NIMIR INDUSTRIAL CHEMICALS LTD.

ANNUAL REPORT
2022

NIMIR
TRANSFORMING FOR A SUSTAINABLE FUTURE

Table of Contents

Company Information

Board of Directors

Mr. M. Saeed-uz-Zaman - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Imran Afzal
Mr. Aamir Jamil
Mr. Javed Saleem Arif
Mr. Tariq Ahmad Khan
Ms. Parveen Akhter Malik
Mr. Saqib Anjum
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 Metropolitian 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., Sheikhupura-Faisalabad Road,
Bhikhi, District Sheikhupura, Pakistan.
Tel: +92 56 3883001-7
Fax: +92 56 3883010
Cell: +92 301-8221151, 301-8483950

Head Office

122-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 Stakeholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Nimir Industrial Chemicals Limited ("NICL") highlighting NICL's performance and achievements for the year ended 30 June, 2022.

I am pleased to share that despite factors such as market volatility, domestic and global challenges, the sales revenue recorded growth across all of our businesses. NICL's topline has reached to nearly Rs.40 billion; depicting an impressive growth of 45% year-on-year. The operating profit increased by 21%, but net profit after tax reduced slightly over last year mainly due to higher finance cost and additional taxes imposed retrospectively during the year.

By the grace of Almighty and immense dedication of the management and entire team, NICL continued to deliver strong business growth. I would like to express gratitude to our stakeholders and everyone involved for their continued support and encouragement, and, in particular would like to place on record unreserved appreciation for all personnel of NICL for rendering invaluable services.

During the last five years, NICL has committed investments that have significantly increased its footprint and shareholder value. NICL has created consistent value for all stakeholders 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.

Going forward, our objective is very clear: a balanced top and bottom-line growth. NICL's aim is to enhance its competitive position by extending manufacturing capabilities, exploring new ideas, further expanding its market presence, and delivering on all fronts; despite possible impacts by economic headwinds of higher interest-rate driven finance costs, devaluation of the Pakistani rupee and an increase in inflationary pressure. However, the Board and Management of NICL are focused on creating enduring value for all stakeholders through improved operational efficiencies, cost controls, portfolio diversification and leveraging strong customer relationships.

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 evolution and business performance. May Allah Almighty continue to bless us all. Ameen.

Muhammad Saeed uz Zaman
Chairman

CEO's Message

Valued Stakeholders,

As one of the most well-regarded companies in Pakistan, Nimir Industrial Chemicals Limited has always been a thought leader and innovator. The company believes that a focus on sustainable solutions ensure long term success; it drives business growth and innovation.

I am privileged to present the Annual Report of 2022. It is an opportunity for us to collectively reflect, reset, and rejuvenate our mission to become a growth-oriented and sustainable Company. Coming to the annual results of financial year 2022; we were able to deliver another successful resilient performance during this fiscal year. The company's stand-alone gross turnover increased by 45% to PKR 40 billion and consolidated turnover to PKR 49 billion. This was the first year when the company was able to export products and our exports stood nearly PKR 1 billion. Moreover, the gross and operating profits were increased by 21%. This achievement is, in fact, the reflection of our commitment with the shareholders to continue enhancing the shareholders' value. However due to high interest rates and additional taxation during the year ended June 30, 2022, the bottom line and EPS was slightly lower than last year.

Going forward, I see many challenges. Depleting FX reserves, fluctuating feedstock prices, rising utility and financial costs, we expect margins to remain under pressure during the coming financial year. Hence, we are now focusing on exports with the aim to contribute more in the national exchequer. The projects initiated in last couple of years are being completed. While some of the projects have been completed in the last quarter of the period under review, but major projects would be commissioned in the second quarter of the financial year 2023.

I would like to extend my gratitude to all our shareholders and stakeholders for their continued support for navigating us through another year of success. I would also like to thank all our stakeholders for trusting us and to the entire Nimir Family. I would like to commend and congratulate each and every one of you for an astounding level of resilience and commitment to excellence which has helped us get to where we are today. With your support we will, follow the path of growth, profitability and long-term sustainability of our business Insha'Allah.

Zafar Mahmood
Chief Executive Officer

Lahore, September 27, 2022

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

Home Care

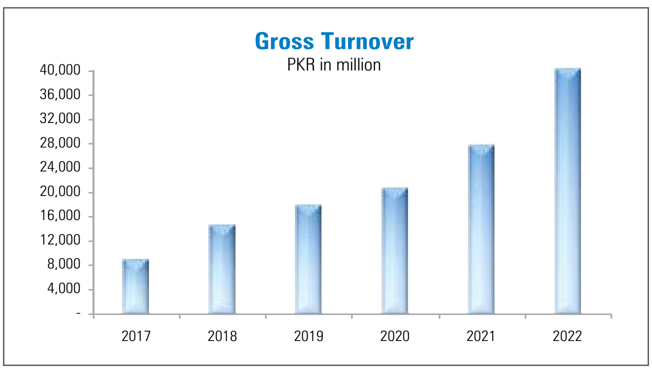
Personal Care

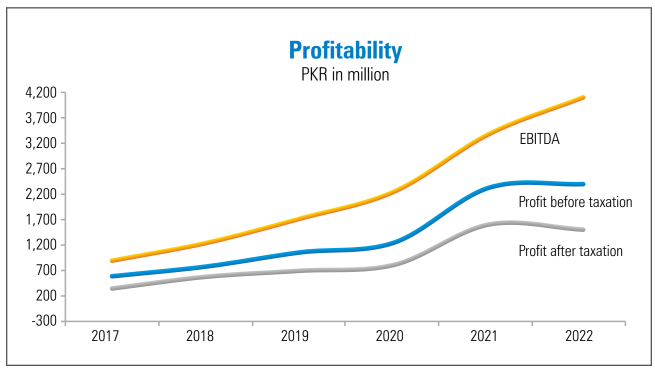
- Body Sprays
- Deodorants
- Antiperspirants
- Air Fresheners
- Insecticides
- Shaving Foam
- Hair Sprays
- Home Cleaners
- Starch Sprays
- Spray Paints
- Automobile Cleaners
- Metal Cleaners

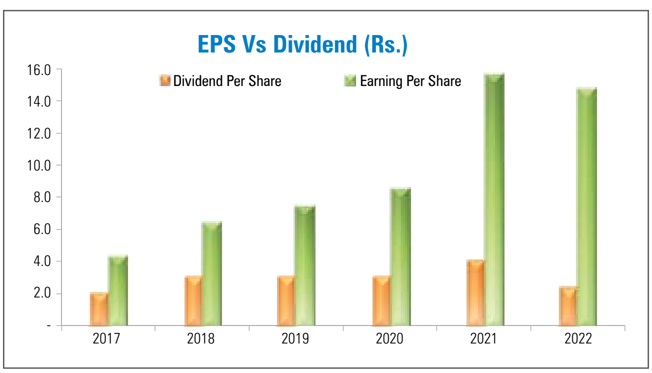
Our Performance Standalone

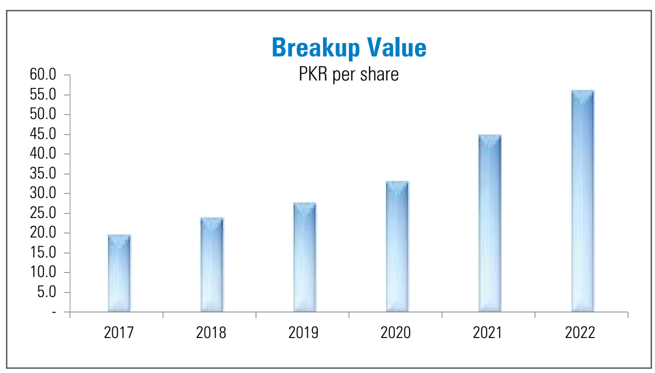
PKR"Million"

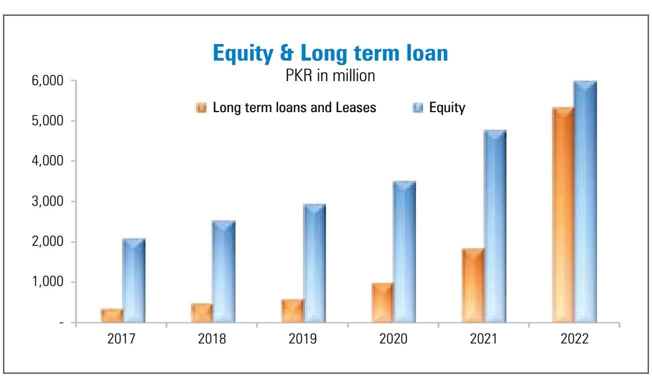
	2017	2018	2019	2020	2021	2022
Gross Turnover	8,624	14,222	17,432	20,220	27,169	39,564
Net Sales	7,369	12,091	14,850	17,173	23,094	33,786
Profit before taxation	701	887	1,159	1,349	2,397	2,466
Profit after Taxation	471	696	810	926	1,694	1,596
EBITDA	1,003	1,340	1,804	2,319	3,408	4,106
Long term loans and Leases	354	480	592	1,004	1,897	5,500
Equity	2,144	2,615	3,035	3,623	4,924	6,179
Current Assets	2,926	4,726	5,076	6,769	10,468	17,535
Current Liabilities	2,763	4,274	4,566	5,845	9,004	16,944
Current Ratio	1.06	1.11	1.11	1.16	1.16	1.03
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	19.4	23.6	27.4	32.8	44.5	55.9
Earning per share - Rupees	4.3	6.3	7.3	8.4	15.3	14.4
Dividend Per Share - Rupees	2.0	3.0	3.0	3.0	4.0	2.5

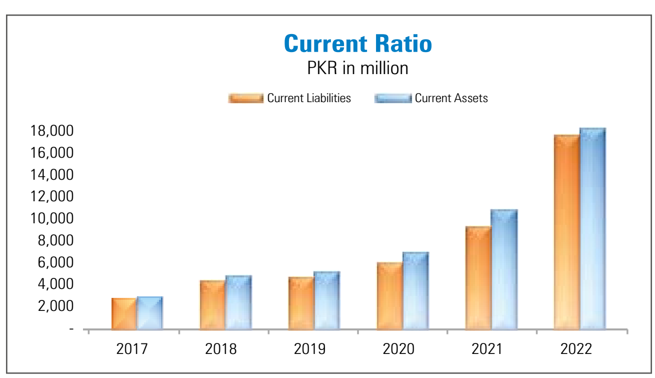








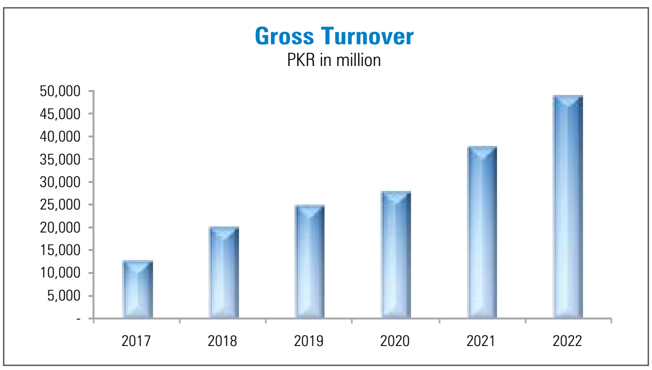


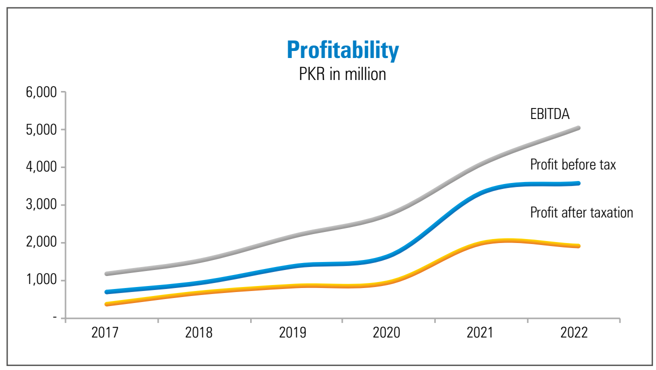


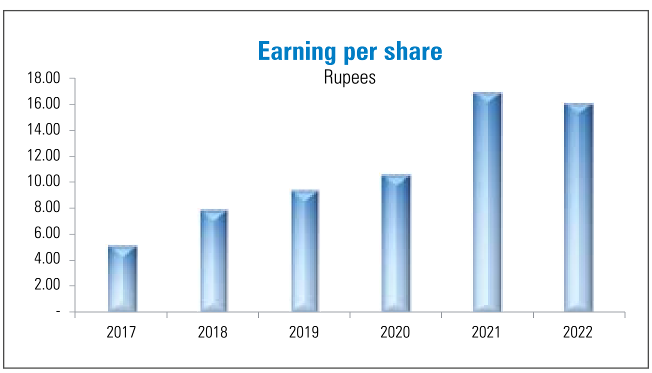
Our Performance Consolidated

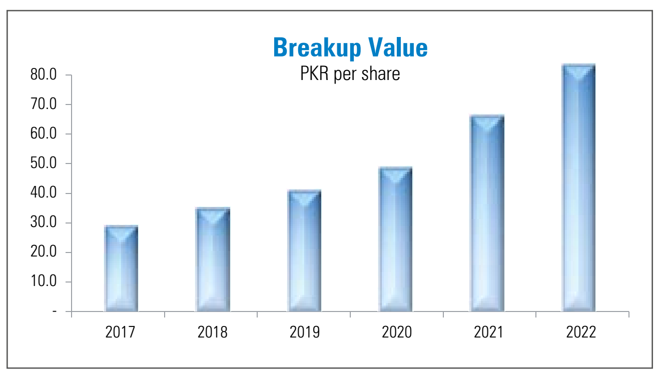
PKR"Million"

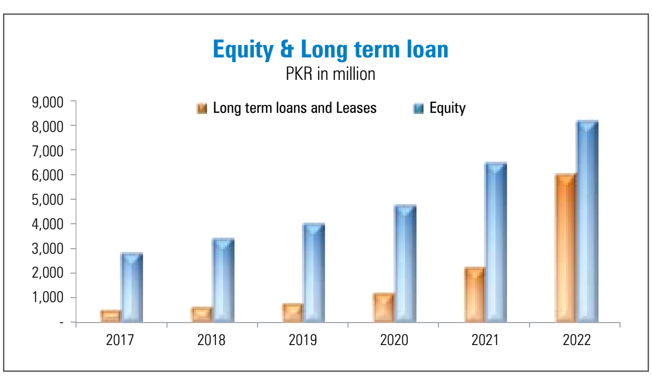
	2017	2018	2019	2020	2021	2022
Gross Turnover	11,571	18,186	22,723	25,373	34,404	49,113
Net Sales	9,958	15,569	19,601	21,526	29,202	41,853
Profit before taxation	774	972	1,325	1,544	2,901	3,082
Profit after Taxation	508	796	966	1,061	2,056	1,972
EBITDA	1,187	1,535	2,181	2,743	4,081	4,991
Long term loans and Leases	463	592	704	1,120	2,109	5,770
Equity	2,696	3,265	3,842	4,565	6,226	7,857
Current Assets	4,567	7,034	7,635	9,284	13,643	22,247
Current Liabilities	3,921	6,010	6,423	7,606	11,036	20,187
Current Ratio	1.16	1.17	1.19	1.22	1.24	1.10
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	24.4	29.5	34.7	41.3	56.3	71.0
Earning per share - Rupees	4.29	6.62	7.87	8.88	16.57	15.76
Dividend Per Share - Rupees	2.00	3.00	3.00	3.00	4.00	2.50

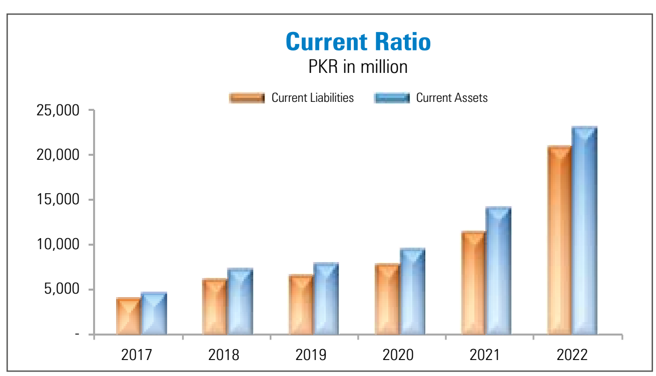












Year at A Glance 2022

	Standalone		Consolidated	
	2021	2022	2021	2022
	Rupees in Million		Rupees in Million	
Gross Turnover	27,169	39,564	34,404	49,113
Gross Profit	3,544	4,290	4,336	5,372
Operating Profit	3,046	3,685	3,697	4,599
Profit before taxation	2,397	2,466	2,901	3,082
Profit after taxation	1,694	1,596	2,056	1,972
EBITDA	3,408	4,106	4,081	4,991
Net Worth	4,924	6,179	6,226	7,857
Long Term Loans and Leases	1,897	5,500	2,109	5,770
Total Assets	16,269	30,128	19,860	35,365
Breakup value per share - Rupees	44.5	55.9	56.3	71.0
Earning per share - Rupees	15.3	14.4	16.6	15.8

Standalone

46%
Increase in Gross Turnover

21%
Increase in Gross Profit

21%
Increase in Operating Profit

-6%
Decrease in Profit after Tax

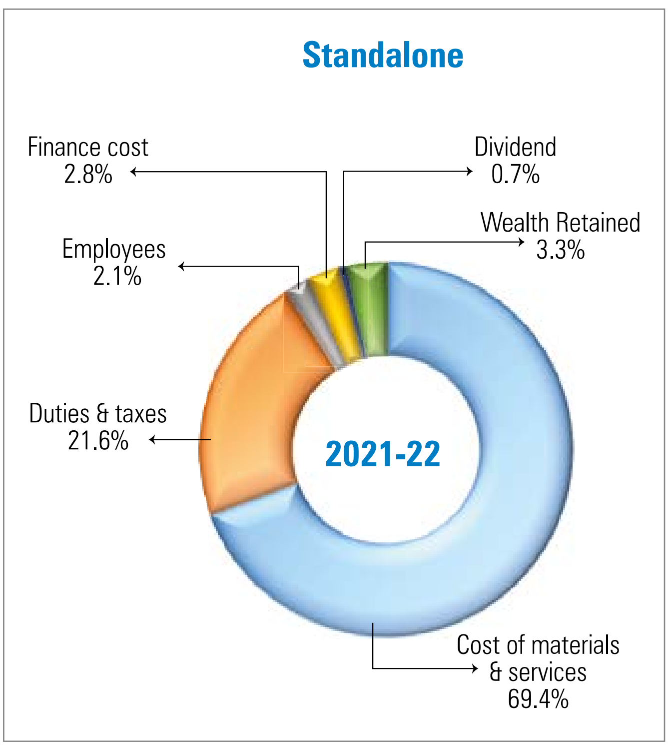
20%
Increase in EBITDA

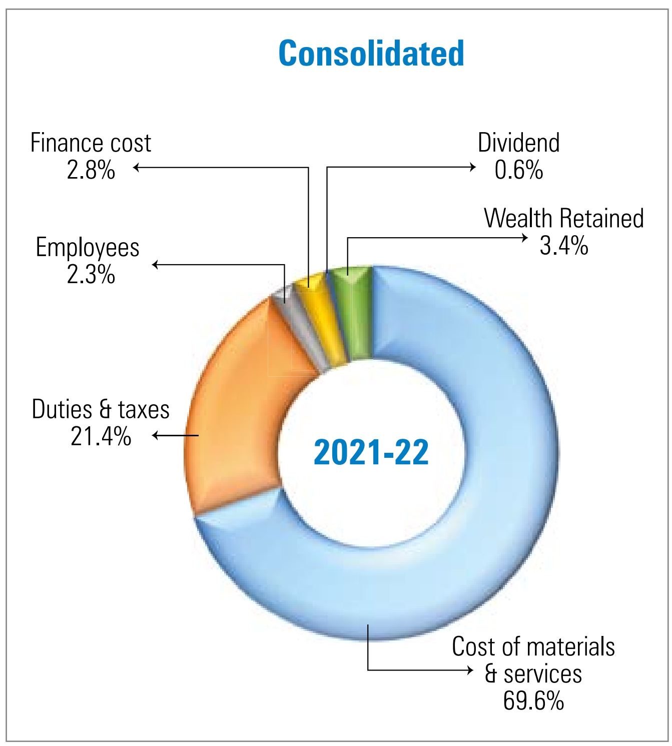
25%
Increase in BreakUp Value

Wealth Generated and Distributed

FOR THE YEAR ENDED JUNE 2022

	Standalone		Consolidated	
	2022		2022	
	Rs in million	% age	Rs in million	% age
Wealth Generated				
Sales with sales Tax	39,564	99.9%	49,113	99.9%
Other operating profit	52	0.1%	72	0.1%
	39,617	100%	49,186	100%
Distribution of Wealth				
Cost of materials & services	27,499	69.4%	34,236	69.6%
Duties & taxes	8,567	21.6%	10,511	21.4%
Employees	845	2.1%	1,107	2.3%
Finance cost	1,120	2.8%	1,369	2.8%
Dividend	276	0.7%	276	0.6%
Wealth retained	1,310	3.3%	1,687	3.4%
	39,617	100.0%	49,186	100.0%
	-		-	





Horizontal & Vertical Analysis

	2017	2018	2019	2020	2021	2022
	Rupees in million					
BALANCE SHEET						
Non Current Assets	2,548	2,862	3,438	4,079	5,801	12,593
Current Assets	2,926	4,726	5,076	6,769	10,468	17,535
TOTAL ASSETS	**5,474**	**7,588**	**8,514**	**10,849**	**16,269**	**30,128**
Share Capital and Reserves	2,144	2,615	3,035	3,623	4,924	6,179
Non Current Liabilities	567	699	913	1,381	2,341	7,006
Current Liabilities	2,763	4,274	4,566	5,845	9,004	16,944
TOTAL EQUITY AND LIABILITIES	**5,474**	**7,588**	**8,514**	**10,849**	**16,269**	**30,128**
PROFIT & LOSS ACCOUNT						
Sales- Net	7,369	12,091	14,850	17,173	23,094	33,786
Cost of Sales	6,304	10,542	12,821	14,626	19,550	29,495
Gross Profit	1,065	1,549	2,030	2,546	3,544	4,290
Distribution & Administration Cost	230	254	296	369	498	605
Operating Profit	835	1,295	1,733	2,177	3,046	3,685
Other Expenses/ (Income)	(2)	204	215	227	185	93
Finance Cost	135	204	359	602	464	1,127
Profit before Taxation	701	887	1,159	1,349	2,397	2,466
Taxation	229	192	349	423	702	870
Other Comprehensive Loss	4	4	3	6	7	9
Net Comprehensive income for the Year	**467**	**692**	**807**	**920**	**1,688**	**1,586**

Horizontal Analysis						Vertical Analysis					
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
percentages changes from last year						Percentage					
23.52	12.34	20.12	18.64	42.20	117.10	46.54	37.72	40.38	37.60	35.65	41.80
48.82	61.50	7.40	33.37	54.64	67.51	53.46	62.28	59.62	62.40	64.35	58.20
35.87	**38.62**	**12.20**	**27.42**	**49.96**	**85.19**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
19.94	21.94	16.06	19.39	35.90	25.48	39.17	34.46	35.65	33.40	30.27	20.51
23.88	23.30	30.64	51.16	69.58	199.25	10.36	9.21	10.73	12.73	14.39	23.25
54.92	54.70	6.82	28.01	54.05	88.19	50.47	56.33	53.63	53.88	55.34	56.24
35.87	**38.62**	**12.20**	**27.42**	**49.96**	**85.19**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
47.06	64.08	22.82	15.64	34.48	46.30	100.00	100.00	100.00	100.00	100.00	100.00
56.08	67.22	21.62	14.09	33.66	50.87	85.55	87.19	86.33	85.17	84.66	87.30
9.58	45.48	30.99	25.46	39.17	21.07	14.45	12.81	13.67	14.83	15.34	12.70
11.23	10.30	16.49	24.56	35.02	21.51	3.13	2.10	1.99	2.15	2.16	1.79
9.13	55.19	33.84	25.61	39.88	21.00	11.33	10.71	11.67	12.68	13.19	10.91
(103.5)	(12,610.9)	5.6	5.3	(18.4)	(50.0)	(0.02)	1.69	1.45	1.32	0.80	0.27
49.61	50.82	76.00	67.33	(22.86)	142.86	1.84	1.69	2.42	3.50	2.01	3.34
16.15	26.58	30.61	16.44	77.65	2.88	9.51	7.34	7.80	7.86	10.38	7.30
40.94	(16.48)	81.94	21.25	66.16	23.91	3.11	1.58	2.35	2.46	3.04	2.58
162.33	(12.63)	(23.94)	115.60	6.29	37.28	0.06	0.03	0.02	0.04	0.03	0.03
6.41	**48.10**	**16.69**	**14.00**	**83.41**	**(6.00)**	**6.34**	**5.72**	**5.44**	**5.36**	**7.31**	**4.70**

Key Operating & Financial Data for Last Six Years

	2017	2018	2019	2020	2021	2022
	Rupees in million					
Net Sales	7,369	12,091	14,850	17,173	23,094	33,786
Gross Profit	1,065	1,549	2,030	2,546	3,544	4,290
Operating Profit	835	1,295	1,733	2,177	3,046	3,685
Profit before taxation	701	887	1,159	1,349	2,397	2,466
Profit after taxation	471	696	810	926	1,694	1,596
EBITDA	1,003	1,340	1,804	2,319	3,408	4,106
Paid-up Capital	1,106	1,106	1,106	1,106	1,106	1,106
Net Worth	2,144	2,615	3,035	3,623	4,924	6,179
Long Term Loans and Leases	354	480	592	1,004	1,897	5,500
Deferred Liabilities	213	219	322	376	444	1,506
Current Liabilities	2,763	4,274	4,566	5,845	9,004	16,944
Total Equity and Liabilities	5,474	7,588	8,514	10,849	16,269	30,128
Current Assets	2,926	4,726	5,076	6,769	10,468	17,535
Non Current Assets	2,548	2,862	3,438	4,079	5,801	12,593
Total Assets	5,474	7,588	8,514	10,849	16,269	30,128
Breakup value per share - Rupees	19.4	23.6	27.4	32.8	44.5	55.9
Earnings per share - Rupees	4.3	6.3	7.3	8.4	15.3	14.4
Current Ratio	1.06 : 1	1.11 : 1	1.11 : 1	1.16 : 1	1.16 : 1	1.03 : 1
Lont Terms Debt to Equity Ratio	14 : 86	16 : 84	16 : 84	22 : 78	28 : 72	47 : 53
Interest Coverage Ratio	6.17	5.34	4.22	3.24	6.17	3.19

15

Financial Statements - Separate

FOR THE YEAR ENDED JUNE 30, 2022

The Board of Directors of Nimir Industrial Chemicals Limited (the "Company") is pleased to submit the 29th Annual Report along with the Audited financial statements for the year ended June 30, 2022.

During the year under review Pakistan's economy registered a significant growth of 5.97% in GDP and 10.5% in large scale manufacturing sector. The country also boosted exports to all time high to USD 31.8 billion. Foreign remittances also showed record contribution of USD 31.2 billion to the economy. Despite all these, the country is facing severe balance of payment challenge owing to significant increase in import bill from USD 56 billion to USD 80 billion. This is mainly due to unprecedented increase in the international prices of fuel, energy, food and all other commodities after Russia-Ukraine war.

The Government has taken immediate measures to curtail imports, with the aim to keep import bill within the limit of available foreign currency. These measures, though necessary to avoid any unpleasant situation, have disturbed the procurement of industrial inputs and resulted in slowing down the economy. The tightening monetary policy, rising input costs, continuous declining Rupees are pressing the Economic growth for FY 2023, which is forecasted to be below 2.5% by the IMF. Although Pakistan closed on loan deals with the IMF, the devaluation of Pak Rupee has not stopped reflecting serious challenges on balance of payment.

Performance of the Company's Business

Nimir Industrial Chemicals Limited has been able to post encouraging results during the financial year ended June 30, 2022, which are summarized as follows:

	2022	2021	Increase
	PKR Million		% age
Gross Sales Turnover	39,564	27,169	45.6%
Gross Profit	4,290	3,544	21.1%
Operating Profit	3,685	3,046	21.0%
Profit Before Taxation	2,466	2,397	2.9%
Profit After Taxation	1,596	1,694	-5.8%

The gross turnover of the company has been close to PKR 40 billion during the year, showing a 45% year-on-year growth. The gross and operating profits grew by 21% over the corresponding period. However due to high interest rate and increasing working capital requirement to cater to increased costs, the financial cost grew by 2.43 times over the last year. This increase in financial cost limited the growth in before tax profit to 2.9%. The retrospective Super tax at the rate of 10% for the TY 2022 imposed by the government through Finance act 2022 pushed the Profit After Tax growth rate into red.

Future Outlook

The management is focused on the continuous growth in the sales. However due to high labor cost, fluctuating costs of feedstock, rising utility cost and financial cost margins are feared to be further 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 have been completed in the last quarter of the period under review, but major projects would be commissioned by the second quarter of the financial year 2023.

With the completion of the above projects, we foresee decent growth in sale turnover as well as reduction of energy cost in the financial year 2023. This is expected to increase the operating profit 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 9 to the accounts.

Board of Directors

After the election in December 2021 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

During the fiscal year, five (5) 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	5 / 5	–	1 / 1
Zafar Mahmood	5 / 5	–	1 / 1
Imran Afzal	3 / 3	–	–
Aamir Jamil	3 / 3	–	–
Javed Saleem Arif	5 / 5	4 / 4	–
Tariq Ahmed Khan	5 / 5	4 / 4	–
Parveen Akhter Malik	5 / 5	–	1 / 1
Saqib Anjum	2 / 3	–	–
Abdul Jaleel Shaikh - PBIC	5 / 5	4 / 4	–
M. Iqbal	2 / 2	–	–
Umar Iqbal	2 / 2	–	–
Khalid Mumtaz Qazi	2 / 2	–	–

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 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 employees 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, 2023.

Dividend / Bonus Shares

The Board has recommended a PKR 1.5 per share (i.e. 15%) final cash dividend for the year ended June 30, 2022. The Board had earlier declared and paid interim cash dividends totaling PKR 1.0 per share (i.e. 10%). The total cash dividend for the year remained PKR 2.5 per share (i.e. 25%).

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

Aamir Jamil

Lahore
September 27, 2022

TRANSFORMING FOR A SUSTAINABLE FUTURE

بورڈ کی تشخیص

کوڈ آف کارپوریٹ گورننس (سی سی جی) اور کمپنیز ایکٹ 2017 کے مطابق بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی تشخیص کی گئی۔ بورڈ کی مدد ذیلی کمیٹیوں، یعنی آڈٹ کمیٹی اور ایچ آر اینڈ آر کمیٹی کے ذریعے کی جاتی ہے، اور ان ذیلی کمیٹیوں نے کارپوریٹ گورننس کے ضابطہ اخلاق کی شرائط کے مطابق سال کے دوران اجلاس منعقد 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 کمپنیز ایکٹ، 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ کی طرف سے منظور شدہ رسمی پالیسی کے مطابق طے کیا گیا ہے۔ کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو اور آزاد ڈائریکٹرز کی فیس کا تعین وقتاً فوقتاً بورڈ کرتا ہے۔

کارپوریٹ گورننس

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

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

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

کارپوریٹ سماجی ذمہ داریاں

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

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

ذیلی کمپنیاں

نمر انڈسٹریل کیمیکلز لمیٹڈ براہِ راست نمر مینجمنٹ پرائیویٹ لمیٹڈ میں 51% حصص اور نمر ریزائنز لمیٹڈ میں 11.63% حصص رکھتی ہے۔ NRL میں کمپنی 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

کمپنی نے سالانہ رپورٹ کے ساتھ منسلک مالی حسابات میں متعلقہ پارٹی لین دین کے بارے میں تفصیلی انکشافات کئے ہیں۔ یہ انکشاف کمپنیز 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 وخوض اور ان کی منظوری کے لئے بورڈ آف ڈائریکٹرز کے رُوبرو رکھے گئے۔

بیرونی محاسب

اس سال سبکدوش ہونے والے موجودہ محاسب میسرز ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2023ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈیویڈینڈ/ بونس شیئرز

بورڈ نے 30 جون 2022ء کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ -/1.5 روپے فی شیئر (یعنی 15%) کی سفارش کی ہے۔ بورڈ پہلے ہی عبوری نقد منافع منقسمہ کل -/1 روپے فی شیئر (یعنی 10%) کا اعلان اور ادا کر چکا ہے۔ سال کے لئے کل نقد منافع منقسمہ -/2.5 روپے فی شیئر (یعنی 25%) رہا۔

نمونہء حصص داری

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

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

اعتراف

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

منجانب بورڈ

ظفر محمود	عامر جمیل	27 ستمبر 2022ء
چیف ایگزیکٹو آفیسر	ڈائریکٹر	لاہور

ڈائریکٹرز رپورٹ

نمر انڈسٹریل کیمیکلز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2022ء کو ختم ہونے والے مالی سال کے لئے 29 ویں سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

زیر جائزہ سال کے دوران پاکستان کی معیشت نے جی ڈی پی میں 5.97 فیصد اور بڑے پیمانے پر مینوفیکچرنگ سیکٹر میں 10.5 فیصد کی نمایاں نمو درج کی۔ ملک کی برآمدات بھی اب تک کی بلند ترین سطح 31.8 بلین امریکی ڈالر تک بڑھ گئیں۔ غیر ملکی ترسیلات زر نے بھی معیشت میں 31.2 بلین امریکی ڈالر کا ریکارڈ حصہ دکھایا۔ ان تمام باتوں کے باوجود، درآمدی بل 56 بلین امریکی ڈالر سے 80 بلین ڈالر تک بڑھنے کی وجہ سے ملک کو ادائیگی کے توازن کے شدید چیلنج کا سامنا ہے۔ اس کی بنیادی وجہ روس یوکرین جنگ کے بعد ایندھن، توانائی، خوراک اور دیگر تمام اشیاء کی بین الاقوامی قیمتوں میں غیر معمولی اضافہ ہے۔

حکومت نے درآمدات کو کم کرنے کے لیے فوری اقدامات کیے ہیں، جس کا مقصد درآمدی بل کو دستیاب غیر ملکی کرنسی کی حد کے اندر رکھنا ہے۔ یہ اقدامات اگرچہ کسی بھی ناخوشگوار صورتحال سے بچنے کے لیے ضروری ہیں، لیکن صنعتی سامان کی خریداری میں خلل پڑا اور اس کے نتیجے میں معیشت سست روی کا شکار ہے۔ سخت مانیٹری پالیسی، بڑھتی ہوئی ان پٹ لاگت، روپے کی مسلسل گرتی ہوئی قدر مالی سال 2023 کے لیے اقتصادی ترقی پر دباؤ ڈال رہی ہیں، جس کے IMF کی جانب سے 2.5 فیصد سے کم رہنے کی پیش گوئی کی گئی ہے۔ اگرچہ پاکستان نے آئی ایم ایف کے ساتھ قرضوں کا معاہدہ طے کرلیا ہے، لیکن پاکستانی روپے کی قدر میں کمی ادائیگی کے توازن پر سنگین چیلنجوں کی عکاسی کرنے سے باز نہیں آئی۔

کمپنی کے کاروبار کی کارکردگی۔

نمر انڈسٹریل کیمیکلز لمیٹڈ نے 30 جون 2022 کو ختم ہونے والے مالی سال کے دوران حوصلہ افزاء نتائج درج کئے ہیں، جن کا خلاصہ مندرجہ ذیل ہے:

	2022	2021	اضافہ
	روپے ملین		اوسط فیصد
فروخت آمدنی	39,564	27,169	45.6%
مجموعی منافع	4,290	3,544	21.1%
آپریٹنگ منافع	3,685	3,046	21.0%
ٹیکس کے بعد منافع	2,466	2,397	2.9%
فی شیئر آمدنی (روپے)	1,596	1,694	-5.8%

سال کے دوران کمپنی کا مجموعی کاروبار 40 بلین روپے کے قریب رہا، جو کہ سال بہ سال 45% نمو کو ظاہر کرتا ہے۔ مجموعی اور آپریٹنگ منافع میں اسی مدت کے دوران 21 فیصد اضافہ ہوا۔ تاہم بلند شرح سود اور بڑھتے ہوئے اخراجات کو پورا کرنے کے لیے ورکنگ کیپیٹل کی بڑھتی ہوئی ضرورت کی وجہ سے، مالی لاگت میں گزشتہ سال کے مقابلے میں 2.43 گنا اضافہ ہوا۔ مالیاتی لاگت میں اس اضافے نے ٹیکس سے پہلے کے منافع میں اضافے کو 2.9 فیصد تک محدود کر دیا۔ حکومت کی طرف سے فنانس ایکٹ 2022 کے ذریعے TY2022 کے لیے 10% اور TY2023 سے 4% کی شرح پر سابقہ سپر ٹیکس نے ٹیکس کے بعد منافع کی شرح نمو کو خطرہ میں دھکیل دیا۔

مستقبل کا نقطہ نظر

انتظامیہ کی توجہ فروخت میں مسلسل اضافے پر مرکوز ہے۔ تاہم زیادہ لیبر لاگت، فیڈ اسٹاک کے اتار چڑھاؤ، یوٹیلیٹی لاگت اور مالیاتی لاگت کے مارجن میں اضافے کی وجہ سے آئندہ مالی سال کے دوران مزید کمی ہونے کا خدشہ ہے۔

گزشتہ مالی سال میں شروع کیے گئے منصوبے طے شدہ ٹائم لائن کے مطابق مکمل کیے جا رہے ہیں۔ جبکہ کچھ منصوبے زیر جائزہ مدت کی آخری سہ ماہی میں مکمل ہو چکے ہیں، لیکن بڑے منصوبے مالی سال 2023 کی دوسری سہ ماہی تک شروع ہو جائیں گے۔

مندرجہ بالا منصوبوں کی تکمیل کے ساتھ، ہم مالی سال 2023 میں فروخت کے ٹرن اوور میں بہتر نمو کے ساتھ ساتھ توانائی کی لاگت میں کمی کی توقع کرتے ہیں۔ اس سے اگلے مالی سال کے دوران کمپنی کے آپریٹنگ منافع میں اضافہ متوقع ہے۔

تاہم، انتظامیہ حصص یافتگان کی قدر بڑھانے کے لیے اپنی بہترین کارکردگی کا مظاہرہ کرنے کے لیے پرعزم ہے، انشاءاللہ۔

کریڈٹ ریٹنگ:

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

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۔

بقایا قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

گریجویٹی سکیم

کمپنی اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 9 پر درج، فنڈڈ گریجوئٹی سکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

دسمبر 2021 میں انتخابات کے بعد حالیہ، بورڈ آف ڈائریکٹرز نو (9) ارکان پر مشتمل ہے جس میں آٹھ (8) مرد اور ایک (1) خاتون شامل ہیں۔ ان ڈائریکٹرز میں سے تین ایگزیکٹو اور چھ نان ایگزیکٹو (بشمول تین آزاد) ہیں۔

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

آڈٹ کمیٹی:

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

ہیومن ریسورس اینڈ ریمنریشن کمیٹی:

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

زیر جائزہ سال کے دوران، پانچ (5) بورڈ، چار (4) آڈٹ کمیٹی اور ایک (1) ایچ آر اینڈ ریمنریشن کمیٹی کے اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریمنریشن کمیٹی
محمد سعید الزمان	5/5	–	1/1
ظفر محمود	5/5	–	1/1
عمران افضل	3/3	–	–
عامر جمیل	3/3	–	–
جاوید سلیم عارف	5/5	4/4	–
طارق احمد خان	5/5	4/4	–
پروین اختر ملک	5/5	–	1/1
ثاقب انجم	2/3	–	–
عبدالجلیل شیخ	5/5	4/4	–
محمد اقبال	2/2	–	–
عمر اقبال	2/2	–	–
خالد ممتاز قاضی	2/2	–	–

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

FOR THE YEAR ENDED JUNE 30, 2022

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 2021.

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.	Categaory	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. Imran Afzal 3. Mr. Aamir Jamil
3	Non- Executive Director	1. Mr. Muhammad Saeed uz Zaman - Chairman 2. Mr. Saqib Anjum 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 (Board) have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. During the year Chief Executive Officer (CEO) of the existing Board, and Chief Financial Officer and Company Secretary also had successfully completed their respective 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 (CFO) and Chief Executive Officer (CEO) 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, 2022.

II. HR & Remuneration Committee

One meeting(s) was held during the financial year ended June 30, 2022.

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 (CEO), Chief Financial Officer (CFO), 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 27, 2022

Review Report to the Members on Statement of Compliance With Best Practices of CCG

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nimir Industrial Chemicals Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner : Ahsan Shahzad

Lahore
September 30 2022

UDIN: CR202210079bgEuqBFNa

Report on the Audit of the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

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 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
Revenue Recognition	
As described in Note 5.12 and Note 29 to the accompanied unconsolidated financial statements, the Company generates revenue from several types of products and services including three major categories i.e. oleo chemicals, chlor alkali and toll manufacturing. During the year ended 30 June 2022, the Company generated net revenue of Rs. 33.79 billion as compared to Rs. 23.09 billion during the previous year, which represents an increase of approximately 46% as compared to last year. The revenue recognition is identified as a key audit matter due to revenue being one of the key performance indicators of the Company and raises the risk that revenue could be misstated to meet targets.	Our audit procedures amongst others included the following: Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period; Performed procedures to analyze the variation in price and quantity sold during the year; Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants

Lahore
September 30, 2022
UDIN: AR202210079CeJAD1TZI

Statement of Financial Position

AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
145,000,000 (2021: 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		5,072,836,550	3,818,120,940
		6,178,742,010	4,924,026,400
NON CURRENT LIABILITIES			
Long-term loans	7	5,428,141,420	1,809,092,279
Lease liabilities	8	71,739,400	87,591,723
Net defined benefit liability - funded gratuity	9	151,982,862	128,418,646
Deferred tax liability	10	440,319,945	314,595,926
Deferred grant	11	913,532,529	1,426,717
		7,005,716,156	2,341,125,291
CURRENT LIABILITIES			
Trade and other payables	12	1,980,252,695	1,533,941,807
Contract liabilities	13	93,472,936	146,679,086
Mark up accrued		355,984,178	99,355,733
Unclaimed dividend		12,325,435	10,766,577
Short-term borrowings	14	13,040,527,898	5,869,058,112
Current maturity of long-term loans	7	384,195,136	415,071,353
Current maturity of lease liabilities	8	38,670,693	29,099,326
Current maturity of deferred grant	11	168,378,206	7,685,720
Provision for taxation		870,184,294	892,176,798
		16,943,991,471	9,003,834,512
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		30,128,449,637	16,268,986,203
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	12,309,192,553	5,544,090,450
Intangibles	17	30,487,348	-
Investment in subsidiaries	18	202,384,469	202,384,469
Loan to subsidiary	19	14,512,000	14,512,000
Long-term deposits	20	36,811,932	39,618,732
		12,593,388,302	5,800,605,651
CURRENT ASSETS			
Stores, spare parts and loose tools	21	527,801,596	292,093,536
Stock-in-trade	22	7,823,007,102	5,950,815,960
Trade debts	23	6,219,981,029	3,226,711,120
Loans and advances	24	105,443,666	65,100,000
Trade deposits and short-term prepayments	25	19,912,251	11,060,556
Other receivables	26	153,228,985	45,632,770
Tax refunds due from the Government	27	2,425,410,359	818,537,258
Cash and bank balances	28	260,276,347	58,429,352
		17,535,061,335	10,468,380,552
TOTAL ASSETS		30,128,449,637	16,268,986,203

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

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

Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - gross		39,564,124,471	27,168,722,104
Less: Sales tax, trade discounts and commission		(5,778,476,690)	(4,074,978,477)
Revenue from contracts with customers - net	29	33,785,647,781	23,093,743,627
Cost of sales	30	(29,495,243,747)	(19,550,009,220)
Gross profit		4,290,404,034	3,543,734,407
Distribution costs	31	(227,418,225)	(182,112,951)
Administrative expenses	32	(377,687,055)	(315,860,706)
		(605,105,280)	(497,973,657)
Operating profit		3,685,298,754	3,045,760,750
Other expenses	33	(145,072,453)	(226,784,743)
Other income	34	52,443,951	41,693,483
Finance costs	35	(1,126,894,948)	(464,002,217)
Profit before taxation		2,465,775,304	2,396,667,273
Taxation	36	(870,144,950)	(702,237,981)
Profit after taxation		1,595,630,354	1,694,429,292
Earnings per ordinary share - basic and diluted	37	14.43	15.32

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

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

Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Profit after taxation		1,595,630,354	1,694,429,292
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	9.4	(13,646,427)	(9,380,315)
Deferred tax		4,503,321	2,720,291
Re-measurement losses on defined benefit plan - net		(9,143,106)	(6,660,024)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year		(9,143,106)	(6,660,024)
Total comprehensive income for the year		1,586,487,248	1,687,769,268

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

Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid up share capital Rupees	Unappropriated profits-Revenue reserve Rupees	Total Rupees
Balance as on 1 July 2020	1,105,905,460	2,517,418,583	3,623,324,043
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
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)
Balance as on 30 June 2021	1,105,905,460	3,818,120,940	4,924,026,400
Profit after taxation	-	1,595,630,354	1,595,630,354
Other comprehensive loss	-	(9,143,106)	(9,143,106)
Total comprehensive income for the year	-	1,586,487,248	1,586,487,248
Final dividend for 2021 @ Rs.2.00 per share	-	(221,181,092)	(221,181,092)
Interim dividend for 2022 @ Rs.1.00 per share	-	(110,590,546)	(110,590,546)
Balance as on 30 June 2022	1,105,905,460	5,072,836,550	6,178,742,010

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

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

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,465,775,304	2,396,667,273
Adjustment for:			
Depreciation	16.2.4	513,119,242	547,247,685
Amortization	17	1,793,373	-
Reversal of expected credit loss	33	(20,190,677)	32,292,905
Reversal of provision for slow moving stores and spares	33	(3,029,447)	11,000,000
Mark-up expense		1,098,921,083	453,861,873
Provision for gratuity	9.3	30,917,789	24,492,273
Grant income	34	(14,670,974)	(11,395,557)
Gain on extingushment of original GIDC liability	34	-	(10,162,332)
Gain on disposal of property, plant and equipment	34	(557,724)	(475,926)
Exchange loss - unrealized		-	12,532,153
Workers' profit participation fund provision	33	132,515,713	129,340,589
Workers' welfare fund provision	33	43,101,394	53,549,401
		1,781,919,772	1,242,283,064
Operating profit before working capital changes		4,247,695,076	3,638,950,337
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(232,678,613)	(15,220,640)
Stock-in-trade		(1,872,191,142)	(2,356,913,513)
Trade debts		(2,973,079,232)	(1,131,829,214)
Loans and advances		(40,343,666)	997,724
Trade deposits and short-term prepayments		(8,851,695)	(6,930,086)
Other receivables		(107,596,215)	(24,037,043)
Tax refunds due from the Government		(1,191,918,880)	(653,567)
		(6,426,659,443)	(3,534,586,339)
Increase / (decrease) in current liabilities			
Trade and other payables		451,348,027	70,703,393
Contract liabilities		(53,206,150)	32,796,913
		398,141,877	103,500,306
		(6,028,517,566)	(3,431,086,033)
Contribution to gratuity fund	9.4	(21,000,000)	(2,700,000)
Mark-up paid		(815,888,812)	(400,381,459)
Income tax paid		(1,176,864,335)	(597,989,476)
Long-term deposits paid		2,806,800	(3,652,500)
Workers' profit participation fund paid	12.4	(129,340,589)	(72,349,420)
Workers' welfare fund paid	12.5	(52,546,000)	(25,036,467)
		(2,192,832,936)	(1,102,109,322)
Net cash flows used in operating activities		(3,973,655,426)	(894,245,018)
Balance carried forward		(3,973,655,426)	(894,245,018)

	Note	2022 Rupees	2021 Rupees
Balance brought forward		(3,973,655,426)	(894,245,018)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment - net		(268,554,961)	(265,985,459)
Additions in capital work-in-progress		(6,998,068,849)	(1,994,676,225)
Sale proceeds from disposal of property, plant and equipment		20,363,189	1,642,299
Additions in intagible asset		(32,280,721)	-
Net cash flows used in investing activities		(7,278,541,342)	(2,259,019,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		5,068,561,181	1,184,129,523
Repayment of long-term loans		(407,589,959)	(111,892,078)
Dividend paid		(330,212,780)	(389,704,619)
Payment of lease liabilities		(48,184,465)	(54,335,235)
Short-term borrowings - net		7,171,469,786	2,481,773,435
Net cash flows generated from financing activities		11,454,043,763	3,109,971,026
Net increase / (decrease) in cash and cash equivalents		201,846,995	(43,293,377)
Cash and cash equivalents at the beginning of the year		58,429,352	101,722,729
Cash and cash equivalents at the end of the year		260,276,347	58,429,352

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

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

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, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan.
Head office	Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

Subsequent to the year end, the head office of the Company has been relocated to Plot No. 122, Block B, Muslim Town, Lahore.

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.

NRL is a listed company engaged in the manufacturing of surface coating resins, polyesters, optical brightener and textile auxiliaries. The registered office of the NRL is 14.5 Km, Lahore-Sheikhupura Road, Lahore. NRL is a sub-subsidiary of the Company as 51% shares of NRL are held by the NMPL, accordingly the Company exercises control over NRL.

These financial statements are the separate financial statements of the Company in which investment in subsidiary companies are 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.

2.1 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2022

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 2021, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective except which is mentioned below in Note 2.1.3.

New Amendments

2.1.1 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reforms - Phase 2 — (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The practical expedient is also required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39 Financial Instruments: Recognition and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

2.1.2 IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Lessees will apply the amendment retrospectively, recognising the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment. In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

2.1.3 IAS 16 Property, plant and equipment: Proceeds before intended use — (Amendments)

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use , which prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on 1st January 2022 and must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. However, the Company has early adopted this amendment on July 1, 2021 retrospectively.

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.

2.2 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

2.2.1 IFRS 3 Reference to conceptual framework — (Amendments)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual periods beginning on 1st January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

2.2.2 IAS 37 Onerous contracts - costs of fulfilling a contract — (Amendments)

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual periods beginning on 1st January 2022 and must be applied prospectively to contracts for which the Company has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

2.2.3 AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first- time adopter

As part of its 2018-2020 annual improvements to IFRS standards process , the IASB issued ab amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application is permitted

2.2.4 AIP IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

2.2.5 AIP IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9.

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

2.2.6 IAS 1 Classification of liabilities as current or non-current — (Amendments)

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.2.7 IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies - (Amendments)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company expects that the adoption of the above improvements to the standards will have no material effect on the Company's financial statements, in the period of initial application.

2.2.8 IAS 8 - Definition of accounting estimates — (Amendments)

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

2.2.9 IFRS 10 & IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint - Venture – (Amendment)

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

'The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

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:

- Staff retirement benefits are recognized on the basis mentioned in note 5.13
- Stock-in-trade measured at lower of cost and net realizable value.

3.2 Presentation currency

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

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and ssumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.1

The Company reviews the useful lives and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

b) Provision for expected credit losses of trade receivable – Note 5.6.1

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c) Estimation of provision - Note 5.9

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

d) Staff retirement benefits - Note 5.13

Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

e) Provision for inventory obsolescence - Note 21 and 22

The Company reviews the carrying amount of stock in trade, stores and spares on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

f) Taxation - Note 5.10

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

The Company recognizes deferred tax assets, to the extent it is probable that taxable profits and tax liability, as applicable, will be available against which the deductible temporary differences and tax credits can be utilized, based on its assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies while also keeping in view the provisions of Income Tax Ordinance, 2001 related to adjustment / carry forward of the underlying temporary differences and tax credits, in subsequent years.

g) Contingencies - Note 5.9

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

h) Impairment of non financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any.

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 as expense. 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 in statement of profit and loss as income or expense.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

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 from local customers are stated at amortized cost less expected credit losses while foreign debtors are stated at translated amount by applying exchange rate applicable on the reporting date less expected credit losses.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. Refer to accounting policies of financial assets in note 5.6.1

5.5 Cash and cash equivalents

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

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, advance to employees against salary, 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 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.

5.6.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to offset the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

5.7 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to unconsolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

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 and contingencies

a) Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

b) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

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, chlor alkali and aerosols) 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.

5.17 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the unconsolidated statement of financial position.

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022	2021		2022	2021
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	2022 Rupees	2021 Rupees
Term finance	7.1	2,035,166,005	941,635,571
Term finance - under refinance scheme for payroll financing	7.2	44,876,916	129,798,464
Term finance - under temporary economic refinance facility	7.3	3,717,781,635	1,138,217,597
Loan from directors / sponsors - unsecured	7.4	14,512,000	14,512,000
		5,812,336,556	2,224,163,632
Mark up accrued		96,991,545	26,239,494
		5,909,328,101	2,250,403,126
Current maturity of term finance		(296,211,181)	(330,149,806)
Current maturity under refinance scheme for payroll financing		(44,876,916)	(84,921,547)
Current maturity under temporary economic refinance facility		(43,107,039)	-
Less: Current maturity shown under current liabilities		(384,195,136)	(415,071,353)
Less: Mark up accrued shown under current liabilities		(96,991,545)	(26,239,494)
		5,428,141,420	1,809,092,279

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 instalments over a period of 5 to 6 years including 1 year grace period. These facilities are secured against first joint pari passu charge and mortgage charge (equitable) over present and future fixed assets of the Company.

7.2 This represents loan obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The loan carries mark-up at SBP rate plus 100 bps to 200 bps per annum and repayable in 8 equal quaterly instalments starting from January 2021. This facility is secured against first joint pari passu charge over fixed assets of the Company. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 3-month KIBOR plus spread. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

7.3 These represent the loans obtained under the Temporary Economic Refinance Facility offered by the State Bank of Pakistan (the "SBP TERF") for setting up imported and locally manufactured plants and machinery for new projects. The loans carry mark-up at the rate of 2.02% 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. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using an effective interest rate of three (3) month KIBOR plus spread respectively. The difference between the fair value of the loan and loan proceeds has been recognized as deferred income as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance).

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 years. 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

	2022 Rupees	2021 Rupees
Present value of lease rentals	110,410,093	116,691,049
Less: Current portion shown under current liabilities	(38,670,693)	(29,099,326)
	71,739,400	87,591,723

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022	2021
As at 01 July	116,691,049	140,124,138
Additions	31,403,000	17,773,000
Accretion of interest	10,500,509	13,088,046
Payments	(48,184,465)	(54,294,135)
As at 30 June	110,410,093	116,691,049

Salient features of the leases are as follows:	2022	2021
	Rupees	Rupees
Discounting rate	8.68% to 12.86 %	7.32% - 12.16%
Period of lease	60 months	60 months

8.1 Amount recognized in statement of profit or loss:

The following are the amounts recognized in profit or loss:

	2022 Rupees	2021 Rupees
Short term lease	7,271,820	9,091,798
Interest expense on lease liabilities	10,500,509	13,088,046
	17,772,329	22,179,844

8.2 Cash outflow for leases

The Company had total cash outflows for leases of Rs. 48.18 million (2021: Rs. 54.29 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 31.40 million (2021: Rs. 17.77 million).

8.3 The maturity analysis of lease liability has been disclosed in note 39.2.

9 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2022 Rupees	2021 Rupees
Staff retirement benefits - gratuity	9.1	151,982,862	128,418,646

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

	Note	2022 Rupees	2021 Rupees
Present value of defined benefits obligation	9.5	195,554,240	151,222,142
Less: Fair value of plan assets	9.6	(43,571,378)	(22,803,496)
		151,982,862	128,418,646

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

	Note	2022 Rupees	2021 Rupees
Current service cost		18,150,925	15,861,627
Interest cost on defined benefit obligation - net		12,766,864	8,630,646
Expense recognized in the statement of profit or loss	9.3	30,917,789	24,492,273

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

	Note	2022 Rupees	2021 Rupees
Cost of sales	30.2	19,448,865	14,852,348
Distribution costs	31.1	2,165,933	3,384,193
Administrative expenses	32.1	9,302,991	6,255,732
		30,917,789	24,492,273

9.4 Movements in the net liability recognized as follows:

	2022 Rupees	2021 Rupees
Net liabilities at the beginning of the year	128,418,646	97,246,058
Current service cost	18,150,925	15,861,627
Interest cost on defined benefit obligation	12,766,864	8,630,646
Contribution by employer	(21,000,000)	(2,700,000)
Remeasurements charged to other comprehensive income	13,646,427	9,380,315
Net liabilities at the end of the year	151,982,862	128,418,646

9.5 Movements in the present value of defined benefit obligation:

	Note	2022 Rupees	2021 Rupees
Present value of defined benefits obligation at the beginning of the year		151,222,142	117,676,686
Current service cost		18,150,925	15,861,627
Interest cost on defined benefit obligation		15,047,214	10,404,950
Benefits paid		(1,000,000)	(4,132,270)
Remeasurement:			
Experience adjustments		12,133,959	11,411,149
Present value of defined benefits obligation at the end of the year		195,554,240	151,222,142

9.6 Movements in the fair value of plan assets:

	2022 Rupees	2021 Rupees
Fair value of plan assets at the beginning of the year	22,803,496	20,430,628
Contribution by employer	21,000,000	2,700,000
Interest income	2,280,350	1,774,304
Benefits paid	(1,000,000)	(4,132,270)
Return on plan assets excluding interest income	(1,512,468)	2,030,834
Fair value of plan assets at the end of year	43,571,378	22,803,496

9.7 Components of plan assets

	2022 Rupees	2021 Rupees
Mutual funds units	23,318,258	22,658,049
Cash and cash equivalents	20,253,120	145,447
	43,571,378	22,803,496

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

Current service cost	18,150,925
Interest cost on defined benefit obligation - (net)	12,766,864
Amount chargeable to profit or loss	30,917,789

9.9 Expected future costs

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

9.10 Significant assumptions

Qualified actuaries have carried out the valuation as at 30 June 2022. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2022	2021
Discount rate for obligation	13.25%	10.00%
Expected rates of salary increase in future years	12.25%	9.00%
Retirement assumption	Age 60	Age 60

9.11 Maturity profile of the defined benefit obligation:

The Company expects to contribute to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

Projected payments (undiscounted)	2022 Rupees	2021 Rupees
Year 1	12,109,255	8,267,430
Year 2	15,217,582	9,460,524
Year 3	18,524,063	11,579,320
Year 4	21,227,254	15,498,624
Year 5	25,792,816	17,485,484
Year 6 to Year 10	174,810,297	142,329,682

9.12 Sensitivity analysis:

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

Sensitivity level	Assumption	Defined benefit obligation
+100 bps	Discount rate	156,791,684
-100 bps	Discount rate	187,545,977
+100 bps	Expected increase in salary	187,550,585
-100 bps	Expected increase in salary	156,793,610

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.

10 DEFFERED TAX LIABILITY

	Note	2022 Rupees	2021 Rupees
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		486,943,520	361,719,493
Deferred tax assets on deductible temporary differences			
Capital work-in-progress - impairment		(20,336,700)	(18,375,856)
Allowance for expected credit losses		(7,023,781)	(12,201,852)
Provision for obsolescence of stores		(3,570,690)	(4,104,947)
Deferred and unpaid liabilities		(15,692,404)	(11,189,082)
Others		-	(1,251,830)
		440,319,945	314,595,926
Reconciliation of deferred tax liabilities - net			
As of 1 July		314,595,926	376,091,088
Tax expense recognized in statement of profit or loss	36	130,227,340	(58,774,871)
Tax income recognized in OCI		(4,503,321)	(2,720,291)
As at 30 June		440,319,945	314,595,926

11 DEFERRED GRANT

This represents deferred grant recognized on loans 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) and under SBP temporary economic refinance facility for imported and locally manufactured new plant and machinery to be used for setting up of new projects

	Note	2022 Rupees	2021 Rupees
Movement during the year is as follows:			
Balance as at 01 July		9,112,437	-
Amount recognized as deferred grant during the year		1,211,564,627	20,507,994
Amortization during the year			
- Charged to other income		(14,670,974)	(11,395,557)
- Charged to CWIP		(124,095,355)	-
		1,081,910,735	9,112,437
Less: Current maturity of deferred grant		(168,378,206)	(7,685,720)
Balance as at 30 June		913,532,529	1,426,717

12 TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Creditors	12.1	1,291,066,234	610,562,657
Accrued liabilities	12.2	477,796,373	709,829,931
Security deposits	12.3	400,000	400,000
Workers' profit participation fund	12.4	132,515,713	129,340,589
Workers' welfare fund	12.5	44,321,886	53,766,492
Withholding tax payable		609,734	581,175
Others		33,542,755	29,460,963
		1,980,252,695	1,533,941,807

12.1 Creditors include amount payable to Nimir Resins Limited (subsidiary company) amounting to Rs. 2,195,529 (2021: Nil) and Nimir Chemcoats Limited (associated company) amounting to Rs. 38,001 (2021: 350,384) on account of purchase of raw materials..

12.2 This includes modified liability of Government Infrastructure Development Cess payable amounting to Rs. 148,392,947 recognized at fair value using effective interest rate method as per the 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	2022 Rupees	2021 Rupees
Balance as at 01 July		144,222,846	147,160,704
Gain on extinguishment of original GIDC liability	34	-	(10,162,332)
Finance cost	35	4,170,101	7,224,474
Balance as at 30 June		148,392,947	144,222,846

12.3 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.

12.4 Workers' profit participation fund

	Note	2022 Rupees	2021 Rupees
Balance as at 01 July		129,340,589	72,349,420
Add: Provision for the year	33	132,515,713	129,340,589
Less: Payments made during the year		(129,340,589)	(72,349,420)
		132,515,713	129,340,589

12.5 Workers' welfare fund

	Note	2022 Rupees	2021 Rupees
Balance as at 01 July		53,766,492	25,253,558
Add: Provision for the year	33	43,101,394	53,549,401
Less: Payments made during the year		(52,546,000)	(25,036,467)
Balance as at 30 June		44,321,886	53,766,492

13 CONTRACT LIABILITIES

13.1 This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2021: Nil).

13.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 136,733,485 (2021: Rs. 107,451,311).

14 SHORT-TERM BORROWINGS - SECURED

	2022 Rupees	2021 Rupees
Running finance	1,700,453,957	475,530,793
Local bills discounting	728,001,210	200,000,000
Finance against trust receipts	10,612,072,731	5,193,527,319
	13,040,527,898	5,869,058,112

The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at year end is Rs.18,450 million (2021: Rs.10,049 million) which includes running finance facilities amounting Rs. 2,600 million (2021: Rs.1,350 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 (2021: 1 month KIBOR to 6 months KIBOR + 0 to 75 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 2022 amounts to Rs. 1,370 million (2021: Rs. 2,260 million) and Rs.13 million (2021: Rs. 50 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. During the year, the Honorable Lahore High Court remanded back the case to ATIR for fresh hearing. The Company has filed an appeal before the Supreme court against the Lahore High Court 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:

	2022	2021
	Rupees	Rupees
Letters of credit established for the import of raw materials, spare parts and machinery	3,721 million	5,048 million
Letter of guarantee issued by financial institution in favor of SNGPL	133 million	96 million
Letter of guarantee issued by financial institution in favor of PSO	59 million	59 million
Letter of guarantee issued by financial institution in favor of Total PARCO	5 million	5 million

16 PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		Rupees	Rupees
Operating fixed assets	16.1	5,437,069,000	3,649,868,606
Capital work-in-progress	16.3	6,872,123,553	1,894,221,844
		12,309,192,553	5,544,090,450

16.1 Operating fixed assets

	2022											
	COST						DEPRECIATION					Net book value
PARTICULARS	As At 01 July 2021	Additions / Transfers*	Disposals	Transfer/ Adjustment	As At 30 June 2022	Rate %	Accumulated as at 01 July 2021	Charge for the year	Disposals	Transfer/ Adjustment	Accumulated as at 30 June 2022	As at 30 June 2022
	Rupees						Rupees					Rupees
OWNED												
Free-hold land	411,951,255	163,238,546		-	575,189,801	-	-	-	-	-	-	575,189,801
Building on free-hold land	633,890,991	450,725,731*	(213,480)	84,103	1,084,487,345	4-5	209,292,520	48,640,608	(211,469)	50,445	257,772,104	826,715,241
Plant and machinery	4,581,895,784	1,571,292,684*	(24,244,751)	50,343,614	6,179,287,331	4-50	2,018,126,442	346,875,164	(4,527,847)	23,979,418	2,384,453,177	3,794,834,154
Furniture and fittings	7,096,462	700,437	(163,499)	-	7,633,400	10-33	4,785,308	949,574	(125,930)	-	5,608,952	2,024,448
Office and factory equipment	236,701,799	83,953,128	(2,621,790)	-	318,033,137	10-50	112,441,466	77,866,214	(2,598,764)	-	187,708,916	130,324,221
Vehicles	57,240,361	20,662,850	(164,900)	34,203,500	111,941,811	20	45,025,435	5,708,471	(138,945)	34,229,996	84,824,957	27,116,854
	5,928,776,652	2,290,573,376	(27,408,420)	84,631,217	8,276,572,825		2,389,671,171	480,040,031	(7,602,955)	58,259,859	2,920,368,106	5,356,204,719
RIGHT-OF-USE												
Vehicles	102,679,306	29,551,725	-	(34,203,500)	98,027,531	20	62,029,964	17,182,511	-	(34,229,996)	44,982,479	53,045,052
Plant and machinery	50,427,717	-	-	(50,427,717)	-	4-50	24,029,863	-	-	(24,029,863)	-	-
Building - lease-hold	74,274,371	-	-	-	74,274,371	20-25	30,558,442	15,896,700	-	-	46,455,142	27,819,229
	227,381,394	29,551,725	-	(84,631,217)	172,301,902		116,618,269	33,079,211	-	(58,259,859)	91,437,621	80,864,281
2022	6,156,158,046	2,320,125,101	(27,408,420)	-	8,448,874,727		2,506,289,440	513,119,242	(7,602,955)	-	3,011,805,727	5,437,069,000

	2021											
	COST						DEPRECIATION					Net book value
PARTICULARS	As At 01 July 2020	Additions / Transfers*	Disposals	Transfer/ Adjustment	As At 30 June 2021	Rate %	Accumulated as at 01 July 2020	Charge for the year	Disposals	Transfer/ Adjustment	Accumulated as at 30 June 2021	As at 30 June 2021
	Rupees						Rupees					Rupees
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	633,890,991	4-5	167,082,841	42,173,414	-	36,265	209,292,520	424,598,471
Plant and machinery	4,410,917,483	174,124,403 *	(3,094,314)	(51,788)	4,581,895,784	4-50	1,595,482,430	425,365,616	(2,685,339)	(36,265)	2,018,126,442	2,563,769,342
Furniture and fittings	7,177,046	971,000	(1,051,584)	-	7,096,462	10-33	4,880,309	956,521	(1,051,522)	-	4,785,308	2,311,154
Office and factory equipment	159,485,472	87,487,682	(10,271,355)	-	236,701,799	10-50	90030219	32352570	-9941323	-	112,441,466	124,260,333
Vehicles	51,769,324	5,742,727	(1,365,690)	1,094,000	57,240,361	20	37,296,984	8,081,441	(938,386)	585,396	45,025,435	12,214,926
	5,452,646,502	490,819,093	(15,782,943)	1,094,000	5,928,776,652		1,894,772,783	508,929,562	(14,616,570)	585,396	2,389,671,171	3,539,105,481
RIGHT-OF-USE												
Vehicles	94,014,751	9,758,555	-	(1,094,000)	102,679,306	20	44,224,809	18,390,551	-	(585,396)	62,029,964	40,649,342
Plant and machinery	50,427,717	-	-	-	50,427,717	4-50	19,998,992	4,030,871	-	-	24,029,863	26,397,854
Building - lease-hold	74,274,371	-	-	-	74,274,371	20-25	14,661,741	15,896,701	-	-	30,558,442	43,715,929
	218,716,839	9,758,555	-	(1,094,000)	227,381,394		78,885,542	38,318,123	-	(585,396)	116,618,269	110,763,125
2021	5,671,363,341	500,577,648	(15,782,943)	-	6,156,158,046		1,973,658,325	547,247,685	(14,616,570)	-	2,506,289,440	3,649,868,606

* These represent capital expenditure transferred from capital work in progress.

16.2 Disposal of property, plant and equipment

Details of disposed assets which had a net book value of Rs. 500,000 or more, are as follows:

Description	"Particulars of buyer"	Cost	Accumulated Depreciation	"Net Book Value "	"Sale Proceeds"	Gain / (Loss)	Mode of disposal
		Rupee					
Building on free-hold land	Third party	213,480	(211,469)	2,011	5,000	2,989	Negotiation
Plant and machinery	Jublee General Insurance Company Ltd.	24,244,751	(4,527,847)	19,716,904	19,718,789	1,885	Insurance claim
Furniture and fittings	Third party	163,499	(125,930)	37,569	8,900	(28,669)	Negotiation
Office and factory equipment	Third party	2,621,790	(2,598,764)	23,026	105,500	82,474	Negotiation
Vehicles	Third party	164,900	(138,945)	25,955	525,000	499,045	Negotiation
2022		27,408,420	(7,602,955)	19,805,465	20,363,189	557,724	
2021		15,782,943	(14,616,570)	1,166,373	1,642,299	475,926	

16.2.1 There are fully depreciated assets, having cost of Rs. 724 million (2021: Rs. 323 million) that are still in use as at the reporting date.

16.2.2 Company's immovable fixed assets are located at 14.8 km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan, Plot No. 122, block B, 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.

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

16.2.4 Depreciation for the year has been allocated as under:

	Note	2022 Rupees	2021 Rupees
Cost of sales	30	485,554,980	523,792,339
Distribution costs	31	4,151,687	5,242,788
Administrative expenses	32	23,412,575	18,212,558
		513,119,242	547,247,685

16.3 Capital work-in-progress

	Note	2022 Building on free-hold land	2022 Plant and machinery - Note 16.3.1	2022 Others	2022 Total	2021 Total
		Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance		-	1,957,586,864	-	1,957,586,864	191,931,640
Additions during the year		450,725,731	6,529,520,649	19,673,744	6,999,920,124	1,990,668,313
		450,725,731	8,487,107,513	19,673,744	8,957,506,988	2,182,599,953
Transferred to fixed assets		(450,725,731)	(1,571,292,684)	-	(2,022,018,415)	(225,013,089)
		-	6,915,814,829	19,673,744	6,935,488,573	1,957,586,864
Less: Accumulated impairment	16.3.2	-	(63,365,020)	-	(63,365,020)	(63,365,020)
	16.3.3	-	6,852,449,809	19,673,744	6,872,123,553	1,894,221,844

16.3.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 160,448,610 (2021: Rs. Rs. 22,669,749). The expansion has been financed by term finance facilities from financial institutions described in note 7. The rate used to determine the amount of borrowing costs eligible for capitalisation is three (3) month KIBOR plus 1% spread, reduced by the amortization of relevant deferred grant.

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

16.3.3 These include the major capital expenditure incurred on the following ongoing projects:

- Thermal power house
- Chlorine liquefaction plant
- Chlorinated paraffin wax plant

17 INTANGIBLES

	Note	2022 Rupees	2021 Rupees
Software and licenses			
Cost:			
As at 1 July		4,204,250	4,204,250
Additions during the year		32,280,721	-
As at 30 June		36,484,971	4,204,250
Accumulated amortization:			
As at 1 July		(4,204,250)	(4,204,250)
Amortization during the year	32	(1,793,373)	-
As at 30 June		(5,997,623)	(4,204,250)
Net book value		30,487,348	-
Rate of amortization		20%-33.33%	20%-33.33%

18 INVESTMENT IN SUBSIDIARIES

	Note	2022 Rupees	2021 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
		202,384,469	202,384,469

18.1 This represents 1,281,612 (2021: 1,281,612) ordinary shares aggregating to 51% of total paid up capital of Nimir Management (Private) Limited.

18.2 This represents 16,438.306 (2021: 32,876,612) ordinary shares of Rs. 10 (2021: Rs.5) each, aggregating to 11.63% of total paid up capital of Nimir Resins Limited. NRL is a sub-subsidiary of the Company as 51% shares of NRL are held by the NMPL, accordingly the Company exercises control over NRL.

19 LOAN TO SUBSIDIARY

	Note	2022 Rupees	2021 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. This loan has not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.

19.2 Maximum aggregate amount due from the subsidiary at the end of any month in the year was Rs. 14,512,000 (2021: Rs. 14,512,000). No interest has been charged on the amounts due from associated undertakings.

20 LONG-TERM DEPOSITS

	Note	2022 Rupees	2021 Rupees
Security deposits			
Financial institutions (including banks)		17,514,330	19,856,130
Others	20.1	19,297,602	19,762,602
	20.2	36,811,932	39,618,732

20.1 This includes deposit amounting to Rs. 12.24 million (2021: Rs. 12.24 million) given to electricity supply company for dedicated line.

20.2 These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.

21 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2022 Rupees	2021 Rupees
Stores, spare parts and loose tools			
In hand		401,725,535	298,786,820
In transit		137,201,605	7,461,707
Less: Provision for slow moving items	21.1	(11,125,544)	(14,154,991)
		527,801,596	292,093,536

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

	Note	2022 Rupees	2021 Rupees
Opening balance		14,154,991	3,154,991
Charge for the year		-	11,000,000
Reversal of provision	33	(3,029,447)	-
Closing balance	34	11,125,544	14,154,991

22 STOCK-IN-TRADE

	2022 Rupees	2021 Rupees
Raw and packing material		
In hand	5,683,694,160	493,042,998
In transit	682,640,150	3,965,359,669
	6,366,334,310	4,458,402,667
Finished goods	1,456,672,792	1,492,413,293
	7,823,007,102	5,950,815,960

23 TRADE DEBTS

	Note	2022 Rupees	2021 Rupees
Considered good - unsecured			
Due from customers	23.1	6,192,134,969	3,214,455,370
Due from associated companies	23.2	27,846,060	12,255,750
		6,219,981,029	3,226,711,120
Considered doubtful		21,884,673	42,075,350
Allowance for expected credit losses	23.4	(21,884,673)	(42,075,350)
		-	-
		6,219,981,029	3,226,711,120

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

23.2 Trade debts from Nimir Resins Limited (a subsidary company) amount to Rs. 26,939,825 (2021: Rs. 12,255,750) and Nimir Chemicals Pakistan Limited (an associated company) amount to Rs 906,235 (2021: Nil).

23.3 Maximum aggregate amount due from Nimir Resins Limited at the end of any month in the year was Rs. 42,055,521 (2021: Rs. 45,050,581). No interest has been charged on the amounts due from associated undertakings.

23.4 Movement in allowance for expected credit losses is as follows:	**Note**	**2022 Rupees**	**2021 Rupees**
Opening balance		42,075,350	10,463,405
Charge for the year	33	-	32,292,905
Reversal for the year		(20,190,677)	-
Written off during the year		-	(680,960)
Closing balance		21,884,673	42,075,350

24 LOANS AND ADVANCES

Considered good - unsecured			
Suppliers		82,014,918	54,941,329
Employees against business expenses	24.2	17,962,462	4,018,005
Employees against salary	24.3	5,466,286	6,140,666
		105,443,666	65,100,000

24.1 Amount due from related parties is Rs. Nil (2021 Rs. Nil)

24.2 This includes advance given to executives amounting to Rs. 14.3 million (2021: Rs. 1.64 million). No amount has been given to CEO or Directors.

24.3 This includes advance given to executives amounting to Rs. 2.03 million (2021: Rs. 2.87 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 (2021: Rs. Nil)

25 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	**2022 Rupees**	**2021 Rupees**
Prepayments		19,912,251	11,060,556

26 OTHER RECEIVABLES

Margin against bank guarantee		16,000,000	16,000,000
Margin against LC		137,228,985	29,632,770
		153,228,985	45,632,770

27 TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax		1,228,324,846	813,370,625
Sales tax	27.1	1,197,085,513	5,166,633
		2,425,410,359	818,537,258

27.1 This primarily includes input tax paid on acquisition of capital assets (2021: Nil)

28 CASH AND BANK BALANCES

Cash in hand		3,005,787	1,003,614
Cash at bank			
Current accounts		214,346,914	57,073,216
Savings account	28.1	42,923,646	352,522
		257,270,560	57,425,738
		260,276,347	58,429,352

28.1 These carry mark-up rate at 6.5% - 11.5% (2021:5.5%) per annum.

29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Note	2022 Rupees	2021 Rupees
Set out below is the disaggregation of the Company's revenue from contracts with customers:			
Manufacturing		38,383,453,998	26,474,867,480
Toll manufacturing		1,180,670,473	693,854,624
		39,564,124,471	27,168,722,104
Less:			
Sales tax		(5,625,043,480)	(3,956,667,448)
Trade discounts		(66,491,749)	(33,740,823)
Commission		(86,941,461)	(84,570,206)
		(5,778,476,690)	(4,074,978,477)
		33,785,647,781	23,093,743,627
Local Sales		32,854,401,658	23,093,743,627
Export Sales		931,246,123	-
		33,785,647,781	23,093,743,627
Geographical region:			
Pakistan - South Asia		32,854,401,658	23,093,743,627
Export Sales - Middle East		748,197,822	-
Export Sales - -Central Asia		183,048,301	-
		33,785,647,781	23,093,743,627
Timing of transfer of goods and services:			
At a point in time		33,785,647,781	23,093,743,627

30 COST OF SALES

	Note	2022 Rupees	2021 Rupees
Raw and packing material consumed	30.1	26,741,904,361	18,445,766,949
Salaries, wages and benefits	30.2	623,256,620	518,806,051
Depreciation	16.2.4	485,554,980	523,792,339
Fuel and power		1,274,434,115	705,798,209
Stores, spare parts and loose tools consumed		145,726,863	141,532,517
Repairs and maintenance		38,484,821	99,375,229
Traveling, conveyance and entertainment		78,435,200	45,018,955
Communications		3,699,575	3,201,740
Insurance		38,652,240	21,147,884
Rent, rates and taxes		19,284,794	3,517,898
Printing and stationery		1,809,792	2,267,495
Dues, fees and subscription		4,127,199	3,693,668
Other expenses		4,132,686	2,706,670
		29,459,503,246	20,516,625,604
Add: Opening stock-finished goods	22	1,492,413,293	525,796,909
Less: Closing stock-finished goods	22	(1,456,672,792)	(1,492,413,293)
		29,495,243,747	19,550,009,220

30.1 Raw and packing material consumed

	Note	2022 Rupees	2021 Rupees
Opening Balance		4,458,402,667	3,075,360,053
Purchases		28,649,836,004	19,828,809,563
		33,108,238,671	22,904,169,616
Less: Closing Balance	22	(6,366,334,310)	(4,458,402,667)
Raw and packing material consumed	30.3	26,741,904,361	18,445,766,949

30.2 This includes Rs. 19.5 million (2021: Rs. 14.9 million) in respect of staff retirement benefits - gratuity scheme.

30.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 599.8 million (2021: Rs. 269.4 million).

31 DISTRIBUTION COSTS

	Note	2022 Rupees	2021 Rupees
Salaries, wages and benefits	31.1	69,683,161	72,599,503
Depreciation	16.2.4	4,151,687	5,242,788
Repairs and maintenance		113,633	244,066
Traveling, conveyance and entertainment		8,142,768	2,347,840
Communications		1,687,639	399,792
Insurance		3,553,044	1,377,511
Printing and stationery		232,134	216,750
Freight outward		136,357,316	79,166,223
Packing, carriage and forwarding		600	47,650
Dues, fees and subscription		542,975	350,600
Other expenses		2,953,268	20,120,228
		227,418,225	182,112,951

31.1 This includes Rs. 2.2 million (2021: Rs. 3.4 million) in respect of staff retirement benefits - gratuity scheme.

32 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Salaries, wages and benefits	32.1	212,693,577	194,385,956
Depreciation	16.2.4	23,412,575	18,212,558
Amortization	17	1,793,374	-
Fuel and power		5,743,358	3,333,130
Repairs and maintenance		6,313,213	8,286,384
Traveling, conveyance and entertainment		30,573,132	17,237,156
Communications		14,484,625	8,374,561
Insurance		2,992,609	2,275,903
Rent, rates and taxes		7,432,720	5,764,358
Printing and stationery		4,445,049	3,428,145
Advertisement		3,023,993	1,773,664
Legal, professional and consultancy charge		14,690,652	11,703,863
Auditor's remuneration	32.2	2,804,000	2,804,000
Dues, fees and subscription		26,288,912	20,700,156
Other expenses		20,995,266	17,580,872
		377,687,055	315,860,706

32.1 This includes Rs. 9.2 million (2021: Rs. 6.3 million) in respect of staff retirement benefits - gratuity scheme.

32.2 Auditor's remuneration

	Note	2022 Rupees	2021 Rupees
Audit fee		1,800,000	1,800,000
Consolidation, reviews and certifications		954,000	954,000
Out of pocket expenses		50,000	50,000
		2,804,000	2,804,000

33 OTHER EXPENSES

	Note	2022 Rupees	2021 Rupees
Workers' profit participation fund	12.4	132,515,713	129,340,589
Workers' welfare fund	12.5	43,101,394	53,549,401
Provision for slow moving stores and spares	21.1	(3,029,447)	11,000,000
Allowance for expected credit losses		(20,190,677)	32,292,905
Foreign exchange (gain) / loss		(7,324,530)	601,848
		145,072,453	226,784,743

34 OTHER INCOME

	Note	2022 Rupees	2021 Rupees
Non financial assets			
Gain on disposal of property, plant and equipment		557,724	475,926
Grant income	11	14,670,974	11,395,557
Gain on extinguishment of original GIDC liability	12.2	-	10,162,332
Scrap sales		34,257,762	18,273,499
Other income		1,062,468	459,669
Financial assets - amortized cost			
Profit on savings account		1,895,023	926,500
		52,443,951	41,693,483

35 FINANCE COST

	Note	2022 Rupees	2021 Rupees
Mark-up on			
Long-term loans	35.1	125,616,090	95,340,934
Short-term borrowings		961,572,141	338,208,419
Financial charges on lease		10,500,509	13,088,046
Financial charges on GIDC unwinding		1,232,343	7,224,474
Bank charges, fee and commission		27,973,865	10,140,344
		1,126,894,948	464,002,217

35.1 This includes financial charges on unwinding of term finance loan under refinance scheme for payroll financing (as explained in Note 7) amounting to Rs. 8,899,477 (2021: Rs. 13,527,044) out of which Rs. 7,679,545 are due to the application of 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance'.

36 TAXATION

	2022 Rupees	2021 Rupees
Current tax:		
Current year	824,928,118	760,936,995
Prior year	(85,010,508)	75,857
	739,917,610	761,012,852
Deferred tax		
Relating to the reversal and origination of temporary differences	130,227,340	(58,774,871)
	870,144,950	702,237,981

36.1 Relationship between tax expenses and accounting profit

	2022 Rupees	2021 Rupees
Accounting profit before taxation	2,465,775,304	2,396,667,273
Tax at applicable tax rate of 29% (2021: 29%)	715,074,838	695,033,509
Effect of super tax	211,085,006	-
Effect of expenses not allowed for tax	35,810,903	7,128,615
Effect of tax on export sales under Final Tax Regime	(6,815,289)	-
Effect of prior years tax	(85,010,508)	75,857
Tax expense for the year	870,144,950	702,237,981

37 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

37.1 Basic

	2022	2021
Profit attributable to ordinary shareholders (Rupees)	1,595,630,354	1,694,429,292
Weighted average number of ordinary shares (Number)	110,590,546	110,590,546
Earnings per ordinary share	14.43	15.32

37.2 Diluted

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

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

38.1 Credit Risk

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.

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 subisidiary, 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	
	2022 Rupees	2021 Rupees
Loan to subsidiary	14,512,000	14,512,000
Long-term deposits	19,297,602	19,762,602
Trade debts – unsecured	6,219,981,029	3,226,711,120
Loans and advances	5,466,286	6,140,666
Other receivables	153,228,985	45,632,770
Bank balances	257,270,560	57,425,738

38.1.1 Trade Debts

	2022 Rupees	2021 Rupees
Other than related parties		
Not yet due	5,495,656,356	2,488,701,128
Past due		
1-30 days	550,766,978	466,735,343
31-60 days	87,918,908	110,296,694
61-90 days	34,684,609	157,030,544
Over 90 days	44,992,791	33,767,011
	718,363,286	767,829,592
	6,214,019,642	3,256,530,720
Related parties		
Not yet due	27,846,060	12,255,750

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

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

	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
As at 30 June 2022						
Expected credit loss rate	0.05%	0.37%	3.32%	5.34%	39.74%	
Estimated total gross carrying						
Estimated total gross carrying amount	5,555,790,169	533,134,976	87,918,908	34,340,667	30,680,983	6,241,865,702
Expected credit loss	2,941,393	1,997,049	2,918,655	1,834,909	12,192,667	21,884,673
As at 30 June 2021						
Expected credit loss rate	0.14%	0.32%	1.07%	8.13%	68.61%	
Estimated total gross carrying amount	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 2022, trade debts of Rs. 21.9 million (2021: Rs. 42.1 million) were impaired and provided for.

38.1.2 Bank balances

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

Financial institution	Ratings			2022	2021
	Agency	Short-term	Long-term	Rupees	Rupees
Albaraka Bank (Pakistan) Limited	PACRA	A-1	A+	3,209,852	299,602
Askari Bank Limited	PACRA	A1+	AA+	40,121	536,196
BankIslami Pakistan Limited	PACRA	A1	A+	451,182	215,900
Habib Bank Limited	JCR-VIS	A1+	AAA	13,801,692	5,517,259
Meezan Bank Limited	PACRA	A1+	AA+	3,600,000	2,804,620
MCB Bank Limited	PACRA	A1+	AAA	387,201	352,522
National Bank of Pakistan	JCR-VIS	A-1+	AAA	1,359,967	413,700
Industrial and Commercial Bank of China	FITCH RATINGS	A	F1+	7,559,537	770,345
Silk Bank Limited	JCR-VIS	A-2	A-	10,479	10,479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	126,626,748	568,550
The Bank of Punjab	PACRA	A1+	AA+	100,223,781	45,936,565
				257,270,560	57,425,738

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

38.2 Liquidity Risk

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

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

	Carrying Values	Maturity Up to One Year	Maturity After One Year	Total
As at 30 June 2022	Rupees			
Long-term loans	5,812,336,556	384,195,136	5,428,141,420	5,812,336,556
Lease liabilities	110,410,093	38,670,693	71,739,400	110,410,093
Short-term borrowings	13,040,527,898	13,040,527,898	-	13,040,527,898
Mark up accrued	355,984,178	355,984,178	-	355,984,178
Unclaimed dividend	12,325,435	12,325,435	-	12,325,435
Trade and other payables	1,980,252,695	1,768,862,607	-	1,768,862,607
Total financial liabilities	21,311,836,855	15,600,565,947	5,499,880,820	21,100,446,767
As at 30 June 2021				
Long-term loans	2,224,163,632	415,071,353	1,809,092,279	2,224,163,632
Lease liabilities	116,691,049	29,099,326	87,591,723	116,691,049
Short-term borrowings	5,869,058,112	5,869,058,112	-	5,869,058,112
Mark up accrued	99,355,733	99,355,733	-	99,355,733
Unclaimed dividend	10,766,577	10,766,577	-	10,766,577
Trade and other payables	1,320,392,588	1,320,392,588	-	1,320,392,588
Total financial liabilities	9,640,427,691	7,743,743,689	1,896,684,002	9,640,427,691

Changes in liabilities arising from financing activities

	As at 1 July 2021	Cash flows	New leases	Others	As at 30 June 2022
			Rupees		
Long-term loans	2,224,163,632	5,068,561,181	-	(1,087,469,272)	6,205,255,541
Lease Liability	116,691,049	(48,184,465)	31,403,000	10,500,509	110,410,093
Short-term borrowings	5,869,058,112	7,171,469,786	-	-	13,040,527,898
Unclaimed dividend	10,766,577	(330,212,780)	-	331,771,638	12,325,435
	8,220,679,370	11,861,633,722	31,403,000	(745,197,125)	19,368,518,967

	As at 1 July 2020	Cash flows	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

38.3 Market Risk

38.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are material foreign currency balances.

38.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk for loans and borrowings obtained from the financial institutions and 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. 200.31 million (2021: Rs. 69.4 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at reporting date were outstanding for the whole year.

38.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves, whereas, debt includes long-term loans, short-term borrowings and liabilities against assets subject to finance lease. The gearing ratio of the Company is 75% (2021: 62%).

38.5 Fair value of financial assets and financial liabilities

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

39 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

The Company 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
Nimir Chemicals Pakistan Limited	Common Directorship	Associated company	Nil
Nimir Energy 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 40. The transactions with related parties are carried at mutually agreed terms and are as follows:

Names of Company	Nature and Description of Related Party Transaction	2022	2021
		Rupees	Rupees
Nimir Resins Limited	Purchase of goods	5,302,679	590,730
	Sale of goods	198,427,950	169,292,570
	Services provided	6,004,164	5,458,332
	Services acquired	4,652,184	4,229,256
	Reimbursement of expenses	598,633	350,416
Nimir Chemcoats Limited	Purchase of goods	14,656,729	1,562,306
Nimir Chemicals Pakistan Limited*	Sale of goods	11,422,560	-
Staff retirement benefits	Contribution to gratuity fund	21,000,000	2,700,000

* The elections of directors were held in December 2021 and resultantly Nimir Chemicals Pakistan Limited became an associated undertaking on the basis of common directorship.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
Number of persons	1	1	2	2	38	26
			Rupees			
Managerial remuneration	16,258,065	13,354,839	24,774,194	20,516,130	112,947,122	85,060,644
Housing	7,316,129	6,009,678	11,148,388	9,232,258	50,826,207	38,277,292
Utilities	1,625,806	1,335,483	2,477,418	2,051,612	11,294,709	8,506,064
Bonus	10,184,049	6,774,085	15,645,060	10,386,930	70,770,978	42,718,362
Gratuity	-	-	-	-	10,089,000	7,257,000
	35,384,049	27,474,085	54,045,060	42,186,930	255,928,016	181,819,362

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

40.2 An amount of Rs. 7,947,500 (2021: Rs. Rs. 5,275,000) was paid to non-executive directors for attending the board meetings.

41 TOTAL NUMBER OF EMPLOYEES

	2022	2021
Number of employees as at 30 June	254	205
Average number of employees during the year	230	192

42 PRODUCTION CAPACITY IN METRIC TONS

	2022 Maximum Capacity	2022 Actual Production	2021 Maximum Capacity	2021 Actual Production
Oleo Chemicals (Metric ton)[1]	140,000	86,716	124,000	101,089
Chlor Alkali Products (Metric ton)[2]	79,000	50,446	52,000	50,479
Soap Finishing Line (Metric ton)[3]	54,000	38,106	54,000	37,766
Aerosol (Cans)[4]	80,000,000	8,540,775	31,363,200	1,970,244
Blending[5]	-	33,605	-	32,586

1 The plant capacity increased during the year. Actual production remained lower than last year due to market demand.

2 The plant was upgraded with latest technology in the last quarter of the financial year. The utiliztaion remained lower due to initial teething issues in the commissioning.

3 The plant capacity was underutilized due to product mix.

4 Another plant has been added for insect killer spray production in last quarter of the year. The market of both body sprays and insect killer is building gradually.

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

43 Corresponding figures

Corresponding figures have been re-arranged and re-classified, where necessary, for better and fair presentation. However no significant reclassifications / restatements have been made, other than the following:

Transferred from component	Transferred to component	2021 Rupees
Other expenses	Cost of sales	7,254,515
Foreign exchange (gain) / loss	Other expenses	601,848
Net defined benefit liability - funded gratuity - Current liabilities	Net defined benefit liability - funded gratuity - Non-Current liabilities	128,418,646
Running finance - Short term borrowings	Local bill discounting - short term borrowing	200,000,000

44 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on 27 September 2022 has proposed a final dividend @ Rs. 1.50 per share for the year ended 30 June 2022 (2021: Rs. 2.0) amounting to Rs. 165,885,819 (2021: Rs. 221,181,092) for approval of the members at the Annual General Meeting to be held on 28 October 2022. 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 27 September 2022.

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

65

Financial Statements - Consolidated

FOR THE YEAR ENDED JUNE 30, 2022

Directors' Report

The Directors are pleased to present Consolidated Directors' Report together with the Group Financial Statements of Nimir Industrial Chemicals Limited and its subsidiaries for the year ended June 30, 2022.

Since the world opened up in post covid scenario, Pakistan witnessed an economic growth rate of 5.97% during the year under review.

The consolidated gross revenue of your Company grew by 43% to reach at PKR. 49 billion during the year. Consequently, the consolidated operating profit crossed PKR. 4.6 billion during the year; which is 24% higher than last year. While, the net profit stood at PKR. 2 billion, which is 4% down from last year due to high financial cost and high taxation. The consolidated EPS rested at PKR. 15.76 as compared to PKR 16.57 previous year.

During post balance sheet date, unprecedented flood in Pakistan has played havoc with the people and the economy of Pakistan which was recovering fast. The loss of crops, cattle and house including the households is putting a lot of pressure on the economy. The loss caused by flood is expected to considerably bring down the growth rate.

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

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 and committed to perform its best to continue increasing shareholders value, Insha'Allah.

For and on behalf of the Board

Zafar Mahmood
Chief Executive Officer

Aamir Jamil
Director

Lahore
September 27, 2022.

ڈائریکٹرز رپورٹ-اشتمال شدہ

ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے نمر انڈسٹریل کیمیکلز لمیٹڈ اور اس کے ذیلی اداروں کے گروپ مالی گوشواروں کے ہمراہ ڈائریکٹرز کی مجموعی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کووِڈ کے منظر نامہ میں دنیا کھلنے کے بعد سے، پاکستان نے زیر جائزہ سال میں 5.97 فیصد کی اقتصادی شرح نمو دیکھی۔

آپ کی کمپنی کی کنسولیڈیٹڈ مجموعی آمدنی سال کے دوران 43% بڑھ کر 49.11 بلین روپے تک پہنچ گئی۔ نتیجتاً، مجموعی آپریٹنگ منافع سال کے دوران 4.6 بلین روپے سے تجاوز کر گیا؛ جو پچھلے سال سے 24.4 فیصد زیادہ ہے۔ جبکہ، زیادہ مالیاتی لاگت اور زیادہ ٹیکس لگنے کی وجہ سے خالص منافع 2 بلین روپے رہا، جو گزشتہ سال سے 4% کم ہے۔ مجموعی EPS گزشتہ سال کے 16.57 روپے کے مقابلے 15.7 روپے رہی۔

بعد از بیلنس شیٹ تاریخ کے دوران، پاکستان میں بہت زیادہ سیلاب نے لوگوں اور تیزی سے بحال کی طرف گامزن پاکستان کی معیشت کو تباہ کر دیا ہے۔ فصلوں، مویشیوں اور مکانات بشمول گھریلو سامان کے نقصان سے معیشت پر بہت زیادہ دباؤ پڑا ہے۔ سیلاب سے ہونے والے نقصان سے شرح نمو میں کافی کمی آنے کی توقع ہے۔

انتظامیہ کی توجہ فروخت میں مسلسل اضافے پر مرکوز ہے۔ تاہم فیڈ اسٹاک، یوٹیلیٹیز اور فنانس لاگت کی غیر معمولی بلند قیمتوں کی وجہ سے آئندہ مالی سال کے دوران مارجن لازماً کم ہو جائے گا۔

ہم اسٹیک ہولڈرز کی قدر کو لاحق کسی بھی خطرے کے خلاف چوکس رہتے ہوئے میسر آنے والے تمام مواقعوں سے فائدہ اٹھاتے رہیں گے، اور شیئر ہولڈرز کی قدر بڑھانے کے لیے اپنی بہترین کارکردگی کا عزم کرتے ہیں، انشاءاللہ۔

منجانب بورڈ

ظفر محمود
چیف ایگزیکٹو آفیسر

عامر جمیل
ڈائریکٹر

27 ستمبر 2022ء

لاہور

Report on the Audit of the Financial Statements
FOR THE YEAR ENDED JUNE 30, 2022

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 2022, 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 the matter was addressed in our audit
Revenue Recognition	
As described in note 6.13 and note 30 to the accompanied consolidated financial statements, the Group generates revenue from several types of products and services. During the year ended 30 June 2022, the Group generated net revenue of Rs. 41.85 billion as compared to Rs. 29.20 billion during the previous year, which represents an increase of approximately 43% as compared to last year. The revenue recognition is identified as a Key Audit Matter due to revenue being one of the key performance indicators of the Group and raises the risk that revenue could be misstated to meet targets.	Our audit procedures, amongst others, included the following: - Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; - On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period; - Performed procedures to analyze the variation in price and quantity sold during the year; - Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and - Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Ahsan Shahzad.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants

Lahore
September 30, 2022
UDIN: AR202210079nWA13pOxP

Consolidated Statement of Financial Position

AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
145,000,000 (2021: 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		5,498,106,070	4,205,348,842
Non-controlling interest	8	1,253,269,339	914,534,835
		7,857,280,869	6,225,789,137
NON CURRENT LIABILITIES			
Long-term loans	9	5,662,585,683	1,991,834,024
Lease liabilities	10	107,507,404	117,179,979
Net defined benefit liability - funded gratuity	11	182,839,637	152,565,166
Diminishing musharaka finance	12	-	208,924
Deferred tax liability	13	454,210,695	333,032,483
Deferred grant	14	913,532,529	2,978,377
		7,320,675,948	2,597,798,953
CURRENT LIABILITIES			
Trade and other payables	15	2,297,268,902	2,283,256,976
Contract liabilities	16	139,231,891	154,037,188
Mark up accrued		412,132,129	115,729,031
Unclaimed dividend		12,618,254	11,059,396
Short-term borrowings	17	15,524,046,275	6,943,146,874
Current maturity of long-term loans	9	472,173,94	485,828,720
Current maturity of lease liabilities	10	45,273,681	33,723,604
Current maturity of diminishing musharaka finance	12	525,325	1,405,316
Current maturity of deferred grant	14	169,891,401	9,515,864
Provision for taxation		1,113,412,108	998,525,246
		20,186.573.904	11,036,228,215
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		35,364,530,721	19,859,816,305
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	19	13,024,172,260	6,155,045,731
Intangibles	20	30,487,348	-
Long-term deposits	21	63,148,402	61,523,255
		13,117,808,010	6,216,568,986
CURRENT ASSETS			
Stores, spare parts and loose tools	22	551,465,198	312,536,473
Stock-in-trade	23	10,110,344,068	7,418,002,481
Trade debts	24	8,194,810,479	4,577,919,649
Loans and advances	25	150,000,699	101,298,775
Trade deposits and short term prepayments	26	22,206,862	12,445,953
Other receivables	27	182,413,993	47,041,770
Tax refunds due from the Government	28	2,750,545,362	1,073,909,710
Cash and bank balances	29	284,936,050	100,092,508
		22,246,722,711	13,643,247,319
TOTAL ASSETS		35,364,530,721	19,859,816,305

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

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

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - gross		49,113,399,389	34,403,829,522
Less: Sales tax, trade discounts and commission		(7,260,101,725)	(5,202,266,194)
Revenue from contracts with customers - net	30	41,853,297,664	29,201,563,328
Cost of sales	31	(36,481,415,400)	(24,865,563,151)
Gross profit		5,371,882,264	4,336,000,177
Distribution costs	32	(315,896,814)	(255,925,456)
Administrative expenses	33	(456,991,382)	(383,105,825)
		(772,888,196)	(639,031,281)
Operating profit		4,598,994,068	3,696,968,896
Other expenses	34	(248,294,370)	(271,432,789)
Other income	35	72,282,754	52,782,684
Finance cost	36	(1,340,661,083)	(576,876,432)
Profit before taxation		3,082,321,369	2,901,442,359
Taxation	37	(1,110,754,338)	(845,710,050)
Profit after taxation		1,971,567,031	2,055,732,309
Attributable to:			
Equity holders of the parent		1,742,946,847	1,832,171,362
Non-controlling interests		228,620,184	223,560,947
		1,971,567,031	2,055,732,309
Earnings per ordinary share - basic and diluted	38	15.76	16.57

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

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Profit after taxation	A	1,971,567,031	2,055,732,309
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	11.4	(12,393,524)	(10,932,245)
Income tax effect		4,089,863	3,170,351
Re-measurement losses on defined benefit plan - net		(8,303,661)	(7,761,894)
Items that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year	B	(8,303,661)	(7,761,894)
Total comprehensive income for the year	A+B	1,963,263,370	2,047,970,415
Attributable to:			
Equity holders of the parent		1,734,119,708	1,825,096,594
Non-controlling interests		229,143,662	222,873,821
		1,963,263,370	2,047,970,415

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid up share capital	Unappropriated profits-Revenue reserve	Non-controlling interest	Total
	Rupees	Rupees	Rupees	Rupees
Balance as on 1 July 2020	1,105,905,460	2,767,319,159	691,661,014	4,564,885,633
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
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)
Balance as on 30 June 2021	1,105,905,460	4,205,348,842	914,534,835	6,225,789,137
Profit after taxation	-	1,742,946,847	228,620,184	1,971,567,031
Other comprehensive loss	-	(8,827,139)	523,478	(8,303,661)
Total comprehensive income for the year	-	1,734,119,708	229,143,662	1,963,263,370
Reclassification adjustment relating to reserves (Note 8.1)	-	(109,590,842)	109,590,842	-
Final dividend for 2021 @ Rs.2.00 per share	-	(221,181,092)	-	(221,181,092)
Interim dividend for 2022 @ Rs.1.00 per share	-	(110,590,546)	-	(110,590,546)
Balance as on 30 June 2022	1,105,905,460	5,498,106,070	1,253,269,339	7,857,280,869

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

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,082,321,369	2,901,442,359
Adjustment for:			
Depreciation		566,180,992	602,356,722
Amortization		1,793,373	331,736
Mark-up expense		1,310,472,336	560,772,514
Provision for obsolescence of stock		8,539,600	5,508,300
Provision for slow moving stores and spares		(3,029,447)	11,000,000
Expected credit losses of trade debts		1,963,743	42,417,621
Provision for gratuity		39,688,067	32,778,739
Grant income		(14,670,974)	(11,569,245)
Gain on extingushment of original GIDC liability		-	(10,162,332)
Gain on disposal of property, plant and equipment		(557,724)	(493,225)
Exchange loss - unrealized		35,416,693	12,532,153
Workers' profit participation fund provision		165,123,430	156,341,594
Workers' welfare fund provision		56,144,481	64,349,803
		2,167,064,570	1,466,164,380
Operating profit before working capital changes		5,249,385,939	4,367,606,739
(Increase) / decrease in current assets			
Stores, spares parts and loose tools		(235,899,278)	(20,178,864)
Stock-in-trade		(2,700,881,187)	(2,561,479,371)
Trade debts		(3,605,620,771)	(1,695,761,889)
Loans and advances		(48,701,924)	5,285,653
Trade deposits and short term prepayments		(9,760,909)	(7,420,706)
Other receivables		(135,372,223)	(24,137,043)
Tax refunds due from the Government		(1,140,792,639)	68,386,658
		(7,877,028,931)	(4,235,305,562)
Increase in current liabilities			
Trade and other payables		194,024	231,801,608
Contract liabilities		(53,206,150)	25,402,948
		(7,930,041,057)	(3,978,101,006)
Cash (used in) / generated from operations		(2,680,655,118)	389,505,733
Contribution to gratuity fund		(21,807,120)	(4,787,717)
Mark-up paid		(987,665,412)	(513,646,904)
Tax paid		(1,406,442,414)	(622,089,199)
Long-term deposits		(1,625,147)	(12,699,636)
Workers' profit participation fund paid		(156,341,594)	(82,432,204)
Workers' welfare fund paid		(62,590,400)	(29,325,883)
		(2,636,472,087)	(1,264,981,543)
Net cash flows used in operating activities		(5,317,127,205)	(875,475,810)
Balance carried forward		(5,317,127,205)	(875,475,810)

	2022	2021
	Rupees	Rupees
Balance brought forward	(5,317,127,205)	(875,475,810)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(278,294,506)	(277,801,237)
Additions in capital work in progress - net	(7,129,760,058)	(2,125,722,116)
Sale proceeds from disposal of property, plant and equipment	20,363,189	1,767,298
Additions in intagible asset	(32,280,721)	-
Net cash flows used in investing activities	(7,419,972,096)	(2,401,756,055)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	5,218,561,181	1,360,269,464
Long term loan repaid	(490,534,615)	(151,984,662)
Dividend paid	(330,212,780)	(389,704,619)
Lease rentals repaid	(55,681,429)	(54,978,003)
Diminishing musharika paid	(1,088,915)	(2,093,360)
Short-term borrowings	8,594,681,518	2,490,924,708
Net cash flows generated from financing activities	12,935,724,960	3,252,433,528
Net increase / (decrease) in cash and cash equivalents	198,625,659	(24,798,337)
Cash and cash equivalents at the beginning of the year	86,310,391	124,890,845
Cash and cash equivalents at the end of the year	284,936,050	100,092,508

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

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

1 THE GROUP AND ITS OPERATIONS

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

Parent (Holding) Company

Nimir Industrial Chemicals Limited ("NICL")

Subsidiary Companies

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL")

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

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

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

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

Subsequent to the year end, the head office of the Company has been relocated to Plot No. 122, Block B, Muslim Town, Lahore.

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

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

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

2 STATEMENT OF COMPLIANCE

These 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.

3 New standards, interpretations and amendments

3.1 New standards, interpretations and amendments applicable to the consolidated financial statements for the year ended 30 June 2022

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 2021, as listed below. The Group has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective except which is mentioned below in Note 2.1.3 .

New Amendments

3.1.1 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reforms - Phase 2 — (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The practical expedient is also required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39 Financial Instruments: Recognition and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

3.1.2 IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Lessees will apply the amendment retrospectively, recognising the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment. In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

3.1.3 IAS 16 Property, plant and equipment: Proceeds before intended use — (Amendments)

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use , which prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on 1st January 2022 and must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. However, the Company has early adopted this amendment on July 1, 2021 retrospectively.

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.

3.2 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:

3.2.1 IFRS 3 Reference to conceptual framework — (Amendments)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual periods beginning on 1st January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

3.2.2 IAS 37 Onerous contracts - costs of fulfilling a contract — (Amendments)

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual periods beginning on 1st January 2022 and must be applied prospectively to contracts for which the Company has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

3.2.3 AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first- time adopter

As part of its 2018-2020 annual improvements to IFRS standards process , the IASB issued ab amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application is permitted.

3.2.4 AIP IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

3.2.5 AIP IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9.

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

3.2.6 IAS 1 Classification of liabilities as current or non-current — (Amendments

"In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification"

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

3.2.7 IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies - (Amendments)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company expects that the adoption of the above improvements to the standards will have no material effect on the Company's financial statements, in the period of initial application.

3.2.8 IAS 8 - Definition of accounting estimates — (Amendments)

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

3.2.9 IFRS 10 & IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint - Venture – (Amendment)

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

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.

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.

4 BASIS OF PREPARATION

4.1 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.

4.2 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.

4.3 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.

4.4 Functional and presentation currency

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

5 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acGrouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.1

The Group reviews the useful lives and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

b) Provision for expected credit losses of trade receivable – Note 5.6.1

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. the Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c) Estimation of provision - Note 5.10

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

d) Staff retirement benefits - Note 5.14

Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

e) Provision for inventory obsolescence - Note 21 and 22

The Group reviews the carrying amount of stock in trade, stores and spares on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

f) Taxation - Note 5.11

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

The Group recognizes deferred tax assets, to the extent it is probable that taxable profits and tax liability, as applicable, will be available against which the deductible temporary differences and tax credits can be utilized, based on its assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies while also keeping in view the provisions of Income Tax Ordinance, 2001 related to adjustment / carry forward of the underlying temporary differences and tax credits, in subsequent years.

g) Contingencies - Note 5.10

The Group reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

h) Impairment of non financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 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 19.1 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.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

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 Group 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 Group 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.

6.2 Intangibles

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

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

6.3 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.

6.4 Trade debts

Trade debts from local customers are stated at amortized cost less expected credit losses while foreign debtors are stated at translated amount by applying exchange rate applicable on the reporting date less expected credit losses.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. Refer to accounting policies of financial assets in note 5.6.1

6.5 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.

6.6 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.

6.6.1 Financial assets

Financial assets - initial recognition

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

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

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

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

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

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

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

Financial assets - subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

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

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

a) Financial assets at fair value through profit or loss

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

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

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

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

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

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

b) Financial assets at amortized cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

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

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

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

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the 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 Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial assets - Impairment

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

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

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

For bank balances, the Group applies a 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 consolidated statement of profit or loss.

6.6.2 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.

6.7 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.

6.8 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to consolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

6.9 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.

6.10 Provisions and contingencies

a) Provisions

Provisions are recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

b) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

6.11 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.

6.12 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.

6.13 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.

6.14 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.

6.15 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.

6.16 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.

6.17 Pricing for related party transactions

All transactions with related parties and associated undertakings are carried at mutually agreed terms.

6.18 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.

6.19 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the Taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

6.20 Current versus non-current classification

The Group presents assets and liabilities in the statement of consolidated financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax liabilities are classified as non-current assets and liabilities.

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022	2021		2022	2021
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 NON-CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI, before any intra-group eliminations.

	2022		
	Nimir Management (Private) Limited	Nimir Resins Limited	Total
NCI Percentage	49.00%	62.36%	
		Rupees	
Non current assets	292,900,843	734,343,254	1,027,244,097
Current assets	123,341	4,744,826,366	4,744,949,707
Non current liabilities	(78,544,500)	(366,506,258)	(445,050,758)
Current liabilities	(196,000)	(3,271,306,187)	(3,271,502,187)
Net assets	214,283,684	1,841,357,175	2,055,640,859
Net assets attributable to NCI	104,999,005	1,148,270,334	1,253,269,339
Revenue	-	8,271,380,512	
Profit / (loss) for the year	(327,865)	366,871,132	366,543,267
Other comprehensive income	-	839,445	839,445
Total comprehensive income / (loss)	(327,865)	367,710,577	367,382,712
Profit / (loss) allocated to NCI	(160,654)	228,780,838	228,620,184
Other comprehensive income allocated to NCI	-	523,478	523,478
	(160,654)	229,304,316	229,143,662
Cashflows from operating activites	(112,265)	(1,343,359,514)	(1,343,471,779)
Cashflows from investing activites	-	(141,430,754)	(141,430,754)
Cashflows from financing activites	-	1,481,681,197	1,481,681,197
Net decrease in cash and cash equivalents	(112,265)	(3,109,071)	(3,221,336)

	2021		
	Nimir Management (Private) Limited	Nimir Resins Limited	Total
NCI Percentage	49.00%	62.36%	
		Rupees	
Non current assets	292,900,843	633,326,687	926,227,530
Current assets	123,341	3,175,173,163	3,175,296,504
Non current liabilities	(78,544,500)	(201,916,212)	(280,460,712)
Current liabilities	(196,000)	(2,031,649,388)	(2,031,845,388)
Net assets	214,283,684	1,574,934,250	1,789,217,934
Net assets attributable to NCI	109,528,241	805,006,594	914,534,835
Revenue	-	6,277,703,001	6,277,703,001
Profit / (loss) for the year	(313,170)	358,746,633	358,433,463
Other comprehensive loss	-	(1,101,870)	(1,101,870)
Total comprehensive income / (loss)	(313,170)	357,644,763	357,331,593
Profit / (loss) allocated to NCI	(153,453.30)	223,714,400	223,560,947
Other comprehensive loss allocated to NCI	-	(687,126)	(687,126)
	(153,453.30)	223,027,274	222,873,821
Cashflows from operating activites	(307,745)	18,769,882	18,462,137
Cashflows from investing activites	-	(142,736,670)	(142,736,670)
Cashflows from financing activites	-	137,272,194	137,272,194
Net decrease in cash and cash equivalents	(307,745)	13,305,406	12,997,661

8.1 This reclassification does not have any impact on the comparative amounts in the consolidated statement of financial position; accordingly, the related amounts have not been restated.

9 LONG-TERM LOANS

	Note	2022 Rupees	2021 Rupees
Term Finance	9.1	2,221,018,757	1,021,741,951
Term Finance - under refinance scheme for payroll financing	9.2	56,459,229	165,703,196
Term Finance - under temporary economic refinance facility	9.3	3,717,781,635	1,138,217,597
Term Finance - under financing scheme for renewable energy	9.4	32,500,000	45,000,000
Loan from directors / sponsors	9.5	107,000,000	107,000,000
		6,134,759,621	2,477,662,744
Mark up accrued		103,983,546	28,616,261
		6,238,743,167	2,506,279,005
Less: Current maturity shown under current liabilities		(472,173,938)	(485,828,720)
Less: Mark up accrued shown under current liabilities		(103,983,546)	(28,616,261)
		5,662,585,683	1,991,834,024

9.1 This represents long-term finance facilities obtained from financial institutions carrying mark-up at the rate of 3 months KIBOR plus 75 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.

9.2 This represents loan obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The loans carry mark-up at an average rate of 2.02% per annum and repayable in 8 equal quaterly instalments starting from January 2021. This facility is secured against first joint pari passu charge over fixed assets of the Company. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 3-month KIBOR plus spread. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

9.3 These represent the loans obtained under the Temporary Economic Refinance Facility offered by the State Bank of Pakistan (the “SBP TERF”) for setting up imported and locally manufactured plants and machinery for new projects. The loan carries mark-up at the rate of SBP TERF Refinance rate plus 100 bps to 200 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. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using an effective interest rate of three (3) month KIBOR plus spread respectively. The difference between the fair value of the loan and loan proceeds has been recognized as deferred income as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

9.4 This represents long-term finance facility obtained from financial institution under State Bank of Pakistan’s (SBP) Financing Scheme for Renewable Energy. This loan is repayable in 20 equal installments payable quarterly in arrears starting from March 31, 2021. Markup is charged at SBP rate plus 2% p.a.payable quarterly in arrears. This loan is secured against joint pari passu charge of Rs. 67 million over fixed assets of the Company with 25% margin.

9.5 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.

10 LEASE LIABILITIES

	2022 Rupees	2021 Rupees
Present value of lease rentals	152,781,085	150,903,583
Less: Current portion shown under current liabilities	(45,273,681)	(33,723,604)
	107,507,404	117,179,979
Set out below are the carrying amounts of lease liabilities and the movements during the year:		
As at 01 July	150,903,583	140,124,138
Additions	37,494,576	52,440,000
Accretion of interest	13,210,159	13,276,618
Payments	(48,827,233)	(54,936,903)
As at 30 June	152,781,085	150,903,853
Salient features of the leases are as follows:		
Discounting rate	8.68% to 12.86 %	7.76% to 16.42%
Period of lease	60 months	60 months

10.1 Amount recognized in statement of profit or loss:

	Note	2022 Rupees	2021 Rupees
The following are the amounts recognized in profit or loss:			
Short term lease		7,271,820	9,091,798
Interest expense on lease liabilities		13,210,159	13,276,618
		20,481,979	22,368,416

10.2 Cash outflow for leases

The Company had total cash outflows for leases of Rs. 56.1 million (2021: Rs. 64.08 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 37.49 million (2021: Rs. 52.44 million).

10.3 The maturity analysis of lease liability has been disclosed in note 39.2.

11 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2022 Rupees	2021 Rupees
Present value of defined benefits obligation	11.5	237,930,639	186,431,124
Less: Fair value of plan assets	11.6	(55,091,002)	(33,865,958)
		182,839,637	152,565,166

11.1 Net defined benefit liability of the Group compose of the following:

	2022 Rupees	2021 Rupees
Staff retirement benefit plan - Holding company		
Present value of defined benefits obligation	195,554,240	151,222,142
Less: Fair value of plan assets	(43,571,378)	(22,803,496)
	151,982,862	128,418,646
Staff retirement benefit plan - Subsidiary		
Present value of defined benefits obligation	42,376,399	35,208,974
Less: Fair value of plan assets	(11,519,624)	(11,062,454)
	30,856,775	24,146,520

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

	2022 Rupees	2021 Rupees
Current service cost	24,546,907	22,766,414
Interest cost on defined benefit obligation - net	15,141,160	10,012,325
Expense recognized in the consolidated statement of profit or loss	39,688,067	32,778,739

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

	Note	2022 Rupees	2021 Rupees
Cost of sales	31.2	24,435,507	18,374,992
Distribution costs	32.1	4,394,669	4,681,098
Administrative expenses	33.1	10,857,891	9,722,649
		39,688,067	32,778,739

11.4 Movements in the net liability recognized as follows:

	2022	2021
Net liabilities at the beginning of the year	152,565,166	113,641,899
Current service cost	24,546,907	22,766,414
Interest cost on defined benefit obligation - net	15,141,160	10,012,325
Contribution by employer	(21,807,120)	(4,787,717)
Remeasurements charged to other comprehensive income	12,393,524	10,932,245
Net liabilities at the end of the year	182,839,637	152,565,166

11.5 Movements in the present value of defined benefit obligation:

	2022 Rupees	2021 Rupees
Present value of defined benefits obligation at the beginning of the year	186,431,116	144,182,807
Current service cost	24,546,907	22,766,414
Interest cost on defined benefit obligation	18,527,755	12,696,553
Benefits paid	(1,807,120)	(6,219,987)
Remeasurement:		
Experience adjustments	10,231,981	13,005,337
Present value of defined benefit obligation at the end of year	237,930,639	186,431,124

11.6 Movement in the fair value of plan assets

	2022	2021
Fair value of plan assets at the beginning of the year	33,865,950	30,540,908
Contribution by employer	21,807,120	4,787,717
Interest Income	3,386,595	2,684,228
Benefits paid	(1,807,120)	(6,219,987)
Return on plan assets excluding interest income	(2,161,543)	2,073,092
Fair value of plan assets at the end of year	55,091,002	33,865,958

11.7 Components of plan assets

	2022	2021
Investment in treasury bills	7,098,392	4,130,089
Investment in listed shares	4,171,256	6,732,352
Mutual funds	23,318,258	22,658,049
Cash at bank	20,503,104	345,468
	55,091,010	33,865,958

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

	2022
Current service cost	26,175,344
Interest cost on defined benefit obligation - net	16,855,387
Expense recognized in the consolidated statement of profit or loss	43,030,731

11.9 Significant assumptions

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:

	2022	2021
Discount rate for obligation	13.25%	10.00%
Expected rates of salary increase in future years	12.25%	9.00%
Retirement assumption	Age 60	Age 60

11.10 Maturity profile

The Company expects to contribute to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

Projected payments (undiscounted)	2022 Rupees	2021 Rupees
Year 1	14,226,845	9,296,892
Year 2	18,436,933	11,578,114
Year 3	22,809,291	14,798,671
Year 4	26,568,879	19,783,852
Year 5	32,078,235	22,827,109
Year 6 to Year 10	206,982,943	169,593,231

11.11 Sensitivity analysis

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

Sensitivity level	Assumption	Impact on defined benefit obligation
+100 bps	Discount rate	195,538,589
–100 bps	Discount rate	233,892,876
+100 bps	Expected increase in salary	233,896,459
–100 bps	Expected increase in salary	195,540,039

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years for the Group.

12 DIMINISHING MUSHARAKA FINANCE

	2022 Rupees	2021 Rupees
Diminishing musharaka finance	525,325	1,614,240
Less: Current maturity shown under current liabilities	(525,325)	(1,405,316)
	-	208,924

12.1 The subsidiary acquired certain vehicles under the diminishing musharaka financing arrangements from First Punjab Modaraba, for a period of 60 months from December 2016. 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 (2021: 8.55% - 8.66%).

13 DEFERRED TAX LIABILITY

	2022 Rupees	2021 Rupees
This comprises of:		
Deferred tax liabilities on taxable temporary differences		
Accelerated tax depreciation	558,982,072	407,831,727
Deferred tax assets on deductible temporary differences		
Allowance for expected credit losses	(31,162,471)	(27,007,090)
Provision against stock	(13,414,639)	(6,174,259)
Deferred and unpaid liabilities	(25,875,140)	(17,885,262)
Capital work in progress - impairment	(20,336,700)	(18,375,856)
Others	(13,982,427)	(5,356,777)
	454,210,695	333,032,483

Reconciliation of deferred tax liabilities, net	2022 Rupees	2021 Rupees
As of 1 July	333,032,483	358,059,262
Tax expense recognized in consolidated statement of profit or loss	125,268,075	(21,856,428)
Tax income recognized in consolidated OCI	(4,089,863)	(3,170,351)
As at 30 June	454,210,695	333,032,483

14 DEFERRED GRANT

This represents deferred grant recognized on loans 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) and under SBP temporary economic refinance facility for imported and locally manufactured new plant and machinery to be used for setting up of new projects.

	Note	2022 Rupees	2021 Rupees
Movement during the year is as follows:		12,494,241	24,063,486
Balance as at 01 July		1,211,564,627	
Amount recognized as deferred grant during the year			
Amortization during the year			
- Charged to other income		(16,539,583)	(11,569,245)
- Charged to CWIP		(124,095,355)	
		1,083,423,930	12,494,241
Less: Current maturity of deferred grant		(169,891,401)	(9,515,864)
Balance as at 30 June		913,532,529	2,978,377

15 TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Creditors	15.1	1,469,929,158	1,247,334,222
Accrued liabilities	15.2	568,917,470	783,946,748
Security deposits	15.3	400,000	400,000
Workers' profit participation fund	15.4	165,123,223	156,341,387
Workers' welfare fund	15.5	58,746,562	65,192,481
Withholding tax payable		609,734	581,175
Others		33,542,755	29,460,963
		2,297,268,902	2,283,256,976

15.1 Creditors include amount payable to Nimir Chemcoats Limited (associated company) amounting to Rs. 38,001 (2021: 350,384) on account of purchase of raw materials.

15.2 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 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	2022 Rupees	2021 Rupees
Balance as at 01 July		144,222,846	147,160,704
Gain on extinguishment of original GIDC liability	35	-	(10,162,332)
Finance cost	36	4,170,101	7,224,474
Balance as at 30 June		148,392,947	144,222,846

15.3 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.

15.4 Workers' profit participation fund

	Note	2022 Rupees	2021 Rupees
Balance as at 01 July		156,341,387	82,431,997
Add: Provision for the year	34	165,123,430	156,341,594
Less: Payments made during the year		(156,341,594)	(82,432,204)
Balance as at 30 June		165,123,223	156,341,387

15.5 Workers' welfare fund

	Note	2022 Rupees	2021 Rupees
Balance as at 01 July	34	65,192,481	30,168,561
Add: Provision for the year		56,144,481	64,349,803
Less: Payments made during the year		(62,590,400)	(29,325,883)
Balance as at 30 June		58,746,562	65,192,481

	2022 Rupees	2021 Rupees
16 CONTRACT LIABILITIES	139,231,891	154,037,188

16.1 This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2021: Nil).

16.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 136,733,485 (2021: Rs. 139,231,891).

17 SHORT-TERM BORROWINGS - SECURED

	2022 Rupees	2021 Rupees
Running finance	2,356,092,258	791,347,661
Finance Against Trust Receipts	12,439,952,807	5,951,799,213
Local bills discounting	728,001,210	200,000,000
	15,524,046,275	6,943,146,874

The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at year end is Rs.18,450 million (2021: Rs.13,611 million) which includes running finance facilities amounting Rs. 3,575 million (2021: Rs.2,197 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 (2021: 1 month KIBOR to 6 months KIBOR + 0 to 75 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.

18 CONTINGENCIES AND COMMITMENTS

18.1 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.

Holding Company

18.1.1 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.

18.1.2 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. During the year, the Honorable Lahore High Court remanded back the case to ATIR for fresh hearing. The Company has filed an appeal before the Supreme court against the Lahore High Court decision which is pending adjudication.

18.1.3 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.

18.2 COMMITMENTS

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

	Note	2022 Rupees	2021 Rupees
Letters of credit established for the import of raw materials, spare parts and machinery		4,185 million	5,512 million
Letter of guarantee given to SNGPL		136 million	99 million
Letter of guarantee given to PSO		62 million	62 million
Letter of guarantee given to Total PARCO		13 million	13 million

19 PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
Operating fixed assets	19.1	6,128,861,551	4,128,488,871
Capital work-in-progress	19.2	6,895,310,709	2,026,556,860
		13,024,172,260	6,155,045,731

19.1 Operating fixed assets

PARTICULARS	2022 COST As At 01 July 2021	Additions / Transfers*	Disposals	Transfer/ Adjustment	As At 30 June 2022	Rate %	DEPRECIATION Accumulated as at 01 July 2021	Charge for the year	Disposals	Transfer/ Adjustment	Accumulated as at 30 June 2022	Net book value As at 30 June 2022
	Rupees						Rupees					Rupees
OWNED												
Free-hold land	597,084,255	163,238,546	-	-	760,322,801	-	-	-	-	-	-	760,322,801
Building on free-hold land	834,125,433	471,769,901*	(213,480)	84,103	1,305,765,957	4-5	325,965,397	52,981,268	(211,469)	50,445	378,785,641	926,980,316
Plant and machinery	5,240,253,975	1,770,324,587 *	(24,244,751)	50,343,614	7,036,677,425	4-50	2,494,097,091	382,002,859	(4,527,847)	23,979,418	2,895,551,521	4,141,125,904
Furniture and fittings	7,096,462	700,437	(163,499)	-	7,633,400	10-33	4,785,308	949,574	(125,930)	-	5,608,952	2,024,448
Office and factory equipment	300,571,375	93,553,171	(2,621,790)	-	391,502,756	10-50	162,505,286	83,196,118	(2,598,764)	-	243,102,640	148,400,116
Vehicles	81,788,223	20,802,350	(164,900)	34,203,500	136,629,173	20-25	61,819,675	9,043,984	(138,945)	34,229,996	104,954,710	31,674,463
	7,060,919,723	2,520,388,992	(27,408,420)	84,631,217	9,638,531,512		3,049,172,757	528,173,803	(7,602,955)	58,259,859	3,628,003,464	6,010,528,048
RIGHT-OF-USE												
Vehicles	109,034,681	65,970,145	-	(34,203,500)	140,801,326	20	62,406,559	22,110,489	-	(34,229,996)	50,287,052	90,514,274
Plant and machinery	50,427,717	-	-	(50,427,717)	-	4-50	24,029,863	-	-	(24,029,863)	-	-
Building - lease-hold	74,274,371	-	-	-	74,274,371	20	30,558,442	15,896,700	-	-	46,455,142	27,819,229
	233,736,769	65,970,145	-	(84,631,217)	215,075,697		116,994,864	38,007,189	-	(58,259,859)	96,742,194	118,333,503
2022	7,294,656,492	2,586,359,137	(27,408,420)	-	9,853,607,209		3,166,167,621	566,180,992	(7,602,955)	-	3,724,745,658	6,128,861,551

PARTICULARS	2021 COST As At 01 July 2020	Additions / Transfers*	Disposals	Transfer/ Adjustment	As At 30 June 2021	Rate %	DEPRECIATION Accumulated as at 01 July 2020	Charge for the year	Disposals	Transfer/ Adjustment	Accumulated as at 30 June 2021	Net book value As at 30 June 2021
	Rupees						Rupees					Rupees
OWNED												
Free hold land	425,479,660	171,604,595	-	-	597,084,255	-	-	-	-	-	-	597,084,255
Building on free hold land	764,639,415	69,434,230*	-	51,788	834,125,433	4-5	263,695,728	62,233,404	-	36,265	325,965,397	508,160,036
Plant and machinery	5,011,758,373	231,641,704*	(3,094,314)	(51,788)	5,240,253,975	4-50	2,045,573,585	451,245,110	(2,685,339)	(36,265)	2,494,097,091	2,746,156,884
Furniture and fittings	7,177,046	971,000	(1,051,584)	-	7,096,462	10-33	4,880,309	956,521	(1,051,522)	-	4,785,308	2,311,154
Office and factory equipment	219,209,759	91,632,971	(10,271,355)	-	300,571,375	10-50	135,295,915	37,150,694	(9,941,323)	-	162,505,286	138,066,089
Vehicles	74,195,886	8,034,227	(1,535,890)	1,094,000	81,788,223	20-25	50,158,890	12,076,275	(1,000,886)	585,396	61,819,675	19,968,548
	6,502,460,139	573,318,727	(15,953,143)	1,094,000	7,060,919,723		2,499,604,427	563,662,004	(14,679,070)	585,396	3,049,172,757	4,011,746,966
RIGHT-OF-USE												
Vehicles	94,014,751	16,113,930	-	(1,094,000)	109,034,681	20	44,224,809	18,767,146	-	(585,396)	62,406,559	46,628,122
Plant and machinery	50,427,717	-	-	-	50,427,717	4-50	19,998,992	4,030,871	-	-	24,029,863	26,397,854
Building - lease-hold	74,274,371	-	-	-	74,274,371	20	14,661,741	15,896,701	-	-	30,558,442	43,715,929
	218,716,839	16,113,930	-	(1,094,000)	233,736,769		78,885,542	38,694,718	-	(585,396)	116,994,864	116,741,905
2021	6,721,176,978	589,432,657	(15,953,143)	-	7,294,656,492		2,578,489,969	602,356,722	(14,679,070)	-	3,166,167,621	4,128,488,871

* These represent capital expenditure transferred from capital work in progress.

19.1.1 Owned vehicles include vehicles amounting to Rs. 9.095 million (2021: Rs. 9.095 million) which have been obtained through Diminishing Musharaka Financing.

19.1.2 There are fully depreciated assets, having cost of Rs. 811.65 million (2021: Rs. 399.32 million) that are still in use as at the reporting date.

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

19.1.4 Depreciation for the year has been allocated as under:

	2022 Rupees	2021 Rupees
Cost of sales	532,851,527	576,350,057
Distribution costs	6,256,533	6,790,607
Administrative expenses	27,072,932	19,216,058
	566,180,992	602,356,722

19.1.5 Disposal of property, plant and equipment

Details of disposed assets are as follows:

Description	"Particulars of buyer"	Cost	Accumulated Depreciation	"Net Book Value "	"Sale Proceeds"	Gain / (Loss)	Mode of disposal
		Rupees					
Building on free-hold land	Third party	213,480	(211,469)	2,011	5,000	2,989	Negotiation
Plant and machinery	Jublee General Insurance Company Ltd.	24,244,751	(4,527,847)	19,716,904	19,718,789	1,885	Insurance claim
Furniture and fittings	Third party	163,499	(125,930)	37,569	8,900	(28,669)	Negotiation
Office and factory equipment	Third party	2,621,790	(2,598,764)	23,026	105,500	82,474	Negotiation
Vehicles	Third party	164,900	(138,945)	25,955	525,000	499,045	Negotiation
2022		27,408,420	(7,602,955)	19,805,465	20,363,189	557,724	
2021		15,953,143	(14,679,070)	1,274,073	1,767,298	493,225	

19.1.6 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, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura.	68.9 acres
Coating, emulsion and resins plant and warehouse	
14.5 Km, Lahore Sheikhupura Road, Lahore	13.3 acres
Warehouse	
14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura.	10.4 acres
Head office	
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

19.2 Capital work-in-progress	**2022** Building on free-hold land	**2022** Plant and machinery - Note 19.2.1	**2022** Others	**2022** Total	**2021** Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	-	2,057,850,880	32,071,000	2,089,921,880	235,593,265
Additions during the year	450,725,731	6,662,992,860	37,789,764	7,151,508,355	2,150,025,560
	450,725,731	8,720,843,740	69,860,764	9,241,430,235	2,385,618,825
Transferred to fixed assets	(450,725,731)	(1,791,368,755)	(40,660,020)	(2,282,754,506)	(295,696,945)
	-	6,929,474,985	29,200,744	6,958,675,729	2,089,921,880
Less: Accumulated impairment	-	(63,365,020)	-	(63,365,020)	(63,365,020)
	-	6,866,109,965	29,200,744	6,895,310,709	2,026,556,860

19.2.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 160,448,610 (2021: Rs. 22,669,749). The expansion has been financed by term finance facilities from financial institutions as described in note 8. The rate used to determine the amount of borrowing costs eligible for capitalisation is three (3) month KIBOR plus 1% spread, reduced by the amortization of relevant deferred grant.

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

19.2.3 These include the major capital expenditure incurred on the following ongoing projects:

- Thermal power house
- Chlorine liquefaction plant
- Chlorinated paraffin wax plant

20 INTANGIBLES

	Note	2022 Rupees	2021 Rupees
Software and licenses			
Cost:			
As at 1 July		5,862,934	5,862,934
Additions during the year		32,280,721	-
As at 30 June		38,143,655	5,862,934
Accumulated amortization:			
As at 1 July		(5,862,934)	(5,531,198)
Amortization during the year	33	(1,793,373)	(331,736)
As at 30 June		(7,656,307)	(5,862,934)
Net book value		30,487,348	-
Rate of amortization		20% - 33.33%	20% - 33.33%

21 LONG-TERM DEPOSITS

	Note	2022 Rupees	2021 Rupees
Security deposits			
Financial institutions (including banks)		27,071,330	32,727,253
Others	21.1	36,077,072	28,796,002
		63,148,402	61,523,255

21.1 This includes deposit amounting to Rs. 12.24 million (2021: Rs. 12.24 million) given to electricity supply company for dedicated line.

21.2 These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.

22 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2022 Rupees	2021 Rupees
Stores, spare parts and loose tools			
In hand		425,389,137	319,229,757
In transit		137,201,605	7,461,707
Less: Provision for slow moving items	22.1	(11,125,544)	(14,154,991)
		551,465,198	312,536,473

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

	Note	2022 Rupees	2021 Rupees
Opening balance		14,154,991	3,154,991
Charge for the year	34	(3,029,447)	11,000,000
Closing balance		11,125,544	14,154,991

23 STOCK-IN-TRADE

	Note	2022 Rupees	2021 Rupees
Raw and packing material			
In hand		7,136,414,411	1,575,597,273
In transit		1,056,263,599	4,200,482,175
		8,192,678,010	5,776,079,448
Finished goods		1,854,556,506	1,663,213,581
Solar panel purchased for resale		92,939,700	-
Less: Provision for obsolescence	23.1	(29,830,148)	(21,290,548)
		1,917,666,058	1,641,923,033
		10,110,344,068	7,418,002,481

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

	Note	2022 Rupees	2021 Rupees
Opening balance		21,290,548	15,782,248
Charge for the year	31	8,539,600	5,508,300
Closing balance		29,830,148	21,290,548

24 TRADE DEBTS

	Note	2022 Rupees	2021 Rupees
Considered good - unsecured			
Due from customers	24.1	8,193,904,244	4,567,792,349
Due from associated companies	24.2	906,235	10,127,300
		8,194,810,479	4,577,919,649
Considered doubtful		95,032,217	93,127,894
Allowance for expected credit losses	24.4	(95,032,217)	(93,127,894)
		8,194,810,479	4,577,919,649

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

24.2 Trade debts from related parties are as follows:

	2022 Rupees	2021 Rupees
Nimir Chemcoats Limited	-	10,127,300
Nimir Chemicals Pakistan Limited	906,235	-

24.3 Maximum aggregate amount due from Nimir Chemcoats Limited and Nimir Chemicals Pakistan Limited at the end of any month in the year is Rs. 10,127,300 (2021: 10,127,300) and Rs. 906,235 (2021: Nil) respectively. No interest has been charged on the amounts due from associated undertakings.

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

	Note	2022 Rupees	2021 Rupees
Opening balance		93,127,894	141,621,516
Charge for the year	34	1,904,323	42,417,621
Bad debt written off		-	(90,911,243)
As at 30 June		95,032,217	93,127,894

25 LOANS AND ADVANCES

	Note	2022 Rupees	2021 Rupees
Considered good - unsecured			
Suppliers		122,858,123	89,945,266
Employees against business expenses	25.1	18,661,490	4,217,105
Employees against salary	25.2	8,481,086	7,136,404
		150,000,699	101,298,775

25.1 This includes advance given to executives amounting to Rs. 14.3 million (2021: Rs. 1.64 million). No amount has been given to CEO or Directors.

25.2 This includes advance given to executives amounting to Rs. 2.03 million (2021: Rs. 2.87 million). No amount has been given to CEO or Directors.

26 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2022 Rupees	2021 Rupees
Prepayments	22,206,862	12,445,953

27 OTHER RECEIVABLES

	2022 Rupees	2021 Rupees
Margin against bank guarantee	17,409,000	17,409,000
Margin against letters of credit	165,004,993	29,632,770
	182,413,993	47,041,770

28 TAX REFUNDS DUE FROM THE GOVERNMENT

	2022 Rupees	2021 Rupees
Income tax	1,520,057,154	984,214,141
Sales tax	1,230,488,208	89,695,569
	2,750,545,362	1,073,909,710

29 CASH AND BANK BALANCES

	Note	2022 Rupees	2021 Rupees
Cash in hand		3,477,151	1,053,106
Cash at bank			
Current accounts		238,535,253	98,686,880
Savings account	29.1	42,923,646	352,522
		281,458,899	99,039,402
		284,936,050	100,092,508

29.1 These carry mark-up rate at 6.5 % - 11.5% (2021: 5.5%) per annum.

30 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

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

	Note	2022 Rupees	2021 Rupees
Major products and services:			
Manufacturing		47,932,728,916	33,709,974,898
Toll manufacturing		1,180,670,473	693,854,624
		49,113,399,389	34,403,829,522
Less:			
Sales tax		(7,105,440,928)	(5,082,987,604)
Trade discounts		(66,491,749)	(33,740,823)
Commission		(88,169,048)	(85,537,767)
		(7,260,101,725)	(5,202,266,194)
		41,853,297,664	29,201,563,328
Local Sales		40,885,149,128	29,191,809,451
Export sales		968,148,536	9,753,877
		41,853,297,664	29,201,563,328
Geographical region:			
Pakistan - South Asia		40,885,149,128	29,191,809,451
Export Sales - Middle East		785,100,235	9,753,877
Export Sales - -Central Asia		183,048,301	-
		41,853,297,664	29,201,563,328
Timing of transfer of goods:			
Goods transferred to customers at a point in time		41,853,297,664	29,201,563,328

31 COST OF SALES

	Note	2022 Rupees	2021 Rupees
Raw and packing material consumed	31.1	33,624,388,970	23,220,914,973
Salaries, wages and benefits	31.2	800,968,210	673,272,730
Depreciation	19.5	532,851,527	576,350,057
Fuel and power		1,405,235,701	838,877,027
Stores, spares and loose tools consumed		169,980,473	168,778,491
Repairs and maintenance		44,767,212	108,604,119
Traveling, conveyance and entertainment		93,869,369	54,612,508
Communication		4,897,901	4,159,625
Insurance		46,081,994	25,428,966
Rent, rates and taxes		22,817,819	2,889,548
Printing and stationery		2,225,170	3,223,229
Provision for obsolescence of stock	23.1	8,539,600	5,508,300
Fee and consultancy charges		634,154	2,073,047
Dues, fees and subscription		4,127,199	3,693,668
Other expenses		4,312,726	3,117,283
		36,765,698,025	25,691,503,571
Add: Opening stock-finished goods	23	1,663,213,581	837,273,161
Less: Closing stock-finished goods	23	(1,947,496,206)	(1,663,213,581)
		36,481,415,400	24,865,563,151

31.1 Raw and packing material consumed

	Note	2022 Rupees	2021 Rupees
Opening Balance		5,540,956,942	4,047,795,012
Purchases		35,902,486,589	24,949,199,409
		41,443,443,531	28,996,994,421
Less: Closing Balance	23	(7,819,054,561)	(5,776,079,448)
Raw and packing material consumed		33,624,388,970	23,220,914,973

31.2 This includes Rs. 24.44 million (2021: Rs. 18.37 million) in respect of staff retirement benefits - gratuity scheme.

31.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 599.8 million (2021: Rs. 269.4 million).

32 DISTRIBUTION COSTS

	Note	2022 Rupees	2021 Rupees
Salaries, wages and benefits	32.1	114,310,864	110,165,834
Repairs and maintenance		1,259,142	362,596
Traveling, conveyance and entertainment		13,452,199	6,621,745
Communication		2,136,261	852,256
Insurance		5,035,071	2,574,206
Freight outward		136,357,316	79,166,223
Packing, carriage and forwarding		30,696,077	27,540,107
Printing and stationery		429,660	682,590
Depreciation	19.5	6,256,533	6,790,607
Sales promotion expenses		120,000	93,241
Rent, rates and taxes		134,800	-
Utilities		620,500	587,223
Dues, fees and subscription		2,135,123	350,600
Other expenses		2,953,268	20,138,228
		315,896,814	255,925,456

32.1 This includes Rs. 4.39 million (2021: Rs. 4.68 million) in respect of staff retirement benefits - gratuity scheme.

33 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Salaries, wages and benefits	33.1	261,637,225	236,697,777
Fuel and power		6,363,858	3,920,353
Repairs and maintenance		7,392,030	9,232,793
Traveling, conveyance and entertainment		36,082,580	20,671,689
Communications		17,744,230	11,398,331
Insurance		5,171,355	2,384,579
Rent, rates and taxes		6,753,936	4,806,758
Printing and stationery		6,033,605	5,660,038
Advertisement expense		3,460,892	2,406,304
Legal, professional and consultancy charge		17,357,017	14,840,033
Auditors' remuneration	33.2	4,659,904	4,611,192
Depreciation	19.5	27,072,932	19,216,058
Amortization	20	1,793,374	331,736
Dues, fees and subscription		34,447,217	29,347,311
Other expenses		21,021,227	17,580,873
		456,991,382	383,105,825

33.1 This includes Rs. 10.86 million (2021: Rs. 9.72 million) in respect of staff retirement benefits - gratuity scheme.

33.2 Auditor's remuneration

	Note	2022 Rupees	2021 Rupees
Holding Company			
Audit fee		1,800,000	1,800,000
Consolidation, reviews and certifications		954,000	954,000
Out of pocket expenses		50,000	50,000
		2,804,000	2,804,000
Subsidiary Companies			
Audit fee		1,146,000	1,096,000
Consolidation, reviews and certifications		610,000	635,192
Out of pocket expenses		80,304	76,000
		1,836,304	1,807,192
		4,640,304	4,611,192

34 OTHER EXPENSES

	Note	2022 Rupees	2021 Rupees
Workers' profit participation fund	15.4	165,123,430	156,341,594
Workers' welfare fund	15.5	56,144,481	64,349,803
Bad debts written off		59,420	-
Expected credit losses of trade debts	24.4	1,904,323	42,417,621
Provision for slow moving stores and spares	22.1	(3,029,447)	11,000,000
Foreign exchange loss / (gain)		28,092,163	(2,676,229)
		248,294,370	271,432,789

35 OTHER INCOME

	Note	2022 Rupees	2021 Rupees
Non financial assets			
Gain on disposal of property, plant and equipment	19.2	557,724	493,225
Reversal of provision		-	75,700
Grant income		14,670,974	11,569,245
Gain on extinguishment of original GIDC liability		-	10,162,332
Rental income		1,706,228	600,000
Other income		1,062,468	459,669
Scrap sales		52,390,337	28,496,013
Financial assets - amortized cost			
Profit on savings accounts		1,895,023	926,500
		72,282,754	52,782,684

36 FINANCE COST

	2022 Rupees	2021 Rupees
Mark-up on		
Long-term loans	142,924,877	103,556,473
Short-term borrowings	1,148,479,131	436,407,879
Financial charges on lease	13,210,159	13,276,617
Financial charges on GIDC unwinding	1,232,343	7,224,474
Diminishing musharaka finance	400,659	307,071
Bank charges, fee and commission	34,413,914	16,103,918
	1,340,661,083	576,876,432

37 TAXATION

	2022 Rupees	2021 Rupees
Current tax:		
Current year	1,068,155,932	867,285,443
Prior year	(82,669,669)	281,035
	985,486,263	867,566,478
Deferred tax		
Effect of rate change from prior year	125,268,075	(21,856,428)
	1,110,754,338	845,710,050

37.1 Relationship between tax expenses and accounting profit

	2022 Rupees	2021 Rupees
Accounting profit before taxation	3,082,321,369	2,901,442,359
Tax at applicable tax rate of 29% (2021: 29%)	893,873,197	841,418,284
Effect of expenses not allowed for tax	30,734,408	4,010,731
Effect of super tax	275,624,388	-
Effect of tax on export sales under Final Tax Regime	(6,807,986)	-
Effect of prior years tax	(82,669,669)	281,035
Tax expense for the year	1,110,754,338	845,710,050

38 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

38.1 Basic

	2022	2021
Profit attributable to equity holders of the parent (Rupees)	1,742,946,847	1,832,171,362
Weighted average number of ordinary shares (number)	110,590,546	110,590,546
Earnings per ordinary share (Rupees)	15.76	16.57

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	
	2022	2021
	Rupees	Rupees
Long-term deposits	36,077,072	28,796,002
Trade debts – unsecured	8,289,842,696	4,671,047,543
Loans and advances	8,481,086	7,136,404
Other receivables	182,413,993	47,041,770
Bank balances	281,458,899	99,039,402

39.1.1 Trade Debts

	2022	2021
Other than related parties		
Not yet due	6,765,041,576	2,487,723,076
Past due		
1-30 days	973,075,155	1,053,282,842
31-60 days	299,291,903	439,261,858
61-90 days	91,414,798	476,132,048
Over 90 days	160,113,028	204,520,419
	1,523,894,885	2,173,197,167
Related parties		
1-30 days	906,235	8,488,300
31-60 days	-	1,639,000
	906,235	10,127,300
	8,289,842,696	4,671,047,543

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 2022						
Expected credit loss rate	0.06%	0.42%	4.51%	8.21%	41.04%	
Estimated total gross carrying amount	6,765,041,576	973,981,390	299,291,903	91,414,798	160,113,028	8,289,842,696
Expected credit loss	4,212,974	4,108,590	13,487,305	7,507,928	65,715,420	95,032,217
As at 30 June 2021						
Expected credit loss rate	0.28%	0.20%	0.68%	6.01%	41.29%	
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 2022, trade debts of Rs. 95.03 million (2021: Rs. 93.12 million) were impaired and provided for.

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			2022	2021
	Agency	Short-Term	Long-Term	Rupees	Rupees
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	4,119,387	797,275
Allied Bank Limited	PACRA	A1+	AAA	-	-
Askari Bank Limited	PACRA	A1+	AA+	40,121	536,196
Bank Alfalah Limited	PACRA	A1+	AA+	-	-
Bank Islami Pakistan Limited	PACRA	A1	A+	737,871	1,215,900
Habib Bank Limited	JCR-VIS	A1+	AAA	14,073,118	7,873,915
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	20,065	11,744,859
Bank Al-Habib Limited	PACRA	A1+	AAA	3,531,072	2,387,633
MCB Bank Limited	PACRA	A1+	AAA	387,201	352,522
Meezan Bank Limited	JCR-VIS	A-1+	AAA	6,177,439	24,281,621
National Bank of Pakistan	JCR-VIS	A-1+	AAA	1,758,382	812,115
Industrial and Commercial Bank of China	FITCH RATINGS	A	F1+	7,559,537	770,345
Silk Bank Limited	JCR-VIS	A-2	A-	10,479	10,479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	126,626,748	568,550
The Bank of Punjab	PACRA	A1+	AA+	116,417,479	47,312,541
JS Bank Limited	PACRA	A1+	AA-	-	375,451
				281,458,899	99,039,402

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.

	Carrying values	Maturity Up to One Year	Maturity After One Year	Total
As at 30 June 2022		**Rupees**		
Long-term loans	6,134,759,621	472,173,938	5,662,585,683	6,134,759,621
Lease liabilities	152,781,085	45,273,681	107,507,404	152,781,085
Diminishing musharaka finance	525,325	525,325	-	525,325
Short-term borrowings	15,544,046,275	15,524,046,275	-	15,524,046,275
Mark up accrued	412,132,129	412,132,129	-	412,132,129
Unclaimed dividend	12,618,254	12,618,254	-	12,618,254
Trade and other payables	2,277,515,003	2,297,268,902	-	2,297,268,902
Total financial liabilities	24,534,377,692	18,764,038,504	5,770,093,087	24,534,131,591

	Carrying values	Maturity Up to One Year	Maturity After One Year	Total
As at 30 June 2021		**Rupees**		
Long-term loans	2,477,662,744	485,828,720	1,991,834,024	2,477,662,744
Lease liabilities	150,903,583	33,723,604	117,179,979	150,903,583
Diminishing musharaka finance	1,614,240	1,405,316	208,924	1,614,240
Short-term borrowings	6,943,146,874	6,943,146,874	-	6,943,146,874
Mark up accrued	115,729,031	115,729,031	-	115,729,031
Unclaimed dividend	11,059,396	11,059,396	-	11,059,396
Trade and other payables	2,061,141,933	2,061,141,933	-	2,061,141,933
Total financial liabilities	11,761,257,801	9,652,034,874	2,109,222,927	11,761,257,801

Changes in liabilities arising from financing activities

	As at 1 July 2021	Cash flows	New leases	Others	As at 30 June 2022
			Rupees		
Long-term loans	2,477,662,744	4,744,566,149	-	(1,087,469,272)	6,134,759,621
Lease liabilities	150,903,583	(48,827,233)	37,494,576	13,210,159	152,781,085
Diminishing musharaka finance	1,614,240	(1,088,915)	-	-	525,325
Short-term borrowings	6,943,146,874	8,594,681,518	-	-	15,524,046,275
Unclaimed dividend	11,059,396	(330,212,780)	-	331,771,638	12,618,254
	9,584,386,837	12,959,118,739	37,494,576	(742,487,475)	21,824,730,560

	As at 1 July 2020	Cash flows	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 liabilities	140,124,138	(54,978,003)	52,480,831	13,276,617	150,903,583
Diminishing musharaka finance	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

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. 179.51 million (2021: Rs. 81.17 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 74% (2021: 61%).

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 Chemicals Pakistan Limited	Common directorship
Nimir Energy 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	2022	2021
		Rupees	Rupees
Nimir Chemcoats Limited	Purchase of goods	31,900,928	1,562,306
	Sale of goods	51,439,529	13,209,712
	Services provided	1,933,219	600,000
	Other reimbursable expenses	1,029,309	-
Nimir Chemicals Pakistan Limited	Sale of goods	11,422,560	-
Staff retirement benefits	Contribution to gratuity fund	21,807,120	4,787,717

41 OPERATING SEGMENT INFORMATION

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees									
Revenue from contracts with customers - net	33,785,647,781	23,093,743,627	8,271,380,512	6,277,703,001	-	-	(203,730,629)	(169,883,300)	41,853,297,664	29,201,563,328
Cost of sales	(29,495,243,747)	(19,542,754,705)	(7,205,099,750)	(5,483,668,485)	-	-	218,928,097	168,114,554	(36,481,415,400)	(24,858,308,636)
Gross profit	4,290,404,034	3,550,988,922	1,066,280,762	794,034,516	-	-	15,197,468	(1,768,746)	5,371,882,264	4,343,254,692
Distribution cost	(227,418,225)	(182,112,951)	(88,839,071)	(73,812,505)	-	-	360,482	-	(315,896,814)	(255,925,456)
Administrative expenses	(377,687,055)	(315,860,706)	(80,390,304)	(67,889,549)	(327,865)	(313,170)	1,413,842	957,600	(456,991,382)	(383,105,825)
Operating profit / (loss)	3,685,298,754	3,053,015,265	897,051,387	652,332,462	(327,865)	(313,170)	16,971,792	(811,146)	4,598,994,068	3,704,223,411
Other expenses	(145,072,453)	(233,437,410)	(103,221,917)	(53,434,423)	-	-	-	5,508,300	(248,294,370)	(281,363,533)
Other income	52,443,951	41,693,483	21,849,163	16,021,190	-	-	(2,010,360)	(4,931,989)	72,282,754	52,782,684
Foreign exchange loss	-	(601,848)	-	-	-	-	-	3,278,077	-	2,676,229
Finance cost	(1,126,894,948)	(464,002,217)	(213,766,135)	(112,700,527)	-	-	-	(173,688)	(1,340,661,083)	(576,876,432)
Profit / (loss) before taxation	2,465,775,304	2,396,667,273	601,912,498	502,218,702	(327,865)	(313,170)	14,961,432	2,869,554	3,082,321,369	2,901,442,359
Taxation	(870,144,950)	(702,237,981)	(235,041,366)	(143,472,069)	-	-	(5,568,022)	-	(1,110,754,338)	(845,710,050)
Profit / (loss) for the year	1,595,630,354	1,694,429,292	366,871,132	358,746,633	(327,865)	(313,170)	9,393,410	2,869,554	1,971,567,031	2,055,732,309
Segment assets	30,128,449,637	16,268,986,203	5,963,417,444	4,303,331,960	292,911,919	293,024,184	(1,020,248,279)	(1,005,526,042)	35,364,530,721	19,859,816,305
Segment liabilities	23,949,707,627	11,344,959,803	3,637,812,445	2,233,565,600	78,956,100	78,740,500	(159,226,320)	(23,238,735)	27,507,249,852	13,634,027,168

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

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
Number of persons	1	1	2	2	51	41
			Rupees			
Remuneration	20,129,065	15,483,839	24,774,194	20,516,130	144,624,122	108,541,644
Housing	9,058,129	6,967,678	11,148,388	9,232,258	65,367,207	48,843,292
Utilities	2,012,806	1,548,483	2,477,418	2,051,612	14,461,709	10,854,064
Bonus	11,428,049	7,350,085	15,645,060	10,386,930	84,159,978	48,859,362
Gratuity	-	-	-	-	12,630,000	10,290,000
	42,628,049	31,350,085	54,045,060	42,186,930	321,243,016	227,388,362

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. 10,488,500 (2021: Rs. 7,868,000) was paid to directors for attending the meetings.

43 TOTAL NUMBER OF EMPLOYEES

	2022	2021
Number of employees as at 30 June	379	332
Average number of employees during the year	356	319

44 PRODUCTION CAPACITY IN METRIC TONS

	2022 Maximum Capacity	2022 Actual Production	2021 Maximum Capacity	2021 Actual Production
Oleo Chemicals (Metric ton)[1]	140,000	86,716	124,000	101,089
Chlor Alkali Products (Metric ton)[2]	79,000	50,446	52,000	50,479
Resin Products	45,600	30,499	45,600	33,344
Soap Finishing Line (Metric ton)[3]	54,000	38,106	54,000	37,766
Aerosol (cans)[4]	80,000,000	8,540,775	31,363,200	1,970,244
Blending[5]	-	33,605	-	32,586

1 The plant capacity increased during the year. Actual production remained lowe than last year due to market demand.

2 The plant was upgraded with latest technology in the last quarter of the financial year. The utiliztaion remained lower due to initial teething issues in the commissioning.

3 The plant capacity was underutilized due to product mix.

4 Another plant has been added for insect killer spray production in last quarter of the year. The market of both body sprays and insect killer is building gradually.

5 The plant capacity is indeterminable because it is a mult-product plant involving varying processes.

45 Corresponding figures

Corresponding figures have been re-arranged and re-classified, where necessary, for better and fair presentation. However no significant reclassifications / restatements have been made, other than the following:

Transferred from component	Transferred from component	2021 Rupees
Other expenses	Cost of sales	7,254,515
Foreign exchange gain	Other expenses	(2,676,229)
Net defined benefit liability - funded gratuity - Current liabilities	Net defined benefit liability - funded gratuity - Non-Current liabilities	128,418,646
Running finance - Short term borrowings	Local bills discounting - Short term borrowings	200,000,000

46 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on 27 September 2022 has proposed a final dividend @ Rs. 1.50 per share for the year ended 30 June 2022 (2021: Rs. 2.0) amounting to Rs. 165,885,819 (2021: Rs. 221,181,092) for approval of the members at the Annual General Meeting to be held on 28 October 2022. These financial statements do not reflect this dividend.

47 GENERAL

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

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors on Monday, September 27, 2022

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

Pattern of Shareholding

AS AT JUNE 30, 2022

	Shareholding		
No. of Shareholders	From	To	Total Shares Held
221	1	100	8,563
916	101	500	267,304
199	501	1,000	175,296
273	1,001	5,000	763,736
94	5,001	10,000	706,385
44	10,001	15,000	546,188
30	15,001	20,000	536,445
16	20,001	25,000	373,277
7	25,001	30,000	188,319
13	30,001	35,000	424,450
9	35,001	40,000	345,741
1	40,001	45,000	45,000
8	45,001	50,000	387,450
7	50,001	55,000	361,251
3	55,001	60,000	173,900
2	65,001	70,000	139,000
2	70,001	75,000	149,500
2	75,001	80,000	154,500
4	80,001	85,000	331,816
1	85,001	90,000	87,500
2	95,001	100,000	200,000
1	100,001	105,000	104,500
1	110,001	115,000	112,900
1	115,001	120,000	117,700
1	130,001	135,000	135,000
1	140,001	145,000	144,000
1	170,001	175,000	175,000
1	195,001	200,000	200,000
1	250,001	255,000	255,000
1	290,001	295,000	290,500
2	295,001	300,000	600,000
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	305,001	310,000	310,000
2	310,001	315,000	624,750
1	330,001	335,000	333,500
1	370,001	375,000	372,500

	Shareholding		
No. of Shareholders	From	To	Total Shares Held
1	460,001	465,000	461,000
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
1,883			110,590,546

S. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor childern	42,588,656	38.5102%
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	261,000	0.2360%
2.3.7	Share holders holding 10% or more	49,860,125	45.0853%
2.3.8	General Public	64,655,179	58.4636%
	1 - Local	500	0.0005%
	2 - Foreign		
2.3.9	Others (to be specified)		
	1 - Joint Stock Companies	1,659,927	1.5010%
	2 - Pension Funds	383,523	0.3468%
	3 - Investment Companies	30,600	0.0277%
	4 - Leasing Companies	24,010	0.0217%
	5 - Investment Companies	11,012	0.0100%
	6 - Others	972,339	0.8792%

Categories of Shareholding required under Code of Corporate Governance (CCG) AS AT JUNE 30, 2022

S. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties :		-	-
Mutual Funds :			
1	CDC Trustee First Capital Mutual Fund (CDC)	5,000	0.00452
2	Golden Arrow Selected Stocks Fund Limited (CDC)	255,000	0.23058
Directors and their Spouse and Minor Children :			
1	Mr. Zafar Mahmood (CDC) (Chief Executive Officer)	24,062,125	21.7578
2	Mr. Amir Jamil (CDC)	6,482,750	5.8619
3	Mr. Saeed Uz Zaman (CDC & Physical)	310,781	0.2810
4	Mr. Javed Saleem Arif (CDC)	500	0.0005
5	Mrs. Parveen Akhtar Malik (CDC)	500	0.0005
6	Mr. Tariq Ahmed Khan (CDC)	1,000	0.0009
7	Mr. Imran Afzal (CDC)	11,730,000	10.6067
8	Mr. Abdul Jaleel Shaikh (Nominee - PBICL)	-	0.0000
9	Mr. Saqib Anjum (CDC)	1,000	0.0009
Executives:		32,970,026	29.8127
Public Sector Companies & Corporations :		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds :		410,833	0.3715

S. No.	Name	Holding	%
1	Mr. Zafar Mahmood (CDC) (Chief Executive Officer)	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	Tariq Ahmad Khan	-	500
2	Salman Azamat	-	19,500

Notice of 29th Annual General Meeting

FOR THE YEAR ENDED JUNE 30, 2022

Notice is hereby given that the 29th Annual General Meeting ("AGM") of Nimir Industrial Chemicals Limited (the "Company") will be held on Friday, October 28, 2022 at 11:00 a.m., at Qaser-e-Sultan, Lahore – Faisalabad By-pass, near Housing colony, Sheikhupura to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidate) of the Company for the year ended June 30, 2022 together with Chairman's review, the reports of the Directors', Statement of Compliance (CCG) and Independent Auditors' reports thereon.

2. To approve the payment of final cash dividend of Rs. 1.50 per share (i.e. 15%) in addition to the interim dividend of Rs. 1.0 per share (i.e. 10%), in total Rs. 2.50 per share (i.e. 25%) cash dividend for the year ended June 30, 2022.

3. To appoint Auditors for the year ending June 30, 2023 and fix their remuneration. The members are hereby given the notice that the Audit Committee and the Board of Directors have recommended the re-appointment of retiring auditors M/s EY Ford Rhodes – Chartered Accountants as auditors of the Company.

By Order of the Board

Sheikhupura
October 7, 2022

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

I. Due to COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No. 5 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through it notice Ref. PSX/N-372 dated March 19, 2020 had advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at AGM through proxies.

Shareholders interested to participate in the AGM are requested to share below information at corporate@nimir.com.pk for their appointment and proxy's verification by or before Wednesday, October 19, 2022 by 05:00 p.m.

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 Wednesday, October 19, 2022 by 05:00 p.m.

II. The share transfer books of the Company shall remain closed from October 22, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Friday, October 21, 2022 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, 2022 effective from July 1, 2022, the deduction of income tax from the dividend payments shall be made on the bases of filer and non-filers as follows:

S. No.	Nature of shareholders	Rate of deduction
1	Filers of Income Tax Return	15%
2	Non-Filers of Income Tax Return	30%

Shareholders seeking exemption from deduction of income tax or are eligible at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Shareholders desiring non-deduction of Zakat are also requested to submit a valid declaration for non-deduction of Zakat.

The shareholders who have joint shareholdings held by filers or Non-filers shall be dealt separately. If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and deduction will be made accordingly.

Payment of Cash Dividend through Electronic Mode (IBAN format)

In accordance with the Section 242 of the Companies Act, 2017 cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled Shareholders. Shareholders are requested to provide their bank account details (IBAN format) to our share registrar (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be. The subject Form is available at Company's website i.e. www.nimir.com.pk. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

Availability of Audited Financial Statements on Company's Website

In accordance to Section 223 and 237 of the Company Act, 2017, the audited financial statements of the Company for the year ended June 30, 2022 have been made available on the Company's website www.nimir.com.pk/nicl/financial _ reports.html, in addition to annual and quarterly financial statements for the prior years.

Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in other cities and holding at least 10% of the total paid up capital may demand the Company to provide the facility of video link for participation in the meeting. The demand for video-link facility shall be received at Shares Registrar address given hereinabove at least 7 days prior to the date of AGM.

Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

Form of Proxy 29th Annual General Meeting

The Company Secretary
Nimir Industrial Chemicals Limited
14.8 K.M. Sheikhupura - Faisalabad Road,
Bhikhi – Dist. Sheikhupura,
Pakistan.

Ledger Folio/CDC A/C No.

Shares Held

I / We ……… of

………………...……………...…………………………...……………………………………………….……………….... being member(s) of

Nimir Industrial Chemicals Limited hereby appoint …………..........................………………………………………. of

…………...............……….……… as my/our proxy to vote for me / us …………………………………………….... on my / our behalf at the Annual General Meeting (AGM) of the Company held on Friday, October 28, 2022 at 11:00 a.m. and / or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this …………..……………….. day of ……………………………..… 2022.

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 22, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Saturday, October 21, 2022 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., Sheikhupura-Faisalabad Road,
Bhikhi, District Sheikhupura, Pakistan.
Ph: +92 56 3883001-7 • Fax: +92 56 3883010
Cell: +92 301 8221151, 301 8483950
www.nimir.com.pk

Posted Stamp

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14.8 Km., Sheikhupura-Faisalabad Road,
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Ph: +92 56 3883001-7 • +92 42 35926090-93
www.nimir.com.pk

E-Brochure

Corporate Video