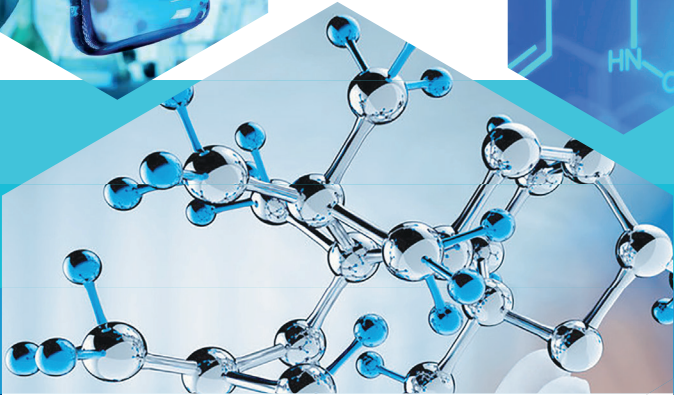
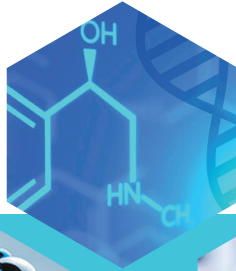


NIMIR



Nimir Resins Limited
Better life Through Chemistry

Annual Report
2022



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Company Information

Board of Directors

Sheikh Amar Hameed	- Chairman
Mr. Zafar Mahmood	- Chief Executive Officer
Mr. Muhammad Yahya Khan	
Mr. Abdul Jalil Jamil	
Mr. Osman Hameed	
Mr. Pervaiz Ahmad Khan	
Mrs. Nazia Qureshi	

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

Auditors

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Audit Committee

Mr. Pervaiz Ahmad Khan	- Chairman
Mr. Abdul Jalil Jamil	- Member
Mr. Osman Hameed	- Member

Human Resources & Remuneration Committee

Mrs. Nazia Qureshi	- Chairperson
Sheikh Amar Hameed	- Member
Mr. Zafar Mahmood	- Member

Bankers

The Bank of Punjab
Habib Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited
Soneri Bank Limited
Al Baraka Bank (Pakistan) Limited
Pak Brunei Investment Company Limited
Meezan Bank Limited
JS Bank Limited
Bank Islami Pakistan Limited

Legal Advisors

M/s Hassan & Hassan
Advocates

Share Registrar

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

Registered Office / Plant - 1

14.5 Km, Lahore-Sheikhupura Road,
Lahore, Pakistan.
Tel : +92 42 37971512-14
Fax: +92 42 37970229

Plant – 2

14.8 Km, Sheikhupura-Faisalabad Road,
Bhikhi, Dist. Sheikhupura. Pakistan.
Tel : +92 56 3883001 – 7
Fax: +92 56 3883010

Head Office

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

Web Site

www.nimir.com.pk



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

Our Vision



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.

Moving Confidently into the future

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

During the year 2021-2022 market volatility increased due to economic uncertainty and political instability in our country. Further an unprecedented increase in international commodity prices made operating performance even more difficult.

In spite of the above the Net Turnover of Nimir Resins Limited has increased by 31% to Rs.9.67 Billion. Gross Profit increased by 35% to Rs. 1.07 Billion and, more importantly, the Gross Profit ratio also increased which shows that the management maintained competitive pricing and efficient purchasing of raw materials. Diversification of our product range also contributed to the improvement in the Gross Profit percentage. Net Profit, although higher than last year, increased by only 2% largely due to the very significant increase in finance costs which were more than double of last year.

Effects of higher international commodity prices were compounded by devaluation of our currency and this resulted in a very substantial increase in bank borrowings. Management is to be commended for successfully raising additional working capital to sustain the growth in sales.

The company's Balance Sheet shows that our borrowings were more than double of last year for reasons mentioned above. In spite of this the Net Worth of the company increased by nearly Rs.400 million.

Your company's management is aware that the current year 2022-2023 will pose many challenges due to international pressure on prices and economic difficulties at home but is determined to continue the company's growth trajectory. This the management is committed to do whilst adhering to strong ethical values and social responsibility.

On behalf of the Board, I express my sincere appreciation to our customers, management, employees, suppliers and all other stakeholders, who have supported the Company's growth and business performance. Together we hope to achieve even better results in the coming fiscal year Inshallah. May Allah continue to bless us. Ameen.

May Allah keep us all blessed.



A handwritten signature in black ink, appearing to read 'Amar Hameed', written over a horizontal line.

Sheikh Amar Hameed
Chairman



The future is now

I am pleased to report that despite the market volatility and global challenges, Nimir Resins Limited continued the momentum of growth during the fiscal year 2022.

The top growth remained 31%, consistent with last years and company's gross sale turnover increased to PKR 10 billion. The gross and operating profits of the company increased by 35% and 39% respectively which eventually resulted into an EPS of PKR 2.60 during the fiscal year ended June 30, 2022.

The devastating floods have further deteriorated the already struggling economy. The government has adopted the policy of restricting imports within available foreign exchange, which is helping to maintain a positive balance of payment but resulting in constant depreciation of Rupee. The rising inflation, higher interest rate and cost of utilities would pose pressure on demand.

The international volatility in the feedstock prices may affect the margins. Our well-diversified product portfolio, however, would continue to help us in meeting these challenges. My team and I are fully committed to produce the best possible results under the situation during the coming financial with the aim to continue enhancing the stakeholders' value, Insha'Allah.

I would like to express my sincere gratitude all our stakeholders for their incessant support and consideration in these arduous times. We are confident that our plans for next year will further strengthen our competitiveness and secure our sustainability in the long-term, Insha'Allah.

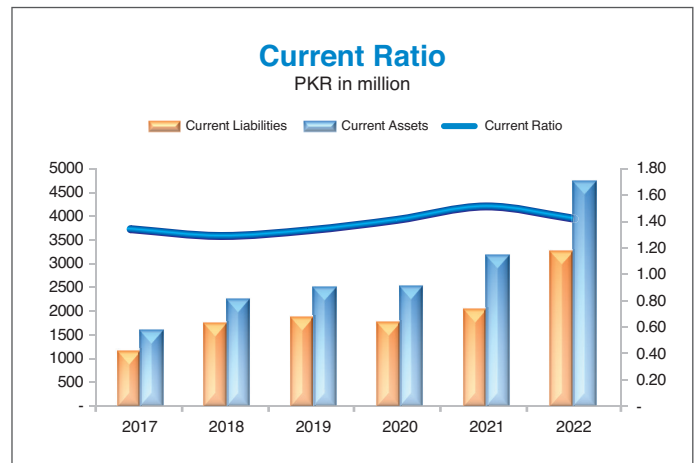
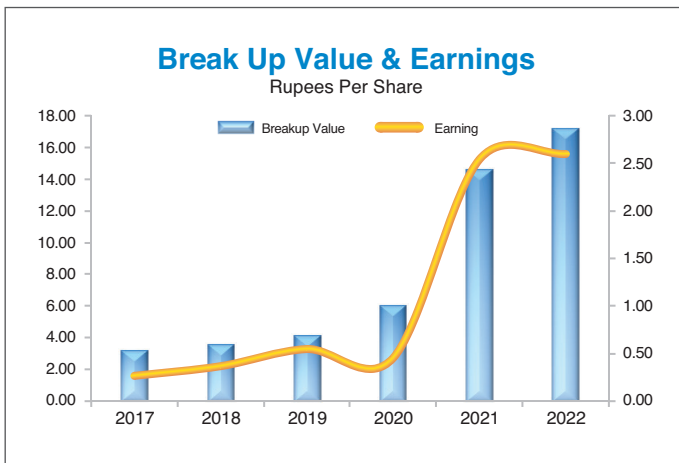
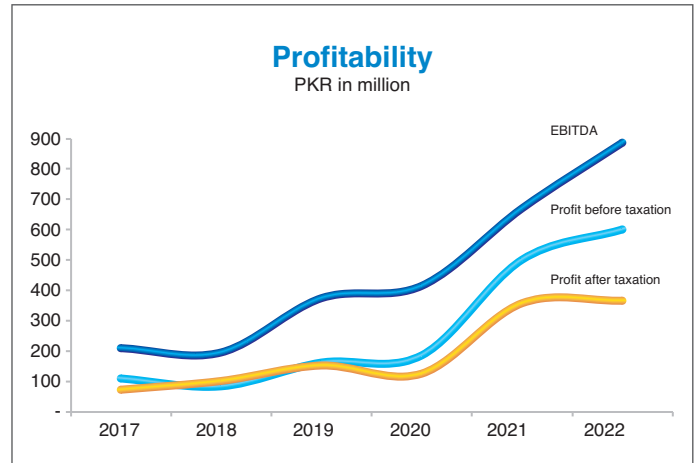
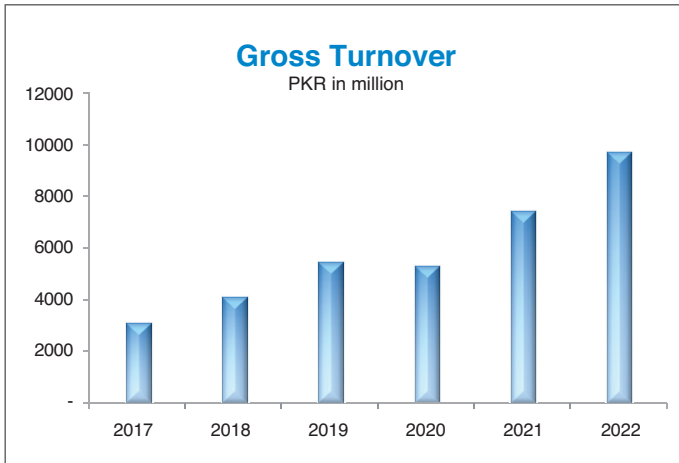


Zafar Mahmood
Chief Executive Officer

Our Performance

PKR"Million"

	2017	2018	2019	2020	2021	2022
Gross Turnover	3,041	4,067	5,424	5,298	7,405	9,753
Net Sales	2,669	3,580	4,883	4,499	6,278	8,271
Gross Profit	297	330	500	506	794	1,075
Operating Profit	219	236	389	394	652	906
Profit Before Tax	111	85	164	187	502	602
Profit after Tax	74	103	154	127	359	367
EBITDA	210	196	375	415	670	887
Long term loans and Leases	2	5	5	23	122	178
Equity	910	1,011	1,166	1,712	2,070	2,433
Current Assets	1,581	2,260	2,515	2,532	3,175	4,745
Current Liabilities	1,166	1,747	1,870	1,758	2,032	3,271
Current Ratio	1.36	1.29	1.34	1.44	1.56	1.45
Number of Shares (in Million)	277	283	283	283	141	141
Breakup value per share-Rupees	3.18	3.54	4.09	6.02	14.57	17.14
Earning per share-Rupees	0.26	0.36	0.54	0.45	2.54	2.60

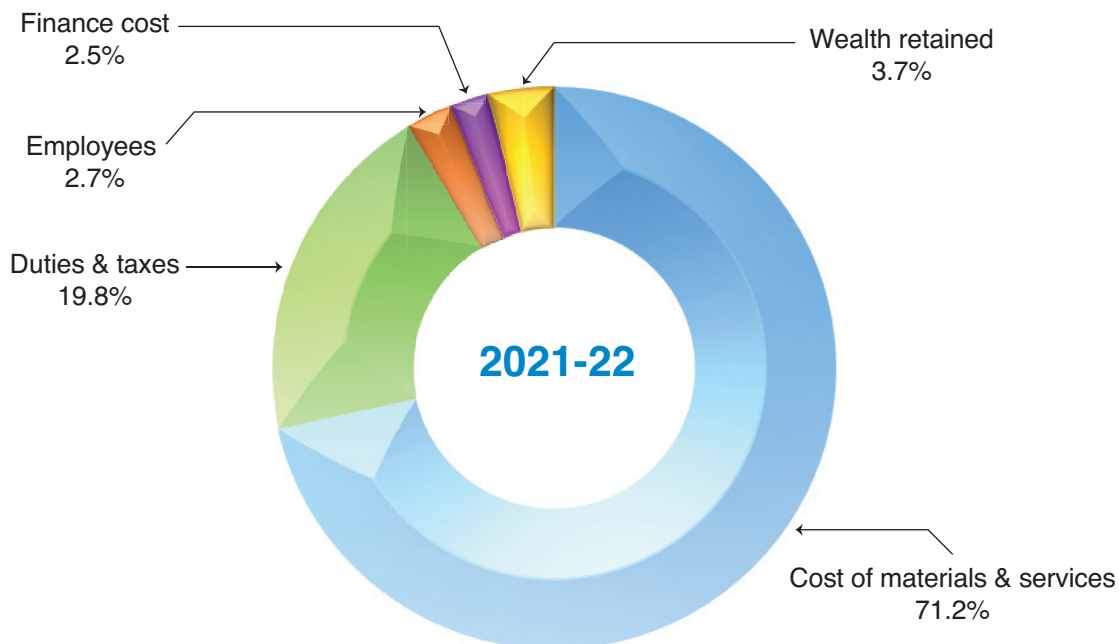


Wealth Generated and Distributed

For The Year Ended June 30, 2022



	2022	
	Rs in million	Percentage
Wealth Generated		
Sales with sales Tax	9,753	99.8%
Other operating profit	22	0.2%
	<u>9,775</u>	<u>100.0%</u>
Distribution of Wealth		
Cost of materials & services	6,959	71.2%
Duties & taxes	1,939	19.8%
Employees	261	2.7%
Finance cost	249	2.5%
Wealth retained	366	3.7%
	<u>9,775</u>	<u>100.0%</u>
	-	-



Year at a Glance 2021-2022

Performance Parameters	2021	2022
	Rs in million	
Sales	6,278	8,271
Gross Profit	794	1,075
Operating profit	652	906
Finance Cost	113	214
Profit before taxation	502	602
Profit after taxation	359	367
EBITDA	670	887
Current Ratio	1.56	1.45
Long term Borrowings to Equity Ratio	5.5 : 94.5	6.8 : 93.2
Interest coverage Ratio	5.46	3.82
Earning per share-Rupees	2.54	2.60
Breakup value per share- Rupees	14.57	17.14

31.8%

Increase in
Net Sales

35.4%

Increase in
Gross Profit

38.8%

Increase in
operating Profit

19.9%

Increase in
Profit before Tax

2.3%

Increase in
Profit after Tax

32.3%

Increase in
EBITDA

Key Operating & Financial Data for Last Six Years

	2017	2018	2019	2020	2021	2022
	Rs in million					
Summary of Profit and Loss						
Net Sales	2,669	3,580	4,883	4,499	6,278	8,271
Gross Profit	297	330	500	506	794	1,075
Operating profit	219	236	389	394	652	906
Finance Cost	61	75	168	185	113	214
Profit before taxation	111	85	164	187	502	602
Profit after taxation	74	103	154	127	359	367
EBITDA	210	196	375	415	670	887
Financial Position						
Share Capital	1,383	1,413	1,413	1,413	1,413	1,413
Net Worth	910	1,011	1,166	1,712	2,070	2,433
Long term borrowings	2	5	5	23	122	178
Deferred Liabilities	28	15	11	36	80	82
Current Liabilities	1,166	1,747	1,870	1,758	2,032	3,271
Total Equity and Liabilities	2,106	2,778	3,052	3,529	4,303	5,963
Non Current Assets	526	518	537	997	1,128	1,219
Current Assets	1,581	2,260	2,515	2,532	3,175	4,745
Total Assets	2,106	2,778	3,052	3,529	4,303	5,963
Investor Information						
Gross profit margin	11.14%	9.21%	10.24%	11.24%	12.65%	12.99%
Pre tax margin	4.16%	2.38%	3.35%	4.16%	8.00%	7.28%
Net profit margin	2.79%	2.88%	3.15%	2.83%	5.71%	4.44%
Current Ratio	1.36	1.29	1.34	1.44	1.56	1.45
Long term Borrowing to Equity Ratio	0.2 : 99.8	0.5 : 99.5	0.5 : 99.5	1.3 : 98.7	5.5 : 94.5	6.8 : 93.2
Interest cover (Times)	2.82	2.13	1.98	2.01	5.46	3.82
Earnings per share-Rupees	0.26	0.36	0.54	0.45	2.54	2.60
Breakup value per share-Rupees *	3.18	3.54	4.09	6.02	14.57	17.14

* Breakup value is calculated after excluding share deposit money from net worth.

* Share Face value was increased from Rs 5 To Rs 10 Per Share during the Year 2021-22

Core Business at a Glance

Coatings, Emulsions & Polyesters	Coatings & Emulsions	<p>One of the Leading & Oldest manufacturer of Resins, Emulsions & Additives for the Coatings industry. Range include following products.</p> <ul style="list-style-type: none"> • All types of Alkyd Resins & Modified Alkyds for Decorative, Refinish & OEM Paints. • Amino Resins, Saturated Polyesters, Epoxy ester & Urethane Alkyds. • Rosin modified Maleic & Phenolic Resins. • Thermo plastic, Thermo setting & Acrylic Polyol Resins. • Metal Driers (Cobalt, Zirconium & Calcium) • Acrylic, Styrene Acrylic & PVA Emulsion binders. • Wetting Agent, Antifoam, Liquid polymeric Pigment & Emulsifiers.
	Unsaturated Polyester Resins	<p>A complete line of Resin products for composites.</p> <ul style="list-style-type: none"> • General purpose & Gel Coat Resins for Tanks, Ducts, Pipes, sheets & Articles. • Chemicals Resistant Resin. • Filament Winding Resin, Pigment dispersion Resin & Accelerator catalyst. • Promoted & Non promoted Resins.
Textile, Paper, Adhesives, Solvents & Monomers	Textile Chemicals / Auxiliaries	<p>Complete range of specialty chemicals for pre-treatment and finishing for textile industry including.</p> <ul style="list-style-type: none"> • Textile Auxiliaries • Optical Brighteners • Binders and PVAs • PVAs for finishing • Binders for non-woven & woven interlining
	Pulp & Paper Chemicals	<p>Manufacturing all sizing solutions for paper industry including Alkaline, Alkyl Ketene Dimer (AKD) Neutral and Acidic sizing Coating Chemicals.</p> <ul style="list-style-type: none"> • Specialty Chemicals • Optical Brightening Agent • Sizing Agents • Antifoam • Dispersing Agent
	Adhesives	<ul style="list-style-type: none"> • Food grade packaging • Flexible packaging • Laminate glue
	Solvents & Monomers	<ul style="list-style-type: none"> • Providing tailor made solutions. • Liquid Formulations



Directors' Report

The Board of Directors of Nimir Resins Limited (the "Company") feels pleasure in presenting to you the 58th Annual Report along with the Audited financial statements for the year ended June 30, 2022.

The global economy was recovering at a good pace after COVID-19, but this situation did not last long as the Ukraine dispute ignited a war, causing restriction in supply of fuel and food from Russia and Ukraine respectively. Reduction in supplies resulted in the rise of energy and food prices; the effects of which are felt by the common people globally. Pakistan has also suffered seriously and its import bill jumped to USD 80 billion in the financial year 2022. Despite record exports and remittances, fiscal deficit widened to USD 18 billion, which resulted in shortage of foreign exchange in the country and eventually massive devaluation of PKR.

The floods resulted by unprecedented monsoon rain, played havoc with the people of Pakistan, resulting into death of thousands of people, loss of millions of houses, acute damage to infrastructure and huge loss of ready to harvest crops. All these combined are expected to further push down the already slow growth rate during the financial year 2023.

As a result of the reasons described above the inflation in Pakistan is at record high level and is not expected to come down significantly this year. To counter the rising inflation rate SBP has increased the discount rate to 15%.

Operating Results

In spite of all the challenges, your Company has shown encouraging performance during the year ended June 30, 2022. The results are summarised below:

	2022	2021	Change
	PKR Million		
Gross Sales	9,753	7,405	31.0%
Gross Profit	1,075	794	35.4%
Operating Profit	906	652	39.0%
Profit After Taxation	367	359	2.2%
Earnings Per Share (PKR)	2.60	2.54	2.2%

Nimir Resins Limited has shown significant growth in its gross sale turnover, which grew by an impressive 31% year-on-year mainly on the back of high international prices. The Operating Profit grew by 39% but due to massive increase in financial cost, the before tax profit could grow by 19%. The tax expense also grew by 64% mainly due to Super Tax imposed by the Government at the rate of 10% under the Finance Act 2022 from the Tax year 2023 onward, pushing the Profit after taxation growth to just over 2.2%.

Future Outlook

Record high inflation, high interest rates, foreign currency fluctuation and political/ economic uncertainty will remain challenging and may affect overall economic activity and Company performance.

Despite all these facts, your management is committed to produce the best possible results during the financial year 22-23 and continue enhancing the stakeholders' value, Insha'Allah.

Credit Rating

PACRA (Pakistan Credit Rating Agency) has maintained the credit rating of the Company at A - for long-term and A 2 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 of routine nature.

Retirement Benefit Schemes

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

Board of Directors

Currently, the Board of Directors consists of seven members – six male and one female. Out of these directors, one is executive, four are non-executive, and two are independent.

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. Pervaiz Ahmad Khan Chairman, Independent Director
2. Mr. Abdul Jalil Jamil Member, Non-Executive Director
3. Mr. Osman Hameed Member, Non-Executive Director

Human Resource and Remuneration Committee:

1. Mrs. Nazia Qureshi Chairperson, Independent Director
2. Sheikh Amar Hameed Member, Non-Executive Director
3. Zafar Mahmood Member, Executive Director

During the fiscal year, four (4) Board, four (4) Audit Committee, and one (1) Human Resource & Remuneration Committee meetings were held. Attendance by each director is as follows:

Name of Director	Board of Directors	Audit Committee	HR & R Committee
Sheikh Amar Hameed	4 / 4	-	1 / 1
Zafar Mahmood	4 / 4	-	1 / 1
Abdul Jalil Jamil	4 / 4	3 / 4	-
Pervaiz Ahmad Khan	4 / 4	4 / 4	-
Muhammad Yahya Khan	4 / 4	-	-
Osman Hameed	4 / 4	4 / 4	-
Nazia Qureshi	4 / 4	-	1 / 1

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 CCG. It is also important to recognize the key role played by the sub-committees in assisting Board of Directors in performing their duties.

Directors' Remuneration Policy

Executive Directors' remuneration is paid in line with the Company's

formal policy, approved by the Board of Directors which is in accordance with the Companies Act, 2017 and the CCG. 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 by the Code of Corporate Governance (incorporated in the Listing Rules of the stock exchanges in the country), the Board of Directors is pleased to state:

- 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 control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt on the company's ability to continue as a going concern.
- There has been no material departure from best practices of 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 following good corporate governance, 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 without prejudice. Its Health, Safety, and environmental (HSE) policies are geared towards the betterment of employees and community.

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

External Auditors

The present auditor, Crowe Hussain Chaudhury and Company, Chartered Accountant, who is retiring this year, have offered themselves for re-appointment. Being eligible, the audit committee

has recommended the reappointment of Crowe Hussain Chaudhury and Company, Chartered Accountant as the external auditor of the Company for the year ending June 30, 2022.

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 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.

Dividend / Bonus Shares

The Board, after examining the financial position of the Company, have decided to keep the company liquid to the maximum possible extent under the current difficult economic situation. Hence no dividend was recommended for the year ended June 30, 2022.

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 Executives and their spouses and minor children during the year except those which are mentioned in the annexed statement required under the Code of Corporate Governance.

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 regulators, customers, banks, suppliers, contractors, and shareholders for their excellent support and confidence. We also thank our employees for their focussed dedication and hard work throughout this period.

For and on behalf of the Board



Zafar Mahmood
Chief Executive Officer



Muhammad Yahya Khan
Director

Lahore,
September 26, 2022

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 (آڈٹ کمیٹی اور ایومس ریویورس اینڈ ریٹرنیشن کمیٹی) 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 رہی 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 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 ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کساد 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 موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- بقایا ایکسیسز اور ایویز کا مالی حسابات کے نوٹ میں انکشاف کیا گیا ہے۔

کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے لئے پُر عزم ہے، اور بہترین طریقوں کے مطابق عمل کرنے کے لئے مناسب اقدامات کئے گئے ہیں۔ تاہم کمپنی کی انتظامیہ کمپنیز ایکٹ 2017 کی روشنی میں داخلی کنٹرول کے نظام کا مسلسل جائزہ لینے کے لئے پُر عزم ہے۔

کارپوریٹ سماجی ذمہ داریاں

کمپنی کمیونٹی کے ایک اہم رکن کے طور پر اپنی سماجی ذمہ داریوں کو تسلیم کرتی ہے۔ یہ غیر جانبدارانہ 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 بہتری کے لئے تیار کی گئی ہیں۔

کمپنی ماحول دوست، مصنوعات اور خدمات کو یقینی بناتی ہے اور اپنے ملازمین اور کمیونٹی کے درمیان ماحولیاتی شعور کو فروغ دیتی ہے۔ یارڈ گرد کی کمیونٹی سے ملازمین کو ترجیح دینی اور تکنیکی اداروں کو انٹرنیشنل اور پرنٹس شپ کے مواقع پیش کرتی ہے۔ یہ مختلف تعلیمی اداروں کے طالب علموں کی طرف سے دوروں اور شجر کاری وغیرہ کی حوصلہ افزائی کرتی ہے۔ کمپنی ملک میں تعلیم کو فروغ دینے کے لئے ملازمین کے ضرورت مند بچوں کی مدد بھی کرتی ہے۔

بیرونی محاسب

موجودہ محاسب میسرز کرو حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، اس سال سبکدوش ہو رہے ہیں، نئے 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 کرو حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

داخلی مالیاتی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر 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 آڈٹ کو جمع کرائی گئی ہے، جس نے تصدیق کی ہے کہ متعلقہ فریقوں کے ساتھ تمام لین دین یا انتظامات عام معمول میں انجام پائے اور بورڈ کی آڈٹ کمیٹی کو ہر سہ ماہی میں قابل رسائی بنیاد پر منعقد کئے گئے ہیں۔ آڈٹ کمیٹی کے جائزے کے بعد تمام متعلقہ فریقوں کے ساتھ لین دین یا انتظامات غور و خوض اور ان کی منظوری کے لئے بورڈ آف ڈائریکٹرز کے زور دہرے کئے گئے۔

ڈیویڈنڈ پالیسی

بورڈ نے کمپنی کی مالی حیثیت کا جائزہ لینے کے بعد موجودہ اقتصادی حالات کے پیش نظر کمپنی کی لیکویڈیٹی کو زیادہ سے زیادہ ممکنہ سطح تک برقرار رکھنے کا فیصلہ کیا ہے۔ چنانچہ بورڈ نے 30 جون 2022ء کے لئے کوئی ڈیویڈنڈ جاری نہ کرنے کی سفارش کی ہے۔

نمونہ حصص داری

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

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

اظہار تشکر

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

منجانب بورڈ



محمد یحییٰ خان

ڈائریکٹر



ظفر محمود

چیف ایگزیکٹو آفیسر

لاہور

26 ستمبر 2022ء

ڈائریکٹرز رپورٹ

نمر ریزنر لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز 30 جون 2022ء کو ختم ہونے والے سال کے لئے 58 ویں سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

COVID-19 کے بعد عالمی معیشت بہتر رفتار سے بحال ہو رہی تھی، لیکن یہ صورت حال زیادہ دیر تک قائم نہیں رہی کیونکہ یوکرائن کے تنازع نے جنگ کی آگ بھڑکادی، جس کی وجہ سے بالترتیب روس اور یوکرین سے ایندھن اور خوراک کی فراہمی پر پابندی لگ گئی۔ سپلائی میں کمی کے نتیجے میں توانائی اور خوراک کی قیمتوں میں اضافہ ہوا۔ جس کے اثرات عالمی سطح پر عام لوگ محسوس کر رہے ہیں۔ پاکستان کو بھی شدید نقصان اٹھانا پڑا اور مالی سال 2022 میں اس کا درآمدی بل 80 بلین امریکی ڈالر تک پہنچ گیا۔ ریکارڈ برآمدات اور ترسیلات زر کے باوجود مالیاتی خسارہ بڑھ کر 18 بلین امریکی ڈالر تک پہنچ گیا، جس کے نتیجے میں ملک میں زرمبادلہ کی کمی اور بلاخر پاکستانی روپیہ کی قدر میں بڑے پیمانے پر کمی واقع ہوئی۔

مومن سون کی بہت زیادہ بارشوں کے نتیجے میں آنے والے سیلاب نے پاکستان کے لوگوں کو تباہ کر دیا، جس کے نتیجے میں ہزاروں افراد ہلاک، لاکھوں مکانات کا نقصان، بنیادی ڈھانچے کو شدید نقصان پہنچا اور فصلوں کی کٹائی کے لیے تیار فصلوں کو بہت زیادہ نقصان پہنچا۔ ان سب کو ملا کر مالی سال 2023 کے دوران پہلے سے ہی سست شرح نمو مزید کم ہونے کی توقع ہے۔

اوپر بیان کردہ وجوہات کے نتیجے میں پاکستان میں مہنگائی ریکارڈ بلند سطح پر ہے اور اس سال اس میں خاطر خواہ کمی کی توقع نہیں ہے۔ مہنگائی کی بڑھتی ہوئی شرح کو روکنے کے لیے اسٹیٹ بینک نے ڈسکاؤنٹ شرح کو بڑھا کر 15 فیصد کر دیا ہے۔

کاروباری نتائج

تمام مشکلات کے باوجود، آپ کی کمپنی نے 30 جون 2022 کو ختم ہونے والے سال کے دوران حوصلہ افزاء کارکردگی کا مظاہرہ کیا ہے۔ نتائج کا مختصر خلاصہ درج ذیل ہے:

روپے بلین	2021	2022	تبدیلی
فروخت کی آمدنی	7,405	9,753	31.0%
مجموعی منافع	794	1,075	35.4%
آپریٹنگ منافع	652	906	39.0%
ٹیکس کے بعد منافع	359	367	2.2%
فی شیئر آمدنی (روپے)	2.54	2.60	2.2%

نمر ریزنر لمیٹڈ نے اپنی مجموعی فروخت آمدنی میں غیر معمولی نمو ظاہر کی ہے، جو بنیادی طور پر زیادہ بین الاقوامی قیمتوں کی بناء پر مجموعی 31% سالانہ بڑھی ہے۔ آپریٹنگ منافع 39% تک زیادہ ہوا لیکن مالی لاگت میں بہت زیادہ اضافہ کی وجہ سے ٹیکس سے قبل منافع صرف 19% تک زیادہ ہوا۔ ٹیکس اخراجات بھی ٹیکس سال 2023 سے آن ورڈ فنانشل ایکٹ 2022 کے تحت 10% کی شرح پر حکومت کی طرف سے عائد کردہ سپر ٹیکس کی وجہ سے 64% تک بڑھ گئے، جس کی بدولت ٹیکس کے بعد منافع صرف 2.2% تک رہا ہے۔

مستقبل کا نقطہ نظر

ریکارڈ بلند افراط زر، بلند شرح سود، غیر ملکی کرنسی میں اتار چڑھاؤ اور سیاسی/معاشرتی غیر یقینی صورتحال چیلنجنگ رہے گی اور مجموعی اقتصادی سرگرمی اور کمپنی کی کارکردگی کو متاثر کر سکتی ہے۔

ان حقائق کے باوجود، انتظامیہ مالی سال 2022 دوران بہترین ممکنہ نتائج پیدا کرنے اور اسٹیک ہولڈرز کی قدر بڑھانا جاری رکھنے کے لیے پرعزم ہے، انشاء اللہ۔

کریڈٹ ریٹنگ

PACRA (پاکستان کریڈٹ ریٹنگ ایجنسی) نے کمپنی کی کریڈٹ ریٹنگ طویل مدتی - A اور مختصر مدتی A2 برقرار رکھی ہے۔

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۔

ریٹائرمنٹ کے فوائد کی سکیمنیں:

کمپنی اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 12 پر درج، ایک فنڈ ڈگریجویٹ اسکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

فی الحال بورڈ آف ڈائریکٹرز سات (7) ارکان، چھ مرد اور ایک خاتون ڈائریکٹر پر مشتمل ہے۔ ان سات ڈائریکٹرز میں سے ایک (1) ایگزیکٹو، چار (4) نان ایگزیکٹو اور دو (2) آزاد ڈائریکٹر ہیں۔ بورڈ کی دو ذیلی کمیٹیاں یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریسرچ کمیٹی ہیں۔ ان دو کمیٹیوں کی ترتیب حسب ذیل ہے:

آڈٹ کمیٹی:

- 1- جناب پرویز احمد خان چیئر مین (آزاد ڈائریکٹر)
- 2- جناب عبدالجلیل جمیل رکن (نان ایگزیکٹو ڈائریکٹر)
- 3- جناب عثمان حمید رکن (نان ایگزیکٹو ڈائریکٹر)

ہیومن ریسورس اینڈ ریسرچ کمیٹی:

- 1- محترمہ نازیہ قریشی چیئر پرسن (آزاد ڈائریکٹر)
- 2- شیخ عامر حمید رکن (نان ایگزیکٹو ڈائریکٹر)
- 3- جناب ظفر محمود رکن (ایگزیکٹو ڈائریکٹر)

زیر جائزہ سال کے دوران چار (4) بورڈ، چار (4) آڈٹ کمیٹی اور ایک (1) ہیومن ریسورس اینڈ ریسرچ کمیٹی کے اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریسرچ کمیٹی
شٹ نامر عبید	4/4	-	1/1
ظفر محمود	3/4	-	1/1
عبدالجلیل جمیل	4/4	4/4	-
پرویز احمد خان	4/4	4/4	-
محمد جمیل خان	4/4	-	-
عثمان حمید	4/4	4/4	-
محترمہ نازیہ قریشی	4/4	-	1/1

بورڈ کی تشکیلات

کوڈ آف کارپوریٹ گورننس (سی سی جی) اوپنیشنز ایکٹ 2017 کے مطابق بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی تشکیلات کی گئی۔ بورڈ کی مدد ملی کمیٹیوں، یعنی آڈٹ کمیٹی اور ایچ آر اینڈ آرمینٹ کمیٹی کے ذریعے کی جاتی

Statement of Compliance with the Listed Companies

(Code of Corporate Governance) Regulations, 2019 For the Year Ended June 30, 2022

Nimir Resins Limited (the “Company”) has complied the requirement of the Regulations in the following manner:

Note: The Board is reconstituted after the election in December 2019.

1. The total number of directors is 07 as detailed below:

a. Male : 06

b. Female : 01

2. The composition of the board is as follows:

S. No.	Category	Name
1	Independent Director*	1. Mr. Pervaiz Ahmad Khan 2. Mrs. Nazia Qureshi
2	Executive Director	1. Mr. Zafar Mahmood - Chief Executive Officer
3	Non- Executive Director	1. Sheikh Amar Hameed - Chairman 2. Mr. Abdul Jalil Jamil 3. Mr. Muhammad Yahya Khan 4. Mr. Osman Hameed
4	Female Director	1. Mrs. Nazia Qureshi

*The fraction one third number was not rounded up to one as the two independent directors have sufficient experience to satisfy the need of the governance structure of the Company.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company.
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- 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.
- 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.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
- During the year Chief Executive Officer / Executive Director of the existing Board and Chief Financial Officer and Company Secretary also had successfully completed their respective training under Directors’ Training Program.
- The board has approved appointment of CFO including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Company Secretary and Head of Internal Audit have remained unchanged during the year.
- CFO and CEO duly endorsed the financial statements before approval of the board.
- The Board has formed committees comprising of members given below:



I. Audit Committee:

- I. Mr. Pervaiz Amad Khan – Chairman
- II. Mr. Abdul Jalil Jamil
- III. Mr. Osman Hameed

II. HR and Remuneration Committee:

- I. Mrs. Nazia Qureshi – Chairperson
- II. Sheikh Amar Hameed
- 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

One yearly, one half yearly and two quarterly meetings were held during the financial year ended June 30, 2022.

II. HR & Remuneration Committee

One meeting 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, chief financial officer, head of internal audit, company secretary or director of the company;

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

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

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

For **Nimir Resins Limited**

Sheikh Amar Hameed
Chairman

Zafar Mahmood
Chief Executive Officer

Lahore
September 26, 2022

Independent Auditors' Review Report to the Members on Statement of Compliance with the CCG

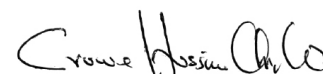
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nimir Resins Limited ("the Company") for the year ended June 30, 2022 in accordance with the requirements of regulation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



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
September 26, 2022
UDIN: CR202210169NrFg9kmQe

Independent Auditors' Report to the Members

For the Year Ended June 30, 2022

Opinion

We have audited the annexed financial statements of **NIMIR RESINS LIMITED (the Company)**, which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, its 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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 is the Key Audit Matter:

Key Audit Matters	How the Matter was Addressed in our Report
1. Trade receivables and revenue	
Refer to note 23 to the financial statements. As at June 30, 2022, the Company's gross trade receivables were Rs. 2,007 million against which provision of Rs. 73.15 million had been recognized. We identified valuation of trade receivables as key audit matter as it involves management judgement in applying the expected credit loss. Refer to note 3.16 & 28 to the financial statements. The revenue of the Company had increased from Rs. 6,277.703 million to Rs. 8,271.381 million for the year ending June 30, 2022. The Company is primarily engaged in manufacturing and sale of chemicals. We identified recognition of revenue as a key audit matter due to significant increase in revenue from last year.	Our key audit procedures included: expected credit loss on trade receivables Testing the accuracy of aging report, on sample basis, by comparing individual balances in the report with underlying documentation Checked receipts from customers to whom sales were made on sample basis Assessing the appropriateness of assumptions and estimates made by management for expected credit loss by comparing, on sample basis, historic cash collection, actual write offs and cash receipts from customers subsequent to the reporting date Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and, on a sample basis, tested the operating effectiveness of those controls Assessed the appropriateness of the Company's revenue recognition policies and its compliance with applicable financial

Independent Auditors' Report to the Members
For the Year Ended June 30, 2022

Key Audit Matters	How the Matter was Addressed in our Report
	<p>accounting and reporting standards</p> <p>Reviewed transactions recorded, on sample basis, during the year and compared sales invoices with customers' orders, delivery orders and other relevant underlying documents</p> <p>Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the relevant period</p> <p>Checked that the presentation and disclosure related to trade receivables and revenue are in accordance with applicable accounting and reporting standards.</p>
<p>2. Stock in trade</p>	
<p>Refer to note 3.6 & 22 to the financial statements which reflect inventories as at the reporting date. Inventories have increased from Rs. 1468.2 million to Rs. 2,291.4 million as at June 30, 2022.</p> <p>We identified this area as a key audit matter because there was a material increase in inventories as at the year end. Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involve management judgment and estimation.</p>	<p>Our key audit procedures included:</p> <p>Inquired and assessed the design and operating effectiveness of the Company's internal controls over inventory</p> <p>Observed physical inventory count procedures as at the year end and compared physically counted inventories with closing valuation sheets provided by the management</p> <p>Inspected purchase documents on sample basis to check quantity and value of certain closing stock</p> <p>Checked and evaluated the accuracy of valuation of closing stock</p> <p>Compared the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards</p> <p>Assessed the provision for slow moving stocks as at the reporting date and assessed whether it is in accordance with the Company's policy and relevant accounting and reporting standards</p> <p>Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards</p>
<p>3. Short term borrowing</p>	
<p>Refer to note 15 to the financial statements which reflect short term borrowing as at the reporting date. Short term borrowing have increased from Rs. 1,060.307 million to Rs. 2,483.518 million as at June 30, 2022.</p> <p>We identified this area as a key audit matter because short term borrowing constitute significant portion of total liabilities of the Company.</p>	<p>Our key audit procedures included:</p> <p>Obtained facility wise and institution wise break of short term borrowings</p> <p>Circularized and obtained bank confirmation to verify closing balances as appearing in financial statements</p> <p>Obtained and reviewed facility letters to verify terms and conditions as agreed including identification of material covenant in those letters to assess impact on the financial statements</p> <p>Checked and verified related calculations of finance cost, on sample basis, using rates as agreed in facility letters</p> <p>Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards</p>



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditors' Report to the Members

For the Year Ended June 30, 2022

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

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

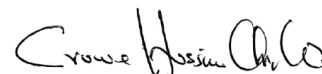
Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Lahore
Dated: September 26, 2022
UDIN: AR202210169uc70Lz419



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

A blue-tinted photograph of a chemical plant interior. The scene is filled with a complex network of pipes, tanks, and machinery. In the upper right corner, there is a graphic overlay of a blue hexagonal molecular structure. The overall atmosphere is industrial and technical.

**BETTER LIFE
THROUGH
CHEMISTRY**

Statement of Financial Position

As at June 30, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 150,000,000 (2021: 300,000,000 of Rs. 5 each)			
Ordinary shares of Rs. 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up share capital	4	1,413,210,640	1,413,210,640
Share deposit money	5	11,391,005	11,391,005
Sponsors' interest free loans - unsecured		107,000,000	107,000,000
Reserves	6	416,755,530	43,332,605
Surplus on revaluation of property, plant and equipment - net	7	484,247,824	494,832,110
		2,432,604,999	2,069,766,360
Non Current Liabilities			
Diminishing musharaka finance	8	-	208,924
Long term financing	9	141,956,263	90,253,745
Deferred income – Government grant	10	-	1,551,660
Lease liabilities	11	35,768,004	29,588,256
Post employment benefit obligations	12	30,856,775	24,146,520
Deferred tax liability	13	50,925,216	56,167,107
		259,506,258	201,916,212
Current Liabilities			
Trade and other payables	14	391,498,916	769,711,073
Unclaimed dividends		292,819	292,819
Accrued mark up		56,147,951	16,373,298
Short term borrowings	15	2,483,518,377	1,060,306,645
Current portion of diminishing musharaka finance	8	525,325	1,405,316
Current portion of long term financing	9	87,978,802	70,757,367
Current portion of deferred income – Government grant	10	1,513,195	1,830,144
Current portion of lease liabilities	11	6,602,988	4,624,278
Provision for taxation	16	243,227,814	106,348,448
		3,271,306,187	2,031,649,388
Contingencies and Commitments			
	17	-	-
Total Equity and Liabilities		5,963,417,444	4,303,331,960

Assets

Non Current Assets

	Note	2022 Rupees	2021 Rupees
Property, plant and equipment	18	1,154,785,386	1,100,275,494
Right-of-use assets	19	37,469,222	5,978,780
Intangible assets	20	-	-
Long term deposits	21	26,336,470	21,904,523
		1,218,591,078	1,128,158,797

Current Assets

Stores and spares		23,663,602	20,442,937
Stock in trade	22	2,291,377,678	1,468,164,573
Trade debts	23	2,003,964,804	1,364,442,331
Loans and advances	24	44,557,033	36,198,775
Short term prepayments		2,294,611	1,385,397
Other receivables	25	29,185,008	1,409,000
Tax refunds due from the Government	26	325,134,703	255,372,152
Cash and bank balances	27	24,648,927	27,757,998
		4,744,826,366	3,175,173,163

Total Assets

5,963,417,444	4,303,331,960
---------------	---------------

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



Chief Executive Officer



Director



Chief Financial Officer

Statement of Profit or Loss Account

For the Year Ended June 30, 2022

	Note	2022 Rupees	2021 Rupees
Revenue from sales		9,753,005,547	7,404,990,718
Less:			
- Sales tax		(1,480,397,448)	(1,126,320,156)
- Commission		(1,227,587)	(967,561)
Net sales	28	8,271,380,512	6,277,703,001
Cost of sales	29	(7,196,560,150)	(5,483,668,485)
Gross Profit		1,074,820,362	794,034,516
Distribution cost	30	(88,839,071)	(73,812,505)
Administrative expenses	31	(80,390,304)	(67,889,549)
		(169,229,375)	(141,702,054)
Operating Profit		905,590,987	652,332,462
Other operating expenses	32	(111,761,517)	(53,434,423)
Finance cost	33	(213,766,135)	(112,700,527)
Other income	34	21,849,163	16,021,190
Profit before Taxation		601,912,498	502,218,702
Income tax expense	35		
Current tax		(183,552,971)	(106,553,626)
Super tax		(62,015,682)	-
Deferred tax		10,527,287	(36,918,443)
		(235,041,366)	(143,472,069)
Net Profit for the Year		366,871,132	358,746,633
Earnings per Share - Basic and Diluted (Restated)	36	2.60	2.54

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



Chief Executive Officer



Director



Chief Financial Officer

Statement of Comprehensive Income

For the Year Ended June 30, 2022

Net Profit for the Year

Other comprehensive income

Items that will not be re-classified subsequently to profit or loss

Re-measurement of post employment benefits

Related deferred tax impact

Items that may be re-classified subsequently to profit or loss

Other comprehensive income / (loss) for the year

Total Comprehensive Income for the Year

	2022	2021
	Rupees	Rupees
Net Profit for the Year	366,871,132	358,746,633
Other comprehensive income		
Items that will not be re-classified subsequently to profit or loss		
Re-measurement of post employment benefits	1,252,903	(1,551,930)
Related deferred tax impact	(413,458)	450,060
Items that may be re-classified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year	839,445	(1,101,870)
Total Comprehensive Income for the Year	367,710,577	357,644,763

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



Chief Executive Officer



Director



Chief Financial Officer

Statement of Changes in Equity

For the Year Ended June 30, 2022

Particulars	Share Capital	Share Deposit Money	Sponsors' Interest Free Loans	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
				Share Premium Reserve	Accumulated (Loss) / Unappropriated Profit		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2020	1,413,210,640	11,391,005	107,000,000	1,281,303	(322,337,183)	501,575,832	1,712,121,597
Net profit for the year	-	-	-	-	358,746,633	-	358,746,633
Other comprehensive loss for the year	-	-	-	-	(1,101,870)	-	(1,101,870)
Total comprehensive income for the year	-	-	-	-	357,644,763	-	357,644,763
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	6,743,722	(6,743,722)	-
Balance as at June 30, 2021	1,413,210,640	11,391,005	107,000,000	1,281,303	42,051,302	494,832,110	2,069,766,360
Net profit for the year	-	-	-	-	366,871,132	-	366,871,132
Other comprehensive income for the year	-	-	-	-	839,445	-	839,445
Total comprehensive income for the year	-	-	-	-	367,710,577	-	367,710,577
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	5,712,348	(5,712,348)	-
Effect of rate change	-	-	-	-	-	(4,871,938)	(4,871,938)
Balance as at June 30, 2022	1,413,210,640	11,391,005	107,000,000	1,281,303	415,474,227	484,247,824	2,432,604,999

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



Chief Executive Officer



Director



Chief Financial Officer

Statement of Cash Flows

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash (Used in) / Generated from Operations

Finance cost paid
Income tax paid
Gratuity paid
Workers' welfare fund paid
Workers' (profit) participation fund paid

Net Cash (Used in) / Generated from Operating Activities

CASH FLOWS FROM INVESTING ACTIVITIES

Property, plant and equipment purchased
Proceeds from disposal of property, plant and equipment
Capital work in progress - property, plant and equipment
Long term deposits

Net Cash Used in Investing Activities

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained
Long term financing repaid
Diminishing musharaka finance
Lease liabilities
Short term borrowings - net

Net Cash Generated from Financing Activities

Net (Decrease) / Increase in Cash and Cash Equivalents

Cash and cash equivalents at the beginning of the year

Cash and Cash Equivalents at the End of the Year

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



Note	2022	2021
	Rupees	Rupees
37	(899,720,363)	186,207,693
	(171,776,600)	(117,831,035)
	(229,578,079)	(24,099,723)
	(807,120)	(2,087,717)
	(10,044,400)	(4,289,416)
	(27,001,005)	(10,082,784)
	(439,207,204)	(158,390,675)
	(1,338,927,567)	27,817,018
	(9,739,545)	(11,815,778)
	-	124,999
	(131,691,209)	(131,045,891)
	(4,431,947)	(9,047,136)
	(145,862,701)	(151,783,806)
	150,000,000	176,139,941
	(82,944,656)	(40,092,584)
	(1,088,915)	(1,786,289)
	(7,496,964)	(642,768)
	1,423,211,732	3,653,894
38	1,481,681,197	137,272,194
	(3,109,071)	13,305,406
	27,757,998	14,452,592
	24,648,927	27,757,998

Chief Executive Officer

Director

Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the Year Ended June 30, 2022

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Nimir Resins Limited (the Company) was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017). It was converted into public limited company on August 19, 1991 with the name of Nimir Resins Limited. The name of the Company was changed to Descon Chemicals Limited on April 01, 2010 when the Company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Subsequent to a change of management, the Board of Directors was reconstituted on January 05, 2016 and the name of the Company was changed to Nimir Resins Limited. The change was made effective on April 18, 2016.
- 1.2** The Company is a subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is the ultimate parent company of Nimir Resins Limited.
- 1.3** The Company is domiciled in Pakistan and principal activity of the Company is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for textile industry. The shares of the Company are quoted on Pakistan Stock Exchange Limited.
- 1.4** The geographical location and address of the Company's is as under:

Business Unit	Address
Head office / Registered Office	14.5 KM, Lahore-Sheikhupura Road, Lahore
Production Plant / Factory	14.5 KM, Lahore-Sheikhupura Road, Lahore and 14.8 KM, Sheikhupura Faisalabad Road, Sheikhupura.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of following:

Lease liabilities	Note 11	(stated at Present value)
Post employment benefits (Gratuity)	Note 12	(stated at Present value)
Certain property, plant and equipment	Note 18	(stated at Revalued / Fair value)

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment – Note 3.1 & 18
- Useful lives, residual values and amortization method of intangible assets – Note 3.2 & 20
- Provision for obsolescence of inventories - Note 3.5 & 22
- Impairment loss of non-financial assets other than inventories – Note 3.23 & 20
- Provision for expected credit losses, liquidity damages – Note 3.17, 23
- Obligation of post employment benefits - Note 3.8 & 12
- Estimation of provisions - Note 3.7
- Estimation of contingent liabilities - Note 3.11 & 17
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) Note 3.9, 13, 16 & 35

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Certain standards, amendments and interpretations to IFRS are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures;

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 16 Leases – Rent concessions [Amendments]	April 01, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – Phase 2)	January 01, 2021

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

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Company is in process to assess the impact of these amendments.

3 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Property, plant and equipment

Owned assets

Property, plant and equipment except freehold land and building on freehold land are stated at cost less accumulated

depreciation and identified impairment losses, if any. Land is stated at revalued amount while building on freehold land is stated at revalued amount less accumulated depreciation and impairment loss if any. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable costs of bringing assets to their working condition.

Depreciation is charged to statement of profit or loss account using straight line method at the rates specified in Note 18. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on assets disposed off during the month.

Freehold land and buildings on freehold land are revalued every three years. Latest revaluation of land and buildings was carried out by an independent valuer as at April 02, 2020. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

Any revaluation increase arising on the revaluation of land and buildings on freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss account, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building on freehold land is charged to profit or loss account to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.

Each year the incremental depreciation and its related deferred taxation, the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost, is transferred from surplus on revaluation of property, plant and equipment to retained earnings. All transfers from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Subsequent cost is included in the carrying amount of an asset or recognized as a separate asset, as appropriate, only when it is probable that future economics benefit associated with the item will flow to the company and the cost of the item can be measured reliably. Day to day maintenance and normal repairs are charged to profit or loss account as and when incurred. Gains or losses on disposal of property, plant and equipment are included in the current year's profit or loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. Cost may also include borrowing costs, if any. These are transferred to operating fixed assets as and when these are available for use.

3.2 Leases

For contracts entered into, or modified, on or after January 1, 2019, the Company assesses whether a contract contains a lease or not at the inception of a contract. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

3.2.1 Company as a lessee

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value.



The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

3.2.1.2 Initial measurement

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company’s incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

3.2.1.3 Subsequent measurement

Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to profit or loss account at rates given in note 19.2.

3.3 Intangible asset

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using the straight line method so as to write off the cost of an asset over its estimated useful life. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant. ERP software is being amortized over 5 years.

3.4 Balances from contract with customers

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods to the customer.

3.5 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written off. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

3.6 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw and packing materials	- Moving average cost
Materials in transit	- Invoice value plus incidental charges
Finished goods	- Average manufacturing cost

Manufacturing cost in relation to finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprises cash in hand and cash at banks in current and savings accounts.

3.8 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

3.9 Post employment benefits

Defined benefits plan

The Company operates an approved, funded defined benefit plan for all of its permanent employees. 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. The present value of the defined benefit obligation is determined from

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss account.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.



3.10 Income tax expense

Income tax expense for the year comprises current and deferred tax and is recognized in the statement of profit or loss account except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

Current

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also calculated. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. 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.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred

Deferred tax is recognized using the balance sheet method on all temporary differences between the carrying amount of assets, liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or have been notified for subsequent enactments at the reporting date.

3.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.12 Contingent liabilities

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

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying

assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss account in the period in which they are incurred.

3.14 Foreign currency transactions and translations

Transactions denominated in foreign currencies are initially recorded in Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the reporting date. Exchange differences are included in statement of profit or loss account.

3.15 Related party transactions

Transactions in relation to sales, purchases and services to / from related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads shared with related parties, which are on actual basis. Amounts due to and due from related party are shown in respective notes to the financial statements.

3.16 Revenue recognition

Revenue is recognised in accordance by applying the following steps:

- i) Identifying the contract with a customer.
- ii) Identifying the performance obligation in the contract.
- iii) Determining the transaction price of the contract.
- iv) Allocating the transaction price to each of the separate performance obligations in the contract.
- v) Recognizing the revenue when (or as) the entity satisfies a performance obligation.

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised at a point in time when control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

3.17 Financial instruments

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.

3.17.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

Initial recognition and measurement

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price, if these do not contain significant financing component as per IFRS - 15.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss account.



Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. 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, discounted at an approximation of the 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).

3.17.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

b) Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. 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 profit or loss account. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss account when the liabilities are derecognized.

3.17.3 Off-setting of financial assets and financial liabilities

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

3.18 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (the Chief Executive Officer of the Company) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities.

3.19 Dividend distributions

Dividends to shareholders of the Company are recognized as a liability in the period in which these are approved.

3.20 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

3.21 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment, if any, are included in non current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the profit or loss account on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

3.23 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to profit or loss account. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2022	2021		2022	2021
No. of shares			Rupees	
50,412,824	100,825,648	Ordinary shares of Rs. 10 each (2021: Rs. 5 each) fully paid in cash	504,128,240	504,128,240
16,775,294	33,550,588	Ordinary shares of Rs. 10 each (2021: Rs. 5 each) issued at 60% discount	167,752,940	167,752,940
1,349,624	2,699,247	Ordinary shares of Rs. 10 each (2021: Rs. 5 each) issued for consideration other than cash - land	13,496,235	13,496,235
4,571,434	9,142,867	Ordinary shares of Rs. 10 each (2021: Rs. 5 each) issued as fully paid bonus shares	45,714,335	45,714,335
71,844,938	143,689,875	Ordinary shares of Rs. 10 each (2021: Rs. 5 each) issued pursuant to the scheme of amalgamation	718,449,375	718,449,375
(3,633,049)	(7,266,097)	Ordinary shares of Rs. 10 each (2021: Rs. 5 each) cancelled pursuant to the scheme of amalgamation	(36,330,485)	(36,330,485)
<u>141,321,065</u>	<u>282,642,128</u>		<u>1,413,210,640</u>	<u>1,413,210,640</u>

4.1 The Company has consolidated shares by increasing par value from Rs. 5 to Rs.10 each for all shares during the year and there has been no movements in the shares of the Company except as disclosed above in note 4, during the year ended June 30, 2022.

- 4.2 As at the reporting date, the shares of the Company as held by its holding company and associated companies are as under:

	% of Shareholding	2022	2021
		Number of shares	
Nimir Management (Private) Limited	51.00%	72,073,743	144,147,485
Nimir Industrial Chemicals Limited	11.63%	16,438,306	32,876,612
Terranova (Private) Limited	4.56%	6,446,388	12,892,775
		94,958,437	189,916,872

- 4.3 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

5 SHARE DEPOSIT MONEY

This represents the excess subscription money received from Nimir Management (Private) Limited for issuance of right shares.

6 RESERVES

	2022	2021
	Rupees	
Capital reserves		
Share premium reserve	1,281,303	1,281,303
Revenue reserves		
Unappropriated profit	415,474,227	42,051,302
	416,755,530	43,332,605

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET

	2022	2021
	Rupees	
Land - freehold	408,355,203	408,355,203
Buildings on freehold land	86,476,907	93,220,629
	494,832,110	501,575,832
Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax	(5,712,348)	(6,743,722)
Effect of change in rate - related to revaluation surplus	(4,871,938)	-
Closing balance - net of tax	484,247,824	494,832,110

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

- 7.2 Incremental depreciation charged on revalued property, plant and equipment has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset.

8 DIMINISHING MUSHARAKA FINANCE

	2022	2021
	Rupees	
Diminishing musharaka finance	525,325	1,614,240
Less: Current portion	(525,325)	(1,405,316)
	-	208,924

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2022

8.1 The Company 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%).

9 LONG TERM FINANCING

	Note	2022 Rupees	2021 Rupees
Soneri Bank Limited	9.1	852,750	1,534,950
The Bank of Punjab	9.2	50,000,002	78,571,430
Bank Alfalah Limited	9.3	32,500,000	45,000,000
MCB Bank Limited	9.4	135,000,000	-
Refinance for salaries - The Bank of Punjab	9.5	13,095,508	39,286,536
Less: deferred income - Government grant		(1,513,195)	(3,381,804)
		11,582,313	35,904,732
		229,935,065	161,011,112
Less: current portion of loans		(87,978,802)	(70,757,367)
		141,956,263	90,253,745

9.1 This represents the facility of Rs. 3.411 million obtained by the Company from Soneri Bank Limited for the purchase of a vehicle. This loan is repayable in 60 equal monthly installments starting from August 01, 2018. Markup is charged at 3 months KIBOR plus 1.5% p.a. payable monthly in arrears. The vehicle is comprehensively insured in bank's favour with bank mortgage clause.

9.2 This represents facility of Rs. 100 million to facilitate capital expenditure requirements pertaining to procurement, installation and augmentation of new and existing machinery, equipment related auxiliaries and civil works. This loan is repayable in 14 equal quarterly instalments payable in arrears starting from September 30, 2020. Mark-up is charged at 3 months KIBOR plus 1.5% p.a. payable on quarterly basis. This facility is secured against 1st pari passu charge over fixed assets of the Company amounting to Rs 134 million.

9.3 This represents facility of Rs. 50 million obtained for solar energy unit of 450KW. 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.

9.4 This represents loan of Rs. 150 million obtained to facilitate capital expenditure requirements pertaining to enhance the capacity of resins, emulsions and additives for the coating unit along with increase in capacity for speciality chemicals for pre-treatment and finishing of textile industry. This loan is repayable in 20 equal quarterly installments starting from March 28, 2022. Markup is charged at 3 Months KIBOR plus 0.75% p.a payable quarterly in arrears. This loan is secured against first pari passu charge of Rs. 200 million over entire fixed assets of the Company.

9.5 This represents the balance payable on account of loan of Rs. 52.382 million obtained for disbursement of salaries of employees under the State Bank of Pakistan Refinance Scheme for payment of wages and salaries. This loan is repayable in 8 equal quarterly installments payable in arrears starting from January 01, 2021. Markup is charged at SBP rate plus 1% - 1.5% p.a. payable quarterly in arrears. This facility is secured against exclusive charge over fixed assets of the Company amounting to Rs. 70.06 million registered with SECP.

10 DEFERRED INCOME – GOVERNMENT GRANT

	Note	2022 Rupees	2021 Rupees
Deferred income - Government grant	10.1	1,513,195	3,381,804
Less: current portion		(1,513,195)	(1,830,144)
Finance cost		-	1,551,660

10.1 The Company has recorded deferred income for government grants in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" for the treatment of loan received under Refinance Scheme for Payment of Wages and Salaries that offers a lessor market rate of interest. The standard treats any benefit of a government loan at a below-market rate of interest as a government grant. The loan is initially recognized and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The Company is treating it as per income approach thus grant's benefit shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes the related expense.

11 LEASE LIABILITIES

	2022	2021
	Rupees	Rupees
Opening balance	34,212,534	-
Add: Additions during the year	12,945,772	34,666,731
Add: Interest expense	2,709,650	188,571
Less: Payments made	(7,496,964)	(642,768)
Gross liability	42,370,992	34,212,534
Less: Current portion	(6,602,988)	(4,624,278)
Closing balance	35,768,004	29,588,256

11.1 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in	Note	2022	2021
			Rupees	Rupees
Carrying amount of ROU assets	Statement of financial position	19	37,469,222	5,978,780
Depreciation charge	Cost of sales	29	792,776	-
Depreciation charge	Administrative expenses	31	2,837,314	263,093
Depreciation charge	Distribution cost	30	1,297,888	113,502
Interest expense	Finance cost	33	2,709,650	188,571
Security Deposit	Long term deposits	21	9,557,000	6,933,400

11.2 Maturity analysis of contractually undiscounted cash flows

At June 30, 2022	Within One Year	Between Two to Five Years	Later than Five Years
	Rupees	Rupees	Rupees
	6,602,988	35,768,004	-

11.3 Nature of leasing activities

11.3.1 The Company acquired vehicles from different banks under finance lease arrangements, for a period of 60 months. Present value of minimum lease payments has been discounted using interest rate ranging from 3 months to 1 year KIBOR with a spread of upto 2% (to be revised annually). Rentals are paid in equal monthly instalments. Taxes, repairs and insurance costs are borne by the Company. In case of earlier termination, the Company will be required to pay entire principal portion of the rentals for unexpired period of lease agreement. These vehicles are registered exclusively in the name of respective banks.

11.3.2 There are no variable lease payments in the lease contracts. There are no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

11.3.3 Remaining lease term of lease contracts is of 5 years (2021: 5 years) for which lease liability is recorded.

12 POST EMPLOYMENT BENEFIT OBLIGATIONS

	2022	2021
	Rupees	Rupees
Post employment benefit obligations	30,856,775	24,146,520

12.1 As stated in note 3.9, the Company operates an approved funded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out as of June 30, 2022.

12.2 On the basis of the information included in the latest actuarial report, the actuarial valuation of the scheme has resulted in post employment benefit obligations in current year as presented in the following notes:

12.3 Actuarial assumptions

	2022	2021
	Rupees	Rupees
Discount rate (per annum)	13.25%	10.00%
Expected rate of salary increase in future years	12.25%	9.00%
Average duration of liability	9 years	9.4 years
Actuarial valuation method	Projected Unit Credit Method	
Mortality rate	SLIC (2001-2005) Mortality Table	

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2022

12.4 Reconciliation of the funded status

	Note	2022 Rupees	2021 Rupees
Present value of defined benefit obligations	12.4.1	42,376,399	35,208,974
Fair value of plan assets	12.4.2	(11,519,624)	(11,062,454)
	12.4.3	<u>30,856,775</u>	<u>24,146,520</u>

12.4.1 Movement in present value of defined benefit obligations

Opening balance		35,208,974	26,506,113
Current service cost for the year		6,395,982	6,904,787
Interest on defined benefit liability		3,480,541	2,291,603
Benefits paid		(807,120)	(2,087,717)
Actuarial (gain) / loss		(1,901,978)	1,594,188
Closing balance		<u>42,376,399</u>	<u>35,208,974</u>

12.4.2 Movement in fair value of plan assets

Opening balance		11,062,454	10,110,272
Total contribution made during the year		807,120	2,087,717
Interest income for the year		1,106,245	909,924
Benefits paid		(807,120)	(2,087,717)
(Deficit) / return on plan assets excluding interest income		(649,075)	42,258
Closing balance	12.4.5	<u>11,519,624</u>	<u>11,062,454</u>

12.4.3 Company's liability

Opening balance of net defined benefit obligations		24,146,520	16,395,841
Expense chargeable to profit or loss	12.4.6	8,770,278	8,286,466
Remeasurements chargeable in other comprehensive income	12.4.4	(1,252,903)	1,551,930
Contribution paid during the year		(807,120)	(2,087,717)
Closing balance - net defined benefit liability		<u>30,856,775</u>	<u>24,146,520</u>

12.4.4 Remeasurements chargeable in other comprehensive income

Actuarial (gain) / loss due to experience adjustments		(1,901,978)	1,594,188
Return / (deficit) on plan assets		649,075	(42,258)
		<u>(1,252,903)</u>	<u>1,551,930</u>

12.4.5 Composition of plan assets

Investment in treasury bills		7,098,392	4,130,089
Investment in listed securities		4,171,256	6,732,352
Cash at bank		249,976	200,013
		<u>11,519,624</u>	<u>11,062,454</u>

12.4.6 Remeasurements chargeable in other comprehensive income

Current service cost		6,395,982	6,904,787
Interest on defined benefit liability		3,480,541	2,291,603
Interest income for the year		(1,106,245)	(909,924)
		<u>8,770,278</u>	<u>8,286,466</u>

12.5 Allocation in profit or loss

Cost of sales		4,986,642	4,904,242
Distribution cost		2,228,736	1,986,948
Administrative expenses		1,554,900	1,395,275
		<u>8,770,278</u>	<u>8,286,465</u>

12.6 Estimated charge for the next year - 2022 to 2023

	2022 Rupees	2021 Rupees
Current service cost		8,024,419
Interest on defined benefit liability		4,088,523
		<u>12,112,942</u>

12.7 Year end sensitivity analysis on defined benefit obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligations as stated below:

	2022 Rupees	2021 Rupees
Discount rate + 100 bps	38,746,905	32,065,058
Discount rate - 100 bps	46,346,899	38,661,102
Salary increase + 100 bps	46,345,874	38,661,582
Salary increase - 100 bps	38,746,429	32,065,089

12.8 Comparison of last five years

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
Present value of defined benefit obligations	42,376,399	35,208,974	26,506,113	20,779,813	15,031,194
Fair value of plan assets	(11,519,624)	(11,062,454)	(10,110,272)	(9,827,358)	(7,413,641)
Retirement benefits liability	<u>30,856,775</u>	<u>24,146,520</u>	<u>16,395,841</u>	<u>10,952,455</u>	<u>7,617,553</u>

13 DEFERRED TAX LIABILITY

Taxable temporary differences

- Accelerated tax depreciation
- Surplus on revaluation of property, plant and equipment

Deductible temporary differences

- Provisions and others

	2022 Rupees	2021 Rupees
	59,328,227	48,521,230
	37,379,948	35,321,554
	96,708,175	83,842,784
	(45,782,959)	(27,675,677)
	<u>50,925,216</u>	<u>56,167,107</u>

13.1 Reconciliation of deferred tax liabilities / (assets) - Net

Opening balance	56,167,107	19,698,724
Deferred tax (income) / expense during the year recognised in profit or loss	(10,527,287)	36,918,443
Deferred tax expense / (income) during the year recognised in other comprehensive income	413,458	(450,060)
Effect of rate change - revaluation surplus	4,871,938	-
Closing balance	<u>50,925,216</u>	<u>56,167,107</u>

13.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 33% (2021: 29%).

13.3 The Company has not adjusted the tax rate for exclusion of export related income since export sales constitute an insignificant portion of overall turnover of the Company.

13.4 Analysis of change in deferred tax

	Statement of Financial Position		Statement of Profit or Loss and Statement of Other Comprehensive Income	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Accelerated tax depreciation and amortization	10,806,997	922,101	10,806,997	922,101
Revaluation of property, plant and equipment	2,058,394	(2,754,478)	(2,813,544)	(2,754,478)
Provision for doubtful debts	(9,333,452)	23,230,614	(9,333,452)	23,230,614
Provision for obsolete stock	(3,669,690)	(1,597,407)	(3,669,690)	(1,597,407)
Provision for staff gratuity	(3,180,245)	(2,247,697)	(3,180,245)	(2,247,697)
Others	(1,923,895)	18,915,250	(1,923,895)	18,915,250
	<u>(5,241,891)</u>	<u>36,468,383</u>	<u>(10,113,829)</u>	<u>36,468,383</u>

14 TRADE AND OTHER PAYABLES

	Note	2022	2021
		Rupees	Rupees
Creditors:			
- Unsecured	14.1	207,998,278	258,000,600
- Secured	14.2	-	392,004,767
		207,998,278	650,005,367
Accrued liabilities		90,709,497	73,920,817
Contract liabilities	14.3	45,758,955	7,358,102
Workers' (profit) participation fund	14.4	32,607,510	27,000,798
Workers' welfare fund	14.5	14,424,676	11,425,989
		<u>391,498,916</u>	<u>769,711,073</u>

14.1 This includes Rs. 26,939,825 (2021: Rs. 12,255,750) payable to M/s Nimir Industrial Chemicals Limited on account of purchase of raw materials.

14.2 These are secured against letter of credit issued by several banks on behalf of the Company for import of raw materials.

14.3 These contract liabilities are expected to be satisfied during the year ended June 30, 2023.

	2022	2021
	Rupees	Rupees
14.4 Opening balance	27,000,798	10,082,577
Add: Provision for the year	32,607,717	27,001,005
Less: Payments made during the year	(27,001,005)	(10,082,784)
Closing balance	<u>32,607,510</u>	<u>27,000,798</u>
14.5 Opening balance	11,425,989	4,915,003
Add: Provision for the year	13,043,087	10,800,402
Less: Payments made during the year	(10,044,400)	(4,289,416)
Closing balance	<u>14,424,676</u>	<u>11,425,989</u>

15 SHORT TERM BORROWINGS

Banking companies - Secured

Running finance	655,638,301	302,034,751
Borrowings / finance against trust receipts	1,827,880,076	758,271,894
	<u>2,483,518,377</u>	<u>1,060,306,645</u>

15.1 Terms and conditions of borrowings

Purpose

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 4,305 million (2021: Rs. 3,562 million) including running finance facilities amounting to Rs. 975 million (2021: Rs. 847 million), to meet working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

Markup

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ spread of up to 1.25% (2021: 1 to 6 Months KIBOR + spread of up to 1.25%) per annum. Mark up is payable on monthly / quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Furthermore, some limits carry commission against foreign and local LCs at 0.05% to 0.10% (2021: 0.05% to 0.10%) per quarter.

Securities

These facilities are secured by way of joint pari passu charge and ranking hypothecation charge over present and future, current assets of the Company and lien over title of imported goods.

16 PROVISION FOR TAXATION

	2022	2021
	Rupees	Rupees
Opening balance	106,348,448	67,616,275
Add: Charge for the year	181,212,132	106,348,448
Add: Prior year adjustment	2,340,839	205,178
Add: Super tax	62,015,682	-
	351,917,101	174,169,901
Less: Payment / adjustments	(108,689,287)	(67,821,453)
	243,227,814	106,348,448

16.1 The provision for current year tax represents corporate tax at 29% (2021: 29%) and super tax at the rate of 10% (2021: Nil) as per the Income tax ordinance, 2001.

16.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2021 as tax returns were filed under the self assessment scheme.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There are no material contingencies outstanding as at the reporting date (2021: Nil).

17.2 Guarantees

The Company is liable for Bank guarantees arranged from different banks that have been issued in favour of the following:

Note	2022	2021
	Rupees	Rupees
Sui Northern Gas Pipelines Limited	3,090,000	3,090,000
Pakistan State Oil Company Limited	3,000,000	3,000,000
Total Parco Pakistan Limited	8,000,000	8,000,000
	14,090,000	14,090,000

17.3 Commitments

Letters of credit	790,013,603	463,628,922
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18 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	18.1	1,131,598,230	967,940,478
Capital work in progress	18.8	23,187,156	132,335,016
		1,154,785,386	1,100,275,494

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2022

18.1 Operating fixed assets

Year Ended June 30, 2022

Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Office Equipment, Furniture and Fixtures	IT Equipment	Laboratory Equipment	Vehicles and Carriers	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Cost/Revalued Amount								
Balance as at July 01, 2021	550,400,000	238,580,033	658,358,191	11,042,657	25,122,062	27,704,857	24,547,862	1,535,755,662
Additions	-	21,044,170	199,031,903	2,819,945	6,780,098	-	139,500	229,815,616
Disposals during the year	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	550,400,000	259,624,203	857,390,094	13,862,602	31,902,160	27,704,857	24,687,362	1,765,571,278
Accumulated depreciation								
Balance as at July 01, 2021	-	24,986,475	475,970,649	8,614,367	22,490,406	18,959,047	16,794,240	567,815,184
Charge for the year	-	22,364,752	35,127,695	1,223,273	2,012,663	2,093,968	3,335,513	66,157,864
Disposals during the year	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	-	47,351,227	511,098,344	9,837,640	24,503,069	21,053,015	20,129,753	633,973,048
Balance as at June 30, 2022	550,400,000	212,272,976	346,291,750	4,024,962	7,399,091	6,651,842	4,557,609	1,131,598,230
Depreciation rates	-	7% to 10%	7% to 33%	20% to 50%	20% to 50%	13% to 50%	20%	

Year Ended June 30, 2021

Cost/Revalued Amount								
Balance as at July 01, 2020	550,400,000	220,034,489	600,840,890	9,408,531	22,645,899	27,669,857	22,426,562	1,453,426,228
Additions	-	18,545,544	57,517,301	1,634,126	2,476,163	35,000	2,291,500	82,499,634
Disposals during the year	-	-	-	-	-	-	(170,200)	(170,200)
Revaluation surplus	-	-	-	-	-	-	-	-
Balance as at June 30, 2021	550,400,000	238,580,033	658,358,191	11,042,657	25,122,062	27,704,857	24,547,862	1,535,755,662
Accumulated depreciation								
Balance as at July 01, 2020	-	4,926,485	450,091,155	7,054,016	21,540,827	16,670,853	12,861,906	513,145,242
Charge for the year	-	20,059,990	25,879,494	1,560,351	949,579	2,288,194	3,994,834	54,732,442
Disposals during the year	-	-	-	-	-	-	(62,500)	(62,500)
Balance as at June 30, 2021	-	24,986,475	475,970,649	8,614,367	22,490,406	18,959,047	16,794,240	567,815,184
Balance as at June 30, 2021	550,400,000	213,593,558	182,387,542	2,428,290	2,631,656	8,745,810	7,753,622	967,940,478
Depreciation rates	-	7% to 10%	7% to 33%	20% to 50%	20% to 50%	13% to 50%	20%	

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

Location / Address	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
14.5 Km Lahore Sheikhpura Road	Production and warehouse	476,111	192,698
14.8 km Sheikhpura Faisalabad Road	Warehouse	375,435	76,589

18.3 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2022 Rupees	2021 Rupees
Cost of sales	29	63,806,899	52,557,718
Distribution cost	30	1,167,439	1,284,726
Administrative expenses	31	1,183,526	889,999
		66,157,864	54,732,443

18.4 As per the latest valuation report by an independent valuer as of April 02, 2020, the forced sales value of freehold land and building was Rs. 467,840,000 and Rs. 187,029,315 respectively. The management believes that these values approximate to the values as on June 30, 2022.

18.5 Cost, accumulated depreciation and book value of revalued assets

Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows:

	As at June 30, 2022			As at June 30, 2021		
	Cost	Accumulated depreciation	Written Down Value	Cost	Accumulated depreciation	Written Down Value
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Freehold land	142,044,797	-	142,044,797	142,044,797	-	142,044,797
Factory buildings on freehold land	212,014,166	(117,885,697)	94,128,469	190,969,996	(99,174,899)	91,795,097
	354,058,963	(117,885,697)	236,173,266	333,014,793	(99,174,899)	233,839,894

18.6 The following methods and assumptions were used to estimate the fair values:

The significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis are as shown below:

Description	Valuation Technique	Significant Observable Inputs	Quantitative Date / Range (weighted average)
Land and building	Sales value comparison approach	Market enquiries and survey as per kanal/marla for land rates and per square foot rates for building	Nil

There are no movement between level 1, level 2 and level 3 assets.

18.7 As mentioned in Note 9, long term financing of the Company are secured by way exclusive charge amounting to Rs. 471 million over fixed assets of the Company.

18.8 Capital Work in Progress

	Land		Plant and Machinery		Vehicles		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
- Opening balance	2,781,000	-	100,264,016	43,661,625	29,290,000	-	132,335,016	43,661,625
- Additions during the year	2,460,600	2,781,000	133,472,211	127,286,247	15,655,420	29,290,000	151,588,231	159,357,247
	5,241,600	2,781,000	233,736,227	170,947,872	44,945,420	29,290,000	283,923,247	203,018,872
- Transferred to fixed assets	-	-	(220,076,071)	(70,683,856)	-	-	(220,076,071)	(70,683,856)
- Transferred to right of use assets	-	-	-	-	(36,418,420)	-	(36,418,420)	-
- Transferred to profit or loss account	(4,241,600)	-	-	-	-	-	(4,241,600)	-
	1,000,000	2,781,000	13,660,156	100,264,016	8,527,000	29,290,000	23,187,156	132,335,016

18.9 Property, plant and equipment contains fully depreciated assets, having cost of Rs. 87.650 million (2021: Rs. 76.320 million) that are still in use as at the reporting date.

18.10 Owned vehicles include vehicles having cost of Rs. 2.320 million (2021: Rs. 9.095 million) which have been obtained through Diminishing Musharaka Financing (Note 8).

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2022

19 RIGHT-OF-USE ASSETS

Motor Vehicles

Opening balance	
Add: Additions during the year	
Less: Depreciation charge for the year	
Closing balance	
Lease Term (Years)	

Note	2022	2021
	Rupees	Rupees
	5,978,780	-
	36,418,420	6,355,375
	42,397,200	6,355,375
	(4,927,978)	(376,595)
	37,469,222	5,978,780
	5	5

19.1 Apportionment of depreciation charge for the year

Cost of sales	
Distribution cost	
Administrative expenses	

29	792,776	-
30	1,297,888	263,093
31	2,837,314	113,502
	4,927,978	376,595

19.2 The Company has lease contracts for purchase of motor vehicles having lease term of 5 years. The Company's obligations under its leases are secured by the lessor's title to the motor vehicles.

20 INTANGIBLE ASSETS

Net Carrying Value

Net carrying value - opening balance	
Additions during the year	

Amortization during the year	
Net carrying value as at June 30,	

Gross Carrying Value

Cost	
Accumulated amortization	
Net book value	
Amortization rate	

Note	2022	2021
	Rupees	Rupees
	-	331,736
	-	-
	-	331,736
31	-	(331,736)
	-	-
	1,658,684	1,658,684
	(1,658,684)	(1,658,684)
	-	-
	20%	20%

20.1 Intangible assets represent the cost of ERP software.

21 LONG TERM DEPOSITS

Utility companies	
Against right of use assets	
Others	

16,706,470	12,871,123
9,557,000	6,933,400
73,000	2,100,000
26,336,470	21,904,523

22 STOCK IN TRADE

Raw and packing materials	
Raw materials in transit	
Finished goods	
Solar panels purchased for resale	
Less: Provision for obsolescence of stock	

	1,456,760,963	1,083,532,327
	373,623,449	235,122,506
	397,883,714	170,800,288
	92,939,700	-
	2,321,207,826	1,489,455,121
22.1	(29,830,148)	(21,290,548)
	2,291,377,678	1,468,164,573

22.1 Provision for obsolescence of stock

	2022	2021
	Rupees	Rupees
Opening balance	21,290,548	15,782,248
Provision for the year	8,539,600	5,508,300
	29,830,148	21,290,548
Less: Obsolete stocks written off	-	-
	29,830,148	21,290,548

22.2 As mentioned in Note 15, short term borrowings of the Company are secured by way of hypothecation charge on present and future current assets of the Company (including stock in trade).

23 TRADE DEBTS

Local - Unsecured

Considered good

- Local sales

- Export sales

Considered doubtful

Less: Allowance for expected credit losses

	2022	2021
	Rupees	Rupees
	2,003,964,804	1,354,554,485
	-	9,887,846
	73,147,544	51,052,544
	2,077,112,348	1,415,494,875
	(73,147,544)	(51,052,544)
	2,003,964,804	1,364,442,331

23.1 Loss allowance

Opening balance

Loss allowance for the year

Less: Bad debts written off

	51,052,544	131,158,111
	22,095,000	10,124,716
	73,147,544	141,282,827
	-	(90,230,283)
	73,147,544	51,052,544

23.2 These customers have no recent history of default. For age analysis of these trade debts, refer to note 42.1 (b).

23.3 Trade debts include an amount of Rs. 2,195,529 due from related party (2021: Rs. 10,449,007) as at June 30, 2022.

23.4 Aging of outstanding balance of related party as at June 30, 2022, is as under:

Related party	2022			2021		
	1 - 30 days	31 - 180 days	Total	1 - 30 days	31 - 180 days	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Nimir Industrial Chemicals Limited	2,195,529	-	2,195,529	212,850	108,857	321,707
Nimir Chemcoats Limited	-	-	-	8,488,300	1,639,000	10,127,300
Total	2,195,529	-	2,195,529	8,701,150	1,747,857	10,449,007

23.5 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs.12,812,472 (2021: Rs 10,449,007).

Notes to and Forming Part of the Financial Statements
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24	LOANS AND ADVANCES	Note	2022 Rupees	2021 Rupees
	Advances (Unsecured - Considered good):			
	- Suppliers and contractors		40,843,205	35,003,937
	- Employees	24.1	699,028	199,100
	Short term loans to employees (Unsecured - Considered good)	24.2	3,014,800	995,738
			<u>44,557,033</u>	<u>36,198,775</u>

24.1 Advances to employees do not include any amount given to directors or executives of the Company.

24.2 This represents interest-free loans given to employees as per the Company's policy. These loans are recoverable from salary in monthly installments

25	OTHER RECEIVABLES	2022 Rupees	2021 Rupees
	Margin against letters of credits	27,776,008	-
	Margin against letters of guarantees	1,409,000	1,409,000
		<u>29,185,008</u>	<u>1,409,000</u>

26 TAX REFUNDS DUE FROM THE GOVERNMENT

Tax deducted at source and advance tax	291,732,008	170,843,216
Sales tax refundable - Net	33,402,695	84,528,936
	<u>325,134,703</u>	<u>255,372,152</u>

27 CASH AND BANK BALANCES

Cash in hand	471,364	49,492
Cash at banks in current accounts	24,177,563	27,708,506
	<u>24,648,927</u>	<u>27,757,998</u>

27.1 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

28 REVENUE

28.1 All the revenue is recognised at a point in time.

28.2 Geographical markets

Pakistan	8,234,478,099	6,267,949,124
United Arab Emirates	36,902,413	9,753,877
	<u>8,271,380,512</u>	<u>6,277,703,001</u>

28.3 The Company's net revenue disaggregated by operating segment are as follows:

	2022 Rupees	2021 Rupees
Coating, Emulsion and Blending	4,532,690,350	3,949,356,953
Textile, Paper and Others	3,738,690,162	2,328,346,048
	<u>8,271,380,512</u>	<u>6,277,703,001</u>

29 COST OF SALES

	Note	2022 Rupees	2021 Rupees
Raw materials consumed		6,763,129,452	5,088,576,842
Stores and spares consumed		24,253,610	27,245,974
Fuel and power		130,801,586	133,078,818
Salaries, wages and benefits	29.1	177,711,590	154,466,679
Printing and stationery		415,378	955,734
Repairs and maintenance		6,282,391	9,228,890
Travelling, conveyance and entertainment		15,434,169	9,593,553
Insurance		7,429,754	4,281,082
Rent, rates and taxes		4,490,025	241,650
Communication		1,198,326	957,885
Fees and consultancy charges		634,154	2,073,047
Depreciation on property, plant and equipment	18.3	63,806,899	52,557,718
Depreciation on right of use asset		792,776	-
Miscellaneous		180,040	410,613
		<u>7,196,560,150</u>	<u>5,483,668,485</u>

29.1 This includes Rs. 4,986,642 (2021: Rs. 4,904,242) in respect of employee benefits.

30 DISTRIBUTION COST

	Note	2022 Rupees	2021 Rupees
Salaries, wages and benefits	30.1	44,627,703	37,566,331
Packing, carriage and forwarding		30,695,478	27,492,457
Travelling, conveyance and entertainment		5,309,431	4,273,905
Printing and stationery		197,526	465,840
Rent, rates and taxes		134,800	-
Fees and subscription		1,592,148	-
Sales promotion expenses		120,000	93,241
Insurance		1,482,027	1,196,695
Communication		448,622	452,464
Utilities		620,500	587,223
Repairs and maintenance		1,145,509	118,530
Depreciation on property, plant and equipment	18.3	1,167,439	1,284,726
Depreciation on right of use asset	19.1	1,297,888	263,093
Miscellaneous		-	18,000
		<u>88,839,071</u>	<u>73,812,505</u>

30.1 This includes Rs. 2,228,736 (2021: Rs. 1,986,948) in respect of employee benefits.

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2022

31 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Salaries, wages and benefits	31.1	48,943,648	42,311,821
Travelling, conveyance and entertainment		5,509,448	3,434,533
Repairs and maintenance		1,078,817	946,409
Printing and stationery		1,588,556	2,231,893
Rent, rates and taxes		374,576	-
Insurance		2,178,746	108,676
Communication		3,259,605	3,023,770
Fees and subscription		8,158,305	8,647,155
Advertisement		436,899	632,640
Legal and professional charges		2,554,100	3,019,000
Auditors' remuneration	31.2	1,640,304	1,611,192
Utilities		620,500	587,223
Amortization	20	-	331,736
Depreciation on property, plant and equipment	18.3	1,183,526	889,999
Depreciation on right of use asset	19.1	2,837,314	113,502
Miscellaneous		25,960	-
		80,390,304	67,889,549

31.1 This includes Rs. 1,554,900 (2021: Rs. 1,395,276) in respect of employee benefits.

31.2 Auditors' remuneration:

	Note	2022 Rupees	2021 Rupees
- Audit fee		950,000	900,000
- Half yearly review		440,000	413,500
- Other certifications		170,000	221,692
- Out of pocket expenses		80,304	76,000
		1,640,304	1,611,192

32 OTHER OPERATING EXPENSES

Expected credit losses on trade debts	23.3	22,095,000	10,124,716
Bad debt written off		59,420	-
Provision for obsolescence of stock	22.1	8,539,600	5,508,300
Foreign exchange loss		35,416,693	-
Workers' (profit) participation fund		32,607,717	27,001,005
Workers' welfare fund		13,043,087	10,800,402
		111,761,517	53,434,423

33 FINANCE COST

Markup on :		186,906,990	98,199,460
- Short term borrowings		400,659	307,071
- Diminishing musharaka finance		17,308,787	8,041,851
- Long term finance		2,709,650	188,571
- Lease liabilities		4,225,167	4,258,519
LC discounting charges		2,214,882	1,705,055
Bank and other charges		213,766,135	112,700,527

34 OTHER INCOME

Excess liability written back	
Sale of waste material / scrap	
Foreign exchange gain	
Rental income	
Gain on disposal of property, plant and equipment	

Note	2022 Rupees	2021 Rupees
	-	75,700
	18,132,575	10,222,514
	-	3,278,077
	3,716,588	2,427,600
	-	17,299
	21,849,163	16,021,190

35 TAXATION

Current tax:	
- Current year	
- Super tax	
- Adjustment for prior years	

Deferred tax

13

	181,212,132	106,348,448
	62,015,682	-
	2,340,839	205,178
	245,568,653	106,553,626
	(10,527,287)	36,918,443
	235,041,366	143,472,069

35.1 Reconciliation of tax charge for the year

Profit before taxation	
Tax @ 29% (2021: 29%) on profit before taxation	
Super tax @ 10%	
Tax effect of add backs / allowed deductions	
Adjustment for prior years	
Deferred taxation	

	601,912,498	502,218,702
	174,554,624	145,643,424
	62,015,682	-
	6,657,508	(39,294,976)
	2,340,839	205,178
	(10,527,287)	36,918,443
	235,041,366	143,472,069

35.2 Tax expense on items recognised in other comprehensive income

Remeasurement of post employment benefits obligation	
Revaluation of property, plant and equipment	

	413,458	450,060
	-	-
	413,458	450,060

35.3 The current tax expense for the year is calculated using corporation tax rate of 29% (2021: 29%) and super tax at rate of 10% (2021: Nil). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 33%.

36 EARNINGS PER SHARE

Profit for the year attributable to ordinary shareholders	
Weighted average number of ordinary shares outstanding during the year (2021: Restated)	
Earning per share - basic (2021: Restated)	

	2022	2021
Rupees	366,871,132	358,746,633
Numbers	141,321,064	141,321,064
Rupees	2.60	2.54

36.1 There is no dilution effect on the earnings per share of the Company as the Company does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and Forming Part of the Financial Statements
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37 CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for:

- Depreciation on property, plant and equipment
- Depreciation on right of use asset
- Bad debts written off
- Amortization of intangible asset
- Provision for gratuity
- Provision for obsolescence of stock
- Expected credit loss on trade debts
- Workers' (profit) participation fund
- Workers' welfare fund
- Foreign exchange loss / (gain) net
- Finance cost
- Gain on disposal of property, plant and equipment

Operating profit before working capital changes

(Increase) / decrease in current assets

- Stores and spares
- Stock in trade
- Trade debts
- Loans and advances
- Trade deposits and short term prepayments
- Other receivables
- Sales tax refundable - Net

Increase / (decrease) in current liabilities

- Trade and other payables

Cash (used) / Generated from Operations

	2022	2021
	Rupees	Rupees
Profit before taxation	601,912,498	502,218,702
Adjustments for:		
- Depreciation on property, plant and equipment	66,157,864	54,732,442
- Depreciation on right of use asset	4,927,978	376,595
- Bad debts written off	59,420	-
- Amortization of intangible asset	-	331,736
- Provision for gratuity	8,770,278	8,286,466
- Provision for obsolescence of stock	8,539,600	5,508,300
- Expected credit loss on trade debts	22,095,000	10,124,716
- Workers' (profit) participation fund	32,607,717	27,001,005
- Workers' welfare fund	13,043,087	10,800,402
- Foreign exchange loss / (gain) net	35,416,693	(3,278,077)
- Finance cost	211,551,253	110,995,472
- Gain on disposal of property, plant and equipment	-	(17,299)
	403,168,890	224,861,758
Operating profit before working capital changes	1,005,081,388	727,080,460
(Increase) / decrease in current assets		
- Stores and spares	(3,220,665)	(4,958,224)
- Stock in trade	(831,752,705)	(201,696,304)
- Trade debts	(661,676,893)	(555,246,530)
- Loans and advances	(8,358,258)	4,287,929
- Trade deposits and short term prepayments	(909,214)	(490,620)
- Other receivables	(27,776,008)	(100,000)
- Sales tax refundable - Net	51,126,241	69,040,225
Increase / (decrease) in current liabilities		
- Trade and other payables	(422,234,249)	148,290,757
	(1,904,801,751)	(540,872,767)
Cash (used) / Generated from Operations	(899,720,363)	186,207,693

38 LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June30, 2022
	Rupees			
Long term financing	164,392,916	-	67,055,344	231,448,260
Diminishing musharaka finance	1,614,240	-	(1,088,915)	525,325
Lease liabilities	34,212,534	15,655,422	(7,496,964)	42,370,992
Short term borrowings	1,060,306,645	-	1,423,211,732	2,483,518,377
Total liabilities from financing activities	1,260,526,335	15,655,422	1,481,681,197	2,757,862,954

	As at June 30, 2020	Non-cash changes	Cash flows (Net)	As at June30, 2021
	Rupees			
Long term financing	28,345,559	-	136,047,357	164,392,916
Diminishing musharaka finance	3,400,529	-	(1,786,289)	1,614,240
Lease liabilities	-	34,855,302	(642,768)	34,212,534
Short term borrowings	1,056,652,751	-	3,653,894	1,060,306,645
Total liabilities from financing activities	1,088,398,839	34,855,302	137,272,194	1,260,526,335

39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Non-Executive Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in Thousand							
Managerial remuneration	3,871	2,129	-	-	31,677	23,481	35,548	25,610
Housing and other allowances	1,742	958	-	-	14,541	10,566	16,283	11,524
Utilities	387	213	-	-	3,167	2,348	3,554	2,561
Bonus	1,244	576	-	-	13,389	6,141	14,633	6,717
Retirement benefits	-	-	-	-	2,541	3,033	2,541	3,033
Meeting fee	-	-	3,150	2,593	-	-	3,150	2,593
	7,244	3,876	3,150	2,593	65,315	45,569	75,709	52,038
Number of persons	1	1	6	6	14	11	21	18

39.1 An executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

40 BALANCES AND TRANSACTION WITH RELATED PARTIES

Related parties comprise parent company, associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Significant balances and transactions with related parties are as follows:

Related party	Relationship	Nature of Transaction	2022	2021
			Rupees	Rupees
Nimir Industrial Chemicals Limited	Ultimate Parent	Purchase of goods	198,427,950	169,292,570
		Sales of goods	5,302,679	590,730
	Company	Services provided	4,652,184	4,229,256
		Services acquired	6,004,164	5,458,332
		Other reimbursable expenses	598,633	350,716
Nimir Chemcoats Limited	Associated Company	Purchase of goods	17,244,199	-
		Sales of goods	51,439,529	13,209,712
		Services provided	1,933,219	600,000
		Other reimbursable expenses	1,029,309	-
Extract4Life (Private) Limited	Associated Company	Sales of goods	7,048,831	2,360,000

Balances outstanding as at June 30,

Directors	Sponsors' interest free loans	107,000,000	107,000,000
Nimir Management (Private) Limited	Share deposit money	11,391,005	11,391,005
Nimir Industrial Chemicals Limited	Trade creditors	26,939,825	12,255,750
Nimir Industrial Chemicals Limited	Trade debts	2,195,529	321,707
Nimir Chemocoats Limited	Trade debts	-	10,127,300
Extract4Life (Private) Limited	Trade debts	-	2,360,000

40.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Notes to and Forming Part of the Financial Statements
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S. No.	Company Name	Relationship	% of Shareholding
1	Nimir Management (Private) Limited	Holding Company	51%
2	Nimir Industrial Chemicals Limited	Ultimate Parent Company	11.63%
3	Terranova (Private) Limited	Associate	5.00%
4	Nimir Chemcoats Limited	Associate	Related due to Common directorship
5	Nimir Energy Limited	Associate	Related due to Common directorship
6	Extract4Life (Private) Limited	Associate	Related due to Common directorship
7	Zarkhaiz Farms (Private) Limited	Associate	Related due to Common directorship
8	Mr. Zafar Mahmood	Directorship	0.0005%
9	Mr. Amir Hameed	Directorship	0.0005%
10	Mr. Abdul Jalil Jamil	Directorship	0.0145%
11	Mr. Muhammad Yahya Khan	Directorship	4.3335%
12	Mr. Osman Hameed	Directorship	0.0005%
13	Mr. Pervaiz Ahmed Khan	Directorship	0.0004%
14	Mrs. Nazia Qureshi	Directorship	0.0004%

41.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined its operating segments based on the information that is presented to the Chief Operating Decision Maker for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into the following operating segments:

The Chief Operating Decision Maker (the Chief Executive Officer) of the company monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred tax. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

41.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2022 is as follows.

	Coating, Emulsion and Blending	Textile, Paper and others	Total
Segment Results for the year ended June 30, 2022			
	Rupees in Thousand		
Revenue	4,532,690	3,738,690	8,271,380
Segment results	461,290	444,650	905,940
Other operating expenses			(112,111)
Finance costs			(214,105)
Other income			22,188
Profit before taxation			601,912
Segment Results for the year ended June 30, 2021			
Revenue	3,949,357	2,328,346	6,277,703
Segment results	350,257	302,075	652,332
Other operating expenses			(53,434)
Finance costs			(112,701)
Other income			16,021
Profit before taxation			502,218

41.3 Entity-wide disclosures regarding reportable segment are as follows:

- Information about major customers
One customer of the Company accounts for 10.61% (2021: 10.61%) of total sales for the year. Revenue from such customer was Rs. 877.53 million (2021: Rs. 666.26 million).
- Information about geographical areas
- All non-current assets of the Company are located in Pakistan as at the reporting date.
- Revenue from export sales to United Arab Emirates is Rs. 29.503 million (2021: 9.8 million).

42 FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import and export payments.

At June 30, 2022, if Pakistani Rupee had weakened / strengthened by 1% against the US dollars with all other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 7.90 million (2021: Rs. 8.457 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

	2022	2021
	Rupees	Rupees
Creditors secured	-	392,004,767
Letters of credit commitments	790,013,603	463,628,922
Receivables from export sales	-	(9,887,846)
	790,013,603	845,745,843
The following exchange rates were applied during the year:		
Rupees per foreign currency rate		
Average rate - Rupees per US Dollar	181.30	163.23
Reporting date rate - Rupees per US Dollar	204.2	158.40

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

Notes to and Forming Part of the Financial Statements
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	2022	2021
	Rupees	Rupees
Fixed rate instruments		
Financial liabilities	45,595,508	84,286,536
Floating rate instruments		
Financial liabilities	2,710,754,251	1,172,857,995

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2022, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 27.563 million (2021: Rs. 11.73 million), mainly as a result of interest exposure on variable rate borrowings.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to any market price risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2022, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2022	2021
		Rupees	Rupees
Long term deposits	21	26,336,470	21,904,523
Trade debts	23	2,003,964,804	1,364,442,331
Short term loans to employees	24	3,014,800	995,738
Other receivables	25	29,185,008	1,409,000
Bank balances	27	24,177,563	27,708,506
The aging of trade debts as at reporting date is as follows:			
1 - 30 days		803,112,613	595,035,798
31 - 60 days		468,468,136	330,604,165
61 - 150 days		690,411,362	422,488,169
More than 150 days		41,972,693	16,314,199
		<u>2,003,964,804</u>	<u>1,364,442,331</u>

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

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, and coverage by letters of credit or other forms of credit insurance). 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 Company does not hold collateral as security. The letters of credit are considered integral part of foreign trade receivables and considered in the calculation of impairment.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

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

	Ratings			2022	2021
	Short-term	Long term	Agency	Rupees	Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20,065	20,065
Bank Al-Habib Limited	A1+	AAA	PACRA	3,531,072	2,387,633
Habib Bank Limited	A-1+	AAA	JCR-VIS	271,426	2,356,656
The Bank of Punjab	A1+	AA+	PACRA	16,182,922	1,252,935
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	909,535	497,673
Meezan Bank Limited	A-1+	AAA	JCR-VIS	2,577,439	19,795,129
National Bank of Pakistan	A1+	AAA	PACRA	398,415	398,415
Bank Islami Limited	A1	A+	PACRA	286,689	1,000,000
				24,177,563	27,708,506

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2022:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Diminishing musharaka finance	525,325	529,319	529,319	-	-	-
Long term financing	231,448,260	262,757,464	103,436,036	62,096,428	97,225,000	-
Lease liabilities	42,370,992	50,963,286	9,957,214	9,957,214	31,048,858	-
Trade and other payables	298,707,775	298,707,775	298,707,775	-	-	-
Accrued mark up	56,147,951	56,147,951	56,147,951	-	-	-
Short term borrowings	2,483,518,377	2,483,518,377	2,483,518,377	-	-	-
	3,112,718,680	3,152,624,172	2,952,296,672	72,053,642	128,273,858	-

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2022

Contractual maturities of financial liabilities as at June 30, 2021:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Diminishing musharaka finance	1,614,240	1,702,494	1,489,573	212,921	-	-
Long term financing	164,392,916	179,850,448	75,348,211	56,481,420	48,020,817	-
Lease liabilities	34,212,534	40,853,185	6,912,504	6,912,504	27,028,177	-
Trade and other payables	723,926,184	723,926,184	723,926,184	-	-	-
Accrued mark up	16,373,298	16,373,298	16,373,298	-	-	-
Short term borrowings	1,060,306,645	1,148,948,281	1,148,948,281	-	-	-
	<u>2,000,825,817</u>	<u>2,111,653,890</u>	<u>1,972,998,051</u>	<u>63,606,845</u>	<u>75,048,994</u>	<u>-</u>

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

42.2 Financial instruments by categories

Financial asset as at amortized cost

	2022	2021
	Rupees	Rupees
Long term deposits	26,336,470	21,904,523
Trade debts	2,003,964,804	1,364,442,331
Short term loans to employees	3,014,800	995,738
Other receivables	29,185,008	1,409,000
Cash and bank balances	24,648,927	27,757,998
	<u>2,087,150,009</u>	<u>1,416,509,590</u>

The Company did not possess any financial assets designated as fair value through profit or loss and fair value through other comprehensive income categories.

Financial liabilities at amortized cost

	2022	2021
	Rupees	Rupees
Diminishing musharaka finance	525,325	1,614,240
Trade and other payables	298,707,775	723,926,184
Accrued mark up	56,147,951	16,373,298
Short term borrowings	2,483,518,377	1,060,306,645
Long term financing	231,448,260	164,392,916
Lease liabilities	42,370,992	34,212,534
	<u>3,112,718,680</u>	<u>2,000,825,817</u>

43 CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital employed is calculated as equity, as shown in the statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Company was worked out as under:

	2022	2021
	Rupees	Rupees
Total borrowings	2,756,349,759	1,258,696,191
Cash and bank balances	(24,648,927)	(27,757,998)
Net debt	2,731,700,832	1,230,938,193
Equity	2,432,604,999	2,069,766,360
Total capital employed	5,164,305,831	3,300,704,553
Gearing ratio	52.90%	37.29%

44 SHARI'AH SCREENING DISCLOSURE

Loans and advances as per islamic mode	584,304,539	439,418,659
Shariah compliant bank deposits/bank balances/overdrawn	3,773,663	21,292,802
Profit earned from Shariah compliant bank deposits/bank balances	-	-
Revenue earned from a Shariah compliant business segment	-	-
Gain/loss or dividend earned from Shariah compliant investments	-	-
Exchange gain / (loss) earned from actual currency	-	3,278,077
Mark up paid on Islamic mode of financing	41,723,801	22,581,499
Profits earned or interest paid on any conventional loan or advance	165,602,285	84,155,454

45 PLANT CAPACITY AND PRODUCTION

	2022	2021
	Metric Ton	Metric Ton
Actual production	30,499	33,344
Total capacity	45,600	45,600

45.1 Production to goods relates to the sales orders received from the customers and the Company produces goods to meet those orders.

46 NUMBER OF EMPLOYEES

	2022	2021
	Number	Number
Employees as at June 30,		
- Permanent	119	121
- Contractual	6	6
Average employees during the year		
- Permanent	120	120
- Contractual	6	7

47 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance on Monday, September 26, 2022 by the Board of Directors of the Company.

48 GENERAL

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these financial statements except for the earnings per share. Earnings per share for last year have been adjusted for event of reverse share split as required by para 26 of IAS 33 Earnings per share.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

As at June 30, 2022

Shareholding				
No. of Shareholders	From	To	Total Shares Held	
1,174	1	100	35,432	
1,162	101	500	377,264	
571	501	1,000	449,112	
1,013	1,001	5,000	2,663,731	
299	5,001	10,000	2,186,131	
97	10,001	15,000	1,222,858	
59	15,001	20,000	1,052,533	
54	20,001	25,000	1,278,164	
20	25,001	30,000	544,942	
19	30,001	35,000	622,289	
13	35,001	40,000	498,355	
8	40,001	45,000	337,778	
29	45,001	50,000	1,444,500	
8	50,001	55,000	418,471	
4	55,001	60,000	232,815	
5	60,001	65,000	317,829	
4	65,001	70,000	270,199	
12	70,001	75,000	872,739	
4	75,001	80,000	312,567	
2	80,001	85,000	165,916	
5	85,001	90,000	448,564	
6	95,001	100,000	600,000	
2	100,001	105,000	200,510	
1	105,001	110,000	110,000	
2	110,001	115,000	227,500	
2	115,001	120,000	236,000	
1	125,001	130,000	128,000	
1	140,001	145,000	145,000	
2	145,001	150,000	300,000	
1	150,001	155,000	151,000	
1	155,001	160,000	157,268	
1	160,001	165,000	164,500	
2	165,001	170,000	335,626	
2	175,001	180,000	357,000	
1	185,001	190,000	186,500	
3	195,001	200,000	600,000	
1	205,001	210,000	210,000	
1	215,001	220,000	218,250	
1	220,001	225,000	225,000	
1	245,001	250,000	249,000	
1	265,001	270,000	270,000	
1	270,001	275,000	272,500	
1	275,001	280,000	275,643	
1	280,001	285,000	283,250	
1	290,001	295,000	291,500	
1	295,001	300,000	299,802	
1	325,001	330,000	326,000	
1	390,001	395,000	394,000	
1	395,001	400,000	400,000	
1	405,001	410,000	409,000	



Shareholding				
No. of Shareholders	From	To	Total Shares Held	
1	420,001	425,000	425,000	425,000
1	500,001	505,000	505,000	505,000
1	635,001	640,000	640,000	639,500
1	640,001	645,000	645,000	644,779
1	660,001	665,000	665,000	661,500
1	730,001	735,000	735,000	732,000
1	855,001	860,000	860,000	860,000
1	910,001	915,000	915,000	912,500
1	985,001	990,000	990,000	986,750
1	1,105,001	1,110,000	1,110,000	1,107,000
1	2,575,001	2,580,000	2,580,000	2,576,484
1	3,075,001	3,080,000	3,080,000	3,079,500
1	3,330,001	3,335,000	3,335,000	3,333,500
1	6,120,001	6,125,000	6,125,000	6,124,078
1	6,445,001	6,450,000	6,450,000	6,446,387
1	16,435,001	16,440,000	16,440,000	16,438,306
1	72,070,001	72,075,000	72,075,000	72,073,742
4,4,621				141,321,064

2.3 CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2022

S. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	6,793,693	4.8073
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	94,958,435	67.1934
2.3.3	NIT and ICP	4,859	0.0034
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	1,276	0.0009
2.3.5	Insurance Companies	0	0.0000
2.3.6	Modarabas and Mutual Funds	88,512,048	62.6319
2.3.7	Share holders holding 10% or more	177,024,097	62.6319
2.3.8	General Public		
	1 - Local	24,952,164	17.6564
	2 - Foreign	213,912	0.1514
2.3.9	Others (to be specified)		
	1 - Joint Stock Companies	6,288,034	4.4495
	2 - Government Holding	35,963	0.0254
	3 - Investment Companies	3,279,905	2.3209
	4 - Pension Funds	42,049	0.0298
	5 - Others	133,245	0.0943

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Categories of Shareholders (CCG)

As at June 30, 2022

S. No.	Name	No. of Shares Held	Percentage (%)
Associated Companies, Undertakings and Related Parties :			
1	Nimir Management (Pvt.) Limited (CDC)	72,073,742	51.0000
2	Nimir Industrial Chemicals Limited (CDC)	16,438,306	11.6319
3	Terranova (Pvt.) Limited (CDC)	6,446,387	4.5615
Mutual Funds :			
1	Prudential Stocks Fund Ltd.	29	0.0000
2	CDC - Trustee Al-Ameen Islamic Asset Allocation Fund (CDC)	249,000	0.1762
3	CDC - Trustee Al-Ameen Sharia Stock Fund (CDC)	1,107,000	0.7833
4	CDC - Trustee MCB Pakistan Stock Market Fund (CDC)	860,000	0.6085
5	CDC - Trustee UBL Asset Allocation Fund (CDC)	77,000	0.0545
6	CDC - Trustee UBL Dedicated Equity Fund (CDC)	40,500	0.0287
7	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund (CDC)	639,500	0.4525
8	CDC - Trustee UBL Stock Advantage Fund (CDC)	912,500	0.6457
9	CDC-Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund (CDC)	732,000	0.5180
Directors and their Spouse and Minor Children :			
1	Sh. Amar Hameed (CDC)	706	0.0005
2	Mr. Zafar Mahmood (CDC)	706	0.0005
3	Mr. Abdul Jalil Jamil	20,456	0.0145
4	Mr. Muhammad Yahya Khan (CDC)	6,124,078	4.3335
5	Mr. Osman Hameed (CDC)	706	0.0005
6	Mr. Pervaiz Ahmed Khan (CDC)	510	0.0004
7	Mrs. Nazia Qureshi (CDC)	500	0.0004
8	Mrs. Nusrat Jamil (CDC)	646,031	0.4571
Executives:		302,354	0.2139
Public Sector Companies & Corporations :		-	0.0000
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds :		43,325	0.0307

Shareholders holding five percent or more voting interest in the listed Company :

S. No.	Name	Holding	%
1	Nimir Management (Pvt.) Limited (CDC)	72,073,742	51.0000
2	Nimir Industrial Chemicals Limited (CDC)	16,438,306	11.6319

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	Imran Afzal	-	81,000

Notice of 58th Annual General Meeting

For the Year Ended June 30, 2022



Notice is hereby given that the 58th Annual General Meeting of **Nimir Resins Limited (the “Company”)** shall be held on Thursday, October 27, 2022 at 10:30 a.m. at 122-B, New Muslim Town, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements 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 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 Crowe Hussain Chaudhury & Co. – Chartered Accountants as auditors of the Company.

By Order of the Board

Lahore
October 06, 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 its notice Ref. PSX/N-372 dated March 19, 2020 had advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

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

Shareholders interested to participate in the AGM are requested to share below information at corporate@nimir.com.pk for their appointment and proxy’s verification by or before 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 10:25 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 21, 2022 to October 27, 2022 (both days inclusive). Transfers (Physical Shares) received in order at the office of the Company’s shares registrar at the close of business on Thursday, October 20, 2022 will be treated in time for purpose of determine the entitlements 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.

Notice of 58Th Annual General Meeting

For the Year Ended June 30, 2022

- 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 are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address :

M/s Corplink (Pvt.) Limited

Wings Arcade, 1-K (Commercial), Model Town, Lahore.

Tel : 042 35916714, 35916719, 35839182. Fax: 042 35869037.

www.corplink.com.pk

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.

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.

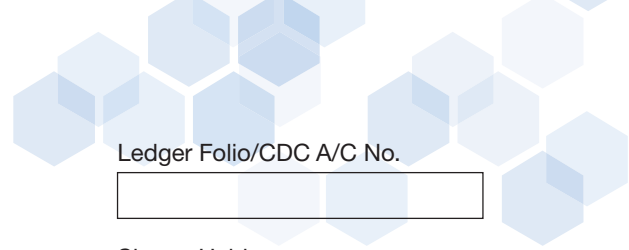
Deposit of Physical Shares in to CDC Account:

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.

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/nrl/financial_reports.html, in addition to annual and quarterly financial statements for the prior years.

Form of Proxy 58th Annual General Meeting



The Company Secretary

NIMIR RESINS LIMIEDT

14.5 K.M. Lahore – Sheikhpura Road,
Lahore, Pakistan.

Ledger Folio/CDC A/C No.

Shares Held

I / We of
..... being member(s) of
Nimir Resins Limited hereby appoint of
as my/our proxy to vote for me / us on my / our behalf at the Annual General Meeting
of the Company held on Thursday, October 27, 2022 at 10:30 a.m. and / or at any adjournment thereof or any ballot to be
taken in consequence thereof.

Signed this day of 2022 .

WITNESSES:

1. _____ 2. _____
Name : _____
CNIC : _____
Address: _____
Date: _____

Signature of Shareholder

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

Fifty Rupees
Revenue Stamp

Notes:

- i. The share transfer books of the Company shall remain closed from October 21, 2022 to October 27, 2022 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Thursday, October 20, 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 CNIC 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:

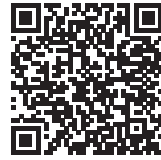
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Wings Arcade, 1-K (Commercial), Model Town, Lahore.
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