

# **NIMIR**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

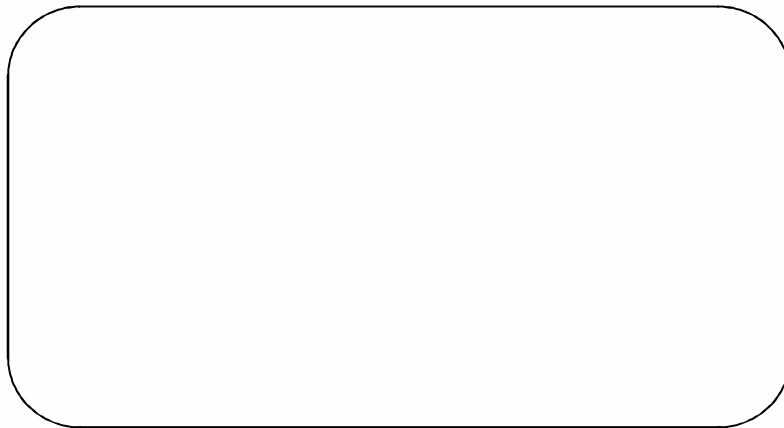
**OF**

**NIMIR RESINS LIMITED**

**NIMIR INDUSTRIAL CHEMICALS LIMITED**

**NIMIR MANAGEMENT PRIVATE LIMITED**

**COURIER / REGISTERED POST**



If undelivered please return to:

**NIMIR RESINS LIMITED**

**NIMIR INDUSTRIAL CHEMICALS LIMITED**

**NIMIR MANAGEMENT PRIVATE LIMITED**

Head Office: 122-B, New Muslim Town, Lahore - Pakistan.

Tel: +92 42 35926090-93





**NIMIR GROUP RESTRUCTURING**  
**Nimir Management (Private) Limited**  
**Nimir Resins Limited**  
**Nimir Industrial Chemicals Limited**

**LIST OF DOCUMENTS**

<b>Sr. No.</b>	<b>Documents to be Appended</b>
1.	Notic of Extraordinary General Meeting (EOGM).
2.	Statement of Information.
3.	Scheme of Arrangement.
4.	Swap Certificate of Crowe Hussain's Chaudhary & Co.
5.	Letter of Cornelius, Lane & Mufti (CLM) to Securities and Exchange Commission of Pakistan – CRO Office – Lahore.
6.	Resolutions passed by the Board of Directors of all three Companies (NICL – NRL – NMPL).
7.	Audited Accounts for period ended March 31, 2023 of all three (NICL – NRL – NMPL) Companies.
8.	Ballot Paper.
9.	Proxy Form.



## **NOTICE FOR EXTRAORDINARY GENERAL MEETING**

In the matter of:-

### **Civil Original No. 56465 of 2023**

NIMIR MANAGEMENT (PRIVATE) LIMITED, OFFICE AT 122 -B, NEW MUSLIM TOWN, LAHORE.

And

NIMIR INDUSTRIAL CHEMICALS LIMITED, OFFICE AT 14.8 K.M. SHEIKHUPURA-FAISALABAD ROAD, MOUZA BHIKHI, DISTRICT SHEIKHUPURA.

And

NIMIR RESINS LIMITED, OFFICE AT 14.5 K.M. LAHORE-SHEIKHUPURA ROAD, LAHORE.

*In the matter of the sanctioning of scheme of arrangement of compromises, arrangements and reconstruction (in term of Section 279 to 282 and 285 of the Companies Act, 2017) between (1) NIMIR MANAGEMENT (PRIVATE ) LIMITED AND ITS MEMBERS, OFFICE AT 122-B, NEW MUSLIM TOWN, LAHORE, (2) NIMIR INDUSTRIAL CHEMICALS LIMITED AND ITS MEMBERS, OFFICE AT 14.8 K.M. SHEIKHUPURA -FAISALABAD ROAD, MOUZA BHIKHI, DISTRICT SHEIKHUPURA, AND (3) NIMIR RESINS LIMITED AND ITS MEMBERS, OFFICE AT 14.5 K.M. LAHORE -SHEIKHUPURA ROAD, LAHORE .*

*The Honourable Lahore High Court, Lahore vide order dated 11.09.2023, in Civil Original No. 56465 of 2023, has directed to hold Extra Ordinary General Meetings of members/shareholders of above said companies to consider and if through fit approve, adopt and agree to the sanctioning of the Scheme of arrangement and reconstruction (“Scheme”) between the aforesaid companies and their members/shareholders and to pass or otherwise, inter alia, the following special resolutions: -*

*“RESOLVED THAT the Scheme of Arrangement for, inter alia, compromise, arrangement and reconstruction between Nimir Management (Private) Limited and its members, Nimir Industrial Chemicals Limited and its members, and Nimir Resins Limited and its members, considered by this meeting and initialled by the chairmen of this meeting for purposes of identification, be and is hereby approved, adopted and agreed, subject to any modification(s) or conditions as may be required/imposed by the Honourable Lahore High Court, Lahore”*

*In compliance of the above said order of the Honourable Court, this Notice is hereby given that the Extra-Ordinary General Meetings (“EOGMs”), of the members/shareholders of the respective companies will be held as follows: -*

Sr.	Name of Company	Venue	Time
1.	<i>Nimir Management (Private) Limited</i>	<i>122-B, New Muslim Town, Lahore</i>	<i>3:00pm Monday 6<sup>th</sup> Nov 2023</i>
2.	<i>Nimir Resins Limited</i>	<i>122-B, New Muslim Town, Lahore</i>	<i>4:00 pm Monday 6<sup>th</sup> Nov 2023</i>
3.	<i>Nimir Industrial Chemicals Limited</i>	<i>Sultan Grand Hotel, Lahore Faisalabad By- Pass, New Housing Colony Sheikhpura</i>	<i>3:00 pm Tuesday 7<sup>th</sup> Nov 2023</i>



IV. E-voting lines will start from November 2, 2023, 09:00 a.m. and shall close on November 5, 2023 at 05:00 p.m. for Nimir Resins Limited, and from November 3, 2023, 09:00 a.m. and shall close on November 6, 2023 at 05:00 p.m. for Nimir Industrial Chemicals Limited. Once the vote on a resolution is cast by a member, he/she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot:

Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper will also be available for download on the website of the companies [www.nimir.com.pk](http://www.nimir.com.pk)

The members shall ensure that duly filled and signed ballot paper along with copy of National Identity Card (CNIC) should reach the Chairman of the meeting through post at following address:

C/O Mr. Imran Aziz Khan

Office # 105 & 106, First Floor, Farid Tower, 19 – Temple Road, Lahore,

one day before the EOGM during working hours (i.e. by Friday November 3, 2023 for Nimir Resins Limited, and by Monday November 6, 2023 for Nimir Industrial Chemicals Limited). The signature on the ballot paper should be a match with the signature on CNIC.

Video Conference Facility

Pursuant to the provisions of Section 132 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 respective 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 seven (7) days prior to the date of AGM. The Company will arrange video conference facility in that city subject to the availability of such facility in that city.

Statement under Section 134(3) of the Companies Act, 2017 concerning the Special Business Subject

1. Pursuant to the provisions of Sections 279 to 282 of the Act, NMPL will be dissolved without winding up and all its assets (including its shareholding in NRL), after discharging all its liabilities, will be distributed among its shareholders (including NICL) in proportion to their shareholding.
2. The shares of NRL held by NICL will be distributed among the shareholders of NICL (including shares received on dissolution of NMPL described in previous paragraph), in proportion to their shareholding in NICL
3. Certain specified shares of NRL will be transferred to G-5 Shareholders i.e. Mr. Khalid Mumtaz Qazi, Mr. Amir Jamil, Mr. Imran Afzal, Mr. Umar Iqbal and Mr. Zafar Mahmood in consideration of transfer of specified shares of NICL to Associate Shareholders i.e. Terranova (Pvt.) Limited, Mr. Muhammad Saeed uz Zaman, Mr. Muhammad Yahya Khan and Mrs. Nusrat Jamil. The existing and proposed shareholding of G-5 Shareholders and Associate Shareholders in NICL and NRL is specified in Schedule 6 & 7 of the Scheme.

The objects and benefits of the arrangements are also provided in detail in the Scheme of Arrangement

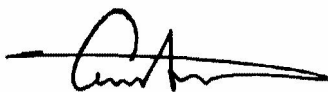
## *Interest of Directors*

*The directors of NMPL, NICL and NRL as holders of shares in the respective Companies are interested in the terms of the Scheme and any benefit accruing to the directors of the respective Companies as a result of the Scheme in the capacity of shareholders of the respective Companies to this extent does not differ from the benefits accruing to other members of the respective Companies.*

*Additionally, the following respective directors (of NICL, NMPL and/or NRL as applicable) are further interested to the extent of exchange/transfer of the respective shares of G 5 Shareholders and Associate Shareholders in NICL and NRL in terms of Para 2.11 of the Scheme:*

- 1 Mr. Amir Jamil, Mr. Imran Afzal, Mr. Khalid Mumtaz Qazi and Mr. Zafar Mahmood (in their capacity as G-5 Shareholders),*
- 2 Mr. Muhammad Yahya Khan and Mr. Saeed uz Zaman (in their capacity as Associate Shareholders)*
- 3 Mr. Osman Hameed and Sh. Amar Hameed (in their capacity as, and to the extent of being directors/shareholders in Terranova (Pvt.) Limited), and Mr. Khalid Mumtaz Qazi (in his capacity as, and to the extent of being shareholder in Terranova (Pvt.) Limited).*

### *CHAIRPERSONS FOR EXTRA ORDINARY GENERAL MEETING*



*Mr. Imran Aziz Khan  
Advocate Supreme Court  
Office at: Office #105 & 106,  
first floor, farid Tower,  
19- Temple Road,  
Lahore.*



*Mr. Zarak Zaman  
Advocate High Court  
Office at: 767, C – Block,  
Faisal Town,  
Lahore*

14 October 2023  
Lahore

**BEFORE THE HONOURABLE LAHORE HIGH COURT, LAHORE**

**C. O. No. 56465 of 2023**

In the matter of:

**NIMIR MANAGEMENT (PRIVATE) LIMITED**

122-B, New Muslim Town,  
Lahore.

... **Petitioner No. 1**

**NIMIR INDUSTRIAL CHEMICALS LIMITED**

14.8 K.M. Sheikhpura-Faisalabad Road,  
Mouza Bhikhi, District Sheikhpura.

... **Petitioner No. 2**

**NIMIR RESINS LIMITED**

14.5 K.M. Lahore-Sheikhpura Road,  
Lahore.

... **Petitioner No. 3**

**(Petitioners)**

**Versus**

**JOINT REGISTRAR OF COMPANIES**

Company Registration Office  
Securities and Exchange Commission of Pakistan  
3<sup>rd</sup> Floor, Associated House, 7 Egerton Road  
Lahore

...**Pro forma Respondent**

Dear Sir/Madam,

In Civil Original No. 56465 of 2023 and Civil Miscellaneous Application No. 1 of 2023 in Civil Original No. 56465 of 2023, the Lahore High Court, Lahore has been petitioned under Sections 279-282 and 285 of the Companies Act, 2017 (“**Act**”), for sanction of and for other orders facilitating implementation of the Scheme of Arrangement (the “**Scheme**”) for, *inter alia*, reconstruction of M/s. Nimir Management (Private) Limited (“**NMPL**”) and its members, Nimir Industrial Chemicals Limited (“**NICL**”) and its members, Nimir Resins Limited (“**NRL**”) and its members (hereinafter collectively referred to as the “**Nimir Group**” or “**Companies**” or “**Petitioners**”) and individually as “**Company**”). In the abovementioned proceedings, the Honourable Court has directed the convening of separate meetings of the members of each Company for seeking their approval to the Scheme.

Formal notice convening the meeting as directed by the Honourable Court is attached herewith. Copies of the Scheme may be obtained from the respective Registered Offices of the Companies during normal office hours on application prior to the meeting by members.

All terms defined in the Scheme have the same meaning in this document, unless the context otherwise requires.

The resolution proposed for the consideration of the meeting as set forth in the accompanying notice convening the meeting is as follows:

*“RESOLVED THAT the Scheme of Arrangement for, inter alia, compromise, arrangement and reconstruction between Nimir Management (Private) Limited and its members, Nimir Industrial Chemicals Limited and its members, and Nimir Resins Limited and its members, considered by this meeting and initialled by the chairmen of this meeting for purposes of identification, be and is hereby approved, adopted and agreed, subject to any modification(s) or conditions as may be required/imposed by the Honourable Lahore High Court, Lahore”.*

As required by Section 279(2) of the Act, this resolution has to be passed at separate meetings of NMPL, NICL and NRL, convened under the orders of the Honourable High Court, by a majority representing three-fourths in value of the issued shares held by the members of NMPL, NICL and NRL, respectively, present in person or by proxy and voting at the meeting of each Company. The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Honourable Court after the Scheme is approved by the requisite majority at the meetings being convened for this purpose.

In case you are unable to attend the meeting convened by the accompanying notice, you may appoint your proxy by completing the proxy form attached to the notice (in which you can direct the proxy how you wish him to vote) and send the completed form as soon as possible to the registered office of the share registrar of the Companies provided as follows:

i. **Nimir Management (Private) Limited**

Corplink (Pvt.) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore. 042-35916714

ii. **Nimir Industrial Chemicals Limited**

Corplink (Pvt.) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore. 042-35916714

iii. **Nimir Resins Limited**

Corplink (Pvt.) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore. 042-35916714

Please note that Proxies for the meeting will not be treated as valid unless proxy forms are received at least 48 hours before the time of the meeting.

### **Businesses of NMPL, NICL and NRL**

NMPL is a private limited company, incorporated on December 04, 2015 under the repealed Companies Ordinance, 1984 (the “**Ordinance**”). The registered office of NMPL is situated at 122-B, New Muslim Town, Lahore. NMPL was incorporated for the purposes of investments in NRL. Moreover, NMPL is a holding company of NRL and a subsidiary of NICL.

NICL is public listed company, incorporated on February 06, 1994, in Pakistan under the Ordinance. NICL is a holding company of NMPL. NICL is listed on Pakistan Stock Exchange Limited. NICL is engaged in manufacturing and sales of chemical products along with toll manufacturing of personal care products and home care products.

NRL is a public listed company, incorporated on December 17, 1964, in Pakistan under the Companies Act, VII of 1913. NRL is a subsidiary of NMPL and is listed on Pakistan Stock



Exchange Limited. The principal activity of NRL is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for textile industry.

### **Advantages of the Restructuring**

The benefits of the Scheme of Arrangement, shall include but are not limited to the following:

- i. Giving shareholders more effective control over their respective Companies;
- ii. Boosting economies of scale, improving capital allocation and optimising cash flows to improve growth of the surviving companies i.e. NICL and NRL.
- iii. Simplifying dividend payments;
- iv. Achieving an efficient tax structure; and
- v. Achieving an efficient administration

### **The Scheme of Arrangement**

#### **Objects**

The principal object of this Scheme, formulated pursuant to the provisions of Sections 279 to 282 of the Act, is for dissolution of NMPL without winding up and distribution of all its assets (including its shareholding in NRL), after discharging all its liabilities, to its shareholders (including NICL) in proportion to their shareholding.

In addition to the above, the Scheme also provides for distribution of shares of NRL held by NICL to the shareholders of NICL (including shares received on dissolution of NMPL), in proportion to their shareholding in NICL and, further, transfer of specified shares of NRL to G-5 Shareholders i.e. Mr. Khalid Mumtaz Qazi, Mr. Amir Jamil, Mr. Imran Afzal, Mr. Umar Iqbal and Mr. Zafar Mahmood in consideration of transfer of specified shares of NICL to Associate Shareholders i.e. Terranova (Private) Limited, Mr. Muhammad Saeed uz Zaman, Mr. Muhammad Yahya Khan and Mrs. Nusrat Jamil. The existing and proposed shareholding of G-5 Shareholders and Associate Shareholders in NICL and NRL is specified in Schedule 6 and 7 of the Scheme.

#### **Approvals received and swap ratio**

The Scheme has been approved by the respective Boards of Directors of NMPL, NICL and NRL for seeking sanction of the shareholders and the Honourable Court. As consideration for the proposed transfer of specified shares of NRL and NICL between the G-5 Shareholders and Associate Shareholders, the ratio has been determined by M/s. Crowe Hussain Chaudhury & Co., Chartered Accountants which is 6.43 fully paid-up ordinary shares of NRL for (1) fully paid-up ordinary share of NICL, and 0.1555 fully paid-up ordinary shares of NICL for (1) fully paid-up ordinary share of NRL, in accordance with the Scheme.

#### **Scheme subject to sanction by Court**

The Scheme is subject to sanction of the Lahore High Court and may be sanctioned in its present form or with any modification therein or addition thereto as the Honourable Court may approve and the Scheme, with such modification or addition if any, is also subject to any conditions, which the Honourable Court may impose. The Boards of Directors of NMPL, NICL and NRL

have the power to consent on behalf of all concerned to any modifications or additions to the Scheme or to any conditions, which the Honourable Court may think fit to impose.

The Scheme shall become operative as soon as an order or orders of the Honourable Court under Section 282 of the Act sanctioning the Scheme and making any necessary provisions under Section 282 of the said Act shall have been passed (the “**Effective Date**”).

### **Costs**

All costs, charges and expenses incurred in connection with the dissolution without winding up of NMPL and the transfer and distribution of the assets of NMPL to its shareholders, the transfer to the shareholders of NICL of the shares of NRL and all other costs, charges and expenses incurred in respect of the preparation of this Scheme and carrying the same into effect shall be borne by NICL.

The costs, charges and expenses incurred in connection with the transfer of specified shares of NICL to Associate Shareholders and specified shares of NRL to G-5 Shareholders shall be borne collectively by the G-5 Shareholders and the Associate Shareholders in proportion of the values of shares being transferred.

### **Financial Information**

#### **NMPL**

The authorized share capital of NMPL is Rs. 255,000,000/- (Rupees Two Hundred Fifty-Five Million only) divided into 25,500,000 (Twenty-Five Million Five Hundred Thousand) ordinary shares of Rs. 10/- (Rupees Ten only) each and the issued, subscribed and paid-up capital of NICL, as on the date of filing this Petition is, Rs. 251,297,470/- (Rupees Two Hundred Fifty-One Million Two Hundred Ninety-Seven Thousand Four Hundred Seventy only) divided into 25,129,747 (Twenty-Five Million One Hundred Twenty-Nine Thousand Seven Hundred Forty-Seven) ordinary shares of Rs. 10/- (Rupees Ten only) each.

The profits/(loss) after taxation of NMPL for each of the financial years 2019 to 2023 as shown in its audited accounts and the dividends declared on ordinary shares for each year were:

<b>As on June 30<sup>th</sup> of the said years*</b>	<b>After Tax Profit (Loss)</b>	<b>Ordinary Share Capital</b>	<b>Dividend Paid</b>	<b>Bonus Shares</b>
	(Rs. ,,000)	(Rs. ,,000)	(%)	(%)
2019	(447)	251,297	Nil	Nil
2020	(375)	251,297	Nil	Nil
2021	(313)	251,297	Nil	Nil
2022	(328)	251,297	Nil	Nil
2023*	(375)	251,297	Nil	Nil

*\*for year 2023, nine months ended March 31, 2023*

Copies of the audited accounts for the nine months ended March 31, 2023 are annexed herewith.

#### **NICL**

The authorized share capital of NICL is Rs. 1,450,000,000/- (Rupees One Billion Four Hundred Fifty Million only) divided into 145,000,000 (One Hundred and Forty-Five Million) shares of Rs. 10/- (Rupees Ten only) each, and the issued, subscribed and paid-up capital of NICL, as on the date of filing the Petition before the Honourable Court is, Rs. 1,105,905,460/- (One Billion One Hundred Five Million Nine Hundred Five Thousand Four Hundred Sixty Only) divided into

110,590,546 (One Hundred Ten Million Five Hundred Ninety Thousand Five Hundred Forty-Six) ordinary shares of Rs. 10/- (Rupees Ten only) each.

The profits/(loss) after taxation of NICL for each of the financial years 2019 to 2023 as shown in its audited accounts and the dividends declared on ordinary shares for each year were:

As on June 30 <sup>th</sup> of the said years*	After Tax Profit (Loss)	Ordinary Share Capital	Dividend Paid	Bonus Shares
	(Rs. ,,000)	(Rs. ,,000)	(%)	(%)
2019	810,096	1,105,905	30%	Nil
2020	926,477	1,105,905	30%	Nil
2021	1,694,429	1,105,905	40%	Nil
2022	1,595,630	1,105,905	15%	Nil
2023*	1,080,027	1,105,905	Nil	Nil

\*for year 2023, nine months ended March 31, 2023

Copies of the audited accounts for the nine months ended March 31, 2023 are annexed herewith.

### **NRL**

The authorized share capital of NRL is Rs. 1,500,000,000/- (Rupees One Billion Five Hundred Million only) divided into 150,000,000 (One Hundred Fifty Million) shares of Rs. 10/- (Rupees Ten only) each, and the issued, subscribed and paid-up capital of NRL, as on the date of filing the Petition before the Honourable Court is, Rs. 1,413,210,640/- (One Billion Four Hundred Thirteen Million Two Hundred Ten Thousand Six Hundred Forty Only) divided into 141,321,064 (One Hundred Forty-One Million Three Hundred Twenty-One Thousand and Sixty-Four) ordinary shares of Rs. 10/- (Rupees Ten only) each.

The profits/(loss) after taxation of NRL for each of the financial years 2018 to 2023 as shown in its audited accounts and the dividends declared on ordinary shares for each year were:

As on June 30 <sup>th</sup> of the said years*	After Tax Profit (Loss)	Ordinary Share Capital	Dividend paid	Bonus Shares
	(Rs. ,,000)	(Rs. ,,000)	(%)	(%)
2019	154,017	1,413,210	NIL	NIL
2020	127,215	1,413,210	NIL	NIL
2021	358,746	1,413,210	NIL	NIL
2022	366,871	1,413,210	NIL	NIL
2023*	223,493	1,413,210	NIL	NIL

\*for year 2023, nine months ended March 31, 2023

Copies of the audited accounts for the nine months ended March 31, 2023 are annexed herewith.

### **Directors and Management**

#### **Directors of NMPL**

The following are the names of the present Board of Directors of NMPL and their holdings of shares in NMPL:

Sr. No.	Name	Shareholding	%
1	Muhammad Yahya Khan	4,774,662	19.00%
2	Osman Hameed	10	0.00%

3	Zafar Mahmood (CEO)	10	0.00%
4	Khalid Mumtaz Qazi	10	0.00%
5	Amir Jamil	10	0.00%
	<b>Total</b>	<b>4,774,702</b>	<b>19.00%</b>

### Directors of NICL

The following are the names of the present Board of Directors of NICL and their holdings of shares in NICL:

Sr. No.	Name	Shareholding	%
1	Saeed Uz Zaman	310,781	0.28%
2	Abdul Jaleel Sheikh (Nominee Director)	-	0.00%
3	Parveen Akhtar Malik	500	0.00%
4	Javed Saleem Arif	500	0.00%
5	Humaira Shazia	500	0.00%
6	Imran Afzal	11,730,000	10.61%
7	Amir Jamil	6,482,750	5.86%
8	Saqib Anjum	1,000	0.00%
9	Zafar Mahmood (CEO)	24,062,125	21.75%
	<b>Total</b>	<b>42,588,158</b>	<b>38.51%</b>

### Directors of NRL

The following are the names of the present Board of Directors of NRL and their holdings of shares in NRL:

Sr. No.	Name	Shareholding	%
1	Pervaiz Ahmad Khan	510	0.00%
2	Sh. Amar Hameed	706	0.00%
3	Nazia Qureshi	500	0.00%
4	Zafar Mahmood (CEO)	706	0.00%
5	Muhammad Yahya Khan	5,124,078	3.63%
6	Osman Hameed	706	0.00%
7	Khalid Mumtaz Qazi	2,552	0.00%
8	Khalid Siddiq Tirmizey	500	0.00%
	<b>Total</b>	<b>5,130,268</b>	<b>3.63%</b>

### Interest of Directors

The directors of NMPL, NICL and NRL as holders of shares in the respective Companies are interested in the terms of the Scheme and any benefit accruing to the directors of the respective Companies as a result of the Scheme in the capacity of shareholders of the respective Companies to this extent does not differ from the benefits accruing to other members of the respective Companies. Additionally, the following respective directors (of NICL, NMPL and/or NRL as applicable) are further interested to the extent of exchange/transfer of the respective shares of G 5 Shareholders and Associate Shareholders in NICL and NRL in terms of Para 2.11 of the Scheme:

(i) Mr. Amir Jamil, Mr. Imran Afzal, Mr. Khalid Mumtaz Qazi and Mr. Zafar Mahmood (in their capacity as G-5 Shareholders);

(ii) Mr. Muhammad Yahya Khan and Mr. Saeed uz Zaman (in their capacity as Associate Shareholders);

(iii) Mr. Osman Hameed and Mr. Sh. Amar Hameed (in their capacity as, and to the extent of being directors/shareholders in Terranova (Private) Limited), and Mr. Khalid Mumtaz Qazi (in his capacity as, and to the extent of being shareholder in Terranova (Private) Limited).

### **Compensation for Loss of Office**

There will be no compensation for loss of office, if any.

### **Documents for Inspection**

The following documents are available for inspection with the Company Secretary at the registered office of the respective Companies during normal office hours, up to and including the day preceding the date of the meeting:

- (a) Memorandum and Articles of Association
- (b) Latest Audited Accounts
- (c) Scheme of Arrangement

**SCHEME OF ARRANGEMENT**

**IN RESPECT OF**

**NIMIR INDUSTRIAL CHEMICALS LIMITED**

**And**

**NIMIR MANAGEMENT (PRIVATE) LIMITED**

**And**

**NIMIR RESINS LIMITED**

**And**

**THEIR RESPECTIVE SHAREHOLDERS**

**(IN TERMS OF THE PROVISIONS OF SECTION 279 TO 281  
OF THE COMPANIES ACT, 2017)**

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## BACKGROUND, OBJECT AND RATIONALE OF THIS SCHEME

1. **NIMIR INDUSTRIAL CHEMICALS LIMITED** is a public company limited by shares and listed on the Pakistan Stock Exchange, incorporated and existing under the laws of Pakistan, having its registered office at 14.8 K.M. Sheikhpura-Faisalabad Road, Mouza Bhikki Distt., Sheikhpura and having authorised share capital and paid up share capital as PKR 1,450,000,000/- and PKR 1,105,905,465/- respectively (hereinafter referred to as the “**NICL**”, which expressions shall mean and include, where the context so requires or admits its successors-in-interest and permitted assigns). NICL is principally engaged in the business of manufactures, developers, buyers, sellers, importers, exporters, wholesalers, retailers, dealers, suppliers, distributors, indenters, transporters, agents, factors, stockiest, commission agents, sub-agents, traders, general merchants, toll manufacturing and marketers of all types of chemicals (including but not limited to chemicals used in the construction business) and chemical by-products and commodities.
2. **NIMIR MANAGEMENT (PRIVATE) LIMITED** is a private company limited by shares, incorporated and existing under the laws of Pakistan, having its registered office at 12-B, New Muslim Town, Lahore and having authorised share capital and paid up share capital as PKR 255,000,000/- and PKR 251,297,470/- respectively (hereinafter referred to as the “**NMPL**”, which expressions shall mean and include, where the context so requires or admits its successors-in-interest and permitted assigns). NMPL is principally formed for the purpose of investments in the Nimir Group.
3. **NIMIR RESINS LIMITED** is a public company limited by shares and listed on the Pakistan Stock Exchange, incorporated and existing under the laws of Pakistan, having its registered office at 14.5 K.M. Lahore-Sheikhpura Road, Lahore and having authorised share capital and paid up share capital as PKR 1,500,000,000/- and PKR 1,413,210,640/- respectively (hereinafter referred to as the “**NRL**”, which expressions shall mean and include, where the context so requires or admits its successors-in-interest and permitted assigns). NRL is principally engaged in the business of manufactures, developers, buyers, sellers, importers, exporters, wholesalers, retailers, dealers, suppliers, distributors, indenters, transporters, agents, factors, stockiest, commission agents, sub-agents, traders, general merchants, toll manufacturing and marketers of all types of chemicals (including but not limited to chemicals used in the construction business) and chemical by-products and commodities.

(NICL, NMPL and NRL are together hereinafter referred to as the “**Nimir Group**”)

4. The current shareholding structure of the Nimir Group, as provided in Schedule 1, is complex, with inter-company shareholding as well as common shareholding, which leads to various complications vis-à-vis administration, payment of dividend and taxation thereof.
5. NICL is effectively controlled by G-5 Shareholders (please refer to Schedule 2), who together own majority shares of NICL. NMPL is a subsidiary of NICL, and it is a holding company of NRL, as NMPL owns majority shares of NRL. Consequently, NMPL and NRL are also effectively controlled by G-5 Shareholders.
6. This scheme of arrangement has been formulated pursuant to the provisions of Sections 279 to 283 of the Act for re-arrangement and re-structuring of the Nimir Group so that the shareholding structure can be simplified and streamlined to achieve better and effective administration and management of the Nimir Group.
7. The benefits of the Scheme, *inter alia*, include but are not limited to the following:
  - a. The re-structuring of the Nimir Group will streamline and simplify the shareholding structure of NRL and NICL allowing the respective investors and stakeholders to focus on



the business resulting in operational synergies, simplification and streamlining of the group structure and efficient administration .

- b. The re-structuring of the Nimir Group will allow the respective shareholders to have more control over their respective companies resulting in economies of scale, improved allocation of capital, and optimized cash flows, thus contributing to the overall growth prospects of both NICL and NRL.
  - c. The re-structuring of the Nimir Group will simplify the payment of dividends and provide efficient tax structure thereof.
8. This Scheme, if approved by the requisite majority of the shareholders of each entity of Nimir Group, and sanctioned by the Court, is to be binding on the Nimir Group, all of its members, creditors, stakeholders, and any other regulatory/statutory bodies with respect to the Nimir Group.

## 1. DEFINITIONS

In this Scheme, unless the subject or context otherwise requires, the following expressions shall bear the meanings as set out herein below:

- 1.1. **“Accounting Principles”** means IFRS, International Financial Reporting Standards promulgated by the International Accounting Principles Board (which includes standards and interpretations approved by the IASB and International Accounting Principles issued under previous constitutions, together with its pronouncements thereon from time to time) as applicable Pakistan in accordance with the Act.
  - 1.2. **“Act”** means the Companies Act, 2017.
  - 1.3. **“Associate Shareholders”** means the group of shareholders as mentioned in Schedule 3.
  - 1.4. **“Court”** shall mean the Lahore High Court, Lahore.
  - 1.5. **“Creditors”** means the secured creditors of each entity of Nimir Group.
  - 1.6. **“Effective Date”** has the meaning given to the term in Article 2.1 of this Scheme.
  - 1.7. **“G-5 Shareholders”** means the group of shareholders as mentioned in Schedule 2.
  - 1.8. **“Nimir Group”** means NRL, NMPL and NICL collectively.
  - 1.9. **“Shareholders”** with respect to each entity of Nimir Group shall mean the members of that entity as provided in Schedule 1. Provided that in case of the list of shareholders of respective entities of Nimir Group as on the Effective Date, the Schedule 1 shall stand substituted with the updated list of shareholders as of such date.
  - 1.10. **“Shares”** with respect to each entity of Nimir Group shall mean the ordinary shares allotted and issued from time to time by that entity.
  - 1.11. **“Scheme”** means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved, or condition imposed, by the Court.
- 1A. In this Scheme, unless specified otherwise:
- (a) A reference to a Recital, Article or Schedule is to a recital, article or schedule of or to this Scheme;
  - (b) The headings in this Scheme are for convenience only and shall not affect the construction or interpretation thereof;
  - (c) A reference to any legislation or legislative provision including any statutory modification of re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislation or legislative provision; and
  - (d) **“Including”** and **“include”** shall be deemed to mean **“including, without limitation”** and **“include, without limitation”**.

## 2. EFFECTIVE DATE

- 2.1. The respective Board of Directors of each entity in the Nimir Group have approved the foregoing Scheme for submission to the Court. Consequent thereupon, a petition will be submitted to the Court for obtaining sanction of this Scheme formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act and for an order under Section 282 of the Act for carrying the Scheme into effect.
- 2.2. The respective Board of Directors of each entity in the Nimir Group may, in their absolute discretion, consent jointly on behalf of all concerned to any modifications or additions or alterations to this Scheme or to any conditions which the Court may think fit to impose and may give such directions as they may consider necessary to settle any questions or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.
- 2.3. This Scheme is subject to approval of the requisite majority of the shareholders of each of the entities in the Nimir Group and thereafter the sanction of the Court (in terms of Sections 279 to 283 of the Act) and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme, with such modification or addition, if any, also subject to any conditions, which the Court may impose.
- 2.4. This Scheme shall become binding and operative and effective as soon as an order is passed, in terms of the relevant provisions of the Act, by the Court sanctioning this Scheme and, consequently, allowing the petition/application (the “**Effective Date**”).
- 2.5. The Nimir Group shall file a certified copy of the order passed by the Court with the Registrar of Companies in accordance with Section 279 of the Act.
- 2.6. As of the Effective Date, the terms of this Scheme shall be binding on the Nimir Group and also on all the respective Shareholders, members, creditors, stakeholders, and any other regulatory/statutory bodies with respect to the Nimir Group.
- 2.7. Upon sanction of this Scheme by the Court and upon this Scheme becoming effective in terms hereof, the effect of exchange of shares, pursuant to this Scheme, shall be accounted for in the next financial statements of the respective entities of Nimir Group in compliance with the applicable Accounting Principles.
- 2.8. On the Effective Date: (a) the outgoing shareholders of the respective companies of the Nimir Group; and (b) directors ceasing to hold office consequent to change of shareholding, in pursuance of and in accordance with this Scheme, shall cease to be personally liable under all existing financing arrangements with banking companies and/or financial institutions of such respective company wherefrom such shareholder is exiting, subject to concurrence and issuance of requisite No Objection Certificate(s) by the concerned financial institution. Further, all instruments, documents or personal guarantees executed by such shareholders or directors, as the case may be, shall *ipso facto* stand discharged and cancelled. In this regard and for the purposes of cessation of such personal liabilities as well as for the purposes of this Scheme, all the secured creditors of the respective companies forming part of the Nimir Group i.e., banking companies and/or financial institutions have been approached and their requisite No Objection Certificates will be arranged/ obtained before the sanction of the Scheme by the Court.

## RESTRUCTURING OF NIMIR GROUP

### 2.9. Dissolution of NMPL

- 2.9.1. On the Effective Date, NMPL shall stand dissolved without winding up under the Act and all the assets of NMPL, after discharging all the liabilities, as at the Effective Date, shall be distributed between/stand transferred to the shareholders of NMPL in proportion of their shareholding in NMPL as on the Effective Date.
- 2.9.2. For clarity, NMPL owns 72,073,742 shares of NRL, which shall stand distributed/ transferred on the Effective Date to the shareholders in proportion of their shareholding in NMPL as on the Effective Date, as projected in Schedule 4.

### 2.10. Distribution of shares of NRL by NICL

- 2.10.1. Within seven (7) days of the Effective Date, NICL shall announce the closure of books, in accordance with the rules and regulations of Pakistan Stock Exchange, and on the first day of closure of books, the shares of NRL held by NICL, shall stand distributed/ transferred to the shareholders of NICL in proportion of their shareholding in NICL as on the first day of closure of books. Provided however that fractional shares shall not be issued and all fractions less than a share shall be consolidated into whole shares which shall be allotted to the company secretary of NICL upon trust to sell such shares and to pay the net sale proceeds realized (less the expenses of sale) to those of the registered holders of the ordinary shares of NICL who are entitled to fractions in proportion to their respective fractional entitlements.
- 2.10.2. For clarity, NICL on the Effective Date would own a total of 53,195,771 shares of NRL and these shares shall stand distributed/ transferred, to the shareholders of NICL in proportion of their shareholding in NICL as on the first day of closure of books, as projected in Schedule 5.

Pursuant to the distribution/ transfer of shares of NRL by NMPL and NICL the projected shareholding pattern of NRL has been provided in Schedule 6.

### 2.11. Exchange of Shares of NICL and NRL

- 2.11.1. On the first day of closure of books of NICL, the following shares of the Associate Shareholders in NRL shall stand transferred to the G-5 Shareholders against corresponding exchange of G-5 Shareholders' shareholding in NICL which shall stand transferred to the Associate Shareholders (on the basis of shares swap ratio determined in accordance with the Share Swap Certificate issued by Crowe Hussain Chowdhary & Co, Chartered Accountant as attached hereto in Schedule 8 in the following manner:

#### A. Exchange of Shares between Zafar Mahmood and Terranova Limited

Transfer of Shares of NICL to Terranova Limited from Zafar Mahmood	Swap Ratio for shares between NICL and NRL	Transfer of shares of NRL to Zafar Mahmood from Terranova Limited
A	B	A*B
2,400,444	6.43	15,434,858

#### B. Exchange of Shares between Khalid Mumtaz Qazi and Terranova Limited

Transfer of Shares of NICL to Terranova Limited from	Swap Ratio for shares between NICL and NRL	Transfer of shares of NRL to Khalid Mumtaz Qazi
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<b>Khalid Mumtaz Qazi</b>		<b>from Terranova Limited</b>
A	B	A*B
177,907	6.43	1,143,941

**C. Exchange of Shares between Khalid Mumtaz Qazi and Muhammad Yahya Khan**

<b>Transfer of Shares of NICL to Muhammad Yahya Khan from Khalid Mumtaz Qazi</b>	<b>Swap Ratio for shares between NICL and NRL</b>	<b>Transfer of shares of NRL to Khalid Mumtaz Qazi from Muhammad Yahya Khan</b>
A	B	A*B
1,211,824	6.43	7,792,029

**D. Exchange of Shares between Imran Afzal and Muhammad Yahya Khan**

<b>Transfer of Shares of NICL to Muhammad Yahya Khan from Imran Afzal</b>	<b>Swap Ratio for shares between NICL and NRL</b>	<b>Transfer of shares of NRL to Imran Afzal from Muhammad Yahya Khan</b>
A	B	A*B
1,073,883	6.43	6,905,068

**E. Exchange of Shares between Umar Iqbal and Muhammad Yahya Khan**

<b>Transfer of Shares of NICL to Muhammad Yahya Khan from Umar Iqbal</b>	<b>Swap Ratio for shares between NRL and NICL</b>	<b>Transfer of shares of NRL to Umar Iqbal from Muhammad Yahya Khan</b>
A	B	A*B
163,727	6.43	1,052,758

**F. Exchange of Shares between Umar Iqbal and Muhammad Saeed uz Zaman**

<b>Transfer of Shares of NICL to Muhammad Saeed uz Zaman from Umar Iqbal</b>	<b>Swap Ratio for shares between NICL and NRL</b>	<b>Transfer of shares of NRL to Umar Iqbal from Muhammad Saeed uz Zaman</b>
A	B	A*B
657,478	6.43	4,227,588

**G. Exchange of Shares between Aamir Jamil and Muhammad Saeed uz Zaman**

<b>Transfer of Shares of NICL to Muhammad Saeed uz Zaman from Aamir Jamil</b>	<b>Swap Ratio for shares between NICL and NRL</b>	<b>Transfer of shares of NRL to Aamir Jamil from Muhammad Saeed uz Zaman</b>
A	B	A*B
373,861	6.43	2,403,930

**H. Exchange of Shares between Aamir Jamil and Nusrat Jamil**

<b>Transfer of Shares of NICL to Nusrat Jamil from Aamir Jamil</b>	<b>Swap Ratio for shares between NICL and NRL</b>	<b>Transfer of shares of NRL to Aamir Jamil from Nusrat Jamil</b>
A	B	A*B
257,835	6.43	1,657,875

2.11.2. Pursuant to the exchange/transfer of shares between the Associate Shareholders and G-5 Shareholders, as projected under Article 2.11.1 above, the projected shareholding pattern of NICL and NRL shall be as in Schedule 7.

### 3. BOARD OF DIRECTORS

3.1. At present, the Board of Directors of NICL consists of the following:

No.	Name of Directors
1	Saeed Uz Zaman
2	Abdul Jaleel Sheikh
3	Parveen Akhtar Malik
4	Javed Saleem Arif
5	Humaira Shazia
6	Imran Afzal
7	Aamir Jamil
8	Saqib Anjum
9	Zafar Mahmood (CEO)

3.2. At present, the Board of Directors of NMPL consists of the following:

No.	Name of Director
1	Muhammad Yahya Khan
2	Osman Hameed
3	Zafar Mahmood (CEO)
4	Khalid Mumtaz Qazi
5	Aamir Jamil

3.3. At present, the Board of Directors of NRL consists of the following:

No.	Name of Directors
1	Pervaiz Ahmad Khan
2	Sh. Amar Hameed
3	Nazia Qureshi
4	Zafar Mahmood (CEO)
5	Muhammad Yahya Khan
6	Osman Hameed
7	Khalid Mumtaz Qazi
8	Khalid Siddiq Tirmizey

3.4. After the Effective Date the directors of NICL and NRL are expected to continue as directors subject at all times to their ceasing to be directors in the meantime due to any other reason(s) and appointments being made to the vacancies thus created.

### 4. OTHER TERMS AND CONDITIONS

4.1. The Nimir Group represents and warrants on the date hereof, on the Effective Date, to and for the benefit of the Shareholders and Creditors that the obligations set out in the Scheme are enforceable in accordance with their terms.

4.2. The Nimir Group shall comply with all applicable laws.

- 4.3. The respective parties to this Scheme shall apply to the Court for necessary orders or directions for holding the meetings of the members of the companies forming part of the Nimir Group for carrying this Scheme into effect in accordance with the provisions of the Act.
- 4.4. If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect.
- 4.5. All costs, charges and expenses in respect of the preparation of this Scheme and carrying the same into effect shall be borne equally by NICL and NRL.

## SCHEDULE 1

### CURRENT SHAREHOLDING STRUCTURE

#### 1. Shareholding pattern of NICL as of 30-06-2023

No.	Name of Shareholder	No. of Shares	Percentage of shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	14,068,000	12.72%
2	Aamir Jamil s/o Sheikh Muhammad Jamil	6,482,750	5.86%
3	Zafar Mahmood s/o Fazal Hussain	24,062,125	21.76%
4	Imran Afzal s/o Khawaja Muhammad Afzal	11,730,000	10.61%
5	Umar Iqbal s/o Mudassar Iqbal	8,182,500	7.40%
6	Nusrat Jamil w/o Abdul Jalil Jamil	652,425	0.59%
7	Muhammad Yahya Khan s/o Ahmad Masood Khan	10,700,026	9.68%
8	Muhammad Saeed uz Zaman s/o M.B. Zaman	310,781	0.28%
9	Others*	34,401,939	31.11%
<b>Total</b>		<b>110,590,546</b>	<b>100%</b>

\*Others mean the shareholders of NICL other than those mentioned in Serial Nos. 1 to 8 of the table

#### 2. Shareholding pattern of NMPL as of 30-06-2023

No.	Name of Shareholder	No. of Shares	Percentage of shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	10	0.000040%
2	Aamir Jamil s/o Sheikh Muhammad Jamil	10	0.000040%
3	Nusrat Jamil w/o Abdul Jalil Jamil	502,595	2.000000%
4	Muhammad Yahya Khan s/o Ahmad Masood Khan	4,774,662	19.000040%
5	Muhammad Saeed uz Zaman s/o M.B. Zaman	2,010,380	8.000001%
6	Osman Hameed s/o Amar Hameed	10	0.000040%
7	Nimir Industrial Chemicals Limited	12,816,121	50.999998%
8	Terranova Limited	5,025,949	19.999998%
9	Zafar Mahmood s/o Fazal Hussain	10	0.000040%
<b>Total</b>		<b>25,129,747</b>	<b>100%</b>

#### 3. Shareholding pattern of NRL as of 30-06-2023

No.	Name of Shareholder	No. of Shares	Percentage of shares
1	Nimir Management (Private) Limited	72,073,742	51.00%
2	Nimir Industries Chemicals Limited	16,438,306	11.63%
3	Terranova Limited	6,446,387	4.56%
4	Imran Afzal s/o Khawaja Muhammad Afzal	299,802	4.56%
5	Zafar Mahmood s/o Fazal Hussain	706	0.00%
6	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	2,552	0.00%
7	Muhammad Yahya Khan s/o Ahmad Masood Khan	5,124,078	3.63%
8	Muhammad Saeed uz Zaman s/o M.B. Zaman	2,578,549	1.82%
9	Nusrat Jamil w/o Abdul Jalil Jamil	647,283	0.46%
10	Others*	37,709,659	26.68%
<b>Total</b>		<b>141,321,064</b>	<b>100%</b>



*\*Others mean the shareholders of NRL other than those mentioned in Serial Nos. 1 to 9 of the table above*

## SCHEDULE 2

### G-5 SHAREHOLDERS

No.	Name of Shareholder
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi
2	Aamir Jamil s/o Sheikh Muhammad Jamil
3	Imran Afzal s/o Khawaja Muhammad Afzal
4	Umar Iqbal s/o Mudassar Iqbal
5	Zafar Mahmood s/o Fazal Hussain

## SCHEDULE 3

### ASSOCIATE SHAREHOLDERS

No.	Name of Shareholder
1	Terranova Limited
2	Muhammad Saeed uz Zaman s/o M.B. Zaman
3	Muhammad Yahya Khan s/o Ahmad Masood Khan
4	Nusrat Jamil d/o Abdul Jalil Jamil

## SCHEDULE 4

### DISTRIBUTION OF SHARES OF NRL TO THE SHAREHOLDERS OF NMPL

No.	Name of Shareholder	No. of Shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	29
2	Aamir Jamil s/o Sheikh Muhammad Jamil	29
3	Nusrat Jamil d/o Abdul Jalil Jamil	1,441,475
4	Muhammad Yahya Khan s/o Ahmad Masood Khan	13,694,039
5	Muhammad Saeed uz Zaman s/o M.B. Zaman	5,765,900
6	Osman Hameed s/o Amar Hameed	29
7	Nimir Industrial Chemicals Limited	36,757,465
8	Terranova Limited	14,414,747
9	Zafar Mahmood s/o Fazal Hussain	29
<b>Total</b>		<b>72,073,742</b>

## SCHEDULE 5

### DISTRIBUTION OF SHARES OF NRL TO THE SHAREHOLDERS OF NICL

No.	Name of Shareholder	No. of Shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	6,766,927
2	Aamir Jamil s/o Sheikh Muhammad Jamil	3,118,303
3	Zafar Mahmood s/o Fazal Hussain	11,574,256
4	Imran Afzal s/o Khawaja Muhammad Afzal	5,642,312

5	Umar Iqbal s/o Mudassar Iqbal	3,935,910
6	Nusrat Jamil d/o Abdul Jalil Jamil	313,827
7	Muhammad Yahya Khan s/o Ahmad Masood Khan	5,146,879
8	Muhammad Saeed uz Zaman s/o M.B. Zaman	149,490
9	Others*	16,547,867
<b>Total</b>		<b>53,195,771</b>

\*Others mean the shareholders of NICL other than those mentioned in Serial Nos. 1 to 8 of the table above holding, or would be holding pursuant to the Scheme, shares of NICL

#### SCHEDULE 6

#### SHAREHOLDING PATTERN OF NRL PURSUANT DISTRIBUTION IN SCHEDULE 5

No.	Name of Shareholder	No. of Shares	Percentage of shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	6,769,508	4.79%
2	Aamir Jamil s/o Sheikh Muhammad Jamil	3,118,332	2.21%
3	Imran Afzal s/o Khawaja Muhammad Afzal	5,942,114	4.20%
4	Umar Iqbal s/o Mudassar Iqbal	3,935,910	2.79%
5	Zafar Mahmood s/o Fazal Hussain	11,574,991	8.19%
6	Terranova Limited	20,861,134	14.76%
7	Muhammad Yahya Khan s/o Ahmad Masood Khan	23,964,996	16.96%
8	Muhammad Saeed uz Zaman s/o M.B. Zaman	8,493,939	6.01%
9	Nusrat Jamil w/o Abdul Jalil Jamil	2,402,585	1.70%
10	Others*	54,257,645	38.39%
<b>Total</b>		<b>141,321,064</b>	<b>100%</b>

\*Others mean the shareholders of NRL other than those mentioned in Serial Nos. 1 to 09 of the table above

#### SCHEDULE 7

#### FINAL SHAREHOLDING PATTERN OF NICL AND NRL

##### 1. Projected shareholding pattern of NICL

No.	Name of Shareholder	No. of Shares	Percentage of shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	12,805,851	11.58%
2	Aamir Jamil s/o Sheikh Muhammad Jamil	5,820,842	5.26%
3	Zafar Mahmood s/o Fazal Hussain	22,119,198	20.00%
4	Imran Afzal s/o Khawaja Muhammad Afzal	9,895,431	8.95%
5	Umar Iqbal s/o Mudassar Iqbal	7,567,094	6.84%
6	Nusrat Jamil w/o Abdul Jalil Jamil	910,260	0.82%
7	Muhammad Yahya Khan s/o Ahmad Masood Khan	13,149,460	11.89%
8	Muhammad Saeed uz Zaman s/o M.B. Zaman	1,342,120	1.21%
9	Terranova Limited	2,578,351	2.33%
10	Others*	34,401,939	31.11%
<b>Total</b>		<b>110,590,546</b>	<b>100.00%</b>

*\*Others mean the shareholders of NICL other than those mentioned in Serial Nos. 1 to 9 of the table above*

## 2. Projected shareholding pattern of NRL

No.	Name of Shareholder	No. of Shares	Percentage of shares
1	Khalid Mumtaz Qazi s/o Mumtaz Ahmad Qazi	15,830,958	11.2%
2	Aamir Jamil s/o Sheikh Muhammad Jamil	7,195,890	5.09%
3	Imran Afzal s/o Khawaja Muhammad Afzal	12,233,013	8.66%
4	Umar Iqbal s/o Mudassar Iqbal	9,354,657	6.62%
5	Zafar Mahmood s/o Fazal Hussain	27,344,382	19.35%
6	Terranova Limited	4,282,363	3.03%
7	Muhammad Yahya Khan s/o Ahmad Masood Khan	8,215,134	5.81%
8	Muhammad Saeed uz Zaman s/o M.B. Zaman	1,862,432	1.32%
9	Nusrat Jamil d/o Abdul Jalil Jamil	744,708	0.53%
10	Others*	54,557,526	38.39%
<b>Total</b>		<b>141,321,064</b>	<b>100%</b>

*\*Others mean the shareholders of NRL other than those mentioned in Serial Nos. 1 to 9 of the table above*

### SCHEDULE 8

### SHARE SWAP RATIO CERTIFICATE

**Aug 24, 2023**

- 1. Nimir Industrial Chemicals Limited**
- 2. Nimir Resins Limited**

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

Dear Sirs,

**Certificate on Determination of Swap Ratio for Proposed Scheme of Arrangement and Reconstruction of Nimir Group**

We have been engaged by the Nimir Group to determine the share swap ratio based on the estimated fair market values, **as on 31 March 2023**, of the following companies (collectively referred to as "**Nimir Group**"):

1. Nimir Industrial Chemicals Limited (NICTL)
2. Nimir Resins Limited (NRSL)

We understand that the above companies have common shareholders who together hold substantial interest in the above companies and wish to restructure the Nimer Group.

**Scope of Certificate**

The scope of our work was to determine the share swap ratios of Nimir Group, based on the estimated fair market value determined by the management of the respective companies (the "**Management**") which are outlined in Appendix-A of this certificate. We understand that our report shall be used solely to assist you in the execution of the Scheme of Arrangement to restructure Nimir Group, and is subject to the Shareholder's and Board of Director's approval.

**Management Responsibility**

It is the responsibility of the management to provide the assets valuation reports, audited financial statements for the period ended March 31, 2023, the share valuation reports and documents relating to shareholdings for each company.

**Our Responsibility**

Our responsibility is to review the calculations to certify Share Swap ratios performed by the management based on the fair market values to execute the proposed scheme of arrangement of Nimer Group.





Our verification was limited to the procedures mentioned below:

1. Obtained copies of audited financial statements of respective companies as on March 31, 2023, from the management
2. Obtained assets valuation reports of the respective companies from the management as conducted by the independent valuer
3. Obtained calculations of fair market values of shares of respective companies (Appendix-A) from the management as conducted by an independent firm of Chartered Accountants
4. Performed calculations to arrive at respective share swap ratios based on fair market values of shares of respective companies as referred in 3 above
5. Obtained management representations relating to the completeness and accuracy of the information provided to us

**Certificate**

Based on the above-mentioned procedures performed, Table 1 below shows the fair market value of shares of the respective companies; and Table 2 shows the computation of the shares swap ratio calculated based on the fair market value provided in Table 1.

**Table 1: Fair Market Values of Shares of NICL and NRSL**

Sr. No.	Name of the Company	Appendix Reference	Fair Market value per share (PKR)
1.	NICL	Appendix-A	148.29
2.	NRSL	Appendix-A	23.06

**Table 2: Share Swap Ratio Computation**

<b>A. Shares Swap Ratio for Exchange of Shares of NICL and NRSL</b>	<b>Amount (PKR)</b>
Fair Market value per share of NICL	148.29
Fair Market value per share of NRSL	23.06
 <b>Share Swap Ratio</b>	
NICL: NRSL	1: 6.43
NRSL: NICL	1: 0.1555
Number of Shares of NICL to be exchanged for one share of NRL	0.1555
Number of Shares of NRSL to be exchanged for one share of NICL	6.43

*CHZ*



### **Limitation / Restriction on use and distribution**

This letter is based on data and workings made available to us as of the date of this letter. We have no responsibility to update our letter based on any circumstances and information that becomes available after this date.

We highlight that our letter does not constitute investment advice or a recommendation to the companies on their future course of action. The decision to buy or sell merge/demerge may entail consideration of several factors some of which we may not be aware of. The evaluation of these factors or any related advice is not a part of the scope of our work. Our scope of work is limited to determining the share swap ratio of the companies based on their respective fair market values as on March 31, 2023, provided by the management of the companies as conducted by an independent firm of Chartered Accountants.

We understand that the letter would be shared with all the shareholders, management, lawyers, and consultants to the transaction and the Honorable High Court. However, please note that the letter should only be used for the purpose stated above, and any summaries of, or references to this letter that is to be presented to any third parties must be reviewed by us, and that information may not be released without our prior written approval. Our letter may not have considered issues relevant to any third party. Any use that any such third party may choose to make of our letter is entirely at their own risk and we shall have no responsibility whatsoever with any such use. Accordingly, we do not owe a duty of care to any third party in this letter.

While our letter would assist management in forming their views on the swap ratio, the ultimate decision of selection of the appropriate share swap ratio and the number of shares to be determined for the Scheme of Arrangement would nevertheless be that of Shareholders and the Board of Directors of the respective companies.

Yours truly

A large, stylized handwritten signature in black ink, appearing to read "Crowe Hussain Chaudhury &amp; Co".

Crowe Hussain Chaudhury & Co  
Chartered Accountants  
Lahore

AFZAL H. MUFTI  
HAMID KHAN  
SALMAN ASLAM BUTT  
MUNAWAR-US-SALAM  
SHEHZAD A. ELAHI  
WALEED KHALID  
M. HAROON MUMTAZ  
M. IQBAL AKHTAR  
SIKANDAR H. KHAN  
M. SHOAI B RASHID  
USMAN AKRAM SAHI  
FAISAL HABIB KHAN

**CORNELIUS, LANE & MUFTI**  
**ADVOCATES & SOLICITORS**

NAWA-E-WAQT HOUSE  
4, SHAHRAH-E-FATIMA JINNAH  
LAHORE - 54000  
&  
OFFICE NO. 309-A, 3<sup>RD</sup> FLOOR  
EVACUEE TRUST COMPLEX,  
AGHA KHAN ROAD  
F-5/1, ISLAMABAD-44000

AJMAL GHAFFAR TOOR  
ALIZEY S. ASLAM  
AMINA JAVED  
AMNA SALAM  
ANIQUE S. MALIK  
ANNZAHRA SYAL  
DR. RIZWAN AHMAD  
FAQIR H. RANA  
FAIZAN DAUD  
FURQAN NAVEED CH  
GHULAM MUJTABA  
HAFSA AHMAD  
HASSAN PERVAIZ  
MANAHIL KHAN  
M. HAMEED BAKHSI  
M. MUSSADIQ ISLAM  
M. WAQAR RANA  
MIRZA ABBAS BAIG  
QASIM IMRAN ALI  
SALMAN Z. KHAN  
SYED ZAIN NAQVI

Date: September 20, 2023

Registrar of Companies  
Securities Exchange Commission of Pakistan,  
3<sup>rd</sup> Floor, Associated House,  
7 – Egerton Road,  
Lahore

**Subject: Submission of Scheme of Arrangement & Petition.**

Dear Sir,

We, **Cornelius, Lane & Mufti**, on the instructions of our clients; **Nimir Management (Private) Limited, Nimir Industrial Chemicals Limited, Nimir Resins Limited**, are submitting the scheme of arrangement as approved by the respective Board of Directors of each client, setting forth the terms of reconstruction of our clients and their respective members.

Please find enclosed herewith the scheme of arrangement along with the copy of Civil Original No. 56465 of 2023, titled 'Nimir Management (Private) Limited etc. Vs Joint Registrar of Companies' filed before the Honourable Lahore High Court, Lahore, for sanctioning.

In case of any questions, please do not hesitate to contact us.

Yours Sincerely,

*Cornelius, Lane & Mufti*

Cornelius, Lane & Mufti.

*Hafiz Tallaha* 20-9-23  
**HAFIZ TALLAHA**  
Deputy Director  
Adjudication, Arbitration & Litigation Department  
Securities and Exchange Commission of  
Pakistan

LAHORE: TEL: (92-42) 3636 0824, 3636 0868, 3630 6301  
ISLAMABAD: TEL: (92-51) 8350467  
E-MAIL: info@clm.com.pk

FAX: (92-42) 3630 3301  
FAX: (92-51) 2823544  
WEB: http://www.clm.com.pk

# NIMIR

## NOTICE OF THE BOARD OF DIRECTORS' MEETING

Notice is hereby given that a meeting of Board of Directors of the Nimir Resins Limited (the "Company") shall be held on Tuesday, August 29, 2023 at 02:00 p.m. at its head office 122-B, New Muslim Town, Lahore. The agenda of the business to be transacted at the meeting are as follows:

1. To grant leaves of absence to such director(s) who may not find it convenient to attend the meeting.
2. To consider and approve the "Scheme of Arrangement" and related matters as required under Corporate Restructuring process of the Company with its holding companies (subject to approval of shareholders and all required consents being obtained, and further subject to sanction by the High Court).; and
3. To do any other business with the permission of the Chair.

You are requested to make it convenient to attend the meeting. Thanking you.

**For and on behalf of the Board**



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

Lahore  
August 24, 2023



**EXTRACT FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING OF  
NIMIR RESINS LIMITED (THE "COMPANY") HELD AT 122-B, NEW MUSLIM TOWN,  
LAHORE ON TUESDAY, AUGUST 29, 2023 AT 02:00 PM**

**AGENDA 02**

**APPROVAL OF SCHEME OF ARRANGEMENT UNDER SECTION 279 – 283 OF THE COMPANIES ACT 2017, BETWEEN THE COMPANY, NIMIR INDUSTRIAL CHEMICALS LIMITED, NIMIR MANAGEMENT (PRIVATE) LIMITED AND THEIR RESPECTIVE SHAREHOLDERS FOR RESTUCTURING OF THE NIMIR GROUP.**

Next item on agenda was to consider restructuring of the Company through an scheme of arrangement (the "**Scheme of Arrangement**") between Nimir Industrial Chemicals Limited ("**NICL**"), Nimir Management (Private) Limited (the "**NMPL**"), the Company and its respective shareholders (together with the NMPL, NICL and the Company "**Nimir Group**"), through dissolution of the NMPL and transfer and vesting, after discharging all its liabilities (if any), in its shareholders (which includes NICL and the Company) all assets, and, further, distribution of shares of the Company held by NICL to its respective shareholders followed by an exchange of shares of NICL and Company between the Associate Shareholders and G5 Shareholders as more fully described in Article 3 of the Scheme of Arrangement.

The Chief Executive Officer briefed that the current shareholding structure of Nimir Resins Limited with its holding companies i.e. NMPL & NICL, being complex in nature with cross shareholding has led to difficulties in the administration of the Nimir Group (i.e. NICL, NMPL & NRSL), payment of dividends by NRSL and taxation thereof. It was further explained that the proposed restructuring shall be free from all mortgages or charges or other encumbrances and for this for purpose relevant consents/no objections from concerned stakeholders will be arranged.

It was further updated to the Board Members that the benefits of the Scheme of Arrangement shall include, but are not limited to, effective management of the Nimir Group (i.e. NICL, NMPL & NRSL), streamlining the operations of the group, streamlining the tax and dividend payments to shareholders, and, giving the respective shareholders more control over their respective company which will further result in economies of scale, improved allocation of capital, and optimized cash flows, thus contributing to the overall growth prospects of the Nimir Group (i.e. NICL, NMPL & NRSL).

The Chief Executive Officer placed before the Board Members a draft of the Scheme of Arrangement and Swap Ratio Certificate of Nimir Industrial Chemicals Limited and Nimir Resins Limited for review and consideration.

The Board reviewed draft scheme of arrangement placed before the Board. After discussion, on proposal of Mr. Khalid Mumtaz Qazi, seconded by Mrs. Nazia Qureshi and Mr. Osman Hameed the following resolutions were passed unanimously:

**Resolved that**, "pursuant to the provision of Sections 279 – 283 and any all other applicable provisions of the Companies Act, 2017, subject to the requisite approvals, consents and sanctions of the competent High Court and/or any other competent authority / regulatory body and subject to the approval of the members of the Company through special resolution, the restructuring of the Nimir Resins Limited with its holding companies (i.e. NMPL & NICL) as embodied in the draft of Scheme of Arrangement (the "Scheme"), be and is hereby approved.";

**Further Resolved that**, "Approval be and is hereby accorded to the Scheme in its entirety together with the relevant petition(s)/application(s) as may be required under applicable rules

and regulations for filing before Competent High Court, the Securities Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange Limited (PSX), Central Depository Company Limited (CDC) and/or any other competent authority / regulatory body, as may be applicable.”; and

**Further Resolved that,** “Mr. Zafar Mahmood (CNIC: 42000-0390606-5) Chief Executive Officer, Mr. Muhammad Inam ur Rahim (CNIC: 42101-1610012-1) Company Secretary and Syed Sajid Nasim (42101-3051462-1) Chief Financial Officer be and are hereby authorized and empowered, acting singly to give effect to the above resolution and to take all necessary steps as required under law or otherwise including without limitation:

- I. to represent the Company before the SECP, High Court and/or such competent authority / regulatory body, as may be applicable and to sign and execute the Scheme, petition, application, undertakings, affidavits, and all other documents and deeds as may be filed for this purpose and to make such modifications, alterations as may be required by the aforesaid authorities or as may be thought fit and expedient by the said authorized persons.;
- II. to institute, file, sign and verify petition(s), plaint(s), applications, replies and all other legal and court documents and to swear affidavits and to make statements.;
- III. to engage and instruct counsel and/or to delegate all or any of his powers hereby granted, in favour of counsel and to authorize counsel to exercise such powers and to make statements as deemed appropriate before the any Court, Tribunal, SECP and or competent authority / regulatory body, as may be applicable.;
- IV. to take all or any action/deeds/things necessary for the aforesaid on behalf of the Company and for and on behalf of the Company in relation to the foregoing, to engage advisors, representatives, legal counsel etc., and to further sub-delegate any or all of their powers.”;
- V. to obtain approvals and/or consents of the Shareholders, creditors, banks, financial institutions and other regulatory authorities or entities or agencies as may be required from time to time in that behalf; and
- VI. give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Scheme.”

**Certified to be the true extract of the original**

For **Nimir Resins Limited**



Muhammad Inam-ur-Rahim  
Company Secretary

Lahore  
August 30, 2023

# NIMIR

## NOTICE OF THE BOARD OF DIRECTORS' MEETING

Notice is hereby given that a meeting of Board of Directors of the Nimir Industrial Chemicals Limited (the "Company") shall be held on Tuesday, August 29, 2023 at 03:30 p.m. at its head office 122-B, New Muslim Town, Lahore. The agenda of the business to be transacted at the meeting are as follows:

1. To grant leaves of absence to such director(s) who may not find it convenient to attend the meeting.
2. To consider and approve the "Scheme of Arrangement" and related matters as required under Corporate Restructuring process of the Company with its subsidiary companies (subject to approval of shareholders and all required consents being obtained, and further subject to sanction by the High Court).
3. To do any other business with the permission of the Chair.

You are requested to make it convenient to attend the meeting. Thanking you.

**For and on behalf of the Board**



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

Lahore  
August 24, 2023

**EXTRACT FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING OF  
NIMIR INDUSTRIAL CHEMICALS LIMITED (THE “COMPANY”) HELD ON TUESDAY,  
AUGUST 29, 2023, AT 03:30 PM, AT 122-B, NEW MUSLIM TOWN, LAHORE**

**Agenda 02**

**APPROVAL OF SCHEME OF ARRANGEMENT UNDER SECTION 279 – 283 OF THE COMPANIES ACT 2017, BETWEEN THE COMPANY, NIMIR RESINS LIMITED, NIMIR MANAGEMENT (PRIVATE) LIMITED AND THEIR RESPECTIVE SHAREHOLDERS FOR RESTUCTURING OF THE NIMIR GROUP.**

Next item on agenda is to consider restructuring of the Company through the proposed scheme of arrangement (the “**Scheme of Arrangement**”) between Nimir Resin Limited (“**NRSL**”), Nimir Management (Private) Limited (the “**NMPL**”), the Company and its respective shareholders (together with the NMPL, NRSL and the Company “**Nimir Group**”) as more fully described in the draft Scheme of Arrangement placed before the Board.

The Chief Executive Officer briefed that that the current shareholding structure of the Nimir Industrial Chemicals Limited with its subsidiaries i.e. NMPL & NRSL, being complex in nature with cross shareholding has led to difficulties in the administration of the Nimir Group (i.e. NICL, NMPL & NRSL), respective payment of dividends and taxation thereof. It was further explained that the proposed restructuring shall be free from all mortgages or charges or other encumbrances and for this for purpose relevant consents/no objections from concerned stakeholders will be arranged.

It was further updated to the Board Members that the benefits of the Scheme of Arrangement shall include, but are not limited to, effective management of the Nimir Group (i.e. NICL, NMPL & NRSL), streamlining the operations of the group, streamlining the tax and dividend payments to shareholders, and, giving the respective shareholders more control over their respective company which will further result in economies of scale, improved allocation of capital, and optimized cash flows, thus contributing to the overall growth prospects of the Nimir Group (i.e. NICL, NMPL & NRSL).

The Chief Executive Officer placed before the Board Members a draft of the Scheme of Arrangement, Swap Ratio Certificate and Report on valuation of shares of Nimir Industrial Chemicals Limited and Nimir Resins Limited for review and consideration of the detailed terms of the proposed restructuring of the Nimir Group (i.e. : NICL, NMPL & NRSL).

The Board reviewed draft scheme of arrangement placed before the Board. After discussion, on proposal of Mr. Aamir Jamil , seconded by Mrs. Humaira Shazia and Mr. Javed Saleem Arif the following resolutions were passed with majority with Mr. Saqib Anjum remains abstained:

**Resolved that**, “pursuant to the provision of Sections 279 – 283 and any all other applicable provisions of the Companies Act, 2017, subject to the requisite approvals, consents and sanctions of the competent High Court and/or any other competent authority / regulatory body and subject to the approval of the members of the Company through special resolution, the restructuring of the Nimir Industrial Chemicals Limited with its subsidiaries (i.e. NMPL & NRSL) as embodied in the draft of Scheme of Arrangement (the “Scheme”), be and is hereby approved.”;

**Further Resolved that**, “Approval be and is hereby accorded to the Scheme in its entirety together with the relevant petition(s)/application(s) as may be required under applicable rules

and regulations for filing before Competent High Court, the Securities Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange Limited (PSX), Central Depository Company Limited (CDC) and/or any other competent authority / regulatory body, as may be applicable.”; and

**Further Resolved that,** “Mr. Zafar Mahmood (CNIC: 42000-0390606-5) Chief Executive Officer, Mr. Muhammad Inam ur Rahim (CNIC: 42101-1610012-1) Company Secretary and Syed Sajid Nasim (42101-3051462-1) Chief Financial Officer be and are hereby authorized and empowered, acting singly to give effect to the above resolution and to take all necessary steps as required under law or otherwise including without limitation:

- I. to represent the Company before the SECP, High Court and/or such competent authority / regulatory body, as may be applicable and to sign and execute the Scheme, petition, application, undertakings, affidavits, and all other documents and deeds as may be filed for this purpose and to make such modifications, alterations as may be required by the aforesaid authorities or as may be thought fit and expedient by the said authorized persons.;
- II. to institute, file, sign and verify petition(s), plaint(s), applications, replies and all other legal and court documents and to swear affidavits and to make statements.;
- III. to engage and instruct counsel and/or to delegate all or any of his powers hereby granted, in favour of counsel and to authorize counsel to exercise such powers and to make statements as deemed appropriate before the any Court, Tribunal, SECP and or competent authority / regulatory body, as may be applicable.;
- IV. to take all or any action/deeds/things necessary for the aforesaid on behalf of the Company and for and on behalf of the Company in relation to the foregoing, to engage advisors, representatives, legal counsel etc., and to further sub-delegate any or all of their powers.”;
- V. to obtain approvals and/or consents of the Shareholders, creditors, banks, financial institutions and other regulatory authorities or entities or agencies as may be required from time to time in that behalf; and
- VI. give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Scheme.”

**Certified to be the true extract of the original**

For **Nimir Industrial Chemicals Limited**



Muhammad Inam-ur-Rahim  
Company Secretary

Lahore  
August 30, 2023

# NIMIR

## NOTICE OF THE BOARD OF DIRECTORS' MEETING

Notice is hereby given that a meeting of Board of Directors of the Nimir Management (Pvt.) Limited (the "Company") shall be held on Tuesday, August 29, 2023 at 02:30 p.m. at its head office 122-B, New Muslim Town, Lahore. The agenda of the business to be transacted at the meeting are as follows:

1. To grant leaves of absence to such director(s) who may not find it convenient to attend the meeting.
2. To consider and approve the "Scheme of Arrangement" and related matters as required under Corporate Restructuring process of the Company with its subsidiary companies (subject to approval of shareholders and all required consents being obtained, and further subject to sanction by the High Court).
3. To do any other business with the permission of the Chair.

You are requested to make it convenient to attend the meeting. Thanking you.

**For and on behalf of the Board**



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

Lahore  
August 24, 2023

**Nimir Management (Pvt.) Limited**  
122-B, New Muslim Town, Lahore – Pakistan.  
Tel: 042 35926090-93

**EXTRACT FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING OF  
NIMIR MANAGEMENT (PRIVATE) LIMITED (THE “COMPANY”) HELD ON  
TUESDAY, 29 AUGUST 2023, AT 02:30 PM, AT 122-B, NEW MUSLIM TOWN, LAHORE**

**AGENDA 02**

**APPROVAL OF SCHEME OF ARRANGEMENT UNDER SECTION 279 – 283 OF THE ACT,  
BETWEEN THE COMPANY, NIMIR RESINS LIMITED, NIMIR INDUSTRIAL CHEMICAL LIMITED  
AND THEIR RESPECTIVE SHAREHOLDERS FOR RESTRUCTURING OF THE NIMIR GROUP.**

Next item on agenda was to consider restructuring of the Company through the proposed scheme of arrangement (the “**Scheme of Arrangement**”) between Nimir Resin Limited (“**NRSL**”), Nimir Industrial Chemical Limited (the “**NICL**”), the Company and its respective shareholders (together with the NICL, NRSL and the Company “**Nimir Group**”), through dissolution of the Company and transfer and vesting, after discharging all its liabilities (if any), to its shareholders (which includes NRSL and the NICL) all assets, and, further, distribution of shares of NRSL held by NICL to its respective shareholders followed by an exchange of shares of NICL and NRSL between the Associate Shareholders and G5 Shareholders as more fully described in Article 3 of the Scheme of Arrangement.

The Chief Executive Officer briefed that, the current shareholding structure of the Nimir Group (i.e. NICL, NMPL & NRSL) being complex in nature with cross shareholding has led to difficulties in the administration of the Nimir Group (i.e. NICL, NMPL & NRSL, respective payment of dividends and taxation thereof. Thus, the proposed Scheme of Arrangement. It was further explained that the proposed restructure shall be free from all mortgages or charges or other encumbrances and for this for purpose relevant consents/no objections from concerned stakeholders will be arranged.

It was further updated to the Board Members that the benefits of the Scheme of Arrangement shall include, but are not limited to, effective management of the Nimir Group (i.e. NICL, NMPL & NRSL), streamlining the operations of the group, streamlining the tax and dividend payments to shareholders, and, giving the respective shareholders more control over their respective company which will further result in economies of scale, improved allocation of capital, and optimized cash flows, thus contributing to the overall growth prospects of both the NICL and NRSL.

The Chief Executive Officer placed before the Board Members a draft of the Scheme of Arrangement for review and consideration of the detailed terms of the proposed restructuring of the Nimir Group (i.e. NICL, NMPL & NRSL).

The Board reviewed draft scheme of arrangement placed before the Board. After discussion, on proposal of Mr. Aamir Jamil, seconded by Mr. Osman Hameed and Mr. Muhammad Yahya Khan, the following resolutions were passed unanimously:

**Resolved that**, “pursuant to the provision of Sections 279 – 283 and any all-other applicable provisions of the Companies Act, 2017, subject to the requisite approvals, consents and sanctions of the competent High Court and/or any other competent authority / regulatory body and subject to the approval of the members of the Company through special resolution, the restructuring of the Nimir Management (Pvt.) Limited with its holding and subsidiary companies (i.e. NICL & NRSL) as embodied in the draft of Scheme of Arrangement (the “Scheme”), be and is hereby approved.”;

**Further Resolved that,** "Approval be and is hereby accorded to the Scheme in its entirety together with the relevant petition(s)/application(s) as may be required under applicable rules and regulations for filing before Competent High Court, the Securities Exchange Commission of Pakistan (SECP), and/or any other competent authority / regulatory body, as may be applicable."; and

**Further Resolved that,** "Mr. Zafar Mahmood (CNIC: 42000-0390606-5) Chief Executive Officer, Mr. Muhammad Inam ur Rahim (CNIC: 42101-1610012-1) Company Secretary and Aamir Jamil (35200-1454026-1) Chief Financial Officer be and are hereby authorized and empowered, acting singly to give effect to the above resolution and to take all necessary steps as required under law or otherwise including without limitation:

- I. to represent the Company before the SECP, High Court and/or such competent authority / regulatory body, as may be applicable and to sign and execute the Scheme, petition, application, undertakings, affidavits, and all other documents and deeds as may be filed for this purpose and to make such modifications, alterations as may be required by the aforesaid authorities or as may be thought fit and expedient by the said authorized persons.;
- II. to institute, file, sign and verify petition(s), plaint(s), applications, replies and all other legal and court documents and to swear affidavits and to make statements.;
- III. to engage and instruct counsel and/or to delegate all or any of his powers hereby granted, in favour of counsel and to authorize counsel to exercise such powers and to make statements as deemed appropriate before the any Court, Tribunal, SECP and or competent authority / regulatory body, as may be applicable.;
- IV. to take all or any action/deeds/things necessary for the aforesaid on behalf of the Company and for and on behalf of the Company in relation to the foregoing, to engage advisors, representatives, legal counsel etc., and to further sub-delegate any or all of their powers.";
- V. to obtain approvals and/or consents of the Shareholders, creditors, banks, financial institutions and other regulatory authorities or entities or agencies as may be required from time to time in that behalf; and
- VI. give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Scheme."

**Certified to be the true extract of the original**

For **Nimir Management (Pvt.) Limited**



Muhammad Inam-ur-Rahim  
Company Secretary

Lahore  
August 30, 2023



# **NIMIR**

## **NIMIR RESINS LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023**

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF NIMIR RESINS LIMITED

### Opinion

We have audited the financial statements of **NIMIR RESINS LIMITED** (the Company), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the nine-month period from July 01, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the nine-month period from July 01, 2022 to March 31, 2023 are prepared, in all material respects, in accordance with the basis of preparation as described in note 2 to the financial statements.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in *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 of 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.

### ***Emphasis of Matter – Basis of Accounting and Restriction on distribution and use***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the management for potential group restructuring of shareholding. As a result, the financial statements may not be suitable for another purpose. Our report is intended only for the use of the management and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with basis of accounting described in Note 2 to the financial statements, and for such internal control as the management determines is necessary to enable the preparation of the 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 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 the 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.

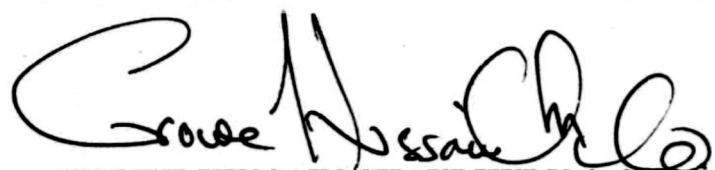
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

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

Lahore

Dated: 23 AUG 2023



**CROWE HUSSAIN CHAUDHURY & CO.**

*Chartered Accountants*

# NIMIR RESINS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	Note	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
		Rupees	Rupees	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>					
<b>Share Capital and Reserves</b>					
Authorized share capital					
150,000,000 (June 30, 2022: 150,000,000 of Rs. 10 each) Ordinary shares of Rs. 10 each		1,500,000,000	1,500,000,000	1,497,568,879	1,154,785,386
Issued, subscribed and paid up share capital		1,413,210,640	1,413,210,640	1,409,355,894	1,291,377,678
Share deposit money		9,391,005	11,391,005	1,827,541,259	2,003,964,804
Sponsors' interest free loans - unsecured Reserves		107,000,000	107,000,000	152,601,679	44,557,033
Surplus on revaluation of property, plant and equipment - net		645,140,178	416,755,530	3,958,456	2,294,611
		813,344,488	484,247,824	45,837,190	29,185,008
		2,988,086,311	2,432,604,999	232,043,004	325,134,703
		-	-	195,080,747	24,648,927
		100,000,000	141,956,263	3,795,056,533	4,744,826,366
		-	-		
		34,024,253	35,768,004		
		36,150,314	30,856,775		
		78,123,653	50,925,216		
		248,298,220	259,506,258		
		561,600,113	391,498,916		
		292,819	292,819		
		70,445,150	56,147,951		
		1,222,463,610	2,483,518,377		
		-	525,325		
		76,241,983	87,978,802		
		-	1,513,195		
		7,241,196	6,602,988		
		188,201,973	243,227,814		
		2,126,486,844	3,271,306,187		
		-	-		
		5,362,871,375	5,963,417,444	5,362,871,375	5,963,417,444
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		5,362,871,375	5,963,417,444		
		-</			

# NIMIR RESINS LIMITED

## STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2023

		<b>Nine months ended March 31, 2023</b>	<b>Nine months ended March 31, 2022</b>
	Note	<b>(Audited)</b> Rupees	<b>(Un-audited)</b> Rupees
Revenue from sales		8,417,309,946	7,166,951,673
Less:			
- Sales tax		(1,282,769,288)	(1,086,206,428)
- Commission		-	(299,685)
Net sales	27	7,134,540,658	6,080,445,560
Cost of sales	28	(6,327,547,811)	(5,322,612,971)
<b>Gross Profit</b>		806,992,847	757,832,589
Distribution cost	29	(81,352,965)	(64,982,538)
Administrative expenses	30	(74,817,507)	(58,339,264)
		(156,170,472)	(123,321,802)
<b>Operating Profit</b>		650,822,375	634,510,787
Other operating expenses	31	(35,875,609)	(91,658,379)
Finance cost	32	(299,322,701)	(135,000,824)
Other income	33	21,551,282	17,745,921
<b>Profit before Taxation</b>		337,175,347	425,597,505
<b>Income tax expense</b>	34		
Current tax		(109,704,567)	(135,885,660)
Super tax		(15,078,566)	-
Deferred tax		11,100,880	14,331,148
		(113,682,253)	(121,554,512)
<b>Net Profit for the Period</b>		223,493,094	304,042,993
<b>Earnings per Share - Basic and Diluted</b>	35	1.58	2.15

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



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# NIMIR RESINS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED MARCH 31, 2023

	<b>Nine months ended March 31, 2023</b>	<b>Nine months ended March 31, 2022</b>
	<b>(Audited)</b> Rupees	<b>(Un-audited)</b> Rupees
<b>Net Profit for the Period</b>	223,493,094	304,042,993
<b>Other comprehensive income</b>		
<i>Items that will not be re-classified subsequently to profit or loss</i>		
Surplus arising on revaluation of property, plant and equipment	372,287,535	-
Related deferred tax impact	(38,299,317)	-
<i>Items that may be re-classified subsequently to profit or loss</i>	-	-
Other comprehensive income for the period	333,988,218	-
<b>Total Comprehensive Income for the Period</b>	<u>557,481,312</u>	<u>304,042,993</u>

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



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# NIMIR RESINS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2023

Particulars	Share Capital Rupees	Share Deposit Money Rupees	Sponsors' Interest Free Loans Rupees	Reserves		Surplus on Revaluation of Property, Plant and Equipment Rupees	Total Rupees
				Share Premium Reserve Rupees	Accumulated (Loss) / Unappropriated Profit Rupees		
<b>Balance as at June 30, 2021</b>	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 period ended March 31, 2022	-	-	-	-	304,042,993	-	304,042,993
Other comprehensive loss for the period ended March 31, 2022	-	-	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2022	-	-	-	-	304,042,993	-	304,042,993
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	4,540,400	(4,540,400)	-
Effect of rate change	-	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<u>1,413,210,640</u>	<u>11,391,005</u>	<u>107,000,000</u>	<u>1,281,303</u>	<u>350,634,695</u>	<u>490,291,710</u>	<u>2,373,809,353</u>
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 period ended March 31, 2023	-	-	-	-	223,493,094	-	223,493,094
Other comprehensive loss for the period ended March 31, 2023	-	-	-	-	-	333,988,218	333,988,218
Total comprehensive income for the period ended March 31, 2023	-	-	-	-	223,493,094	333,988,218	557,481,312
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	4,891,554	(4,891,554)	-
Share deposit money paid	-	(2,000,000)	-	-	-	-	(2,000,000)
<b>Balance as at March 31, 2023</b>	<u>1,413,210,640</u>	<u>9,391,005</u>	<u>107,000,000</u>	<u>1,281,303</u>	<u>643,858,875</u>	<u>813,344,488</u>	<u>2,988,086,311</u>

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

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**NIMIR RESINS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

		<b>Nine months ended March 31, 2023</b>	<b>Nine months ended March 31, 2022</b>
	Note	<b>(Audited) Rupees</b>	<b>(Un-audited) Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (Used in) / Generated from Operations</b>	36	1,993,397,426	(687,063,276)
Finance cost paid		(281,422,930)	(92,615,263)
Income tax paid		(120,119,970)	(125,890,972)
Gratuity paid		(3,886,461)	(807,120)
Workers' welfare fund paid		(12,680,497)	(10,044,000)
Workers' (profit) participation fund paid		(32,607,717)	(27,100,000)
		<u>(450,717,575)</u>	<u>(256,457,355)</u>
<b>Net Cash (Used in) / Generated from Operating Activities</b>		1,542,679,851	(943,520,631)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment purchased		(14,968,059)	(6,071,223)
Proceeds from disposal of property, plant and equipment		65,000	-
Capital work in progress - property, plant and equipment		(29,898,236)	(109,170,976)
Long term deposits		(558,252)	(1,835,347)
<b>Net Cash Used in Investing Activities</b>		(45,359,547)	(117,077,546)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share deposit money repaid		(2,000,000)	-
Long term financing obtained		-	150,000,000
Long term financing repaid		(55,206,277)	(57,084,038)
Diminishing musharaka finance		(525,325)	(1,181,267)
Lease liabilities		(8,102,115)	(3,425,975)
Short term borrowings - net		(1,261,054,767)	972,225,370
<b>Net Cash Generated from Financing Activities</b>	37	<u>(1,326,888,484)</u>	<u>1,060,534,090</u>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		170,431,820	(64,087)
Cash and cash equivalents at the beginning of the year		24,648,927	27,757,998
<b>Cash and Cash Equivalents at the End of the Year</b>		<u><u>195,080,747</u></u>	<u><u>27,693,911</u></u>

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

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



# NIMIR RESINS LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2023

Note 1

### The Company and its Operations

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

#### Business Unit

Head office / Registered Office  
Production Plant / Factory

#### Geographical Location

14.5 KM, Lahore-Sheikhupura Road, Lahore  
14.5 KM, Lahore-Sheikhupura Road, Lahore and 14.8 KM, Sheikhupura  
Faisalabad Road, Sheikhupura.

Note 2

### Basis of Preparation

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared by the management for restructuring purpose of share holding on the basis of special purpose framework for interim financial reporting for the period from July 01, 2022 to March 31, 2023. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 IAS 34 or the IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

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

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

#### 2.3 Functional and presentation currency

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

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

*Note 2, Basis of Preparation - Continued...*

### **2.4 Use of estimates and judgments**

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

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

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment – Note 3.1 & 18
- 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, liquidity damages – Note 3.17 & 22
- Obligation of post employment benefits - Note 3.9 & 12
- 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 asset (for carried forward tax losses) - Note 3.10, 13, 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 period**

Certain standards, amendments and interpretations to IFRS are effective for the period ended March 31, 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;

<b>Standard or Interpretation</b>	<b>Effective Date - Annual Periods</b>
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	Beginning on or After 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**

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after April 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

<b>Standard or Interpretation</b>	<b>Effective Date - Annual Periods</b>
	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
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 12 Deferred tax related to assets and liabilities arising from a single transaction — (Amendments)	January 1, 2023

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

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

Note 3

### **Significant Accounting Policies**

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

#### **3.1 Property, plant and equipment**

##### ***Owned***

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

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

Freehold land and buildings on freehold land are revalued every three years. Latest revaluation of land and buildings was carried out by an independent valuer as at 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 economic 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.

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

*Note 3, Significant Accounting Policies - Continued...*

*Note 3.2, Leases - Continued...*

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

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

### **3.2.1 Company as a lessee**

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

#### **3.2.1.2 Initial measurement**

*Lease liability*

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

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

*Right-of-use asset*

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

#### **3.2.1.3 Subsequent measurement**

*Lease liability*

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

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

*Right-of-use asset*

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

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

Depreciation is charged to profit or loss account over the lease term of leased assets given in note 19.

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

*Note 3, Significant Accounting Policies - Continued...*

### **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.

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

*Note 3, Significant Accounting Policies - Continued...*

### **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. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

*Note 3, Significant Accounting Policies - Continued...*

### **3.12 Contingent liabilities**

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

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

### **3.13 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss account in the period in which they are incurred.

### **3.14 Foreign currency transactions and translations**

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

### **3.15 Related party transactions**

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

### **3.16 Revenue recognition**

Revenue is recognised in accordance by applying the following steps:

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

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

### **3.17 Financial instruments**

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

#### **3.17.1 Financial assets**

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

##### ***Classification***

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

##### ***Initial recognition and measurement***

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

## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

*Note 3, Significant Accounting Policies - Continued...*

*Note 3.17, Financial instruments - Continued...*

### ***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.



## **NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

### **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.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 4

**Issued, Subscribed and Paid up Share Capital**

<b>March 31, 2023</b>		<b>June 30, 2022</b>			
No. of Shares				<b>March 31, 2023</b>	<b>June 30, 2022</b>
				Rupees	Rupees
50,412,824	50,412,824	Ordinary shares of Rs. 10 each (June 30, 2022: 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 (June 30, 2022: 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 (June 30, 2022: 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 (June 30, 2022: 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 (June 30, 2022: 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 (June 30, 2022: Rs. 10 each) cancelled pursuant to the scheme of amalgamation		(36,330,500)	(36,330,500)
<u>141,321,064</u>	<u>141,321,064</u>			<u>1,413,210,640</u>	<u>1,413,210,640</u>

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

	<b>% of Shareholding</b>	<b>March 31, 2023</b>	<b>June 30, 2022</b>
		<b>Number of shares</b>	
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
		<u>94,958,437</u>	<u>94,958,437</u>

**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.

Note 5

**Share Deposit Money**

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

Note 6

**Reserves**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	<b>Rupees</b>	
<b>Capital reserves</b>		
Share premium reserve	1,281,303	1,281,303
<b>Revenue reserves</b>		
Unappropriated profit	643,858,875	415,474,227
	<u>645,140,178</u>	<u>416,755,530</u>

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 7

**Surplus on Revaluation of Property, Plant and Equipment - Net**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
<b>Land - freehold</b>		
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
<b>Buildings on freehold land</b>		
Opening balance	75,892,621	86,476,907
Add: Surplus on revaluation arisen during the year	116,058,535	-
Less: Related deferred taxation	(38,299,317)	-
	153,651,839	86,476,907
Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax	(4,891,554)	(5,712,348)
Effect of change in rate	-	(4,871,938)
Closing balance - net of tax	<u>813,344,488</u>	<u>484,247,824</u>

**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.

Note 8

**Diminishing Musharaka Finance**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Diminishing musharaka finance	-	525,325
Less: Current portion	-	(525,325)
	<u>-</u>	<u>-</u>

**8.1** 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 (June 30, 2022: 8.55% - 8.66%).

Note 9

**Long Term Financing**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
Soneri Bank Limited	9.1	170,550	852,750
The Bank of Punjab	9.2	28,571,433	50,000,002
Bank Alfalah Limited	9.3	27,500,000	32,500,000
MCB Bank Limited	9.4	120,000,000	135,000,000
Refinance for salaries - The Bank of Punjab	9.5	-	13,095,508
Less: deferred income - Government grant		-	(1,513,195)
		-	11,582,313
		176,241,983	229,935,065
Less: current portion of loans		(76,241,983)	(87,978,802)
		<u>100,000,000</u>	<u>141,956,263</u>

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

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements**Note 9, Long Term Financing - Continued...*

- 9.2** This represents facility of Rs. 100 million to facilitate capital expenditure requirements pertaining to procurement, installation and augmentation of new and existing machinery, equipment related auxiliaries and civil works. This loan is repayable in 14 equal quarterly installments payable in arrears starting from September 30, 2020. Markup is charged at 3 months KIBOR plus 1.5% p.a. payable on quarterly basis. This facility is secured against 1st pari passu charge over fixed assets of the Company amounting to Rs. 134 million.
- 9.3** This represents facility of Rs. 50 million obtained for solar energy unit of 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.
- 9.4** This represents loan of Rs. 150 million obtained to facilitate capital expenditure requirements pertaining to enhance the capacity of resins, emulsions and additives for the coating unit along with increase in capacity for speciality chemicals for pre-treatment and finishing of textile industry. This loan is repayable in 20 equal quarterly installments starting from March 28, 2022. Markup is charged at 3 Months KIBOR plus 0.75% p.a payable quarterly in arrears. This loan is secured against first pari passu charge of Rs. 200 million over entire fixed assets of the Company.
- 9.5** This represents 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.

## Note 10

**Deferred Income – Government Grant**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
Deferred income - Government grant	10.1	-	1,513,195
Less: current portion		-	(1,513,195)
		<u>-</u>	<u>-</u>

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

## Note 11

**Lease Liabilities**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
		Rupees	Rupees
Opening balance		42,370,992	34,212,534
Add: Additions during the year		3,394,000	12,945,772
Add: Interest expense		3,602,572	2,709,650
Less: Payments made		(8,102,115)	(7,496,964)
Gross liability		<u>41,265,449</u>	<u>42,370,992</u>
Less: Current portion		(7,241,196)	(6,602,988)
Closing balance		<u>34,024,253</u>	<u>35,768,004</u>

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements**Note 11, Lease Liabilities - Continued...*

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

	Included in	Note	March 31, 2023 Rupees	June 30, 2022 Rupees
Carrying amount of ROU assets	Statement of financial position	19	43,351,241	37,469,222
Depreciation charge	Cost of sales	28	2,075,046	792,776
Depreciation charge	Administrative expenses	30	3,834,186	2,837,314
Depreciation charge	Distribution cost	29	1,534,749	1,297,888
Interest expense	Finance cost	34	3,602,572	2,709,650
Security Deposit	Long term deposits	20	10,065,252	9,557,000

**11.2 Maturity analysis of contractually undiscounted cash flows**

At March 31, 2023	Within One Year	Between Two to Five Years	Later than Five Years
	------(Rupees)-----		
	11,637,214	39,398,709	-

**11.3 Nature of leasing activities**

**11.3.1** The Company acquired vehicles from different banks under finance lease arrangements, for a period of 60 months. Present value of minimum lease payments has been discounted using interest rate ranging from 3 months to 1 year KIBOR with a spread of upto 2% (to be revised annually). Rentals are paid in equal monthly 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.

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

**11.3.3** Remaining lease term of lease contracts is of 5 years (June 30, 2022: 5 years) for which lease liability is recorded.

Note12

**Post Employment Benefit Obligations**

	March 31, 2023 Rupees	June 30, 2022 Rupees
Post employment benefit obligations	<u>36,150,314</u>	<u>30,856,775</u>

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

**NIMIR RESINS LIMITED**

Notes to and Forming Part of the Financial Statements

Note 13

**Deferred Tax Liability**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
		Rupees	Rupees
Deferred tax Liability	13.1	<u>78,123,653</u>	<u>50,925,216</u>

**13.1 Breakup of Deferred tax Liability****Taxable temporary differences**

- Accelerated tax depreciation	53,427,751	59,328,227
- Surplus on revaluation of property, plant and equipment	73,269,993	37,379,948
- Right of use assets	14,305,910	12,364,843

**Deductible temporary differences**

Lease Liabilities	(13,617,598)	(13,982,427)
Post employment benefit obligations	(11,929,604)	(10,182,736)
Provision for obsolete stock	(10,826,029)	(9,843,949)
Provision for doubtful debts	(26,506,770)	(24,138,690)
	<u>78,123,653</u>	<u>50,925,216</u>

**13.2** Deferred tax assets / liabilities on temporary differences are measured at effective rate of 33% (June 30, 2022: 33%).

**13.3 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	(11,100,880)	(10,527,287)
Deferred tax expense / (income) during the year recognised in other comprehensive income	38,299,317	413,458
Effect of rate change	-	4,871,938
Closing balance	<u>78,123,653</u>	<u>50,925,216</u>

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

**13.4 Analysis of change in deferred tax**

	<b>Statement of Financial Position</b>		<b>Statement of Profit or Loss</b>	
	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	----- Rupees -----		----- Rupees -----	
Accelerated tax depreciation and amortization	53,427,751	59,328,227	(5,900,476)	10,806,997
Revaluation of property, plant and equipment	73,269,993	37,379,948	(2,409,272)	2,058,394
Provision for doubtful debts	(26,506,770)	(24,138,690)	(2,368,080)	(9,333,452)
Right of Use Assets	14,305,910	12,364,843	1,941,067	2,136,897
Provision for obsolete stock	(10,826,029)	(9,843,949)	(982,080)	(3,669,690)
Provision for staff gratuity	(11,929,604)	(10,182,736)	(1,746,868)	(3,180,245)
Lease Liabilities	(13,617,598)	(13,982,427)	364,829	(4,060,792)
	<u>78,123,653</u>	<u>50,925,216</u>	<u>(11,100,880)</u>	<u>(5,241,891)</u>

Note 14

**Trade and Other Payables**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
Creditors - Unsecured	14.1	344,891,910	207,998,278
Accrued liabilities		98,105,577	90,709,497
Contract liabilities	14.2	34,508,939	45,758,955
Sales tax payable		56,626,106	-
Workers' (profit) participation fund	14.3	18,172,834	32,607,510
Workers' welfare fund	14.4	9,294,747	14,424,676
		<u>561,600,113</u>	<u>391,498,916</u>

**14.1** This includes Rs. 28,042,950 (June 30, 2022: Rs. 12,255,750) payable to related parties on account of purchase of raw materials.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements**Note 14, Trade and Other Payables - continued...***14.2** These contract liabilities are expected to be satisfied during the year ended June 30, 2023.

<b>14.3</b> Opening balance	32,607,510	27,000,798
Add: Provision for the year	18,173,041	32,607,717
Less: Payments made during the year	<u>(32,607,717)</u>	<u>(27,001,005)</u>
Closing balance	<u>18,172,834</u>	<u>32,607,510</u>
<b>14.4</b> Opening balance	14,424,676	11,425,989
Add: Provision for the year	7,550,568	13,043,087
Less: Payments made during the year	<u>(12,680,497)</u>	<u>(10,044,400)</u>
Closing balance	<u>9,294,747</u>	<u>14,424,676</u>

Note 15

**Short Term Borrowings**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
<b>Banking companies - Secured</b>		
Running finance	181,939,908	655,638,301
Borrowings / finance against trust receipts	<u>1,040,523,702</u>	<u>1,827,880,076</u>
	<u>1,222,463,610</u>	<u>2,483,518,377</u>

**15.1 Terms and conditions of borrowings*****Purpose***

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 5,005 million (June 30, 2022: Rs. 4,305 million) including running finance facilities amounting to Rs. 975 million and one off running finance facility amounting to Rs. 500 Million for 180 days. (June 30, 2022: Rs. 975 million), to meet working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

***Markup***

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ spread of up to 1.25% (June 30, 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% (June 30, 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.

Note 16

**Provision for Taxation**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Opening balance	243,227,814	106,348,448
Add: Charge for the year	111,107,725	181,212,132
Add: Prior year adjustment	(1,403,158)	2,340,839
Add: Super tax	<u>15,078,566</u>	<u>62,015,682</u>
	368,010,947	351,917,101
Less: Payment / adjustments	<u>(179,808,974)</u>	<u>(108,689,287)</u>
	<u>188,201,973</u>	<u>243,227,814</u>

**16.1** The provision for current year tax represents corporate tax at 29% (June 30, 2022: 29%) and super tax at the rate of 4% (June 30, 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.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 17

**Contingencies and Commitments**

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**17.1 Contingencies**

There are no material contingencies outstanding as at the reporting date (June 30, 2022: Nil).

**17.2 Guarantees**

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

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Sui Northern Gas Pipelines Limited	3,090,000	3,090,000
Pakistan State Oil Company Limited	3,000,000	3,000,000
Total Parco Pakistan Limited	<u>8,000,000</u>	<u>8,000,000</u>
	<u>14,090,000</u>	<u>14,090,000</u>

**17.3 Commitments**

Letters of credit	<u>596,067,907</u>	<u>790,013,603</u>
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**NIMIR RESINS LIMITED**

Notes to and Forming Part of the Financial Statements

Note 18

**Property, Plant and Equipment**

	Note	March 31, 2023 Rupees	June 30, 2022 Rupees
Operating fixed assets	18.1	1,470,864,116	1,131,598,230
Capital work in progress	18.8	26,704,763	23,187,156
		<u>1,497,568,879</u>	<u>1,154,785,386</u>

**18.1 Operating fixed assets**

**Period Ended March 31, 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
<b>Cost/Revalued Amount</b>								
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	-	1,242,872	26,007,736	905,976	1,382,158	1,877,946	-	31,416,688
Disposals during the year	-	-	-	-	(134,000)	-	-	(134,000)
Revaluation Adjustment	-	(60,806,877)	-	-	-	-	-	(60,806,877)
Revaluation surplus	256,229,000	116,058,535	-	-	-	-	-	372,287,535
Balance as at March 31, 2023	<u>806,629,000</u>	<u>316,118,733</u>	<u>883,397,830</u>	<u>14,768,578</u>	<u>33,150,318</u>	<u>29,582,803</u>	<u>24,687,362</u>	<u>2,108,334,624</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	-	24,448,279	33,005,227	1,056,156	2,643,359	1,461,299	1,764,461	64,378,781
Disposals during the year	-	-	-	-	(74,444)	-	-	(74,444)
Revaluation Adjustment	-	(60,806,877)	-	-	-	-	-	(60,806,877)
Balance as at March 31, 2023	<u>-</u>	<u>10,992,629</u>	<u>544,103,571</u>	<u>10,893,796</u>	<u>27,071,984</u>	<u>22,514,314</u>	<u>21,894,214</u>	<u>637,470,508</u>

**Balance as at January 31, 2022**

	<b>806,629,000</b>	<b>305,126,104</b>	<b>339,294,259</b>	<b>3,874,782</b>	<b>6,078,334</b>	<b>7,068,489</b>	<b>2,793,148</b>	<b>1,470,864,116</b>
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**Depreciation rates**

	-	7% to 10%	7% to 33%	20% to 50%	20% to 50%	13% to 50%	20%	
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**NIMIR RESINS LIMITED**

Notes to and Forming Part of the Financial Statements

Note 18, Property, Plant and Equipment - Continued...

**Year Ended June 30, 2022**

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

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

Location / Address	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
14.5 Km Lahore Sheikhpura Road	Production and warehouse	476,165	127,044
14.8 km Sheikhpura Faisalabad Road	Warehouse	375,433	156,271

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements**Note 18, Property, Plant and Equipment - Continued...***18.3 Apportionment of depreciation charge for the period**

Depreciation charge for the year has been apportioned as follows:

	Note	March 31, 2023	June 30, 2022
		Rupees	Rupees
Cost of sales	28	61,345,387	63,806,899
Distribution cost	29	1,471,285	1,167,439
Administrative expenses	30	1,562,109	1,183,526
		<u>64,378,781</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 March 31, 2022.

**18.5 Cost, accumulated depreciation and book value of revalued assets**

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

	As at March 31, 2023		As at June 30, 2022	
	Accumulated depreciation	Written Down Value	Cost	Accumulated depreciation
	Rupees	Rupees	Rupees	Rupees
Freehold land	-	142,044,797	142,044,797	-
Factory buildings on freehold land	(130,161,213)	83,095,825	212,014,166	(113,013,759)
	<u>(130,161,213)</u>	<u>225,140,622</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 million over fixed assets of the Company.

**NIMIR RESINS LIMITED**

Notes to and Forming Part of the Financial Statements

Note 18, Property, Plant and Equipment - Continued...

**18.8 Capital Work in Progress**

	Land		Plant and Machinery		Vehicles		Total	
	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 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	25,349,236	133,472,211	4,549,000	15,655,420	29,898,236	151,588,231
	1,000,000	5,241,600	39,009,392	233,736,227	13,076,000	44,945,420	53,085,392	283,923,247
- Transferred to fixed assets	-	-	(13,304,629)	(220,076,071)	-	-	(13,304,629)	(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	25,704,763	13,660,156	-	8,527,000	26,704,763	23,187,156

**18.9** Property, plant and equipment contains fully depreciated assets, having cost of Rs. 84.816 million (June 30, 2022: Rs. 87.650 million) that are still in use as at the reporting date.

**18.10** Owned vehicles include vehicles having cost of Nil (June 30, 2022: Rs. 2.320 million) which have been obtained through Diminishing Musharaka Financing (Note 8).

Note 19

**Right-of-Use Assets**

	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	Rupees	Rupees	Rupees	Rupees
Opening balance	37,469,222	-	37,469,222	5,978,780
Add: Additions during the period	13,326,000	-	13,326,000	36,418,420
Less: Transferred during the period	-	-	-	-
Less: Depreciation charge for the period	50,795,222	(7,443,981)	(43,351,241)	(42,397,200)
Closing balance	(7,443,981)	(4,241,600)	(11,685,582)	(37,469,222)
Lease Term (Years)	5	5	5	5

**19.1 Apportionment of depreciation charge for the year**

Cost of sales	28	2,075,046	792,776
Distribution cost	29	1,534,749	1,297,888
Administrative expenses	30	3,834,186	2,837,314
		7,443,981	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.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 20

**Long Term Deposits**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Utility companies	14,606,470	14,606,470
Against right of use assets	10,065,252	9,557,000
Others	2,223,000	2,173,000
	<u>26,894,722</u>	<u>26,336,470</u>

Note 21

**Stock in Trade**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Raw and packing materials	982,269,336	1,456,760,963
Raw materials in transit	-	373,623,449
Finished goods	290,478,977	397,883,714
Solar panels purchased for resale	69,413,729	92,939,700
	<u>1,342,162,042</u>	<u>2,321,207,826</u>
Less: Provision for obsolescence of stock	21.1 <u>(32,806,148)</u>	<u>(29,830,148)</u>
	<u>1,309,355,894</u>	<u>2,291,377,678</u>

**21.1 Provision for obsolescence of stock**

Opening balance	29,830,148	21,290,548
Provision for the year	<u>2,976,000</u>	<u>8,539,600</u>
	32,806,148	29,830,148
Less: Obsolete stocks written off	-	-
	<u>32,806,148</u>	<u>29,830,148</u>

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

Note 22

**Trade Debts**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
<b>Local - Unsecured</b>		
Considered good		
- Local sales	1,827,541,259	2,003,964,804
- Export sales	-	-
Considered doubtful	80,323,544	73,147,544
	<u>1,907,864,803</u>	<u>2,077,112,348</u>
Less: Allowance for expected credit losses	22.1 <u>(80,323,544)</u>	<u>(73,147,544)</u>
	<u>1,827,541,259</u>	<u>2,003,964,804</u>

**22.1 Loss allowance**

Opening balance	73,147,544	51,052,544
Loss allowance for the year	<u>7,176,000</u>	<u>22,095,000</u>
	80,323,544	73,147,544
Less: Bad debts written off	-	-
	<u>80,323,544</u>	<u>73,147,544</u>

**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. 22,579,133 due from related parties (June 30, 2022: Rs. 2,195,529) as at March 31, 2023.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 22, Trade Debts - Continued...

**22.4** Aging of outstanding balance of related party as at March 31, 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	14,244,298	1,377,562	15,621,860	-	2,195,529	2,195,529
Past due less than 30 days	1,692,962	-	1,692,962	-	-	-
Past due less than 60 days	2,693,124	-	2,693,124	-	-	-
Past due less than 90 days	2,571,187	-	2,571,187	-	-	-
Past due less than 180 days	-	-	-	-	-	-
Past due over 180 days	-	-	-	-	-	-
Total	<u>21,201,571</u>	<u>1,377,562</u>	<u>22,579,133</u>	<u>-</u>	<u>2,195,529</u>	<u>2,195,529</u>

**22.5** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 21,201,571 (June 30, 2022: Rs. 12,812,472).

Note 23

**Loans and Advances**

		March 31, 2023	June 30, 2022
	Note	Rupees	Rupees
Advances (Unsecured - Considered good):			
- Suppliers and contractors		151,654,087	40,843,205
- Employees	23.1	283,592	699,028
Short term loans to employees (Unsecured - Considered good)	23.2	664,000	3,014,800
		<u>152,601,679</u>	<u>44,557,033</u>

**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.

Note 24

**Other Receivables**

	March 31, 2023	June 30, 2022
	Rupees	Rupees
Margin against letters of credits	44,428,190	27,776,008
Margin against letters of guarantees	1,409,000	1,409,000
	<u>45,837,190</u>	<u>29,185,008</u>

Note 25

**Tax Refunds due from the Government**

	March 31, 2023	June 30, 2022
	Rupees	Rupees
Tax deducted at source and advance tax	232,043,004	291,732,008
Sales tax refundable - Net	-	33,402,695
	<u>232,043,004</u>	<u>325,134,703</u>

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 26

**Cash and Bank Balances**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Cash in hand	589,591	471,364
Cash at banks in current accounts	194,491,156	24,177,563
	<u>195,080,747</u>	<u>24,648,927</u>

**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.

Note 27

**Revenue**

	<b>Nine months ended March 31, 2023</b>	<b>Nine months ended March 31, 2022</b>
	<b>(Audited)</b>	<b>(Un-audited)</b>
<b>27.1</b> All the revenue is recognised at a point in time.		
<b>27.2</b> Geographical markets		
Pakistan	7,134,540,658	6,051,242,232
United Arab Emirates	-	29,203,328
	<u>7,134,540,658</u>	<u>6,080,445,560</u>
<b>27.3</b> The Company's net revenue disaggregated by operating segment are as follows:		
Coating, emulsion and blending	3,835,601,800	3,306,709,770
Textile, paper and others	3,298,938,858	2,773,735,790
	<u>7,134,540,658</u>	<u>6,080,445,560</u>

Note 28

**Cost of Sales**

		<b>Nine months ended March 31, 2023</b>	<b>Nine months ended March 31, 2022</b>
		<b>(Audited)</b>	<b>(Un-audited)</b>
	Note	Rupees	Rupees
Raw materials consumed		5,927,194,311	5,009,767,327
Stores and spares consumed		19,941,977	17,709,555
Fuel and power		142,774,067	95,242,507
Salaries, wages and benefits	28.1	140,363,204	131,844,951
Printing and stationery		147,550	217,025
Repairs and maintenance		9,449,557	5,249,886
Travelling, conveyance and entertainment		13,848,309	8,214,881
Insurance		7,304,798	4,717,575
Rent, rates and taxes		550,858	218,425
Communication		983,475	783,802
Fees and consultancy charges		1,126,463	519,516
Depreciation on property, plant and equipment	18.3	61,345,387	45,240,739
Depreciation on right of use asset		2,075,046	1,894,504
Miscellaneous		442,809	992,278
		<u>6,327,547,811</u>	<u>5,322,612,971</u>

**28.1** This includes Rs. 5,219,603 (March 31, 2022: Rs. 3,739,982) in respect of employee benefits.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 29

**Distribution Cost**

		<b>Nine months ended March 31, 2023 (Audited) Rupees</b>	<b>Nine months ended March 31, 2022 (Un-audited) Rupees</b>
	Note		
Salaries, wages and benefits	29.1	31,419,756	33,497,909
Packing, carriage and forwarding		33,496,472	21,838,285
Travelling, conveyance and entertainment		7,185,689	3,350,208
Printing and stationery		239,860	166,680
Rent, rates and taxes		322,150	25,300
Fee and subscription		2,202,963	1,437,762
Sales promotion expenses		-	453,115
Insurance		1,339,210	1,012,734
Communication		207,138	311,023
Utilities		648,000	450,000
Repairs and maintenance		1,285,693	686,256
Depreciation on property, plant and equipment	18.3	1,471,285	632,997
Depreciation on right of use asset	19.1	1,534,749	1,120,269
		<u>81,352,965</u>	<u>64,982,538</u>

**29.1** This includes Rs. 2,332,856 (March 31,2022: Rs. 1,671,552) in respect of employee benefits.

Note 30

**Administrative Expenses**

		<b>Nine months ended March 31, 2023 (Audited) Rupees</b>	<b>Nine months ended March 31, 2022 (Un-audited) Rupees</b>
	Note		
Salaries, wages and benefits	30.1	41,794,642	36,454,598
Travelling, conveyance and entertainment		5,505,123	3,682,916
Repairs and maintenance		2,224,622	1,388,072
Printing and stationery		1,934,093	1,196,769
Rent, rates and taxes		21,200	19,750
Insurance		881,724	598,860
Communication		2,878,209	2,520,138
Fee and subscription		8,523,779	6,051,998
Advertisement		535,959	164,485
Legal and professional charges		2,636,361	2,078,100
Auditors' remuneration	30.2	1,837,500	1,230,228
Utilities		648,000	450,000
Depreciation on property, plant and equipment	18.3	1,562,109	773,940
Depreciation on right of use asset	19.1	3,834,186	1,703,183
Miscellaneous		-	26,227
		<u>74,817,507</u>	<u>58,339,264</u>

**30.1** This includes Rs. 1,627,541 (March 31,2022: Rs. 1,166,175) in respect of employee benefits.

**30.2** Auditors' remuneration:

- Audit fee	685,000	950,000
- Half yearly review	440,000	440,000
- Special audit fee	712,500	-
- Other certifications	-	170,000
- Out of pocket expenses	-	80,304
	<u>1,837,500</u>	<u>1,640,304</u>



**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 31

**Other Operating Expenses**

		<b>Nine months ended March 31, 2023 (Audited)</b>	<b>Nine months ended March 31, 2022 (Un-audited)</b>
	Note	Rupees	Rupees
Expected credit losses on trade debts	22.1	7,176,000	16,130,000
Provision for obsolescence of stock	21.1	2,976,000	6,364,000
Foreign exchange loss		-	36,636,217
Workers' (profit) participation fund		18,173,041	23,321,493
Workers' welfare fund		7,550,568	9,206,669
		<u>35,875,609</u>	<u>91,658,379</u>

Note 32

**Finance Cost**

		<b>Nine months ended March 31, 2023 (Audited)</b>	<b>Nine months ended March 31, 2022 (Un-audited)</b>
		Rupees	Rupees
Markup on :			
- Short term borrowings		268,993,913	117,769,702
- Diminishing musharaka finance		3,293	75,359
- Long term finance		21,772,524	10,704,072
- Lease liabilities		3,602,572	1,863,616
LC discounting charges		1,738,183	2,918,365
Bank and other charges		3,212,216	1,669,710
		<u>299,322,701</u>	<u>135,000,824</u>

Note 33

**Other Income**

		<b>Nine months ended March 31, 2023 (Audited)</b>	<b>Nine months ended March 31, 2022 (Un-audited)</b>
		Rupees	Rupees
Sale of waste material / scrap		17,646,155	14,891,985
Foreign exchange gain		1,161,136	-
Rental income		2,738,547	2,853,936
Gain on disposal of property, plant and equipment		5,444	-
		<u>21,551,282</u>	<u>17,745,921</u>

Note 34

**Taxation**

		<b>Nine months ended March 31, 2023 (Audited)</b>	<b>Nine months ended March 31, 2022 (Un-audited)</b>
	Note	Rupees	Rupees
Current tax:			
- Current year		111,107,725	133,195,385
- Adjustment for prior years		(1,403,158)	2,690,275
- Super tax		15,078,566	-
		124,783,133	135,885,659
Deferred tax	13	(11,100,880)	(14,331,148)
		<u>113,682,253</u>	<u>121,554,511</u>

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements**Note 35, Taxation - Continued...*

	<b>Nine months ended March 31, 2023 (Audited) Rupees</b>	<b>Nine months ended March 31, 2022 (Un-audited) Rupees</b>
<b>34.1 Reconciliation of tax charge for the year</b>		
Profit before taxation	<u>337,175,347</u>	<u>425,597,505</u>
Tax @ 29% (2022: 29%) on profit before taxation	97,780,851	174,554,624
Super tax @ 4% (2022: 10%)	15,078,566	62,015,682
Tax effect of add backs / allowed deductions	13,326,874	6,657,508
Adjustment for prior years	(1,403,158)	2,340,839
Deferred taxation	<u>(11,100,880)</u>	<u>(10,527,287)</u>
	<u>113,682,253</u>	<u>235,041,366</u>

**34.2 Tax expense on items recognised in other comprehensive income**

Remeasurement of post employment benefits obligation	-	413,458
Revaluation of property, plant and equipment	-	-
	<u>-</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 4% (2022: 10%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 33%.

Note 35

**Earnings per Share**

		<b>Nine months ended March 31, 2023 (Audited)</b>	<b>Nine months ended March 31, 2022 (Un-audited)</b>
Profit for the year attributable to ordinary shareholders	Rupees	223,493,094	304,042,993
Weighted average number of ordinary shares outstanding during the year	Numbers	141,321,064	141,321,064
Earning per share - basic	Rupees	<u>1.58</u>	<u>2.15</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 March 31, 2023 and June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

**NIMIR RESINS LIMITED**
*Notes to and Forming Part of the Financial Statements*

Note 36

**Cash Generated from Operations**

	Nine months ended March 31, 2023 (Audited) Rupees	Nine months ended March 31, 2022 (Un-audited) Rupees
<b>Profit before taxation</b>	337,175,347	425,597,505
Adjustments for:		
- Depreciation on property, plant and equipment	64,378,781	48,403,173
- Depreciation on right of use asset	7,443,981	3,143,461
- Bad debts written off	-	-
- Provision for gratuity	9,180,000	7,380,000
- Provision for obsolescence of stock	2,976,000	6,364,000
- Expected credit loss on trade debts	7,176,000	16,130,000
- Workers' (profit) participation fund	18,173,041	23,321,220
- Workers' welfare fund	7,550,568	9,206,670
- Foreign exchange loss / (gain) net	-	36,636,489
- Finance cost	299,322,701	130,432,492
- Gain on disposal of property, plant and equipment	(5,444)	-
	<u>416,195,628</u>	<u>281,017,505</u>
<b>Operating profit before working capital changes</b>	753,370,975	706,615,010
(Increase) / decrease in current assets		
- Stores and spares	(4,974,702)	(762,406)
- Stock in trade	979,045,784	(219,053,887)
- Trade debts	169,247,545	(794,706,604)
- Loans and advances	(108,044,646)	(27,415,177)
- Short term prepayments	(1,663,845)	(6,984,750)
- Other receivables	(16,652,182)	-
- Sales tax refundable - Net	33,402,695	69,313,238
Increase / (decrease) in current liabilities		
- Trade and other payables	189,665,802	(414,068,700)
	<u>1,240,026,451</u>	<u>(1,393,678,286)</u>
<b>Cash Generated from Operations</b>	<u>1,993,397,426</u>	<u>(687,063,276)</u>

Note 37

**Liabilities arising from Financing Activities**

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at March 31, 2023
	Rupees			
Long term financing	231,448,260	-	(55,206,277)	176,241,983
Diminishing musharaka finance	525,325	-	(525,325)	-
Lease liabilities	42,370,992	6,996,572	(8,102,115)	41,265,449
Short term borrowings	2,483,518,377	-	(1,261,054,767)	1,222,463,610
Total liabilities from financing activities	<u>2,757,862,954</u>	<u>6,996,572</u>	<u>(1,324,888,484)</u>	<u>1,439,971,042</u>
	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	<u>1,260,526,335</u>	<u>15,655,422</u>	<u>1,481,681,197</u>	<u>2,757,862,954</u>

Note 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	
	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022	March-2023	March-2022
	Rupees in Thousand							
Managerial remuneration	3,484	2,903	-	-	32,990	23,662	36,474	26,565
Housing and other allowances	1,568	1,306	-	-	15,048	10,884	16,616	12,190
Utilities	348	290	-	-	3,299	2,366	3,647	2,656
Bonus	1,544	921	-	-	16,752	10,072	18,296	10,993
Meeting fee	-	-	3,810	2,375	-	-	3,810	2,375
	<u>6,944</u>	<u>5,420</u>	<u>3,810</u>	<u>2,375</u>	<u>68,089</u>	<u>46,984</u>	<u>78,843</u>	<u>54,779</u>
Number of persons	1	1	6	6	19	14	26	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.

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 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	Nine months ended March 31, 2023	Nine months ended March 31, 2022
			(Audited)	(Un-audited)
			Rupees	
Nimir Industrial Chemicals Limited	Ultimate Parent Company	Purchase of goods	225,240,920	161,154,090
		Sales of goods	4,036,069	3,426,159
		Services provided	3,838,052	3,489,138
		Services acquired	4,953,435	4,503,123
		Other reimbursable expenses	7,478,948	850,636
Nimir Chemcoats Limited	Associated Company	Purchase of goods	51,348,000	10,487,290
		Sales of goods	29,482,659	46,907,877
		Services provided	2,266,905	1,540,758
Nimir Energy Limited	Associated Company	Purchase of goods / services	6,159,651	-
		Sales of goods	105,769,408	-
		Other reimbursable expenses	548,382	-
Extracts4Life (Private) Limited	Associated Company	Sales of goods	3,177,900	-
Nimir Management (Private) Limited	Associated Company	Share deposit money repaid	2,000,000	-

**Balances outstanding as at March 31,**

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	26,373,000	26,583,336
Nimir Chemocoats Limited	Trade creditors	1,669,950	3,936,796
Nimir Industrial Chemicals Limited	Trade debts	1,377,562	512,996
Nimir Chemocoats Limited	Trade debts	21,201,571	16,707,336

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

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	4.3335%
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%

**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 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 March 31, 2023 is as follows.

	<b>Coating, Emulsion and Blending</b>	<b>Textile, Paper and others</b>	<b>Total</b>
	Rupees in Thousand		
<b><i>Segment Results for the period ended March 31, 2023</i></b>			
Revenue	3,835,602	3,298,939	7,134,541
Segment results	292,415	358,407	650,822
Other operating expenses			(35,876)
Finance costs			(299,323)
Other income			21,552
Profit before taxation			337,175
<b><i>Segment Results for the year period ended March 31 2022</i></b>			
Revenue	3,306,710	2,773,736	6,080,446
Segment results	319,157	315,354	634,511
Other operating expenses			(91,658)
Finance costs			(135,001)
Other income			17,746
Profit before taxation			425,598

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

- *Information about major customers*

One customer of the Company accounts for 11.05% (March 31, 2022: 10.11%) of total sales for the period. Revenue from such customer was Rs.788.082 million (March 31, 2022: Rs. 614.670 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 Rs. Nil (March 31,2022: Rs. 29.503 million).

Note 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 March 31, 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. 5.96 million (June 30, 2022: Rs. 7.90 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Letters of credit commitments	<u>596,067,907</u>	<u>790,013,603</u>

The following exchange rates were applied during the year:

*Rupees per foreign currency rate*

Average rate - Rupees per US Dollar	244.00	181.30
Reporting date rate - Rupees per US Dollar	283.79	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:

***Fixed rate instruments***

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Financial liabilities	27,500,000	45,595,508

***Floating rate instruments***

Financial liabilities	1,412,471,042	2,710,754,251
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**Cash flow sensitivity analysis for variable rate instruments**

As at March 31, 2022, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 14.12 million (June 30, 2022: Rs. 27.11 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.

**NIMIR RESINS LIMITED**

Notes to and Forming Part of the Financial Statements

Note 41, Financial Risk Management - Continued...

Note 41.1, Interest rate risk - Continued...

**(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 March 31, 2023, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	March 31, 2023 Rupees	June 30, 2022 Rupees
Long term deposits	20	26,894,722	26,336,470
Trade debts	22	1,827,541,259	2,003,964,804
Short term loans to employees	23	664,000	3,014,800
Other receivables	24	45,837,190	29,185,008
Bank balances	26	194,491,156	24,177,563

The aging of trade debts as at reporting date is as follows:

1 - 30 days	620,312,256	803,112,613
31 - 60 days	616,010,711	468,468,136
61 - 150 days	543,649,873	690,411,362
More than 150 days	47,568,419	41,972,693
	<u>1,827,541,259</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 Short term	Rating Long term	Rating Agency	March 31, 2023 Rupees	June 30, 2022 Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20,065	20,065
Bank Al-Habib Limited	A1+	AAA	PACRA	27,995,723	3,531,072
Habib Bank Limited	A-1+	AAA	JCR-VIS	9,216,373	271,426
The Bank of Punjab	A1+	AA+	PACRA	3,731,976	16,182,922
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	4,133,100	909,535
Meezan Bank Limited	A-1+	AAA	JCR-VIS	144,177,362	2,577,439
National Bank of Pakistan	A1+	AAA	PACRA	398,415	398,415
Bank Islami Limited	A1	A+	PACRA	4,818,142	286,689
				<u>194,491,156</u>	<u>24,177,563</u>

**NIMIR RESINS LIMITED**

Notes to and Forming Part of the Financial Statements

Note 41, Financial Risk Management - Continued...

**(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 March 31, 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	176,241,983	233,163,589	95,907,089	57,279,500	79,977,000	-
Lease liabilities	41,265,449	51,035,923	11,637,214	11,637,255	27,761,454	-
Trade and other payables	442,997,487	442,997,487	442,997,487	-	-	-
Accrued mark up	70,445,150	70,445,150	70,445,150	-	-	-
Short term borrowings	1,222,463,610	1,503,385,748	1,503,385,748	-	-	-
	<u>1,953,413,679</u>	<u>2,301,027,897</u>	<u>2,124,372,688</u>	<u>68,916,755</u>	<u>107,738,454</u>	<u>-</u>

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	2,884,854,947	2,884,854,947	-	-	-
	<u>3,112,718,680</u>	<u>3,553,960,742</u>	<u>3,353,633,242</u>	<u>72,053,642</u>	<u>128,273,858</u>	<u>-</u>

**(d) Fair value of financial instruments**

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

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

**41.2 Financial instruments by categories****Financial asset as at amortized cost**

	March 31, 2023	June 30, 2022
	Rupees	Rupees
Long term deposits	26,894,722	26,336,470
Trade debts	1,827,541,259	2,003,964,804
Short term loans to employees	664,000	3,014,800
Other receivables	45,837,190	29,185,008
Cash and bank balances	195,080,747	24,648,927
	<u>2,096,017,918</u>	<u>2,087,150,009</u>

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

**Financial liabilities at amortized cost**

	March 31, 2023	June 30, 2022
Diminishing musharaka finance	-	525,325
Trade and other payables	442,997,487	298,707,775
Accrued mark up	70,445,150	56,147,951
Short term borrowings	1,222,463,610	2,483,518,377
Long term financing	176,241,983	231,448,260
Lease liabilities	41,265,449	42,370,992
	<u>1,953,413,679</u>	<u>3,112,718,680</u>



**NIMIR RESINS LIMITED***Notes to and Forming Part of the Financial Statements*

Note 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:

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Total borrowings	1,439,971,042	2,756,349,759
Cash and bank balances	<u>(195,080,747)</u>	<u>(24,648,927)</u>
Net debt	1,244,890,295	2,731,700,832
Equity	<u>2,988,086,311</u>	<u>2,432,604,999</u>
Total capital employed	<u><u>4,232,976,606</u></u>	<u><u>5,164,305,831</u></u>
Gearing ratio	<u>29.41%</u>	<u>52.90%</u>

Note 43

**Shari'ah Screening Disclosure**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Loans and advances as per islamic mode	363,174,363	584,304,539
Shariah compliant bank deposits/bank balances/overdrawn	153,128,604	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	1,161,136	-
Mark up paid on Islamic mode of financing	55,056,706	41,723,801
Profits earned or interest paid on any conventional loan or advance	239,315,596	165,602,285

Note 44

**Plant Capacity and Production**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Metric Ton	Metric Ton
Actual production	<u>20,245</u>	<u>30,499</u>
Total capacity	<u>45,600</u>	<u>45,600</u>

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

**NIMIR RESINS LIMITED**

*Notes to and Forming Part of the Financial Statements*

Note 45

**Number of Employees**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Number	Number
Employees as at		
- Permanent	120	119
- Contractual	6	6
Average employees during the period		
- Permanent	120	120
- Contractual	6	6

Note 46

**Authorization of Financial Statements**

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

Note 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**

# **NIMIR**

## **NIMIR INDUSTRIAL CHEMICALS LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023**



EY Ford Rhodes  
Chartered Accountants  
96-B-I, 4th Floor, Pace Mall Building  
M. M. Alam Road, Gulberg-II  
P.O. Box 104, Lahore-54660

UAN: +9242 111 11 39 37 (EYFR)  
Tel: +9242 3577 8402  
Fax: +9242 3577 8412  
ey.lhr@pk.ey.com  
ey.com/pk

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF DIRECTORS OF NIMIR INDUSTRIAL CHEMICALS LIMITED**

#### **Opinion**

We have audited the special purpose financial statements of **Nimir Industrial Chemicals Limited** (the Company), which comprise the statement of financial position as at **31 March 2023** and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for nine months period ended **31 March 2023**, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements of the Company for the nine months ended **31 March 2023** are prepared in all material respects, in accordance with the basis of accounting as described in Note 2 to the special purpose financial statements.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose 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.

#### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared to meet the internal reporting requirements in relation to assessment and evaluation of potential group restructuring to achieve tax efficiencies within the group. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Company should not be distributed to or used by parties other than the Company. Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Board of Directors for the Special Purpose Financial Statements**

Management is responsible for the preparation of the special purpose financial statements in accordance with the basis of accounting as described in Note 2 to the special purpose financial statements and for such internal control as management determines is necessary to enable the preparation of special financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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 Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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,



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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose 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 special purpose 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 special purpose 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.

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.

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

EY Ford Rhodes  
Chartered Accountants  
Lahore  
Date: 28 August 2023

**NIMIR INDUSTRIAL CHEMICALS LIMITED  
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	Note	31 March 2023 (Rupees)	30 June 2022 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
145,000,000 (30 June 2022: 145,000,000) Ordinary shares of Rs. 10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	8	1,105,905,460	1,105,905,460
Unappropriated profits - revenue reserve		5,986,978,283	5,072,836,550
		7,092,883,743	6,178,742,010
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	9	5,396,866,790	5,428,141,420
Lease liabilities	10	32,948,529	71,739,400
Net defined benefit liability - funded gratuity	11	198,238,375	151,982,862
Deferred tax liability	12	502,567,938	440,319,945
Deferred grant	13	775,916,496	913,532,529
		6,906,538,128	7,005,716,156
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	2,786,661,692	1,980,252,695
Contract liabilities	15	63,593,219	93,472,936
Mark up accrued		511,484,156	355,984,178
Unclaimed dividend		12,875,652	12,325,435
Short-term borrowings	16	11,276,156,661	13,040,527,898
Current maturity of long-term loans	9	985,875,892	384,195,136
Current maturity of lease liabilities	10	55,438,243	38,670,693
Current maturity of deferred grant	13	179,866,264	168,378,206
		15,871,951,779	16,073,807,177
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,871,373,650</b>	<b>29,258,265,343</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	18	13,701,835,075	12,309,192,553
Intangibles	19	28,106,305	30,487,348
Investment in subsidiaries	20	202,384,469	202,384,469
Loan to subsidiary	21	14,512,000	14,512,000
Long-term deposits	22	37,281,732	36,811,932
		13,984,119,581	12,593,388,302
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	23	764,315,810	527,801,596
Stock-in-trade	24	7,133,872,776	7,823,007,102
Trade receivables	25	5,242,746,983	6,219,981,029
Loans and advances	26	153,063,676	105,443,666
Trade deposits and short-term prepayments	27	40,795,321	19,912,251
Other receivables	28	277,877,613	153,228,985
Tax refunds due from the Government	29	2,104,574,264	1,555,226,065
Cash and cash equivalents	30	170,007,626	260,276,347
		15,887,254,069	16,664,877,041
<b>TOTAL ASSETS</b>		<b>29,871,373,650</b>	<b>29,258,265,343</b>

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**NIMIR INDUSTRIAL CHEMICALS LIMITED**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

	Note	31 March 2023 (Rupees)	Un-audited 31 March 2022 (Rupees)
Revenue from contracts with customers - gross		39,460,892,368	26,740,918,525
Less: Sales tax, trade discounts and commission		<u>(5,691,449,418)</u>	<u>(3,983,948,586)</u>
<b>Revenue from contracts with customers - net</b>	<b>31</b>	<b>33,769,442,950</b>	<b>22,756,969,939</b>
Cost of sales	32	<u>(29,636,016,973)</u>	<u>(19,748,194,663)</u>
<b>Gross profit</b>		<b>4,133,425,977</b>	<b>3,008,775,276</b>
Distribution costs	33	<u>(287,999,652)</u>	<u>(155,780,879)</u>
Administrative expenses	34	<u>(314,104,851)</u>	<u>(292,176,446)</u>
		<u>(602,104,503)</u>	<u>(447,957,325)</u>
<b>Operating profit</b>		<b>3,531,321,474</b>	<b>2,560,817,951</b>
Other expenses	35	<u>(114,082,062)</u>	<u>(140,341,614)</u>
Other income	36	<u>102,469,548</u>	<u>33,507,026</u>
Finance costs	37	<u>(2,004,760,274)</u>	<u>(650,453,409)</u>
<b>Profit before taxation</b>		<b>1,514,948,686</b>	<b>1,803,529,954</b>
Taxation	38	<u>(434,921,145)</u>	<u>(528,973,979)</u>
<b>Profit after taxation</b>		<b>1,080,027,541</b>	<b>1,274,555,975</b>
<b>Earnings per ordinary share - basic and diluted</b>	<b>39</b>	<b>9.77</b>	<b>11.52</b>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**NIMIR INDUSTRIAL CHEMICALS LIMITED**  
**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

	<u>Note</u>	<u>31 March 2023</u> <u>(Rupees)</u>	<u>Un-audited</u> <u>31 March 2022</u> <u>(Rupees)</u>
<b>Profit after taxation</b>		<b>1,080,027,541</b>	1,274,555,975
<b>Other comprehensive income</b>			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		-	-
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		-	-
<b>Total comprehensive income for the period</b>		<b><u>1,080,027,541</u></b>	<b><u>1,274,555,975</u></b>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



**NIMIR INDUSTRIAL CHEMICALS LIMITED**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

	Issued, subscribed and paid-up share capital	Revenue Reserve Unappropriated profits	Total
	----- (Rupees) -----		
Balance as on 1 July 2021 - (Audited)	1,105,905,460	3,818,121,000	4,924,026,460
Profit after taxation	-	1,274,556,000	1,274,556,000
Other comprehensive income	-	-	-
Total comprehensive income	-	1,274,556,000	1,274,556,000
Final dividend for 2021 @ Rs. 2.00 per share	-	(221,181,092)	(221,181,092)
Interim dividend for 2021 @ Rs. 1.00 per share	-	(110,591,000)	(110,591,000)
Balance as on 31 March 2022 - (Un-audited)	<u>1,105,905,460</u>	<u>4,760,904,908</u>	<u>5,866,810,368</u>
<b>Balance as on 01 July 2022 - (Audited)</b>	<b>1,105,905,460</b>	<b>5,072,836,550</b>	<b>6,178,742,010</b>
Profit after taxation	-	1,080,027,541	1,080,027,541
Other comprehensive income	-	-	-
Total comprehensive income	-	1,080,027,541	1,080,027,541
Final dividend for 2022 @ Rs. 1.50 per share	-	(165,885,808)	(165,885,808)
<b>Balance as on 31 March 2023</b>	<u><u>1,105,905,460</u></u>	<u><u>5,986,978,283</u></u>	<u><u>7,092,883,743</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**NIMIR INDUSTRIAL CHEMICALS LIMITED**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS PERIOD ENDED 31 March 2023**

	Note	31 March 2023 (Rupees)	Un-audited 31 March 2022 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,514,948,686	1,803,529,954
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation	18.4	446,646,063	363,606,000
Amortization	19	9,966,560	-
Mark-up expense	37	1,979,866,546	629,402,000
Provision for gratuity		30,200,000	27,000,000
Grant income	36	(58,898,045)	-
Profit on savings account	36	(106,568)	-
Gain on disposal of property, plant and equipment	36	(1,308,922)	(439,000)
Exchange gain unrealized - net		(3,861,434)	-
Workers' profit participation fund provision	35	82,668,161	96,860,000
Workers' welfare fund provision	35	31,413,901	36,807,000
<b>Working capital changes:</b>			
Increase in stores, spare parts and loose tools		(236,514,214)	(45,902,000)
Decrease / (increase) in stock-in-trade		689,134,326	(85,682,000)
Decrease / (increase) in trade debts		971,135,194	(2,235,211,000)
Increase in loans and advances		(47,620,010)	(14,843,000)
Increase in trade deposits and short-term prepayments		(20,883,070)	(22,389,000)
Increase / (decrease) in other receivables		(124,648,628)	8,215,000
Increase in sales tax refundable		(256,413,639)	(693,916,000)
Increase / (decrease) in trade and other payables		866,474,996	(210,514,000)
Increase / (decrease) in contract liabilities		(29,879,717)	(87,089,000)
		<u>5,842,320,186</u>	<u>(430,565,046)</u>
Contribution from / (to) gratuity fund		16,055,513	(1,000,000)
Mark-up paid		(1,765,468,523)	(477,209,255)
Income tax paid		(665,607,712)	(686,876,000)
Long-term deposits paid		(469,800)	-
Workers' profit participation fund paid	14.4	(132,515,713)	(129,341,000)
Workers' welfare fund paid	14.5	(41,632,348)	(52,546,000)
<b>Net cash generated from / (used in) operating activities</b>		<u>3,252,681,603</u>	<u>(1,777,537,301)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(172,693,683)	(203,899,000)
Additions in capital work-in-progress		(1,651,950,096)	(6,568,816,000)
Sale proceeds from disposal of property, plant and equipment		2,416,116	20,257,000
Long term deposits		-	(17,119,000)
Profit on savings account		106,568	-
Additions in intangible asset		(7,585,517)	-
<b>Net cash used in investing activities</b>		<u>(1,829,706,612)</u>	<u>(6,769,577,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term loans obtained		900,000,000	4,506,031,000
Repayment of long-term loans		(455,721,848)	(315,005,000)
Dividend paid		(165,335,591)	(329,850,000)
Payment of principal portion of lease liability		(37,775,321)	(6,256,745)
Short-term borrowings - net		(1,764,371,238)	4,678,087,000
<b>Net cash (used in) / generated from financing activities</b>		<u>(1,523,203,998)</u>	<u>8,533,006,255</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>(100,229,007)</u>	<u>(14,108,046)</u>
Net foreign exchange differences		9,960,286	-
<b>Cash and cash equivalents at the beginning of the period</b>		<u>260,276,347</u>	<u>58,429,352</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>170,007,626</u>	<u>44,321,306</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**NIMIR INDUSTRIAL CHEMICALS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2023**

**1 THE COMPANY AND ITS OPERATIONS**

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

<b>Business Unit</b>	<b>Address</b>
Registered office and plant	14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.
Head office	Plot No. 122, block B, Muslim Town, Lahore, Pakistan.

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

<b>Subsidiary Companies</b>	<b>% age of Direct shareholding</b>	<b>% age of Effective shareholding</b>
Nimir Management (Private) Limited ("NMPL")	51%	51%
Nimir Resins Limited ("NRL")	11.63%	37.64%

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

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

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

**2 BASIS OF ACCOUNTING**

These (special purpose) unconsolidated financial statements have been prepared by applying accounting policies prescribed by the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in

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

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

These special purpose unconsolidated financial statements have been prepared by the Company to meet its internal reporting requirement in relation to assessment and evaluation of potential group restructuring to achieve tax efficiencies within the group. These financial statements also do not contain all of the disclosures required by accounting and reporting standards as applicable in Pakistan. As a result, these financial statements may not be suitable for another purpose and should not be distributed to or used by any party other than the Company.

The Company's financial year end falls on 30 June of each calendar year and accordingly, the Company prepares its statutory financial statements for years ending 30 June, to fulfil its statutory responsibilities under the Companies Act, 2017. These financial statements have been prepared for the nine months period ended 31 March 2023. Comparative figures for profit or loss and cash flow items are un-audited and while the comparative figures of statement of financial position have been prepared under the reporting framework applicable on annual statutory financial statements of the Company.

**3 New standards, interpretations and amendments applicable to the financial statements for the period ended 31 March**

**3.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current period**

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting which became effective for the current period:

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's financial statements.

### 3.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendments or improvements:

<b>Amendment or Improvement</b>		<b>Effective date (annual periods beginning on or after)</b>
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	1 January 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	1 January 2023

The above standards and amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period

<b>Standards</b>		<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

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

### 4 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention', except for recognition of certain employee benefits on the basis mentioned in note 7.14.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

### 5 PRESENTATION CURRENCY

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

### 6 USE OF ESTIMATES AND JUDGEMENTS

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

#### Estimates and assumptions

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

#### a) Useful lives, residual values and depreciation method of property, plant and equipment – Note 7.1

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

#### b) Provision for expected credit losses of trade receivable – Note 7.7.1

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

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

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

#### c) Estimation of provision - Note 7.10

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

**d) Staff retirement benefits - Note 7.14**

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

**e) Provision for inventory obsolescence - Note 24 and 25**

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

**f) Taxation - Note 7.11**

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

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

**g) Contingencies - Note 7.10**

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

**h) Impairment of non financial assets - Note 7.1**

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

**7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**7.1 Property, plant and equipment**

**Owned assets**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except freehold land which is stated at cost less any identified impairment loss. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Cost in relation to self constructed assets includes direct cost of material, labor, applicable manufacturing overheads and borrowing costs on qualifying assets.

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset is calculated using the straight line method at rates disclosed in Note 18.1 which are considered appropriate to write off the cost of the assets over their useful lives after taking into account their residual values.

Depreciation on additions is charged from the month in which asset is capitalized / available for use while no depreciation is charged for the month in which the asset is disposed off.

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized in statement of profit and loss as income or expense.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of residual values and useful life of its operating fixed assets during the year has not required any adjustment as its impact is considered insignificant.

**Capital Work-in-Progress**

These are stated at cost less impairment loss, if any, including capitalization of borrowing costs. It consists of expenditures incurred in respect of fixed assets in the course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

**Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### a) Right-of-use assets

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

#### b) Lease liabilities - rented premises

In calculating the present value of lease payments, the Company initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate (IBR) applicable in the market for such leases. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The lease payments include 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. The 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. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which these are incurred.

The lease liability is subsequently measured at amortized cost using the effective interest rate method and in addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

### 7.2 Intangibles

Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangibles are measured to be finite. Intangibles with finite lives are amortized over the useful life using straight line method as mentioned in Note 20 and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and amortization method for intangibles with a finite life is reviewed at each financial period end. The Company's estimate of residual values and useful life of its intangible asset during the year has not required any adjustment as its impact is considered insignificant. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in unconsolidated statement of profit or loss when incurred.

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

### 7.3 Stores, spare parts and loose tools

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Stores in transit are valued at invoice value including other charges, if any, incurred thereon. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if required

### 7.4 Stock-in-trade

Stock-in-trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the stock-in-trade to their present location and condition. Basis of determining

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

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

## **7.5 Trade receivables**

Trade receivables are initially measured at their transaction price under IFRS 15 and subsequently local customers are measured at amortized cost less expected credit losses while foreign debtors are stated at translated amount by applying exchange rate applicable on the reporting date less expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. Refer to accounting policies of financial assets in note 7.7.1

## **7.6 Cash and cash equivalents**

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

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

## **7.7 Financial instruments - initial recognition and subsequent measurement**

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

### **7.7.1 Financial assets**

#### **Financial assets - initial recognition**

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

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

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and

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

The Company's financial assets include long-term deposits, trade debts, advance to employees against salary, other receivables and bank balances.

#### **Financial assets - subsequent measurement**

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

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

#### **a) Financial assets at fair value through profit or loss**

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

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

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

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

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

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

**b) Financial assets at amortized cost (debt instruments)**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Financial assets - Derecognition**

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

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

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

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



## **Financial assets - Impairment**

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

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

For trade debts and other receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The expected credit losses are recognized in the statement of profit or loss. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may

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

### **7.7.2 Financial liabilities**

#### **Financial liabilities - initial recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

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

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

#### **Financial liabilities - subsequent measurement**

##### **Financial liabilities at amortized cost (loans and borrowings)**

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

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

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

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the unconsolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

##### **Financial liabilities - derecognition**

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

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

### **7.7.3 Offsetting of financial assets and financial liabilities**

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

### **7.8 Government grants**

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

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

#### **7.9 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **7.10 Provisions and contingencies**

##### **a) Provisions**

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

##### **b) Contingencies**

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

#### **7.11 Taxation**

##### **Current**

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

##### **Deferred**

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

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

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

#### **7.12 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

#### **7.13 Revenue recognition**

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

##### **Sale of goods**

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied, which refers to the storage of processed finished goods in Company's warehouse and its intimation to the respective customer, the delivery or the dispatch of such goods to respective customer, as agreed in the contract. Payment is generally due within 7 to 90 days of satisfaction of performance obligation.

##### **Service income from toll manufacturing**

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

Service income from toll manufacturing is recognized upon the completion of processing, packaging of goods and dispatch of such packaged goods to respective customer. Payment is generally due within 7 to 90 days of satisfaction of performance

**Cost to obtain contract**

The Company pays sales commission to its distributors and dealers for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately charge sales commissions (included in note 32) because the amortization period of the asset that the Company otherwise would have used is one year or less.

**Profit on bank deposit**

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

**7.14 Staff retirement benefits****Defined benefit plan**

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

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

**7.15 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in OCI if they relate to qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as investment in equities measured at fair value through OCI are recognised in other comprehensive

**7.16 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. Such borrowing costs are capitalized as part of the cost of the qualifying asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

**7.17 Share Capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

**7.18 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary

**7.19 Operating segments**

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

**7.20 Sales tax**

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

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

**7.21 Investment in subsidiary**

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount.

## 7.22 Dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized by the Board of Directors of the Company (The Board), and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized

## 7.23 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the Company assesses if the information affects the amounts that it recognized in the unconsolidated financial statements. The Company adjusts the amounts recognized in its unconsolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company does not change the amounts recognized in its unconsolidated financial statements but discloses the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

## 7.24 Current vs non-current

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<u>31 March 2023</u>	<u>30 June 2022</u>		<u>31 March 2023</u>	<u>30 June 2022</u>
<u>No. of shares</u>			<u>(Rupees)</u>	<u>(Rupees)</u>
<u>110,590,546</u>	<u>110,590,546</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>1,105,905,460</u>	<u>1,105,905,460</u>

- 8.1 The holders of voting ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

<b>9 LONG-TERM LOANS</b>		<b>31 March 2023</b>	<b>30 June 2022</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
Term finance	<b>9.1</b>	<b>2,588,400,864</b>	2,035,166,005
Term finance - under refinance scheme for payroll financing	<b>9.2</b>	-	44,876,916
Term finance - under temporary economic refinance facility	<b>9.3</b>	<b>3,779,829,818</b>	3,717,781,635
Loan from directors / sponsors - unsecured	<b>9.4</b>	<b>14,512,000</b>	14,512,000
		<b>6,382,742,682</b>	5,812,336,556
Mark up accrued		<b>120,238,931</b>	96,991,545
		<b>6,502,981,613</b>	5,909,328,101
Current maturity of term finance		<b>(628,026,435)</b>	(296,211,181)
Current maturity under refinance scheme for payroll financing		-	(44,876,916)
Current maturity under temporary economic refinance facility		<b>(357,849,457)</b>	(43,107,039)
Less: Current maturity shown under current liabilities		<b>(985,875,892)</b>	(384,195,136)
Less: Mark up accrued shown under current liabilities		<b>(120,238,931)</b>	(96,991,545)
		<b>5,396,866,790</b>	5,428,141,420

**9.1** These represent long-term finance facilities obtained from financial institutions carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in equal monthly and quarterly instalments over a period of 5 to 6 years including 1 year grace period. These facilities are secured against first joint pari passu charge and mortgage charge (equitable) over present and future fixed assets of the Company.

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

**9.3** These represent loans obtained under the Temporary Economic Refinance Facility offered by the State Bank of Pakistan (the "SBP TERF") for setting up imported and locally manufactured plants and machinery for new projects. The loans carry mark-up at the rate of 2.02% per annum repayable in equal quarterly installments over a period of 10 years including 2 years grace period. These facilities are secured against first joint pari passu charge over all present and future fixed assets of the Company. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using interest rate of three (3) month KIBOR plus spread. The difference between the fair value of the loan and loan proceeds has been recognized as deferred income as per requirements of IAS 20 (Accounting for Government grants and disclosure of

**9.4** This represents unsecured loan obtained from ex-director / sponsors of Nimir Resins Limited acquired as a result of winding of Nimir Holding (Private) Limited in the prior years. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

<b>10 LEASE LIABILITIES</b>		<b>31 March 2023</b>	<b>30 June 2022</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
Present value of lease rentals		<b>88,386,772</b>	110,410,093
Less: Current portion shown under current liabilities		<b>(55,438,243)</b>	(38,670,693)
		<b>32,948,529</b>	71,739,400

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

Opening balance	<b>110,410,093</b>	116,691,049
Additions	<b>15,752,000</b>	31,403,000
Accretion of interest	-	10,500,509
Payments	<b>(37,775,321)</b>	(48,184,465)
Closing balance	<b>88,386,772</b>	110,410,093

Salient features of the leases are as follows:

Discounting rate	<b>8.68% to 17.13 %</b>	8.68% to 12.86 %
Period of lease	<b>60 months</b>	60 months

**10.1 Amount recognized in statement of profit or loss:**

The following are the amounts

Short term lease	<b>8,012,841</b>	7,271,820
Interest expense on lease liabilities	-	10,500,509
	<b>8,012,841</b>	17,772,329

**10.2 Cash outflow for leases**

The Company had total cash outflows for leases of Rs. 46.81 million (30 June 2022: Rs. 48.18 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 15.752 million (30 June 2022: Rs. 31.40 million).

**10.3** The maturity analysis of lease liability has been disclosed in note 41.2.

11	<b>NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY</b>	<b>31 March 2023</b>	<b>30 June 2022</b>
		(Rupees)	(Rupees)
	Staff retirement benefits - gratuity	<u>198,238,375</u>	<u>151,982,862</u>
<b>11.1</b>	<b>The amounts recognised in the statement of financial position is follows:</b>		
	Present value of defined obligation	<b>201,317,181</b>	195,554,240
	Less: Fair value of plan assets	<b>(3,078,806)</b>	(43,571,378)
		<u>198,238,375</u>	<u>151,982,862</u>
<b>11.2</b>	<b>Movements in the net liability recognized as follows:</b>		
	Opening balance	<b>151,982,862</b>	128,418,646
	Current service cost	<b>16,958,636</b>	18,150,925
	Net interest cost	<b>13,241,365</b>	12,766,864
	Contribution (from) / made to fund	<b>16,055,513</b>	(21,000,000)
	Remeasurement adjustments	-	13,646,427
	Closing balance	<u>198,238,375</u>	<u>151,982,862</u>
<b>11.3</b>	<b>Movements in the present value of defined benefit obligation:</b>		
	Present value of defined benefits obligation at the beginning of the period / year	<b>195,554,240</b>	151,222,142
	Current service cost	<b>16,958,636</b>	18,150,925
	Interest cost on defined benefit obligation	<b>17,571,270</b>	15,047,214
	Benefits paid	<b>(28,766,965)</b>	(1,000,000)
	Remeasurement:		
	Experience adjustments	-	12,133,959
	Present value of defined benefits obligation at the end of the period / year	<u>201,317,181</u>	<u>195,554,240</u>
<b>11.4</b>	<b>Movements in the fair value of plan assets:</b>		
	Fair value of plan assets at the beginning of the period / year	<b>43,571,378</b>	22,803,496
	Contribution (to) / by employer	<b>(16,055,513)</b>	21,000,000
	Interest income	<b>4,329,906</b>	2,280,350
	Benefits paid	<b>(28,766,965)</b>	(1,000,000)
	Return on plan assets excluding interest income	-	(1,512,468)
	Fair value of plan assets at the end of period / year	<u>3,078,806</u>	<u>43,571,378</u>
<b>11.5</b>	<b>Components of plan assets</b>		
	Mutual funds units	<b>3,068,368</b>	23,318,258
	Cash and cash equivalents	<b>10,438</b>	20,253,120
		<u>3,078,806</u>	<u>43,571,378</u>
<b>11.6</b>	<b>Significant assumptions</b>		
	Qualified actuaries had carried out the valuation as at 30 June 2022. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:		
	<b>Note</b>	<b>31 March 2023</b>	<b>30 June 2022</b>
	Discount rate for obligation	<b>13.25%</b>	13.25%
	Expected rates of salary increase in future years	<b>12.25%</b>	12.25%
	Retirement assumption	<b>Age 60</b>	Age 60
<b>12</b>	<b>DEFERRED TAX LIABILITY</b>		
	This comprises of:		
	<b>Deferred tax liabilities on taxable temporary differences</b>		
	Accelerated tax depreciation	<b>1,234,303,432</b>	486,943,520
	<b>Deferred tax assets on deductible temporary differences</b>		
	Capital work-in-progress - impairment	<b>(19,555,641)</b>	(20,336,700)
	Allowance for expected credit losses	<b>(6,754,023)</b>	(7,023,781)
	Provision for obsolescence of stores	<b>(3,433,553)</b>	(3,570,690)
	Deferred and unpaid liabilities	<b>(14,275,324)</b>	(15,692,404)
	Minimum tax	<b>(399,390,492)</b>	-
	Unabsorbed depreciation	<b>(288,326,461)</b>	-
		<u>502,567,938</u>	<u>440,319,945</u>
<b>12.1</b>	<b>Reconciliation of deferred tax liabilities - net</b>		
	Opening balance	<b>440,319,945</b>	314,595,926
	Tax expense recognized in statement of profit or loss	<b>62,247,993</b>	130,227,340
	Tax expense / (income) recognized in OCI	-	(4,503,321)
	Closing balance	<u>502,567,938</u>	<u>440,319,945</u>

12.2 The expiry of tax losses is as follows:		31 March 2023	30 June 2022
		(Rupees)	(Rupees)
Nature	Tax Year		
Minimum tax - TY 2023	2026	399,390,492	-
Unabsorbed depreciation loss	No expiry	288,326,461	-

### 13 DEFERRED GRANT

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

	Note	31 March 2023	30 June 2022
		(Rupees)	(Rupees)
Movement during the period is as follows:			
Opening balance		1,081,910,735	9,112,437
Amount recognized as deferred grant during the period / year		-	1,211,564,627
Amortization during the period / year			
- Charged to other income	36	(58,898,045)	(14,670,974)
- Charged to CWIP		(67,229,930)	(124,095,355)
		955,782,760	1,081,910,735
Less: Current maturity of deferred grant		(179,866,264)	(168,378,206)
Closing balance		775,916,496	913,532,529

### 14 TRADE AND OTHER PAYABLES

Creditors	14.1	2,141,565,451	1,291,066,234
Accrued liabilities	14.2	527,277,855	477,796,373
Security deposits	14.3	400,000	400,000
Workers' profit participation fund	14.4	82,668,161	132,515,713
Workers' welfare fund	14.5	34,103,439	44,321,886
Withholding tax payable		646,786	609,734
Others		-	33,542,755
		2,786,661,692	1,980,252,695

14.1 Creditors include amount payable to Nimir Resins Limited (subsidiary company) amounting to Rs. 1,377,562 (30 June 2022: Rs. 2,195,529) and Nimir Chemcoats Limited (associated company) amounting to Rs.1,977,885 (30 June 2022: Rs. 38,001) on account of purchase of raw materials.

14.2 This includes modified liability of Government Infrastructure Development Cess payable amounting to Rs. 148,392,947 initially recognized at fair value as per the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021. Movement during the period is as follows:

	Note	31 March 2023	30 June 2022
		(Rupees)	(Rupees)
Opening balance		148,392,947	144,222,846
Finance cost	37	-	4,170,101
Closing balance		148,392,947	148,392,947

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

14.4 Workers' profit participation fund		Note	31 March 2023	30 June 2022
			(Rupees)	(Rupees)
Opening balance			132,515,713	129,340,589
Add: Provision for the period	35		82,668,161	132,515,713
Less: Payments made during the period			(132,515,713)	(129,340,589)
Closing balance			82,668,161	132,515,713

### 14.5 Workers' welfare fund

Opening balance		44,321,886	53,766,492
Add: Provision for the period	35	31,413,901	43,101,394
Less: Payments made during the period		(41,632,348)	(52,546,000)
Closing balance		34,103,439	44,321,886

### 15 CONTRACT LIABILITIES

15.1 These represent advances received from customers in ordinary course of business.

15.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 93,472,936 (30 June 2022: Rs. 136,733,485).

<b>16</b>	<b>SHORT-TERM BORROWINGS - SECURED</b>	<b>Note</b>	<b>31 March 2023</b> <b>(Rupees)</b>	<b>30 June 2022</b> <b>(Rupees)</b>
	Running finance	<b>16.1</b>	<b>1,472,664,333</b>	1,700,453,957
	Short term loan	<b>16.2</b>	<b>595,226,324</b>	-
	Local bills discounting	<b>16.1</b>	<b>533,027,839</b>	728,001,210
	Finance against trust receipts	<b>16.1</b>	<b>8,675,238,165</b>	10,612,072,731
			<b>11,276,156,661</b>	<b>13,040,527,898</b>

- 16.1** The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at period end is Rs.19,550 million (30 June 2022: Rs.18,450 million) which include running finance facilities amounting to Rs. 3,150 million (30 June 2022: Rs.2,600 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 125 to 300 bps with no floor and no cap (30 June 2022: 1 month KIBOR to 6 months KIBOR + 0 to 75 bps with no floor and no cap). These facilities are secured against joint pari passu charge on the present and future current assets of the Company.

The unutilized facility for opening letters of credit, bank guarantees and running finance as at 31 March 2023 amounts to Rs. 1,745 million (30 June 2022: Rs. 1,370 million), Rs.90 million (30 June 2022: Rs. 13 million) and Rs.1,655 million (30 June 2022: Rs. 899 million) respectively.

- 16.2** These represent short-term loans obtained from various commercial banks under the Trade Loan Facility FE-25 scheme offered by the State Bank of Pakistan. The scheme operates on a self-liquidating basis, utilizing export proceeds. The rate of mark up is 3 month KIBOR + 50bps with no floor and no cap (30 June 2022: Nil). These loans have been secured by a joint pari passu charge on the Company's present and future current assets. The loans are due for repayment on 30 April 2023.

## **17 CONTINGENCIES AND COMMITMENTS**

### **17.1 CONTINGENCIES**

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

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

- 17.1.2** The income tax authority raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the Tax Year 2011 which was challenged at Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favour of the Company vide Order dated 2 December 2013. The Income Tax Department has filed an appeal in February 2014 before Lahore High Court against the ATIR's decision. The Lahore High Court remanded back the case to ATIR for fresh hearing. Being aggrieved, the Company filed an appeal before the Supreme court which was dismissed.

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

### **17.2 COMMITMENTS**

Commitments in respect of letters of credit and letters of guarantee as at 31 March / 30 June are as follows:

	<b>31 March 2023</b> <b>(Rupees)</b>	<b>30 June 2022</b> <b>(Rupees)</b>
Letters of credit established for the import of raw materials, spare parts and machinery	<b>3,483 million</b>	5,048 million
Letter of guarantee issued by financial institution in favour of Sui Northern Gas Pipeline Limited (SNGPL)	<b>166 million</b>	96 million
Letter of guarantee issued by financial institution in favor of Pakistan State Oil (PSO)	<b>59 million</b>	59 million
Letter of guarantee issued by financial institution in favor of Total PARCO	<b>5 million</b>	5 million





**18.2** The aggregate net book value of operating fixed assets disposed off during the period have not exceeded Rs. 5 million. Accordingly particulars of such assets have not been disclosed.

**18.3** Particulars of immovable fixed assets are as follows:

Description	Location	Area
Registered office and plant	14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.	89,3125 acres
Head office	Plot No. 122, Block B, Muslim Town, Lahore, Pakistan.	2.544 kanal
Open plot of land	Plot # 14/14-A, Block K, Johar Town, Lahore	2.036 kanal
Open plot of land	Plot # 515-D, Block K, Johar Town, Lahore	5 Marla

**18.4** Depreciation for the period has been allocated as under:

	Note	31 March 2023 (Rupees)	Un-audited 31 March 2022 (Rupees)
Cost of sales	32	421,228,252	343,390,736
Distribution costs	33	3,482,749	3,138,715
Administrative expenses	34	21,935,062	17,076,665
		<u>446,646,063</u>	<u>363,606,116</u>

**18.5 Capital work-in-progress**

	Note	31 March 2023			30 June 2022	
		Building on free-hold land (Rupees)	Plant and machinery (Rupees)	Others (Rupees)	Total (Rupees)	Total (Rupees)
Opening balance		-	6,852,449,809	19,673,744	6,872,123,553	1,957,586,864
Additions during the period		975,958,816	759,030,044	153,019,940	1,888,008,800	6,999,920,124
		975,958,816	7,611,479,853	172,693,684	8,760,132,353	8,957,506,988
Transferred to fixed assets		(975,958,816)	(7,173,434,659)	(172,693,684)	(8,322,087,159)	(2,022,018,415)
Less: Accumulated impairment	18.5.2	-	438,045,194	-	438,045,194	6,935,488,573
		-	(63,365,020)	-	(63,365,020)	(63,365,020)
		-	<u>374,680,174</u>	-	<u>374,680,174</u>	<u>6,872,123,553</u>

**18.5.1** Plant and machinery includes borrowing cost capitalized during the period amounting to Rs. 237,299,724 (30 June 2022: Rs. 160,448,610). The expansion has been financed by term finance facilities from financial institutions described in note 8. The rate used to determine the amount of borrowing costs eligible for capitalisation is three (3) month KIBOR plus 1% spread, reduced by the amortization of relevant deferred grant.

**18.5.2** This represents impairment charged against two steam turbines in prior periods.

19	<b>INTANGIBLES</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>30 June 2022</u> (Rupees)
	Software and licenses			
	<b>Cost:</b>			
	Opening balance		36,484,971	4,204,250
	Additions during the period		7,585,517	32,280,721
	Closing balance		<u>44,070,488</u>	<u>36,484,971</u>
	<b>Accumulated amortization:</b>			
	Opening balance		(5,997,623)	(4,204,250)
	Amortization during the period	34	<u>(9,966,560)</u>	<u>(1,793,373)</u>
	Closing balance		<u>(15,964,183)</u>	<u>(5,997,623)</u>
	<b>Net book value</b>		<u>28,106,305</u>	<u>30,487,348</u>
	<b>Rate of amortization</b>		<u>20%-33.33%</u>	<u>20%-33.33%</u>
20	<b>INVESTMENT IN SUBSIDIARIES</b>			
	Investment in shares of Nimir Management (Private) Limited - <b>20st</b>		128,161,710	128,161,710
	Investment in shares of Nimir Resins Limited - cost <b>20.2</b>		<u>74,222,759</u>	<u>74,222,759</u>
			<u>202,384,469</u>	<u>202,384,469</u>
20.1	This represents 1,281,612 (30 June 2022:1,281,612) ordinary shares aggregating to 51% of total paid up capital of Nimir Management (Private) Limited.			
20.2	This represents 16,438,306 (30 June 2022: 16,438,306) ordinary shares of Rs. 10 (30 June 2022: Rs. 10) each, aggregating to 11.63% of total paid up capital of Nimir Resins Limited. NRL is a sub-subsidiary of the Company as 51% shares of NRL are held by the NMPL, accordingly the Company exercises control over NRL.			
21	<b>LOAN TO SUBSIDIARY</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>30 June 2022</u> (Rupees)
	Loan to Nimir Resins Limited - unsecured	21.1	<u>14,512,000</u>	<u>14,512,000</u>
21.1	This represents loan to subsidiary novated from ex-director of Nimir Resins Limited. This loan is interest free and repayable on demand, however, the Company has agreed not to demand repayment for a period of next twelve months. This loan has not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.			
21.2	Maximum aggregate amount due from the subsidiary at the end of any month in the period was Rs. 14,512,000 (30 June 2022: Rs. 14,512,000). No interest has been charged on the amounts due from associated undertakings.			
22	<b>LONG-TERM DEPOSITS</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>30 June 2022</u> (Rupees)
	Security deposits			
	Financial institutions (including banks)		18,244,130	17,514,330
	Others	22.1	<u>19,037,602</u>	<u>19,297,602</u>
		22.2	<u>37,281,732</u>	<u>36,811,932</u>
22.1	This includes deposit amounting to Rs. 12.24 million (30 June 2022: Rs. 12.24 million) given to electricity supply company for dedicated line.			
22.2	These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.			
23	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>30 June 2022</u> (Rupees)
	Stores, spare parts and loose tools			
	In hand		728,661,003	401,725,535
	In transit		46,780,351	137,201,605
	Less: Provision for slow moving items	23.1	<u>(11,125,544)</u>	<u>(11,125,544)</u>
			<u>764,315,810</u>	<u>527,801,596</u>
23.1	Movement in provision for slow moving items is as follows:			
	Opening balance		11,125,544	14,154,991
	Reversal of provision		-	(3,029,447)
	Closing balance		<u>11,125,544</u>	<u>11,125,544</u>

	<u>Note</u>	<u>31 March 2023</u> <u>(Rupees)</u>	<u>30 June 2022</u> <u>(Rupees)</u>
<b>24</b>	<b>STOCK-IN-TRADE</b>		
	Raw and packing material		
	In hand	4,466,511,038	5,683,694,160
	In transit	147,942,036	682,640,150
		<u>4,614,453,074</u>	<u>6,366,334,310</u>
	Finished goods	2,519,419,703	1,456,672,792
		<u>7,133,872,776</u>	<u>7,823,007,102</u>
<b>25</b>	<b>TRADE RECEIVABLES</b>		
	Considered good - unsecured		
	Due from customers	5,216,334,879	6,192,134,969
	Due from associated companies	26,412,104	27,846,060
		<u>5,242,746,983</u>	<u>6,219,981,029</u>
	Considered doubtful		
	Allowance for expected credit losses	21,884,673	21,884,673
		<u>(21,884,673)</u>	<u>(21,884,673)</u>
		<u>5,242,746,983</u>	<u>6,219,981,029</u>
<b>25.1</b>	These customers have no recent history of default. For age analysis of these trade debts, refer to Note 40.1.1		
<b>25.2</b>	Trade receivables include amounts receivable from Nimir Resins Limited (a subsidiary company) Rs. 26,373,000 (30 June 2022: Rs. 26,939,825) and Nimir Chemicals Pakistan Limited (an associated company) Rs 39,104 (30 June 2022: Rs. 906,235) on account of sale of goods.		
<b>25.3</b>	Maximum aggregate amount due from Nimir Resins Limited at the end of any month in the period was Rs. 114,528,375 (30 June 2022: Rs. 42,055,521). No interest has been charged on the amounts due from associated undertakings.		
<b>25.4</b>	<u>Note</u>	<u>31 March 2023</u> <u>(Rupees)</u>	<u>30 June 2022</u> <u>(Rupees)</u>
	Movement in allowance for expected credit losses is as follows:		
		21,884,673	42,075,350
	35	-	-
		-	(20,190,677)
		<u>21,884,673</u>	<u>21,884,673</u>
<b>26</b>	<b>LOANS AND ADVANCES</b>		
	Considered good - unsecured		
	Advances to suppliers	141,609,109	82,014,918
	Advances to employees:		
	- against business expenses	3,938,294	17,962,462
	- against salary	7,516,273	5,466,286
		<u>153,063,676</u>	<u>105,443,666</u>
<b>26.1</b>	These include advances given to executives amounting to Rs. 1.28 million (30 June 2022: Rs. 14.3 million).		
<b>26.2</b>	These include advances given to executives amounting to Rs. 3.64 million (30 June 2022: Rs. 2.03 million).		
<b>27</b>	<u>Note</u>	<u>31 March 2023</u> <u>(Rupees)</u>	<u>30 June 2022</u> <u>(Rupees)</u>
	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
		40,795,321	19,912,251
<b>28</b>	<b>OTHER RECEIVABLES</b>		
	Margin against bank guarantee	28,596,841	16,000,000
	Margin against LC	136,683,769	123,699,427
	Receivable from associated companies	15,703,528	13,529,558
	Receivables from customers	96,893,475	-
	28.1	<u>277,877,613</u>	<u>153,228,985</u>
<b>28.1</b>	These represent foreign exchange losses, incurred on loan facilities under FE 25 Scheme, which are to be reimbursed by the customers.		
<b>29</b>	<u>Note</u>	<u>31 March 2023</u> <u>(Rupees)</u>	<u>30 June 2022</u> <u>(Rupees)</u>
	<b>TAX REFUNDS DUE FROM THE GOVERNMENT</b>		
		651,075,112	358,140,552
	29.1	1,453,499,152	1,197,085,513
		<u>2,104,574,264</u>	<u>1,555,226,065</u>
<b>29.1</b>	The management is confident that it is probable that future taxable profits will be available against which these income tax refunds can be utilised.		

30	<b>CASH AND BANK BALANCES</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>30 June 2022</u> (Rupees)
	Cash in hand		3,557,747	3,005,787
	Cash at bank			
	Current accounts		165,462,442	214,346,914
	Savings accounts	30.1	987,437	42,923,646
			<u>166,449,879</u>	<u>257,270,560</u>
			<u>170,007,626</u>	<u>260,276,347</u>
30.1	These carry mark-up rate at 14.5 % - 18.5% (30 June 2022: 6.5 % - 11.5%) per annum.			
				Un-audited
				31 March 2022
31	<b>REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>31 March 2022</u> (Rupees)
31.1	Set out below is the disaggregation of the Company's revenue from contracts with customers:			
	Manufacturing		38,693,646,556	26,053,520,284
	Toll manufacturing		767,245,812	687,398,241
			<u>39,460,892,368</u>	<u>26,740,918,525</u>
	Less:			
	Sales tax		(5,514,350,646)	(3,858,064,600)
	Trade discounts		(8,378,901)	(3,892,178)
	Commission		(168,719,871)	(121,991,808)
			<u>(5,691,449,418)</u>	<u>(3,983,948,586)</u>
			<u>33,769,442,950</u>	<u>22,756,969,939</u>
	Local Sales		31,553,497,432	22,756,969,939
	Export Sales	31.2	2,215,945,518	-
			<u>33,769,442,950</u>	<u>22,756,969,939</u>
31.2	<b>Geographical region:</b>			
	Pakistan - South Asia		31,553,497,432	22,756,969,939
	Export Sales - Middle East		3,578,606	-
	Export Sales -Central Asia		2,144,922,812	-
	Export Sales -East Africa		4,857,600	-
	Export Sales -Central Asia		62,586,500	-
			<u>33,769,442,950</u>	<u>22,756,969,939</u>
31.3	<b>Timing of transfer of goods and services:</b>			
	At a point in time		<u>33,769,442,950</u>	<u>22,756,969,939</u>
31.4	<b>Contract balances</b>			
	Trade receivables	31.4.1	5,242,746,983	6,219,981,029
	Contract liabilities	31.4.2	63,593,219	93,472,936
			<u>5,306,340,202</u>	<u>6,313,453,965</u>
31.4.1	Trade receivables are non-interest bearing and become due after 7 to 90 days of the invoice date. The increase in trade receivables pertains to increase in overall revenue from customers during the period.			
31.4.2	Contract liabilities represents short term advances received from customers against delivery of goods in future. Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 93,472,936 (30 June 2022: Rs. 136,733,485).			
				Un-audited
				31 March 2022
32	<b>COST OF SALES</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>31 March 2022</u> (Rupees)
	Raw and packing material consumed	32.1	28,161,532,914	17,992,683,558
	Salaries, wages and benefits	32.2	461,578,221	472,303,203
	Depreciation	18.4	421,228,252	343,390,736
	Fuel and power		1,359,445,806	845,588,569
	Stores, spare parts and loose tools consumed		140,893,042	99,434,757
	Repairs and maintenance		16,316,448	19,376,030
	Traveling, conveyance and entertainment		83,015,375	53,899,940
	Communications		2,036,802	2,863,718
	Insurance		39,344,217	28,247,300
	Rent, rates and taxes		4,596,783	14,827,144
	Printing and stationery		719,132	1,569,236
	Dues, fees and subscription		4,859,152	2,293,182
	Other expenses		3,197,740	2,843,997
			<u>30,698,763,884</u>	<u>19,879,321,370</u>
	Add: Opening stock-finished goods	24	1,456,672,792	1,492,413,293
	Less: Closing stock-finished goods	24	(2,519,419,703)	(1,623,540,000)
			<u>29,636,016,973</u>	<u>19,748,194,663</u>

	<u>Note</u>	<u>31 March 2023</u> (Rupees)	<u>31 March 2022</u> (Rupees)
<b>32.1</b>	Raw and packing material consumed		
	Opening balance	6,366,334,310	4,458,402,667
	Purchases	26,409,651,678	17,947,238,891
		<u>32,775,985,988</u>	<u>22,405,641,558</u>
	Less: Closing balance	24	(4,412,958,000)
	Raw and packing material consumed	<u>28,161,532,914</u>	<u>17,992,683,558</u>
<b>32.2</b>	This includes Rs. 20.331 million (31 March 2022: Rs. 19.5 million ) in respect of staff retirement benefits - gratuity		
<b>33</b>		<u>Note</u>	<u>31 March 2023</u> (Rupees)
			<u>31 March 2022</u> (Rupees)
	<b>DISTRIBUTION COSTS</b>		
	Salaries, wages and benefits	33.1	59,284,827
	Depreciation	18.4	3,138,715
	Repairs and maintenance		61,124
	Traveling, conveyance and entertainment		4,604,910
	Communications		1,316,339
	Insurance		1,921,903
	Printing and stationery		212,484
	Freight outward		83,065,622
	Dues, fees and subscription		331,775
	Other expenses		1,843,180
			<u>155,780,879</u>
<b>33.1</b>	This includes Rs. 2.098 million (31 March 2022: Rs. 2.2 million) in respect of staff retirement benefits - gratuity scheme.		
<b>34</b>		<u>Note</u>	<u>31 March 2023</u> (Rupees)
			<u>31 March 2022</u> (Rupees)
	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries, wages and benefits	34.1	178,599,849
	Depreciation	18.4	17,076,665
	Amortization	19	-
	Fuel and power		3,627,880
	Repairs and maintenance		5,677,719
	Traveling, conveyance and entertainment		20,714,718
	Communications		10,033,909
	Insurance		2,283,009
	Rent, rates and taxes		5,412,970
	Printing and stationery		3,562,217
	Advertisement		1,199,740
	Legal, professional and consultancy charge		13,523,402
	Auditor's remuneration	34.2	-
	Dues, fees and subscription		16,848,094
	Other expenses		13,616,274
			<u>292,176,446</u>
<b>34.1</b>	This includes Rs. 7.771 million (31 March 2022: Rs. 9.2 million) in respect of staff retirement benefits - gratuity scheme.		
<b>34.2</b>	<b>Auditor's remuneration</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)
	Audit fee		<u>2,196,000</u>
<b>35</b>	<b>OTHER EXPENSES</b>		
	Workers' profit participation fund	14.4	96,859,865
	Workers' welfare fund	14.5	36,806,749
	Foreign exchange loss		6,675,000
			<u>140,341,614</u>
<b>36</b>	<b>OTHER INCOME</b>		
	<b>Non-financial assets</b>		
	Gain on disposal of property, plant and equipment		538,044
	Grant income	13	4,620,247
	Scrap sales		26,243,953
	Other income		1,392,528
	<b>Financial assets - amortized cost</b>		
	Profit on savings account		712,254
	Foreign exchange gain		-
			<u>33,507,026</u>

37	<b>FINANCE COSTS</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	Un-audited 31 March 2022 (Rupees)
	Mark-up on			
	Long-term loans	37.1	253,295,962	66,374,783
	Short-term borrowings		1,717,539,769	557,589,705
	Financial charges on lease		9,030,815	7,557,255
	Financial charges on GIDC unwinding		-	1,232,343
	Bank charges, fee and commission		24,893,728	17,699,323
			<u>2,004,760,274</u>	<u>650,453,409</u>

37.1 This includes financial charges on unwinding of term finance loan under "Temporary Economic Refinance Facility" of State Bank of Pakistan (as explained in Note 10.3) amounting to Rs. 126,127,975 (31 March 2022: Rs.136,766,329) through effective interest rate (EIR).

38	<b>TAXATION</b>	<u>Note</u>	<u>31 March 2023</u> (Rupees)	Un-audited 31 March 2022 (Rupees)
	Current tax:			
	Current period	38.1	421,549,947	537,103,408
	Prior period		(48,876,795)	973,119
			372,673,152	538,076,527
	Deferred tax			
	Relating to the reversal and origination of temporary differences		62,247,993	(9,102,548)
			<u>434,921,145</u>	<u>528,973,979</u>

38.1 This amount of tax provision for current taxation also includes final tax on export sales under Section 154 of the Income Tax Ordinance, 2001.

38.2 Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented, being impracticable, as provision for current taxation represents final tax on export sales under Section 154 of the Income Tax Ordinance, 2001 and minimum tax under Section 113 of the Income Tax Ordinance, 2001 on local sales.

### 39 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

39.1	<b>Basic</b>	<u>31 March 2023</u>	Un-audited 31 March 2022
	Profit attributable to ordinary shareholders (Rupees)	<u>1,080,027,541</u>	<u>1,274,555,975</u>
	Weighted average number of ordinary shares (Number)	<u>110,590,546</u>	<u>110,590,546</u>
	Earnings per ordinary share	<u>9.77</u>	<u>11.52</u>

### 39.2 Diluted

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

#### 40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

##### 40.1 Credit Risk

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

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

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

	Note	Carrying values	
		31 March 2023 (Rupees)	30 June 2022 (Rupees)
Loan to subsidiary	21	14,512,000	14,512,000
Long-term deposits	22	19,037,602	19,297,602
Trade receivables – unsecured	25	5,242,746,983	6,219,981,029
Advances to employees - against salary	26	7,516,273	5,466,286
Other receivables	28	277,877,613	153,228,985
Bank balances	30	166,449,879	257,270,560

##### 40.1.1 Trade receivables

###### Other than related parties

<b>Not yet due</b>		<b>4,655,403,046</b>	<b>5,495,656,356</b>
<b>Past due</b>			
1-30 days		462,741,182	550,766,978
31-60 days		45,918,291	115,764,968
61-90 days		8,574,002	34,684,609
Over 90 days		91,995,135	44,992,791
		<b>609,228,610</b>	<b>746,209,346</b>
		<b>5,264,631,656</b>	<b>6,241,865,702</b>
<b>Related parties</b>			
Not yet due		<b>26,412,104</b>	<b>27,846,060</b>

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

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

	Not yet due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
<b>As at 31 March 2023</b>						
Expected credit loss rate	0.06%	0.43%	6.36%	21.40%	13.25%	
Estimated total gross carrying amount	4,655,403,046	462,741,182	45,918,291	8,574,002	91,995,135	5,264,631,656
Expected credit loss	2,941,393	1,997,049	2,918,655	1,834,909	12,192,667	21,884,673
<b>As at 30 June 2022</b>						
Expected credit loss rate	0.05%	0.37%	3.32%	5.34%	39.74%	
Estimated total gross carrying amount	5,555,790,169	533,134,976	87,918,908	34,340,667	30,680,983	6,241,865,702
Expected credit loss	2,941,393	1,997,049	2,918,655	1,834,909	12,192,667	21,884,673

As at 31 March 2023, trade debts of Rs. Nil (30 June 2022: Rs. 21.9 million ) were impaired and provided for.

###### Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is limited to certain sectors, however all transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk. Therefore the Company does not believe it is exposed to major concentration of credit risk as its exposure is spread over several institutions and customers. However to manage any possible exposure the Company applies approved credit limits to its customers.



#### 40.1.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Audit Committee. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counterparties. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Financial institution	Agency	Ratings		31 March 2023	30 June 2022
		Short-term	Long-term	(Rupees)	(Rupees)
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	10,354,902	3,209,852
Bank Alfalah Limited	PACRA	A1+	AA+	46,524,163	-
Askari Bank Limited	PACRA	A1+	AA+	-	40,121
BankIslami Pakistan Limited	PACRA	A1	A+	1,955,332	451,182
Habib Bank Limited	JCR-VIS	A1+	AAA	16,711,250	13,801,692
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	-	-
United Bank limited	JCR-VIS	A1+	AAA	999,200	-
Meezan Bank Limited	JCR-VIS	A1+	AAA	-	3,600,000
MCB Bank Limited	PACRA	A1+	AAA	61,982	387,201
National Bank of Pakistan	JCR-VIS	A-1+	AAA	48,472,898	1,359,967
Industrial and Commercial Bank of China	Moody's	P-1	A-2	3,770,756	7,559,537
Silk Bank Limited	JCR-VIS	A-2	A-	478	10,479
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	-	126,626,748
Soneri Bank Limited	PACRA	A1+	AA-	28,611,807	-
The Bank of Punjab	PACRA	A1+	AA+	8,987,112	100,223,781
				<b>166,449,879</b>	<b>257,270,560</b>

#### 40.1.3 Other receivables

Advances and other receivables mainly comprise of cash margin withheld by banks against imports and other deposits. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

#### 40.1.4 Loans and advances

The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with loans to employees is trivial and therefore no impairment charge has been accounted for.

#### 40.1.5 Long-term

The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with security deposits is trivial therefore no impairment charge has been accounted for.

#### 40.2 Liquidity Risk

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

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

Carrying Values	Maturity Up to One	Maturity After One	Total	
	Year	Year		
(Rupees)				
<b>As at 31 March 2023</b>				
Long-term loans	6,382,742,682	1,165,742,156	6,172,783,287	7,338,525,443
Lease liabilities	88,386,772	45,507,169	80,691,024	126,198,193
Short-term borrowings	11,276,156,661	11,276,156,661	-	11,276,156,661
Mark up accrued	511,484,156	511,484,156	-	511,484,156
Unclaimed dividend	12,875,652	12,875,652	-	12,875,652
Trade and other payables	2,669,243,306	2,669,243,306	-	2,669,243,306
Total financial liabilities	<b>20,940,889,229</b>	<b>15,681,009,100</b>	<b>6,253,474,311</b>	<b>21,934,483,411</b>
<b>As at 30 June 2022</b>				
Long-term loans	5,812,336,556	384,195,136	5,428,141,420	5,812,336,556
Lease liabilities	110,410,093	38,670,693	71,739,400	110,410,093
Short-term borrowings	13,040,527,898	13,040,527,898	-	13,040,527,898
Mark up accrued	355,984,178	355,984,178	-	355,984,178
Unclaimed dividend	12,325,435	12,325,435	-	12,325,435
Trade and other payables	1,802,805,362	1,802,805,362	-	1,802,805,362
Total financial liabilities	<b>21,134,389,522</b>	<b>15,634,508,702</b>	<b>5,499,880,820</b>	<b>21,134,389,522</b>

#### 40.2.1 Changes in liabilities arising from financing activities

	As at				As at 31 March
	1 July 2022	Cash flows	New leases	Others	2023
	(Rupees)				
Long-term loans	5,812,336,556	444,278,151	-	-	7,338,525,443
Lease Liability	110,410,093	(37,775,321)	15,752,000	-	88,386,772
Short-term borrowings	13,040,527,898	(1,764,371,238)	-	-	11,276,156,660
Unclaimed dividend	12,325,435	(165,335,591)	-	165,885,808	12,875,652
	<b>18,975,599,982</b>	<b>(1,523,203,999)</b>	<b>15,752,000</b>	<b>165,885,808</b>	<b>18,715,944,527</b>
	As at				As at 30 June 2022
	1 July 2021	Cash flows	New leases	Others	
	(Rupees)				
Long-term loans	2,224,163,632	5,068,561,181	-	(1,480,388,257)	5,812,336,556
Lease Liability	116,691,049	(48,184,465)	31,403,000	10,500,509	110,410,093
Short-term borrowings	5,869,058,112	7,171,469,786	-	-	13,040,527,898
Unclaimed dividend	10,766,577	(330,212,780)	-	331,771,638	12,325,435
	<b>8,220,679,370</b>	<b>11,861,633,722</b>	<b>31,403,000</b>	<b>(1,138,116,110)</b>	<b>18,975,599,982</b>

#### 40.3 Market Risk

##### 40.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The Group is exposed to currency risk on trade and other payables, short term borrowing, accrued mark up and trade receivables that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	31 March 2023	30 June 2022
	USD	USD
<b>Assets</b>		
Trade receivables	999,387	-
<b>Liabilities</b>		
Trade and other payables	(1,878,682)	(1,435,483)
Short-term borrowings	(2,090,715)	-
Accrued mark up	(54,092)	-
	<b>(3,024,102)</b>	<b>(1,435,483)</b>

##### 40.3.1.1 Exchange rate applied during the period

The following significant exchange rates have been applied during the period:

	Average rupees per FCY		Reporting date rupees per FCY	
	31 March 2023	30 June 2022	31 March 2023	30 June 2022
USD to PKR	286.95	204.57	283.80	182.35

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before taxation.

Changes in USD Rate	31 March 2023	31 March 2022
	Effects on profit before taxation	
+1%	(8,582,401)	(2,617,603)
-1%	8,582,401	2,617,603

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

##### 40.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in market interest rates will affect the fair value or future cash flows of financial instruments. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is:

Variable rate instruments	31 March 2023	30 June 2022
	(Rupees)	(Rupees)
<b>Liabilities</b>		
Long term loan	(6,382,742,682)	(5,428,141,420)
Lease liabilities	(88,386,772)	(110,410,093)
Short-term borrowings - secured	(11,276,156,661)	(13,040,527,898)
<b>Assets</b>		
Bank balances - saving accounts	987,437	42,923,646
	<b>(17,746,298,678)</b>	<b>(18,536,155,765)</b>

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

#### Cash flow sensitivity analysis for variable rate instruments

If interest rates on loans from borrowings from banks, at the period end date, fluctuate by 100 (30 June 2022: 100) bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the period would have been affected as follows:

	31 March 2023	30 June 2022
Effect on profit or loss of an increase	(177,462,987)	(185,361,558)
Effect on profit or loss of a decrease	177,462,987	185,361,558

The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the period and assets / liabilities of the Company.

#### 40.3.3 Other price risk

Other price risk represents 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 interest rate risk or currency 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 significant other price risk.

#### 40.3.4 Financial instruments by categories

	At amortized cost	
	31 March 2023	30 June 2022
	-----Rupees-----	
<b>Financial assets</b>		
Loan to subsidiary	14,512,000	14,512,000
Long-term deposits	19,037,602	19,297,602
Trade receivables – unsecured	5,242,746,983	6,219,981,029
Loans and advances	7,516,273	5,466,286
Other receivables	277,877,613	153,228,985
Cash and bank balances	170,007,626	257,270,560
	<u>5,731,698,097</u>	<u>6,669,756,462</u>
<b>Financial Liabilities</b>		
Long-term loans	6,382,742,682	5,812,336,556
Lease liabilities	88,386,772	110,410,093
Short-term borrowings - secured	11,276,156,661	13,040,527,898
Mark up accrued	511,484,156	355,984,178
Unclaimed dividend	12,875,652	12,325,435
Trade and other payables	2,669,243,306	1,802,805,362
	<u>20,940,889,229</u>	<u>21,134,389,522</u>

#### 40.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- i) To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii) To provide an adequate return to shareholders

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital using a gearing ratio. Capital includes ordinary share capital and reserves, whereas, net debt includes long-term loans, short-term borrowings and liabilities against assets subject to finance lease less cash and cash equivalents.

	31 March 2023	30 June 2022
	-----Rupees-----	
<b>The gearing ratio as at period end is as follows:</b>		
Long-term loans	6,382,742,682	5,812,336,556
Short-term	11,276,156,661	13,040,527,898
Lease liabilities	88,386,772	110,410,093
Less: cash and cash equivalents	(170,007,626)	(260,276,347)
Net debt	<u>17,577,278,489</u>	<u>18,702,998,200</u>
Share capital	1,105,905,460	1,105,905,460
Reserves	5,986,978,283	5,072,836,550
Total equity	<u>7,092,883,743</u>	<u>6,178,742,010</u>
Gearing ratio	71%	75%

#### 40.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

#### 41 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

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

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

The related parties and associated undertakings comprise related group companies, directors and key management personnel. Remuneration of Chief Executive, directors and executives is shown in note 43. The transactions with related parties are carried at mutually agreed terms and are as follows:

Names of Company	Nature and Description of Related Party Transaction	31 March 2023 (Rupees)	30 June 2022 (Rupees)
Nimir Resins Limited	Sale of goods	252,241,000	161,154,000
	Purchase of goods	4,036,000	3,426,000
	Services provided	4,953,000	4,503,000
	Services acquired	3,838,000	3,489,000
	Reimbursement of expenses	7,479,000	851,000
Nimir Chemcoats Limited	Purchase of goods / Services acquired	22,746,000	7,122,000
Nimir Chemicals Pakistan Limited	Sale of goods	13,893,000	17,996,000
Nimir Energy Ltd.	Purchase of goods	13,964,000	-
Key Management Personnel	Managerial Remuneration	219,472,000	180,996,000
	Other employment benefits	90,676,000	75,952,000
Staff retirement benefits	Contribution (from) / to gratuity fund	(16,055,000)	1,000,000

#### 42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Number of persons	1	1	2	2	39	39
	<b>R u p e e s</b>					
Managerial remuneration	13,935,484	12,193,548	21,483,870	18,580,646	106,175,241	85,997,429
Housing	6,270,968	5,487,097	9,667,742	8,361,290	47,778,860	38,698,845
Utilities	1,393,548	1,219,355	2,148,388	1,858,064	10,617,530	8,599,744
Bonus	7,923,248	7,364,366	15,091,899	11,313,372	67,660,574	57,274,323
Gratuity	1,800,000	1,575,000	2,775,000	2,400,000	13,714,303	11,108,002
	<b>31,323,248</b>	<b>27,839,366</b>	<b>51,166,899</b>	<b>42,513,372</b>	<b>245,946,508</b>	<b>201,678,343</b>

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

42.2 An amount of Rs. 8,560,000 (30 June 2022: Rs 7,947,500) was paid to non-executive directors for attending the board meetings.

43	TOTAL NUMBER OF EMPLOYEES	31 March 2023	30 June 2022
	Number of employees	260	254
	Average number of employees during the period / year	257	230

44	PRODUCTION CAPACITY IN METRIC TONS	31 March 2023	31 March 2023	30 June 2022	30 June 2022
		Maximum Capacity	Actual Production	Maximum Capacity	Actual Production
	Oleo Chemicals (Metric ton) <sup>1</sup>	227,850	78,432	140,000	86,716
	Chlor Alkali Products (Metric ton) <sup>2</sup>	160,750	-	79,000	50,446
	Soap Finishing Line (Metric ton) <sup>3</sup>	54,000	30,987	54,000	38,106
	Aerosol (Cans)	80,000,000	5,353,000	80,000,000	8,540,775
	Blending <sup>4</sup>	-	-	-	33,605

- 1 The plant capacity increased during the period. Actual production remained lower than last period due to market demand.
- 2 The plant was upgraded with latest technology in the last quarter of the financial period. The utilization remained lower due to initial teething issues in the commissioning.
- 3 The plant capacity was underutilized due to product mix.
- 4 The plant capacity is indeterminable because it is a multi-product plant involving varying processes.

#### 45 Corresponding figures

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

Transferred from component	Transferred to component	30 June 2022 Rupees
Provision for taxation	Tax refunds due from the Government - Income tax	<u>870,184,294</u>

#### 46 GENERAL

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

#### 47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 28 August 2023.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# **NIMIR**

## **NIMIR MANAGEMENT PRIVATE LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023**

## INDEPENDENT AUDITOR'S REPORT

### TO THE BOARD OF DIRECTORS OF NIMIR MANAGEMENT (PRIVATE) LIMITED

#### Opinion

We have audited the financial statements of **NIMIR MANAGEMENT (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period from July 01, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the nine-month period from July 01, 2022 to March 31, 2023 are prepared, in all material respects, in accordance with the basis of preparation as described in note 2 to the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in *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 of 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.

#### ***Emphasis of Matter – Basis of Accounting and Restriction on distribution and use***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the management for potential group restructuring of shareholding. As a result, the financial statements may not be suitable for another purpose. Our report is intended only for the use of the management and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with basis of accounting described in Note 2 to the financial statements, and for such internal control as the management determines is necessary to enable the preparation of the 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 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 the 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.

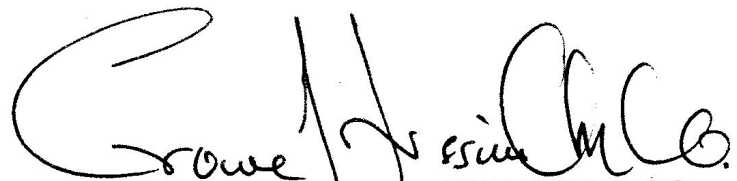
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Lahore

Dated:

23 AUG 2023



**CROWE HUSSAIN CHAUDHURY & CO.**  
*Chartered Accountants*




**NIMIR MANAGEMENT (PRIVATE) LIMITED**  
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Investment in subsidiary	4	212,356,343	214,356,343
Loan to subsidiary	5	78,544,500	78,544,500
		290,900,843	292,900,843
<b>Current Assets</b>			
Tax refunds due from the Government		300	300
Bank balances	6	1,497,151	10,776
		1,497,451	11,076
		<u>292,398,294</u>	<u>292,911,919</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized Share Capital			
25,500,000 (June 30, 2022: 25,500,000) Ordinary shares of Rs. 10 each		<u>255,000,000</u>	<u>255,000,000</u>
Issued, subscribed and paid up capital	7	251,297,470	251,297,470
Accumulated loss		(37,716,216)	(37,341,651)
		213,581,254	213,955,819
<b>Non Current Liabilities</b>			
Long term loans	8	78,544,500	78,544,500
<b>Current Liabilities</b>			
Accrued expenses	9	272,540	411,600
<b>Contingencies and Commitments</b>			
	10	-	-
		<u>292,398,294</u>	<u>292,911,919</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
DIRECTOR

**NIMIR MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS ACCOUNT**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Note	Nine Months ended March 31, 2023 (Audited) Rupees	Nine Months ended March 31, 2022 (Un-audited) Rupees
Revenue		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses	11	(374,565)	(273,965)
<b>Operating Loss</b>		(374,565)	(273,965)
<b>Net Loss for the Period</b>		(374,565)	(273,965)

The annexed notes from 1 to 16 form an integral part of these financial statements.



\_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**



\_\_\_\_\_  
**DIRECTOR**

# NIMIR MANAGEMENT (PRIVATE) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED MARCH 31, 2023

	<b>Nine Months ended March 31, 2023</b>	<b>Nine Months ended March 31, 2022</b>
	<b>(Audited) Rupees</b>	<b>(Un-audited) Rupees</b>
<b>Net Loss for the Period</b>	(374,565)	(273,965)
<b>Other comprehensive income</b>		
Items that will not be re-classified subsequently to profit or loss	-	-
Items that may be re-classified subsequently to profit or loss	-	-
	-	-
<b>Total Comprehensive Loss for the Period</b>	<u>(374,565)</u>	<u>(273,965)</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**NIMIR MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	<b>Nine Months ended March 31, 2023</b>	<b>Nine Months ended March 31, 2022</b>
	<b>(Audited)</b> Rupees	<b>(Un-audited)</b> Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	<u>(374,565)</u>	<u>(273,965)</u>
<b>Operating loss before working capital changes</b>	(374,565)	(273,965)
Increase / (decrease) in current liability:		
- Trade and other payables	<u>(139,060)</u>	<u>161,700</u>
<b>Net Cash Used in Operating Activities</b>	(513,625)	(112,265)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share deposit money recovered from subsidiary	<u>2,000,000</u>	<u>-</u>
<b>Net Cash Generated from Financing Activities</b>	<u>2,000,000</u>	<u>-</u>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	1,486,375	(112,265)
Cash and cash equivalents at the beginning of the period	10,776	123,041
<b>Cash and Cash Equivalents at the End of the Period</b>	<u><u>1,497,151</u></u>	<u><u>10,776</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



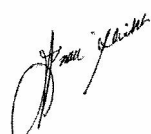
DIRECTOR

**NIMIR MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

Particulars	Share Capital	Accumulated Loss	Total
	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2021</b>	251,297,470	(37,013,786)	214,283,684
Net loss for the period ended March 31, 2022	-	(273,965)	(273,965)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(273,965)	(273,965)
<b>Balance as at March 31, 2022</b>	<u>251,297,470</u>	<u>(37,287,751)</u>	<u>214,009,719</u>
<b>Balance as at June 30, 2022</b>	251,297,470	(37,341,651)	213,955,819
Net loss for the period ended March 31, 2023	-	(374,565)	(374,565)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(374,565)	(374,565)
<b>Balance as at March 31, 2023</b>	<u>251,297,470</u>	<u>(37,716,216)</u>	<u>213,581,254</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

**NIMIR MANAGEMENT (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2023**

Note 1

**The Company and its Operations**

Nimir Management (Private) Limited ("The Company") was incorporated in Pakistan as a private limited company on December 04, 2015 under the repealed Companies Ordinance, 1984 (The Companies Act, 2017). The registered office of the Company is situated at Nimir House, 122-B, New Muslim Town, Lahore, Pakistan. The Company is formed for the purpose of investments in Nimir group of companies.

Nimir Industrial Chemicals Limited (the "Holding Company") holds 1,281,612 shares (June 30, 2022: 1,281,612) comprising 51% (June 30, 2022: 51%) of total paid up capital of the Company. The Holding Company is domiciled in Pakistan as a public limited company and its registered office is situated at 14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.

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

Note 2

**Basis of Preparation**

**2.1 Statement of compliance**

These condensed interim financial statements have been prepared by the management for restructuring purpose of share holding on the basis of special purpose framework for interim financial reporting for the period from July 01, 2022 to March 31, 2023. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Changes in accounting standards, interpretations and pronouncements**

**2.2.1 Standards, interpretations and amendments to approved accounting standards which became effective during the period**

Certain standards, amendments and interpretations to IFRS are effective for the period ended March 31, 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;

<b>Standard or Interpretation</b>	<b>Effective Date - Annual Periods</b>
	Beginning on or After
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	

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

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after April 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

<b>Standard or Interpretation</b>	<b>Effective Date</b> (Period 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 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

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

## **NIMIR MANAGEMENT (PRIVATE) LIMITED**

*Notes to and forming part of the financial statements*

*Note 2, Basis of Preparation - Continued...*

### **2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention.

### **2.4 Functional and presentation currency**

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupee, unless otherwise stated.

### **2.5 Key judgements and estimates**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. There are no areas involving high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 3

### **Significant Accounting Policies**

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The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### **3.1 Impairment**

The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of investment.

#### **3.2 Investment**

Investment in subsidiary company is initially recognized at cost including transaction costs and subsequently carried at cost less impairment, if any.

#### **3.3 Cash and cash equivalents**

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

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

#### **3.4 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.

##### **3.4.1 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 and fair value through profit or loss. 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.

## **NIMIR MANAGEMENT (PRIVATE) LIMITED**

*Notes to and forming part of the financial statements*

*Note 3, Significant Accounting Policies - Continued...*

*Note 3.4, Financial instruments - Continued...*

### ***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 profit or loss.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to profit or loss.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

### ***Derecognition***

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

### ***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).

## **3.4.2 Financial liabilities**

### ***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.

### ***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 profit or loss when the liabilities are derecognized.

## **3.4.3 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.

## **3.5 Trade and other payables**

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

## **3.6 Provisions**

A provision is recognized when the Company has a 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 can be made of the amount of obligation.



## **NIMIR MANAGEMENT (PRIVATE) LIMITED**

*Notes to and forming part of the financial statements*

*Note 3, Significant Accounting Policies - Continued...*

### **3.7 Taxation**

Income tax expense for the year comprises current and deferred tax and is recognized in profit or loss 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.

Owing to absence of income / profit, tax and deferred tax have not been accounted for in the financial statements.

### **3.8 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, 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; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### **3.9 Method of preparation of statement of cashflow**

The cash flow statement is prepared using indirect method.

**NIMIR MANAGEMENT (PRIVATE) LIMITED***Notes to and forming part of the financial statements*

Note 4

**Investment in Subsidiary**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
Investment in subsidiary	4.1	202,965,338	202,965,338
Share deposit money	4.2	<u>9,391,005</u>	<u>11,391,005</u>
		<u><u>212,356,343</u></u>	<u><u>214,356,343</u></u>

**4.1** In 2016, the Company acquired 101,774,507 ordinary shares of Rs. 5 each (51% shareholding) of Nimir Resins Limited (NRL), a listed company engaged in the manufacturing and sale of surface coating resins for paint industry, polyesters, and optical brighteners for paper and textile industries and textile auxiliaries for textile industry. During the year ended June 30, 2017, NRL further issued 39,269,999 ordinary shares of Rs. 5 each as conversion of loan from the Company to NRL. During the year ended June 30, 2018, NRL issued bonus shares, of which the Company has received 3,102,979 bonus shares which together with previous investment accumulated the Company's investment in NRL to 144,147,485 ordinary shares of Rs. 5 each. The investment in subsidiary is accounted for at cost in accordance with IAS-27 - Separate Financial Statements. During the yearended June 30, 2022, NRL had consolidated its shareholding by increasing par value from Rs. 5 to Rs. 10 each for all shares.

**4.2** This represents interest free loan amounting to Rs. 207,741,000 provided to NRL, for repayment of its long terms loans and short term borrowings at the time of its acquisition. Pursuant to arrangement between the Company and NRL, NRL had issued right shares in favor of the Company in 2017, thereby, converting loan amounting to Rs. 196,349,995 into 39,269,999 ordinary shares of Rs. 5 each. Share deposit money amounting to Rs. 2,000,000 (June 30, 2022: Nil) has been recovered during the period.

Note 5

**Loan to Subsidiary**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
Loan novated from previous sponsors of Nimir Resins Limited	5.1	<u>78,544,500</u>	<u>78,544,500</u>
		<u><u>78,544,500</u></u>	<u><u>78,544,500</u></u>

**5.1** This represents loan to subsidiary novated from ex-director of NRL. This loan is interest free and repayable on demand, however, the Company has agreed not to demand repayment for a period of next twelve months.

Note 6

**Bank Balances**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Current account- Bank of Punjab	<u>1,497,151</u>	<u>10,776</u>

Note 7

**Issued, Subscribed and Paid Up Capital**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	No. of shares	No. of shares	Rupees	Rupees
	<u>25,129,747</u>	<u>25,129,747</u>	<u>251,297,470</u>	<u>251,297,470</u>
		Ordinary shares of Rs. 10 each fully paid in cash		

**7.1** Nimir Industrial Chemicals Limited holds 12,816,171 (June 30, 2022: 12,816,171) ordinary shares of Rs. 10 each, representing 51% of the issued capital.

Note 8

**Long Term Loan**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Note	Rupees	Rupees
Loan novated from previous sponsors of Nimir Resins Limited	5.1	<u>78,544,500</u>	<u>78,544,500</u>

**NIMIR MANAGEMENT (PRIVATE) LIMITED**

Notes to and forming part of the financial statements

Note 9

**Accrued Expenses**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Audit fee payable	250,000	411,600
WHT payable	21,560	-
Other payable	980	-
	<u>272,540</u>	<u>-</u>

Note 10

**Contingencies and Commitments**

There are no material contingencies and commitments outstanding as at the reporting date (June 30, 2022: Nil).

Note 11

**Administrative Expenses**

	<b>Nine Months ended March 31, 2023</b>	<b>Nine Months ended March 31, 2022</b>
	<b>(Audited)</b>	<b>(Un-audited)</b>
	Rupees	Rupees
Legal and professional	124,565	112,265
Auditors' remuneration	250,000	161,700
	<u>374,565</u>	<u>273,965</u>

Note 12

**Financial Instruments And Related Disclosures**

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

**12.1 Credit Risk**

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

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

As at March 31, 2023, Company is exposed to credit risk on investment in subsidiary, loan to subsidiary and bank balances. The maximum exposure to credit risk at the reporting date is:

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Investment in subsidiary	212,356,343	214,356,343
Loan to subsidiary	78,544,500	78,544,500
Bank balances	1,497,151	10,776
	<u>292,397,994</u>	<u>292,911,619</u>

Financial institution	Ratings				
	Agency	Short Term	Long term		
The Bank of Punjab	PACRA	A1+	AA+	1,497,151	10,776

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

**NIMIR MANAGEMENT (PRIVATE) LIMITED**

Notes to and forming part of the financial statements

Note 12, Financial Instruments And Related Disclosures - Continued...

**12.2 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. 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 March 31, 2023:

Description	Carrying amount	Contractual cash flows	Within 1 year	After 1 year
	Rupees	Rupees	Rupees	Rupees
Long term loans	78,544,500	78,544,500	-	78,544,500
Trade and other payables	272,540	272,540	272,540	-
	<u>78,817,040</u>	<u>78,817,040</u>	<u>272,540</u>	<u>78,544,500</u>

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

Long term loans	78,544,500	78,544,500	-	78,544,500
Trade and other payables	411,600	411,600	411,600	-
	<u>78,956,100</u>	<u>78,956,100</u>	<u>411,600</u>	<u>78,544,500</u>

**12.3 Market Risk****Foreign Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates is limited, as the company is not involved in any foreign currency transaction.

**Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. As at March 31, 2023, the Company is not exposed to any interest rate risk as the loan obtained and given by the Company are interest free.

**12.4 Fair value of financial assets and financial liabilities**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value. Further, all financial assets and financial liabilities at reporting date are categorized into amortized cost.

**12.5 Financial instruments by categories****Financial asset as at amortized cost**

	March 31, 2023	June 30, 2022
	Rupees	Rupees
Tax refunds due from the Government	300	300
Bank balances	1,497,151	10,776
Investment in subsidiary	212,356,343	214,356,343
Loan to subsidiary	78,544,500	78,544,500
	<u>292,398,294</u>	<u>292,911,919</u>

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

**Financial liabilities at amortized cost**

Accrued expenses	272,540	411,600
Long term loans	78,544,500	78,544,500
	<u>78,817,040</u>	<u>78,956,100</u>

**NIMIR MANAGEMENT (PRIVATE) LIMITED***Notes to and forming part of the financial statements*

Note 13

**Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. Capital includes ordinary share capital and reserves.

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:

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	Rupees	Rupees
Total borrowings	78,544,500	78,544,500
Bank balances	<u>(1,497,151)</u>	<u>(10,776)</u>
Net debt	77,047,349	78,533,724
Equity	<u>213,581,254</u>	<u>213,955,819</u>
Total capital employed	<u><u>290,628,603</u></u>	<u><u>292,489,543</u></u>
Gearing Ratio	<u><u>26.51%</u></u>	<u><u>26.85%</u></u>

Note 14

**Transactions 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	<b>Nine months ended March 31, 2023</b>	<b>Nine months ended March 31, 2022</b>
			<b>(Audited)</b>	<b>(Un-audited)</b>
			Rupees	Rupees
Nimir Resins Limited	Subsidiary Company	Share deposit money recovered	2,000,000	-
<b>Balances outstanding as at</b>			<b>March 31, 2023</b>	<b>June 30, 2022</b>
Nimir Resins Limited		Loan outstanding	9,391,005	11,391,005

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

**NIMIR MANAGEMENT (PRIVATE) LIMITED***Notes to and forming part of the financial statements**Note 14, Transactions With Related Parties - Continued...*

<b>Names of Related parties</b>	<b>Basis of Relationship</b>	<b>Status of Relationship</b>	<b>Percentage of Shareholding</b>
Nimir Industrial Chemicals Limited	Shareholding	Parent Company	51%
Nimir Resins Limited	Shareholding / Common Directorship	Subsidiary Company	51%
Terranova (Private) Limited	Shareholding	Associated company	20%
Nimir Resources (Private) Limited	Common Directorship	Associated company	Nil
Nimir Chemcoats Limited	Common	Associated company	Nil
Extracts4Life (Private) Limited	Common	Associated company	Nil
MYK (Private) Limited	Common	Associated company	Nil
Muhammad Yahya Khan	Directorship	Director	19%
Osman Hameed	Directorship	Director	0.00004%
Zafar Mehmood	Directorship	Director	0.00004%
Khalid Mumtaz Qazi	Directorship	Director	0.00004%
Amir Jameel	Directorship	Director	0.00004%

Note 15

**Date Of Authorization For Issue**


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These financial statements were authorized for issue by the Board of Directors of the Company on 23 August 2023.

Note 16

**General**


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Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. The following reclassification has been made in these financial statements.

<b>Nature</b>	<b>From</b>	<b>To</b>	<b>Amount</b>
Share Deposit Money	Loan to Subsidiary (note 5)	Investment in subsidiary (note 4)	11,391,005


**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**