

NIMIR

TRANSFORMING FOR A **SUSTAINABLE FUTURE**



NIMIR INDUSTRIAL CHEMICALS LTD.

ANNUAL REPORT **2021**

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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 - Chairman
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

Al Baraka Bank Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Ltd
Bank Islami Pakistan Ltd
The Bank of Punjab
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China (Icbc)
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank Pakistan Ltd
Pak Brunei Investment Company Limited
Pak Kuwait Investment Company (Pvt) Limited
Pak China Investment Company Limited
Pair Investment Company Limited

▶ Registered Office / Factory

14.8 km., Sheikhpura-Faisalabad Road,
Bhikhi, District Sheikhpura, 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

Dear All,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Nimir Industrial Chemicals Limited (NICL) highlighting NICL's performance and achievements for the year ended 30 June, 2021.

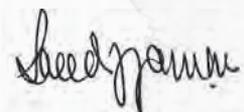
Succinctly, it is my pleasure to state that the sales revenue recorded growth across all of our businesses. NICL's topline was recorded at Rs. 27.169 billion, which was driven by increased sales volume and prices. Similarly, with increased operating profit, NICL posted a net profit of Rs. 1,694 million, recorded an 82.9% increase in comparison to the Same Period Last Year (SPLY), with improved performances.

With the grace of God and immense dedication and hard-work, NICL continues to deliver strong business growth that spells out its commendable performance in every aspect. On account of such progress and significant development, we are truly better positioned for the long term. I would like to express gratitude to our stakeholders for their continued support and encouragement, and, place on record the appreciation for the valuable services rendered by all personnel of NICL.

In five years, NICL has committed investments that have significantly increased its footprint and shareholder value. Today, looking back, we are humbled by all the lives we have touched, the growth aspirations we have lived up to, and the challenges we have met and overcome. Looking ahead, our objective is very clear: balanced top and bottom-line growth. NICL's aim is to enhance its competitive position by extending manufacturing capabilities, strengthening research and development, further expanding its market presence, and delivering on all fronts.

NICL has created consistent value for all concerned and has simultaneously contributed to the socio-economic development of Pakistan. We will continue to operate with sincerity and commitment with a strong focus on achieving optimal standards by investing in our environment, health and safety. While several external factors do indicate the likelihood of increased uncertainty, I am positive that we are well equipped to face and overcome any challenge and capitalize on any opportunity that may arise.

On behalf of the Board, I once again express my sincere appreciation to our management, employees, suppliers, customers, Government and all other stakeholders, who have supported and contributed towards NICL's development and advancement. May God continue to bless us all. Ameen.



Muhammad Saeed-uz-Zaman
Chairman

CEO's Message

Valued Stakeholders,

On the 10th anniversary of assuming control of Nimir Industrial Chemicals Limited, it is with great pride that I report this story to be nothing short of triumph. Since June 2011, the company has shown phenomenal growth across all functions. Apart from enhancing the manufacturing capacities of its products, NICL has introduced a variety of new products and new business lines. Moreover, the addition of Nimir Resins Limited as a subsidiary of the company diversified further our portfolio. Today, NICL's product range is serving dozens of industries across the country. In last ten years, the gross consolidated turnover has grown with a Compound Annual Growth Rate (CAGR) of 28% and PAT by a CAGR of 39%.

Just as the precedent decreed, the financial year 2021 has reported a considerable growth of 36% in the gross consolidated turnover to over PKR 34.4 billion and 94% in profit after tax to more than PKR 2.9 billion. This achievement is, in fact, the reflection of our commitment with the shareholders to continue enhancing the share's value.

As seen in past ten years, we have vigorously invested on expansions, upgraded technologies, and novel business lines while optimizing costs and introducing efficiencies. Our aggressive capital expenditure investment plans this financial year took advantage of the TERF facility, which was offered by the Government at very attractive terms. These projects are being completed as per the schedule and are expected to be commissioned throughout the financial year 2022. For this year, additional capital to set up the new upstream aluminum-can manufacturing project has been approved by the board along with our other projects that will make our products more cost-competitive. In the foreseeable future, our aggressive capital investments will further strengthen the financials of the company.

My team at Nimir and I are fully committed to keep maximizing shareholders' value. The board has declared 40% dividend for the year; summing up to 180% paid in last 10 years. Besides this sizeable payout to the shareholders, the company's net worth has grown 7-fold.

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, Insha'Allah. We look forward to what the future entails for Nimir Industrial Chemicals Limited.



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



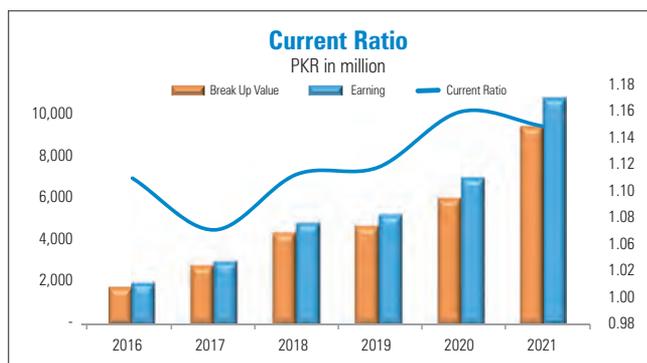
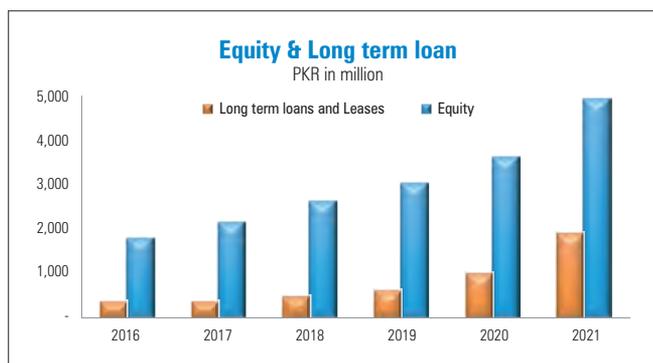
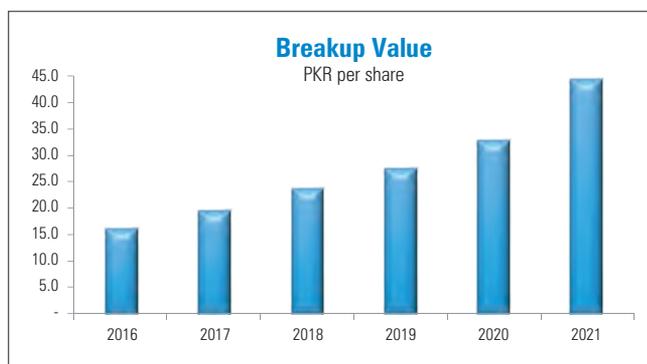
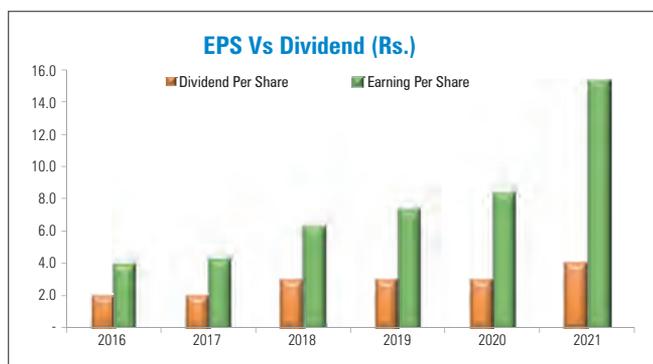
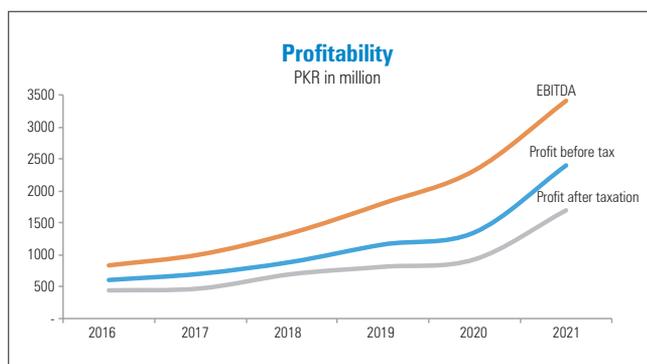
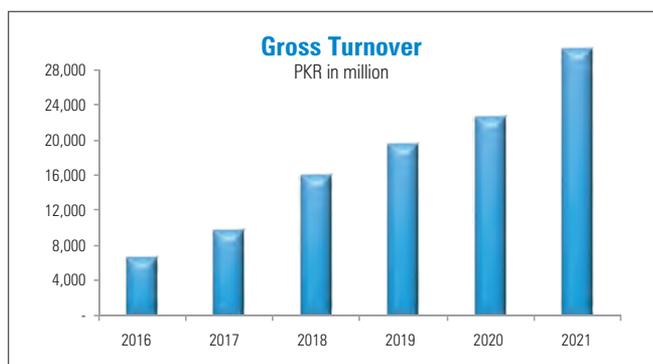
Aerosols

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

► Our Performance Standalone

PKR”Mln”

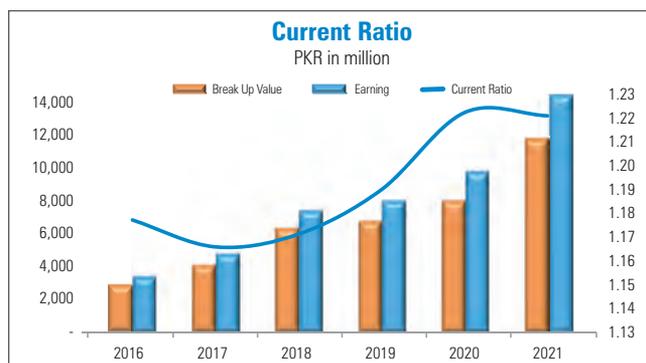
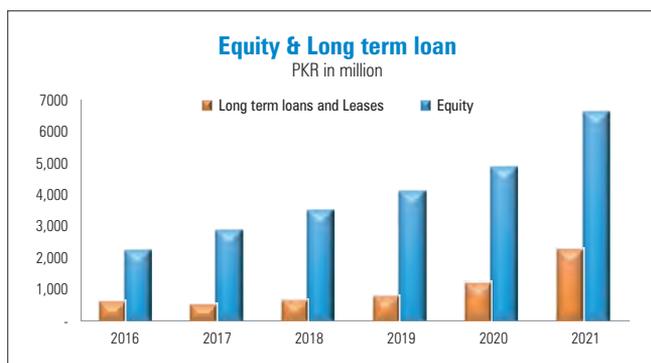
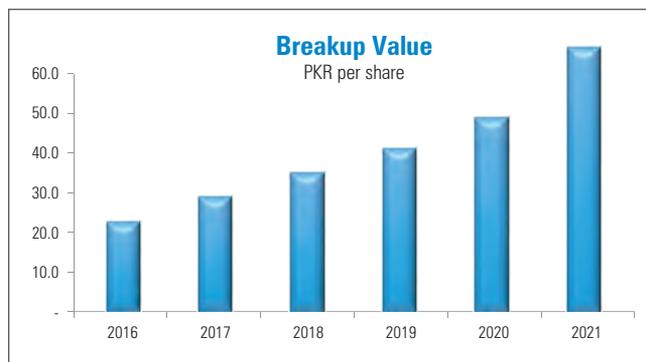
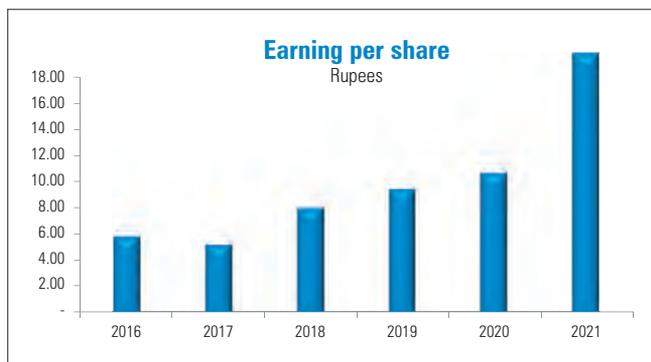
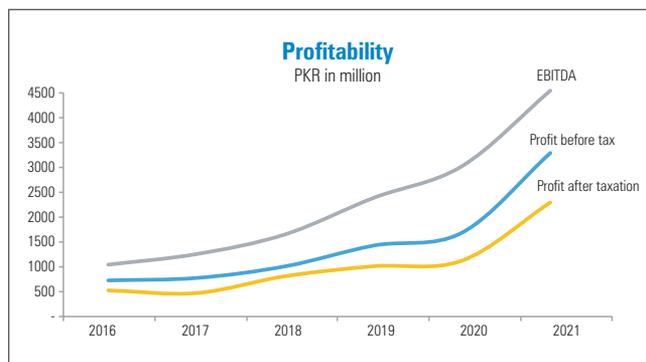
	2016	2017	2018	2019	2020	2021
Gross Turnover	5,864	8,624	14,222	17,432	20,220	27,169
Net Sales	5,011	7,369	12,091	14,850	17,173	23,094
Profit before taxation	603	701	887	1,159	1,349	2,397
Profit after Taxation	441	471	696	810	926	1,694
EBITDA	832	1,003	1,340	1,804	2,319	3,408
Long term loans and Leases	348	354	480	592	1,004	1,897
Equity	1,788	2,144	2,615	3,035	3,623	4,924
Current Assets	1,966	2,926	4,726	5,076	6,769	10,468
Current Liabilities	1,784	2,763	4,274	4,566	5,845	9,132
Current Ratio	1.10	1.06	1.11	1.11	1.16	1.15
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	16.2	19.4	23.6	27.4	32.8	44.5
Earning per share - Rupees	4.0	4.3	6.3	7.3	8.4	15.3
Dividend Per Share - Rupees	2.0	2.0	3.0	3.0	3.0	4.0



► Our Performance Consolidated

PKR"Min"

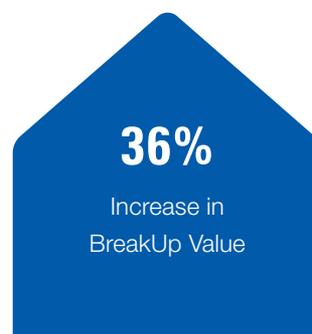
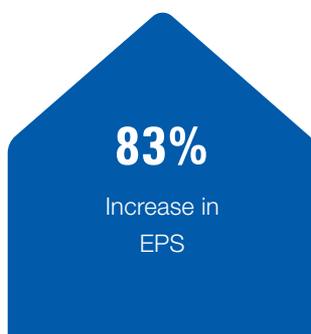
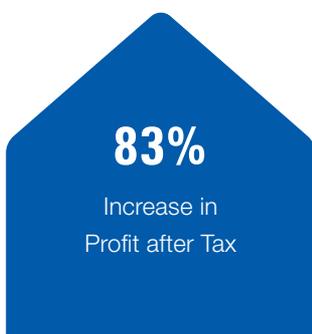
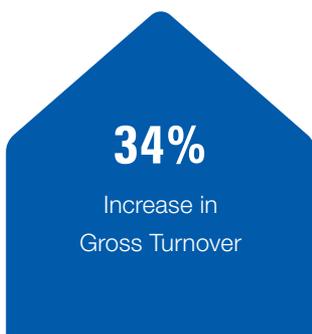
	2016	2017	2018	2019	2020	2021
Gross Turnover	7,007	11,571	18,186	22,723	25,373	34,404
Net Sales	5,997	9,958	15,569	19,601	21,526	29,202
Profit before taxation	733	774	972	1,325	1,544	2,901
Profit after Taxation	554	508	796	966	1,061	2,056
EBITDA	999	1,187	1,535	2,181	2,743	4,081
Long term loans and Leases	547	463	592	704	1,120	2,109
Equity	2,092	2,696	3,265	3,842	4,565	6,226
Current Assets	3,249	4,567	7,034	7,635	9,284	13,643
Current Liabilities	2,762	3,921	6,010	6,423	7,606	11,189
Current Ratio	1.18	1.16	1.17	1.19	1.22	1.22
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	18.9	24.4	29.5	34.7	41.3	56.3
Earning per share - Rupees	4.84	4.29	6.62	7.87	8.88	16.57
Dividend Per Share - Rupees	2.0	2.0	3.0	3.0	3.0	4.0



▶ Year At A Glance 2021

	Standalone		Consolidated	
	2020	2021	2020	2021
	Rupees in Million		Rupees in Million	
Gross Turnover	20,220	27,169	25,373	34,404
Gross Profit	2,546	3,551	3,052	4,343
Operating Profit	2,177	3,053	2,572	3,704
Profit before taxation	1,349	2,397	1,544	2,901
Profit after taxation	926	1,694	1,061	2,056
Net Worth	3,623	4,924	4,565	6,226
Long Term Loans and Leases	1,004	1,897	1,120	2,109
Total Assets	10,849	16,269	13,649	19,860
Breakup value per share - Rupees	32.8	44.5	41.3	56.30
Earning per share - Rupees	8.38	15.32	8.9	16.57

Standalone



▶ Wealth Generated and Distributed

FOR THE YEAR ENDED JUNE 2021

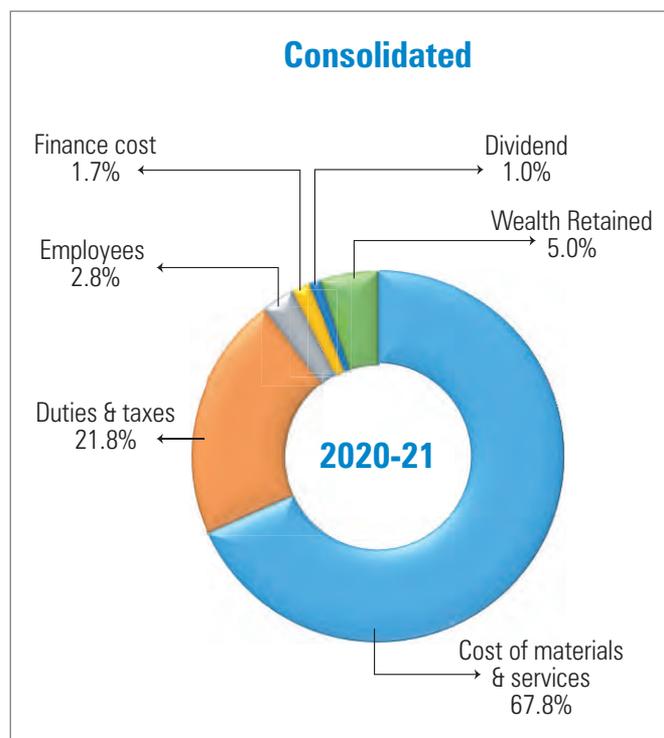
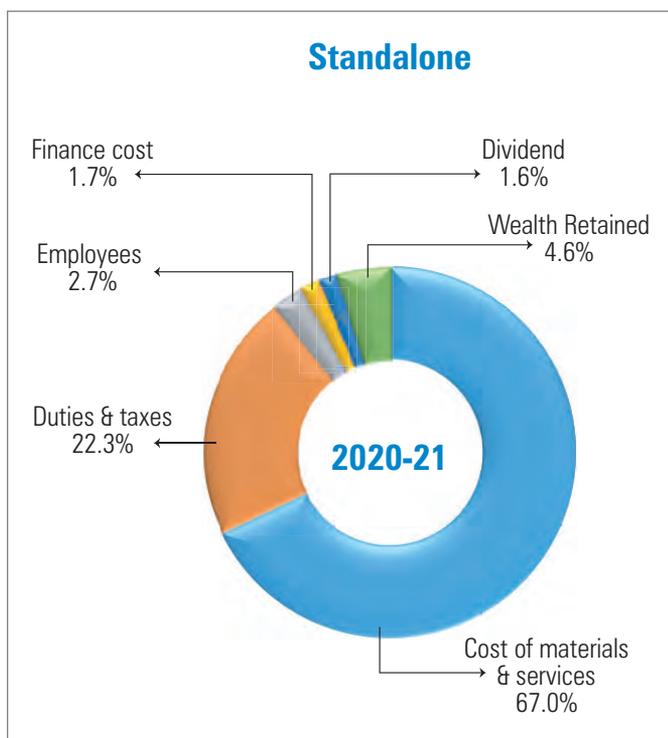
Wealth Generated

Sales with sales Tax
Other operating profit

Distribution of Wealth

Cost of materials & services
Duties & taxes
Employees
Finance cost
Dividend
Wealth retained

Standalone		Consolidated	
2021		2021	
Rs in million	% age	Rs in million	% age
27,169	99.8%	34,404	99.8%
42	0.2%	53	0.2%
27,210	100%	34,457	100%
<hr/>		<hr/>	
18,244	67.0%	23,351	67.8%
6,074	22.3%	7,515	21.8%
740	2.7%	969	2.8%
465	1.7%	574	1.7%
442	1.6%	332	1.0%
1,245	4.6%	1,716	5.0%
27,210	100.0%	34,457	100.0%



▶ Horizontal & Vertical Analysis

	2016	2017	2018	2019	2020	2021
	Rupees in million					
BALANCE SHEET						
Non Current Assets	2,063	2,548	2,862	3,438	4,079	5,801
Current Assets	1,966	2,926	4,726	5,076	6,769	10,468
TOTAL ASSETS	4,029	5,474	7,588	8,514	10,849	16,269
Share Capital and Reserves	1,788	2,144	2,615	3,035	3,623	4,924
Non Current Liabilities	458	567	699	913	1,381	2,213
Current Liabilities	1,784	2,763	4,274	4,566	5,845	9,132
TOTAL EQUITY AND LIABILITIES	4,029	5,474	7,588	8,514	10,849	16,269
PROFIT & LOSS ACCOUNT						
Sales- Net	5,011	7,369	12,091	14,850	17,173	23,094
Cost of Sales	4,039	6,304	10,542	12,821	14,626	19,543
Gross Profit	972	1,065	1,549	2,030	2,546	3,551
Distribution & Administration Cost	207	230	254	296	369	498
Operating Profit	765	835	1,295	1,733	2,177	3,053
Other Expenses/ (Income)	47	(11)	115	69	95	192
Finance Cost	91	135	204	359	602	464
Foreign Exchange Loss	24	10	89	146	132	1
Profit before Taxation	603	701	887	1,159	1,349	2,397
Taxation	163	229	192	349	423	702
Other Comprehensive Loss	2	4	4	3	6	7
Net Comprehensive income for the Year	439	467	692	807	920	1,688

Horizontal Analysis						Vertical Analysis					
2016	2017	2018	2019	2020	2021	2016	2017	2018	2019	2020	2021
percentages changes from last year						Percentage					
24.35	23.52	12.34	20.12	18.64	42.20	51.19	46.54	37.72	40.38	37.60	35.65
31.62	48.82	61.50	7.40	33.37	54.64	48.81	53.46	62.28	59.62	62.40	64.35
27.79	35.87	38.62	12.20	27.42	49.96	100.00	100.00	100.00	100.00	100.00	100.00
6.38	19.94	21.94	16.06	19.39	35.90	44.37	39.17	34.46	35.65	33.40	30.27
67.37	23.88	23.30	30.64	51.16	60.28	11.36	10.36	9.21	10.73	12.73	13.60
48.79	54.92	54.70	6.82	28.01	56.25	44.27	50.47	56.33	53.63	53.88	56.13
27.79	35.87	38.62	12.20	27.42	49.96	100.00	100.00	100.00	100.00	100.00	100.00
36.78	47.06	64.08	22.82	15.64	34.48	100.00	100.00	100.00	100.00	100.00	100.00
30.18	56.08	67.22	21.62	14.09	33.61	80.60	85.55	87.19	86.33	85.17	84.62
73.30	9.58	45.48	30.99	25.46	39.46	19.40	14.45	12.81	13.67	14.83	15.38
39.22	11.23	10.30	16.49	24.56	35.02	4.13	3.13	2.10	1.99	2.15	2.16
85.61	9.13	55.19	33.84	25.61	40.21	15.26	11.33	10.71	11.67	12.68	13.22
1,170.9	(124.4)	(1,108.4)	(40.0)	37.7	101.6	0.93	(0.16)	0.95	0.47	0.55	0.83
(14.87)	49.61	50.82	76.00	67.33	(22.86)	1.81	1.84	1.69	2.42	3.50	2.01
210.31	(59.42)	805.14	64.98	(9.96)	(99.54)	0.48	0.13	0.73	0.98	0.77	0.00
105.04	16.15	26.58	30.61	16.44	77.65	12.04	9.51	7.34	7.80	7.86	10.38
124.52	40.94	(16.48)	81.94	21.25	66.16	3.25	3.11	1.58	2.35	2.46	3.04
782.01	162.33	(12.63)	(23.94)	115.60	6.29	0.03	0.06	0.03	0.02	0.04	0.03
98.09	6.41	48.10	16.69	14.00	83.41	8.76	6.34	5.72	5.44	5.36	7.31

► Key Operating & Financial Data for Last Six Years

	2016	2017	2018	2019	2020	2021
	Rs in million					
Net Sales	5,011	7,369	12,091	14,850	17,173	23,094
Gross Profit	972	1,065	1,549	2,030	2,546	3,551
Operating Profit	765	835	1,295	1,733	2,177	3,053
Profit before taxation	603	701	887	1,159	1,349	2,397
Profit after taxation	441	471	696	810	926	1,694
EBITDA	832	1,003	1,340	1,804	2,319	3,408
<hr/>						
Paid-up Capital	1,106	1,106	1,106	1,106	1,106	1,106
Net Worth	1,788	2,144	2,615	3,035	3,623	4,924
Long Term Loans and Leases	348	354	480	592	1,004	1,897
Current Liabilities	1,784	2,763	4,274	4,566	5,845	9,132
Current Assets	1,966	2,926	4,726	5,076	6,769	10,468
Total Assets	4,029	5,474	7,588	8,514	10,849	16,269
<hr/>						
Breakup value per share - Rupees	16.2	19.4	23.6	27.4	32.8	44.5
Earnings per share - Rupees	4.0	4.3	6.3	7.3	8.4	15.3
Current Ratio	1.1 : 1	1.06 : 1	1.11 : 1	1.11 : 1	1.16 : 1	1.15 : 1
Long Terms Debt to Equity Ratio	16 : 84	14 : 86	16 : 84	16 : 84	22 : 78	28 : 72
Interest Coverage Ratio	7.67	6.17	5.34	4.22	3.24	6.17

15

Financial Statements – Separate

FOR THE YEAR ENDED JUNE 30, 2021

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- 25 Report on the Audit of the Financial Statements
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► Directors' Report

The Board of Directors of Nimir Industrial Chemicals Limited (the "Company") is pleased to submit the 28th Annual Report along with the Audited financial statements for the year ended June 30, 2021.

The year under review may be remembered as a year of economic recovery despite all the adversities of the COVID-19 pandemic that had begun in early 2020, which engulfed the whole world, destroyed the health care system of developed and developing nations alike, and destabilized most of the economic giants. However, due to enforcement of strict measures to contain the spread of the pandemic, the agriculture (including palm oil plantation), production, manufacturing and service industries were significantly affected, resulting in tightened supply of various commodities including palm oil. As a result, the price of palm oil and other commodities and chemicals increased to more than double of the prices prevailing in June 2020.

Performance of the Company's Business

Fortunately, the effects of the pandemic were not too severe in Pakistan. To alleviate the effects of pandemic, the Government and State Bank of Pakistan introduced various financing schemes such as Temporary Economic Refinance Facility (TERF), Salary Refinance Facility and those for housing finance, which helped move the wheels of economy.

Nimir Industrial Chemicals Limited has shown all round performance during the financial year 2021. The operating results for the year are summarized as follows:

	2021	2020	Increase
	PKR Million		% age
Gross Sales Turnover	27,169	20,220	34.4
Gross Profit	3,551	2,546	39.5
Operating Profit	3,053	2,177	40.2
Profit After Taxation	1,694	926	82.9
Earnings Per Share (PKR)	15.32	8.38	82.9

The gross sale turnover of the company exceeded PKR 27 billion during the year, showing a 34% year-on-year growth. The growth in sales has carried over to the profitability of the company and resulted in an impressive 83% increase in the Profit After Tax and Earnings per Share.

Taking advantage of lower interest rates and TERF, the company initiated various new projects during the last year including new boiler, new turbine, expansion of caustic soda, new chlorine liquefaction and chlorinated paraffin wax plant, expansion of aerosol facility and new personal care and home care production

facilities.

Future Outlook

The management is focused on the continuous growth in the sales. However due to extraordinary high costs of feedstock and utilities, margins are feared to remain squeezed during the coming financial year.

The projects initiated in the last financial year are being completed as per the scheduled timeline. While some of the projects are expected to come online in the second quarter, but major projects would be commissioned towards the end of the financial year 2022.

With the above facts, we foresee decent growth in sale turnover in the financial year 2022. However, there will be pressure on costs and margins, which may affect the overall profitability of the company during next financial year.

The management is, however, committed to perform its best to continue increasing shareholders value, Insha'Allah.

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.

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 13 to the accounts.

Board of Directors

Currently, the Board of Directors consists of nine members – eight male and one female. Out of these directors, three are executive and six are non-executive (including three independent directors).

The board has two sub committees: Audit Committee and Human Resource and Remuneration Committee, the composition of which are shown below:

Audit Committee:

1. Mr. Javaid Saleem Arif	Chairman	Independent Director
2. Mr. Tariq Ahmad Khan	Member	Independent Director
3. Mr. Abdul Jaleel Shaikh	Member	Non-Executive Director

Human Resource and Remuneration Committee:

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

All the directors have been trained under directors' training program.

During the fiscal year, four (4) Board, four (4) Audit Committee, and one (1) HR & Remuneration Committee meetings were held. The attendance of the directors is as follows:

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	4 / 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		

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 CCG. It is also important to recognize 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. and
- Outstanding taxes and levies are given in the notes to the financial statements.

The management of the Company is committed to good corporate governance and taking all appropriate measures to comply with best practices, and 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

▶ Directors' Report

member of the community. It is committed to contribute its resources for the betterment of the environment with an unprejudiced approach. Its Health, Safety, and environmental (HSE) policies are geared towards the betterment of employees and community.

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

Subsidiary Companies

Nimir Industrial Chemicals Limited holds 51% shares in Nimir Management Private Limited and 11.63% shares in Nimir Resins Limited directly. The Company's effective shareholding in NRL stands unchanged at 37.64%.

Internal Financial Control

The Company has a system of internal control which is sound in design and has been effectively implemented and monitored. The Board assumes the overall responsibility of overseeing the internal control processes.

Related Party Transaction

The Company has made detailed disclosures about the related party transaction in the financial statements annexed with the annual report. Such disclosure is in line with the requirement of the Companies Act, 2017 and applicable international Financial Reporting Standards.

A complete list of all Related Party Transaction is compiled and submitted by the Internal Auditor, which has verified that all transactions or arrangements with all the related parties were carried out in the ordinary course and are conducted on an arm's length basis to the Board's Audit Committee every quarter. After the review by the Audit Committee the transactions or arrangements with all the related parties were placed before the Board of Directors for their consideration and approval.

External Auditors

The present auditors, EY Ford Rhodes, Chartered Accountant, who are retiring this year, have offered themselves for reappointment. The Audit Committee has recommended the reappointment of M/s EY Ford Rhodes Chartered Accountant as external auditor of

the Company for the year ending June 30, 2022.

Dividend / Bonus Shares

The Board has recommended a Rs. 2 final cash dividend for the year ended June 30, 2021. The Board had earlier declared and paid interim cash dividends totaling Rs. 2 per share (i.e. 20%). The total cash dividend for the year remained Rs. 4 per share (i.e. 40%).

Pattern of Shareholding

The 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 were 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
September 14, 2021



بورڈ کی تعینات

کوڈ آف کارپوریٹ گورننس (سی سی جی) اور کنٹینر ایکٹ 2017 کے مطابق بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی تعینات کی گئی۔ بورڈ کی مدد دہلی 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 کئے۔ 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 کمیٹی ایکٹ، 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ کی طرف سے منظور شدہ رسی پالیسی کے مطابق طے کیا گیا ہے۔ کمیٹی 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:

- کمیٹی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایجنسیوں میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمیٹی کے کھانا نہ 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 آئیندار 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۔
- کمیٹی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- بقایا سیکسز اور لیویز کا مالی حسابات کے نوٹ میں انکشاف کیا گیا ہے۔

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

کارپوریٹ سماجی ذمہ داریاں

کمیٹی کمیٹی 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 شریک کرنے میں مصروف ہے۔ اس کی حفاظتی، صحت اور ماحولیاتی (SHE) پالیسیاں ملازمین اور کمیٹی کی غیر جانبدارانہ بہتری کے لئے تیار کی گئی ہیں۔

کمیٹی ماحول دوست آپریشنز، مصنوعات اور خدمات کو یقینی بناتی ہے اور اپنے ملازمین اور کمیٹی کے درمیان ماحولیاتی شعور کو فروغ دیتی ہے۔ یہ ارد گرد کی کمیٹی سے ملازمین کو شامل اور تکنیکی اداروں کو انٹرن شپ اور اپن 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 کمیٹیاں

نمائندہ سٹریٹجیکل کمیٹیوں لمیٹڈ براہ راست نمبر مینجمنٹ پرائیویٹ لمیٹڈ میں 51% حصص اور نمبر ریز انٹرمیڈیٹ میں 11.63% حصص رکھتی ہے۔ NRL میں کمیٹی کی 37.64% مؤثر شیئر ہولڈنگ قائم رہی ہے۔

داخلی مالیاتی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔ بورڈ داخلی کنٹرول کے عمل کی نگرانی کی مجموعی ذمہ داری کو قبول کرتا ہے۔

متعلقہ پارٹی لین دین

کمیٹی نے سالانہ رپورٹ کے ساتھ منسلک مالی حسابات میں متعلقہ پارٹی لین دین کے بارے میں تفصیلی انکشافات کئے ہیں۔ یہ انکشاف کمیٹی ایکٹ، 2017 اور قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کے مطابق ہے۔

تمام متعلقہ پارٹی لین دین کی ایک مکمل فہرست مرتب کی گئی ہے اور داخلی آڈیٹر کو جمع کرائی گئی ہے، جس نے تصدیق کی ہے کہ متعلقہ فریقوں کے ساتھ تمام لین دین یا انتظامات عام معمول میں انجام پائے اور بورڈ کی آڈٹ کمیٹی کو ہر سہ ماہی میں قابل رسائی بنیاد پر منعقد کئے گئے ہیں۔ آڈٹ کمیٹی کے جائزے کے بعد تمام متعلقہ فریقوں کے ساتھ لین دین یا انتظامات غور و خوض اور ان کی منظوری کے لئے بورڈ آف ڈائریکٹرز کے روبرو رکھے گئے۔

بیرونی محاسب

اس سال سبکدوش ہونے والے موجودہ محاسب میسرز امی 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 2022ء کو ختم ہونے والے سال کے لئے کمیٹی کے بیرونی محاسب کے طور پر میسرز فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈیویڈنڈ/بونس شیئرز

بورڈ نے 30 جون 2021ء کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ - 2/ روپے فی شیئر (یعنی 20%) کی سفارش کی ہے۔ بورڈ پہلے ہی عبوری نقد منافع منقسمہ کل - 2/ روپے فی شیئر (یعنی 20%) کا اعلان اور ادا کر چکا ہے۔ سال کے لئے کل نقد منافع منقسمہ - 4/ روپے فی شیئر (یعنی 40%) رہا۔

عمومہ حصص داری

کمیٹی کا عمومہ حصص داری منسلک ہے۔ سال کے دوران کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمیٹی سیکرٹری، کمیٹی ایگزیکٹو اور ان کے زوج اور نابالغ بچوں کے ذریعے کمیٹی کے حصص میں کوئی ٹریڈنگ نہیں کی گئی، ماسوائے جس کا ذکر کوڈ آف کارپوریٹ گورننس (سی سی جی) کے ضابطہ کے تحت درکار منسلک 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 باہر ہذا میں ضروری ریٹرنز ریگولیشنز اور اتھارٹی کے ہاں داخل کی گئی ہیں۔

اعتراف

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

منجانب بورڈ



خالد ممتاز قاضی

ڈائریکٹر



ظفر محمود

چیف ایگزیکٹو آفیسر

14 ستمبر 2021ء

لاہور

نمائندہ سٹرٹل کمیونٹی لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2021ء کو ختم ہونے والے مالی سال کے لئے آپ کی کمپنی کی 28 ویں سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی گوشارے پیش کرتے ہوئے خوش محسوس کرتا ہے۔

زیر جائزہ سال 2020 کے اوائل میں شروع ہونے والی COVID-19 وبائی بیماری جس نے تمام دنیا کو اپنی لپیٹ میں لے لیا، ترقی یافتہ اور ترقی پذیر ممالک کے صحت کی دیکھ بھال کے نظام کو یکساں طور پر متاثر کر دیا، اور زیادہ تر اقتصادی دیو تازوں کو غیر مستحکم کر دیا کی تمام مشکلات کے باوجود معاشی بحالی کے سال کا نام دیا جاسکتا ہے۔ تاہم، وبائی بیماری کے پھیلاؤ پر قابو پانے کے لیے سخت اقدامات کے نفاذ کی وجہ سے، زراعت (پام آئل پلانٹیشن سمیت)، پیداوار، مینوفیکچرنگ اور سروس انڈسٹریز نمایاں طور پر متاثر ہوئیں، جس کے نتیجے میں پام آئل سمیت مختلف اشیاء کی سپلائی مشکل ہو گئی۔ اس کے نتیجے میں پام آئل اور دیگر اشیاء اور کمیٹی کے قیمتیں جون 2020 میں دوگنی سے بھی زیادہ ہو گئی ہیں۔

کمپنی کے کاروبار کی کارکردگی

خوش قسمتی سے پاکستان میں وبا کے اثرات زیادہ شدید نہیں تھے۔ وبائی بیماری کے اثرات کو کم کرنے کے لیے، حکومت اور اسٹیٹ بینک آف پاکستان نے مختلف فنانشنگ سکیمیں متعارف کروائیں جیسے کہ عارضی اقتصادی ری فنانس سہولت (TERF)، بیلری ری فنانس سہولت اور ہاؤسنگ فنانس، جس نے معیشت کے پینے کو آگے بڑھانے میں مدد کی۔

نمائندہ سٹرٹل کمیونٹی لمیٹڈ نے مالی سال 2021 کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

اضافہ	2020	2021	
اوسط فیصد	روپے بلین		
34.4%	20,220	27,169	فروخت آمدنی
39.5%	2,546	3,551	مجموعی منافع
40.2%	2,177	3,053	آپریٹنگ منافع
82.9%	926	1,694	ٹیکس کے بعد منافع
82.9%	8.38	15.32	فی شیئر آمدنی (روپے)

سال کے دوران کمپنی کی مجموعی فروخت آمدنی 27 بلین روپے سے تجاوز کر گئی، جو سالانہ 34 فیصد کا اضافہ ظاہر کرتی ہے۔ فروخت میں اضافے سے کمپنی کے منافع میں اضافہ ہوا ہے اور اس کے نتیجے میں ٹیکس کے بعد منافع اور فی شیئر آمدنی میں 83 فیصد کا اضافہ ہوا ہے۔

کم شرح سود اور TERF کا فائدہ اٹھاتے ہوئے، کمپنی نے گزشتہ سال کے دوران مختلف منصوبے شروع کیے جن میں نیا پوائنٹ، بنی ٹریڈ، کاسٹک سوڈا کی توسیع، نیا کلورین لیکولیشن اور

کلورینڈ پیرافن ویکس پلانٹ، ایروسول سہولت کی توسیع اور نئی ذاتی گھنڈا اشت اور ہوم کیئر پروڈکشن سہولیات شامل ہیں۔

مستقبل کا نقطہ نظر

انتظامیہ نے فروخت میں مسلسل نمو پر توجہ مرکوز کی ہے۔ تاہم فیڈ اسٹاک اور پمپٹائیز کے غیر معمولی زیادہ اخراجات کی وجہ سے، آئندہ مالی سال کے دوران مارجن کم ہونے کا خدشہ ہے۔

گزشتہ مالی سال میں شروع کیے گئے منصوبے مقررہ ٹائم لائن کے مطابق مکمل کیے جا رہے ہیں۔ جبکہ کچھ منصوبے دوسری سہ ماہی میں آن لائن ہونے کی توقع ہے، لیکن بڑے منصوبے مالی سال 2022 کے اختتام پر مکمل ہوں گے۔

مذکورہ بالا حقائق کے ساتھ، ہم مالی سال 2022 میں فروخت آمدنی میں معقول نمو کی پیش گوئی کرتے ہیں۔ تاہم، اخراجات اور مارجن پر دباؤ بڑے گا، جو اگلے مالی سال کے دوران کمپنی کے مجموعی منافع کو متاثر کر سکتا ہے۔

تاہم، انتظامیہ حوصلہ افزائی کی قدر مسلسل بڑھانے کے لیے اپنی بہترین کارکردگی کا مظاہرہ کرنے کے لیے پرعزم ہے، انشاء اللہ۔

کرپٹ ریٹنگ:

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

گزشتہ چھ مالی سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ

گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

بھائی قانونی ادائیگیاں

تمام بھائی ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

گریجویٹ سکیم

کمپنی نے اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 13 پر درج ہنڈ ڈگری گریجویٹ سکیم چلائی 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۔

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

آڈٹ کمیٹی:

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

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی:

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

تمام ڈائریکٹرز نے ڈائریکٹرز ٹریڈنگ پروگرام (DTP) کے تحت ٹریڈنگ حاصل کی۔

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

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریمیزیشن کمیٹی
محمد سعید الزمان	4/4		1/1
ظفر محمود	4/4		1/1
خالد ممتاز قاضی	4/4		
عمر اقبال	4/4		
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		

▶ Statement Of Compliance With The Listed Companies (Code Of Corporate Governance) Regulations, 2019 FOR THE YEAR ENDED JUNE 30, 2021

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.	Category	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. All the directors of the existing Board had successfully completed their training 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, 2021.

II. HR & Remuneration Committee

One meeting was held during the financial year ended June 30, 2021.

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.

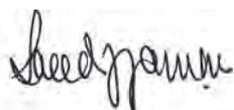
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance 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
Chairman



Zafar Mahmood
Chief Executive Officer

Lahore
September 14, 2021

▶ Review Report to the Memberson 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, 2019 (the Regulations) prepared by the Board of Directors of Nimir Industrial Chemicals Limited (“the Company”) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. 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 2021.



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

Lahore
September 17, 2021

Report on the Audit of the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2021

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 2021, 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, 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 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 2021 and of the statement of profit or loss, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
Revenue Recognition	
<p>As described in note 5.12 and note 29, the Company generates revenue from several types of products and services including three major categories i.e. oleo chemicals, chlor alkai and toll manufacturing. During the year ended 30 June 2021, the Company generated net revenue of Rs. 23.09 billion as compared to Rs. 17.17 billion during the previous year, which represents an increase of approximately 34% as compared to last year.</p> <p>Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Company and its management, we have considered the revenue recognition as a Key Audit Matter.</p>	<p>Our audit procedures amongst others included the following:</p> <p>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.</p> <p>On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period.</p> <p>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.</p> <p>Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures.</p> <p>Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents.</p> <p>Reviewed and assessed the adequacy of related disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and

are therefore the key audit matters. We describe these matters in our 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

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



Lahore
September 17, 2021

EY Ford Rhodes
Chartered Accountants

Statement of Financial Position

AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 145,000,000 (2020: 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 profits - revenue reserve		3,818,120,940	2,517,418,583
		4,924,026,400	3,623,324,043
NON CURRENT LIABILITIES			
Long-term loans	7	1,809,092,279	903,637,538
Lease liabilities	8	87,591,723	100,832,324
Deferred tax liability	9	314,595,926	376,091,088
Deferred grant	10	1,426,717	-
		2,212,706,645	1,380,560,950
CURRENT LIABILITIES			
Trade and other payables	11	1,533,941,807	1,380,672,169
Contract liabilities	12	146,679,086	113,882,173
Net defined benefit liability - funded gratuity	13	128,418,646	97,246,058
Mark up accrued		99,355,733	77,583,396
Unclaimed dividend		10,766,577	13,404,285
Short-term borrowings	14	5,869,058,112	3,387,284,677
Current maturity of long-term loans	7	415,071,353	257,401,086
Current maturity of lease liabilities	8	29,099,326	39,291,814
Current maturity of deferred grant	10	7,685,720	-
Provision for taxation		892,176,798	477,943,408
		9,132,253,158	5,844,709,066
	15	-	-
		16,268,986,203	10,848,594,059
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	5,544,090,450	3,826,271,636
Intangibles	17	-	-
Investment in subsidiaries	18	202,384,469	202,384,469
Loan to subsidiary	19	14,512,000	14,512,000
Long-term deposits	20	39,618,732	35,966,232
		5,800,605,651	4,079,134,337
CURRENT ASSETS			
Stores, spare parts and loose tools	21	292,093,536	280,618,381
Stock-in-trade	22	5,950,815,960	3,601,156,962
Trade debts	23	3,226,711,120	2,127,174,811
Loans and advances	24	65,100,000	66,386,965
Trade deposits and short-term prepayments	25	11,060,556	4,130,470
Other receivables	26	45,632,770	21,595,727
Tax refunds due from the Government	27	818,537,258	566,673,677
Cash and bank balances	28	58,429,352	101,722,729
		10,468,380,552	6,769,459,722
		16,268,986,203	10,848,594,059

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



Chief Executive Officer



Director



Chief Financial Officer

Nimir Industrial Chemicals Ltd.

Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers - gross		27,168,722,104	20,220,088,155
Less: Sales tax, trade discounts and commission		(4,074,978,477)	(3,047,508,274)
Revenue from contracts with customers - net	29	23,093,743,627	17,172,579,881
Cost of sales	30	(19,542,754,705)	(14,626,318,244)
Gross profit		3,550,988,922	2,546,261,637
Distribution costs	31	(182,112,951)	(140,464,106)
Administrative expenses	32	(315,860,706)	(228,360,624)
		(497,973,657)	(368,824,730)
Operating profit		3,053,015,265	2,177,436,907
Other expenses	33	(233,437,410)	(112,421,691)
Other income	34	41,693,483	17,333,245
Foreign exchange loss	35	(601,848)	(131,697,639)
Finance cost	36	(464,002,217)	(601,538,267)
Profit before taxation		2,396,667,273	1,349,112,555
Taxation	37	(702,237,981)	(422,635,290)
Profit after taxation		1,694,429,292	926,477,265
Earnings per ordinary share - basic and diluted	38	15.32	8.38

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



Chief Executive Officer

Annual Report 2021



Director



Chief Financial Officer

Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Profit after taxation	A	1,694,429,292	926,477,265
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	13.4	(9,380,315)	(8,825,484)
Income tax effect		2,720,291	2,559,390
Re-measurement losses on defined benefit plan - net		(6,660,024)	(6,266,094)
Items that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year	B	(6,660,024)	(6,266,094)
Total comprehensive income for the year	A+B	1,687,769,268	920,211,171

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up share capital	Unappropriated profits-Revenue reserve	Total
	Rupees	Rupees	Rupees
Balance as on 1 July 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
Final dividend for 2020 @ Rs.1.50 per share	-	(165,885,819)	(165,885,819)
Interim dividend for 2021 @ Rs.2.00 per share	-	(221,181,092)	(221,181,092)
Profit after taxation	-	1,694,429,292	1,694,429,292
Other comprehensive loss	-	(6,660,024)	(6,660,024)
Total comprehensive income for the year	-	1,687,769,268	1,687,769,268
Balance as on 30 June 2021	1,105,905,460	3,818,120,940	4,924,026,400

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, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,396,667,273	1,349,112,555
Adjustment for:			
Depreciation	16.5	547,247,685	368,495,878
Amortization	17	-	283,024
Expected credit losses on trade debts	33	32,292,905	4,845,009
Provision for slow moving stores and spares	33	11,000,000	3,154,991
Provision for net realizable value	33	7,254,515	-
Loss on investment in subsidiary	33	-	6,545,842
Mark-up expense		453,861,873	593,541,785
Provision for gratuity	13.3	24,492,273	21,633,317
Grant income	34	(11,395,557)	-
Gain on extinguishment of original GIDC liability	34	(10,162,332)	-
Gain on disposal of property, plant and equipment	34	(475,926)	(4,643,560)
Exchange loss - unrealized	35.1	12,532,153	41,794,850
Workers' profit participation fund provision	33	129,340,589	72,349,420
Workers' welfare fund provision	33	53,549,401	25,526,429
		1,249,537,579	1,133,526,985
Operating profit before working capital changes		3,646,204,852	2,482,639,540
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(22,475,155)	(80,128,895)
Stock-in-trade		(2,356,913,513)	(1,134,621,014)
Trade debts		(1,131,829,214)	(374,379,701)
Loans and advances		997,724	4,748,036
Trade deposits and short-term prepayments		(6,930,086)	(641,528)
Other receivables		(24,037,043)	(5,640,493)
Tax refunds due from the Government		(653,567)	(72,222,191)
		(3,541,840,854)	(1,662,885,786)
Increase in current liabilities			
Trade and other payables		70,703,393	514,291,060
Contract liabilities		32,796,913	80,336,520
		(3,438,340,548)	(1,068,258,206)
Cash flows generated from operations		207,864,304	1,414,381,334
Contribution to gratuity fund	13.4	(2,700,000)	(8,500,180)
Mark-up paid		(400,381,459)	(580,015,196)
Income tax paid		(597,989,476)	(269,612,322)
Long-term deposits paid		(3,652,500)	(2,841,460)
Workers' profit participation fund paid	11.4	(72,349,420)	(61,979,779)
Workers' welfare fund paid	11.5	(25,036,467)	(19,235,474)
		(1,102,109,322)	(942,184,411)
Net cash flows (used in) / generated from operating activities		(894,245,018)	472,196,923
Balance carried forward		(894,245,018)	472,196,923

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Note	Rupees	Rupees
Balance brought forward	(894,245,018)	472,196,923
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(265,985,459)	(30,680,439)
Additions in capital work-in-progress	(1,994,676,225)	(952,373,514)
Sale proceeds from disposal of property, plant and equipment	1,642,299	5,529,500
Short-term investments	-	8,200,000
Assets transferred on dissolution of subsidiary	-	72,921,949
Net cash flows used in investing activities	(2,259,019,385)	(896,402,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan obtained	1,352,692,406	595,664,161
Long-term loan repaid	(280,454,961)	(223,783,982)
Dividend paid	(389,704,619)	(325,834,855)
Payment of lease liabilities	(54,335,235)	(49,607,031)
Short-term borrowings - net	2,481,773,435	498,731,365
Net cash flows generated from financing activities	3,109,971,026	495,169,658
Net (decrease) / increase in cash and cash equivalents	(43,293,377)	70,964,077
Cash and cash equivalents at the beginning of the year	101,722,729	30,758,652
Cash and cash equivalents at the end of the year	58,429,352	101,722,729

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, 2021

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 along with toll manufacturing of aerosol and soap products. Following are the business units of the Company along with their respective locations:

Business Unit	Address
Registered office and plant	14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, 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 Management (Private) Limited ("NMPL")	51%	51%
Nimir Resins Limited ("NRL")	11.63%	37.64%

The registered office of Nimir Management (Private) Limited (NMPL) is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan. NMPL was formed for the purpose of investment in Nimir Resins Limited.

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-Sheikhpura 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 2021

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 2020, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Amendments

IAS 1	-	Presentation of Financial Statements: Definition of Material — (Amendments)
IAS 8	-	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material — (Amendments)
IFRS 3	-	Business Combinations: Definition of Business — (Amendments)
IFRS 9	-	Financial Instruments: Interest Rate Benchmark Reform — (Amendments)
IFRS 7	-	Financial Instruments Disclosures: Interest Rate Benchmark Reform — (Amendments)
IAS 39	-	Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform — (Amendments)
IFRS 16	-	Covid-19-Related Rent Concessions (Amendments)
IFRS 16	-	Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of above amendments applied for the first time in the period did not have any material impact on the financial statements of the Company.

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 - Reference to conceptual framework — (Amendments)	01 January 2022
IAS 16 - Property, plant and equipment: Proceeds before intended use — (Amendments)	01 January 2022
IAS 37 - Onerous contracts - costs of fulfilling a contract — (Amendments)	01 January 2022
AIP IAS 41 - Taxation in fair value measurements	01 January 2022
AIP IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
IAS 1 - Classification of liabilities as current or non-current — (Amendments)	01 January 2023
IAS 8 - Definition of accounting estimates — (Amendments)	01 January 2023
IFRS 10 & IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized
IAS 12 - Deferred tax related to Assets and Liabilities arising from a Single Transaction — (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies — (Amendments)	01 January 2023

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 2022.

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 for following:

- Certain employee benefits are recognized on the basis mentioned in note 5.13
- Stock-in-trade measured at lower of cost and net realizable value.
- Other areas where measurement basis have been disclosed in relevant notes.

3.2 PRESENTATION CURRENCY

These financial statements are presented in Pak Rupee, which is the also 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 area involving a higher degree of judgments or complexity or area where assumptions and estimates are significant to the financial statements is as follows:

4.1 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 16.1 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.

On 01 April 2021, the Company changed its accounting estimate for useful life and residual value of caustic soda plant included in plant and machinery. The current useful life ranging from 10-29 years has been changed to 7-26 years in line with the assessment made by specialist valuer on the panel of PBA and management's internal assessment. This change has been accounted for as per the requirements of IAS-8 "Changes in accounting policies, estimates and fundamental errors" and has been applied prospectively. Had the change not been made, profit before tax for the year ended 30 June 2021 (without considering the impact of workers' welfare fund and workers' profit participation fund) would have been higher by Rs. 123.6 million.

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 presently 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.

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 general 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, liabilities against assets subject to finance lease, 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, liabilities against assets subject to finance lease, 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 Government grants

Grants, including the non-monetary grants at fair value are recognized when there is reasonable assurance that:

- a) the entity will comply with the conditions attaching to them, if any; and
- b) the grants will be received.

Grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable.

5.8 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.

5.9 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.

5.10 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.

5.11 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.

5.12 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 29) 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.

5.13 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.

5.14 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 balance sheet date.

Profits or losses arising on translation are recognized in the 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 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

2021	2020		2021	2020
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	2021 Rupees	2020 Rupees
Term Finance	7.1	941,635,571	1,053,527,649
Term Finance - under refinance scheme for payroll financing	7.2	129,798,464	92,998,975
Term Finance - under temporary economic refinance facility	7.3	1,138,217,597	-
Loan from directors / sponsors - unsecured	7.4	14,512,000	14,512,000
		2,224,163,632	1,161,038,624
Mark up accrued		26,239,494	25,985,189
		2,250,403,126	1,187,023,813
Less: Current maturity shown under current liabilities		(415,071,353)	(257,401,086)
Less: Mark up accrued shown under current liabilities		(26,239,494)	(25,985,189)
		1,809,092,279	903,637,538

7.1 This represents long-term finance facilities obtained from financial institutions carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in equal monthly and quarterly installments over a period of 5 to 6 years

including 1 year grace period. These facilities are secured against first joint pari passu charge over present and future fixed assets of the Company.

- 7.2** 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 100 bps to 200 bps per annum and repayable in 8 equal quarterly installments 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' has been treated as deferred grant (as explained in Note 10).
- 7.3** This represents long-term finance facilities obtained from financial institutions under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carries mark-up at the rate of SBP TERF Refinance rate plus 125 bps to 250 bps per annum repayable in equal quarterly installments over a period of 10 years including 2 years grace period. These facilities are secured against first joint pari passu charge over all present and future fixed assets of the Company.
- 7.4** This represents unsecured loan obtained from ex-director / sponsors of Nimir Resins Limited acquired as a result of winding of Nimir Holding (Private) Limited in the prior year. 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 7.76% to 16.42% (2020: 8.49% to 16.42%). The amount of future payments and the period during which they will become due are:

	2021	2020
	Rupees	Rupees
Year ending 30 June		
2021	-	55,207,380
2022	43,220,046	41,922,648
2023	38,682,868	37,165,238
2024	33,128,809	31,478,590
2025	6,128,688	4,116,276
2026	10,492,494	-
	131,652,905	169,890,132
Less: Future finance charges	(14,961,856)	(29,765,994)
	116,691,049	140,124,138
Less: Current maturity shown under current liabilities	(29,099,326)	(39,291,814)
	87,591,723	100,832,324

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

	2021		2020	
	MLP	PV of MLP	MLP	PV of MLP
	Rupees	Rupees	Rupees	Rupees
Due not later than 1 year	43,220,046	29,099,326	55,207,380	39,291,814
Due later than 1 year but not later than 5 years	88,432,859	87,591,723	114,682,752	100,832,324
	131,652,905	116,691,049	169,890,132	140,124,138

9 DEFERRED TAX LIABILITY

This comprises of:

Deferred tax liabilities on taxable temporary differences

Accelerated tax depreciation

Deferred tax assets on deductible temporary differences

Capital work-in-progress - impairment

Allowance for expected credit losses

Provision for net realizable value

Deferred and unpaid liabilities

Others

Reconciliation of deferred tax liabilities - net

As of 01 July

Tax expense recognized in statement of profit or loss

Tax income recognized in OCI

As at 30 June

Note	2021 Rupees	2020 Rupees
	361,719,493	406,885,070
	(18,375,856)	(18,375,856)
	(12,201,852)	(3,034,386)
	(2,103,809)	-
	(11,189,082)	(8,468,793)
	(3,252,968)	(914,947)
	<u>314,595,926</u>	<u>376,091,088</u>
	376,091,088	321,621,058
37	(58,774,871)	57,029,420
	(2,720,291)	(2,559,390)
	<u>314,595,926</u>	<u>376,091,088</u>

10 DEFERRED GRANT

This represents deferred grant recognized on loan received at below market interest rate under SBP refinance scheme for payment of wages and salaries to the workers and employees of business concerns (as explained in Note 7.2).

Movement during the year is as follows:

Balance as at 01 July

Amount recognized as deferred grant during the year

Amount recognized as income during the year

Less: Current maturity of deferred grant

Balance as at 30 June

Note	2021 Rupees	2020 Rupees
	-	-
	20,507,994	-
	(11,395,557)	-
	9,112,437	-
	(7,685,720)	-
	<u>1,426,717</u>	<u>-</u>

11 TRADE AND OTHER PAYABLES

Creditors

Accrued liabilities

Security deposits

Workers' profit participation fund

Workers' welfare fund

Withholding tax payable

Others

11.1	610,562,657	853,520,886
11.2	709,829,931	399,773,944
11.3	400,000	400,000
11.4	129,340,589	72,349,420
11.5	53,766,492	25,253,558
	581,175	6,610,214
	29,460,963	22,764,147
	<u>1,533,941,807</u>	<u>1,380,672,169</u>

11.1 Creditors include amount payable to Nimir Resins Limited (a related party) amounting to Rs. 321,707 (2020: Rs. 5,773,950) and Nimir Chemcoats Limited (a related party) amounting to Rs. 350,384 (2020: Nil) on account of purchase of raw materials.

- 11.2** This includes modified liability of Government Infrastructure Development Cess payable amounting to Rs. 144,222,846 recognized at fair value using effective interest rate method as per the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021. Movement during the year is as follows:

	Note	2021 Rupees	2020 Rupees
Balance as at 01 July		147,160,704	147,160,704
Gain on extinguishment of original GIDC liability	34	(10,162,332)	-
Finance cost	36	7,224,474	-
Balance as at 30 June		144,222,846	147,160,704

- 11.3** 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	2021 Rupees	2020 Rupees
11.4 Balance as at 01 July		72,349,420	61,979,779
Add: Provision for the year	33	129,340,589	72,349,420
Less: Payments made during the year		(72,349,420)	(61,979,779)
Balance as at 30 June		129,340,589	72,349,420
11.5 Balance as at 01 July		25,253,558	18,962,603
Add: Provision for the year	33	53,549,401	25,526,429
Less: Payments made during the year		(25,036,467)	(19,235,474)
Balance as at 30 June		53,766,492	25,253,558

12 CONTRACT LIABILITIES

- 12.1** This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2020: Nil).

- 12.2** Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 107,451,311 (2020: Rs. 33,545,653)

13 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

Staff retirement benefits - gratuity

Note	2021 Rupees	2020 Rupees
13.1	128,418,646	97,246,058

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

Present value of defined benefits obligation	13.5	151,222,142	117,676,686
Less: Fair value of plan assets	13.6	(22,803,496)	(20,430,628)
		128,418,646	97,246,058

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

	Note	2021 Rupees	2020 Rupees
Current service cost		15,861,627	12,220,869
Interest cost on defined benefit obligation - net	13.3	8,630,646	9,412,448
Expense recognized in the statement of profit or loss		24,492,273	21,633,317

13.3 The charge for the year has been allocated is as follows:

Cost of sales	30.2	14,852,348	13,118,650
Distribution costs	31.1	3,384,193	2,989,160
Administrative expenses	32.1	6,255,732	5,525,507
		24,492,273	21,633,317

13.4 Movements in the net liability recognized as follows:

Net liabilities at the beginning of the year		97,246,058	75,287,437
Current service cost		15,861,627	12,220,869
Interest cost on defined benefit obligation		8,630,646	9,412,448
Contribution by employer		(2,700,000)	(8,500,180)
Remeasurements charged to other comprehensive income		9,380,315	8,825,484
Net liabilities at the end of the year		128,418,646	97,246,058

13.5 Movements in the present value of defined benefit obligation:

Present value of defined benefits obligation at the beginning of the year		117,676,686	93,436,201
Current service cost		15,861,627	12,220,869
Interest cost on defined benefit obligation		10,404,950	11,859,906
Benefits paid		(4,132,270)	(7,854,950)
Remeasurement:			
Experience adjustments		11,411,149	8,014,660
Present value of defined benefits obligation at the end of the year		151,222,142	117,676,686

13.6 Movements in the fair value of plan assets:

Fair value of plan assets at the beginning of the year		20,430,628	18,148,764
Contribution by employer		2,700,000	8,500,180
Interest income		1,774,304	2,447,458
Benefits paid		(4,132,270)	(7,854,950)
Return on plan assets excluding interest income		2,030,834	(810,824)
Fair value of plan assets at the end of year		22,803,496	20,430,628

13.7 Components of plan assets

Mutual funds units		22,658,049	19,686,010
Cash and cash equivalents		145,447	744,618
		22,803,496	20,430,628

13.8 Estimated expense to be charged to statement of profit or loss in next year

	2022
	Rupees
Current service cost	16,370,338
Interest cost on defined benefit obligation - (net)	12,841,864
Amount chargeable to profit or loss	<u>29,212,202</u>

13.9 Estimated contribution to the fund in next year

<u>20,000,000</u>

Qualified actuaries have carried out the valuation as at 30 June 2021. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2021	2020
Discount rate for obligation	10.00%	9.00%
Expected rates of salary increase in future years	9.00%	8.00%
Retirement assumption	Age 60	Age 60

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

<u>Sensitivity level</u>	<u>Assumption</u>	<u>Defined benefit obligation</u>
+ 100 bps	Discount rate	138,270,125
- 100 bps	Discount rate	165,391,461
+ 100 bps	Expected increase in salary	165,387,398
- 100 bps	Expected increase in salary	138,268,427

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 9 years.

14 SHORT-TERM BORROWINGS - SECURED

	2021	2020
	Rupees	Rupees
Running finance	675,530,793	300,558,636
Finance Against Trust Receipts	5,193,527,319	2,522,607,047
FE-25	-	564,118,994
	<u>5,869,058,112</u>	<u>3,387,284,677</u>

The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at year end is Rs.10,049 million (2020: Rs. 7,399 million) which includes running finance facilities amounting Rs.1,350 million (2020: Rs. 1,025 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 75 bps with no floor and no cap (2020: 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.

The unutilized facility for opening letters of credit and bank guarantees as at 30 June 2021 amounts to Rs. 2,260 million (2020: Rs. 1,869 million) and Rs. 50 million (2020: Rs. 59 million) respectively.

15 CONTINGENCIES AND COMMITMENTS

15.1 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.

- 15.1.1** 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.
- 15.1.2** 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.
- 15.1.3** 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.

15.2 COMMITMENTS

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

	2021	2020
	Rupees	Rupees
Letters of credit established for the import of raw materials, spare parts and machinery	5,048 million	1,382 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	59 million	50 million
Letter of guarantee issued by financial institution in favor of Total PARCO	5 million	5 million

16 PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	Rupees	Rupees
Operating fixed assets	3,649,868,606	3,697,705,016
Capital work-in-progress	1,894,221,844	128,566,620
	5,544,090,450	3,826,271,636

Note

16.1

16.6

16.1 Operating fixed assets

Particulars	C O S T			Rate %	D E P R E C I A T I O N			Net Book value As at June 30, 2021 (Rupees)
	As at July 1, 2020	Additions (Disposals)	Transfer/ Adjustment (Rupees)		As at June 30, 2021	Charge for the year	(Disposals)	
OWNED								
Free-hold land	240,346,660	171,604,595	-	-	411,951,255	-	-	411,951,255
Building on free-hold land	582,950,517	50,888,686	51,788	4-5	633,890,991	42,173,414	36,265	209,292,520
Plant and machinery	4,410,917,483	174,124,403	(51,788)	4-50	4,581,895,784	425,365,616	(36,265)	2,018,126,442
Furniture and fittings	7,177,046	971,000	-	10-33	7,096,462	956,521	-	4,785,308
Office and factory equipment	159,485,472	87,487,682	-	10-50	236,701,799	32,352,570	-	112,441,466
Vehicles	51,769,324	5,742,727	1,094,000	20	57,240,361	8,081,441	585,396	45,025,435
	5,452,646,502	490,819,093	1,094,000		5,928,776,652	508,929,562	585,396	2,389,671,171
		(1,365,690)				(14,616,570)		3,539,105,481
RIGHT-OF-USE								
Vehicles	94,014,751	9,758,555	(1,094,000)	20	102,679,306	18,390,551	(585,396)	62,029,964
Plant and machinery	50,427,717	-	-	4-50	50,427,717	4,030,871	-	24,029,863
Building - lease-hold	74,274,371	-	-	20-25	74,274,371	15,896,701	-	30,558,442
	218,716,839	9,758,555	(1,094,000)		227,381,394	38,318,123	(585,396)	116,618,269
	5,671,363,941	500,577,648	-		6,156,158,046	547,247,685	-	2,506,289,440
		(15,782,943)				(14,616,570)		3,649,868,606
2021								
	229,047,504	11,299,156	-	-	240,346,660	-	-	240,346,660
	474,535,321	108,545,202	-	4-5	582,950,517	43,781,297	(130,005)	415,867,676
	3,662,400,766	743,619,810	-	4-50	4,410,917,483	252,217,505	(15,103,066)	2,815,435,053
	6,496,238	680,808	-	10-33	7,177,046	729,091	-	4,880,309
	142,620,045	17,979,615	-	10-50	159,485,472	27,420,230	(1,088,743)	90,030,219
	56,929,527	380,000	1,069,000	20	57,769,324	7,926,855	498,872	37,296,984
	4,592,029,401	882,504,591	1,069,000		5,452,646,502	332,074,978	498,872	1,894,772,783
		(22,956,490)				(22,070,550)		3,557,873,719
RIGHT OF USE								
Vehicles	79,305,991	15,777,860	(1,069,000)	20	94,014,751	17,221,465	(498,872)	44,224,809
Plant and machinery	50,427,717	-	-	4-50	50,427,717	4,537,694	-	19,998,992
Building - lease-hold	67,887,918	6,586,453	-	20-25	74,274,371	14,661,741	-	14,661,741
	197,421,526	22,364,313	(1,069,000)		218,716,839	36,420,900	(498,872)	78,885,542
	4,789,450,927	904,868,904	-		5,671,363,341	368,495,878	-	1,973,658,325
		(22,956,490)				(22,070,550)		3,697,705,016
2020								

16.2 There are fully depreciated assets, having cost of Rs. 323 million (2020: Rs.233 million) that are still in use as at the reporting date.

16.3 Company's immovable fixed assets are located at 14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan, Plot No. 122, block A, Muslim Town, Lahore, Pakistan and Plot Nos. 14,14-A and 515-D, block K, Johar Town, Lahore, Pakistan having area of 68.9 acres, 2.5 kanals and 2.25 kanals respectively.

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

	Note	2021 Rupees	2020 Rupees
16.5 Depreciation for the year has been allocated as under:			
Cost of sales	30	523,792,339	346,914,260
Distribution costs	31	5,242,788	5,191,701
Administrative expenses	32	18,212,558	16,389,917
		<u>547,247,685</u>	<u>368,495,878</u>

Note	2021			2020
	Building on free-hold land Rupees	Plant and machinery Rupees	Total Rupees	Total Rupees
16.6 Capital work-in-progress				
Opening balance	-	191,931,640	191,931,640	91,723,138
Additions during the year	50,888,686	1,939,779,627	1,990,668,313	952,373,514
	50,888,686	2,131,711,267	2,182,599,953	1,044,096,652
Transferred to fixed assets	(50,888,686)	(174,124,403)	(225,013,089)	(852,165,012)
	-	1,957,586,864	1,957,586,864	191,931,640
Less: Accumulated impairment	16.6.2	(63,365,020)	(63,365,020)	(63,365,020)
	-	<u>1,894,221,844</u>	<u>1,894,221,844</u>	<u>128,566,620</u>

16.6.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 22,669,749 (2020: Rs. 10,353,130). The expansion has been financed by term finance facilities from financial institutions described in note 7.

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

	Note	2021 Rupees	2020 Rupees
17 INTANGIBLES			
Software and licenses			
Cost:			
As at 1 July		4,204,250	4,204,250
Additions during the year		-	-
As at 30 June		<u>4,204,250</u>	<u>4,204,250</u>
Accumulated amortization:			
As at 1 July		(4,204,250)	(3,921,226)
Amortization during the year	32	-	(283,024)
As at 30 June		<u>(4,204,250)</u>	<u>(4,204,250)</u>
Net book value		<u>-</u>	<u>-</u>
Rate of amortization		20%-33.33%	20%-33.33%

18 INVESTMENT IN SUBSIDIARIES

	Note	2021 Rupees	2020 Rupees
Investment in shares of Nimir Management (Private) Limited - cost	18.1	128,161,710	128,161,710
Investment in shares of Nimir Resins Limited - cost	18.2	74,222,759	74,222,759
		<u>202,384,469</u>	<u>202,384,469</u>

18.1 This represents 12,816,171 (2020: 12,816,171) ordinary shares aggregating to 51% of total paid up capital of Nimir Management (Private) Limited.

18.2 This represents 32,876,612 (2020: 32,876,612) ordinary shares aggregating to 11.63% of total paid up capital of Nimir Resins Limited.

19 LOAN TO SUBSIDIARY

	Note	2021 Rupees	2020 Rupees
Loan to Nimir Resins Limited - unsecured	19.1	14,512,000	14,512,000

19.1 This represents loan to subsidiary novated from ex-director of Nimir Resins Limited. 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.

19.2 Maximum aggregate amount due from the subsidiary at the end of any month in the year was Rs. 14,512,000 (2020: Rs. 14,512,000). No interest has been charged on the amounts due from associated undertakings.

20 LONG-TERM DEPOSITS

	Note	2021 Rupees	2020 Rupees
Security deposits			
Financial institutions (including banks)		19,856,130	18,297,630
Others	20.1	19,762,602	17,668,602
		<u>39,618,732</u>	<u>35,966,232</u>

20.1 This includes deposit amounting to Rs. 12.24 million (2020: Rs. 12.24 million) given to electricity supply company for dedicated line.

21 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2021 Rupees	2020 Rupees
Stores, spare parts and loose tools			
In hand		298,786,820	266,939,552
In transit		7,461,707	16,833,820
Less: Provision for slow moving items	21.1	(14,154,991)	(3,154,991)
		<u>292,093,536</u>	<u>280,618,381</u>

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

Opening balance		3,154,991	-
Charge for the year	33	11,000,000	3,154,991
Closing balance		<u>14,154,991</u>	<u>3,154,991</u>

22 STOCK-IN-TRADE

	Note	2021 Rupees	2020 Rupees
Raw and packing material			
In hand		493,042,998	411,658,738
In transit		3,965,359,669	2,663,701,315
		4,458,402,667	3,075,360,053
Finished goods		1,499,667,808	525,796,909
Less: Provision for net realizable value	22.1	(7,254,515)	-
		1,492,413,293	525,796,909
		5,950,815,960	3,601,156,962

22.1 Movement in provision for net realizable value is as follows:

Opening balance		-	-
Charge for the year	33	7,254,515	-
Closing balance		7,254,515	-

23 TRADE DEBTS

Considered good - unsecured			
Due from customers	23.1	3,214,455,370	2,111,028,811
Due from associated companies	23.2	12,255,750	16,146,000
		3,226,711,120	2,127,174,811
Considered doubtful		42,075,350	10,463,405
Allowance for expected credit losses	23.5	(42,075,350)	(10,463,405)
		-	-
		3,226,711,120	2,127,174,811

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

23.2 Trade debts from Nimir Resins Limited (a related party) amount to Rs. 12,255,750 (2020: Rs. 16,146,000).

23.3 Aggregate amount due from Directors, Chief Executive and Executives of the Company is Rs. Nil (2020: Rs. Nil)

23.4 Maximum aggregate amount due from Nimir Resins Limited at the end of any month in the year was Rs. 45,050,581 (2020: Rs. 51,182,879). No interest has been charged on the amounts due from associated undertakings.

	Note	2021 Rupees	2020 Rupees
23.5 Movement in allowance for expected credit losses is as follows:			
Opening balance		10,463,405	22,990,888
Charge for the year	33	32,292,905	4,845,009
Written off during the year		(680,960)	(17,372,492)
Closing balance		42,075,350	10,463,405

24 LOANS AND ADVANCES

Considered good - unsecured

Suppliers

Employees against business expenses

Employees against salary

Note	2021 Rupees	2020 Rupees
	54,941,329	59,978,623
24.2	4,018,005	2,631,090
24.3	6,140,666	3,777,252
	<u>65,100,000</u>	<u>66,386,965</u>

24.1 Amount due from related parties is Rs. Nil (2020 Rs. Nil)

24.2 This includes advance given to executives amounting to Rs. 1.64 million (2020: Rs. 1.67 million). No amount has been given to CEO or Directors.

24.3 This includes advance given to executives amounting to Rs. 2.87 million (2020: Rs. 2.06 million). No amount has been given to CEO or Directors.

24.4 Loans and advances that are either past due or impaired amount to Rs. Nil (2020: Rs. Nil)

25 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Prepayments

2021 Rupees	2020 Rupees
<u>11,060,556</u>	<u>4,130,470</u>

26 OTHER RECEIVABLES

Margin against bank guarantee

Margin against LC

16,000,000	15,102,950
29,632,770	6,492,777
<u>45,632,770</u>	<u>21,595,727</u>

26.1 Other receivables that are either past due or impaired amount to Rs. Nil (2020: Rs. Nil)

27 TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax

Sales tax

Note	2021 Rupees	2020 Rupees
	813,370,625	562,160,611
	5,166,633	4,513,066
	<u>818,537,258</u>	<u>566,673,677</u>

28 CASH AND BANK BALANCES

Cash in hand

Cash at bank

Current accounts

Savings account

1,003,614	1,887,115
57,073,216	99,824,551
352,522	11,063
57,425,738	99,835,614
<u>58,429,352</u>	<u>101,722,729</u>

28.1 These carry mark-up rate at 5.5% (2020: 6.5% to 11.25%) per annum.

29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Manufacturing
Toll manufacturing

Less:

Sales tax
Trade discounts
Commission

Geographical region:

Pakistan

Timing of transfer of goods and services:

At a point in time

Note	2021	2020
	Rupees	Rupees
	26,474,867,480	19,841,469,183
	693,854,624	378,618,972
	<u>27,168,722,104</u>	<u>20,220,088,155</u>
	(3,956,667,448)	(2,940,243,286)
	(33,740,823)	(32,976,087)
	(84,570,206)	(74,288,901)
	<u>(4,074,978,477)</u>	<u>(3,047,508,274)</u>
	<u>23,093,743,627</u>	<u>17,172,579,881</u>
	<u>27,168,722,104</u>	<u>20,220,088,155</u>
	<u>27,168,722,104</u>	<u>20,220,088,155</u>

30 COST OF SALES

Raw and packing material consumed	30.1	18,445,766,949	12,941,580,865
Salaries, wages and benefits	30.2	518,806,051	363,217,433
Depreciation	16.5	523,792,339	346,914,260
Fuel and power		705,798,209	764,329,733
Stores, spare parts and loose tools consumed		141,532,517	100,359,668
Repairs and maintenance		99,375,229	17,449,203
Traveling, conveyance and entertainment		45,018,955	37,124,622
Communications		3,201,740	1,242,972
Insurance		21,147,884	16,753,374
Rent, rates and taxes		3,517,898	3,514,826
Printing and stationery		2,267,495	3,193,763
Dues, fees and subscription		3,693,668	2,428,537
Other expenses		2,706,670	5,188,855
		<u>20,516,625,604</u>	<u>14,603,298,111</u>
Add: Opening stock-finished goods	22	525,796,909	548,817,042
Less: Closing stock-finished goods	22	(1,499,667,808)	(525,796,909)
		<u>19,542,754,705</u>	<u>14,626,318,244</u>

30.1 Raw and packing material consumed

Opening Balance		3,075,360,053	1,917,718,906
Purchases		19,828,809,563	14,099,222,012
		<u>22,904,169,616</u>	<u>16,016,940,918</u>
Less: Closing Balance	22	(4,458,402,667)	(3,075,360,053)
Raw and packing material consumed		<u>18,445,766,949</u>	<u>12,941,580,865</u>

30.2 This includes Rs. 14.9 million (2020: Rs. 13.1 million) in respect of staff retirement benefits - gratuity scheme.

30.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 269.4 million (2020: Rs. 196.6 million).

31 DISTRIBUTION COSTS

	Note	2021 Rupees	2020 Rupees
Salaries, wages and benefits	31.1	72,599,503	51,499,976
Depreciation	16.5	5,242,788	5,191,701
Repairs and maintenance		244,066	44,874
Traveling, conveyance and entertainment		2,347,840	3,904,337
Communications		399,792	400,545
Insurance		1,377,511	729,034
Printing and stationery		216,750	349,146
Freight outward		79,166,223	77,895,543
Packing, carriage and forwarding		47,650	30,260
Dues, fees and subscription		350,600	354,380
Other expenses	31.2	20,120,228	64,310
		182,112,951	140,464,106

31.1 This includes Rs. 3.4 million (2020: Rs. 3 million) in respect of staff retirement benefits - gratuity scheme.

31.2 This includes Rs. 20 million in respect of promotional expenses incurred at Premier Business Expo Dubai.

32 ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries, wages and benefits	32.1	194,385,956	136,022,913
Depreciation	16.5	18,212,558	16,389,917
Amortization	17	-	283,024
Fuel and power		3,333,130	2,419,714
Repairs and maintenance		8,286,384	3,513,583
Traveling, conveyance and entertainment		17,237,156	14,455,928
Communications		8,374,561	6,061,972
Insurance		2,275,903	2,132,405
Rent, rates and taxes		5,764,358	4,663,333
Printing and stationery		3,428,145	1,217,756
Advertisement		1,773,664	2,616,857
Legal, professional and consultancy charge		11,703,863	9,750,932
Auditor's remuneration	32.2	2,804,000	2,275,000
Dues, fees and subscription		20,700,156	18,714,415
Other expenses		17,580,872	7,842,875
		315,860,706	228,360,624

32.1 This includes Rs. 6.3 million (2020: Rs. 5.5 million) in respect of staff retirement benefits - gratuity scheme.

32.2 Auditor's remuneration

	Note	2021 Rupees	2020 Rupees
Audit fee		1,800,000	1,250,000
Consolidation, reviews and certifications		954,000	950,000
Out of pocket expenses		50,000	75,000
		<u>2,804,000</u>	<u>2,275,000</u>

33 OTHER EXPENSES

Workers' profit participation fund	11.4	129,340,589	72,349,420
Workers' welfare fund	11.5	53,549,401	25,526,429
Expected credit losses on trade debts	23.5	32,292,905	4,845,009
Loss on investment in subsidiary		-	6,545,842
Provision for slow moving stores and spares	21.1	11,000,000	3,154,991
Provision for net realizable value	22.1	7,254,515	-
		<u>233,437,410</u>	<u>112,421,691</u>

34 OTHER INCOME

Non financial assets

Gain on disposal of property, plant and equipment		475,926	4,643,560
Grant income	10	11,395,557	-
Gain on extinguishment of original GIDC liability	11.2	10,162,332	-
Other income	34.1	18,733,168	11,644,109

Financial assets - amortized cost

Profit on savings account		926,500	1,045,576
		<u>41,693,483</u>	<u>17,333,245</u>

34.1 This includes income from sale of scrap material amounting Rs. 18,273,499 (2020: Rs. 7,772,006) generated from sales value of Rs. 22,282,554 (2020: Rs. 10,102,377)

35 FOREIGN EXCHANGE LOSS

	Note	2021 Rupees	2020 Rupees
On foreign exchange denominated liabilities	35.1	601,848	131,697,639

35.1 This includes unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 12,532,153 (2020: Rs. 41,794,850).

36 FINANCE COST

		2021 Rupees	2020 Rupees
Mark-up on			
Long-term loans	36.1	95,340,934	101,640,229
Short-term borrowings		338,208,419	474,187,652
Financial charges on lease		13,088,046	17,713,904
Financial charges on GIDC unwinding		7,224,474	-
Bank charges, fee and commission		10,140,344	7,996,482
		<u>464,002,217</u>	<u>601,538,267</u>

36.1 This includes financial charges on unwinding of term finance loan under refinance scheme for payroll financing (as explained in Note 7) amounting to Rs. 13,527,044 (2020: Nil) out of which Rs. 11,395,557 are due to the application of 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance'

37 TAXATION

Current tax:

Current year

Prior year

Deferred tax

Relating to the reversal and origination of temporary differences

37.1 Relationship between tax expenses and accounting profit

Accounting profit before taxation

Tax at applicable tax rate of 29% (2020: 29%)

Effect of expenses not allowed for tax

Effect of prior years tax

Tax expense for the year

	2021	2020
	Rupees	Rupees
	760,936,995	358,853,065
	75,857	6,752,805
	761,012,852	365,605,870
	(58,774,871)	57,029,420
	702,237,981	422,635,290
	2,396,667,273	1,349,112,555
	695,033,509	391,242,641
	7,128,615	24,639,844
	75,857	6,752,805
	702,237,981	422,635,290

38 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

38.1 Basic

Profit attributable to ordinary shareholders (Rupees)

Weighted average number of ordinary shares (Number)

Earnings per ordinary share

	2021	2020
	Rupees	Rupees
	1,694,429,292	926,477,265
	110,590,546	110,590,546
	15.32	8.38

38.2 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.

39 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.

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 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	
	2021	2020
	Rupees	Rupees
Loan to subsidiary	14,512,000	14,512,000
Long-term deposits	19,762,602	17,668,602
Trade debts – unsecured	3,226,711,120	2,127,174,811
Loans and advances	6,140,666	3,777,252
Other receivables	45,632,770	21,595,727
Bank balances	57,425,738	99,835,614
39.1.1 Trade Debts		
Other than related parties		
Not yet due	2,488,701,128	1,352,715,016
Past due		
1-30 days	466,735,343	509,193,355
31-60 days	110,296,694	213,857,510
61-90 days	157,030,544	42,426,542
Over 90 days	33,767,011	3,299,793
	767,829,592	768,777,200
	3,256,530,720	2,121,492,216
Related parties		
Not yet due	12,255,750	16,146,000

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.

	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
As at 30 June 2021						
Expected credit loss rate	0.14%	0.32%	1.07%	8.13%	68.61%	
Estimated total gross carrying						
	2,500,956,878	466,735,343	110,296,694	157,030,544	33,767,011	3,268,786,470
Expected credit loss	3,485,738	1,485,362	1,176,893	12,761,011	23,166,345	42,075,350
As at 30 June 2020						
Expected credit loss rate	0.28%	0.25%	0.44%	5.79%	59.92%	
Estimated total gross carrying amount	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 2021, trade debts of Rs. 42.1 million (2020: Rs. 10.6 million) were impaired and provided for. The sale to three major customers amount to Rs. 10,839 million (2020: Rs. 8,626 million) which represents approximately 47% (2020: 40%) of the total revenue.

39.1.2 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			2021	2020
	Agency	Short-term	Long-term	Rupees	Rupees
Albaraka Bank (Pakistan) Limited	PACRA	A-1	A	299,602	602,733
Allied Bank Limited	PACRA	A1+	AAA	-	81,951
Askari Bank Limited	PACRA	A1+	AA+	536,196	916,965
Bank Alfalah Limited	PACRA	A1+	AA+	-	1,365,580
BankIslami Pakistan Limited	PACRA	A1	A+	215,900	322,338
Habib Bank Limited	JCR-VIS	A1+	AAA	5,517,259	5,184,991
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	-	135,550
MCB Bank Limited	PACRA	A1+	AAA	352,522	11,063
Meezan Bank Limited	JCR-VIS	A-1+	AAA	2,804,620	683,000
National Bank of Pakistan	JCR-VIS	A-1+	AAA	413,700	1,675,854
Industrial and Commercial Bank of China	FITCH RATINGS	A	F1+	770,345	-
Silk Bank Limited	JCR-VIS	A-2	A-	10,479	479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	568,550	550,068
The Bank of Punjab	PACRA	A1+	AA+	45,936,565	88,305,042
				57,425,738	99,835,614

39.1.3 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.

39.2 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 2021	Maturity Up to One Year	Maturity After One Year	Total
	Rupees		
Long-term loans	415,071,353	1,809,092,279	2,224,163,632
Lease liabilities	29,099,326	87,591,723	116,691,049
Short-term borrowings	5,869,058,112	-	5,869,058,112
Mark up accrued	99,355,733	-	99,355,733
Unclaimed dividend	10,766,577	-	10,766,577
Trade and other payables	1,320,392,588	-	1,320,392,588
Total financial liabilities	7,743,743,689	1,896,684,002	9,640,427,691

	Maturity Up to One Year	Maturity After One Year	Total
As at 30 June 2020			
	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

Changes in liabilities arising from financing activities

	As at 1 July 2020	Cash flows	Foreign exchange movement	New leases	Others	As at 30 June 2021
Rupees						
Long-term loans	1,161,038,624	1,072,237,445	-	-	(9,112,437)	2,224,163,632
Lease Liability	140,124,138	(54,335,235)	-	17,814,100	13,088,046	116,691,049
Short-term borrowings	3,387,284,677	2,481,773,435	-	-	-	5,869,058,112
Unclaimed dividend	13,404,285	(389,704,619)	-	-	387,066,911	10,766,577
	4,701,851,724	3,109,971,026	-	17,814,100	391,042,520	8,220,679,370

	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

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 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.

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 Company is exposed to interest rate risk for loans and borrowings obtained from the financial institutions and liabilities against assets subject to finance lease, 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. 69.4 million (2020: Rs. 46.9 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.

39.4 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 liabilities against assets subject to finance lease. The gearing ratio of the Company is 62% (2020: 56%).

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 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.

40 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

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

Names of companies	Basis of relationship	Status of relationship	Percentage of effective shareholding
Nimir Management (Private) Limited	Shareholding	Subsidiary company	51%
Nimir Resins Limited	Shareholding and Common Directorship	Sub-Subsidiary company	37.64%
Nimir Resources (Private) Limited	Common Directorship	Associated company	Nil
Nimir Chemcoats Limited	Common Directorship	Associated company	Nil
Terranova (Private) Limited	Common Directorship	Associated company	Nil
Extracts 4 Life (Private) Limited	Common Directorship	Associated company	Nil

The related parties and associated undertakings comprise related group companies, directors and key management personnel. Remuneration of Chief Executive, directors and executives is shown in note 41. Transactions with related parties during the year are as follows:

Names of Company	Nature and Description of Related Party Transaction	2021	2020
		Rupees	Rupees
Nimir Resins Limited	Purchase of goods	590,730	6,302,121
	Sale of goods	169,292,570	139,214,700
	Services provided	5,458,332	4,300,056
	Services acquired	4,229,256	3,193,200
	Reimbursement of expenses	350,416	555,964
Nimir Chemcoats Limited	Purchase of goods	1,562,306	-
Staff retirement benefits	Contribution to gratuity fund	2,700,000	8,500,180

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
Number of persons	1	1	2	2	30	26
	Rupees					
Managerial remuneration	13,354,839	11,612,903	20,516,130	17,806,452	85,060,644	69,313,559
Housing	6,009,678	5,225,806	9,232,258	8,012,904	38,277,292	31,191,101
Utilities	1,335,483	1,161,291	2,051,612	1,780,644	8,506,064	6,931,360
Bonus	6,774,085	5,564,562	10,386,930	8,431,154	42,718,362	30,722,867
Gratuity	-	-	-	-	7,257,000	5,083,002
	27,474,085	23,564,562	42,186,930	36,031,154	181,819,362	143,241,889

41.1 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.

41.2 An amount of Rs. 5,275,000 (2020: Rs. 4,800,000) was paid to non-executive directors for attending the board meetings.

42 TOTAL NUMBER OF EMPLOYEES

Number of employees as at 30 June
Average number of employees during the year

	2021	2020
Number of employees as at 30 June	205	178
Average number of employees during the year	192	173

43 PRODUCTION CAPACITY IN METRIC TONS

	2021	2021	2020	2020
	Maximum Capacity	Actual Production	Maximum Capacity	Actual Production
Oleo Chemicals (Metric ton)*	124,000	101,089	110,000	89,336
Chlor Alkali Products (Metric ton)	52,000	50,479	50,000	49,657
Soap Finishing Line (Metric ton)**	54,000	37,766	50,000	28,651
Aerosol (cans)***	31,363,200	1,970,244	15,000,000	208,824
Blending****	-	32,586	-	29,478

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

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

44 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on 14 September 2021 has proposed a final dividend @ Rs. 2 per share for the year ended 30 June 2021 (2020: Rs. 1.5) amounting to Rs. 221,181,092 (2020: Rs. 165,885,819) for approval of the members at the Annual General Meeting to be held on 26 October 2021. These financial statements do not reflect this dividend.

45 GENERAL

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

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 14 September 2021.



Chief Executive Officer



Director



Chief Financial Officer





65

Financial Statements – Consolidated

FOR THE YEAR ENDED JUNE 30, 2021

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The Directors are pleased to present Consolidated Directors' Report together with the Group Financial Statements of Nimir Industrial Chemicals Limited for the year ended June 30, 2021.

COVID-19, a pervasive global pandemic, has affected 220 million people and claimed 4.6 million lives since its dawn in 2019. The challenges COVID-19 brought with itself have deteriorated many of the world economies. Pakistan, by the blessings of Allah, fared better and not only pushed through the initial effects of the pandemic, it also saw a greater economic growth rate of 3.94% in 2020-2021, which is projected to be 4.8% in 2021-2022.

The consolidated gross revenue exceeded Rs. 34.4 billion during the year; registering a year-on-year increase of 35.66%. Consequently, the consolidated net profit crossed Rs. 2.0 billion mark during the year; almost double of last year's profit. The consolidated EPS jumped to Rs. 16.57 per share.

The Government's large-scale vaccination drive has allowed the resumption of most of the business activities but with certain restrictions. Furthermore, various measures taken by the State Bank of Pakistan have greatly contributed to the companies' growth this year. The results of these measures are expected to carry over to the next year and further increase revenue. These measures have and are expected to further normalize the economy.

We shall continue to capitalize all opportunities that come our way, while remaining vigilant against any risk to stakeholders' value, which shall, as the precedent dictates, only increase further. Insha'Allah.

For and on behalf of the Board

ڈائریکٹرز 30 جون 2021ء کو ختم ہونے والے مالی سال کے لئے نمر انڈسٹریل کیمیکلز لمیٹڈ کے نظر ثانی شدہ گروپ مالی گوشوارے معہ ان کی اشتہال شدہ ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

کوویڈ 19 ایک عالمی وبائی بیماری ہے، نے 220 ملین افراد کو متاثر کیا اور 2019 میں ابتدا ہی سے 4.6 ملین لوگوں کی جانیں لے لی ہیں۔ COVID-19 کے ساتھ آئے چیلنجوں نے دنیا کی بہت سی معیشتوں کو تباہ کر دیا ہے۔ پاکستان، اللہ کی رحمت سے، بہتر کارکردگی کا مظاہرہ کر رہا ہے اور نہ صرف وبائی بیماری کے ابتدائی اثرات سے محفوظ رہا ہے، اس نے 2020-2021 میں 3.94 فیصد کی معاشی شرح نمو بھی دیکھی ہے، جو 2021-2022 میں 4.8 فیصد رہنے کی توقع ہے۔

اشتہال شدہ مجموعی آمدنی سال کے دوران 34.4 بلین روپے سے تجاوز کر گئی، سال بہ سال 35.66 فیصد کا اضافہ ظاہر کر رہی ہے۔ اس کے نتیجے میں، اشتہال شدہ خالص منافع سال کے دوران 2.0 بلین روپے سے تجاوز کر گیا جو کہ پچھلے سال کے منافع کا تقریباً دو گنا ہے۔ اشتہال شدہ EPS بڑھ کر 16.57 روپے فی شیئر ہو گئی۔

حکومت کی بڑے پیمانے پر ویکسینیشن مہم نے زیادہ تر کاروباری سرگرمیاں چند پابندیوں کے ساتھ دوبارہ شروع کرنے کی اجازت دی ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان کی طرف سے اٹھائے گئے مختلف اقدامات نے اس سال کمپنیوں کی نمو میں بہت اہم کردار ادا کیا ہے۔ توقع ہے کہ ان اقدامات کے نتائج اگلے سال تک جاری رہیں گے اور آمدنی میں مزید اضافہ ہوگا۔ ان اقدامات سے معیشت مزید معمول پر آنے کی توقع ہے۔

ہم دستیاب مواقع سے زیادہ سے زیادہ فائدہ اٹھانے کی کوشش کریں گے، جبکہ خطرات کے بارے میں چوکس رہیں گے اور اسٹیٹ ہولڈرز کی قدر میں مسلسل اضافہ کریں گے۔ انشاء اللہ

منجانب بورڈ



Zafar Mahmood
Chief Executive Officer



Khalid Mumtaz Qazi
Director



خالد ممتاز قاضی

ڈائریکٹر



ظفر محمود

چیف ایگزیکٹو آفیسر

14 ستمبر 2021ء

لاہور

Lahore
August 14, 2021.

Report on the Audit of the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2021

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 2021, 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 2021, 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 matters
1. Revenue Recognition	
<p>As described in note 5.13 and note 29, the Group generates revenue from several types of products and services. During the year ended 30 June 2021, the Group generated net revenue of Rs. 29.20 billion as compared to Rs. 21.53 billion during the previous year, which represents an increase of approximately 35.66% as compared to last year.</p> <p>Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Group and its management, we have considered the revenue recognition as a Key Audit Matter.</p>	<p>On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period.</p> <p>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.</p> <p>Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures.</p> <p>Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents.</p> <p>Reviewed and assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.</p>
2. Preparation of consolidated financial statements	
<p>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.</p>	<p>We cross-matched the inter-company transactions and balances with the respective financial statements of the entities for elimination of the same.</p> <p>We reviewed reporting deliverables from the component audit team.</p> <p>We performed tests on consolidation adjustments and manual</p>

Key audit matters	How our audit addressed the key audit matters
2. Preparation of consolidated financial statements	
<p>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.</p>	<p>journal entries, both at group and component level to obtain an understanding of significant entries made.</p> <p>We reviewed the completeness of disclosures in the consolidated financial statements by comparing with the relevant disclosures in each entity's individual financial statements.</p>

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

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

Auditor's Responsibilities for the Audit of the 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.

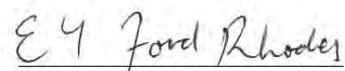
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate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



Lahore

EY Ford Rhodes

September 17, 2021

Chartered Accountants



Consolidated Statement of Financial Position

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 145,000,000 (2020: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	7	1,105,905,460	1,105,905,460
Unappropriated profits - revenue reserve		4,205,348,842	2,767,319,159
Non-controlling interest		914,534,835	691,661,014
		6,225,789,137	4,564,885,633
NON CURRENT LIABILITIES			
Long-term loans	8	1,991,834,024	1,017,221,797
Lease liabilities	9	117,179,979	100,832,324
Diminishing musharaka finance	10	208,924	1,653,414
Deferred tax liability	11	333,032,483	358,059,262
Deferred grant	12	2,978,377	-
		2,445,233,787	1,477,766,797
CURRENT LIABILITIES			
Trade and other payables	13	2,283,256,976	1,945,459,916
Contract liabilities	14	154,037,188	128,634,240
Net defined benefit liability - funded gratuity	15	152,565,166	113,641,899
Mark up accrued		115,729,031	100,980,828
Unclaimed dividend		11,059,396	13,697,104
Short-term borrowings	16	6,943,146,874	4,452,222,166
Current maturity of long-term loans	8	485,828,720	264,650,386
Current maturity of lease liabilities	9	33,723,604	39,291,814
Current maturity of diminishing musharaka finance	10	1,405,316	1,747,115
Current maturity of deferred grant	12	9,515,864	-
Provision for taxation		998,525,246	545,559,683
		11,188,793,381	7,605,885,151
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		19,859,816,305	13,648,537,581
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	6,155,045,731	4,314,915,254
Intangibles	19	-	331,736
Long-term deposits	20	61,523,255	48,823,619
		6,216,568,986	4,364,070,609
CURRENT ASSETS			
Stores, spare parts and loose tools	21	312,536,473	296,103,094
Stock-in-trade	22	7,418,002,481	4,869,285,925
Trade debts	23	4,577,919,649	2,924,575,381
Loans and advances	24	101,298,775	106,873,669
Trade deposits and short term prepayments	25	12,445,953	5,025,247
Other receivables	26	47,041,770	22,904,727
Tax refunds due from the Government	27	1,073,909,710	934,808,084
Cash and bank balances	28	100,092,508	124,890,845
		13,643,247,319	9,284,466,972
TOTAL ASSETS		19,859,816,305	13,648,537,581

The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Nimir Industrial Chemicals Ltd.

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers - gross		34,403,829,522	25,372,777,446
Less: Sales tax, trade discounts and commission		(5,202,266,194)	(3,846,609,674)
Revenue from contracts with customers - net	29	29,201,563,328	21,526,167,772
Cost of sales	30	(24,858,308,636)	(18,473,815,187)
Gross profit		4,343,254,692	3,052,352,585
Distribution costs	31	(255,925,456)	(197,459,018)
Administrative expenses	32	(383,105,825)	(282,936,396)
		(639,031,281)	(480,395,414)
Operating profit		3,704,223,411	2,571,957,171
Other expenses	33	(281,363,533)	(130,173,741)
Other income	34	52,782,684	32,457,891
Foreign exchange gain / (loss)	35	2,676,229	(143,460,937)
Finance cost	36	(576,876,432)	(786,666,531)
Profit before taxation		2,901,442,359	1,544,113,853
Taxation	37	(845,710,050)	(482,735,746)
Profit after taxation		2,055,732,309	1,061,378,107
Attributable to:			
Equity holders of the parent		1,832,171,362	982,230,403
Non-controlling interests		223,560,947	79,147,704
		2,055,732,309	1,061,378,107
Earnings per ordinary share - basic and diluted	38	16.57	8.88

The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive Officer

Annual Report 2021



Director



Chief Financial Officer

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Profit after taxation	A	2,055,732,309	1,061,378,107
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	15.4	(10,932,245)	(8,914,934)
Income tax effect		3,170,351	2,585,330
Re-measurement losses on defined benefit plan - net		(7,761,894)	(6,329,604)
Items that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year	B	(7,761,894)	(6,329,604)
Total comprehensive income for the year	A+B	2,047,970,415	1,055,048,503
Attributable to:			
Equity holders of the parent		1,825,096,594	975,940,404
Non-controlling interests		222,873,821	79,108,099
		2,047,970,415	1,055,048,503

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up share capital	Unappropriated profits-Revenue reserve	Non-controlling interest	Total
	Rupees	Rupees	Rupees	Rupees
Balance as on 1 July 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
Final dividend for 2020 @ Rs.1.50 per share	-	(165,885,819)	-	(165,885,819)
Interim dividend for 2021 @ Rs.2.00 per share	-	(221,181,092)	-	(221,181,092)
Profit after taxation	-	1,832,171,362	223,560,947	2,055,732,309
Other comprehensive loss	-	(7,074,768)	(687,126)	(7,761,894)
Total comprehensive income for the year	-	1,825,096,594	222,873,821	2,047,970,415
Balance as on 30 June 2021	1,105,905,460	4,205,348,842	914,534,835	6,225,789,137

The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2021

Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,901,442,359	1,544,113,853
Adjustment for:		
Depreciation	602,356,722	411,150,837
Amortization	331,736	614,761
Mark-up expense	560,772,514	772,727,786
Income from financial assets	-	(2,583,927)
Provision for obsolescence of stock	5,508,300	-
Provision for net realizable value	7,254,515	-
Provision for slow moving stores and spares	11,000,000	3,154,991
Expected credit losses of trade debts	42,417,621	14,526,957
Provision for gratuity	32,778,739	29,613,294
Grant income	(11,569,245)	-
Gain on extinguishment of original GIDC liability	(10,162,332)	-
Gain on disposal of property, plant and equipment	(493,225)	(5,393,560)
Exchange loss - unrealized	12,532,153	46,457,525
Workers' profit participation fund provision	156,341,594	82,432,204
Workers' welfare fund provision	64,349,803	30,059,589
	1,473,418,895	1,382,760,457
Operating profit before working capital changes	4,374,861,254	2,926,874,310
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	(27,433,379)	(79,655,758)
Stock-in-trade	(2,561,479,371)	(1,549,006,028)
Trade debts	(1,695,761,889)	(188,432,480)
Loans and advances	5,285,653	(2,673,913)
Trade deposits and short term prepayments	(7,420,706)	(1,209,070)
Other receivables	(24,137,043)	5,622,123
Tax refunds due from the Government	68,386,658	79,231,684
	(4,242,560,077)	(1,736,123,442)
Increase in current liabilities		
Trade and other payables	231,801,608	750,294,286
Contract liabilities	25,402,948	86,247,464
	(3,985,355,521)	(899,581,692)
Cash flows generated from operations	389,505,733	2,027,292,618
Contribution to gratuity fund	(4,787,717)	(11,126,221)
Mark-up paid	(513,646,904)	(769,795,960)
Tax paid	(622,089,199)	(282,481,183)
Long-term deposits	(12,699,636)	(6,363,154)
Workers' profit participation fund paid	(82,432,204)	(70,775,759)
Workers' welfare fund paid	(29,325,883)	(22,579,427)
	(1,264,981,543)	(1,163,121,704)
Net cash flows (used in) / generated from operating activities	(875,475,810)	864,170,914
Balance carried forward	(875,475,810)	864,170,914

Consolidated Statement of Cash Flows (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees	Rupees
Balance brought forward	(875,475,810)	864,170,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(277,801,237)	(38,848,398)
Additions in capital work in progress - net	(2,125,722,116)	(990,889,573)
Sale proceeds from disposal of property, plant and equipment	1,767,298	6,279,500
Short term investment	-	54,900,000
Interest received	-	2,980,274
Net cash flows used in investing activities	(2,401,756,055)	(965,578,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	1,528,832,347	621,906,270
Long term loan repaid	(320,547,545)	(224,466,182)
Dividend paid	(389,704,619)	(325,834,855)
Lease rentals repaid	(54,978,003)	(49,607,031)
Repayment of liabilities against diminishing musharaka finance	(2,093,360)	(2,272,948)
Short-term borrowings	2,490,924,708	78,839,999
Net cash flows generated from financing activities	3,252,433,528	98,565,253
Net decrease in cash and cash equivalents	(24,798,337)	(2,842,030)
Cash and cash equivalents at the beginning of the year	124,890,845	127,732,875
Cash and cash equivalents at the end of the year	100,092,508	124,890,845

The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Nimir Industrial Chemicals Ltd.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2021

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 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 Head Office	14.8 Km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan. Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.
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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 Plant 2	14.5 Km, Lahore-Sheikhpura Road, Lahore, Pakistan. 14.8 Km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.
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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 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 financial statements for the year ended 30 June 2021

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 2020, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Amendments

IAS 1	-	Presentation of Financial Statements: Definition of Material — (Amendments)
IAS 8	-	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material — (Amendments)
IFRS 3	-	Business Combinations: Definition of Business — (Amendments)
IFRS 9	-	Financial Instruments: Interest Rate Benchmark Reform — (Amendments)
IFRS 7	-	Financial Instruments Disclosures: Interest Rate Benchmark Reform — (Amendments)
IAS 39	-	Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform — (Amendments)
IFRS 16	-	Covid-19-Related Rent Concessions (Amendments)
IFRS 16	-	Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of above amendments applied for the first time in the period did not have any material impact on the financial statements of the Company.

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 - Reference to conceptual framework — (Amendments)	01 January 2022
IAS 16 - Property, plant and equipment: Proceeds before intended use — (Amendments)	01 January 2022
IAS 37 - Onerous contracts - costs of fulfilling a contract — (Amendments)	01 January 2022
AIP IAS 41 - Taxation in fair value measurements	01 January 2022
AIP IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
IAS 1 - Classification of liabilities as current or non-current — (Amendments)	01 January 2023
IAS 8 - Definition of accounting estimates — (Amendments)	01 January 2023
IFRS 10 & IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized
IAS 12 - Deferred tax related to Assets and Liabilities arising from a Single Transaction — (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies — (Amendments)	01 January 2023

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 2022.

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 for certain employee benefits that are recognized on the basis mentioned in note 5.14 and other areas where measurement basis have been disclosed in relevant notes.

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 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.

On 01 April 2021, the Holding Company changed its accounting estimate for useful life and residual value of caustic soda plant included in plant and machinery. The current useful life ranging from 10-29 years has been changed to 7-26 years in line with the assessment made by specialist valuer on the panel of PBA and management's internal assessment. This change has been accounted for as per the requirements of IAS-8 "Changes in accounting policies, estimates and fundamental errors" and has been applied prospectively. Had the change not been made, profit before tax for the year ended 30 June 2021 (without considering the impact of workers' welfare fund and workers' profit participation fund) would have been higher by Rs. 123.6 million.

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 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.

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 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 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 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 Company 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 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 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 statement of profit or loss.

For bank balances, the Group applies a general 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 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, liabilities against assets subject to finance lease, 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.

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 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 Government grants

Grants, including the non-monetary grants at fair value are recognized when there is reasonable assurance that:

- a) the group will comply with the conditions attaching to them, if any; and
- b) the grants will be received.

Grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable.

5.9 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.

5.10 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.

5.11 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 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 reporting date.

5.12 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.

5.13 Revenue recognition

The Group 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 Group expects to be entitled in exchange for those goods or services. Specific revenue recognition details are as follows:

Sale of goods

- Local sales

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.

- Export sales

Revenue from export sales is recognized at the point in time when control of the goods is transferred to the customer which depends on the related terms; generally on date of bill of lading or delivery of the product to the port of destination.

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.

5.14 Staff retirement benefits

Defined benefit plan

The Group 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.

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.

5.15 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.

5.16 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.

5.17 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.

5.18 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

Accumulated balances of material non-controlling interest:

Nimir Management (Private) Limited (NMPL)
Nimir Resins Limited (NRL)

Profit / (loss) allocated to material non-controlling interest:

Nimir Management (Private) Limited (NMPL)
Nimir Resins Limited (NRL)

	2021	2020
	Rupees	Rupees
	101,757,487	101,910,940
	812,777,348	589,750,074
	(153,453)	(183,571)
	223,027,274	79,291,670

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:

	2021		2020	
	NMPL Rupees	NRL Rupees	NMPL Rupees	NRL Rupees
Revenue from contracts with customers - net	-	6,277,703,001	-	4,499,104,712
Cost of sales	-	(5,483,668,485)	-	(3,993,379,722)
Distribution costs	-	(73,812,505)	-	(56,994,912)
Administrative expenses	(313,170)	(67,889,549)	(374,635)	(54,704,812)
Other expenses	-	(53,434,423)	-	(24,297,892)
Other income	-	16,021,190	-	14,203,919
Foreign exchange loss	-	-	-	(11,763,298)
Finance cost	-	(112,700,527)	-	(185,128,264)
(Loss) / profit before taxation	(313,170)	502,218,702	(374,635)	187,039,731
Taxation	-	(143,472,069)	-	(59,824,730)
(Loss) / profit after taxation	(313,170)	358,746,633	(374,635)	127,215,001
Total comprehensive (loss) / income	(313,170)	357,644,763	(374,635)	127,151,491
Attributable to non-controlling interests	(153,453)	223,027,274	(183,571)	79,291,670

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2021	2020		2021	2020
	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

8 LONG-TERM LOANS

	Note	2021 Rupees	2020 Rupees
Term Finance	8.1	1,021,741,951	1,055,631,099
Term Finance - under refinance scheme for payroll financing	8.2	165,703,196	119,241,084
Term Finance - under temporary economic refinance facility	8.3	1,138,217,597	-
Term Finance - under financing scheme for renewable energy	8.4	45,000,000	-
Loan from directors / sponsors	8.5	107,000,000	107,000,000
		2,477,662,744	1,281,872,183
Mark up accrued		28,616,261	25,964,861
		2,506,279,005	1,307,837,044
Less: Current maturity shown under current liabilities		(485,828,720)	(264,650,386)
Less: Mark up accrued shown under current liabilities		(28,616,261)	(25,964,861)
		1,991,834,024	1,017,221,797

- 8.1** This represents long-term finance facilities obtained from financial institutions carrying mark-up at the rate of 3 months KIBOR plus 125 bps to 150 bps per annum repayable over a period of 3.5 to 6 years including 0 to 1 year grace period in equal monthly and quarterly instalments. These facilities are secured against first joint pari passu charge and exclusive charge over present and future fixed assets of the Group.
- 8.2** This represents long-term finance facilities obtained 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 100 bps to 200 bps per annum and repayable in 8 equal quarterly instalments starting from January 2021. These facilities are secured against first joint pari passu charge and exclusive charge over fixed assets of the Group. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' has been treated as deferred grant (as explained in Note 12).
- 8.3** This represents long-term finance facilities obtained from financial institutions under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carries mark-up at the rate of SBP TERF Refinance rate plus 125 bps to 250 bps per annum repayable in equal quarterly installments over a period of 10 years including 2 years grace period. These facilities are secured against first joint pari passu charge over all present and future fixed assets of the Holding Company.
- 8.4** This represents long-term finance facility obtained from financial institution under State Bank of Pakistan's (SBP) Financing Scheme for Renewable Energy. The loan carries mark-up at the rate of SBP rate plus 100 bps to 150 bps per annum repayable in 20 equal quarterly installments starting from March 2021. This facility is secured against joint pari passu charge over fixed assets of the Subsidiary Company.
- 8.5** 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.

9 LEASE LIABILITIES

The effective interest rates used as the discounting factor range from 7.76% 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:

	2021	2020
	Rupees	Rupees
Year ending 30 June		
2021	-	55,207,380
2022	50,132,550	41,922,648
2023	45,595,372	37,165,238
2024	40,041,313	31,478,590
2025	13,041,192	4,116,276
2026	23,695,663	-
	<u>172,506,090</u>	<u>169,890,132</u>
Less: Future finance charges	(21,602,507)	(29,765,994)
	<u>150,903,583</u>	<u>140,124,138</u>
Less: Current maturity shown under current liabilities	(33,723,604)	(39,291,814)
	<u>117,179,979</u>	<u>100,832,324</u>

- 9.1** Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:

	2021		2020	
	MLP	PV of MLP	MLP	PV of MLP
	Rupees	Rupees	Rupees	Rupees
Due not later than 1 year	50,132,550	33,723,604	55,207,380	39,291,814
Due later than 1 year but not later than 5 years	122,373,540	117,179,979	114,682,752	100,832,324
	<u>172,506,090</u>	<u>150,903,583</u>	<u>169,890,132</u>	<u>140,124,138</u>

10 DIMINISHING MUSHARAKA FINANCE

Diminishing musharaka finance
Less: Current maturity shown under current liabilities

2021	2020
Rupees	Rupees
1,614,240	3,400,529
(1,405,316)	(1,747,115)
208,924	1,653,414

10.1 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 outstanding balance of diminishing musharaka. The effective rate is three months KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2020: 8.55% - 8.66%).

11 DEFERRED TAX LIABILITY

This comprises of:

Deferred tax liabilities on taxable temporary differences

Accelerated tax depreciation

Deferred tax assets on deductible temporary differences

Allowance for expected credit losses

Provision against stock

Provision for net realizable value

Deferred and unpaid liabilities

Capital work in progress - impairment

Amortization on intangibles

Tax losses and minimum tax credit carried forward

Others

2021	2020
Rupees	Rupees
407,831,727	454,829,681
(27,007,090)	(41,070,238)
(6,174,259)	(4,576,852)
(2,103,809)	-
(17,885,262)	(13,223,587)
(18,375,856)	(18,375,856)
-	(219,393)
-	(18,389,546)
(3,252,968)	(914,947)
333,032,483	376,091,088

Reconciliation of deferred tax liabilities - net

As of 1 July

Tax expense recognized in consolidated statement of profit or loss

Tax income recognized in consolidated OCI

As at 30 June

2021	2020
Rupees	Rupees
358,059,262	317,499,951
(21,856,428)	43,144,641
(3,170,351)	(2,585,330)
333,032,483	358,059,262

12 DEFERRED GRANT

This represents deferred grant recognized on loan received at below market interest rate under SBP refinance scheme for payment of wages and salaries to the workers and employees of business concerns (as explained in Note 8.2).

Movement during the year is as follows:

Balance as at 01 July

Amount recognized as deferred grant during the year

Amount recognized as income during the year

Less: Current maturity of deferred grant

Balance as at 30 June

Note	2021	2020
	Rupees	Rupees
	-	-
	24,063,486	-
	(11,569,245)	-
	12,494,241	-
	(9,515,864)	-
	2,978,377	-

13 TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Creditors	13.1	1,247,334,222	1,354,839,081
Accrued liabilities	13.2	783,946,748	448,245,916
Security deposits	13.3	400,000	400,000
Workers' profit participation fund	13.4	156,341,387	82,431,997
Workers' welfare fund	13.5	65,192,481	30,168,561
Withholding tax payable	11.5	581,175	6,610,214
Sales tax payable		-	-
Others		29,460,963	22,764,147
		<u>2,283,256,976</u>	<u>1,945,459,916</u>

13.1 Creditors include amount payable to Nimir Chemcoats Limited (a related party) amounting to Rs. 350,384 (2020: Nil) on account of purchase of raw materials.

13.2 This includes modified liability of Government Infrastructure Development Cess payable amounting to Rs. 144,222,846 recognized at fair value using effective interest rate method as per the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021. Movement during the year is as follows:

	Note	2021 Rupees	2020 Rupees
Balance as at 01 July		147,160,704	147,160,704
Gain on extinguishment of original GIDC liability	34	(10,162,332)	-
Finance cost	36	7,224,474	-
Balance as at 30 June		<u>144,222,846</u>	<u>147,160,704</u>

13.3 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	2021 Rupees	2020 Rupees
13.4 Balance as at 01 July		82,431,997	70,775,552
Add: Provision for the year	33	156,341,594	82,432,204
Less: Payments made during the year		(82,432,204)	(70,775,759)
Balance as at 30 June		<u>156,341,387</u>	<u>82,431,997</u>
13.5 Balance as at 01 July		30,168,561	22,688,399
Add: Provision for the year	33	64,349,803	30,059,589
Less: Payments made during the year		(29,325,883)	(22,579,427)
Less: Reversal during the year		-	-
Balance as at 30 June		<u>65,192,481</u>	<u>30,168,561</u>

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 (2020: 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. 121,908,296 (2020: Rs. 42,386,776)

15 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2021 Rupees	2020 Rupees
Present value of defined benefits obligation	15.5	186,431,124	144,182,807
Less: Fair value of plan assets	15.6	(33,865,958)	(30,540,908)
		152,565,166	113,641,899

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	151,222,142	117,676,686
Less: Fair value of plan assets	(22,803,496)	(20,430,628)
	128,418,646	97,246,058

Staff retirement benefit plan - Subsidiary

Present value of defined benefits obligation	35,208,974	26,506,113
Less: Fair value of plan assets	(11,062,454)	(10,110,272)
	24,146,520	16,395,841

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

	2021 Rupees	2020 Rupees
Current service cost	22,766,414	18,923,621
Interest cost on defined benefit obligation - net	10,012,325	10,689,673
Expense recognized in the statement of profit or loss	32,778,739	29,613,294

15.3 The charge for the year has been allocated is as follows:

	Note	2021 Rupees	2020 Rupees
Cost of sales	30.2	18,374,992	17,776,403
Distribution costs	31.1	4,681,098	4,946,108
Administrative expenses	32.1	9,722,649	6,890,783
		32,778,739	29,613,294

15.4 Movements in the net liability recognized as follows:

Net liabilities at the beginning of the year	113,641,899	86,239,892
Current service cost	22,766,414	18,923,621
Interest cost on defined benefit obligation - net	10,012,325	10,689,673
Contribution by employer	(4,787,717)	(11,126,221)
Remeasurements charged to other comprehensive income	10,932,245	8,914,934
Net liabilities at the end of the year	152,565,166	113,641,899

15.5 Movements in the present value of defined benefit obligation:

	2021	2020
	Rupees	Rupees
Present value of defined benefits obligation at the beginning of the year	144,182,807	114,216,022
Current service cost	22,766,414	18,923,621
Interest cost on defined benefit obligation	12,696,553	14,439,256
Benefits paid	(6,219,987)	(10,480,991)
Remeasurement:		
Experience adjustments	13,005,337	7,084,899
Present value of defined benefits obligation at the end of the year	<u>186,431,124</u>	<u>144,182,807</u>

15.6 Movements in the fair value of plan assets:

Fair value of plan assets at the beginning of the year	30,540,908	27,976,130
Contribution by employer	4,787,717	11,126,221
Interest Income	2,684,228	3,749,583
Benefits paid	(6,219,987)	(10,480,991)
Return on plan assets excluding interest income	2,073,092	(1,830,035)
Fair value of plan assets at the end of year	<u>33,865,958</u>	<u>30,540,908</u>

15.7 Components of plan assets

Investment in treasury bills	4,130,089	7,148,434
Investment in listed shares	6,732,352	1,871,160
Mutual funds	22,658,049	19,686,010
Cash at bank	345,468	1,835,304
	<u>33,865,958</u>	<u>30,540,908</u>

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

	2022
	Rupees
Current service cost	23,719,493
Interest cost on defined benefit obligation - net	15,256,516
Expense recognized in the consolidated statement of profit or loss	<u>38,976,009</u>

15.9 Qualified actuaries have carried out the valuation as at 30 June 2021. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2021	2020
Discount rate for obligation	10.00%	9.00%
Expected rates of salary increase in future years	9.00%	8.00%
Retirement assumption	Age 60	Age 60

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

Sensitivity level	Assumption	Impact on defined benefit obligation
+ 100 bps	Discount rate	170,335,183
-100 bps	Discount rate	204,052,563
+ 100 bps	Expected increase in salary	204,048,980
-100 bps	Expected increase in salary	170,333,516

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 9 years for the Holding Company and 9.4 years for subsidiary.

16 SHORT-TERM BORROWINGS - SECURED

	2021	2020
	Rupees	Rupees
Running finance	991,347,661	702,181,395
Finance Against Trust Receipts	5,951,799,213	3,185,921,777
FE-25	-	564,118,994
	<u>6,943,146,874</u>	<u>4,452,222,166</u>

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.13,611 million (2020: Rs. 10,539 million) which includes running finance facilities amounting Rs. 2,197 million (2020: Rs. 1,925 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 (2020: 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 cases amounts to Rs. 262.78 million.

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 Income Tax department has sought recovery of a previously issued refund amounting to Rs. 13.076 million vide demand order number C. NO. LTU/Z-1/E&-C-01/22331 dated June 25, 2021. The sought recovery is based on the claim by tax department that tax refund for tax year 2015 was issued erroneously to the Company. The Company, however, has contested this recovery claim before Deputy Commissioner In-land Revenue (DCIR) on the grounds that tax refund of 2015 was correct and was legitimately issued to the Company. However, no order has been issued to date.

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	2021 Rupees	2020 Rupees
Letters of credit established for the import of raw materials, spare parts and machinery		5,512 million	1,774 million
Letter of guarantee given to SNGPL		99 million	99 million
Letter of guarantee given to PSO		62 million	53 million
Letter of guarantee given to Total PARCO		13 million	12 million

18 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	18.1	4,128,488,871	4,142,687,009
Capital work-in-progress	18.6	2,026,556,860	172,228,245
		<u>6,155,045,731</u>	<u>4,314,915,254</u>

18.2 There are fully depreciated assets, having cost of Rs. 399.32 million (2020: Rs. 277.90 million) that are still in use as at the reporting date.

18.3 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
Oleo chemicals and chlor alkali plant and warehouse 14.8 Km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura.	68.9 acres
Coating, emulsion and resins plant and warehouse 14.5 Km, Lahore Sheikhpura Road, Lahore	13.3 acres
Warehouse 14.8 Km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura.	10.4 acres
Parking space Plot No. 122-A, Muslim Town, Lahore	2.5 kanals
Land Plot Nos. 14,14-A and 515-D, block K, Johar Town, Lahore, Pakistan	2.25 kanals

18.1 Operating fixed assets

Particulars	C O S T			Rate %	D E P R E C I A T I O N			Net Book value As at June 30, 2021 (Rupees)	
	As at July 1, 2020	Additions (Disposals)	Transfer/ Adjustment		As at June 30, 2021	Charge for the year	(Disposals)		Transfer/ Adjustment
OWNED									
Free hold land	425,479,660	171,604,595	-	-	-	-	-	597,084,255	
Building on free hold land	764,639,415	69,434,230	51,788	4-5	263,695,728	62,233,404	36,265	325,965,397	
Plant and machinery	5,011,758,373	231,641,704	(51,788)	4-50	2,045,573,585	451,245,110	(36,265)	2,494,097,091	
Furniture and fittings	7,177,046	(3,094,314)	-	10-33	4,880,309	956,521	(1,051,522)	4,785,308	
Office and factory equipment	219,209,759	91,632,971	-	10-50	135,295,915	37,150,694	(9,941,323)	162,505,286	
Vehicles	74,195,886	8,034,227	1,094,000	20-25	50,158,890	12,076,275	(1,000,886)	61,819,675	
		(1,535,890)						19,968,548	
	5,502,460,139	573,318,727	1,094,000		2,499,604,427	563,662,004	(14,679,070)	3,049,172,757	
		(15,953,143)						4,011,746,966	
RIGHT-OF-USE									
Vehicles	94,014,751	16,113,930	(1,094,000)	20	44,224,809	18,767,146	(585,396)	62,406,559	
Plant and machinery	50,427,717	-	-	4-50	19,988,992	4,030,871	-	24,029,863	
Building - lease-hold	74,274,371	-	-	20	14,661,741	15,896,701	-	30,558,442	
	218,716,839	16,113,930	(1,094,000)		78,885,542	38,694,718	(585,396)	116,741,905	
2021	6,721,176,978	589,432,657	-		2,578,489,969	602,356,722	(14,679,070)	3,166,167,621	
		(15,953,143)						4,128,488,871	
Particulars	As at July 1, 2019	Additions (Disposals)	Transfer/ Adjustment	Rate %	As at June 30, 2020	Charge for the year	(Disposals)	Transfer/ Adjustment	Net Book value As at June 30, 2020 (Rupees)
OWNED									
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	-	4-5	764,639,415	54,881,339	(130,005)	-	500,943,687
Plant and machinery	4,276,151,325	750,710,141	-	4-50	5,011,758,373	274,700,778	(15,103,066)	-	2,966,184,788
Furniture and fittings	6,496,238	680,808	-	10-33	4,151,218	729,091	-	-	2,296,737
Office and factory equipment	193,559,651	27,310,767	-	10-50	219,209,759	32,786,352	(1,635,214)	-	83,913,844
Vehicles	80,417,089	582,000	1,069,000	20-25	74,195,886	11,652,377	(7,011,736)	498,872	24,036,996
	5,624,767,956	901,389,144	1,069,000		2,148,255,639	374,729,937	(23,880,021)	498,872	4,002,855,712
		(24,765,961)							2,499,604,427
RIGHT OF USE									
Vehicles	79,305,891	15,777,860	(1,069,000)	20	27,502,216	17,221,465	-	(498,872)	49,789,942
Plant and machinery	50,427,717	-	-	4-50	15,461,298	4,537,694	-	-	30,428,725
Building - lease-hold	67,687,918	6,586,453	-	20	42,963,514	14,661,741	-	-	59,612,630
	197,421,526	22,364,313	(1,069,000)		42,963,514	36,420,900	-	(498,872)	78,885,542
2020	5,822,189,482	923,753,457	-		2,191,219,153	411,150,837	(23,880,021)	-	2,578,489,969
		(24,765,961)							4,128,488,871

18.1.1 Owned vehicles include vehicles amounting to Rs. 9,095 million (2020: Rs. 9,095 million) which have been obtained through Diminishing Musharaka Financing.

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

18.5 Depreciation for the year has been allocated as under:	Note	2021	2020
		Rupees	Rupees
Cost of sales	30	576,350,057	387,268,083
Distribution costs	31	6,790,607	6,477,085
Administrative expenses	32	19,216,058	17,405,669
		602,356,722	411,150,837

18.6 Capital work-in-progress	2021				2020
	Building on free-hold land	Plant and machinery	Others	Total	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	-	235,593,265	-	235,593,265	107,585,298
Additions during the year	50,888,686	2,067,065,874	32,071,000	2,150,025,560	990,889,573
	50,888,686	2,302,659,139	32,071,000	2,385,618,825	1,098,474,871
Transferred to fixed assets	(50,888,686)	(244,808,259)	-	(295,696,945)	(862,881,606)
	-	2,057,850,880	32,071,000	2,089,921,880	235,593,265
Less: Accumulated impairment	-	(63,365,020)	-	(63,365,020)	(63,365,020)
	-	1,994,485,860	32,071,000	2,026,556,860	172,228,245

18.6.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. Rs. 22,669,749 (2020: Rs. 10,353,130). The expansion has been financed by term finance facilities from financial institutions as described in note 8.

18.6.2 Accumulated impairment represents impairment charged against two steam turbines in prior years.

19 INTANGIBLES	Note	2021	2020
		Rupees	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		(5,531,198)	(4,916,437)
Amortization during the year	32	(331,736)	(614,761)
As at 30 June		(5,862,934)	(5,531,198)
Net book value		-	331,736
Rate of amortization		20% - 33.33%	20% - 33.33%

20 LONG-TERM DEPOSITS

Security deposits			
Financial institutions (including banks)		32,727,253	18,297,630
Others	20.1	28,796,002	30,525,989
		61,523,255	48,823,619

20.1 This includes deposit amounting to Rs. 12.24 million (2020: Rs. 12.24 million) given to electricity supply company for dedicated line.

21 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools

In hand

In transit

Less: Provision for slow moving items

Note	2021 Rupees	2020 Rupees
	319,229,757	282,424,265
	7,461,707	16,833,820
21.1	(14,154,991)	(3,154,991)
	<u>312,536,473</u>	<u>296,103,094</u>

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

Opening balance

Charge for the year

Closing balance

	3,154,991	-
33	11,000,000	3,154,991
	<u>14,154,991</u>	<u>3,154,991</u>

22 STOCK-IN-TRADE

Raw and packing material

In hand

In transit

Finished goods

Less: Provision for obsolescence

Less: Provision for net realizable value

	1,575,597,273	1,206,502,682
	4,200,482,175	2,841,292,330
	5,776,079,448	4,047,795,012
22.1	1,670,468,096	837,273,161
	(21,290,548)	(15,782,248)
22.2	(7,254,515)	-
	1,641,923,033	821,490,913
	<u>7,418,002,481</u>	<u>4,869,285,925</u>

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

Opening balance

Charge for the year

Written off during the year

Closing balance

	15,782,248	27,185,268
30	5,508,300	-
	-	(11,403,020)
	<u>21,290,548</u>	<u>15,782,248</u>

22.2 Movement in provision for net realizable value of stock is as follows:

Opening balance

Charge for the year

Written off during the year

Closing balance

	-	-
33	7,254,515	-
	-	-
	<u>7,254,515</u>	<u>-</u>

23 TRADE DEBTS

Considered good - unsecured

Due from customers

Due from associated companies

Considered doubtful

Allowance for expected credit losses

23.1	4,567,792,349	2,924,575,381
23.2	10,127,300	-
	4,577,919,649	2,924,575,381
23.5	93,127,894	141,621,516
	(93,127,894)	(141,621,516)
	<u>4,577,919,649</u>	<u>2,924,575,381</u>

- 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** Trade debts from Nimir Chemcoats Limited (a related party) amount to Rs. 10,127,300 (2020: Rs. Nil).
- 23.3** Maximum aggregate amount due from Nimir Chemcoats Limited at the end of any month in the year was Rs. 10,127,300 (2020: Rs. Nil). No interest has been charged on the amounts due from associated undertakings.
- 23.4** Aggregate amount due from directors, Chief Executive Officer and executives of the Group is Rs. Nil (2020: Rs. Nil).

	Note	2021	2020
		Rupees	Rupees
23.5 Movement in allowance for expected credit losses is as follows:			
Opening balance		141,621,516	145,213,604
Charge for the year	33	42,417,621	14,526,957
Bad debt written off		(90,911,243)	(18,119,045)
As at 30 June		93,127,894	141,621,516

24 LOANS AND ADVANCES

Considered good - unsecured			
Suppliers		89,945,266	99,641,439
Employees against business expenses	24.2	4,217,105	2,804,590
Employees against salary	24.3	7,136,404	4,427,640
		101,298,775	106,873,669

- 24.1** Amount due from related parties is Rs. Nil (2020 Rs. Nil)
- 24.2** This includes advance given to executives amounting to Rs. 1.64 million (2020: Rs. 1.67 million). No amount has been given to CEO or Directors.
- 24.3** This includes advance given to executives amounting to Rs. 2.87 million (2020: Rs. 2.06 million). No amount has been given to CEO or Directors.
- 24.4** Loans and advances that are either past due or impaired amount to Rs. Nil (2020: Rs. Nil)

25 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2021	2020
	Rupees	Rupees
Prepayments	12,445,953	5,025,247

26 OTHER RECEIVABLES

Margin against bank guarantee	17,409,000	16,411,950
Margin against letters of credit	29,632,770	6,492,777
	47,041,770	22,904,727

- 26.1** Other receivables that are either past due or impaired amount to Rs. Nil (2020: Rs. Nil)

27 TAX REFUNDS DUE FROM THE GOVERNMENT

	2021	2020
	Rupees	Rupees
Income tax	984,214,141	776,725,857
Sales tax	89,695,569	158,082,227
	1,073,909,710	934,808,084

28 CASH AND BANK BALANCES

Cash in hand	
Cash at bank	
Current accounts	
Savings account	
Term deposit certificate	

Note	2021	2020
	Rupees	Rupees
	1,053,106	3,151,769
28.1	98,686,880	121,728,013
	352,522	11,063
	-	-
	99,039,402	121,739,076
	100,092,508	124,890,845

28.1 These carry mark-up rate at 5.5% (2020: 6.5% to 11.25%) per annum.

29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Major products and services:

Manufacturing	33,709,974,898	24,994,158,474
Toll manufacturing	693,854,624	378,618,972
	34,403,829,522	25,372,777,446

Less:

Sales tax	(5,082,987,604)	(3,736,499,789)
Trade discounts	(33,740,823)	(32,976,087)
Commission	(85,537,767)	(77,133,798)
	(5,202,266,194)	(3,846,609,674)
	29,201,563,328	21,526,167,772

Geographical region:

Pakistan	34,394,075,645	25,372,777,446
United Arab Emirates	9,753,877	-
	34,403,829,522	25,372,777,446

Timing of transfer of goods:

Goods transferred to customers at a point in time	34,403,829,522	25,372,777,446
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30 COST OF SALES

Raw and packing material consumed	30.1	23,220,914,973	16,576,194,923
Salaries, wages and benefits	30.2	673,272,730	486,500,736
Depreciation	18.5	576,350,057	387,268,083
Fuel and power		838,877,027	884,584,320
Stores, spares and loose tools consumed		168,778,491	117,137,897
Repairs and maintenance		108,604,119	21,578,077
Traveling, conveyance and entertainment		54,612,508	46,396,598
Communication		4,159,625	1,727,174
Insurance		25,428,966	20,686,808
Rent, rates and taxes		2,889,548	2,962,826
Printing and stationery		3,223,229	4,214,254
Provision for obsolescence of stock	22.1	5,508,300	-
Fee and consultancy charges		2,073,047	1,244,184
Dues, fees and subscription		3,693,668	2,428,537
Other expenses		3,117,283	5,594,347
		25,691,503,571	18,558,518,764
Add: Opening stock-finished goods	22	837,273,161	752,569,584
Less: Closing stock-finished goods	22	(1,670,468,096)	(837,273,161)
		24,858,308,636	18,473,815,187

30.1 Raw and packing material consumed

	Note	2021 Rupees	2020 Rupees
Opening Balance		4,047,795,012	2,594,895,581
Purchases		24,949,199,409	18,029,094,354
		28,996,994,421	20,623,989,935
Less: Closing Balance	22	(5,776,079,448)	(4,047,795,012)
Raw and packing material consumed		23,220,914,973	16,576,194,923

30.2 This includes Rs. 18.37 million (2020: Rs. 17.78 million) in respect of staff retirement benefits - gratuity scheme.

30.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 269.4 million (2020: Rs. 196.6 million).

31 DISTRIBUTION COSTS

	Note	2021 Rupees	2020 Rupees
Salaries, wages and benefits	31.1	110,165,834	80,150,646
Repairs and maintenance		362,596	182,151
Traveling, conveyance and entertainment		6,621,745	7,301,056
Communication		852,256	755,139
Insurance		2,574,206	1,673,100
Freight outward		79,166,223	77,895,543
Packing, carriage and forwarding		27,540,107	20,802,312
Printing and stationery		682,590	779,233
Depreciation	18.5	6,790,607	6,477,085
Sales promotion expenses		93,241	507,037
Utilities		587,223	506,310
Dues, fees and subscription		350,600	354,380
Other expenses	31.2	20,138,228	75,026
		255,925,456	197,459,018

31.1 This includes Rs. 18.37 million (2020: Rs. 17.78 million) in respect of staff retirement benefits - gratuity scheme.

31.2 This includes Rs. 20 million in respect of promotional expenses incurred at Premier Business Expo Dubai.

32 ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries, wages and benefits	32.1	236,697,777	171,295,435
Fuel and power		3,920,353	2,926,024
Repairs and maintenance		9,232,793	4,190,045
Traveling, conveyance and entertainment		20,671,689	17,790,381
Communications		11,398,331	8,559,314
Insurance		2,384,579	2,243,573
Rent, rates and taxes		4,806,758	3,792,133
Printing and stationery		5,660,038	1,596,088
Advertisement expense		2,406,304	2,998,404
Legal, professional and consultancy charge		14,840,033	12,987,162
Auditors' remuneration	32.2	4,611,192	4,146,475
Depreciation	18.5	19,216,058	17,405,669
Amortization	19	331,736	614,761
Dues, fees and subscription		29,347,311	24,548,057
Other expenses		17,580,873	7,842,875
		383,105,825	282,936,396

32.1 This includes Rs. 9.72 million (2020: Rs. 6.89 million) in respect of staff retirement benefits - gratuity scheme.

32.2 Auditor's remuneration

Holding Company

Audit fee
Consolidation, reviews and certifications
Out of pocket expenses

Subsidiary Companies

Audit fee
Consolidation, reviews and certifications
Out of pocket expenses

Note	2021 Rupees	2020 Rupees
	1,800,000	1,250,000
	954,000	950,000
	50,000	75,000
	2,804,000	2,275,000
	1,096,000	1,281,975
	635,192	513,500
	76,000	76,000
	1,807,192	1,871,475
	4,611,192	4,146,475

33 OTHER EXPENSES

Workers' profit participation fund	13.4	156,341,594	82,432,204
Workers' welfare fund	13.5	64,349,803	30,059,589
Expected credit losses of trade debts	23.3	42,417,621	14,526,957
Provision for slow moving stores and spares	21.1	11,000,000	3,154,991
Provision for net realizable value	22.2	7,254,515	-
		281,363,533	130,173,741

34 OTHER INCOME

Non financial assets

Gain on disposal of property, plant and equipment	18.2	493,225	5,393,560
Sale of waste material / scrap		28,496,013	16,418,941
Reversal of provision		75,700	98,801
Grant income		11,569,245	-
Gain on extinguishment of original GIDC liability	13.2	10,162,332	-
Rental Income		600,000	-
Fee for technical services		-	3,044,983
Other income		459,669	3,872,103

Financial assets - amortized cost

Profit on savings accounts		926,500	1,045,576
Profit on term deposit certificate		-	2,583,927
		52,782,684	32,457,891

35 FOREIGN EXCHANGE GAIN / (LOSS)

On foreign exchange denominated liabilities

Note	2021 Rupees	2020 Rupees
35.1	2,676,229	(143,460,937)

35.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 12,532,153 (2020: Rs. 46,457,525).

36 FINANCE COST

	Note	2021 Rupees	2020 Rupees
Mark-up on			
Long-term loans		103,556,473	101,997,015
Short-term borrowings		436,407,879	652,171,467
Financial charges on lease		13,276,617	17,713,904
Financial charges on GIDC unwinding	13.2	7,224,474	-
Diminishing musharaka finance		307,071	845,400
Bank charges, fee and commission		16,103,918	13,938,745
		<u>576,876,432</u>	<u>786,666,531</u>

37 TAXATION

Current tax:			
Current year		867,285,443	426,745,066
Prior year		281,035	12,846,039
		<u>867,566,478</u>	<u>439,591,105</u>
Deferred tax			
Relating to the reversal and origination of temporary differences		(21,856,428)	43,144,641
Effect of rate change from prior year		-	-
		<u>(21,856,428)</u>	<u>43,144,641</u>
		<u>845,710,050</u>	<u>482,735,746</u>

37.1 Relationship between tax expenses and accounting profit

Accounting profit before taxation		<u>2,901,442,359</u>	1,544,113,853
Tax at applicable tax rate of 29% (2020: 29%)		841,418,284	447,793,017
Effect of expenses not allowed for tax		4,010,731	22,096,690
Effect of prior years tax		281,035	12,846,039
Tax expense for the year		<u>845,710,050</u>	<u>482,735,746</u>

38 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

38.1 Basic

Profit attributable to equity holders of the parent (Rupees)		<u>1,832,171,362</u>	<u>982,230,403</u>
Weighted average number of ordinary shares (number)		<u>110,590,546</u>	<u>110,590,546</u>
Earnings per ordinary share (Rupees)		<u>16.57</u>	<u>8.88</u>

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 and interest rate 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	
	2021	2020
	Rupees	Rupees
Long-term deposits	28,796,002	30,525,989
Trade debts – unsecured	4,671,047,543	3,066,196,897
Loans and advances	7,136,404	4,427,640
Other receivables	47,041,770	22,904,727
Bank balances	99,039,402	121,739,076
39.1.1 Trade Debts		
Other than related parties		
Not yet due	2,487,723,076	1,352,715,016
Past due		
1-30 days	1,053,282,842	876,409,236
31-60 days	439,261,858	322,911,892
61-90 days	476,132,048	222,186,773
Over 90 days	204,520,419	291,973,980
	2,173,197,167	1,713,481,881
Related parties		
1-30 days	8,488,300	-
31-60 days	1,639,000	-
	10,127,300	-
	4,671,047,543	3,066,196,897

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 2021						
Expected credit loss rate	0.29%	0.68%	2.01%	5.11%	22.16%	
Estimated total gross carrying amount	2,487,723,076	1,061,771,142	440,900,858	476,132,048	204,520,419	4,671,047,543
Expected credit loss	7,338,005	7,263,763	8,881,428	24,317,813	45,326,885	93,127,894
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 2021, trade debts of Rs. 93.13 million (2020: Rs. 141.62 million) were impaired and provided for. The sale to three major customers amount to Rs. 10,839 million (2020: Rs. 8,626 million) which represents approximately 47% (2020: 40%) 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			2021	2020
	Agency	Short-term	Long-term	Rupees	Rupees
Albaraka Bank (Pakistan) Limited	PACRA	A-1	A	797,275	1,066,435
Allied Bank Limited	PACRA	A1+	AAA	-	81,951
Askari Bank Limited	PACRA	A1+	AA+	536,196	916,965
Bank Alfalah Limited	PACRA	A1+	AA+	-	1,365,580
Bank Islami Pakistan Limited	PACRA	A1	A+	1,215,900	322,338
Habib Bank Limited	JCR-VIS	A1+	AAA	7,873,915	6,355,336
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	11,744,859	155,615
Bank Al-Habib Limited	PACRA	A1+	AAA	2,387,633	15,569,338
MCB Bank Limited	PACRA	A1+	AAA	352,522	11,063
Meezan Bank Limited	JCR-VIS	A-1+	AAA	24,281,621	2,852,420
National Bank of Pakistan	JCR-VIS	A-1+	AAA	812,115	2,165,214
Industrial and Commercial Bank of China	FITCH RATINGS	A	F1+	770,345	-
Silk Bank Limited	JCR-VIS	A-2	A-	10,479	479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	568,550	550,068
The Bank of Punjab	PACRA	A1+	AA+	47,312,541	90,326,274
JS Bank Limited	PACRA	A1+	AA-	375,451	-
				99,039,402	121,739,076

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
As at 30 June 2021				
				Rupees
Long-term loans	13,943,500	485,828,720	1,977,890,524	2,477,662,744
Lease liabilities	-	33,723,604	117,179,979	150,903,583
Diminishing musharaka finance	-	1,405,316	208,924	1,614,240
Short-term borrowings	-	6,943,146,874	-	6,943,146,874
Mark up accrued	-	115,729,031	-	115,729,031
Unclaimed dividend	-	11,059,396	-	11,059,396
Trade and other payables	-	2,061,141,933	-	2,061,141,933
Total financial liabilities	13,943,500	9,652,034,874	2,095,279,427	11,761,257,801

	At Group's discretion	Maturity Up to One Year	Maturity After One Year	Total
As at 30 June 2020				
	Rupees			
Long-term loans	13,943,500	264,650,386	1,003,278,297	1,281,872,183
Liabilities against assets subject to finance lease	-	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

Changes in liabilities arising from financing activities

	As at 1 July 2020	Cash flows	Foreign exchange movement	New leases	Others	As at 30 June 2021
	Rupees					
Long-term loans	1,281,872,183	1,208,284,802	-	-	(12,494,241)	2,477,662,744
Lease Liability	140,124,138	(54,978,003)	-	52,480,831	13,276,617	150,903,583
Diminishing musharaka	3,400,529	(2,093,360)	-	-	307,071	1,614,240
Short-term borrowings	4,452,222,166	2,490,924,708	-	-	-	6,943,146,874
Unclaimed dividend	13,697,104	(389,704,619)	-	-	387,066,911	11,059,396
	5,891,316,120	3,252,433,528	-	52,480,831	388,156,358	9,584,386,837

	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 Liability	82,305,894	(49,607,031)	-	89,711,371	17,713,904	140,124,138
Diminishing musharaka	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	363,997,542	5,891,316,120

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. 81.17 million (2020: Rs. 58.78 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 61% (2020: 56%).

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 of companies	Basis of relationship
Terranova (Private) Limited	Common directorship
Extracts 4 Life (Private) Limited	Common directorship
Nimir Resources (Private) Limited	Common directorship
Nimir Chemcoats 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	2021 Rupees	2020 Rupees
Nimir Chemcoats Limited	Purchase of goods	1,562,306	-
	Sale of goods	13,209,712	-
	Services provided	600,000	-
Staff retirement benefits	Contribution to gratuity fund	4,787,717	11,126,221

41 OPERATING SEGMENT INFORMATION

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees									
Revenue from contracts with customers - net	23,093,743,627	17,172,579,881	6,277,703,001	4,499,104,712	-	-	(169,883,300)	(145,516,821)	29,201,563,328	21,526,167,772
Cost of sales	(19,542,754,705)	(14,626,318,244)	(5,483,668,485)	(3,993,379,722)	-	-	168,114,554	145,882,779	(24,858,308,636)	(18,473,815,187)
Gross profit	3,550,988,922	2,546,261,637	794,034,516	505,724,990	-	-	(1,768,746)	365,958	4,343,254,692	3,052,352,585
Distribution cost	(182,112,951)	(140,464,106)	(73,812,505)	(56,994,912)	-	-	-	-	(255,925,456)	(197,459,018)
Administrative expenses	(315,860,706)	(228,360,624)	(67,889,549)	(54,704,812)	(313,170)	(742,160)	957,600	871,200	(383,105,825)	(282,936,396)
Operating profit / (loss)	3,053,015,265	2,177,436,907	652,332,462	394,025,266	(313,170)	(742,160)	(811,146)	1,237,158	3,704,223,411	2,571,957,171
Other expenses	(233,437,410)	(112,421,691)	(53,434,423)	(24,297,892)	-	-	5,508,300	6,545,842	(281,363,533)	(130,173,741)
Other income	41,693,483	17,333,245	16,021,190	14,203,919	-	2,583,927	(4,931,989)	(1,663,200)	52,782,684	32,457,891
Foreign exchange loss	(601,848)	(131,697,639)	-	(11,763,298)	-	-	3,278,077	-	2,676,229	(143,460,937)
Finance cost	(464,002,217)	(601,538,267)	(112,700,527)	(185,128,264)	-	-	(173,688)	-	(576,876,432)	(786,666,531)
Profit / (loss) before taxation	2,396,667,273	1,349,112,555	502,218,702	187,039,731	(313,170)	1,841,767	2,869,554	6,119,800	2,901,442,359	1,544,113,853
Taxation	(702,237,981)	(422,635,290)	(143,472,069)	(59,824,730)	-	(642,757)	-	367,031	(845,710,050)	(482,735,746)
Profit / (loss) for the year	1,694,429,292	926,477,265	358,746,633	127,215,001	(313,170)	1,199,010	2,869,554	6,486,831	2,055,732,309	1,061,378,107
Segment assets	16,268,986,203	10,848,594,059	4,303,331,960	3,529,190,713	293,024,184	293,331,929	(1,005,526,042)	(1,022,579,120)	19,859,816,305	13,648,537,581
Segment liabilities	11,344,959,803	7,225,270,016	2,233,565,600	1,817,069,116	78,740,500	78,735,075	(23,238,735)	(37,422,259)	13,634,027,168	9,083,651,948

41.1 Inter segment sales, purchases and balances have been eliminated.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
Number of persons	1	1	2	2	41	37
	Rupees					
Remuneration	15,483,839	13,547,903	20,516,130	17,806,452	108,541,644	88,832,217
Housing	6,967,678	6,096,806	9,232,258	8,012,904	48,843,292	39,974,498
Utilities	1,548,483	1,355,291	2,051,612	1,780,644	10,854,064	8,883,226
Bonus	7,350,085	6,080,562	10,386,930	8,431,154	48,859,362	36,174,219
Gratuity	-	-	-	-	10,290,000	7,604,002
	31,350,085	27,080,562	42,186,930	36,031,154	227,388,362	181,468,162

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. 7,868,000 (2020: Rs. 7,260,000) was paid to directors for attending the meetings.

43 TOTAL NUMBER OF EMPLOYEES

	2021	2020
Number of employees as at 30 June	332	305
Average number of employees during the year	319	303

44 PRODUCTION CAPACITY IN METRIC TONS

	2021	2021	2020	2020
	Maximum Capacity	Actual Production	Maximum Capacity	Actual Production
Oleo Chemicals (Metric ton) *	124,000	101,089	110,000	89,336
Chlor Alkali Products (Metric ton)	52,000	50,479	50,000	49,657
Resin Products**	45,600	33,344	42,000	25,877
Soap Finishing Line (Metric ton)***	54,000	37,766	50,000	28,651
Aerosol (cans)****	31,363,200	1,970,244	15,000,000	208,824
Blending*****	-	32,586	-	29,478

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

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

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

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

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

45 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on 14 September 2021 has proposed a final dividend @ Rs. 2 per share for the year ended 30 June 2021 (2020: Rs. 1.5) amounting to Rs. 221,181,092 (2020: Rs. 165,885,819) for approval of the members at the Annual General Meeting to be held on 26 October 2021. These financial statements do not reflect this dividend.

46 GENERAL

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

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 14 September 2021.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

AS AT JUNE 30, 2021

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
203	1	100	7,280
914	101	500	270,217
202	501	1,000	180,499
283	1,001	5,000	787,199
90	5,001	10,000	694,807
44	10,001	15,000	555,620
30	15,001	20,000	540,524
18	20,001	25,000	420,677
5	25,001	30,000	136,019
9	30,001	35,000	292,850
6	35,001	40,000	232,312
3	40,001	45,000	122,500
10	45,001	50,000	490,750
8	50,001	55,000	418,651
2	55,001	60,000	118,000
2	65,001	70,000	139,000
2	70,001	75,000	147,000
2	80,001	85,000	165,316
1	85,001	90,000	87,500
3	95,001	100,000	300,000
1	100,001	105,000	104,000
1	105,001	110,000	108,000
1	110,001	115,000	114,000
1	130,001	135,000	135,000
1	170,001	175,000	174,500
1	195,001	200,000	200,000
1	225,001	230,000	230,000
1	290,001	295,000	290,500
2	295,001	300,000	598,500
1	305,001	310,000	310,000
1	310,001	315,000	313,250
1	330,001	335,000	333,500
1	370,001	375,000	372,500
1	560,001	565,000	561,500
1	645,001	650,000	650,000
1	650,001	655,000	652,425
1	785,001	790,000	788,000
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	14,065,001	14,070,000	14,068,000
1	24,060,001	24,065,000	24,062,125
1,865			110,590,546

► Categories of Shareholders

AS AT JUNE 30, 2021

S. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	46,625,906	42.7938%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	0	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	0	0.0000%
2.3.6	Modarabas and Mutual Funds	651,000	0.5887%
2.3.7	Share holders holding 10% or more	49,860,125	45.0853%
2.3.8	General Public	49,191,023	44.4803%
	1 - Local	500	0.0005%
	2 - Foreign		
2.3.9	Others (to be specified)		
	1 - Joint Stock Companies	1,542,463	1.3948%
	2 - Pension Funds	198,623	0.1796%
	3 - Investment Companies	30,600	0.0277%
	4 - Leasing Companies	24,010	0.0217%
	5 - Investment Companies	11,012	0.0100%
	6 - Others	581,609	0.5259%

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► Categories of Shareholding required under Code of Corporate Governance (CCG) AS AT JUNE 30, 2021

S. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties :			
		-	-
Mutual Funds :			
1	Golden Arrow Selected Stocks Fund Limited (CDC)	650,000	0.5878
Directors and their Spouse and Minor Children :			
1	Mr. Zafar Mahmood (CDC) (Chief Executive)	24,062,125	21.7578
2	Mr. Khalid Mumtaz Qazi (CDC)	14,068,000	12.7208
3	Mr. Umar Iqbal (CDC)	8,182,500	7.3989
4	Mr. Javed Saleem Arif (CDC)	500	0.0005
5	Ms. Parveen Akhtar Malik (CDC)	500	0.0005
6	Mr. Tariq Ahmed Khan (CDC)	500	0.0005
7	Mr. Muhammad Saeed Uz Zaman (CDC & Physical)	310,781	0.2810
8	Mr. Muhammad Iqbal (CDC)	1,000	0.0009
9	Mr. Abdul Jaleel Shaikh (Nominee - PBICL)	-	0.0000
Executives:		28,912,776	26.1440
Public Sector Companies & Corporations :			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds :			
		225,933	0.2043

S. No.	Name	Holding	%
1	Mr. Zafar Mahmood (CDC) (Chief Executive)	24,062,125	21.7578
2	Mr. Khalid Mumtaz Qazi (CDC)	14,068,000	12.7208
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. Amir Jamil (CDC)	6,482,750	5.8619

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed :

S. No.	Name	Sale	Purchase
1	Zafar Mahmood (CDC)	400,000	-
2	Khalid Mumtaz Qazi (CDC)	300,000	-
3	Nabeel Ahmad Khan (CDC)	5,000	5,000
4	Salaman Azmat (CDC)	28,500	28,500
5	Waseem Ahmad (CDC)	12,000	12,000

▶ Notice of 28th Annual General Meeting

FOR THE YEAR ENDED JUNE 30, 2021

Notice is hereby given that the 28th Annual General Meeting ("AGM") of Nimir Industrial Chemicals Limited (the "Company") will be held on Tuesday, October 26, 2021 at 11:00 a.m., at Qaser-e-Sultan, Lahore – Faisalabad By-pass, near Housing colony, Sheikhpura 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, 2021 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. 2.0 per share (i.e. 20%) in addition to the interim dividend of Rs. 2.0 per share, in total Rs. 4.0 per share (i.e. 40%) cash dividend for the year ended June 30, 2021.
3. To appoint Auditors for the year ending June 30, 2022 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.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modifications, a resolution as special resolution as proposed in the statement of material facts annexed hereto, to alter the Memorandum of Association of the Company and to adopt a new set of Articles of Association of the Company in compliance with the new Companies Act, 2017.

Attached to this Notice is a statement of material facts and proposed resolution(s) pertaining to the Special business to be transacted at the AGM.

By Order of the Board

**Sheikhpura
October 5, 2021**

**Muhammad Inam-ur-Rahim
(Company Secretary)**

Notes:

1. 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 its 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 corporate@nimir.com.pk for their appointment and proxy's verification by or before 05:00 p.m. on Tuesday, October 19, 2021.

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 11:00 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 corporate@nimir.com.pk by or before Tuesday, October 19, 2021 by 05:00 p.m.

- II. The share transfer books of the Company shall remain closed from October 20, 2021 to October 26, 2021 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Tuesday, October 19, 2021 will be treated in time for the purpose of entitlements of final cash dividend 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, 2021, 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%

▶ Notice of 28th Annual General Meeting

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 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.

The statement of material facts under section 134 (3) of the Companies Act, 2017 concerning the special business contained in item No. 4 of the Notice of Annual General Meeting (AGM) to held on October 26, 2021.

Amendments in the Memorandum of Association and Adoption of New set of Articles of Association

Following the enactment of the new Companies Act, 2017, changes have been necessitated in the Memorandum and Articles of Association of the Company. Thus, certain complying changes have been made in the Memorandum to comply with the requirements of the Companies Act, 2017.

As for the Articles of Association, numerous changes were required in the same, thus the Articles of Association have been revised and updated in their entirety. In order to enable the shareholders to compare the existing clauses and provisions of the Memorandum and Articles of Association with the proposed amendments, a comparative draft of the amended Memorandum of Association and Articles of Association identifying the changes proposed in these documents, bearing the initials of the Company Secretary for the purpose of identification, is being circulated along with this Notice to serve as a comparative analysis of the existing clauses of the Memorandum and Articles of Association with the proposed amendments.

Accordingly, the following new Definition and Article have been proposed to be inserted in the existing Articles of Association of the Company:

For this purpose, it is proposed to consider and, if thought fit, to pass the following resolution as a special resolution, with or without modifications, to amend the Memorandum of Association and adopt a new set of updated Articles of Association of the Company:

Resolved That, “subject to requisite approval, the Memorandum of Association of the Company be and is hereby amended by designating para (1) of Clause 3 of the Memorandum of Association as the principal line of business so that the Clause 3 shall read and be and is hereby substituted with existing Clause III, as follows:

3. The objectives for which the Company is established are all or any of the following (and in construing the following sub-clauses, the scope of one sub-clause shall not be deemed to limit or affect the scope of any other sub-clause):
 - (i) The principal line of business of the company shall be to carry-out the business of manufactures, developers , buyers, sellers importers, exporters, wholesalers, retailers, dealers, suppliers, distributors, indenters, transporters, agents, factors, stockiest, commission agents, sub-agents, traders, general merchants, toll manufacturing and marketers of all types of chemicals (including but not limited to chemicals used in the construction business) and chemical by-products and commodities akin to or connected with any of the business of the Company capable of being conveniently carried on or necessary for the promotion of the objects herein contained and, generally, in any goods or products within the scope the objects of the Company, as permissible under the law.
 - (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
 - (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba Management Company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
 - (iv) It is hereby undertaken that the company shall not:
 - a. engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
 - b. launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
 - c. engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.”
- I. **Resolved Further That,** “the Articles of Association of the Company be and are hereby substituted by a new set of Articles of Association, as laid before the members, bearing the initials of the Company Secretary for the purpose of identification and prepared by amending the existing Articles of Association in conformity with the Companies Act, 2017.”;
- II. **Resolved Further That,** “the Chief Executive Officer and/or Company Secretary of the Company be and is hereby authorized to, singly, do all acts, deeds and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolution.”;
- III. **Resolved Further That,** “the Chief Executive and/or Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alteration in the Memorandum and Articles of Association of the Company and implementing this resolution.”; and

- IV. **Resolved Further That,** “the aforesaid alteration in the Memorandum and Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may directed by the SECP, which amendment, modification, addition or deletion shall be deemed part of this special resolution without the need for passing a fresh special resolution.”

No directors or Chief Executive of the Company have any interest, directly or indirectly, in the proposed alterations of the Articles of Association of the Company / special resolution except in their capacities as directors/Chief Executive/shareholders of the Company.

Comparative Analysis

In order to enable the members to compare the existing Memorandum and Articles of Association with the proposed Memorandum and Articles of Association, a comparative draft identifying the proposed changes in the documents, bearing the initials of the Company Secretary for the purposes of identification is being circulated with this notice to serve as a comparative analysis

Reasons for Alteration in Memorandum and Articles of Association:

The existing Articles of Association of the company have been redrafted to align the same with the provisions of the Companies Act, 2017. Further, the Clause 3 of the Memorandum of Association is also proposed to be substituted as per requirements of the Companies Act, 2017.

Availability of Relevant Documents and Inspection

A copy of the existing and proposed Memorandum and Articles of Association indicating the proposed amendments are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the AGM. The same shall also be available for inspection by the members in the AGM.

Statement of the Board of Directors

We, the members of the Board of Directors of the Company hereby confirm that the proposed amendments/alterations in the Memorandum and Articles of Association of the Company are in line with the applicable provisions of the laws and regulatory framework.

► Form of Proxy 28th Annual General Meeting

The Company Secretary

Nimir Industrial Chemicals Limited

14.8 K.M. Sheikhpura - Faisalabad Road,

Bhikhi – Dist. Sheikhpura,

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 (AGM) of the Company held on Tuesday, October 26, 2021 at 11:00 a.m. and / or at any adjournment thereof or any ballot
to be taken in consequence thereof.

Signed this day of 2021.

Signature of Shareholder

(The signature should agree with the specimen registered with the Company)

WITNESSES:

1. _____ 2. _____

Name : _____

CNIC : _____

Address: _____

Date: _____

Fifty Rupees
Revenue Stamp

Notes:

- i. The share transfer books of the Company shall remain closed from October 20, 2021 to October 26, 2021 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Tuesday, October 19, 2021 will be treated in time for purpose of determine the entitlements to 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. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- 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. 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. 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.

- vi. All Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services. Physical Shareholders who had not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Company's Shares Registrar.
- vii. All CDC Shareholders are requested to immediately notify change in address, if any directly to their CDC participant (brokers)/CDC Investor Account Services. Physical Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:

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NIMIR INDUSTRIAL CHEMICALS LTD.

14.8 Km., Sheikhpura-Faisalabad Road,
Bhikhi, District Sheikhpura, Pakistan.
Ph: +92 56 3883001-7 • Fax: +92 56 3883010
Cell: +92 301 8221151, 301 8483950
www.nimir.com.pk

Posted Stamp



NIMIR

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