

NIMIR



ANNUAL REPORT 2023

Nimir Resins Limited
Better life Through Chemistry

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Form of Proxy

Company Information

Board of Directors

Sheikh Amar Hameed	- Chairman
Mr. Zafar Mahmood	- Chief Executive Officer
Mr. Khalid Mumtaz Qazi	
Mr. Muhammad Yahya Khan	
Mr. Osman Hameed	
Mr. Khalid Siddiq Tirmizy	
Mr. Pervaiz Ahmad Khan	
Mrs. Nazia Qureshi	

Chief Financial Officer

Syed Sajid Nasim

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit

Mr. Umair Tahir

Auditors

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Audit Committee

Mr. Pervaiz Ahmad Khan	- Chairman
Mrs. Nazia Qureshi	- Member
Mr. Osman Hameed	- Member

Human Resources & Remuneration Committee

Mr. Khalid Siddiq Tirmizy	- Chairman
Sheikh Amar Hameed	- Member
Mr. Zafar Mahmood	- Member

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

Legal Advisors

M/s Hassan & Hassan
Advocates

Bankers

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

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

Karachi Office

607, Progressive Centre, Block-6,
PECHS, Shahr-e-Faisal, Karachi.

Tel : +92 21 34327661-62

Web Site

www.nimir.com.pk

A man in a dark suit stands on a balcony, looking out at a city at night. The city lights are visible in the background, and the sky is a mix of blue and purple. The man is seen from the back, looking towards the right. The overall scene is a silhouette of a person against a bright, colorful background.

Our Vision

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

OUR MISSION

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

Dear Members

On behalf of the Board of Directors of Nimir Resins Ltd. I am pleased to present to you the audited annual financial statements of the company for the year ended 30th June 2023.

I'm sure you are all well aware that this year saw unprecedented inflation and an extraordinary increase in bank interest rates. Devaluation of our currency, which may be considered a consequence of the high inflation, further compounded the difficulties faced by industry in Pakistan.

High interest rates were intended to fight inflation by curtailing demand. In spite of this reduction in demand your company managed to increase sales revenue by 13.5%.

The chemical industry has to import various raw materials which are not produced in the country. Devaluation directly increased the cost of all imported raw materials. Again, in spite of this and By the Grace of Allah, the company improved its gross profit percentage.

High interest rates have a very negative impact on industry and businesses in the country. Your company's financial cost increased by Rs.162 million and the company paid Rs. 382 million to banks.

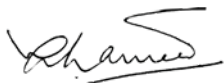
Even after paying such a huge amount in financial charges the company increased its net profit for the year. For the past six years now the company's net worth has increased steadily every year.

The above success can be attributed to two reasons. The blessings of Allah and a very competent and efficient management.

Our management is committed to continue profitable growth in the years to come Inshallah and, at the same time, adhere to good ethical values and social responsibility including efforts to reduce carbon footprint.

On behalf of the board I would like to thank our customers, suppliers, management and all other stakeholders for their invaluable support. May Allah continue to bless all of us.

May Allah keep us all blessed.



Sheikh Amar Hameed

Chairman



Dear Stakeholders

During the financial year 2023, we experienced the most turbulent time as Pakistan faced severe adversities such as restricted imports resulting from liquidity crunch and the shrinking economic movement resulting from the devastating floods. However we have successfully passed through this difficult time and ensured our core business continue operating without interruption.

In spite of these challenges, your company achieved 13.5% growth in top-line and 12% increase in gross profit but due to exorbitant increase in interest rate and high inflation, the profit after tax could increase by 5%.

Nimir Resins Limited has a well-diversified range of products. It is producing specialty chemicals with a wide range of products for textile, paint, paper, ink and coating industries. This diversity in the product range helped the company in sailing through well, even in difficult times like the situation through which the country is currently passing through.

Looking ahead to financial year 2024, we anticipate another challenging year influenced by general demand cut due to persistent high inflation, high interest rate and risk of further devaluation. Despite these complexities, my team and I are fully committed to produce the best possible results under the situation during the coming financial year with the aim to continue enhancing the stakeholders' value. We look forward to the unwavering support of our valued stakeholders as we navigate this challenging period.

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



Zafar Mahmood
Chief Executive Officer

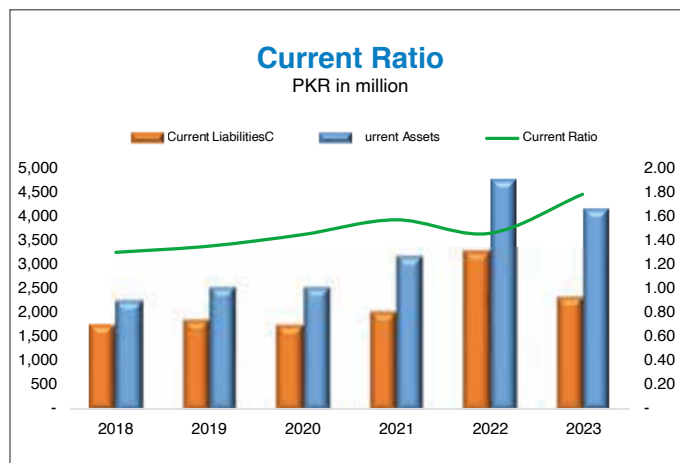
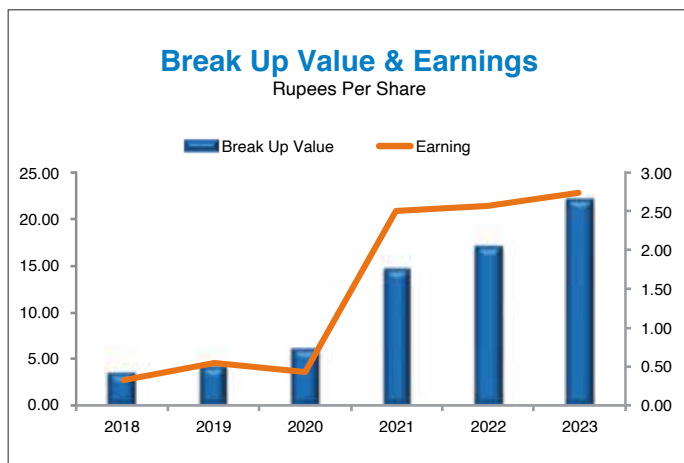
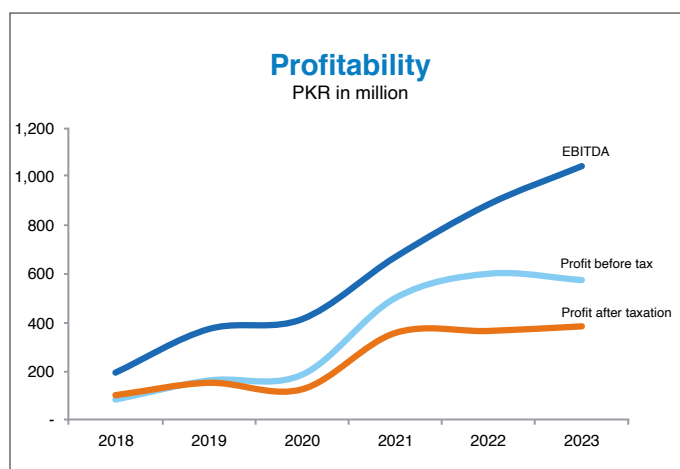
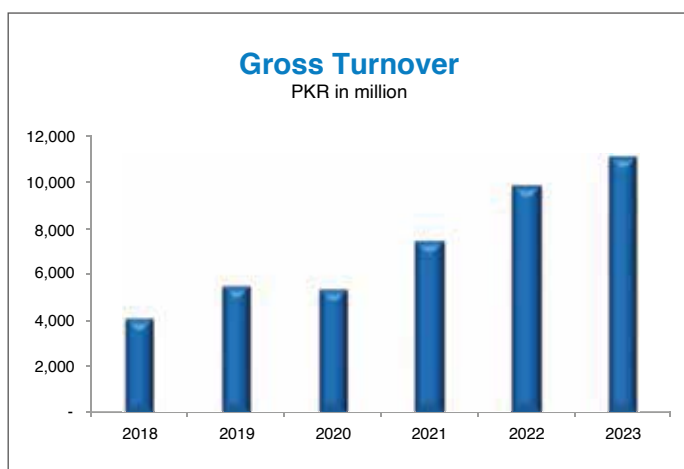


Our Performance

PKR*Million"

	2018	2019	2020	2021	2022	2023
Gross Turnover	4,067	5,424	5,298	7,405	9,753	11,063
Net Sales	3,580	4,883	4,499	6,278	8,271	9,371
Gross Profit	330	500	506	794	1,075	1,208
Operating Profit	236	389	394	652	906	992
Profit Before Tax	85	164	187	502	602	576
Profit after Tax	103	154	127	359	367	386
EBITDA	196	375	415	670	887	1,044
Long term loans and Leases	5	5	23	122	178	122
Equity	1,011	1,166	1,712	2,070	2,433	3,136
Current Assets	2,260	2,515	2,532	3,175	4,745	4,154
Current Liabilities	1,747	1,870	1,758	2,032	3,271	2,342
Current Ratio	1.29	1.34	1.44	1.56	1.45	1.77
Number of Shares (in Million)	283	283	283	141	141	141
Breakup value per share-Rupees*	3.54	4.09	6.02	14.57	17.14	22.12
Earning per share-Rupees	0.36	0.54	0.45	2.54	2.60	2.73

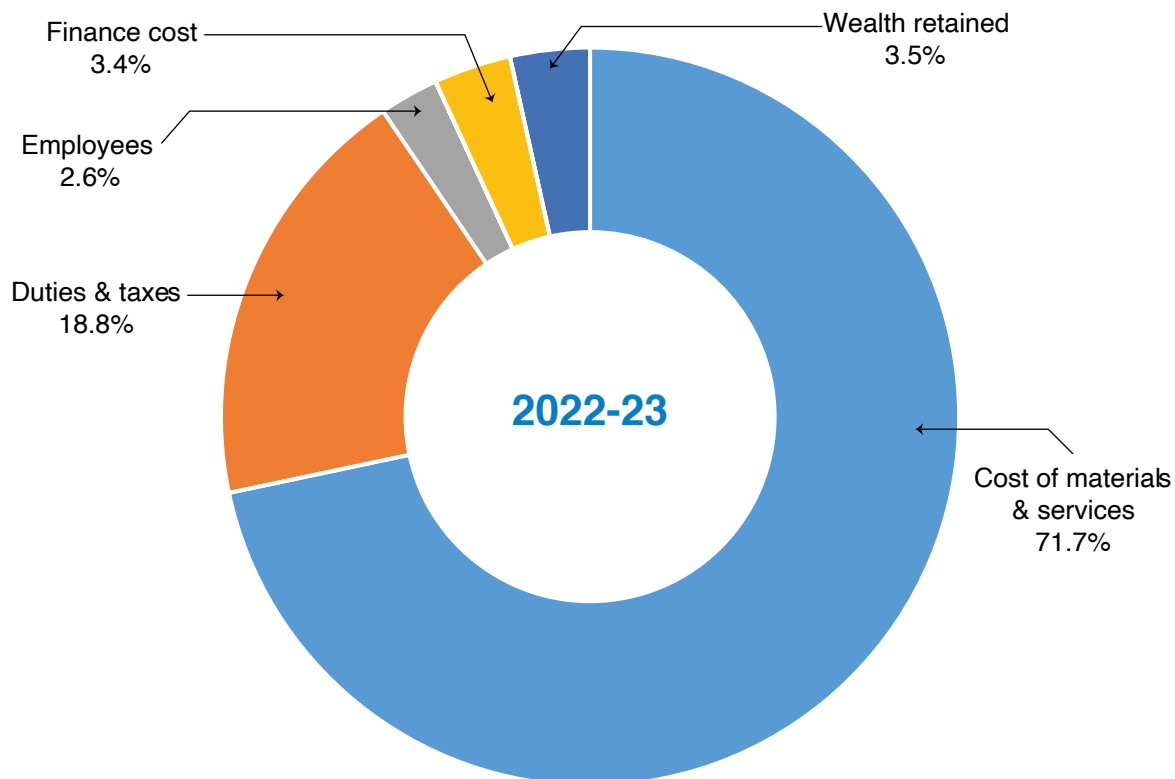
* Share Face value was increased from Rs 5 To Rs 10 Per Share during the Year 2021-22



Wealth Generated and Distributed

For The Year Ended June 30, 2023

	2023	
	Rs in million	Percentage
Wealth Generated		
Sales with sales Tax	11,063	99.7%
Other operating profit	32	0.3%
	<u>11,095</u>	<u>100.0%</u>
Distribution of Wealth		
Cost of materials & services	7,954	71.7%
Duties & taxes	2,090	18.8%
Employees	288	2.6%
Finance cost	376	3.4%
Wealth retained	387	3.5%
	<u>11,095</u>	<u>100.0%</u>
	-	-



Year at a Glance 2022-2023

Performance Parameters	2023	2022
	Rs in million	
Sales	9,371	8,271
Gross Profit	1,208	1,075
Operating profit	992	906
Finance Cost	376	214
Profit before taxation	576	602
Profit after taxation	386	367
EBITDA	1,044	887
Current Ratio	1.77	1.45
Long term Borrowings to Equity Ratio	3.7 : 96.3	6.8 : 93.2
Interest coverage Ratio	2.53	3.82
Earning per share-Rupees	2.73	2.60
Breakup value per share- Rupees	22.12	17.14

13.3%

Increase in
Net Sales

12.4%

Increase in
Gross Profit

09.6%

Increase in
Operating Profit

05.2%

Increase in
Profit after Tax

17.7%

Increase in
EBITDA

29.1%

Increase in
Break Up Value

Key Operating & Financial Data for Last Six Years

	2018	2019	2020	2021	2022	2023
	Rs in million					
Summary of Profit and Loss						
Net Sales	3,580	4,883	4,499	6,278	8,271	9,371
Gross Profit	330	500	506	794	1,075	1,208
Operating profit	236	389	394	652	906	992
Finance Cost	75	168	185	113	214	376
Profit before taxation	85	164	187	502	602	576
Profit after taxation	103	154	127	359	367	386
EBITDA	196	375	415	670	887	1,044
Financial Position						
Share Capital	1,413	1,413	1,413	1,413	1,413	1,413
Net Worth	1,011	1,166	1,712	2,070	2,433	3,136
Long term borrowings	5	5	23	122	178	122
Deferred Liabilities	15	11	36	80	82	126
Current Liabilities	1,747	1,870	1,758	2,032	3,271	2,341
Total Equity and Liabilities	1,767	1,886	1,817	2,234	3,531	2,589
Non Current Assets	518	537	997	1,128	1,219	1,571
Current Assets	2,260	2,515	2,532	3,175	4,745	4,154
Total Assets	2,778	3,052	3,529	4,303	5,963	5,725
Investor Information						
Gross profit margin	9.21%	10.24%	11.24%	12.65%	12.99%	12.89%
Pre tax margin	2.38%	3.35%	4.16%	8.00%	7.28%	6.15%
Net profit margin	2.88%	3.15%	2.83%	5.71%	4.44%	4.12%
Current Ratio	1.29	1.34	1.44	1.56	1.45	1.77
Long term Borrowing to Equity Ratio	0.5 : 99.5	0.5 : 99.5	1.3 : 98.7	5.5 : 94.5	6.8 : 93.2	3.7 : 96.3
Interest cover (Times)	2.13	1.98	2.01	5.46	3.82	2.53
Earnings per share-Rupees	0.36	0.54	0.45	2.54	2.60	2.73
Breakup value per share-Rupees *	3.54	4.09	6.02	14.57	17.14	22.12

* 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 59th Annual Report along with the Audited financial statements for the year ended June 30, 2023.

Since the start of the year under review, the country is experiencing severe economic challenges reflecting structural weaknesses. The macroeconomic weaknesses caused by high inflation, supply chain disruptions and international economic slowdown led to a fall in GDP growth rate to 0.38% in the year under review as compared to over 6% last year mainly due to demand contraction and the unprecedented flood which destroyed the standing crops in a very large area of the cultivated land. To address the challenges of sustainable macroeconomic growth the government has recently entered into a short-term Agreement with IMF. This is not considered as sufficient keeping in view that in the years ahead the nation needs a long-term sustainable plan to meet its extensive financing. On the other front, SBP continued policy tightening, and adopted stabilization strategies which has yielded positive results. Despite positive development in CAD, foreign exchange reserves dipped below USD 5 billion which put extra ordinary pressure on PKR, which breached the 300 per USD level. Accordingly, to maintain macroeconomic stability and regulate aggregate demand, the Central Bank is increasing benchmark interest rate. In view of depleting foreign exchange reserves, the Government imposed restrictions on imports, which affected the smooth flow of input industrial goods all across the country.

Due to the slowdown in economic activity in the world in general and in Pakistan in particular, revenue collection remained short of target. In order to narrow the widening fiscal deficit, the Government has recently passed Finance Act, 2023 which has imposed further taxes on targeted segments and withdrawn certain tax credits.

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 22%.

Operating Results

In spite of the challenges of the economy, your Company has shown encouraging performance during the year ended June 30, 2023. The results are summarised below:

	2023	2022	Change%
	PKR Million		
Gross Sales	11,063	9,753	13.43%
Gross Profit	1,207	1,075	12.35%
Operating Profit	992	906	9.58%
Profit After Taxation	385	367	5.18%
Earnings Per Share (PKR)	2.73	2.60	5.18%

Your Company has shown growth in its gross sales, which grew by 13.5 % year-on-year mainly on the back of high international prices. The growth would have been more, had the restrictions on imports were not been imposed. The Operating Profit grew by 12.4% but due to unprecedented increase in financial cost, the after tax profit could only grow by 5.18%.

Future Outlook

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

Despite all these facts, your management is committed to produce the best possible results during the financial year 23-24 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-10 to the accounts.

Board of Directors

Currently, the Board of Directors consists of seven members and Chief Executive Officer of which seven male and one female. Out of these directors, two are executive, three are non-executive, and three 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. Mrs. Nazia Qureshi Member, Non-Executive Director
3. Mr. Osman Hameed Member, Non-Executive Director

Human Resource and Remuneration Committee:

1. Mr. Khalid Siddiq Tirmizey Chairperson, Independent Director
2. Sheikh Amar Hameed Member, Non-Executive Director
3. Zafar Mahmood Member, Executive Director

During the fiscal year, four (5) 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	5 / 5	-	1 / 1
Zafar Mahmood	5 / 5	-	1 / 1
Khalid Mumtaz Qazi	2 / 2	-	-
Osman Hameed	5 / 5	4 / 4	-
Muhammad Yahya Khan	5 / 5	-	-
Pervaiz Ahmad Khan	5 / 5	4 / 4	-
Nazia Qureshi	5 / 5	2 / 2	1 / 1
Khalid Siddiq Tirmizey	3 / 3	-	-
Abdul Jalil Jamil	3 / 3	2 / 2	-

Board Evaluation

In accordance with the Code of Corporate Governance (CCG) and the Companies Act, 2017 the evaluation of the Board, its committees, and individual directors was conducted. The Board is assisted by sub-committees i.e., the Audit Committee and the HR&R Committee, and these sub-committees held meetings during the year as per the stipulations of 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 are 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, 2024.

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, 2023.

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.

Post Balance Sheet Event

The Company has filed a petition with Lahore High Court to approve a scheme of arrangement. After the approval of the scheme the shares of the Company held by its parent Companies will be distributed among the share holders of the parents. This will make the Company tax efficient when paying dividend.

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

Lahore,



Khalid Mumtaz Qazi
Director

September 23, 2023

کی تفصیل کی گئی۔ بورڈ کی مدد دہلی کمیٹیوں، یعنی آڈٹ کمیٹی اور ایچ آر اینڈ آر کمیٹی کے ذریعے کی جاتی ہے، اور ان ذیلی کمیٹیوں نے کارپوریٹ گورننس کے ضابطہ اخلاق کی شرائط کے مطابق سال کے دوران اجلاس منعقد کئے۔ اپنے فرائض کی ادائیگی میں بورڈ آف ڈائریکٹرز کی مدد کرنے میں ذیلی کمیٹیوں کے کلیدی کردار کو تسلیم کرنا بھی ضروری ہے۔

ڈائریکٹرز کی معاوضہ پالیسی

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

کارپوریٹ گورننس

(ملک میں اسٹاک ایکسچینج 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 ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی 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 آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- بقایا ٹیکسز اور لیویز کا مالی حسابات کے نوٹ میں انکشاف کیا گیا ہے۔
- کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے لئے پرعزم 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 پرعزم 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 جھٹ 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۔ یہ ارد گرد کی کمیونٹی سے ملازمین کو ترجیح دیتی اور تکنیکی اداروں کو انٹرنیشنل اور اپرنٹس 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، نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2024ء 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 آڈیٹر کو جمع کرائی گئی ہے، جس نے تصدیق کی ہے کہ متعلقہ فریقوں کے ساتھ تمام لین دین یا انتظامات عام معمول میں انجام پائے اور بورڈ کی آڈٹ کمیٹی کو ہر سہ ماہی میں قابل رسائی بنیاد پر منعقد کئے گئے ہیں۔ آڈٹ کمیٹی کے جائزے کے بعد تمام متعلقہ فریقوں کے ساتھ لین دین یا انتظامات خود غرض اور ان کی منظوری کے لئے بورڈ آف ڈائریکٹرز کے ذریعے برقرار رکھے گئے۔

ڈیویڈنڈ پالیسی

بورڈ نے کمپنی کی مالی حیثیت کا جائزہ لینے کے بعد موجودہ اقتصادی حالات کے پیش نظر کمپنی نے لیکویڈ کوز زیادہ سے زیادہ ممکنہ سطح تک برقرار رکھنے کا فیصلہ کیا ہے۔ چنانچہ بورڈ نے 30 جون 2023 کے لئے کوئی ڈیویڈنڈ جاری کرنے کی سفارش نہیں کی ہے۔

عمومہ حصص داری

کمپنی کا عمومہ 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 ڈیویڈنڈ آف کارپوریٹ گورننس (سی سی جی) کے ضابطہ کے تحت درج نامہ بیان میں کیا گیا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت درکار، مذکورہ لین دین کا بورڈ اور اسٹاک ایکسچینج کو مطلع کرنے کے علاوہ باہر ہند میں ضروری ریٹرنز ریگولیشنز اور اتھارٹی کے ہاں داخل کی گئی ہیں۔

بیلنس شیٹ کے بعد کے واقعات

کمپنی نے انتظامات کی اسکیم کی منظوری کے لیے لاہور ہائی کورٹ میں درخواست دائر کی ہے۔ اسکیم کی منظوری کے بعد کمپنی کے شیئرز جو اس کی پیرنٹ کمپنیوں کے پاس ہیں پیرنٹس کے شیئرز ہولڈرز میں تقسیم کیے جائیں گے۔ یہ ڈیویڈنڈ ادا کرتے وقت کمپنی کو ٹیکس کی چھت کرے گا۔

اظہار تشکر

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

منجانب بورڈ



خالد ممتاز قاضی

ڈائریکٹر



ظفر محمود

چیف ایگزیکٹو آفیسر

لاہور

23 ستمبر 2023ء

ڈائریکٹرز رپورٹ

نمبر ریزولیشن (NRL) کا بورڈ آف ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے سال کے لئے 59 ویں سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتا ہے۔

زیر جائزہ سال کے آغاز سے، ملک کو شدید اقتصادی مشکلات کا سامنا ہے جو ساختی کمزوریوں کی عکاسی کرتے ہیں۔ بلند افراط زر، پسپائی چین میں رکاوٹوں اور بین الاقوامی اقتصادی سست روی کے باعث میکرو اکنامک کمزوریوں کی وجہ سے جی ڈی پی کی شرح نمو 0.38 فیصد تک گر گئی جو کہ گزشتہ سال 6 فیصد سے زیادہ تھی جس کی بنیادی وجہ طلب میں کمی اور غیر معمولی سیلاب ہے جس نے کاشت شدہ زمین کے بہت بڑے رقبے میں کھڑی فصلیں تباہ کر دیں۔ پائیدار میکرو اکنامک نموی مشکلات پر قابو پانے کے لیے حکومت نے حال ہی میں آئی ایم ایف کے ساتھ ایک مختصر مدت کا معاہدہ کیا ہے۔ اس بات کو مدنظر رکھتے ہوئے یہ خیال نہیں کیا جاتا کہ آئندہ سالوں میں قوم کو اپنی وسیع مالی امداد کو پورا کرنے کے لیے ایک طویل المدتی پائیدار منصوبہ بندی کی ضرورت ہے۔ دوسرے محاذ پر، اسٹیٹ بینک نے پالیسی کو سخت کرنا جاری رکھا، اور استحکام کی حکمت عملی اپنائی جس کے مثبت نتائج برآمد ہوئے۔ CAD میں مثبت ترقی کے باوجود، غیر ملکی زرمبادلہ کے ذخائر 5 بلین امریکی ڈالر سے کم ہو گئے جس سے پاکستانی روپیہ پر غیر معمولی دباؤ پڑا، جس نے 300 فی امریکی ڈالر کی سطح کو توڑ دیا۔ اسی مناسبت سے، میکرو اکنامک استحکام کو برقرار رکھنے اور مجموعی طلب کو منظم کرنے کے لیے، مرکزی بینک بیچ مارک سوڈی شرح میں اضافہ کر رہا ہے۔ غیر ملکی زرمبادلہ کے ذخائر میں کمی کے پیش نظر، حکومت نے درآمدات پر پابندیاں عائد کیں، جس سے پورے ملک میں پیداواری صنعتی سامان کی روانی متاثر ہوئی۔

دنیا میں باعوم اور پاکستان میں بالخصوص معاشی سرگرمیوں میں سست روی کی وجہ سے محصولات کی وصولی ہدف سے کم رہی۔ بڑھتے ہوئے مالیاتی خسارے کو کم کرنے کے لیے، حکومت نے حال ہی میں فنانس ایکٹ 2023 منظور کیا جس میں مخصوص طبقات پر مزید ٹیکس عائد کیے گئے اور کچھ ٹیکس کریڈٹ واپس لے لیے ہیں۔ اوپر بیان کردہ وجوہات کے نتیجے میں پاکستان میں مہنگائی کی 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 پاکستان نے ڈسکاؤنٹ شرح کو بڑھا کر 22 فیصد کر دیا ہے۔

کاروباری نتائج

معاشی مشکلات کے باوجود، آپ کی کمپنی نے 30 جون 2023 کو ختم ہونے والے سال کے دوران حوصلہ افزاء کارکردگی کا مظاہرہ کیا ہے۔ نتائج کا مختصر خلاصہ درج ذیل ہے:

تبدیلی	روپے بلین	
	2022	2023
فروخت آمدنی	9,753	11,063
مجموعی منافع	1,075	1,207
آپریٹنگ منافع	906	992
ٹیکس کے بعد منافع	367	385
نیٹ شیئر آمدنی (روپے)	2.60	2.73

آپ کی کمپنی نے اپنی مجموعی فروخت آمدنی میں نمو ظاہر کی ہے، جو بنیادی طور پر زیادہ بین الاقوامی قیمتوں کی بناء پر مجموعی 13.43% سالانہ بڑھی ہے۔ اگر درآمدات پر پابندیاں عائد نہ ہوتیں، تو نمو زیادہ ہوتی۔ آپریٹنگ منافع 12.35% تک زیادہ ہوا لیکن مالی لاگت میں بہت زیادہ اضافہ کی وجہ سے بعد از ٹیکس منافع صرف 5.18% تک زیادہ ہوا۔

مستقبل کا نقطہ نظر

ریکارڈ بلند افراط زر، بلند شرح سود، غیر ملکی کرنسی کی قلت، اور سیاسی/معاشی غیر یقینی صورتحال چیلننگ رہے گی اور مجموعی اقتصادی سرگرمی اور کمپنی کی کارکردگی کو متاثر کر سکتی ہے۔

ان تمام حقائق کے باوجود، انتظامیہ مالی سال 2023-24 کے دوران بہترین ممکنہ نتائج پیدا کرنے اور اسٹیبل 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 - 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 ہم آہنگ اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

بھاری قانونی ادائیگیاں

تمام بھاری ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

ریٹائرمنٹ کے فوائد کی سہولتیں:

کمپنی اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 10 پر درج، ایک فنڈ ڈگریڈیٹڈ اسکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

فی الحال بورڈ آف ڈائریکٹرز سات (8) ارکان، اور ایک چیف ایگزیکٹو آفیسر (سات مرد اور ایک خواتین) ڈائریکٹرز پر مشتمل ہے۔ ان آٹھ ڈائریکٹرز میں سے دو (2) ایگزیکٹو، تین (3) نان ایگزیکٹو اور تین (3) آزاد ڈائریکٹرز ہیں۔

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

آڈٹ کمیٹی:

- 1- جناب پرویز احمد خان
 - 2- محترمہ نازیہ قریشی
 - 3- جناب عثمان حمید
- ہیومن ریسورس اینڈ ریمزیشن کمیٹی:

- 1- جناب خالد صدیق طرمزی
- 2- شیخ عامر حمید
- 3- جناب ظفر محمود

زیر جائزہ سال کے دوران پانچ (5) بورڈ، چار (4) آڈٹ کمیٹی اور ایک (1) ہیومن ریسورس اینڈ ریمزیشن کمیٹی کے اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریمزیشن کمیٹی
شیخ عامر حمید	5/5	-	1/1
ظفر محمود	5/5	-	1/1
خالد ممتاز قاضی	2/2	-	-
عثمان حمید	5/5	4/4	-
محمد بیسی خان	5/5	-	-
پرویز احمد خان	5/5	4/4	-
محترمہ نازیہ قریشی	5/5	2/2	1/1
خالد صدیق طرمزی	3/3	-	-
عبداللہ جمیل	3/3	2/2	-

بورڈ کی تہنیتیں

کوڈ آف کارپوریٹ گورننس (سی سی جی) اوکٹینیر ایکٹ 2017 کے مطابق بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز

Statement of Compliance with the Listed Companies

(Code of Corporate Governance) Regulations, 2019 For the Year Ended June 30, 2023

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 2022.

1. The total members of the Board were 08, number of elected directors is 07 and a CEO as detailed below:

a. Male : 07

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. Mr. Khalid Siddiq Tirmizey 3. Mrs. Nazia Qureshi
2	Executive Director	1. Mr. Zafar Mahmood - Chief Executive Officer 2. Mr. Khalid Mumtaz Qazi
3	Non- Executive Director	1. Sheikh Amar Hameed - Chairman 2. Mr. Muhammad Yahya Khan 3. Mr. Osman Hameed
4	Female Director	1. Mrs. Nazia Qureshi

- 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 Head of Internal Audit (HoIA) had successfully completed his training under Directors’ Training Program. Mr. Khalid Mumtaz Qazi, Executive Director and Mr. Khalid Siddiq Tirmizey, Independent Directors also become part of the newly elected Board both had already successfully completed their respective training under Directors’ Training Program.
- The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and CEO duly endorsed the financial statements before approval of the board.

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

I. Audit Committee:

- I. Mr. Pervaiz Ahmad Khan – Chairman
- II. Mrs. Nazia Qureshi
- III. Mr. Osman Hameed

II. HR and Remuneration Committee:

- I. Mr. Khalid Siddiq Tirmizey – Chairman
- 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, 2023.

II. HR & Remuneration Committee

One meeting was held during the financial year ended June 30, 2023.

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 23, 2023

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

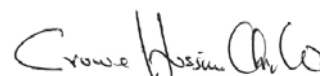
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nimir Resins Limited ("the Company") for the year ended June 30, 2023 in accordance with the requirements of regulation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

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

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

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

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



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
September 26, 2023
UDIN: CR202310169BZkv6EMuc

Independent Auditors' Report to the Members

For the Year Ended June 30, 2023

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, 2023 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, 2023 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 (the code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following is the Key Audit Matter:

Key Audit Matters	How the Matter was Addressed in our Report
1. Trade receivables and revenue	
Refer to note 22 to the financial statements. The trade debts of the Company as at June 30, 2023 are Rs. 1.943 billion. IFRS 9 requires the entities to incorporate an allowance for the impairment of financial assets using Expected Credit Loss (ECL) approach.	We performed the following procedures: <ul style="list-style-type: none">• Reviewed the procedures employed by the Company for the estimation of recoverability of trade debts and for the determination of required ECL.
Key Audit Matters	How the Matter was Addressed in our Report
The Company has incorporated a provision of Rs. 94.591 million as expected credit loss against trade debts. We have considered this matter as a key audit matter as the determination of ECL requires significant judgment and assumptions including consideration of factors such as forward looking. Furthermore, trade debts represent 33.93% of the total assets of the Company as at June 30, 2023.	<ul style="list-style-type: none">• Reviewed the judgments, assumptions, historical credit loss and forward-looking factors exercised by the management for the development of ECL model.• Obtained aging reports and, on sample basis checked the correctness of these reports.• Assessed the adequacy of ECL model by performing recalculation on sample basis.• Assessed the adequacy of disclosures made in the financial statements according to the requirements of the International Financial Reporting Standards.

Independent Auditors' Report to the Members

For the Year Ended June 30, 2023

2. Stock in trade	
<p>Refer to note 3.6 & 21 to the financial statements.</p> <p>The Company's stock in trade as at June 30, 2023 is Rs. 1.616 billion, break up of which is as follows:</p> <ul style="list-style-type: none"> - Raw and packing materials amounting to Rs. 955.912 million; - Raw materials in transit amounting to Rs. 188.639 million; - Finished goods amounting to Rs. 495.943 million; - Solar panels purchased for resale amounting to Rs. 14.857 million; and - Provision for obsolescence of stock amounting to Rs. 38.933 million. <p>Stock in trade is stated at lower of cost and estimated net realizable value.</p> <p>We have considered this area as a key audit matter due to its size, representing 28.23% of the total assets of the Company as at June 30, 2023 and the judgment involved in valuation.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Inquired and assessed the design and operating effectiveness of the Company's internal controls over inventories. • Observed physical inventory count procedures as at the year end and compared physically counted inventories with closing inventory reports provided by the management. • Inspected purchase documents on sample basis to check quantity and value of certain closing stock. • Checked and evaluated the accuracy of valuation of closing stock. • 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. • 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. • Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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.

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.

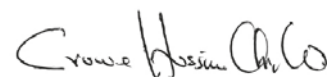
Report on Other Legal and Regulatory Requirements

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 23, 2023
UDIN: AR2023101690JH6E8FPA



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Statement of Financial Position

As at June 30, 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 150,000,000 (2022: 150,000,000 of Rs. 10 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	9,391,005	11,391,005
Sponsors' interest free loans - unsecured		107,000,000	107,000,000
Reserves	6	808,350,998	416,755,530
Surplus on revaluation of property, plant and equipment - net	7	797,574,562	484,247,824
		3,135,527,205	2,432,604,999
Non Current Liabilities			
Long term financing	8	90,000,000	141,956,263
Lease liabilities	9	31,990,042	35,768,004
Post employment benefit obligations	10	42,091,474	30,856,775
Deferred tax liability	11	83,716,039	50,925,216
		247,797,555	259,506,258
Current Liabilities			
Trade and other payables	12	1,096,284,486	391,498,916
Unclaimed dividends		292,819	292,819
Accrued mark up		44,692,748	56,147,951
Short term borrowings	13	851,376,791	2,483,518,377
Current portion of diminishing musharaka finance	14	-	525,325
Current portion of long term financing	9	68,928,574	87,978,802
Current portion of deferred income – Government grant	15	-	1,513,195
Current portion of lease liabilities	11	8,154,960	6,602,988
Provision for taxation	16	271,965,145	243,227,814
		2,341,695,523	3,271,306,187
Contingencies and Commitments			
	17	-	-
Total Equity and Liabilities		5,725,020,283	5,963,417,444

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	18	1,503,350,659	1,154,785,386
Right-of-use assets	19	40,578,053	37,469,222
Long term deposits	20	27,015,270	26,336,470
		1,570,943,982	1,218,591,078
Current Assets			
Stores and spares		28,317,927	23,663,602
Stock in trade	21	1,616,419,011	2,291,377,678
Trade debts	22	1,942,682,334	2,003,964,804
Loans and advances	23	49,865,304	44,557,033
Short term prepayments		-	2,294,611
Other receivables	24	29,303,464	29,185,008
Tax refunds due from the Government	25	353,464,999	325,134,703
Cash and bank balances	26	134,023,262	24,648,927
		4,154,076,301	4,744,826,366
Total Assets		5,725,020,283	5,963,417,444

The annexed notes from 1 to 47 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, 2023

	Note	2023 Rupees	2022 Rupees
Revenue from sales		11,063,212,014	9,753,005,547
Less:			
- Sales tax		(1,692,304,372)	(1,480,397,448)
- Commission		-	(1,227,587)
Net sales	27	9,370,907,642	8,271,380,512
Cost of sales	28	(8,163,332,358)	(7,196,560,150)
Gross Profit		1,207,575,284	1,074,820,362
Distribution cost	29	(116,487,929)	(88,839,071)
Administrative expenses	30	(98,702,434)	(80,390,304)
		(215,190,363)	(169,229,375)
Operating Profit		992,384,921	905,590,987
Other operating expenses	31	(72,386,150)	(111,761,517)
Finance cost	32	(376,236,589)	(213,766,135)
Other income	33	32,145,686	21,849,163
Profit before Taxation		575,907,868	601,912,498
Income tax expense	34		
Current tax		(145,172,235)	(183,552,971)
Super tax		(63,374,070)	(62,015,682)
Deferred tax		18,513,293	10,527,287
		(190,033,012)	(235,041,366)
Net Profit for the Year		385,874,856	366,871,132
Earnings per Share - Basic and Diluted	35	2.73	2.60

The annexed notes from 1 to 47 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, 2023

	2023	2022
	Rupees	Rupees
Net Profit for the Year	385,874,856	366,871,132
Other comprehensive income		
Items that will not be re-classified subsequently to profit or loss		
Surplus arising on revaluation of property, plant and equipment	372,287,535	-
Related deferred tax impact	(45,262,829)	-
Re-measurement of post employment benefits	(1,936,069)	1,252,903
Related deferred tax impact	755,067	(413,458)
Items that may be re-classified subsequently to profit or loss	-	-
Other comprehensive income for the Year	325,843,704	839,445
Total Comprehensive Income for the Year	711,718,560	367,710,577

The annexed notes from 1 to 47 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, 2023

Particulars	Share Capital	Share Deposit Money	Sponsors' Interest Free Loans	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
				Share Premium Reserve	Unappropriated Profit / Accumulated (Loss)		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
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 ended June 30, 2022	-	-	-	-	366,871,132	-	366,871,132
Other comprehensive income for the year ended June 30, 2022	-	-	-	-	839,445	-	839,445
Total comprehensive income for the year ended June 30, 2022	-	-	-	-	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
Net profit for the year ended June 30, 2023	-	-	-	-	385,874,856	-	385,874,856
Other comprehensive (loss) / income for the year ended June 30, 2023	-	-	-	-	(1,181,002)	327,024,706	325,843,704
Total comprehensive income for the year ended June 30, 2023	-	-	-	-	384,693,854	327,024,706	711,718,560
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	6,901,614	(6,901,614)	-
Effect of rate change	-	-	-	-	-	(6,796,354)	(6,796,354)
Share deposit money paid	-	(2,000,000)	-	-	-	-	(2,000,000)
Balance as at June 30, 2023	1,413,210,640	9,391,005	107,000,000	1,281,303	807,069,695	797,574,562	3,135,527,205

The annexed notes from 1 to 47 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, 2023

	2023	2022	
Note	Rupees	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from / (Used in) Operations	36	2,533,480,128	(899,720,363)
Finance cost paid	(382,004,703)	(171,776,600)	
Income tax paid	(206,225,170)	(229,578,079)	
Gratuity paid	(3,952,461)	(807,120)	
Workers' welfare fund paid	(12,680,497)	(10,044,400)	
Workers' (profit) participation fund paid	(32,607,717)	(27,001,005)	
	(637,470,548)	(439,207,204)	
Net Cash Generated from / (Used in) Operating Activities	1,896,009,580	(1,338,927,567)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased	(25,013,278)	(9,739,545)	
Proceeds from disposal of property, plant and equipment	95,000	-	
Capital work in progress - property, plant and equipment	(42,544,491)	(131,691,209)	
Share deposit money repaid	(2,000,000)	-	
Long term deposits	(678,800)	(4,431,947)	
Net Cash Used in Investing Activities	(70,141,569)	(145,862,701)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	-	150,000,000	
Long term financing repaid	(72,519,686)	(82,944,656)	
Diminishing musharaka finance	(525,325)	(1,088,915)	
Lease liabilities	(11,307,079)	(7,496,964)	
Short term borrowings - net	(1,632,141,586)	1,423,211,732	
Net Cash (Used in) / Generated from Financing Activities	37	(1,716,493,676)	1,481,681,197
Net Increase / (Decrease) in Cash and Cash Equivalents	109,374,335	(3,109,071)	
Cash and cash equivalents at the beginning of the year	24,648,927	27,757,998	
Cash and Cash Equivalents at the End of the Year	134,023,262	24,648,927	

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



Chief Executive Officer



Director



Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the Year Ended June 30, 2023

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 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:

- 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 09	(stated at Present value)
Post employment benefits (Gratuity)	Note 10	(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 year 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
- Provision for obsolescence of inventories - Note 3.6 & 21
- Impairment loss of non-financial assets other than inventories – Note 3.23
- Provision for expected credit losses – Note 3.17 & 22
- Obligation of post employment benefits - Note 3.9 & 10
- Estimation of provisions - Note 3.8
- Estimation of contingent liabilities - Note 3.12 & 17
- Current income tax expense, provision for current tax and recognition of deferred tax - Note 3.10, 11, 16 & 34

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, 2023. 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)
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments 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)
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 12 Deferred tax related to assets and liabilities arising from a single transaction – (Amendments)	January 1, 2023
IFRS 16 Lease Liability in a Sale and Leaseback – (Amendments)	January 1, 2024
IAS 1 Classification of liabilities as current or non-current – (Amendments)	January 1, 2024
IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements (Amendments)	January 1, 2024

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 years 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 the 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 February 03, 2023. 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 "Surplus on revaluation of 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 account 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 surplus on revaluation of 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 comprise 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 over the lease term of leased assets given in note 19.

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 calculated using a discount rate determined by reference to the market yields at the end of reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yield on government bonds.

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. 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 prevailing 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 parties 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 account 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 account 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

2023	2022		2023	2022
No. of shares			Rupees	Rupees
50,412,824	50,412,824	Ordinary shares of Rs. 10 each fully paid in cash	504,128,240	504,128,240
16,775,294	16,775,294	Ordinary shares of Rs. 10 each issued at 60% discount	167,752,940	167,752,940
1,349,624	1,349,624	Ordinary shares of Rs. 10 each issued for consideration other than cash - land	13,496,240	13,496,240
4,571,434	4,571,434	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	45,714,340	45,714,340
71,844,938	71,844,938	Ordinary shares of Rs. 10 each issued pursuant to the scheme of amalgamation	718,449,380	718,449,380
(3,633,050)	(3,633,050)	Ordinary shares of Rs. 10 each cancelled pursuant to the scheme of amalgamation	(36,330,500)	(36,330,500)
141,321,064	141,321,064		1,413,210,640	1,413,210,640

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

	% of Shareholding	2023	2022
		Number of shares	
Nimir Management (Private) Limited	51.00%	72,073,743	72,073,743
Nimir Industrial Chemicals Limited	11.63%	16,438,306	16,438,306
Terranova (Private) Limited	4.56%	6,446,388	6,446,388
		94,958,437	94,958,437

4.2 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.

4.3 There has been no movement in the shares of the Company during the year ended June 30, 2023.

5 SHARE DEPOSIT MONEY

This represents the excess subscription money received from Nimir Management (Private) Limited for issuance of right shares. During the year an amount of Rs. 2 million has been repaid to Nimir Management (Private) Limited.

6 RESERVES

	2023	2022
	Rupees	Rupees
Capital reserves		
Share premium reserve	1,281,303	1,281,303
Revenue reserves		
Unappropriated profit	807,069,695	415,474,227
	808,350,998	416,755,530

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

	2023	2022
	Rupees	Rupees
Land - freehold		
Opening balance	408,355,203	408,355,203
Add: Surplus on revaluation arisen during the year	256,229,000	-
	664,584,203	408,355,203
Buildings on freehold land		
Opening balance	75,892,621	86,476,907
Add: Surplus on revaluation arisen during the year	116,058,535	-
Less: Related deferred taxation	(45,262,829)	-
	146,688,327	86,476,907
Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax	(6,901,614)	(5,712,348)
Effect of change in rate	(6,796,354)	(4,871,938)
Closing balance - net of tax	797,574,562	484,247,824

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.

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2023

8 LONG TERM FINANCING

	Note	2023 Rupees	2022 Rupees
Soneri Bank Limited	8.1	-	852,750
The Bank of Punjab	8.2	21,428,574	50,000,002
Bank Alfalah Limited	8.3	25,000,000	32,500,000
MCB Bank Limited	8.4	112,500,000	135,000,000
Refinance for salaries - The Bank of Punjab	8.5	-	13,095,508
Less: deferred income - Government grant		-	(1,513,195)
		-	11,582,313
		158,928,574	229,935,065
Less: current portion of loans		(68,928,574)	(87,978,802)
		90,000,000	141,956,263

8.1 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.

8.2 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 installments 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.

8.3 This represents facility of Rs. 50 million obtained for solar energy unit of 578.76 KW. 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.

8.4 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.

8.5 This represents 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.

9 LEASE LIABILITIES

	2023 Rupees	2022 Rupees
Opening balance	42,370,992	34,212,534
Add: Additions during the year	3,394,000	12,945,772
Add: Interest expense	5,687,089	2,709,650
Less: Payments made	(11,307,079)	(7,496,964)
Gross liability	40,145,002	42,370,992
Less: Current portion	(8,154,960)	(6,602,988)
Closing balance	31,990,042	35,768,004

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

	Included in	Note	2023 Rupees	2022 Rupees
Carrying amount of ROU assets	Statement of financial position	19	40,578,053	37,469,222
Depreciation charge	Cost of sales	28	2,553,051	792,776
Depreciation charge	Administrative expenses	30	5,353,455	2,837,314
Depreciation charge	Distribution cost	29	2,310,663	1,297,888
Interest expense	Finance cost	32	5,687,089	2,709,650
Security Deposit	Long term deposits	20	10,235,800	9,557,000

9.2 Maturity analysis of contractually undiscounted cash flows

	2023	2022
	Rupees	Rupees
Up to one year	12,030,920	9,957,214
2-5 Years	36,492,489	41,006,082
More than 5 years	-	-
Total lease liabilities	48,523,409	50,963,296

9.3 Nature of leasing activities

9.3.1 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 installments. 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.

9.3.2 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.

9.3.3 Remaining lease term of lease contracts is of 5 years (2022: 5 years) for which lease liability is recorded.

10 POST EMPLOYMENT BENEFIT OBLIGATIONS

	2023	2022
	Rupees	Rupees
Post employment benefit obligations	42,091,474	30,856,775

10.1 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, 2023.

10.2 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:

10.3 Actuarial assumptions

	2023	2022
	Rupees	Rupees
Discount rate (per annum)	16.25%	13.25%
Expected rate of salary increase in future years	15.25%	12.25%
Average duration of liability	9 years	9 years
Actuarial valuation method	Projected Unit Credit Method	
Mortality rate	SLIC (2001-2005) Mortality Table	

10.4 Reconciliation of the funded status

	Note	2023	2022
		Rupees	Rupees
Present value of defined benefit obligations	10.4.1	55,125,714	42,376,399
Fair value of plan assets	10.4.2	(13,034,240)	(11,519,624)
	12.4.3	42,091,474	30,856,775

10.4.1 Movement in present value of defined benefit obligations

Opening balance	42,376,399	35,208,974
Current service cost for the year	9,424,419	6,395,982
Interest on defined benefit liability	5,357,395	3,480,541
Benefits paid	(3,886,461)	(807,120)
Actuarial (gain) / loss	1,853,962	(1,901,978)
Closing balance	55,125,714	42,376,399

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2023

10.4.2 Movement in fair value of plan assets

Note	2023	2022
	Rupees	Rupees
	11,519,624	11,062,454
	3,952,461	807,120
	1,530,723	1,106,245
	(3,886,461)	(807,120)
	(82,107)	(649,075)
10.4.5	<u>13,034,240</u>	<u>11,519,624</u>

10.4.3 Company's liability

	30,856,775	24,146,520
10.4.6	13,251,091	8,770,278
10.4.4	1,936,069	(1,252,903)
	(3,952,461)	(807,120)
	<u>42,091,474</u>	<u>30,856,775</u>

10.4.4 Remeasurements chargeable in other comprehensive income

	-	103,863
	1,853,962	(2,005,841)
	82,107	649,075
	<u>1,936,069</u>	<u>(1,252,903)</u>

10.4.5 Composition of plan assets

	12,936,232	-
	-	7,098,392
	-	4,171,256
	98,008	249,976
	<u>13,034,240</u>	<u>11,519,624</u>

10.4.6 Charge for the year

	9,424,419	6,395,982
	5,357,395	3,480,541
	(1,530,723)	(1,106,245)
	<u>13,251,091</u>	<u>8,770,278</u>

10.5 Allocation in profit or loss

	7,234,612	4,986,642
	3,075,900	1,554,900
	2,940,579	2,228,736
	<u>13,251,091</u>	<u>8,770,278</u>

10.6 Estimated charge for the next year

	2024
	Rupees
Current service cost	11,072,137
Interest on defined benefit liability	6,839,865
	<u>17,912,002</u>

10.7 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:

	2023	2022
	Rupees	Rupees
Discount rate + 100 bps	50,404,255	38,746,905
Discount rate - 100 bps	60,290,774	46,346,899
Salary increase + 100 bps	60,289,441	46,345,874
Salary increase - 100 bps	50,403,636	38,746,429

10.8 Maturity profile

1 year	4,958,632	2,117,590
2 year	5,128,482	3,219,351
3 year	6,093,456	4,285,228
4 year	7,001,618	5,341,625
5 year	7,969,705	6,285,419
6-10 years	52,107,889	32,172,646

10.9 Comparison of last five years

	2023	2022	2021	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	55,125,714	42,376,399	35,208,974	26,506,113	20,779,813
Fair value of plan assets	(13,034,240)	(11,519,624)	(11,062,454)	(10,110,272)	(9,827,358)
Retirement benefits liability	42,091,474	30,856,775	24,146,520	16,395,841	10,952,455

11 DEFERRED TAX LIABILITY

	Note	2023	2022
		Rupees	Rupees
Deferred tax Liability	11.1	83,716,039	50,925,216

11.1 Breakup of Deferred tax Liability

Taxable temporary differences

Accelerated tax depreciation	67,010,713	59,328,227
Surplus on revaluation of property, plant and equipment	85,026,624	37,379,948
Right of use assets	15,825,441	12,364,843

Deductible temporary differences

Lease Liabilities	(15,656,551)	(13,982,427)
Post employment benefit obligations	(16,415,675)	(10,182,736)
Provision for obsolescence stock	(15,183,943)	(9,843,949)
Provision for doubtful debts	(36,890,570)	(24,138,690)
	83,716,039	50,925,216

11.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 39% (2022: 33%).

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

Opening balance	50,925,216	56,167,107
Deferred tax (income) / expense during the year recognised in profit or loss account	(18,513,293)	(10,527,287)
Deferred tax expense / (income) during the year recognised in other comprehensive income	44,507,762	413,458
Effect of rate change	6,796,354	4,871,938
Closing balance	83,716,039	50,925,216

11.4 Analysis of deferred tax

	Statement of Financial Position		Statement of Profit or Loss	
	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees
Accelerated tax depreciation and amortization	67,010,713	59,328,227	7,682,486	10,806,997
Revaluation of property, plant and equipment	85,026,624	37,379,948	(4,412,507)	(2,813,544)
Provision for doubtful debts	(36,890,570)	(24,138,690)	(12,751,880)	(9,333,452)
Right of Use Assets	15,825,441	12,364,843	3,460,598	2,136,897
Provision for obsolete stock	(15,183,943)	(9,843,949)	(5,339,994)	(3,669,690)
Provision for staff gratuity	(16,415,675)	(10,182,736)	(5,477,872)	(3,593,703)
Lease Liabilities	(15,656,551)	(13,982,427)	(1,674,124)	(4,060,792)
	<u>83,716,039</u>	<u>50,925,216</u>	<u>(18,513,293)</u>	<u>(10,527,287)</u>

12 TRADE AND OTHER PAYABLES

	Note	2023	2022
		Rupees	Rupees
Local creditors - Unsecured	12.1	347,387,288	207,998,278
Foreign creditors - Secured		580,758,507	-
Accrued liabilities		118,551,410	90,709,497
Contract liabilities	12.2	6,025,371	45,758,955
Workers' (profit) participation fund	12.3	30,886,083	32,607,510
Workers' welfare fund	12.4	12,675,827	14,424,676
		<u>1,096,284,486</u>	<u>391,498,916</u>

12.1 This includes Rs. 67,695,420 (2022: Rs. 26,929,825) payable to related parties on account of purchase of raw materials.

12.2 These contract liabilities are expected to be satisfied during the year ended June 30, 2024.

	2023	2022
	Rupees	Rupees
12.3 Opening balance	32,607,510	27,000,798
Add: Provision for the year	30,886,290	32,607,717
Less: Payments made during the year	(32,607,717)	(27,001,005)
Closing balance	<u>30,886,083</u>	<u>32,607,510</u>
12.4 Opening balance	14,424,676	11,425,989
Add: Provision for the year	10,931,648	13,043,087
Less: Payments made during the year	(12,680,497)	(10,044,400)
Closing balance	<u>12,675,827</u>	<u>14,424,676</u>

13 SHORT TERM BORROWINGS

Banking companies - Secured

Running finance	389,012,343	655,638,301
Borrowings / finance against trust receipts	462,364,448	1,827,880,076
	<u>851,376,791</u>	<u>2,483,518,377</u>

13.1 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. 5,255 million (2022: Rs. 4,305 million) including running finance facilities amounting to Rs. 1,475 million (2022: Rs. 975 million) and one off running finance facility amounting to Rs. 500 Million for 180 days (2022: Nil), 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% (2022: 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% (2022: 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.

14	CURRENT PORTION OF DIMINISHING MUSHARAKA FINANCE	Note	2023	2022
			Rupees	Rupees
	Diminishing musharaka finance	14.1	-	525,325
	Less: Current portion		-	(525,325)
			-	-

14.1 The Company had acquired certain vehicles under the diminishing musharaka financing arrangements from First Punjab Modaraba, for a period of 60 months commencing from December, 2016. The financing was secured against specific charge on the assets to the extent of the outstanding balance of diminishing musharaka. The effective rate was three months KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2022: 8.55% - 8.66%).

15	DEFERRED INCOME – GOVERNMENT GRANT	Note	2023	2022
			Rupees	Rupees
	Deferred income - Government grant	15.1	-	1,513,195
	Less: Current portion		-	(1,513,195)
			-	-

15.1 This represents the value of benefit of below-market interest rate which has been accounted for as government grant under IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

16	PROVISION FOR TAXATION	2023	2022
		Rupees	Rupees
	Opening balance	243,227,814	106,348,448
	Add: Charge for the year	183,784,802	181,212,132
	Add: Super tax	63,374,070	62,015,682
	Less: Prior year adjustment	(1,403,158)	2,340,839
	Less: Previous year super tax adjustment	(37,209,409)	-
		451,774,119	351,917,101
	Less: Payment / adjustments	(179,808,974)	(108,689,287)
		271,965,145	243,227,814

16.1 The provision for current year tax represents corporate tax at 29% (2022: 29%) and super tax at the rate of 10% (2022: 10%) as per the Income tax ordinance, 2001.

16.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2022 as tax returns were filed under the self assessment scheme.

16.3 In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses. Though, the Company has significant open tax assessments at the reporting date, management believes that the tax positions are sustainable and provision for current tax for the year is sufficient.

	2022	2021	2020
	Rupees	Rupees	Rupees
Provision as per financial statements	243,227,814	106,348,448	67,616,275
Assessed amount of tax liability	241,824,656	108,689,287	67,821,453
Difference between provision and assessed amount	(1,403,158)	2,340,839	205,178

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There are no material contingencies outstanding as at the reporting date (2022: Nil).

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2023

17.2 Guarantees

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

	2023	2022
	Rupees	Rupees
Sui Northern Gas Pipelines Limited	3,090,000	3,090,000
Pakistan State Oil Company Limited	6,000,000	3,000,000
Total Parco Pakistan Limited	8,000,000	8,000,000
	<u>17,090,000</u>	<u>14,090,000</u>

17.3 Commitments

Letters of credit	957,561,520	790,013,603
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18 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	18.1	1,487,659,457	1,131,598,230
Capital work in progress	18.10	15,691,202	23,187,156
		<u>1,503,350,659</u>	<u>1,154,785,386</u>

18.1 Operating fixed assets

Year Ended June 30, 2023

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, 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
Additions	-	22,579,423	37,456,280	905,976	2,302,098	1,877,946	-	65,121,723
Disposals during the year	-	-	-	(2,124,486)	(6,827,740)	-	-	(8,952,226)
Revaluation adjustment	-	(60,806,877)	-	-	-	-	-	(60,806,877)
Revaluation surplus	256,229,000	116,058,535	-	-	-	-	-	372,287,535
Balance as at June 30, 2023	<u>806,629,000</u>	<u>337,455,284</u>	<u>894,846,374</u>	<u>12,644,092</u>	<u>27,376,518</u>	<u>29,582,803</u>	<u>24,687,362</u>	<u>2,133,221,433</u>
Accumulated depreciation								
Balance as at July 01, 2022	-	47,351,227	511,098,344	9,837,640	24,503,069	21,053,015	20,129,753	633,973,048
Charge for the year	-	26,836,127	44,314,230	1,430,138	3,560,271	1,993,421	3,097,332	81,231,519
Disposals during the year	-	-	-	(2,124,340)	(6,711,374)	-	-	(8,835,714)
Revaluation adjustment	-	(60,806,877)	-	-	-	-	-	(60,806,877)
Balance as at June 30, 2023	<u>-</u>	<u>13,380,477</u>	<u>555,412,574</u>	<u>9,143,438</u>	<u>21,351,966</u>	<u>23,046,436</u>	<u>23,227,085</u>	<u>645,561,976</u>
Balance as at June 30, 2023	<u>806,629,000</u>	<u>324,074,807</u>	<u>339,433,800</u>	<u>3,500,654</u>	<u>6,024,552</u>	<u>6,536,367</u>	<u>1,460,277</u>	<u>1,487,659,457</u>
Depreciation rates	<u>-</u>	<u>7% to 10%</u>	<u>7% to 33%</u>	<u>20% to 50%</u>	<u>20% to 50%</u>	<u>13% to 50%</u>	<u>20%</u>	

Year Ended June 30, 2022

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	<u>550,400,000</u>	<u>259,624,203</u>	<u>857,390,094</u>	<u>13,862,602</u>	<u>31,902,160</u>	<u>27,704,857</u>	<u>24,687,362</u>	<u>1,765,571,278</u>
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	<u>-</u>	<u>47,351,227</u>	<u>511,098,344</u>	<u>9,837,640</u>	<u>24,503,069</u>	<u>21,053,015</u>	<u>20,129,753</u>	<u>633,973,048</u>
Balance as at June 30, 2022	<u>550,400,000</u>	<u>212,272,976</u>	<u>346,291,750</u>	<u>4,024,962</u>	<u>7,399,091</u>	<u>6,651,842</u>	<u>4,557,609</u>	<u>1,131,598,230</u>
Depreciation rates	<u>-</u>	<u>7% to 10%</u>	<u>7% to 33%</u>	<u>20% to 50%</u>	<u>20% to 50%</u>	<u>13% to 50%</u>	<u>20%</u>	

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	476,165	127,044
14.8 km Sheikhpura Faisalabad Road	Warehouse	375,433	161,877

18.3 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2023	2022
		Rupees	Rupees
Cost of sales	28	77,506,757	63,806,899
Distribution cost	29	1,658,335	1,167,439
Administrative expenses	30	2,066,427	1,183,526
		<u>81,231,519</u>	<u>66,157,864</u>

18.4 As per the latest valuation report by an independent valuer as of February 03, 2023, the forced sales value of freehold land and building was Rs. 685,634,650 and Rs. 267,644,476 respectively. The management believes that these values approximate to the values as on June 30, 2023.

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:

	2023			2022		
	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	234,593,589	(128,535,765)	106,057,824	212,014,166	(113,013,759)	99,000,407
	<u>376,638,386</u>	<u>(128,535,765)</u>	<u>248,102,621</u>	<u>354,058,963</u>	<u>(113,013,759)</u>	<u>241,045,204</u>

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. 471.06 million over fixed assets of the Company.

18.8 Property, plant and equipment contains fully depreciated assets, having cost of Rs. 75.904 million (2022: Rs. 87.650 million) that are still in use as at the reporting date.

18.9 Owned vehicles include vehicles having cost of Rs. 9.095 million (2022: Rs. 9.095 million) which have been obtained through Diminishing Musharaka Financing (Note 14). But the Company has not yet got them transferred to its name as at reporting date.

Notes to and Forming Part of the Financial Statements
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18.10 Capital Work in Progress

	Land		Plant and Machinery		Vehicles		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
- Opening balance	1,000,000	2,781,000	13,660,156	100,264,016	8,527,000	29,290,000	23,187,156	132,335,016
- Additions during the year	-	2,460,600	41,389,491	133,472,211	4,549,000	15,655,420	45,938,491	151,588,231
	1,000,000	5,241,600	55,049,647	233,736,227	13,076,000	44,945,420	69,125,647	283,923,247
- Transferred to fixed assets	-	-	(40,358,445)	(220,076,071)	-	-	(40,358,445)	(220,076,071)
- Transferred to right of use assets	-	-	-	-	(13,076,000)	(36,418,420)	(13,076,000)	(36,418,420)
- Transferred to profit or loss account	-	(4,241,600)	-	-	-	-	-	(4,241,600)
	1,000,000	1,000,000	14,691,202	13,660,156	-	8,527,000	15,691,202	23,187,156

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	2023	2022
	Rupees	Rupees
	37,469,222	5,978,780
	13,326,000	36,418,420
	50,795,222	42,397,200
	(10,217,169)	(4,927,978)
	40,578,053	37,469,222
	5	5

19.1 Apportionment of depreciation charge for the year

Cost of sales

Distribution cost

Administrative expenses

Note	2023	2022
28	2,553,051	792,776
29	2,310,663	1,297,888
30	5,353,455	2,837,314
	10,217,169	4,927,978

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 LONG TERM DEPOSITS

Utility companies

Against right of use assets

Others

Note	2023	2022
	Rupees	Rupees
	14,606,470	14,606,470
	10,235,800	9,557,000
	2,173,000	2,173,000
	27,015,270	26,336,470

21 STOCK IN TRADE

Raw and packing materials

Raw materials in transit

Finished goods

Solar panels purchased for resale

Less: Provision for obsolescence of stock

	955,912,287	1,456,760,963
	188,639,114	373,623,449
	495,943,664	397,883,714
	14,857,134	92,939,700
	1,655,352,199	2,321,207,826
21.1	(38,933,188)	(29,830,148)
	1,616,419,011	2,291,377,678

21.1 Provision for obsolescence of stock

	2023	2022
	Rupees	Rupees
Opening balance	29,830,148	21,290,548
Provision for the year	9,103,040	8,539,600
	38,933,188	29,830,148
Less: Obsolete stocks written off	-	-
	38,933,188	29,830,148

21.2 As mentioned in Note 13, 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).

22 TRADE DEBTS

Local - Unsecured

Considered good

- Local sales

Considered doubtful

Less: Allowance for expected credit losses

Note	2023	2022
	Rupees	Rupees
	1,942,682,334	2,003,964,804
	94,591,204	73,147,544
	2,037,273,538	2,077,112,348
22.1	(94,591,204)	(73,147,544)
	1,942,682,334	2,003,964,804

22.1 Loss allowance

Opening balance

Loss allowance for the year

Less: Bad debts written off

	73,147,544	51,052,544
	21,443,660	22,095,000
	94,591,204	73,147,544
	-	-
	94,591,204	73,147,544

22.2 These customers have no recent history of default. For age analysis of these trade debts, refer to note 41.1 (b).

22.3 Trade debts include an amount of Rs. 50,829,797 due from related parties (2022: Rs. 2,195,529) as at June 30, 2023.

22.4 Aging of outstanding balance of related party as at June 30, 2023, is as under:

	2023			2022		
	Nimir Chemcoats Limited	Nimir Industrial Chemical Limited	Total	Nimir Chemcoats Limited	Nimir Industrial Chemical Limited	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not overdue	29,023,397	21,806,400	50,829,797	-	2,195,529	2,195,529
Past due less than 30 days	-	-	-	-	-	-
Past due less than 60 days	-	-	-	-	-	-
Past due less than 90 days	-	-	-	-	-	-
Past due less than 180 days	-	-	-	-	-	-
Past due over 180 days	-	-	-	-	-	-
Total	29,023,397	21,806,400	50,829,797	-	2,195,529	2,195,529

22.5 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 102,003,070 (2022: Rs. 12,812,472).

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2023

23	LOANS AND ADVANCES	Note	2023 Rupees	2022 Rupees
	Advances (Unsecured - Considered good):			
	- Suppliers and contractors		48,733,282	40,843,205
	- Employees	23.1	697,333	699,028
	Short term loans to employees (Unsecured - Considered good)	23.2	434,689	3,014,800
			49,865,304	44,557,033

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

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

24	OTHER RECEIVABLES	2023 Rupees	2022 Rupees
	Margin against letters of credits	28,503,464	27,776,008
	Margin against letters of guarantees	800,000	1,409,000
		29,303,464	29,185,008

25 TAX REFUNDS DUE FROM THE GOVERNMENT

Tax deducted at source and advance tax	318,148,204	291,732,008
Sales tax refundable - Net	35,316,795	33,402,695
	353,464,999	325,134,703

26 CASH AND BANK BALANCES

Cash in hand	537,322	471,364
Cash at banks in current accounts	133,485,940	24,177,563
	134,023,262	24,648,927

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

27 REVENUE

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

27.2	Geographical markets	2023 Rupees	2022 Rupees
	Pakistan	9,370,907,642	8,234,478,099
	United Arab Emirates	-	36,902,413
		9,370,907,642	8,271,380,512

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

	2023 Rupees	2022 Rupees
Coating, Emulsion and Blending	4,952,524,571	4,532,690,350
Textile, Paper and Others	4,418,383,071	3,738,690,162
	9,370,907,642	8,271,380,512

28 COST OF SALES

	Note	2023 Rupees	2022 Rupees
Raw materials consumed		7,707,009,095	6,990,212,878
Stores and spares consumed		27,583,463	24,253,610
Fuel and power		201,362,969	130,801,586
Salaries, wages and benefits	28.1	200,260,949	177,711,590
Printing and stationery		246,166	415,378
Repairs and maintenance		12,611,852	6,282,391
Travelling, conveyance and entertainment		18,671,342	15,434,169
Insurance		9,743,983	7,429,754
Rent, rates and taxes		580,858	4,490,025
Communication		1,201,526	1,198,326
Fees and consultancy charges		1,188,663	634,154
Depreciation on property, plant and equipment	18.3	77,506,757	63,806,899
Depreciation on right of use asset		2,553,051	792,776
Miscellaneous		871,634	180,040
		8,261,392,308	7,423,643,576
Finished goods:			
Opening finished goods	21	397,883,714	170,800,288
Closing finished goods	21	(495,943,664)	(397,883,714)
		(98,059,950)	(227,083,426)
		8,163,332,358	7,196,560,150

28.1 This includes Rs. 7,234,612 (2022: Rs. 4,986,642) in respect of employee benefits.

29 DISTRIBUTION COST

	Note	2023 Rupees	2022 Rupees
Salaries, wages and benefits	29.1	50,027,135	44,627,703
Packing, carriage and forwarding		44,657,786	30,695,478
Travelling, conveyance and entertainment		10,336,456	5,309,431
Printing and stationery		281,210	197,526
Rent, rates and taxes		322,150	134,800
Fee and subscription		2,228,458	1,592,148
Sales promotion expenses		-	120,000
Insurance		1,857,140	1,482,027
Communication		265,023	448,622
Utilities		859,000	620,500
Repairs and maintenance		1,684,573	1,145,509
Depreciation on property, plant and equipment	18.3	1,658,335	1,167,439
Depreciation on right of use asset	19.1	2,310,663	1,297,888
		116,487,929	88,839,071

29.1 This includes Rs. 2,940,579 (2022: Rs. 2,228,736) in respect of employee benefits.

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2023

30 ADMINISTRATIVE EXPENSES

	Note	2023 Rupees	2022 Rupees
Salaries, wages and benefits	30.1	55,663,585	48,943,648
Travelling, conveyance and entertainment		7,105,448	5,509,448
Repairs and maintenance		3,963,433	1,078,817
Printing and stationery		2,225,760	1,588,556
Rent, rates and taxes		21,200	374,576
Insurance		1,159,569	2,178,746
Communication		3,735,887	3,259,605
Fee and subscription		10,432,948	8,158,305
Advertisement		555,039	436,899
Legal and professional charges		3,327,986	2,554,100
Auditors' remuneration	30.2	2,202,500	1,640,304
Utilities		859,000	620,500
Depreciation on property, plant and equipment	18.3	2,066,427	1,183,526
Depreciation on right of use asset	19.1	5,353,455	2,837,314
Miscellaneous		30,197	25,960
		<u>98,702,434</u>	<u>80,390,304</u>

30.1 This includes Rs. 3,075,900 (2022: Rs. 1,554,900) in respect of employee benefits.

30.2 Auditors' remuneration:

	Note	2023 Rupees	2022 Rupees
- Audit fee		950,000	950,000
- Half yearly review		440,000	440,000
- Other assurance services		712,500	-
- Other certifications		100,000	170,000
- Out of pocket expenses		-	80,304
		<u>2,202,500</u>	<u>1,640,304</u>

31 OTHER OPERATING EXPENSES

Expected credit losses on trade debts	22.1	21,443,660	22,095,000
Bad debt written off		-	59,420
Provision for obsolescence of stock	21.1	9,103,040	8,539,600
Foreign exchange loss		-	35,416,693
Workers' (profit) participation fund		30,886,290	32,607,717
Loss on disposal of fixed asset		21,512	-
Workers' welfare fund		10,931,648	13,043,087
		<u>72,386,150</u>	<u>111,761,517</u>

32 FINANCE COST

Markup on :		331,028,150	186,906,990
- Short term borrowings		3,993	400,659
- Diminishing musharaka finance		29,591,349	17,308,787
- Long term finance		5,687,089	2,709,650
- Lease liabilities		3,016,062	4,225,167
LC discounting charges		6,909,946	2,214,882
Bank and other charges		<u>376,236,589</u>	<u>213,766,135</u>

33 OTHER INCOME

Note	2023	2022
	Rupees	Rupees
Sale of waste material / scrap	25,505,611	18,132,575
Foreign exchange gain	2,988,552	-
Rental income	3,651,523	3,716,588
	<u>32,145,686</u>	<u>21,849,163</u>

34 TAXATION

Current tax:

- Current year

- Super tax

- Adjustment for prior years

	183,784,802	181,212,132
	63,374,070	62,015,682
	(38,612,567)	2,340,839
	<u>208,546,305</u>	<u>245,568,653</u>

Deferred tax

11

	(18,513,293)	(10,527,287)
	<u>190,033,012</u>	<u>235,041,366</u>

34.1 Reconciliation of tax charge for the year

Profit before taxation	575,907,868	601,912,498
Tax @ 29% (2022: 29%) on profit before taxation	167,013,282	174,554,624
Super tax @ 10% (2022: 10%)	63,374,070	62,015,682
Tax effect of add backs / allowed deductions	(1,741,773)	(3,869,779)
Adjustment for prior years	(38,612,567)	2,340,839
	<u>190,033,012</u>	<u>235,041,366</u>

34.2 Tax expense on items recognised in other comprehensive income

Remeasurement of post employment benefits obligation	(755,067)	413,458
Revaluation of property, plant and equipment	45,262,829	-
	<u>44,507,762</u>	<u>413,458</u>

34.3 The current tax expense for the year is calculated using corporation tax rate of 29% (2022: 29%) and super tax at rate of 10% (2022: 10%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 39%.

35 EARNINGS PER SHARE

		2023	2022
Profit for the year attributable to ordinary shareholders	Rupees	385,874,856	366,871,132
Weighted average number of ordinary shares outstanding during the year	Numbers	141,321,064	141,321,064
Earning per share - basic	Rupees	<u>2.73</u>	<u>2.60</u>

35.1 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, 2023 and June 30, 2022 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
For the Year Ended June 30, 2023

36 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
- Provision for gratuity
- Provision for obsolescence of stock
- Expected credit loss on trade debts
- Workers' (profit) participation fund
- Workers' welfare fund
- Foreign exchange loss - net
- Finance cost
- Loss 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
 - Short term prepayments
 - Other receivables
 - Sales tax refundable - Net
- Increase / (decrease) in current liabilities
- Trade and other payables

Cash Generated from Operations

	2023	2022
	Rupees	Rupees
Profit before taxation	575,907,868	601,912,498
Adjustments for:		
- Depreciation on property, plant and equipment	81,231,519	66,157,864
- Depreciation on right of use asset	10,217,169	4,927,978
- Bad debts written off	-	59,420
- Provision for gratuity	13,251,091	8,770,278
- Provision for obsolescence of stock	9,103,040	8,539,600
- Expected credit loss on trade debts	21,443,660	22,095,000
- Workers' (profit) participation fund	30,886,290	32,607,717
- Workers' welfare fund	10,931,648	13,043,087
- Foreign exchange loss - net	-	35,416,693
- Finance cost	376,236,589	211,551,253
- Loss on disposal of property, plant and equipment	21,512	-
	553,322,518	403,168,890
Operating profit before working capital changes	1,129,230,386	1,005,081,388
(Increase) / decrease in current assets		
- Stores and spares	(4,654,325)	(3,220,665)
- Stock in trade	665,855,627	(831,752,705)
- Trade debts	39,838,810	(661,676,893)
- Loans and advances	(5,308,271)	(8,358,258)
- Short term prepayments	2,294,611	(909,214)
- Other receivables	(118,456)	(27,776,008)
- Sales tax refundable - Net	(1,914,100)	51,126,241
Increase / (decrease) in current liabilities		
- Trade and other payables	708,255,846	(422,234,249)
	1,404,249,742	(1,904,801,751)
Cash Generated from Operations	2,533,480,128	(899,720,363)

37 LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June30, 2023
	Rupees			
Long term financing	231,448,260	-	(72,519,686)	158,928,574
Diminishing musharaka finance	525,325	-	(525,325)	-
Lease liabilities	42,370,992	9,081,089	(11,307,079)	40,145,002
Short term borrowings	2,483,518,377	-	(1,632,141,586)	851,376,791
Total liabilities from financing activities	2,757,862,954	9,081,089	(1,716,493,676)	1,050,450,367

	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

38 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the period as remuneration and benefits paid to the chief executive officer, directors and executives of the company are as follows:

	Chief Executive Officer		Non-Executive Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in Thousand							
Managerial remuneration	4,645	3,871	-	-	48,632	31,677	53,277	35,548
Housing and other allowances	2,090	1,742	-	-	22,087	14,541	24,177	16,283
Utilities	465	387	-	-	4,863	3,167	5,328	3,554
Bonus	2,316	1,244	-	-	24,870	13,389	27,186	14,633
Retirement benefits	-	-	-	-	3,682	2,541	3,682	2,541
Meeting fee	-	-	4,810	3,150	-	-	4,810	3,150
	9,516	7,244	4,810	3,150	104,134	65,315	118,460	75,709
Number of persons	1	1	7	6	19	14	27	21

38.1 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.

39 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	2023	2022
			Rupees	Rupees
Nimir Industrial Chemicals Limited	Ultimate Parent Company	Purchase of goods	319,117,680	198,427,950
		Sale of goods	24,128,569	5,302,679
		Services provided	5,117,402	4,652,184
		Services acquired	6,604,580	6,004,164
		Other reimbursable expenses	9,081,105	598,633
Nimir Chemcoats Limited	Associated Company	Purchase of goods	62,191,227	17,244,199
		Sale of goods	74,201,444	51,439,529
		Services provided	2,669,233	1,933,219
		Other reimbursable expenses	237,962	1,029,309
Nimir Energy Limited	Associated Company	Purchase of goods / services	6,159,651	-
		Sale of goods	158,468,608	-
		Other reimbursable expenses	666,253	-
Nimir Management (Pvt.) Ltd.	Holding Company	Share deposit money	2,000,000	-
Extracts4Life (Private) Limited	Associated Company	Sale of goods	3,177,900	7,048,831
Balances outstanding as at June 30,				
Directors		Sponsors' interest free loans	107,000,000	107,000,000
Nimir Management (Private) Limited		Share deposit money	9,391,005	11,391,005
Nimir Industrial Chemicals Limited		Trade creditors	56,197,830	26,939,825
Nimir Chemcoats Limited		Trade creditors	11,497,590	-
Nimir Industrial Chemicals Limited		Trade debts	21,806,400	2,195,529
Nimir Chemcoats Limited		Trade debts	29,023,397	-

39.1 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
For the Year Ended June 30, 2023

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	4.56%
4	Nimir Chemcoats Limited	Associate	Related due to Common directorship
5	Nimir Energy Limited	Associate	Related due to Common directorship
6	Extracts4Life (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. Amar Hameed	Directorship	0.0005%
10	Mr. Khalid Mumtaz Qazi	Directorship	0.0018%
11	Mr. Muhammad Yahya Khan	Directorship	3.6258%
12	Mr. Osman Hameed	Directorship	0.0005%
13	Mr. Pervaiz Ahmed Khan	Directorship	0.0004%
14	Mrs. Nazia Qureshi	Directorship	0.0004%
15	Mr. Khalid Siddiq Tirmizey	Directorship	0.0004%

40 SEGMENT REPORTING

40.1 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.

40.2 Segment analysis

The segment information for the reportable segments for the period ended June 30, 2023 is as follows.

	Coating, Emulsion and Blending	Textile, Paper and others	Total
Segment Results for the year ended June 30, 2023			
	Rupees in Thousand		
Revenue	4,952,525	4,418,383	9,370,908
Segment results	428,891	563,494	992,385
Other operating expenses			(72,386)
Finance costs			(376,237)
Other income			32,146
Profit before taxation			575,908
Segment Results for the year ended June 30, 2022			
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

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

- Information about major customers

One customer of the Company accounts for 10.52% (2022: 10.61%) of total sales for the period. Revenue from such customer was Rs. 985.511 million (2022: Rs. 877.53 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 is Rs. Nil (2022: Rs. 29.503 million).

41 FINANCIAL RISK MANAGEMENT

41.1 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, 2023, 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. 9.576 million (2022: Rs. 7.90 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

	2023	2022
	Rupees	Rupees
Letters of credit commitments	957,561,520	790,013,603
The following exchange rates were applied during the year:		
Rupees per foreign currency rate		
Average rate - Rupees per US Dollar	246.05	181.30
Reporting date rate - Rupees per US Dollar	287.90	204.2

(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:

	2023	2022
	Rupees	Rupees
Fixed rate instruments		
Financial liabilities	25,000,000	45,595,508
Floating rate instruments		
Financial liabilities	1,025,450,367	2,710,754,251

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2023, 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. 10.505 million (2022: Rs. 27.563 million), mainly as a result of interest exposure on variable rate borrowings.

Cash flow sensitivity analysis for fixed rate instruments

The profit before taxation for the year would have no fluctuation due to change in rate at reporting date.

(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, 2023, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2023 Rupees	2022 Rupees
Long term deposits	20	27,015,270	26,336,470
Trade debts	22	1,942,682,334	2,003,964,804
Short term loans to employees	23	434,689	3,014,800
Other receivables	24	29,303,464	29,185,008
Bank balances	26	133,485,940	24,177,563
The aging of trade debts as at reporting date is as follows:			
1 - 30 days		1,572,137,814	803,112,613
31 - 60 days		200,278,214	468,468,136
61 - 150 days		70,107,627	690,411,362
More than 150 days		100,158,679	41,972,693
		<u>1,942,682,334</u>	<u>2,003,964,804</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:

	Rating		Rating	2023	2022
	Short-term	Long term	Agency	Rupees	Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	302,013	20,065
Bank Al-Habib Limited	A1+	AAA	PACRA	2,142,509	3,531,072
Habib Bank Limited	A-1+	AAA	JCR-VIS	5,586,622	271,426
The Bank of Punjab	A1+	AA+	PACRA	2,594,883	16,182,922
Al Baraka Bank (Pakistan) Limited	A1	A+	PACRA	80,102,964	909,535
Meezan Bank Limited	A-1+	AAA	JCR-VIS	40,686,245	2,577,439
National Bank of Pakistan	A1+	AAA	PACRA	398,415	398,415
Allied Bank Limited	A-1+	AAA	PACRA	2,000	-
Bank Islami Limited	A1	A+	PACRA	140,611	286,689
JS Bank Limited	A-1+	AA-	PACRA	724,908	-
MCB Bank Limited	A-1+	AAA	PACRA	804,770	-
				133,485,940	24,177,563

(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, 2023:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	158,928,574	204,073,444	84,556,879	55,273,876	64,242,689	-
Lease liabilities	40,145,002	48,523,409	12,030,920	11,638,356	24,854,133	-
Trade and other payables	1,046,697,205	1,046,697,205	1,046,697,205	-	-	-
Accrued mark up	44,692,748	44,692,748	44,692,748	-	-	-
Short term borrowings	851,376,791	1,047,023,178	1,047,023,178	-	-	-
	2,141,840,320	2,391,009,984	2,235,000,930	66,912,232	89,096,822	-

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2023

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	-

(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.

41.2 Financial instruments by categories

Financial asset as at amortized cost

	2023	2022
	Rupees	Rupees
Long term deposits	27,015,270	26,336,470
Trade debts	1,942,682,334	2,003,964,804
Short term loans to employees	434,689	3,014,800
Other receivables	29,303,464	29,185,008
Cash and bank balances	134,023,262	24,648,927
	2,133,459,019	2,087,150,009

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

	2023	2022
	Rupees	Rupees
Diminishing musharaka finance	-	525,325
Trade and other payables	1,046,697,205	298,707,775
Accrued mark up	44,692,748	56,147,951
Short term borrowings	851,376,791	2,483,518,377
Long term financing	158,928,574	231,448,260
Lease liabilities	40,145,002	42,370,992
	2,141,840,320	3,112,718,680

42 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:

	2023	2022
	Rupees	Rupees
Total borrowings	1,050,450,367	2,756,349,759
Cash and bank balances	(134,023,262)	(24,648,927)
Net debt	916,427,105	2,731,700,832
Equity	3,135,527,205	2,432,604,999
Total capital employed	4,051,954,310	5,164,305,831
Gearing ratio	22.62%	52.90%

43 SHARI'AH SCREENING DISCLOSURE

Loans and advances as per islamic mode	148,287,102	584,304,539
Shariah compliant bank deposits/bank balances/overdrawn	120,929,820	3,773,663
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	-	-
Mark up paid on Islamic mode of financing	74,315,515	41,723,801
Profits earned or interest paid on any conventional loan or advance	291,995,066	165,602,285

44 PLANT CAPACITY AND PRODUCTION

	2023	2022
	Metric Ton	Metric Ton
Actual production	26,183	30,499
Total capacity	45,600	45,600

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

45 NUMBER OF EMPLOYEES

	2023	2022
	Number	Number
Employees as at June 30,		
- Permanent	129	119
- Contractual	6	6
Average employees during the year		
- Permanent	124	120
- Contractual	6	6

46 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance on Saturday, September 23, 2023 by the Board of Directors of the Company.

47 GENERAL

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

As at June 30, 2023

Shareholding			
No. of Shareholders	From	To	Total Shares Held
1,197	1	100	34,953
1,078	101	500	345,165
505	501	1,000	392,263
940	1,001	5,000	2,489,194
263	5,001	10,000	1,911,423
77	10,001	15,000	971,901
44	15,001	20,000	781,715
45	20,001	25,000	1,073,164
25	25,001	30,000	690,479
15	30,001	35,000	487,789
11	35,001	40,000	409,564
8	40,001	45,000	347,778
19	45,001	50,000	944,000
10	50,001	55,000	517,721
4	55,001	60,000	234,815
3	60,001	65,000	188,030
3	65,001	70,000	203,699
11	70,001	75,000	799,239
4	75,001	80,000	311,067
2	80,001	85,000	164,416
6	85,001	90,000	530,064
1	90,001	95,000	95,000
5	95,001	100,000	497,000
3	100,001	105,000	302,010
1	115,001	120,000	116,000
1	120,001	125,000	125,000
1	125,001	130,000	130,000
1	135,001	140,000	140,000
1	140,001	145,000	141,000
1	145,001	150,000	150,000
2	155,001	160,000	316,268
1	165,001	170,000	166,626
2	170,001	175,000	346,000
3	175,001	180,000	537,000
5	195,001	200,000	996,000
1	220,001	225,000	225,000
1	230,001	235,000	232,000
1	245,001	250,000	250,000
1	275,001	280,000	275,643
1	280,001	285,000	283,250
1	290,001	295,000	291,500
2	295,001	300,000	599,802
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	410,000
2	420,001	425,000	846,500
1	500,001	505,000	505,000
1	510,001	515,000	512,000
1	605,001	610,000	607,000

Shareholding				
No. of Shareholders	From	To	Total Shares Held	
1	640,001	645,000	644,779	
1	740,001	745,000	741,500	
1	985,001	990,000	986,750	
1	1,115,001	1,120,000	1,117,500	
1	1,240,001	1,245,000	1,245,000	
1	2,310,001	2,315,000	2,312,500	
1	2,575,001	2,580,000	2,576,484	
1	5,120,001	5,125,000	5,124,078	
1	6,445,001	6,450,000	6,446,387	
1	7,565,001	7,570,000	7,570,000	
1	16,435,001	16,440,000	16,438,306	
1	72,070,001	72,075,000	72,073,742	
4,327			141,321,064	

2.3 CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2023

S. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer and their spouse and minor children	5,230,758	3.7013
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	3,882,529	2.7473
2.3.7	Shareholders holding 10% or more	88,512,048	62.6319
2.3.8	General Public		
	a. Local	34,739,850	24.5822
	b. Foreign	213,912	0.1514
2.3.9	Others (to be specified)		
	1- Joint Stock Companies	1,977,033	1.3990
	2- Government Holding	35,963	0.0254
	3- Investment Companies	250,405	0.1772
	4- Pension Funds	24,299	0.0172
	5- Others	1,745	0.0012

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Categories of Shareholders (CCG)

As at June 30, 2023

S. No.	Name	No. of Shares Held	Percentage (%)
Associated Companies, Undertakings and Related Parties :			
1	NIMIR INDUSTRIAL CHEMICALS LIMITED (CDC)	16,438,306	11.6319
2	NIMIR MANAGEMENT (PVT) LIMITED (CDC)	72,073,742	51.0000
3	TERRANOVA LIMITED (CDC)	6,446,387	4.5615
Mutual Funds :			
1	PRODENTIAL STOCKS FUND LTD.	29	0.0000
2	CDC - TRUSTEE AL-AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	36,000	0.0255
3	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	196,000	0.1387
4	CDC - TRUSTEE AL-AMEEN SHARIA STOCK FUND (CDC)	1,245,000	0.8810
5	CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	97,500	0.0690
6	CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	71,500	0.0506
7	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND (CDC)	512,000	0.3623
8	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	1,117,500	0.7908
9	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND- EQUITY SUB FUND (CDC)	607,000	0.4295
Directors and their Spouse and Minor Children :			
1	MR. ZAFAR MAHMOOD (CEO) (CDC)	706	0.0005
2	SHEIKH AMAR HAMEED (CDC)	706	0.0005
3	MR. KHALID MUMTAZ QAZI (CDC)	2,552	0.0018
4	MR. MUHAMMAD YAHYA KHAN (CDC)	5,124,078	3.6258
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	MR. KHALID SIDDIQ TRIMZEY (CDC)	500	0.0004
9	MRS. NAUREEN KHALID W/O KHALID SIDDIQ TRIMZEY (CDC)	100,500	0.0711
Executives:		299,802	0.2121
Public Sector Companies & Corporations :		-	0.0000
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds :		25,575	0.0181

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

S. No.	Name	No. of Shares Held	Percentage (%)
1	NIMIR MANAGEMENT (PVT) LIMITED (CDC)	72,073,742	51.0000
2	NIMIR INDUSTRIAL CHEMICLAS LIMITED (CDC)	16,438,306	11.6319
3	MR. NADEEM NISAR (CDC)	7,570,000	5.3566

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	MR. MUHAMMAD YAHYA KHAN (CDC)	1,000,000	-

Notice of 59th Annual General Meeting

For the Year Ended June 30, 2023

Notice is hereby given that the 59th Annual General Meeting of Nimir Resins Limited (the “Company”) shall be held on Friday, October 27, 2023 at 10:30 a.m. at 122-B, New Muslim Town, Lahore, as well as electronically through video link facility 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, 2023 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, 2024 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, 2023

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

- I. The share transfer books of the Company shall remain closed from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers (Physical Shares) received in order at the office of the Company’s shares registrar at the close of business on Friday, October 20, 2023 will be treated in time for purpose of determine the entitlements attend and vote at the AGM.
- II. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty-eight (48) hours before the time of holding the meeting.
- III. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty-eight (48) hours before time of holding the meeting.
- IV. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants’ I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.
- V. Shareholders (Physical) 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 (Physical) who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) and/or NTN Certificate(s) to the Company are required to send the same at the earliest directly of the Company’s Share Registrar, M/s Corplink (Pvt.) Limited. Member/shareholders (CDC) directly to their CDC participant (brokers)/CDC Investor Account Services, as the case may be.

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.

Unclaimed Shares / Dividend Under Section 244 of the Companies Act, 2017

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law. Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.

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, 2023 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.

Circulation of Annual Audited Financial Statements to Shareholders Through Email/CD/USB/DVD or Any Other Media:

SECP through SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 has allowed the companies to circulate its Annual Audited Financial Statements to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses. The Company circulates its Annual Audited Financial Statements to its members through CD. However, shareholders who wish to receive the hard copy of Financial Statements shall have to write request and send it to the Company's registered address.

Proxy Form :

Proxy Form is enclosed and also available on the website of the company i.e. www.nimir.com.pk

Form of Proxy 59th 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 Friday, October 27, 2023 at 10:30 a.m. and / or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this day of 2023 .

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, 2023 to October 27, 2023 (both days inclusive). Transfers received in order at the office of the Company’s shares registrar at the close of business on Friday, October 20, 2023 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:

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

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Lahore, Pakistan.

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