031,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	621,906,270	371,527,875
Long term loan repaid	(224,466,182)	(186,509,620)
Dividend paid	(325,834,855)	(385,449,122)
Lease rentals repaid	(49,607,031)	(65,348,121)
Repayment of liabilities against diminishing musharaka finance	(2,272,948)	(1,929,176)
Short term borrowings	78,839,999	348,241,595
Net cash generated from financing activities	98,565,253	80,533,431
Net (decrease) / increase in cash and cash equivalents	(2,842,030)	12,606,283
Cash and cash equivalents at the beginning of the year	127,732,875	115,126,592
Cash and cash equivalents at the end of the year	124,890,845	127,732,875

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

1 THE GROUP AND ITS OPERATIONS

1.1 Nimir Industrial Chemicals Limited ("NICL") is part of Nimir Group ("The Group") which consist of:

Parent (Holding) Company

Nimir Industrial Chemicals Limited ("NICL")

Subsidiary Companies

Nimir Holding (Private) Limited ("NHPL")
Nimir Management (Private) Limited ("NMPL")
Nimir Resins Limited ("NRL")

The shareholding of Nimir Group as at reporting date is as follows:

• The holding of NICL in NMPL:	51%
• The holding of NMPL in NRL:	51%
• The holding of NICL in NRL:	11.63%
• Effective holding of NICL in NRL:	37.64%

Nimir Industrial Chemicals Limited ('the Holding Company') was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Holding Company is engaged in manufacturing and sales of chemical products. Following are the business units of the Holding Company along with their respective locations:

Business Unit	Address
Registered office and plant	14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan.
Head Office	Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

Nimir Holding (Private) Limited (NHPL) and Nimir Management (Private) Limited (NMPL) were incorporated in Pakistan as private limited companies on 28 September 2015 and 4 December 2015 respectively for the purpose of investment in Nimir Resins Limited. The registered office of NHPL and NMPL is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan. During the year, NHPL had initiated voluntary-winding up; resultantly, the net assets of NHPL (primarily the investment in NMPL and NRL) were transferred to the Holding Company.

Nimir Resins Limited was initially incorporated in Pakistan on 17 December 1964 as a private limited company under the Companies Act, 1913 (now the Companies Act, 2017) and was converted into public limited company on 19 August 1991 with the name of Nimir Resins Limited. The name of the company was changed to Descon Chemicals Limited on 1 April 2010 when the company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Upon acquisition by Nimir Group as explained in note 1.2, the name of the company changed to Nimir Resins Limited as per the approval of Securities and Exchange Commission of Pakistan dated 18 April 2016. The shares of Nimir Resins Limited are quoted on Pakistan Stock Exchange Limited. The principal activity of the company is to manufacture surface coating resins for paint industry, polyesters, and optical brightener for paper and textile industries and textile auxiliaries for textile industry. Following are the business units of the company along with their respective locations:

Business Unit	Address
Registered office and plant 1	14.5 Km, Lahore-Sheikhupura Road, Lahore, Pakistan
Plant 2	14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan.

1.2 As a result of adoption of International Financial Reporting Standard (IFRS) – 10 'Consolidated Financial Statements', the Holding Company assessed the control conclusion of its investment in Nimir Resins Limited (NRL) that although the Holding Company has less than 50% shareholding in NRL, however, based on absolute size of the Holding Company's shareholding, common directorship and management, the Holding Company has the ability to exercise control over NRL as per the terms of IFRS-10. Henceforth, Nimir Industrial Chemicals Limited (NICL) is deemed to be holding company of NRL.

2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017; and

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

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

2.1 New standards, interpretations and amendments applicable to the consolidated financial statements for the year ended 30 June 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2019, as listed below. The Group has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 14 - Regulatory Deferral Accounts
IFRS 16 - Leases
IFRIC 23 - Uncertainty over Income Tax Treatments
IFRS 9 - Prepayment Features with Negative Compensation — (Amendments)
IAS 28 - Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19 - Plan Amendment, Curtailment or Settlement — (Amendments)
IFRS 3 - Business Combinations - Previously held Interests in a joint operation — (AIP)
IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation — (AIP)
IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity — (AIP)
IAS 23 - Borrowing costs eligible for capitalization (AIP)

The nature and effect of the changes as a result of adoption of IFRS 16 are described below. The adoption of other standards, interpretations and amendments applied for the first time in the period did not have any material impact on the consolidated financial statements of the Group.

2.1.1 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the consolidated statement of financial position.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019.

The effect of adoption of IFRS 16 (increase / (decrease)) is as follows:

Consolidated Statement of Financial Position	30 June 2020	1 July 2019	30 June 2019
	(Rupees)	(Rupees)	(Rupees)
Leases previously accounted for as operating leases			
Assets			
Property, plant and equipment - right-of-use assets	59,612,630	67,687,918	-
Deferred tax asset	2,066,423	-	-
Liabilities			
Lease liabilities	(66,738,226)	(67,687,918)	-
Leases previously classified as finance leases			
Assets			
Property, plant and equipment - right-of-use assets	80,218,667	86,770,094	-
Property, plant and equipment - leased assets	-	-	86,770,094
Liabilities			
Lease liabilities	(73,385,912)	(82,305,894)	-
Liabilities against assets subject to finance lease	-	-	(82,305,894)

The effect of adoption of IFRS 16 during the year ended 30 June 2020 is as follows:

Consolidated Statement of Profit or Loss	(Rupees)
Lease rental expense not booked	(16,617,440)
Depreciation - right-of-use assets	14,661,741
Mark-up on lease liabilities	9,081,295
Impact on profit before taxation	7,125,596
Taxation	(2,066,423)
Impact on profit after taxation (decrease)	5,059,173
Impact on earnings per share - basic and diluted - (decrease)	0.05

The Group has lease contracts for various items of plant and machinery, vehicles and building. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows

	Amount (Rupees)
Operating lease commitments as at 30 June 2019	94,474,881
Weighted average incremental borrowing rate as at 1 July 2019	14.97%
Lease liability as at 1 July 2019	67,687,918

Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3-	- Definition of a Business — (Amendments)	1 January 2020
IAS 1 and IAS 8	- Definition of material — (Amendments)	1 January 2020
IFRS 9, IAS 39 and IFRS 7	- Interest Rate Benchmark Reform — (Amendments)	1 January 2020

The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020.

The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standard	1 July 2009
IFRS 17	Insurance Contracts	1 January 2023

The Group expects that above standards will not have any material impact on the Group's consolidated financial statements.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 5.1 and 5.13

These financial statements are the consolidated financial statements of the Group in which investment in subsidiaries is accounted for on the basis of acquisition method. Standalone financial statements of the Holding Company and its subsidiaries are prepared separately.

3.2 Basis of consolidation

The consolidated financial statements include the financial statement of the Holding Company and its subsidiary companies. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities assumed and the equity interest issued by the Group, if any. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The financial statement of the Holding Company and its subsidiaries are prepared up to the same reporting date using consistent accounting policy except as stated otherwise. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in consolidated statement of profit or loss. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

The financial statements of subsidiaries have been consolidated on line by line basis. Intra Group balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date the Group acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra group transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

3.3 Non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain and losses for the Group that are recorded in the consolidated statement of profit or loss.

3.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee, which is the Group's functional currency.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Impairment of financial assets

The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.2 Provision for taxation and deferred tax

In making the estimates for income tax payable, the Holding Company and its subsidiary companies takes into account the applicable laws and the decisions by appellate authorities on certain issues in the past. Since, the Group has not opted for Group taxation, therefore, provision for taxation is determined on separate financial statements of the Holding Company and its subsidiary companies.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated otherwise.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any except land which is stated at cost. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition.

Depreciation is calculated using the straight line method at rates disclosed in note 18.1 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of operating fixed asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Group.

Capital Work In Progress

These are stated at cost less impairment loss, if any, including capitalization of borrowing costs. It consists of expenditures incurred in respect of fixed assets in the course of their construction and installation.

Leased Asset

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

b) Lease liabilities - rented premises

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5.2 Intangibles

Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangibles are measured to be finite. Intangibles with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and amortization method for an intangibles with a finite life is reviewed at each financial period end. The amortization expense is recognized in consolidated statement of profit or loss in the expense category consistent with the function of the intangibles.

Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is fully amortized.

5.3 Stock in trade, stores, spare parts and loose tools

Stock in trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Raw and packing material	-	weighted average cost
Material in transit	-	cost
Work in process	-	cost
Finished goods	-	weighted average cost
Stores, spare parts and loose tools	-	weighted average cost

Obsolete items are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates of usage in normal business operations. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

5.4 Trade debts

Trade debts represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.6.1.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost.

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

5.6 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.6.1 Financial assets

Financial assets - initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include long-term deposits, trade debts, loans and advances, interest accrued, other receivables and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group does not have financial assets at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized costs includes long term deposits, trade debts, advance to employees against salary, interest accrued and other receivables.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets - Impairment

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the consolidated statement of profit or loss.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the consolidated statement of profit or loss.

5.6.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, diminishing musharaka finance, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

The Group's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, diminishing musharaka finance, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

5.7 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the consolidated statement of financial position if the Group has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

5.8 Trade and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Group.

5.9 Provisions

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

5.10 Taxation

Current

The charge for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. 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.

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

5.11 Contract liabilities

A contract liability is the obligation 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.

5.12 Revenue recognition

The Group is in the business of providing goods (i.e. oleo chemicals, chlor alkali, coating, emulsion and resins) and services (i.e. toll manufacturing). Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specific revenue recognition details are as follows:

Sale of goods

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied, which refers to the storage of processed finished soap noodles and resins in Group's warehouse and its intimation to the respective customer, the delivery or the dispatch of such goods to respective customer, as agreed in the contract. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

Service income from toll manufacturing

Sale of goods and toll manufacturing services are distinct performance obligations as the promise to transfer the goods and to provide services are distinct within the context of the contract. The goods and services are not inputs to a combined item in the contract. In addition, the goods and services are not highly interdependent or highly interrelated, because the performance obligation for goods is satisfied upon storage of processed goods into separate warehouse and its intimation to the customer or delivery to the customer if toll manufacturing services are not opted by the customer, while performance obligation for toll manufacturing services is satisfied upon completion of goods into packaged soap and dispatch of such goods to customers. The Group determines the transaction price of the sale of goods and the toll manufacturing services based on relative stand-alone selling prices.

Service income from toll manufacturing is recognized upon the completion of processing of soap noodles into packaged soaps and dispatch of such packaged soaps to respective customer. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

Cost to obtain contract

The Group pays sales commission to its distributors and dealers for each contract that they obtain for sale of goods. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately charge sales commissions (included in note 29) because the amortization period of the asset that the Group otherwise would have used is one year or less.

Profit on bank deposit

Profit earned on saving and deposit accounts is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

5.13 Staff retirement benefits

Defined benefit plan

The Group formed an approved funded defined benefit gratuity plan for all of its permanent employees (apart from Directors). Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service.

Experience adjustments are recognized in other comprehensive income when they occur. Amounts recorded in the consolidated statement of profit or loss are limited to current and past service cost, gains or losses on settlements, and net interest income / expense. All other changes in net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to the consolidated statement of profit or loss.

The distinction between short term and other long term employee benefits is based on the expected timing of settlement rather than the employees' entitlement to benefits.

5.14 Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date.

Profits or losses arising on translation are recognized in the consolidated statement of profit or loss.

5.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are 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. Such borrowing costs are capitalized as part of the cost of the qualifying asset.

5.16 Pricing for related party transactions

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method.

Parties are said to be related if they are able to influence the operating and financial decisions of the Group and vice versa.

5.17 Operating segments

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

- Oleo chemicals and chlor alkali

- Coating emulsion and resins

Segment reporting is based on the operating (business) segments of the Group. 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. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

6 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST

6.1 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests (NCI):

Name of subsidiary	Group effective shareholding %	NCI shareholding %	Country of incorporation	Financial year end
Nimir Management (Private) Limited (NMPL)	51.00	49.00	Pakistan	30 June
Nimir Resins Limited (NRL)	37.64	62.36	Pakistan	30 June

	2020 (Rupees)	2019 (Rupees)
Accumulated balances of material non-controlling interest:		
Nimir Management (Private) Limited (NMPL)	101,910,940	102,094,511
Nimir Resins Limited (NRL)	589,750,074	510,458,404
Profit / (loss) allocated to material non-controlling interest:		
Nimir Management (Private) Limited (NMPL)	(183,571)	(219,219)
Nimir Resins Limited (NRL)	79,291,670	96,609,879

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss:

	2020		2019	
	NMPL	NRL	NMPL	NRL
	(Rupees)			
Revenue from contracts with customers - net	-	4,499,104,712	-	4,883,237,414
Cost of sales	-	(3,993,379,722)	-	(4,393,333,131)
Distribution costs	-	(56,994,912)	-	(64,383,203)
Administrative expenses	(374,635)	(54,704,812)	(447,385)	(46,675,297)
Other expenses	-	(24,297,892)	-	(28,842,702)
Other income	-	14,203,919	-	12,656,227
Foreign exchange loss	-	(11,763,298)	-	(31,566,903)
Finance cost	-	(185,128,264)	-	(167,591,727)
(Loss) / profit before taxation	(374,635)	187,039,731	(447,385)	163,500,678
Taxation	-	(59,824,730)	-	(9,483,260)
(Loss) / profit after taxation	(374,635)	127,215,001	(447,385)	154,017,418
Total comprehensive (loss) / income	(374,635)	127,151,491	(447,385)	154,922,833
Attributable to non-controlling interests	(183,571)	79,291,670	(219,219)	96,609,879

7 WINDING UP OF SUBSIDIARY

During the year, Nimir Holding (Private) Limited (NHPL) had initiated and completed process of voluntary-winding up after which the net assets of the NHPL were transferred to the Holding Company which hold 100% shares of the NHPL. NHPL is not considered material part of the Group nor it was a subsidiary acquired exclusively with a view to resale, therefore, it has not been considered discontinued operations in accordance with 'IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations' and accordingly its results are not presented as separate line item in consolidated statement of profit or loss and consolidated statement of comprehensive income. The results of NHPL for the year are presented below:

	2020* (Rupees)	2019 (Rupees)
Administrative expenses	(367,525)	(1,200,520)
Other income	2,583,927	5,318,792
Profit before taxation	2,216,402	4,118,272
Taxation	(642,757)	(1,311,381)
Profit after taxation	1,573,645	2,806,891
The net cash flows generated/(incurred) by Nimir Holding (Private) Limited are as follows:		
Operating activities	(2,802,333)	(1,047,471)
Investing activities	205,364,743	5,186,774
Financing activities	(274,939,388)	-
Net cash (outflow) / inflow	(72,376,978)	4,139,303

*Represents activity prior to the transfer of net assets on 16 December 2019.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 No. of shares	2019 No. of shares		2020 (Rupees)	2019 (Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash	1,105,905,460	1,105,905,460

9 LONG TERM LOANS

	Note	2020 (Rupees)	2019 (Rupees)
Term finance - Secured I		-	40,104,175
Term finance - Secured II		-	18,750,000
Term finance - Secured III	9.1	93,141,860	149,026,137
Term finance - Secured IV	9.2	75,000,000	105,000,000
Term finance - Secured V	9.3	206,250,015	281,250,003
Term finance - Secured VI	9.4	176,470,588	180,516,130
Term finance - Secured VII	9.5	2,103,450	2,785,650
Term finance - Secured VIII	9.6	252,665,186	-
Term finance - Secured IX	9.7	250,000,000	-
Term finance - Secured X	9.8	92,998,975	-
Term finance - Secured XI	9.9	26,242,109	-
Loan from directors / sponsors	9.10	107,000,000	107,000,000
		1,281,872,183	884,432,095
Markup accrued		25,964,861	16,566,351
		1,307,837,044	900,998,446
Less: Current maturity shown under current liabilities		(264,650,386)	(242,985,167)
Less: Mark up accrued shown under current liabilities		(25,964,861)	(16,566,351)
		1,017,221,797	641,446,928

9.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from February 2018. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

9.2 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 equal monthly instalments starting from June 2018. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

9.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from March 2019. This facility is secured against first pari passu charge over present and future fixed assets of the Holding Company.

9.4 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 16 equal quarterly instalments starting from March 2020. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

9.5 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 150 bps per annum repayable in 60 equal monthly instalments starting from August 2018. This facility is secured against first pari passu charge over a vehicle of the subsidiary company for which loan facility is obtained.

9.6 This represents long term finance facility from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 16 equal quarterly instalments starting from March 2021. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

9.7 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from April 2021. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

9.8 This represents long term finance facility from a financial institution for disbursement of salaries under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carries mark-up at SBP rate plus 1% per annum and repayable in 8 equal quarterly instalments starting from January 2021. This facility is secured against first joint pari passu charge over fixed assets of the Holding Company. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' is considered immaterial.

9.9 This represents long term finance facility from a financial institution for disbursement of salaries under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carries mark-up at SBP rate plus 1% per annum and repayable in 8 equal quarterly instalments starting from January 2021. This facility is secured against exclusive charge over fixed assets of the subsidiary company. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' is considered immaterial.

9.10 This represents loan obtained from ex-director / sponsors of Nimir Resins Limited. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

10 LEASE LIABILITIES

The effective interest rates used as the discounting factor range from 8.49% to 16.42%. Related leased assets, expenses and movement in lease liabilities are disclosed in note 18.1, note 36 and note 39.2 respectively. The amount of future payments and the period during which they will become due are:

	2020	2019
Year ending 30 June	**(Rupees)**	**(Rupees)**
2020	-	26,879,965
2021	55,207,380	28,968,242
2022	41,922,648	15,664,847
2023	37,165,238	9,623,139
2024	31,478,590	8,314,167
2025	4,116,276	-
	169,890,132	89,450,360
Less:Future finance charges	(29,765,994)	(7,144,466)
	140,124,138	82,305,894
Less:Current maturity shown under current liabilities	(39,291,814)	(22,969,840)
	100,832,324	59,336,054

10.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:

	2020		2019	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	55,207,380	39,291,814	26,879,965	22,969,840
Due later than 1 year but not later than 5 years	114,682,752	100,832,324	62,570,395	59,336,054
	169,890,132	140,124,138	89,450,360	82,305,894

11 DIMINISHING MUSHARAKA FINANCE

	2020 (Rupees)	2019 (Rupees)
Diminishing musharaka finance	3,400,529	4,828,077
Less: Current maturity shown under current liabilities	(1,747,115)	(1,575,105)
	1,653,414	3,252,972

11.1 The subsidiary acquired vehicles under the diminishing musharaka financing arrangements entered into with First Punjab Modaraba, for a period of 60 months. The financing is secured against specific charge on this asset to the extent of diminishing musharaka opening value. The effective rate is three months KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2019: 8.55% - 8.66%).

12 DEFERRED TAX LIABILITY

	Note	2020 (Rupees)	2019 (Rupees)
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		454,829,681	409,733,392
Deferred tax assets on deductible temporary differences			
Allowance for expected credit losses		(41,070,238)	(42,111,946)
Provision against stock		(4,576,852)	(7,883,728)
Deferred and unpaid liabilities		(13,223,587)	(9,085,613)
Capital work in progress - impairment		(18,375,856)	(18,375,856)
Amortization on intangibles		(219,393)	(158,255)
Tax losses and minimum tax credit carried forward		(18,389,546)	(12,265,474)
Others		(914,947)	(2,352,569)
		358,059,262	317,499,951
Reconciliation of deferred tax liabilities, net			
As of 1 July		317,499,951	225,854,126
Tax expense recognized in consolidated statement of profit or loss		43,144,641	92,463,085
Tax income recognized in consolidated OCI		(2,585,330)	(817,260)
As at 30 June		358,059,262	317,499,951

13 TRADE AND OTHER PAYABLES

	Note	2020 (Rupees)	2019 (Rupees)
Creditors		1,354,839,081	585,505,628
Accrued liabilities		448,245,916	404,218,943
Security deposits	13.1	400,000	400,000
Workers' profit participation fund	13.2	82,431,997	70,775,552
Workers' welfare fund	13.3	30,168,561	22,688,399
Withholding tax payable		6,610,214	540,061
Sales tax payable		-	67,709,125
Others		22,764,147	16,405,759
		1,945,459,916	1,168,243,467

13.1 These represent security deposits from distributors which, by virtue of agreement, are interest free, repayable on demand and are used in the normal course of business.

		Note	2020 (Rupees)	2019 (Rupees)
13.2	Balance as at 01 July		70,775,552	57,597,302
	Add: Provision for the year	33	82,432,204	70,775,759
	Less: Payments made during the year		(70,775,759)	(57,597,509)
	Balance as at 30 June		82,431,997	70,775,552
13.3	Balance as at 01 July		22,688,399	18,905,534
	Add: Provision for the year	33	30,059,589	22,585,544
	Less: Payments made during the year		(22,579,427)	(18,751,128)
	Less: Reversal during the year		-	(51,551)
	Balance as at 30 June		30,168,561	22,688,399

14 CONTRACT LIABILITIES

14.1 This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2019: Nil).

14.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 42,386,776 (2019: Rs. 44,106,372)

14.3 The outstanding balance increased as at reporting date due to the continuous increase in the Group's customer base and receipts close to year end.

15 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2020 (Rupees)	2019 (Rupees)
Present value of defined benefits obligation	15.5	144,182,807	114,216,022
Less: Fair value of plan assets	15.6	(30,540,908)	(27,976,130)
		113,641,899	86,239,892
15.1 Net defined benefit liability of the Group compose of the following:			
Staff retirement benefit plan - Holding company			
Present value of defined benefits obligation		117,676,686	93,436,201
Less: Fair value of plan assets		(20,430,628)	(18,148,764)
		97,246,058	75,287,437
Staff retirement benefit plan - Subsidiary			
Present value of defined benefits obligation		26,506,113	20,779,813
Less: Fair value of plan assets		(10,110,272)	(9,827,358)
		16,395,841	10,952,455
15.2 The amounts recognized in the consolidated statement of profit or loss are as follows:			
Current service cost		18,923,621	17,199,720
Interest cost on defined benefit obligation - net		10,689,673	4,870,096
Expense recognized in the consolidated statement of profit or loss		29,613,294	22,069,816
15.3 The charge for the year has been allocated as follows:			
Cost of sales	30.2	17,776,403	14,133,622
Distribution costs	31.1	4,946,108	3,046,879
Administrative expenses	32.1	6,890,783	4,889,315
		29,613,294	22,069,816

	2020	2019
	(Rupees)	(Rupees)

15.4 Movements in the net liability recognized as follows:

	2020 (Rupees)	2019 (Rupees)
Net liabilities at the beginning of the year	86,239,892	64,327,955
Current service cost	18,923,621	17,199,720
Interest cost on defined benefit obligation - net	10,689,673	4,870,096
Contribution by employer	(11,126,221)	(2,976,017)
Remeasurements charged to other comprehensive income	8,914,934	2,818,138
Net liabilities at the end of the year	113,641,899	86,239,892

15.5 Movements in the present value of defined benefit obligation:

	2020 (Rupees)	2019 (Rupees)
Present value of defined benefits obligation at the beginning of the year	114,216,022	92,230,517
Current service cost	18,923,621	17,199,720
Interest cost on defined benefit obligation	14,439,256	7,048,354
Benefits paid	(10,480,991)	(2,568,017)
Remeasurement:		
Experience adjustments	7,084,899	305,448
Present value of defined benefit obligation at the end of year	144,182,807	114,216,022

15.6 Movement in the fair value of plan assets

	2020 (Rupees)	2019 (Rupees)
Fair value of plan assets at the beginning of the year	27,976,130	27,902,562
Contribution by employer	11,126,221	2,976,017
Interest Income	3,749,583	2,178,258
Benefits paid	(10,480,991)	(2,568,017)
Return on plan assets excluding interest income	(1,830,035)	(2,512,690)
Fair value of plan assets at the end of year	30,540,908	27,976,130

Components of plan assets

	2020 (Rupees)	2019 (Rupees)
Investment in treasury bills	7,148,434	3,314,824
Investment in listed shares	1,871,160	6,223,088
Mutual funds	19,686,010	18,148,764
Cash at bank	1,835,304	289,454
	30,540,908	27,976,130

15.7 Estimated expense to be charged to the consolidated statement of profit or loss in next year

	2021 (Rupees)
Current service cost	19,931,816
Interest cost on defined benefit obligation - net	9,458,132
Expense recognized in the consolidated statement of profit or loss	29,389,948
Estimated contribution to the fund in next year	20,000,000

15.8 Qualified actuaries have carried out the valuation as at 30 June 2020. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2020 (Rupees)	2019 (Rupees)
Discount rate for obligation	9.00%	13.25%
Expected rates of salary increase in future years	8.00%	11.75%
Retirement assumption	Age 60	Age 60

15.9 A quantitative sensitivity analysis for significant assumptions on defined benefit obligation is shown as below:

Sensitivity level	Assumption	Impact on defined benefit obligation
+100 bps	Discount rate	131,983,805
- 100 bps	Discount rate	158,298,550
+100 bps	Expected increase in salary	158,298,550
- 100 bps	Expected increase in salary	131,771,895

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years for the Holding Company and 9.6 years for subsidiary.

16 SHORT TERM BORROWINGS - SECURED

	2020 (Rupees)	2019 (Rupees)
Running finance	702,181,395	704,012,687
Finance Against Trust Receipts	3,185,921,777	3,630,697,511
FE-25	564,118,994	-
	4,452,222,166	4,334,710,198

The above balance represents utilized portion of funded facilities. The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at period end is Rs.10,539 million (2019: Rs. 9,564 million) which includes running finance facilities amounting Rs. 1,925 million (2019: Rs. 1,800 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 125 bps with no floor and no cap (2019: 1 month KIBOR to 6 months KIBOR + 0 to 125 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Group.

17 CONTINGENCIES AND COMMITMENTS

17.1 CONTINGENCIES

Pending the outcome of below cases, no provision has been made in the consolidated financial statements, since the management of the Group based on its consultants' opinion, is confident that the outcome of the appeals will be in favor of the Group. The aggregate exposure of the following tax and civil cases amounts to Rs. 268.93 million and Rs. 19.23 million respectively.

Holding Company

17.1.1 The income tax authority amended the Company's assessment relating to tax year 2009 under section 122 (5A) of the Ordinance, disallowing certain expenses thereby reducing declared loss from Rs. 167 million to Rs. 65 million (consequent tax exposure Rs. 35.7 million). The Company filed an appeal before the Commissioner Inland Revenue (Appeals), who upheld the order on major additions vide Order dated 23 April 2018. The Company has filed second appeal before the ATIR dated 21 May 2018, which is pending adjudication.

17.1.2 The income tax authority raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the Tax Year 2011 which was challenged at Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of the Company vide Order dated 2 December 2013. The Income Tax Department has filed an appeal in February 2014 before the Honorable Lahore High Court against the ATIR's decision which is pending adjudication.

17.1.3 The income tax authority amended the Company's assessment relating to Tax Year 2016 under section 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) raised a demand of Rs. 8 million vide Order dated 15 May 2017. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who upheld the said order. The Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) who decided the case in favor of the Company vide Order dated 22 January 2018. The tax authority has filed a reference dated 11 June 2018 before the Lahore High Court against the decision of the ATIR which is pending adjudication.

Subsidiary Company

17.1.4 The Company has filed a suit in Civil Court, Lahore against M/s Chitral Ghee and Oil Mills Company for the recovery of balance of advance given to said vendor party, calculated at Rs. 22.17 million. In another suit before the Civil Court, Lahore the same party has demanded an amount of Rs. 5.860 million allegedly receivable from the Company on account of supplies of various products made to the Company. Both the matters are pending adjudication.

17.1.5 In respect of tax year 2011, the Company was confronted for audit through random computer balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) made additions of Rs. 61.702 million vide order dated October 30, 2017, whereas the Company had declared a tax loss of Rs. 147.994 million in its tax return. Against this order, the Company has initiated preferred appeal on January 11, 2018 with CIR (appeals). After hearing the arguments, CIR (appeals) reduced the additions of ACIR to Rs. 54.934 million (consequent tax exposure Rs.19.23 million) vide order No. 14 dated June 15, 2020. Being aggrieved by the decision of CIR (appeals), the Company preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) and such appeal is pending adjudication.

17.2 COMMITMENTS

Commitments in respect of letters of credit, letters of guarantee, capital expenditures and diminishing musharaka as at 30 June are as follows:

	Note	2020 (Rupees)	2019 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery		1,774 million	866 million
Letter of guarantee given to SNGPL		99 million	99 million
Letter of guarantee given to PSO		53 million	30 million
Letter of guarantee given to Total PARCO		12 million	10 million

18 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
Operating fixed assets	18.1	4,142,687,009	3,563,282,411
Capital work in progress	18.7	172,228,245	44,220,278
		4,314,915,254	3,607,502,689

18.1 Operating fixed assets

2020

Particulars	COST: As at July 1, 2019	Additions / (Disposals)	Transfer / Adjustment	Written off	As at June 30, 2020	Rate %	DEPRECIATION: Accumulated as at July 1, 2019	Charge for the year	(Disposals)	Transfer / Adjustment	Written off	Accumulated as at June 30, 2020	Net Book value As at June 30, 2020
Owned			(Rupees)						(Rupees)				(Rupees)
Free hold land	414,180,504	11,299,156	-	-	425,479,660	-	-	-	-	-	-	-	425,479,660
Building on free hold land	653,963,149	110,806,272 (130,006)	-	-	764,639,415	4-5	208,944,394	54,881,339	(130,005)	-	-	263,695,728	500,943,687
Plant and machinery	4,276,151,325	750,710,141 (15,103,093)	-	-	5,011,758,373	4-50	1,785,975,873	274,700,778	(15,103,066)	-	-	2,045,573,585	2,966,184,788
Furniture and fittings	6,496,238	680,808	-	-	7,177,046	10-33	4,151,218	729,091	-	-	-	4,880,309	2,296,737
Office and factory equipment	193,559,651	27,310,767 (1,660,659)	-	-	219,209,759	10-50	104,144,777	32,786,352	(1,635,214)	-	-	135,295,915	83,913,844
Vehicles	80,417,089	582,000 (7,872,203)	1,069,000	-	74,195,886	20-25	45,039,377	11,632,377	(7,011,736)	498,872	-	50,158,890	24,036,996
	5,624,767,956	901,389,144 (24,765,961)	1,069,000	-	6,502,460,139		2,148,255,639	374,729,937	(23,880,021)	498,872	-	2,499,604,427	4,002,855,712
RIGHT OF USE													
Vehicles	79,305,891	15,777,860	(1,069,000)	-	94,014,751	20	27,502,216	17,221,465	-	(498,872)	-	44,224,809	49,789,942
Plant and machinery	50,427,717	-	-	-	50,427,717	4-50	15,461,298	4,537,694	-	-	-	19,998,992	30,428,725
Building - lease-hold*	67,687,918	6,586,453	-	-	74,274,371	20	-	14,661,741	-	-	-	14,661,741	59,612,630
	197,421,526	22,364,313	(1,069,000)	-	218,716,839		42,963,514	36,420,900	-	(498,872)	-	78,885,542	139,831,297
2020	5,822,189,482	923,753,457 (24,765,961)	-	-	6,721,176,978		2,191,219,153	411,150,837	(23,880,021)	-	-	2,563,828,228	4,142,687,009

2019

Particulars	COST: As at July 1, 2018	Additions / (Disposals)	Transfer / Adjustment	Written off	As at June 30, 2019	Rate %	DEPRECIATION: Accumulated as at July 1, 2018	Charge for the year	(Disposals)	Transfer / Adjustment	Written off	Accumulated as at June 30, 2019	Net Book value As at June 30, 2019
Owned			(Rupees)						(Rupees)				(Rupees)
Free hold land	235,303,537	178,876,967	-	-	414,180,504	-	-	-	-	-	-	-	414,180,504
Building on free hold land	466,209,507	190,646,454 (125,462)	(2,113,166)	(654,184)	653,963,149	4-5	174,980,192	36,123,784	(115,798)	(1,397,174)	(646,610)	208,944,394	445,018,755
Plant and machinery	3,646,806,029	703,770,323 (18,321,004)	80,787,706	(136,891,729)	4,276,151,325	4-50	1,672,110,305	233,219,178	(6,014,607)	21,861,231	(135,200,234)	1,785,975,873	2,490,175,452
Furniture and fittings	6,432,716	1,179,387 (1,115,865)	-	-	6,496,238	10-33	4,608,680	635,172	(1,092,634)	-	-	4,151,218	2,345,020
Office and factory equipment	160,494,115	62,367,930 (12,659,875)	15,875,766	(32,518,285)	193,559,651	10-50	120,118,820	27,002,208	(12,479,699)	1,973,750	(32,470,302)	104,144,777	89,414,874
Vehicles	67,065,437	16,940,218 (6,247,691)	4,359,500	(1,700,375)	80,417,089	20-25	40,146,852	9,584,866	(6,160,040)	3,168,071	(1,700,372)	45,039,377	35,377,712
	4,582,311,341	1,153,781,279 (38,469,897)	98,909,806	(171,764,573)	5,624,767,956		2,011,964,849	306,565,208	(25,862,778)	25,605,878	(170,017,518)	2,148,255,639	3,476,512,317
LEASED: Vehicles	51,773,100	34,274,291 (2,382,000)	(4,359,500)	-	79,305,891	20	18,404,436	13,055,050	(789,199)	(3,168,071)	-	27,502,216	51,803,675
Plant and machinery	144,978,023	-	(94,550,306)	-	50,427,717	4-50	29,401,823	8,497,282	-	(22,437,807)	-	15,461,298	34,966,419
	196,751,123	34,274,291 (2,382,000)	(98,909,806)	-	129,733,608		47,806,259	21,552,332	(789,199)	(25,605,878)	-	42,963,514	86,770,094
2019	4,779,062,464	1,188,055,570 (40,851,897)	-	(171,764,573)	5,754,501,564		2,059,771,108	328,117,540	(26,651,977)	-	(170,017,518)	2,191,219,153	3,563,282,411

18.1.1 Owned vehicles include vehicles amounting to Rs. 9.095 million (2019: Rs. 9.095 million) which have been obtained through Diminishing Musharaka Financing.

18.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchasers	Relationship with Group
			(Rupees)					
Vehicle - FAW LE-17A-8409	1,097,053	528,846	568,207	1,015,000	446,793	Tender	Syed Shuja Abbas	Un-related
Toyota Corolla GLi - LEB-9405	1,890,351	1,578,095	312,256	1,550,000	1,237,744	Tender	Abdul Aziz Khan	Un-related
Plant and machinery, office equipment and vehicles**	21,778,557	21,773,080	5,477	3,714,500	3,709,023	Negotiation	Various	Un-related
2020	24,765,961	23,880,021	885,940	6,279,500	5,393,560			
2019	40,851,897	26,651,977	14,199,920	19,536,306	5,336,386			

* This represents recognition of right-of-use asset as a result of adoption of 'IFRS 16 - Leases' as explained in note 2.1.1

** In view of large number of items having individual book value below Rs. 500,000, the management considers it impracticable to disclose particulars of all assets disposed during the year.

18.3 There are fully depreciated assets, having cost of Rs. 277.90 million (2019: Rs. 165.42 million) that are still in use as at the reporting date.

18.4 Particulars of immovable property (i.e. land and building) in the name of the Group are as follows:

Location and usage of immovable property	Total Area (Square feet)
Oleo chemicals and chlor alkali plant and warehouse 14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura.	2,988,978
Coating, emulsion and resins plant and warehouse 14.5 Km, Lahore Sheikhupura Road, Lahore	476,111
Warehouse 14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura.	375,435
Parking space Plot No. 122-A, Muslim Town, Lahore	11,700

18.5 No assets were sold to the Chief Executive, Directors, Executives or shareholders holding more than 10% of total paid-up capital.

18.6 Depreciation for the year has been allocated as under:	Note	2020 (Rupees)	2019 (Rupees)
Cost of sales	30	387,268,083	306,556,725
Distribution costs	31	6,477,085	5,013,489
Administrative expenses	32	17,405,669	16,547,326
		411,150,837	328,117,540

18.7 Capital work in progress	Note	2020 Building on free-hold land (Rupees)	2020 Plant and machinery (Rupees)	2020 Total (Rupees)	2019 Total (Rupees)
Opening balance		-	107,585,298	107,585,298	364,521,160
Additions during the year		108,545,202	882,344,371	990,889,573	725,957,715
		108,545,202	989,929,669	1,098,474,871	1,090,478,875
Transferred to fixed assets		(108,545,202)	(754,336,404)	(862,881,606)	(982,893,577)
		-	235,593,265	235,593,265	107,585,298
Less: Accumulated impairment	18.7.2	-	(63,365,020)	(63,365,020)	(63,365,020)
		-	172,228,245	172,228,245	44,220,278

18.7.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 10,353,130 (2019: Rs. 11,457,374). The expansion has been financed by a term finance facility from a financial institution.

18.7.2 This represents impairment charged against two steam turbines in prior years.

19 INTANGIBLES

	Note	2020 (Rupees)	2019 (Rupees)
Software and licenses			
Cost:			
As at 1 July		5,862,934	5,862,934
Additions during the year		-	-
As at 30 June		5,862,934	5,862,934
Accumulated amortization:			
As at 1 July		(4,916,437)	(3,905,449)
Amortization during the year	32	(614,761)	(1,010,988)
As at 30 June		(5,531,198)	(4,916,437)
Net book value		331,736	946,497
Rate of amortization		20% - 33.33%	20% - 33.33%

20 LONG TERM DEPOSITS

	Note	2020 (Rupees)	2019 (Rupees)
Security deposits			
Financial institutions (including banks)		18,297,630	15,978,930
Others	20.1	30,525,989	26,481,535
		48,823,619	42,460,465

20.1 This includes deposit amounting to Rs. 12.24 million (2019: Rs. 12.24 million) given to electricity supply company for dedicated line.

21 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2020 (Rupees)	2019 (Rupees)
Stores, spare parts and loose tools			
In hand		282,424,265	216,556,276
In transit		16,833,820	3,046,051
Less: Provision for slow moving items	21.1	(3,154,991)	-
		296,103,094	219,602,327

21.1 Movement in provision for slow moving items is as follows:

	Note	2020	2019
Opening balance		-	-
Charge for the year	33	3,154,991	-
Closing balance		3,154,991	-

22 STOCK IN TRADE

	Note	2020	2019
Raw and packing material			
In hand		1,206,502,682	781,375,851
In transit		2,841,292,330	1,813,519,730
		4,047,795,012	2,594,895,581
Finished goods		837,273,161	752,569,584
Less: Provision for obsolescence	22.1	(15,782,248)	(27,185,268)
		821,490,913	725,384,316
		4,869,285,925	3,320,279,897

22.1 Movement in provision for obsolescence of stock is as follows:

	Note	2020	2019
Opening balance		27,185,268	33,830,854
Charge for the year	30	-	10,035,974
Written off during the year		(11,403,020)	(16,681,560)
Closing balance		15,782,248	27,185,268

23 TRADE DEBTS

	Note	2020	2019
Considered good - unsecured	23.1	2,924,575,381	2,750,669,858
Considered doubtful		141,621,516	145,213,604
Allowance for expected credit losses	23.3	(141,621,516)	(145,213,604)
		-	-
		2,924,575,381	2,750,669,858

23.1 These customers have no recent history of default. For age analysis of these trade debts, referred to Note 39.1.1

23.2 Aggregate amount due from directors, Chief Executive Officer and executives of the Group is Rs. Nil (2019: Rs. Nil).

	Note	2020	2019
23.3 Movement in allowance for expected credit losses is as follows:		**(Rupees)**	**(Rupees)**
Opening Balance		145,213,604	147,775,556
IFRS 9 adjustment		-	103,239
Charge for the year	33	14,526,957	19,798,379
Bad debt written off		(18,119,045)	(22,463,570)
As at 30 June		141,621,516	145,213,604

24 LOANS AND ADVANCES

	Note	2020	2019
Considered good - unsecured			
Suppliers		99,641,439	96,219,672
Employees against business expenses	24.2	2,804,590	3,259,360
Employees against salary	24.3	4,427,640	4,720,724
		106,873,669	104,199,756

24.1 Amount due from related parties is Rs. Nil (2019: Rs. Nil)

24.2 This includes advance given to executives amounting to Rs. 1.67 million (2019: Rs. 0.71 million). No amount has been given to CEO or Directors.

24.3 This includes advance given to executives amounting to Rs. 2.06 million (2019: Rs. 3.3 million). No amount has been given to CEO or Directors.

Name of borrower	Terms of repayment	2020	2019
		(Rupees)	**(Rupees)**
Mr. Hasan Arif (Divisional Manager - II Production)	Adjustment against salary	1,193,863	1,493,863

24.4 Loans and advances that are either past due or impaired amount to Rs. Nil (2019: Rs. Nil)

25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2020	2019
Prepayments	5,025,247	3,816,177

26 OTHER RECEIVABLES

	2020	2019
Margin against bank guarantee	16,411,950	13,911,950
Margin against letters of credit	6,492,777	14,614,900
	22,904,727	28,526,850

26.1 Other receivables that are either past due or impaired amount to Rs. Nil (2019: Rs. Nil)

27 TAX REFUNDS DUE FROM THE GOVERNMENT

	2020	2019
Income tax	776,725,857	787,655,814
Sales tax	158,082,227	237,313,911
	934,808,084	1,024,969,725

28 CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		3,151,769	1,914,997
Cash at bank			
Current accounts		121,728,013	55,422,640
Savings accounts	28.1	11,063	395,238
Term deposit certificate		-	70,000,000
		121,739,076	125,817,878
		124,890,845	127,732,875

28.1 These carry mark-up rate ranging from 6.5% to 11.25% (2019: 4.5% to 10.25%) per annum.

29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Note	2020 (Rupees)	2019 (Rupees)
Set out below is the disaggregation of the Group's revenue from contracts with customers:			
Major products and services:			
Manufacturing		24,994,158,474	22,466,947,692
Toll manufacturing		378,618,972	255,818,005
		25,372,777,446	22,722,765,697
Less:			
Sales tax		(3,736,499,789)	(3,073,139,479)
Trade discounts		(32,976,087)	-
Commission		(77,133,798)	(48,982,095)
Net sales		21,526,167,772	19,600,644,123
Geographical region:			
Pakistan		25,372,777,446	22,722,765,697
Timing of transfer of goods:			
Goods transferred to customers at a point in time		25,372,777,446	22,722,765,697

30 COST OF SALES

	Note	2020 (Rupees)	2019 (Rupees)
Raw and packing material consumed	30.1	16,576,194,923	15,336,685,821
Salaries, wages and benefits	30.2	486,500,736	446,364,715
Depreciation	18.6	387,268,083	306,556,725
Fuel and power		884,584,320	822,095,972
Stores, spares and loose tools consumed		117,137,897	121,580,662
Repairs and maintenance		21,578,077	39,095,120
Traveling, conveyance and entertainment		46,396,598	41,051,599
Communication		1,727,174	1,607,656
Insurance		20,686,808	19,322,236
Rent, rates and taxes		2,962,826	17,237,270
Printing and stationery		4,214,254	3,278,994
Provision for obsolescence of stock	22.1	-	10,035,974
Fee and consultancy charges		1,244,184	4,564,707
Dues, fees and subscription		2,428,537	3,664,856
Product development charges		-	2,370,350
Other expenses		5,594,347	6,279,016
		18,558,518,764	17,181,791,673
Add: Opening stock-finished goods	22	752,569,584	651,808,635
Less: Closing stock-finished goods	22	(837,273,161)	(752,569,584)
		18,473,815,187	17,081,030,724

30.1 Raw and packing material consumed

	Note	2020 (Rupees)	2019 (Rupees)
Opening Balance		2,594,895,581	2,621,808,761
Purchases		18,029,094,354	15,309,772,641
		20,623,989,935	17,931,581,402
Less: Closing Balance	22	(4,047,795,012)	(2,594,895,581)
Raw and packing material consumed		16,576,194,923	15,336,685,821

30.2 This includes Rs. 17.78 million (2019: Rs. 14.13 million) in respect of staff retirement benefits - gratuity scheme.

30.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 196.6 million (2019: Rs. 105.8 million).

31 DISTRIBUTION COSTS

	Note	2020 (Rupees)	2019 (Rupees)
Salaries, wages and benefits	31.1	80,150,646	69,014,079
Repairs and maintenance		182,151	358,280
Traveling, conveyance and entertainment		7,301,056	5,980,545
Communication		755,139	644,922
Insurance		1,673,100	3,253,417
Freight outward		77,895,543	54,397,395
Packing, carriage and forwarding		20,802,312	26,535,032
Printing and stationery		779,233	670,884
Depreciation	18.6	6,477,085	5,013,489
Sales promotion expenses		507,037	17,247
Utilities		506,310	411,690
Dues, fees and subscription		354,380	338,802
Other expenses		75,026	49,201
		197,459,018	166,684,983

31.1 This includes Rs. 4.95 million (2019: Rs. 3.05 million) in respect of staff retirement benefits - gratuity scheme.

32 ADMINISTRATIVE EXPENSES

	Note	2020 (Rupees)	2019 (Rupees) (Restated)
Salaries, wages and benefits	32.1	171,295,435	148,250,365
Fuel and power		2,926,024	2,461,362
Repairs and maintenance		4,190,045	2,331,455
Traveling, conveyance and entertainment		17,790,381	16,108,214
Communications		8,559,314	9,082,197
Insurance		2,243,573	2,480,909
Rent, rates and taxes		3,792,133	3,603,661
Printing and stationery		1,596,088	4,248,009
Advertisement expense		2,998,404	1,668,784
Legal, professional and consultancy charge		12,987,162	9,207,226
Auditors' remuneration	32.2	4,146,475	4,037,940
Depreciation	18.6	17,405,669	16,547,326
Amortization	19	614,761	1,010,988
Dues, fees and subscription		24,548,057	16,111,739
Other expenses		7,842,875	4,213,855
		282,936,396	241,364,030

32.1 This includes Rs. 6.89 million (2019: Rs. 4.89 million) in respect of staff retirement benefits - gratuity scheme.

32.2 Auditors' remuneration

	2020 (Rupees)	2019 (Rupees) (Restated)
Holding Company		
Audit fee	1,250,000	1,250,000
Consolidation, reviews and certifications	950,000	950,000
Out of pocket expenses	75,000	75,000
	2,275,000	2,275,000
Subsidiary Companies		
Audit fee	1,281,975	1,201,940
Consolidation, reviews and certifications	513,500	485,000
Out of pocket expenses	76,000	76,000
	1,871,475	1,762,940
	4,146,475	4,037,940

	Note	2020	2019
33 OTHER EXPENSES		**(Rupees)**	**(Rupees)**
Workers' profit participation fund	13.2	82,432,204	70,775,759
Workers' welfare fund	13.3	30,059,589	22,585,544
Expected credit losses of trade debts	23.3	14,526,957	19,798,379
Impairment on stores and spares	18.7	3,154,991	-
Loss on property, plant and equipment - written off		-	1,747,055
		130,173,741	114,906,737

	Note	2020	2019
34 OTHER INCOME			
Non financial assets			
Gain on disposal of property, plant and equipment	18.2	5,393,560	5,336,386
Sale of waste material / scrap		16,418,941	19,101,029
Reversal of provision		98,801	1,465,444
Rental Income		-	436,560
Fee for technical services		3,044,983	1,546,400
Other income		3,872,103	-
Financial assets - amortized cost			
Profit on savings accounts		1,045,576	273,654
Profit on term deposit certificate		2,583,927	5,318,792
		32,457,891	33,478,265

	Note	2020	2019
35 FOREIGN EXCHANGE LOSS			
On foreign exchange denominated liabilities	35.1	143,460,937	177,831,486

35.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 46,457,525 (2019: Rs. 23,842,682).

	2020	2019
36 FINANCE COST	**(Rupees)**	**(Rupees)**
Mark-up on		
Long term loans	101,997,015	62,300,578
Short term borrowings	652,171,467	441,947,796
Financial charges on lease	17,713,904	7,263,674
Diminishing musharaka finance	845,400	483,300
Bank charges, fee and commission	13,938,745	15,093,867
	786,666,531	527,089,215
37 TAXATION		
Current tax		
Current year	426,745,066	312,753,533
Prior year	12,846,039	(45,865,748)
	439,591,105	266,887,785
Deferred tax		
Relating to the reversal and origination of temporary differences	43,144,641	61,722,207
Effect of rate change from prior year	-	30,740,878
	43,144,641	92,463,085
	482,735,746	359,350,870

38 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

38.1 Basic

	2020	2019
Profit attributable to equity holders of the parent (Rupees)	982,230,403	870,038,300
Weighted average number of ordinary shares (number)	110,590,546	110,590,546
Earnings per ordinary share (Rupees)	8.88	7.87

38.2 Diluted

No figure for diluted earning per share has been presented as the Holding Company has not issued any instrument carrying option which would have an impact on earnings per share when exercised.

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

39.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Group does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Group applies approved credit limits to its customers.

The management monitors and limits the Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of expected credit loss, if any, and through the prudent use of collateral policy.

The Group is exposed to credit risk on long-term deposits, trade debts, advances to employees against salary, interest accrued, other receivables and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying values	
	2020	**2019**
	(Rupees)	**(Rupees)**
Long-term deposits	30,525,989	26,481,535
Trade debts – unsecured	3,066,196,897	2,895,883,462
Loans and advances	4,427,640	4,720,724
Interest accrued	-	396,347
Other receivables	22,904,727	28,526,850
Bank balances	121,739,076	125,817,878

39.1.1 Trade Debts

Other than related parties		
Not yet due	1,352,715,016	2,249,555,304
Past due		
1-30 days	876,409,236	421,813,940
31-60 days	322,911,892	50,475,848
61-90 days	222,186,773	16,642,388
Over 90 days	291,973,980	157,395,982
	1,713,481,881	646,328,158
	3,066,196,897	2,895,883,462

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade debts using a provision matrix:

	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
As at 30 June 2020						
Expected credit loss rate	0.28%	0.20%	0.68%	6.01%	41.29%	
Estimated total gross carrying amount	1,352,715,016	876,409,236	322,911,892	222,186,773	291,973,980	3,066,196,897
Expected credit loss	3,799,107	1,719,360	2,208,223	13,345,768	120,549,058	141,621,516
As at 30 June 2019						
Expected credit loss rate	0.28%	0.66%	7.75%	19.74%	81.85%	
Estimated total gross carrying amount	2,249,555,304	421,813,940	50,475,848	16,642,388	157,395,982	2,895,883,462
Expected credit loss	6,387,362	2,799,951	3,913,892	3,285,674	128,826,725	145,213,604

As at 30 June 2020, trade debts of Rs. 141.62 million (2019: Rs. 145.21 million) were impaired and provided for. The sale to three major customers amount to Rs. 8,626 million (2019: Rs. 7,587 million) which represents approximately 40% (2019: 39%) of the total revenue.

39.1.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	Ratings Agency	Ratings Short Term	Ratings Long term	2020 (Rupees)	2019 (Rupees)
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A	1,066,435	1,897,954
Allied Bank Limited	PACRA	A1+	AAA	81,951	-
Habib Bank Limited	PACRA	A1+	AAA	6,355,336	2,087,358
MCB Bank Limited	PACRA	A1+	AAA	11,063	395,238
Meezan Bank Limited	JCR-VIS	A-1+	AA+	2,852,420	15,917,571
National Bank of Pakistan	JCR-VIS	A-1+	AAA	2,165,214	4,078,142
Silk Bank Limited	JCR-VIS	A-2	A-	479	479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	550,068	564,085
The Bank of Punjab	PACRA	A1+	AA	90,326,274	81,514,405
Samba Bank Limited	JCR-VIS	A-1	AA	-	15,690,064
Askari Bank Limited	PACRA	A1+	AA+	916,965	477,270
BankIslami Pakistan Limited	PACRA	A1	A+	322,338	10,000
Bank AL Habib Limited	PACRA	A1+	AA+	15,569,338	2,765,247
Habib Metropolitan Bank Limited	PACRA	A1+	AA	155,615	20,065
Bank Alfalah Limited	PACRA	A1+	AA+	1,365,580	400,000
				121,739,076	125,817,878

39.1.3 With respect to credit risk arising from other financial assets of the Group, including long term deposits, loans and advances, interest accrued and other receivables, the Group's management assesses exposure to such risk to be minimal based on past experience and is restricted to the carrying amount of those assets.

39.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analyzed below, with regard to their remaining contractual maturities.

	At Group's discretion	Maturity Up to One Year	Maturity After One Year	Total
	(Rupees)			
As at June 30, 2020				
Long term loans	13,943,500	264,650,386	1,003,278,297	1,281,872,183
Lease liabilities	-	39,291,814	100,832,324	140,124,138
Diminishing musharaka finance	-	1,747,115	1,653,414	3,400,529
Short term borrowings	-	4,452,222,166	-	4,452,222,166
Mark up accrued	-	100,980,828	-	100,980,828
Unclaimed dividend	-	13,697,104	-	13,697,104
Trade and other payables	-	1,826,249,144	-	1,826,249,144
Total financial liabilities	13,943,500	6,698,838,557	1,105,764,035	7,818,546,092
As at June 30, 2019				
Long term loans	13,943,500	242,985,167	627,503,428	884,432,095
Liabilities against assets subject to finance lease	-	22,969,840	59,336,054	82,305,894
Diminishing musharaka finance	-	1,575,105	3,252,972	4,828,077
Short term borrowings	-	4,334,710,198	-	4,334,710,198
Mark up accrued	-	116,608,306	-	116,608,306
Unclaimed dividend	-	7,760,321	-	7,760,321
Trade and other payables	-	1,006,530,330	-	1,006,530,330
Total financial liabilities	13,943,500	5,733,139,267	690,092,454	6,437,175,221

Changes in liabilities arising from financing activities

	As at 1 July 2019	Cash flows	Foreign exchange movement	New leases	Others	As at 30 June 2020
	(Rupees)					
Long term loans	884,432,095	397,440,088	-	-	-	1,281,872,183
Lease liabilities	82,305,894	(49,607,031)	-	89,711,371	17,713,904	140,124,138
Diminishing musharaka finance	4,828,077	(1,427,548)	-	-	-	3,400,529
Short term borrowings	4,334,710,198	78,839,999	38,671,969	-	-	4,452,222,166
Unclaimed dividend	7,760,321	(325,834,855)	-	-	331,771,638	13,697,104
	5,314,036,585	99,410,653	38,671,969	89,711,371	349,485,542	5,891,316,120

	As at 1 July 2018	Cash flows	Foreign exchange movement	New leases	Others	As at 30 June 2019
	(Rupees)					
Long term loans	699,413,840	185,018,255	-	-	-	884,432,095
Liabilities against assets subject to finance lease	108,125,341	(65,348,121)	-	32,265,000	7,263,674	82,305,894
Diminishing musharaka finance	6,273,953	(1,445,876)	-	-	-	4,828,077
Short term borrowings	3,986,468,603	348,241,595	-	-	-	4,334,710,198
Unclaimed dividend	6,142,532	(385,449,122)	-	-	387,066,911	7,760,321
	4,806,424,269	81,016,731	-	32,265,000	394,330,585	5,314,036,585

39.3 Market Risk

39.3.1 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. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are material foreign currency balances.

39.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Group is exposed to interest rate risk for loans obtained from the financial institutions and lease liabilities, which have been disclosed in the relevant note to the consolidated financial statements.

If interest rates at the year end, fluctuate by 1% higher / lower, profit for the year would have been Rs. 58.78 million (2019: Rs. 53.06 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the reporting dates were outstanding for the whole year.

39.4 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves, whereas, debt includes long term loans, short term borrowings, diminishing musharaka finance and lease liabilities. The gearing ratio of the Group is 56% (2019: 58%).

39.5 Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at the reporting date, carrying value of all the financial instruments in the consolidated financial statements approximates their fair value. Further, all financial assets and financial liabilities at reporting date are categorized into amortized cost.

40 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

The Group have interest based on common directorship and / or percentage of shareholding in following:

Names	Basis of relationship
Terranova (Private) Limited	Common directorship
Extracts 4 Life (Private) Limited	Common directorship

Remuneration of Chief Executive, directors and executives is also shown in Note 42. Transactions with related parties during the year are as follows:

Names of Company	Nature and Description of Related Party Transaction	2020	2019
		(Rupees)	(Rupees)
Nimir Chemicals Pakistan Limited*	Sale of goods	-	7,042,740
Staff retirement benefits	Contribution to gratuity fund	11,126,221	2,976,017

*Effective 29 December 2018, Nimir Chemicals Pakistan Limited ceased to be considered a related party after retirement of the common directors.

41 OPERATING SEGMENT INFORMATION

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees)									
Sales	17,172,579,881	14,850,121,491	4,499,104,712	4,883,237,414	-	-	(145,516,821)	(132,714,782)	21,526,167,772	19,600,644,123
Cost of sales	(14,626,318,244)	(12,820,522,822)	(3,993,379,722)	(4,393,333,131)	-	-	145,882,779	132,825,229	(18,473,815,187)	(17,081,030,724)
Gross profit	2,546,261,637	2,029,598,669	505,724,990	489,904,283	-	-	365,958	110,447	3,052,352,585	2,519,613,399
Distribution cost	(140,464,106)	(102,301,780)	(56,994,912)	(64,383,203)	-	-	-	-	(197,459,018)	(166,684,983)
Administrative expenses	(228,360,624)	(193,802,828)	(54,704,812)	(46,675,297)	(742,160)	(1,647,905)	871,200	762,000	(282,936,396)	(241,364,030)
Operating profit / (loss)	2,177,436,907	1,733,494,061	394,025,266	378,845,783	(742,160)	(1,647,905)	1,237,158	872,447	2,571,957,171	2,111,564,386
Other expenses	(112,421,691)	(86,064,035)	(24,297,892)	(28,842,702)	-	-	6,545,842	-	(130,173,741)	(114,906,737)
Other income	17,333,245	16,985,246	14,203,919	12,656,227	2,583,927	5,318,792	(1,663,200)	(1,482,000)	32,457,891	33,478,265
Foreign exchange loss	(131,697,639)	(146,264,583)	(11,763,298)	(31,566,903)	-	-	-	-	(143,460,937)	(177,831,486)
Finance cost	(601,538,267)	(359,497,488)	(185,128,264)	(167,591,727)	-	-	-	-	(786,666,531)	(527,089,215)
Profit / (loss) before taxation	1,349,112,555	1,158,653,201	187,039,731	163,500,678	1,841,767	3,670,887	6,119,800	(609,553)	1,544,113,853	1,325,215,213
Taxation	(422,635,290)	(348,556,229)	(59,824,730)	(9,483,260)	(642,757)	(1,311,381)	367,031	-	(482,735,746)	(359,350,870)
Profit / (loss) for the year	926,477,265	810,096,972	127,215,001	154,017,418	1,199,010	2,359,506	6,486,831	(609,553)	1,061,378,107	965,864,343
Segment assets	10,848,594,059	8,514,028,265	3,529,190,713	3,048,864,515	293,331,929	584,558,209	(1,022,579,120)	(861,447,526)	13,648,537,581	11,286,003,463
Segment liabilities	7,225,270,016	5,479,143,755	1,817,069,116	1,882,992,250	78,735,075	96,220,978	(37,422,259)	(13,962,288)	9,083,651,948	7,444,394,695

41.1 Inter segment sales, purchases and balances have been eliminated.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
Number of persons	1	1	2	2	37	25
	(Rupees)					
Remuneration	13,547,903	11,767,355	17,806,452	15,483,870	88,832,217	58,781,730
Housing	6,096,806	5,295,710	8,012,904	6,967,742	39,974,498	26,451,499
Utilities	1,355,291	1,176,935	1,780,644	1,548,388	8,883,226	5,877,795
Bonus	6,080,562	6,069,221	8,431,154	8,441,766	36,174,219	25,845,261
Gratuity	-	-	-	-	7,604,002	4,690,000
	27,080,562	24,309,221	36,031,154	32,441,766	181,468,162	121,646,285

42.1 The Chief Executive Officer and Directors have been provided with group - maintained cars and generator sets, further they are also entitled to club membership and reimbursement of medical and entertainment expenses whereas some executives have been provided with group - maintained cars.

42.2 An amount of Rs. 7,260,000 (2019: Rs. 5,630,000) was paid to directors for attending the meetings.

43 TOTAL NUMBER OF EMPLOYEES

	2020	2019
Number of employees as at 30 June	305	294
Average number of employees during the year	303	290
Number of factory employees as at 30 June	170	174
Average number of factory employees during the year	170	171

44 PRODUCTION CAPACITY IN METRIC TONS

	2020 Maximum Capacity	2020 Actual Production	2019 Maximum Capacity (Restated)	2019 Actual Production (Restated)
Oleo Chemicals (Metric ton) *	110,000	89,336	90,000	84,427
Chlor Alkali Products (Metric ton)	50,000	49,657	50,000	47,431
Resin Products**	42,000	25,877	42,000	29,221
Soap Finishing Line (Metric ton)***	50,000	28,651	45,000	19,044
Aerosol (cans)****	15,000,000	208,824	-	-
Blending*****	-	29,478	-	34,044

* The plant capacity was enhanced in the later half of the year hence actual production capacity was under utilized.
** The closure of plant due to COVID-19 pandemic contributed lesser volumes of production during the year.
*** The capacity was underutilized differ due to product mix and late enhancement of production capacity.
**** The plant started its commercial operation after 15 June 2020, hence actual production capacity was under utilized.
***** The plant capacity is indeterminable because it is a multi-product plant involving varying processes.

45 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Summary of significant transactions and events that have affected the Group's position and performance during the year, as follows,

- The turnover in 2020 has increased by Rs.1.9 billion (approximately 9.8%) over the year 2019 (note 29)

- Installation of aerosol plant and enhancement of oleo chemicals and soap finishing line production capacity resulting in capitalization of Rs. 863 million. (note 18)

46 SUBSEQUENT EVENTS

46.1 Subsequent to the year end, the Honorable Supreme Court of Pakistan has issued a judgment dated 13 August 2020 which rejected all pleas challenging the Gas Infrastructure Development Cess (GIDC). In light of the said judgment, arrears of the cess that have become due up to 31 July 2020 and have not been recovered so far shall be recovered by gas companies. The Group has made sufficient provision to meet its liability in this respect. However, the management has decided to appeal against this order at available forum.

46.2 The Board of Directors at its meeting held on 28 August 2020 has proposed a final dividend @ Rs. 1.5 per share for the year ended 30 June 2020 (2019: Rs. 1.5) amounting to Rs. 165,885,819 (2019: Rs. 165,885,819) for approval of the members at the Annual General Meeting to be held on 22 October 2020. These financial statements do not reflect this dividend.

47 GENERAL

47.1 Figures have been rounded off to nearest rupee unless otherwise stated.

47.2 In March 2020, the Government of Pakistan implemented a country-wide lockdown in order to contain the spread of COVID-19. Consequently, economic slowdown was observed in the country affecting majority of the business. Financial performance of the Holding Company, being engaged in manufacturing of chemical products which are main ingredient of soap, an essential item, has not been affected by the lockdown. Subsidiary company, on the other hand, has faced temporary plant shutdown and decrease in sales, which after lifting of lockdown returned to normal levels. However, effects of COVID-19 on subsidiary company being considered not material to the Group, the management has evaluated and concluded that there is no material implication of COVID-19 on these consolidated financial statements.

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors on 28 August 2020. Subsequent to the approval of these financial statements by the Board, the Securities and Exchange Commission of Pakistan had issued circular no. 26 of 2020 dated 31 August 2020 in compliance of which, note 45.2 has been added and approved by the Board on 2 September 2020.

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

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2020

	------Shareholding------		
No. of Shareholders	**From**	**To**	**Total Shares Held**
203	1	100	7,331
938	101	500	277,920
202	501	1,000	178,721
282	1,001	5,000	787,935
85	5,001	10,000	671,156
30	10,001	15,000	373,414
20	15,001	20,000	361,995
13	20,001	25,000	316,027
5	25,001	30,000	145,019
7	30,001	35,000	231,350
5	35,001	40,000	192,812
7	45,001	50,000	340,750
4	50,001	55,000	205,351
1	55,001	60,000	60,000
2	60,001	65,000	127,500
1	65,001	70,000	69,000
3	80,001	85,000	248,316
1	85,001	90,000	87,500
3	95,001	100,000	300,000
1	105,001	110,000	109,624
2	110,001	115,000	230,000
1	120,001	125,000	121,000
1	170,001	175,000	175,000
1	280,001	285,000	283,000
1	290,001	295,000	290,500
1	295,001	300,000	298,500
1	300,001	305,000	300,750
1	305,001	310,000	310,000
1	315,001	320,000	315,500
2	320,001	325,000	647,000
1	370,001	375,000	372,500
1	645,001	650,000	650,000
1	650,001	655,000	652,425
1	670,001	675,000	672,500
1	930,001	935,000	932,000
1	1,805,001	1,810,000	1,807,500
1	3,455,001	3,460,000	3,458,000
1	6,480,001	6,485,000	6,482,750
1	8,155,001	8,160,000	8,158,000
1	8,510,001	8,515,000	8,511,750
1	9,565,001	9,570,000	9,569,999
1	10,700,001	10,705,000	10,700,026
1	11,725,001	11,730,000	11,730,000
1	14,365,001	14,370,000	14,368,000
1	24,460,001	24,465,000	24,462,125
1,840			110,590,546

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2020

S. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor childern	47,325,906	42.7938%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	-	0.0000%
2.3.3	NIT and ICP	1,500	0.0014%
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions	2,300	0.0021%
2.3.5	Insurance Companies	17,500	0.0158%
2.3.6	Modarabas and Mutual Funds	803,124	0.7262%
2.3.7	Share holders holding 10% or more	50,560,125	45.7183%
2.3.8	General Public		
	1 - Local	60,465,141	54.6748%
	2 - Foreign	-	0.0000%
2.3.9	Others (to be specified)		
	1- Joint Stock Companies	1,919,953	1.7361%
	2- Foreign Companies	30,600	0.0277%
	3- Leasing Companies	24,010	0.0217%
	4- Investment Companies	11,012	0.0100%

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2020

Sr. No.	Name		No. of Shares Held	Percentage
1.	**Associated Companies, Undertakings and Related Parties:**		-	-
2.	**Mutual Funds:**			
	1 CDC - Trustee AKD Opportunity Fund	(CDC)	109,624	0.0991
	2 Golden Arrow Selected Stocks Fund Limited	(CDC)	672,500	0.6081
	3 MC FSL - Trustee Js Growth Fund	(CDC)	9,500	0.0086
3.	**Directors and their Spouse and Minor Children:**			
	1 Mr. Zafar Mahmood (Chief Executive Officer)	(CDC)	24,462,125	22.1195
	2 Mr. Umar Iqbal	(CDC)	8,182,500	7.3989
	3 Mr. Saeed Uz Zaman	(CDC)	310,781	0.2810
	4 Mr. Javed Saleem Arif	(CDC)	500	0.0005
	5 Mrs. Parveen Akhtar Malik	(CDC)	500	0.0005
	6 Mr. Tariq Ahmed Khan	(CDC)	500	0.0005
	7 Mr. Khalid Mumtaz Qazi	(CDC)	14,368,000	12.9921
	8 Mr. Muhammad Iqbal	(CDC)	1,000	0.0009
4.	**Executives:**		28,912,776	26.1440
5.	**Public Sector Companies & Corporations:**		–	–
6.	**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**		44,810	0.0405

7. Shareholders holding five percent or more voting intrest in the listed Company:

Sr. No.	Name		No. of Shares Held	Percentage
1	Mr. Zafar Mahmood (Chief Executive Officer)	(CDC)	24,462,125	22.1195
2	Mr. Khalid Mumtaz Qazi	(CDC)	14,368,000	12.9921
3	Mr. Imran Afzal	(CDC)	11,730,000	10.6067
4	Mr. Muhammad Yahya Khan	(CDC)	10,700,026	9.6754
5	Mr. Nadeem Nisar	(CDC)	9,569,999	8.6535
6	Mrs. Shaheen Nadeem	(CDC)	8,511,750	7.6966
7	Mr. Umar Iqbal	(CDC)	8,182,500	7.3989
8	Mr. Aamir Jamil	(CDC)	6,482,750	5.8619

8. All trades in the shares of the listed Company, carried out by its Directors, Executives and their spouses and minor children:

S. No.	Name	Sale	Purchase	Share Transfer
	-	-	-	-

NOTICE OF 27th ANNUAL GENERAL MEETING
FOR THE YEAR ENDED JUNE 30, 2020

Notice is hereby given that the 27th Annual General Meeting ("AGM") of Nimir Industrial Chemicals Limited (the "Company") will be held on Thursday, October 22, 2020 at 11:00 a.m., at Qaser-e-Sultan, Lahore – Faisalabad By-pass, near Housing colony, Sheikhupura to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidate) of the Company for the year ended June 30, 2020 together with Chairman's review, the reports of the Directors', Statement of Compliance (CCG) and Independent Auditors' reports thereon.

2. To approve the payment of final cash dividend of Rs. 1.5 per share (i.e. 15%) in addition to the interim dividend of Rs. 1.5 per share, in total Rs. 3.0 per share (i.e. 30%) cash dividend for the year ended June 30, 2020.

3. To appoint Auditors for the year ending June 30, 2021 and fix their remuneration. The members are hereby given the notice that the Audit Committee and the Board of Directors have recommended the re-appointment of retiring auditors M/s EY Ford Rhodes – Chartered Accountants as auditors of the Company.

By Order of the Board

Sheikhupura
October 1, 2020

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

I. Due to COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No. 5 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through it notice Ref. PSX/N-372 dated March 19, 2020 had advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at AGM through proxies.

Shareholders interested to participate in the AGM are requested to share below information at contact@nimir.com.pk for their appointment and proxy's verification by or before 05:00 p.m. on October 16, 2020.

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	Email Address

Shareholders who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will be open from 09:50 am at the date of AGM till the end of the meeting. Shareholders can also provide their comments and questions for the agenda items of AGM at contact@nimir.com.pk by or before October 16, 2020 by 05:00 p.m.

II. The share transfer books of the Company shall remain closed from October 16, 2020 to October 22, 2020 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Thursday, October 15, 2020 will be treated in time for the purpose of entitlements of final cash dividend attend and to attend and vote at the AGM.

III. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized

National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty-eight (48) hours before the time of holding the meeting.

IV. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty-eight (48) hours before time of holding the meeting.

V. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants' I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.

VI. All shareholders who have not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Shares Registrar. Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services.

VII. Shareholders desiring to claim exemption from Zakat deduction may file their Declaration before the closing date of the books i.e., October 16, 2020, duly attested by Oath Commissioner on Stamp paper to Company's Share Registrar, otherwise Company shall have to deduct Zakat according to the Zakat and Ushr Ordinance, 1980; and Shareholders are also requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial), Model Town, Lahore.
Tel : 042 35916714, 35916719, 35839182. Fax : 042 35869037
www.corplink.com.pk

Submission of CNIC - (Mandatory)

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(I)/2011, dated August 18, 2011, the Members/Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company are required to send the same at the earliest directly of the Company's Share Registrar, M/s Corplink (Pvt.) Limited.

Kindly comply with the request, in case of non-receipt of the copy of valid CNIC and non-compliance of the above-mentioned SRO of SECP, the Company may be constrained to withhold dividends in the future.

Shareholders are requested to promptly notify any change of address to the Company's Share Register (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be.

Deduction of withholding Income Tax / Zakat on the amount of Dividend

Pursuant of the provisions of Finance Act, 2020 effective from July 1, 2020, the deduction of income tax from the dividend payments shall be made on the bases of filer and non-filers as follows:

S. No.	Nature of shareholders	Rate of deduction
1	Filers of Income Tax Return	15%
2	Non-Filers of Income Tax Return	30%

Shareholders seeking exemption from deduction of income tax or are eligible at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Shareholders desiring non-deduction of Zakat are also requested to submit a valid declaration for non-deduction of Zakat.

The shareholders who have joint shareholdings held by filers or Non-filers shall be dealt separately. If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and deduction will be made accordingly.

Payment of Cash Dividend through Electronic Mode (IBAN format)

In accordance with the Section 242 of the Companies Act, 2017 cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled Shareholders. Shareholders are requested to provide their bank account details (IBAN format) to our share registrar (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be. The subject Form is available at Company's website i.e. www.nimir.com.pk. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

Availability of Audited Financial Statements on Company's Website

In accordance to Section 223 and 237 of the Company Act, 2017, the audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website www.nimir.com.pk/nicl/financial_reports.html, in addition to annual and quarterly financial statements for the prior years.

Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in other cities and holding at least 10% of the total paid up capital may demand the Company to provide the facility of video link for participation in the meeting. The demand for video-link facility shall be received at Shares Registrar address given hereinabove at least 7 days prior to the date of AGM.

Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

FORM OF PROXY 27th ANNUAL GENERAL MEETING

The Company Secretary
Nimir Industrial Chemicals Limited
14.8 K.M. Sheikhupura - Faisalabad Road,
Bhikhi – Dist. Sheikhupura,
Pakistan.

Ledger Folio/CDC A/C No. ____________

Shares Held ____________

I / We .... of

.... being member(s) of

Nimir Industrial Chemicals Limited hereby appoint .... of

.... as my/our proxy to vote for me / us .... on my / our behalf at the Annual General Meeting of the Company held on Thursday, October 22, 2020 at 11:00 a.m. and / or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this .... day of .... 2020.

____

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

WITNESSES:

1. ____________________	2. ____________________
Name : ____________________	____________________
CNIC : ____________________	____________________
Address: ____________________	____________________
Date: ____________________	____________________

Five Rupees
Revenue Stamp

Notes:

i. The share transfer books of the Company shall remain closed from October 16, 2020 to October 22, 2020 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Thursday, October 15, 2020 will be treated in time for purpose of determine the entitlements attend and vote at the AGM.

ii. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty eight (48) hours before the time of holding the meeting.

iii. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.

iv. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants' I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.

v. All shareholders who have not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Shares Registrar. Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services.

vi. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address :

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial), Model Town, Lahore.
Tel : 042 35916714, 35916719, 35839182. Fax : 042 35869037.
www.corplink.com.pk

NIMIR INDUSTRIAL CHEMICALS LTD.
14.8 Km., Sheikhupura-Faisalabad Road,
Bhikhi, District Sheikhupura, Pakistan.
Ph: +92 56 3883001-7 • Fax: +92 56 3883010
Cell: +92 301 8221151, 301 8483950
www.nimir.com.pk

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ANNUAL REPORT

2020

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Bhikhi, District Sheikhupura, Pakistan.
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www.nimir.com.pk