NIMIR INDUSTRIAL CHEMICALS LTD.

Annual Report
2019

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COMPANY INFORMATION

Board of Directors
Mr. M. Saeed-uz-Zaman - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Khalid Mumtaz Qazi
Mr. Umar Iqbal
Mr. Javed Saleem Arif
Mr. Tariq Ahmad Khan
Ms. Parveen Akhter Malik
Mr. Muhammad Iqbal
Mr. Abdul Jaleel Shaikh
(Nominee - Pak Brunei Investment Company Limited)

Executive Management
Mr. Zafar Mahmood
Mr. Khalid Mumtaz Qazi
Mr. Imran Afzal
Mr. Umar Iqbal
Mr. Aamir Jamil
Mr. Muhammad Yahya Khan

Chief Financial Officer
Syed Sajid Nasim

Company Secretary
Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit
Mr. Nabeel Ahmad Khan

Audit Committee
Mr. Javed Saleem Arif - Chairman
Mr. Tariq Ahmad Khan - Member
Mr. Abdul Jaleel Shaikh - Member

Human Resource & Remuneration Committee
Ms. Parveen Akhter Malik - Chairperson
Mr. M. Saeed-uz-Zaman - Member
Mr. Zafar Mahmood - Member

External Auditors
EY Ford Rhodes
Chartered Accountants

Legal Advisor
Cornelius, Lane & Mufti
Advocates & Solicitors

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

Bankers
The Bank of Punjab
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Samba Bank Limited
Pak Brunei Investment Company Limited
Soneri Bank Limited
Askari Bank Limited
National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
Bank Alfalah Limited

Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited

Registered Office / Factory
14.8 km., Sheikhupura-Faisalabad Road,
Bhikhi, District Sheikhupura, Pakistan.
Tel: +92 56 3883001-7
Fax: +92 56 3883010
Cell: +92 301-8221151, 301-8483950

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

Website
www.nimir.com.pk

VISION & MISSION STATEMENTS

Our Vision

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

Our Mission

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

CHAIRMAN'S MESSAGE

After showing a strong economic growth of nearly 5.22% in 2017, the global economy slowed thereafter, which, as per current data reduce to 3.3% in 2019. This slowdown is attributed to multiple factors; including, amongst other, rising trade tensions and tariff hikes between the US and China, which is the biggest risk to financial stability in the Eurozone. In contrast, however, some developing economies may benefit from this trade diversion as prices of certain targeted goods may rise in the US and China.

In Pakistan, the fiscal year (FY) 2019 posed many challenges for the overall economy. During the year, the Government entered into an IMF program and tightened its monetary policy. As a result, significant increase has been witnessed in interest rates; which coupled with a sharp devaluation of PKR and high inflation has had negative impact on the growth of the industrial sector. The GDP growth in the current year has reduced to 3.3% against a target of 6.2%. The industrial sector growth remained at 1.40% against a target of 7.6%. However, the Government has been successful in narrowing the gap in balance of payments, primarily by curbing imports.

The management of your Company has been vigilant of the situation prevailing in the country, and by taking appropriate measures, it achieved progress in its top line as well as profitability. However, the economic slowdown and high interest cost may have a negative impact on the profitability of the Company in the coming FY.

Despite the prevalent situation, it is by the grace of God and the constant dedication of the management, team and staff at Nimir Industrial Chemicals Limited that has led the Company in becoming one of the fastest growing companies in Pakistan's Chemical Sector.

I wish the Company continued success in meeting new challenges.

Muhammad Saeed-uz-Zaman
Chairman

CEO'S MESSAGE

There have been various adverse developments on overall business environment throughout the financial year (FY) ended June 30, 2019. Rapid decline in the value of currency, substantial increase in policy rate, higher inflation and increased cost of utilities resulted in significant increase in financial and energy costs for the Company. Regardless of these adversities, Nimir Industrial Chemicals Limited maintained its momentum of progress and posted encouraging growth in its top-line and profits.

With a consolidated sale turnover of PKR 20 billion (up by 26% from last year), the Company posted consolidated profit of PKR 966 million on its bottom line during the year ended June 30, 2019; representing a 21% increase year on year.

The Company completed most of the plant upgradation and expansion activities and successfully commissioned during the year, which contributed towards higher production and improvement in efficiencies. As a result, the standalone sale revenue of the Company grew to nearly PKR 15 billion (up by 23%) and net profit of the Company grew to PKR 810 million (up by 16%). Consequently, the Company declared 30% cash dividend to its shareholders for the FY 2019.

In the current budget, the Government has made some serious efforts for the documentation of the economy. With tough budgetary measures, high interest rate and rising inflation, the country facing with an inevitable economic slowdown. Hence, the expansion of the Chlor Alkali and Power Generation Project remained stagnant. Nonetheless, we remain committed to the Project and will decide thereupon after critically evaluating the business situation. Though very challenging, we are committed to maximize Company's turnover and improve profitability in the FY 2020, Insha'Allah.

I would like to thank our management, team and staff for their tireless efforts, without which none of the present and future success is possible.

Zafar Mahmood
Chief Executive Officer

ACCREDITATIONS

Sedex is a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains.

The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004 with the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

Good Manufacturing Practices (GMP) in accordance with
ISO 22716 : 2007 - Guidelines for Cosmetics

ISO 9001:2015 Certification
(Quality Management System)

Cert. No. HAL/ 057
www.ri-ca.org

IT IS HEREBY CERTIFIED THAT THE FOLLOWING PRODUCTS

SOAP NOODLE, GLYCERIN, STEARIC ACID & FINISHED SOAP

ARE IN COMPLIANCE WITH THE ISLAMIC SHARIAH (GUIDELINES), GLOBAL HALAL MANAGEMENT SYSTEM, IHI ALLIANCE-MALAYSIA (GHMS), PAKISTAN HALAL STANDARD (PS-3733:2016) AND UNDER THE SUPERVISION OF SHARIAH BOARD. THE PRODUCT CONTAINS HALAAL INGREDIENTS AND COMPLIES WITH THE ISLAMIC SHARIAH LAW, THEREFORE, IS LAWFUL FOR MUSLIM CONSUMPTION.

CORE BUSINESS AT A GLANCE

Distilled Fatty Acid / Oleo Chemicals

- Soap noodles
- Stearic Acid
- Glycerine

Soap Noodles (Palm Bright)

- Toilet soap

Stearic Acid (Double & Triple Press)

- Tyre and Rubber
- Textile Softener
- Metal Polishing
- Plastic
- Cosmetics
- Soap

Glycerine

- Pharmaceutical
- Alkyd Resin
- Tobacco
- Cosmetics

Caustic Soda

Sodium Hypochlorite

Hydrochloric Acid

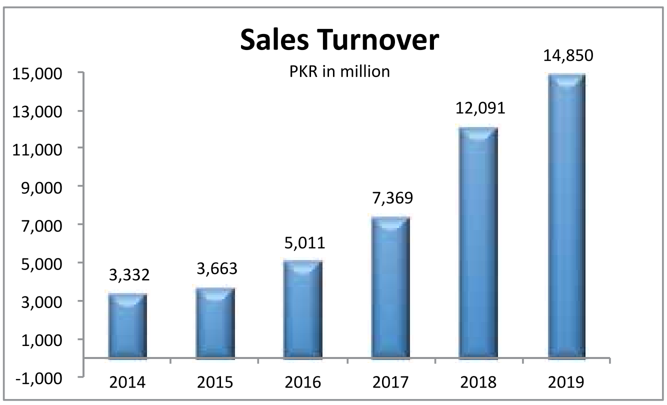
- Textile Sector
- Cleaning & Bleaching
- Steel

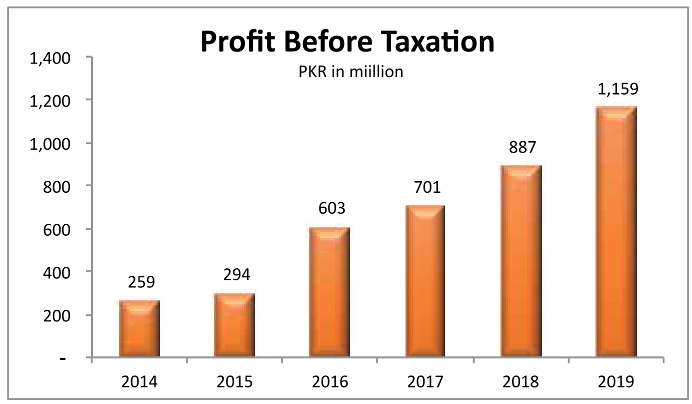
Soap Bars

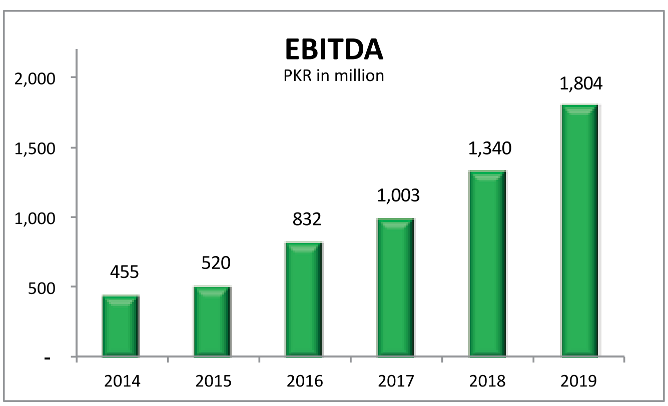
- Third party toilet soap finishing and packing facility

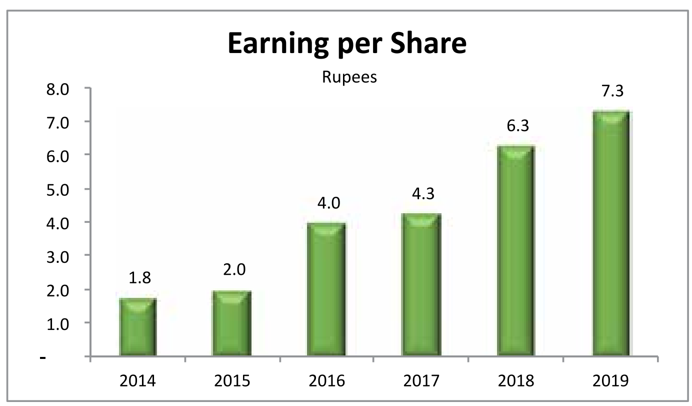
OUR PERFORMANCE

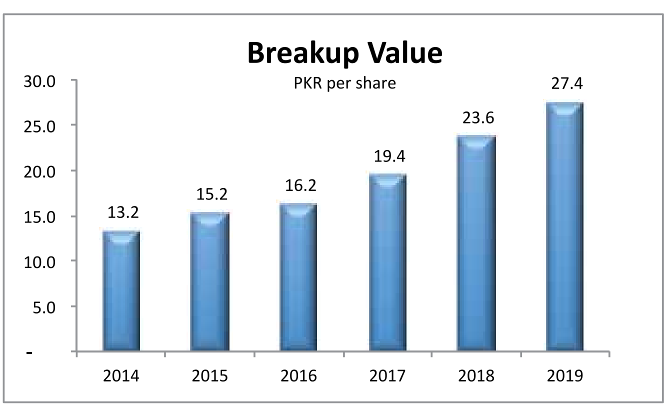
	2014	2015	2016	2017	2018	2019
			Rupees in million			
Sales Turnover	3,332	3,663	5,011	7,369	12,091	14,850
Gross Profit	513	561	972	1,065	1,549	2,030
Profit before taxation	259	294	603	701	887	1,159
EBITDA	455	520	832	1,003	1,340	1,804
Long term loans and leases	276	166	348	354	480	592
Equity	1,459	1,681	1,788	2,144	2,615	3,035
Number of Shares (in Millions)	111	111	111	111	111	111
Breakup value per share - Rupees	13.2	15.2	16.2	19.4	23.6	27.4
Earning per share - Rupees	1.8	2.0	4.0	4.3	6.3	7.3

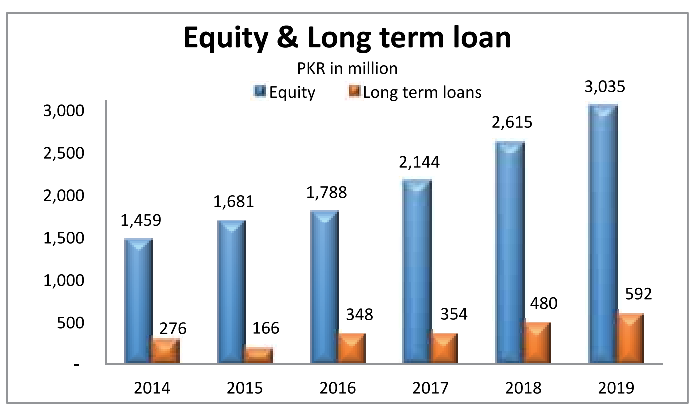








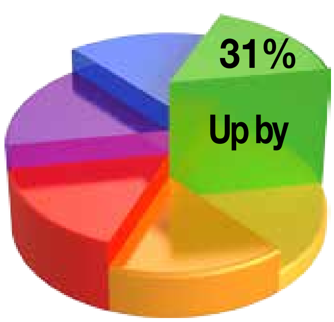




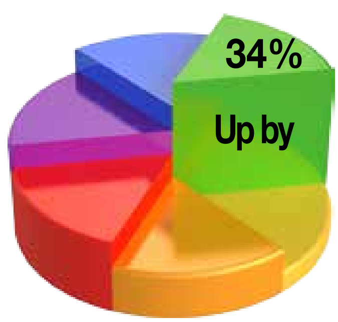
YEAR AT A GLANCE 2019

	2018	2019
	Rupees in million	
Net Sales	12,091	14,850
Gross Profit	1,549	2,030
Operating Profit	1,295	1,733
Profit before taxation	887	1,159
Profit after taxation	696	810
Net Worth	2,615	3,035
Long Term Loans and Leases	480	592
Total Assets	7,588	8,514
Breakup value per share - Rupees	23.6	27.4
Earning per share - Rupees	6.3	7.3

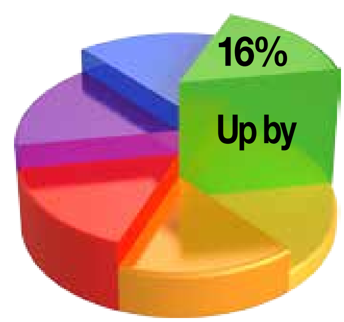
Financial Highlights



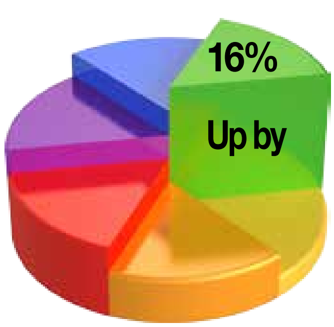
Gross Profit



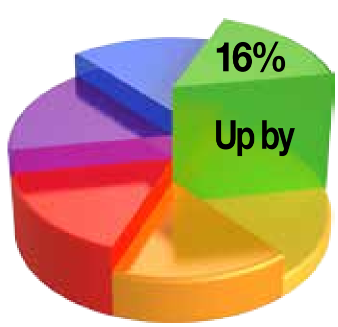
Opertaing Profit



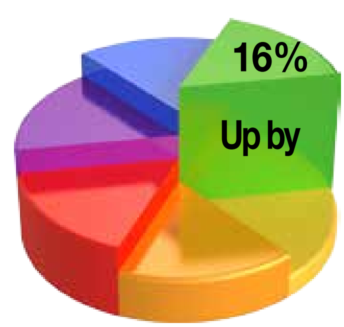
Profit After Taxation



Net Worth



Break-up Value Per Share



Earning Per Share

HORIZONTAL & VERTICAL ANALYSIS

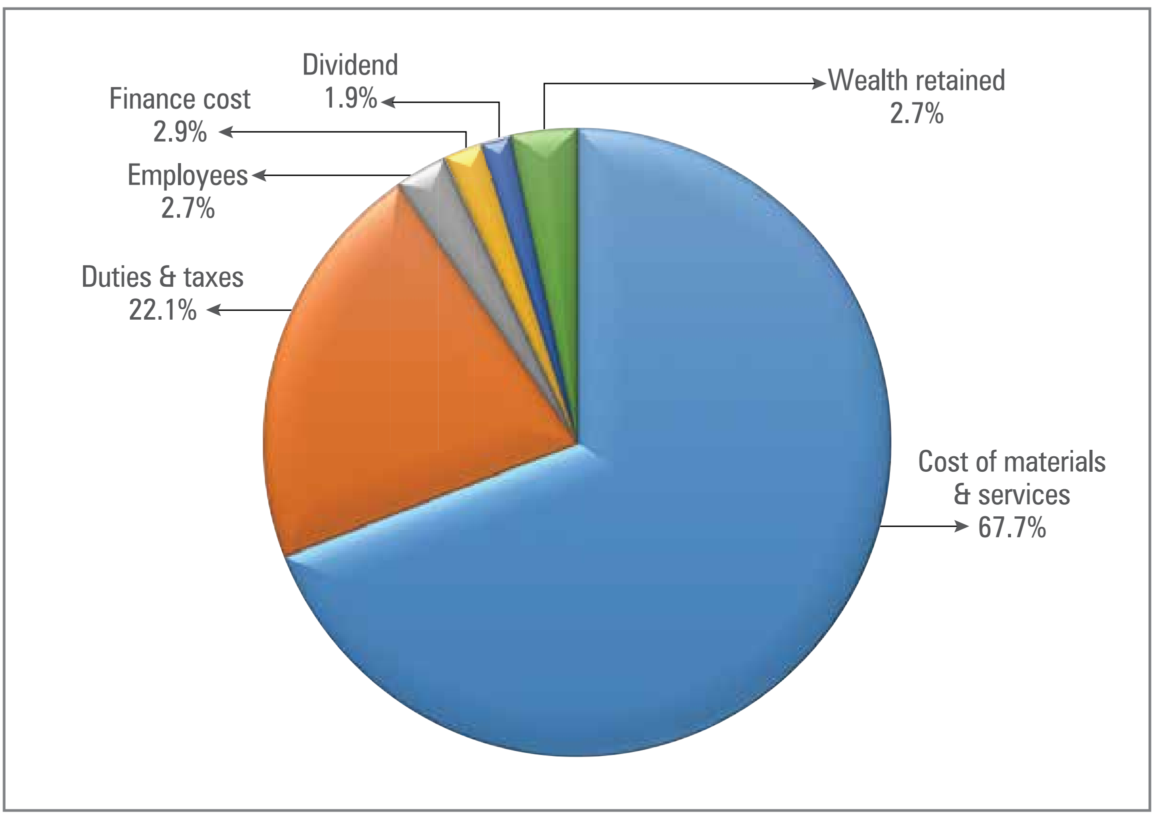
	2014	2015	2016	2017	2018	2019
			Rupees in million			
BALANCE SHEET						
Non Current Assets	1,583	1,659	2,063	2,548	2,862	3,438
Current Assets	1,040	1,494	1,966	2,926	4,726	5,076
TOTAL ASSETS	2,623	3,153	4,029	5,474	7,588	8,514
Share Capital and Reserves	1,459	1,681	1,788	2,144	2,615	3,035
Non Current Liabilities	318	273	458	567	699	913
Current Liabilities	846	1,199	1,784	2,763	4,274	4,566
TOTAL EQUITY AND LIABILITIES	2,623	3,153	4,029	5,474	7,588	8,514
PROFIT & LOSS ACCOUNT						
Sales- Net	3,332	3,663	5,011	7,369	12,091	14,850
Cost of Sales	2,819	3,103	4,039	6,304	10,542	12,821
Gross Profit	513	561	972	1,065	1,549	2,029
Distribution & Administration Cost	145	149	207	230	254	296
Operating Profit	368	412	765	835	1,295	1,733
Other Expenses/ (Income)	25	4	47	(11)	115	69
Finance Cost	81	106	91	135	204	359
Foreign Exchange Loss	3	8	24	10	89	146
Profit before Taxation	259	294	603	701	887	1,159
Taxation	65	72	163	229	192	349
Other Comprehensive Loss	0.2	0.2	2	4	4	3
Net Comprehensive income for the Year	194	222	439	467	692	807

Horizontal Analysis						Vertical Analysis					
2014	2015	2016	2017	2018	2019	2014	2015	2016	2017	2018	2019
percentage change from last year						percentage					
38.52	4.79	24.35	23.52	12.34	20.12	60.36	52.61	51.19	46.54	37.72	40.38
(0.27)	43.69	31.62	48.82	61.50	7.40	39.64	47.39	48.81	53.46	62.28	59.62
20.01	20.21	27.79	35.87	38.62	12.20	100.00	100.00	100.00	100.00	100.00	100.00
15.37	15.19	6.38	19.94	21.94	16.06	55.63	53.31	44.37	39.17	34.46	35.65
82.72	(13.88)	67.37	23.88	23.30	30.64	12.11	8.67	11.36	10.36	9.21	10.73
13.29	41.66	48.79	54.92	54.70	6.82	32.26	38.02	44.27	50.47	56.33	53.63
20.01	20.21	27.79	35.87	38.62	12.20	100.00	100.00	100.00	100.00	100.00	100.00
10.97	9.96	36.78	47.06	64.08	22.82	100.00	100.00	100.00	100.00	100.00	100.00
12.79	10.07	30.18	56.08	67.22	21.62	84.61	84.69	80.60	85.55	87.19	86.33
1.94	9.35	73.30	9.58	45.48	30.99	15.39	15.31	19.40	14.45	12.81	13.67
5.86	2.65	39.22	11.23	10.30	16.49	4.35	4.06	4.13	3.13	2.10	1.99
0.48	11.99	85.61	9.13	55.19	33.84	11.04	11.25	15.26	11.33	10.71	11.67
(5.29)	(85.11)	1,170.9	(124.4)	(1,108.4)	(40.0)	0.74	0.10	0.93	(0.16)	0.95	0.47
(16.82)	31.98	(14.87)	49.61	50.82	76.00	2.42	2.90	1.81	1.84	1.69	2.42
(68.55)	131.24	210.31	(59.42)	805.14	64.98	0.10	0.21	0.48	0.13	0.73	0.98
11.50	13.49	105.04	16.15	26.58	30.61	7.78	8.03	12.04	9.51	7.34	7.80
(38.48)	12.13	124.52	40.94	(16.48)	81.94	1.94	1.98	3.25	3.11	1.58	2.35
(76.83)	(22.54)	782.01	162.33	(12.63)	(23.94)	0.01	0.01	0.03	0.06	0.03	0.02
53.81	13.99	98.09	6.41	48.10	16.69	5.83	6.05	8.76	6.34	5.72	5.44

WEALTH GENERATED AND DISTRIBUTED

FOR THE YEAR ENDED JUNE 2019

	2019	
	RKR in million	Percentage
Wealth Generated		
Sales with sales Tax	17,386	99.9%
Other operating profit	17	0.1%
	17,403	100%
Distribution of Wealth		
Cost of materials & services	11,786	67.7%
Duties & taxes	3,839	22.1%
Employees	466	2.7%
Finance cost	506	2.9%
Dividend	332	1.9%
Wealth retained	475	2.7%
	17,403	100.0%



KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2014	2015	2016	2017	2018	2019
			Rupees in million			
Net Sales	3,332	3,663	5,011	7,369	12,091	14,850
Gross Profit	513	561	972	1,065	1,549	2,030
Operating Profit	368	412	765	835	1,295	1,733
Profit before taxation	259	294	603	701	887	1,159
Profit after taxation	195	222	441	471	696	810
EBITDA	455	520	832	1,003	1,340	1,804
Paid-up Capital	1,106	1,106	1,106	1,106	1,106	1,106
Net Worth	1,459	1,681	1,788	2,144	2,615	3,035
Long Term Loans and Leases	276	166	348	354	480	592
Current Liabilities	846	1,199	1,784	2,763	4,274	4,566
Current Assets	1,040	1,494	1,966	2,926	4,726	5,076
Total Assets	2,623	3,153	4,029	5,474	7,588	8,514
Breakup value per share - Rupees	13.2	15.2	16.2	19.4	23.6	27.4
Earnings per share - Rupees	1.8	2.0	4.0	4.3	6.3	7.3
Current Ratio	1.23 : 1.0	1.25 : 1.0	1.1 : 1.0	1.06 : 1.0	1.11 : 1.0	1.11 : 1.0
Lont Terms Debt to Equity Ratio	16 : 84	9 : 91	16 : 84	14 : 86	16 : 84	16 : 84
Interest Coverage Ratio	4.22	3.77	7.67	6.17	5.34	4.22

FINANCIAL STATEMENTS - SEPARATE

FOR THE YEAR ENDED JUNE 30, 2019

DIRECTORS' REPORT

The Directors take pleasure in presenting 26th Annual Report of your Company, together with the Audited Financial Statements for the year ended June 30, 2019.

Performance of the Company's Business:

Business conditions during the year remained extremely difficult. Uncertain economic conditions, intermittent and sharp decline in Pak Rupee against major currencies, hike in the utility prices and increase in policy rates; all had an adverse impacts on the business.

In these challenging economic conditions, your Company stayed resilient in its intent to perform and delivered and posted remarkable results on the back of increased sales and profitability during the current financial year, surpassing all pervious years. The operating results of the FY 2019 are summarized as follows:

	2019	2018	Increase
	PKR Million		% age
Sales Revenue	14,850	12,091	23%
Gross Profit	2,030	1,549	31%
Operating Profit	1,733	1,295	34%
Profit after Tax	810	696	16%
Earnings per share (Rs.)	7.33	6.29	16%

The Company's sales revenue was recorded at Rs. 14.8 billion, driven mainly by increased sales volume and prices. Owing to this increase, the Company earned gross profit of Rs. 2,030 million and operating profit of Rs. 1,733 million showing an increase of 31% and 34% respectively; year on year.

Foreign exchange loss of Rs. 146 million is mainly on account of depreciation of Pak Rupee during the current financial year. Finance cost increased by Rs. 155 million primarily due to increase in discount rate and enhanced working capital after PKR devaluation.

Current year taxation is much higher from last year mainly on account of reduction in tax rebate on BMR on new capital investments under section 65(b) of the Income Tax Ordinance 2001 from 10% to 5% and freezing of tax rate of future years at 29% which was to be brought down to 25% in the next four years.

With increased operating profit, the Company posted net profit of Rs. 810 million (Rs. 696 million in year 2018) showing an increase of 16% year on year. The Earning Per Share (EPS) also increased to Rs. 7.33 per share against Rs. 6.29 per share earned during last year.

Credit Rating:

As a result of continuous improvement in Company's financial position, PACRA (Pakistan Credit Rating Agency) has upgraded the credit rating of the Company to A+ for long term and A1 for short term.

Future Outlook

The current economic environment in the country is not encouraging for the businesses. The tough budgetary decisions for the documentation of economy, high interest rate, inflation and overall slowdown would seriously affect overall businesses.

We will endeavor to minimize the effects of these strong head winds through maintaining operational efficiencies and cost savings. Furthermore, the management is continuously striving for diversification and explored the potential of setting up new business of aerosols (body sprays, air fresheners, insect sprays etc.) along with further expansion of soap finishing and BMR project for cost saving and improving efficiencies. The board of directors have approved fresh capital investment of Rs.800 million for these projects. These projects would be completed during the current financial year.

Summary of Key operating and financial data of last six financial years

Summary of key operating and financial data of last six years is annexed.

Outstanding statutory payments

All outstanding payments are of nominal and routine nature.

Gratuity Scheme

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

Board of Directors

Election of Directors was held in December 2018 to elect seven directors in which the following directors were elected:

1. Mr. Muhammad Saeed Uz Zaman
2. Mr. Javed Saleem Arif
3. Mr. Khalid Mumtaz Qazi
4. Mr. Umar Iqbal
5. Ms. Parveen Akhtar Malik
6. Brig. (R) Waseem Zafar Iqbal
7. Mr. Muhammad Iqbal

Mr. Zafar Mahmood was appointed as the Chief Executive Officer and Mr. Abdul Jaleel Sheikh was reappointed on the Board as Nominee of Pak Brunei Investment Company Limited. Brig. (R) Waseem Zafar Iqbal resigned from the Board and the casual vacancy was filled by the appointment of Mr. Tariq Ahmad Khan as director for the remaining term of Office.

Currently the Board of Directors comprises of eight (8) male and one (1) female member. Six are non- executive (including three independent) and three executive directors.

During the year under review, Six (6) Board, Four (4) Audit Committee and Two (2) Remuneration Committee meetings were held. Names of persons who, at any time during the financial year were directors of the Company along with their attendance are as follow:

Name of Director	Board of Directors	Audit Committee	HR & Remuneration Committee
Muhammad Saeed-uz-Zaman	6	2	2
Zafar Mahmood	5		2
Khalid Mumtaz Qazi	3		
Umar Iqbal	3		
Parveen Akhter Malik	3		
Javed Saleem Arif	6	4	
Tariq Ahmad Khan	2	2	
Abdul Jaleel Shaikh	6	4	
Mohsin Tariq	1		
Saqib Raza	3		
Imran Afzal	2		
Aamir Jamil	3		
Abdul Jalil Jamil	3		
Muhammad Yahya Khan	3		2

Leaves of absence were granted to directors who could not attend some of the meetings.

During the year Mr. Muhammad Saeed uz Zaman and Mr. Tariq Ahmad Khan got training under Directors' Training Program (DTP).

The Board has two sub committees namely Audit Committee and Human Resource and Remuneration Committee. The Board reconstituted the audit and HR committees in its meeting held on January 12, 2019. The composition of these two committees are as under:

Audit Committee:

1.	Mr. Javed Saleem Arif	(Independent)	Chairman
2.	Mr. Tairq Ahmad Khan	(Independent)	Member
3.	Mr. Abdul Jaleel Shaikh	(Non-Executive)	Member

Human Resource and Remuneration Committee:

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

Remuneration of Non-Executive, Independent and Nominee Directors

Non-executive, independent and nominee directors are entitled only for fee for attending the meetings.

Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of the Pakistan Stock Exchange Limited in the country, the board of Directors is pleased to state as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

- Key operating and financial data for the last 6 years is annexed.

- Outstanding taxes and levies are given in the notes to the financial statements

The management of the Company is committed towards good corporate governance, and taking all appropriate measures to comply with best practices and also continuously reviewing the system of internal control in the light of Companies Act 2017.

Corporate Social Responsibilities

The Company recognizes its social responsibilities as a key member of the community. It is committed to contribute its resources for the better environment with an unprejudiced approach. Its safety, health and environmental (SHE) policies are geared towards unbiased betterment of employees and community.

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

Parent Company

The parent Company (Nimir Resources Private Limited), which had filed an application with Securities and Exchange Commission of Pakistan of voluntary winding up, has been wound up during the year and the shares of Nimir Industrial Chemicals Limited held by Nimir Resources Private Limited have been transferred to its sponsors, who have made a consortium through an agreement to control the Company.

Internal Financial Control

The system of internal control is sound in design and has been effectively implemented and monitored.

External Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s EY Ford Rhodes, Chartered Accountants as external auditor of the Company for the year ending June 30, 2020.

Dividend / Bonus Shares

The Board has recommended Rs. 1.50 per share final cash dividend for the year ended June 30, 2019. The Board had earlier declared and paid interim cash dividend of Rs. 1.50 per share. The total cash dividend for the year remained Rs. 3.00 per share (30%).

Pattern of Shareholding

A pattern of shareholding of the Company is annexed. There was no trading in the shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary, Company Executive and their spouses and minor children during the year except those which are mentioned in the annexed statement required under code of Code of Corporate Governance (CCG). Necessary returns in this respect filed with the regulatory authorities besides informing the Board and the stock exchange of the said transactions as required under the Code of Corporate Governance.

Acknowledgment

We are thankful to our valued stakeholders including customers, banks, suppliers, contractors and shareholders, regulators for their excellent support and confidence. We also thank our employees for their focused dedication and hard work throughout this period.

For and on behalf of the Board

Zafar Mahmood Chief Executive Officer	Khalid Mumtaz Qazi Director

Lahore
September 06, 2019

ڈائریکٹرز جو چند اجلاسوں میں شرکت نہیں کر سکتے تھے، کو غیر حاضری کی چھٹی دی گئی۔

سال کے دوران جناب محمد سعید الزمان اور جناب طارق احمد خان نے ڈائریکٹرز ٹریننگ پروگرام (DTP) کے تحت ٹریننگ حاصل کی۔

بورڈ کی دو ذیلی کمیٹیاں یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمنریشن کمیٹی ہیں۔ بورڈ نے 12 جنوری 2019 کو منعقدہ اپنے اجلاس میں آڈٹ کمیٹی کی دوبارہ تشکیل کی۔ ان دو کمیٹیوں کی ترتیب حسبِ ذیل ہے:

آڈٹ کمیٹی:

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

ہیومن ریسورس اینڈ ریمنریشن کمیٹی:

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

نان ایگزیکٹو، آزاد اور نامزد ڈائریکٹرز کا مشاہرہ

نان ایگزیکٹو، آزاد اور نامزد ڈائریکٹرز صرف اجلاس میں شرکت کی فیس کے اہل ہیں۔

کارپوریٹ گورننس

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

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

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

کارپوریٹ سماجی ذمہ داریاں

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

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

پیرنٹ کمپنی

پیرنٹ کمپنی (نمر ریسورسز پرائیویٹ لمیٹڈ)، جس نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ہاں رضاکارانہ وائنڈنگ اپ کی درخواست جمع کرائی تھی، سال کے دوران وائنڈ اپ ہوگئی ہے اور نمر ریسورسز پرائیویٹ لمیٹڈ کے ملکیتی نمر انڈسٹریل کیمیکلز لمیٹڈ کے حصص اس کے اسپانسرز کو منتقل کر دیئے گئے ہیں، جنہوں نے کمپنی کنٹرول کے ایک معاہدے کے ذریعے ایک کنسورشیم بنایا ہے۔

داخلی مالیاتی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

بیرونی محاسب

اس سال سبکدوش ہونے والے موجودہ محاسب میسرز ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈیویڈینڈ/ بونس شیئرز

بورڈ نے 30 جون 2019ء کو ختم ہونے والے سال کے لئے -/1.5 روپے فی شیئر (یعنی 15%) حتمی نقد منافع کی سفارش کی ہے۔ بورڈ پہلے ہی عبوری نقد ڈیویڈینڈ کل -/1.5 روپے فی شیئر (یعنی 15%) کا اعلان اور ادا کر چکا ہے۔ سال کے لئے کل نقد ڈیویڈینڈ -/3 روپے فی شیئر (یعنی 30%) رہا۔

نمونہءحصص داری

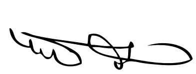
کمپنی کا نمونہء حصص داری منسلک ہے۔ سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، کمپنی ایگزیکٹو اور ان کے زوج اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی گئی، ماسوائے جس کا ذکر کوڈ آف کارپوریٹ گورننس (سی سی جی) کے ضابطہ کے تحت درکار منسلکہ بیان میں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

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

اعتراف

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

منجانب بورڈ



ظفر محمود
چیف ایگزیکٹو آفیسر

خالد ممتاز قاضی
ڈائریکٹر

06 ستمبر 2019ء
لاہور

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کے لئے آپ کی کمپنی کی 26 ویں سالانہ رپورٹ معہ تنقیح شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

کمپنی کے کاروبار کی کارکردگی

سال کے دوران کاروباری حالات بہت ہی کشیدہ رہے۔ غیر یقینی اقتصادی حالات، انٹرمیڈیٹ اور بڑی کرنسیوں کے مقابلے پاکستانی روپیہ کی قدر میں کمی، یوٹیلٹی قیمتوں میں اضافہ اور پالیسی شرحوں میں اضافہ، تمام نے کاروبار پر منفی اثرات ڈالے ہیں۔

ان مشکل اقتصادی حالات میں، آپ کی کمپنی اپنے عزم کی انجام دہی اور ڈیلیوری کے لئے لچک دار رہی اور رواں مالی سال کے دوران گزشتہ تمام سالوں سے زیادہ فروخت اور منافع یابی کی پشت پر قابل ذکر نتائج درج کئے ہیں۔

مالی سال 2019 کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

	2019	2018	اضافہ
	روپے ملین		اوسط فیصد
فروخت آمدنی	14,850	12,091	23%
مجموعی منافع	2,030	1,549	31%
آپریٹنگ منافع	1,733	1,295	34%
ٹیکس کے بعد منافع	810	696	16%
فی شیئر آمدنی (روپے)	7.33	6.29	16%

کمپنی کی فروخت کی آمدنی بنیادی طور پر فروختی حجم اور قیمتیں بڑھ جانے کی وجہ سے 14.8 بلین روپے درج کی گئی۔ اس اضافہ کی وجہ سے، کمپنی نے 2,030 ملین روپے کا مجموعی منافع اور 1,733 ملین روپے کا آپریٹنگ منافع کمایا، جو سال بہ سال بالترتیب 31 فیصد اور 34 فیصد اضافہ ظاہر کر رہا ہے۔

موجودہ مالی سال کے دوران پاکستانی روپے کی قدر میں کمی کی وجہ سے غیر ملکی زرمبادلہ کی مد میں 146 ملین روپے کا نقصان ہوا ہے۔ علاوہ ازیں پاکستانی روپیہ کی قدر میں کمی، زیادہ ورکنگ کیپٹل اور ڈسکاؤنٹ شرح میں اضافے کی وجہ سے فنانس لاگت میں 155 ملین روپے کا اضافہ ہوا۔

انکم ٹیکس آرڈیننس 2001 کی دفعہ 65(b) کے تحت بی ایم آر کے لئے نئی کیپٹل سرمایہ کاری پر 10% سے 5% ٹیکس چھوٹ میں کمی کی بابت موجودہ سال کا ٹیکس گزشتہ سال سے بہت زیادہ ہے۔

آپریٹنگ منافع بڑھنے کے ساتھ، کمپنی نے 810 ملین روپے کا خالص منافع درج کیا (سال 2018 میں 696 روپے) جو سال بہ سال 16 فیصد کا اضافہ ظاہر کر رہا ہے۔ گزشتہ سال کے دوران 6.29 روپے فی شیئر آمدنی کے مقابلے اس سال فی شیئر آمدنی (EPS) بھی 7.33 روپے تک بڑھ گئی۔

کریڈٹ ریٹنگ:

زیر جائزہ سال کے دوران، کمپنی کو پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی طرف سے نئی طویل مدت کے لئے A+ اور مختصر مدت کے لئے A1 کی کریڈٹ ریٹنگ تفویض کی گئی۔

مستقبل کا نقطہ نظر

ملک میں موجودہ اقتصادی ماحول کاروبار کے لئے حوصلہ افزا نہیں ہے۔ اقتصادی ڈاکومنٹیشن کے لئے بجٹ میں سخت فیصلوں، اعلیٰ شرح سود اور مجموعی سست روی نے مجموعی کاروبار کو شدید متاثر کرے گی۔ کلور الکلی اور پاور ایکسپنشن پراجیکٹ پر سرگرمی ساکت رہی۔ ہم حالات کی تشخیص کر رہے ہیں اور ملکی ماحول کے بغور جائزہ کے بعد پراجیکٹ کو آگے بڑھائیں گے۔

ہم کوشش کریں گے کہ آپریشنل استعداد کار اور لاگت کی بچت کو برقرار رکھتے ہوئے ان تیز ہواؤں کے اثرات کو کم سے کم کریں۔ مزید برآں، انتظامیہ لاگت کی بچت اور استعداد کار کو بہتر بنانے کے لئے صابن سازی اور بی ایم آر پراجیکٹ میں مزید توسیع کے ساتھ ساتھ ایروسولز (باڈی اسپریز، ایئر فریشنرز، کیڑے مکوڑے مار سپرے وغیرہ) کے نئے کاروبار کے امکانات کی تلاش اور تنوع کے لئے مسلسل کوشش کر رہی ہے۔ بورڈ آف ڈائریکٹرز نے ان منصوبوں کے لئے 800 ملین روپے کی نئی سرمایہ کاری کی منظوری دے دی ہے۔ یہ منصوبے رواں مالی سال کے دوران مکمل ہو جائیں گے۔

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

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

بقایا قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

گریجویٹی سکیم

کمپنی نے اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 12 پر درج، فنڈڈ گریجویٹی سکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

سات ڈائریکٹرز کے انتخاب کے لئے ڈائریکٹرز کے انتخابات دسمبر 2018 میں منعقد ہوئے جس میں مندرجہ ذیل ڈائریکٹرز کا انتخاب کیا گیا:

1۔ جناب محمد سعید الزمان۔
2۔ جناب جاوید سلیم عارف۔
3۔ جناب خالد ممتاز قاضی
4۔ جناب عمر اقبال۔
5۔ محترمہ پروین اختر ملک۔
6۔ بریگیڈیر (ر) وسیم ظفر اقبال۔
7۔ جناب محمد اقبال۔

جناب ظفر محمود کو چیف ایگزیکٹو آفیسر اور جناب عبدالجلیل شیخ کو پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ کے نامزد کی حیثیت سے بورڈ پر دوبارہ مقرر کیا گیا۔ بریگیڈیر (ر) وسیم ظفر اقبال کے بورڈ سے استعفیٰ دینے کے بعد جناب طارق احمد خان کی بطور ڈائریکٹر دفتر کی باقی مدت کے لئے تقرری سے عارضی طور پر خالی آسامی کو پُر کیا گیا۔

فی الحال بورڈ آٹھ (8) مرد اور ایک (1) خاتون ڈائریکٹر پر مشتمل ہے۔ ان نو (9) ڈائریکٹرز میں سے چھ نان ایگزیکٹو (بشمول تین آزاد) اور تین ایگزیکٹو ڈائریکٹر ہیں۔

زیر جائزہ سال کے دوران چھ (6) بورڈ، چار (4) آڈٹ کمیٹی اور دو (2) ریمنریشن کمیٹی کے اجلاس منعقد ہوئے۔ اشخاص کے نام جو مالی سال کے دوران کسی بھی وقت میں کمپنی کے ڈائریکٹرز تھے معہ ان کی حاضری حسب ذیل ہیں:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریمنریشن کمیٹی
محمد سعید الزمان	6	2	2
ظفر محمود	5		2
خالد ممتاز قاضی	3		
عمر اقبال	3		
پروین اختر ملک	3		
جاوید سلیم عارف	6	4	
طارق احمد خان	2	2	
عبدالجلیل شیخ	6	4	
محسن طارق	1		
ثاقب رضا	3		
عمران افضل	2		
عامر جمیل	3		
عبدالجلیل جمیل	3		
محمد یحییٰ خان	3		2

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED JUNE 30, 2019

Name of Company : Nimir Industrial Chemicals Limited
Year ended : June 30, 2019

Nimir Industrial Chemicals Limited (the "Company") has complied the requirement of the Regulations in the following manner:

Note : The Board was reconstituted after the elections in December 2018.

1. The total number of directors is 09 as detailed below:

   a. Male : 08
   b. Female : 01

2. The composition of the board is as follows:

   a. Executive Directors : 03
   b. Independent Directors : 03
   c. Other Non-Executive Directors : 03

Name	Category
Mr. Muhammad Saeed uz Zaman	Non- Executive Director
Mr. Zafar Mahmood	Executive Director
Mr. Umar Iqbal	Executive Director
Mr. Khalid Mumtaz Qazi	Executive Director
Mr. Javed Saleem Arif	Independent Director
Mr. Tariq Ahmed Khan	Independent Director
Ms. Parveen Akhter Malik	Independent Director
Mr. Muhammad Iqbal	Non- Executive Director
Mr. Abdul Jaleel Shaikh	Non- Executive Director

3. The directors have confirmed that none of them is serving as a director on more than five listed companies (as applicable), including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. During the year Mr. Muhammad Saeed uz Zaman and Mr. Tariq Ahmad Khan got trained under Directors' Training Program.

10. The board has approved appointment of CFO including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Company Secretary and Head of Internal Audit have remained unchanged during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

   I. Audit Committee:
   i. Mr. Javed Saleem Arif – Chairman
   ii. Mr. Tariq Ahmad Khan
   iii. Mr. Abdul Jaleel Shaikh

II. HR and Remuneration Committee:

i. Ms. Parveen Akhter Malik – Chairperson
ii. Mr. Muhammad Saeed uz Zaman
iii. Mr. Zafar Mahmood

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half-yearly/yearly) of the committees were as per following:

I. Audit Committee

Four quarterly meetings were held during the financial year ended June 30, 2019.

II. HR & Remuneration Committee

Two meetings were held during the financial year ended June 30, 2019.

15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

For Nimir Industrial Chemicals Limited

Muhammad Saeed uz Zaman Chairman	Zafar Mahmood Chief Executive Officer

Lahore
September 06, 2019

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CCG

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nimir Industrial Chemicals Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

EY Ford Rhodes

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

Lahore
September 12, 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Opinion

We have audited the annexed financial statements of Nimir Industrial Chemicals Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Revenue Recognition	
As described in note 5.11 and note 28, the Company generates revenue from several types of products and services including the two major categories i.e. oleo chemicals and chlor alkali. During the year ended 30 June 2019, the Company generated total revenue of Rs. 14.85 billion which represents approximately 23% increase as compared to last year. The revenue recognition is identified as a key audit matter due to its significance as key indicator for performance of management and raises the risk that revenue could be misstated to meet targets.	Our audit procedures amongst others included the following: Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof. On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period. Performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales, seasonal and market patterns. Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures. Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents. Ensured the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

2. Tax Contingencies	
As disclosed in note 14 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The aggregate amounts involved in such contingencies is Rs. 372.7 million as of 30 June 2019. The tax contingencies require the management to make judgements and estimates in relation to the interpretation of tax laws and regulations that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex.	We assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of on-going inspections by local tax authorities. We obtained explanations from management and corroborative evidence including communication with local tax authorities and confirmations of external tax advisors. We gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes. We analyzed and challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 14 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants

Lahore
September 12, 2019

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
145,000,000 (2018: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	6	1,105,905,460	1,105,905,460
Unappropriated profit - Revenue reserve		1,928,979,050	1,508,958,521
		3,034,884,510	2,614,863,981
NON CURRENT LIABILITIES			
Long term loans	7	532,343,478	418,254,615
Liabilities against assets subject to finance lease	8	59,336,054	61,938,930
Deferred tax liability	9	321,621,058	218,877,025
		913,300,590	699,070,570
CURRENT LIABILITIES			
Trade and other payables	10	914,306,757	876,394,614
Contract liabilities	11	33,545,653	34,571,678
Net defined benefit liability - funded gratuity	12	75,287,437	56,710,402
Mark up accrued		81,770,711	35,916,282
Unclaimed dividend		7,467,502	5,849,713
Short term borrowings	13	2,849,881,343	2,774,291,313
Current maturity of long term loans	7	242,302,967	174,159,225
Current maturity of liabilities against assets subject to finance lease	8	22,969,840	46,186,411
Provision for taxation		338,310,955	270,369,019
		4,565,843,165	4,274,448,657
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		8,514,028,265	7,588,383,208
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	3,122,888,130	2,553,191,606
Intangibles	16	283,024	962,275
Investment in subsidiary	17	281,852,260	281,852,260
Long term deposits	18	33,124,772	26,285,362
		3,438,148,186	2,862,291,503
CURRENT ASSETS			
Stores, spare parts and loose tools	19	203,644,477	141,338,878
Stock in trade	20	2,466,535,948	2,258,597,477
Trade debts	21	1,757,640,119	1,621,680,980
Loans and advances	22	71,135,001	77,639,694
Trade deposits and short term prepayments	23	3,488,942	28,103,403
Short term investment	24	8,200,000	-
Other receivables	25	15,955,234	64,059,950
Tax refunds due from the Government	26	518,521,706	528,225,358
Cash and bank balances	27	30,758,652	6,445,965
		5,075,880,079	4,726,091,705
TOTAL ASSETS		8,514,028,265	7,588,383,208

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Revenue from contracts with customers - net	28	14,850,121,491	12,091,241,959
Cost of sales	29	(12,820,522,822)	(10,541,804,264)
Gross profit		2,029,598,669	1,549,437,695
Distribution costs	30	(102,301,780)	(86,670,051)
Administrative expenses	31	(193,802,828)	(167,528,649)
		(296,104,608)	(254,198,700)
Operating profit		1,733,494,061	1,295,238,995
Other expenses	32	(86,064,035)	(131,944,187)
Other income	33	16,985,246	16,734,751
Foreign exchange loss	34	(146,264,583)	(88,657,880)
Finance cost	35	(359,497,488)	(204,254,459)
Profit before taxation		1,158,653,201	887,117,220
Taxation	36	(348,556,229)	(191,582,093)
Profit after taxation		810,096,972	695,535,127
Earnings per ordinary share - basic and diluted	37	7.33	6.29

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
Profit after taxation		810,096,972	695,535,127
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	12.4	(4,093,370)	(5,381,443)
Income tax effect		1,187,077	1,560,619
Re-measurement losses on defined benefit plan - net		(2,906,293)	(3,820,824)
Total comprehensive income for the year		807,190,679	691,714,303

The annexed notes from 1 to 45 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit - Revenue reserve (Rupees)	Total (Rupees)
Balance as on July 1, 2017	1,105,905,460	1,038,425,310	2,144,330,770
Final dividend for 2017 @ Rs. 1 per share	-	(110,590,546)	(110,590,546)
Interim dividend for 2018 @ Rs. 1 per share	-	(110,590,546)	(110,590,546)
Profit after taxation	-	695,535,127	695,535,127
Other comprehensive loss	-	(3,820,824)	(3,820,824)
Total comprehensive income for the year	-	691,714,303	691,714,303
Balance as on 30 June 2018 - as previously reported	1,105,905,460	1,508,958,521	2,614,863,981
Effect of application of change in accounting policy resulting from adoption of IFRS 9 (note 2)	-	(103,239)	(103,239)
Balance as on 1 July 2018	1,105,905,460	1,508,855,282	2,614,760,742
Final dividend for 2018 @ Rs. 2 per share	-	(221,181,092)	(221,181,092)
Interim dividend for 2019 @ Rs. 1.5 per share	-	(165,885,819)	(165,885,819)
Profit after taxation	-	810,096,972	810,096,972
Other comprehensive loss	-	(2,906,293)	(2,906,293)
Total comprehensive income for the year	-	807,190,679	807,190,679
Balance as on 30 June 2019	1,105,905,460	1,928,979,050	3,034,884,510

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,158,653,201	887,117,220
Adjustment for:			
Depreciation	15.6	284,832,690	247,341,485
Amortization	16	679,251	791,488
Expected credit losses of trade debts	32	3,519,807	-
Impairment of property, plant and equipment	32	-	63,365,020
Mark-up expense		352,454,255	198,739,688
Loss on property, plant and equipment - written off	32	1,601,846	-
Reversal of provision against stock in trade		-	(4,619,258)
Provision for gratuity	12.3	15,333,219	10,973,769
Provision against refundable sales tax	32	-	5,339,850
Reversal of provision	33	(1,465,444)	(7,037,498)
Gain on disposal of property, plant and equipment	33	(4,296,386)	(3,267,392)
Exchange loss - unrealized	34.1	7,870,045	6,669,205
Workers' profit participation fund provision	32	61,979,779	47,517,827
Workers' welfare fund provision	32	18,962,603	15,721,490
		741,471,665	581,535,674
Operating profit before working capital changes		1,900,124,866	1,468,652,894
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(62,305,599)	28,964,404
Stock in trade		(207,938,471)	(979,363,164)
Trade debts		(139,582,185)	(638,240,966)
Loans and advances		6,504,693	(22,303,854)
Trade deposits and short term prepayments		24,614,461	(15,847,723)
Other receivables		48,104,716	(45,703,680)
Tax refunds due from the Government		3,748,500	67,099,224
		(326,853,885)	(1,605,395,759)
Increase / (decrease) in current liabilities			
Trade and other payables		19,212,608	456,687,141
Contract liabilities		(1,026,025)	19,471,916
		(308,667,302)	(1,129,236,702)
Cash generated from operations		1,591,457,564	339,416,192
Contribution to gratuity fund	12.4	(849,554)	(7,011,397)
Mark-up paid		(299,336,152)	(182,210,316)
Tax paid		(170,728,031)	(362,812,611)
Long term deposits		(6,839,410)	7,593,450
Workers' profit participation fund paid	10.3	(52,977,509)	(32,000,000)
Workers' welfare fund paid	10.4	(15,669,939)	(10,820,082)
		(546,400,595)	(587,260,956)
Net cash generated from / (used in) operating activities - Balance carried forward		1,045,056,969	(247,844,764)

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Balance brought forward		1,045,056,969	(247,844,764)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment - net		(193,360,791)	(18,039,510)
Additions in capital work in progress	15.7	(676,970,189)	(615,696,696)
Sale proceeds from disposal of property, plant and equipment	15.2	18,496,306	3,542,917
Short term investment		(8,200,000)	-
Net cash used in investing activities		(860,034,674)	(630,193,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		368,116,875	334,591,987
Long term loan repaid		(185,884,270)	(129,044,758)
Dividend paid		(385,449,122)	(217,747,169)
Repayment of liabilities against assets subject to finance lease		(65,348,121)	(38,042,502)
New leases acquired during the year		32,265,000	6,507,000
Short term borrowings - net		75,590,030	912,703,259
Net cash (used in) / generated from financing activities		(160,709,608)	868,967,817
Net increase / (decrease) in cash and cash equivalents		24,312,687	(9,070,236)
Cash and cash equivalents at the beginning of the year		6,445,965	15,516,201
Cash and cash equivalents at the end of the year		30,758,652	6,445,965

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 Limited. The Company is engaged in manufacturing and sales of chemical products. In previous year, the Company was a 56.74% subsidiary of Nimir Resources (Private) Limited ('NRPL'). As a result of voluntary winding up of NRPL, shares held by NRPL have been transferred to its sponsors, who have made a consortium through an agreement to control the Company. Following are the business units of the Company along with their respective locations:

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

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

Subsidiary Companies	% age of Direct shareholding	% age of Effective shareholding
Nimir Holding (Private) Limited ("NHPL")	100%	100%
Nimir Management (Private) Limited ("NMPL")	-	51%
Nimir Resins Limited ("NRL")	-	37.64%

The registered office of Nimir Holding (Private) Limited (NHPL) and Nimir Management (Private) Limited (NMPL) is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan. NHPL and NMPL were formed for the purpose of investment in Nimir Resins Limited. Subsequent to the year end, NHPL has initiated a process of voluntary-winding up after which the assets of NHPL (primarily the investment in NMPL) shall be transferred to NICL.

Nimir Resins Limited is a listed company engaged in the manufacturing of surface coating resins, polyesters, optical brightener and textile auxiliaries. The Company considers that it exercises control over Nimir Resins Limited and hence the investment has been treated as investment in subsidiary company.

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

2 STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2019

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2018, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 9	-	Financial Instruments
IFRS 15	-	Revenue from Contracts with Customers
IFRIC 22	-	Foreign Currency Transactions and Advance Considerations
IFRS 2	-	Classification and Measurement of Share-based Payment Transactions (Amendment)
IFRS 4	-	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)
IAS 40	-	Transfers of Investment Property (Amendments)

The nature and effect of the changes as a result of adoption of IFRS 9 and IFRS 15 are described below. The adoption of interpretations and amendments applied for the first time in the year did not have any impact on the financial statements of the Company.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures. The management reviewed and assessed the Company's existing contracts with the customers in accordance with the guidance included in IFRS 15 and concluded that there is no material impact on the revenue recognition of the Company.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 July 2018.

Accordingly opening balances of current reporting period have been restated without presentation of third statement of financial position as the retrospective restatement does not have a material impact on the information in statement of financial position (including retained earnings) at the beginning of the preceding period.

Below are the details of key impacts arising from the adoption of the standard:

Statement of financial position

In statement of financial position, the corresponding figure of trade and other payables amounting to Rs. 33,545,653 has been reclassified to contract liabilities. Contract liabilities are recognized in respect of Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from a customer. Amounts as at 30 June 2018 have also been reclassified as follows for the purpose of comparability:

	As at 30 June 2018		
Description	**Carrying Amount as stated**	**Reclassification**	**IFRS 15 Carrying Amount**
	------------------------ (Rupees) ------------------------		
Trade and other payables	910,966,292	(34,571,678)	876,394,614
Contract liabilities	-	34,571,678	34,571,678
	910,966,292	-	910,966,292

	As at 30 June 2019		
Description	**Previous IFRS Carrying Amount**	**Increase / (decrease)**	**IFRS 15 Carrying Amount**
	------------------------ (Rupees) ------------------------		
Trade and other payables	947,852,410	(33,545,653)	914,306,757
Contract liabilities	-	33,545,653	33,545,653
	947,852,410	-	947,852,410

Statement of profit or loss

In statement of profit or loss, the corresponding figure of distribution costs amounting to Rs. 63,070,424 has been reclassified to revenue from contracts with customers - net. As a result, corresponding gross profit for the year has decreased by Rs. 63,070,424. Amounts for the year ended 30 June 2018 have been reclassified as follows for the purpose of comparability:

	Decrease due to IFRS 15	
Description	**30 June 2019**	**30 June 2018**
	----------------- (Rupees) -----------------	
Distribution costs	(45,077,261)	(63,070,424)
Revenue from contracts with customers - net	(45,077,261)	(63,070,424)

The application of IFRS 15 did not have a material impact on amounts in the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as the current methodology for revenue recognition adequately reflects timing of satisfaction of performance obligations under requirements of the new standard.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 July 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences (if any) arising from the adoption of IFRS 9 have to be recognized directly in retained earnings and other components of equity.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Company. The following are the changes in the classification of the Company's financial assets:

Trade debts, deposits, loans and advances and other receivables

These balances classified as 'Loans and receivables' as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortized cost beginning 1 July 2018.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of IFRS 9, the Company had the following reclassifications as at 1 July 2018:

	IAS 39 measurement category	IFRS 9 measurement category
	Loans and receivables	Amortized Cost
	(Rupees)	(Rupees)
Long term deposits	14,805,842	14,805,842
Trade debts*	1,621,680,980	1,621,577,741
Loans and advances	7,601,512	7,601,512
Other receivables	64,059,950	64,059,950
	1,708,148,284	1,708,045,045

* The change in carrying amount is a result of additional impairment allowance as mentioned in following paragraph.

Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach as mentioned in note 4.1. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Company recognized additional impairment on the Company's trade debts of Rs. 103,239, which resulted in a decrease in unappropriated profits of Rs. 103,239 as at 1 July 2018.

Following is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

Description	Provision for doubtful debt under IAS 39 as at 30 June 2018	Remeasurement	Allowance for ECL under IFRS 9 as at 1 July 2018
	----------------------- (Rupees) -----------------------		
Loans and receivables under IAS 39 / Financial assets at amortized cost under IFRS 9	19,367,842	103,239	19,471,081

Hedge accounting

As at year end, the Company does not have hedge relationships. Accordingly, IFRS 9 will not have an impact on Company's financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)	1 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement — (Amendments)	1 January 2019
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)	1 January 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	1 January 2019
IAS 1	Presentation of Financial Statements — (Amendments)	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	1 January 2020

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application except for IFRS 16. The management is in the process of determining the effect of application of IFRS 16.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019.

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

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 17	Insurance Contracts	1 January 2022

3 BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 5.12

3.2 PRESENTATION CURRENCY

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.2 Useful life, residual values and impairment of property, plant and equipment

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment, as applicable.

4.3 Provision for taxation and deferred tax

In making the estimates for income tax payable, the Company takes into account the applicable laws and the decisions by appellate authorities on certain issues in the past.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.4 Provision against stock

Provision for obsolete and slow moving stock is recognized based on the management's estimate regarding the future usability and prevailing prices.

4.5 Revenue recognition

Identifying performance obligations in sales of goods and services

The Company provides toll manufacturing services that are sold separately with the sale of goods to a customer. The toll manufacturing services are a promise to transfer packaged goods and are part of the negotiated exchange between the Company and the customer.

The Company determined that sale of goods and toll manufacturing services are distinct performance obligations. The Company also determined that the promises 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. Consequently, the Company determines the transaction price of the sale of goods and the toll manufacturing services based on relative stand-alone selling prices.

Determining the timing of satisfaction of performance obligations

The Company concluded that revenue for goods and services is to be recognized at a point in time because the transfer of goods and services indicate the transfer of significant risk and rewards of ownership of an asset to the customer. It further indicate that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

Similarly, when the customer do not opt for toll manufacturing services after purchase of goods, the revenue is recognized at a point in time upon delivery which refers to the customer's acceptance of an asset, which indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any except land which is stated at cost. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition.

Depreciation is calculated using the straight line method at rates disclosed in note 15.1 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed of.

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

Capital Work In Progress

These are stated at cost less impairment loss, if any, including capitalization of borrowing costs. It consists of expenditures incurred in respect of fixed assets in the course of their construction and installation.

Leased Asset

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

Assets held under finance lease are stated at cost less accumulated depreciation and impairment loss, if any, at the rates and basis applicable to the Company owned assets.

5.2 Intangibles

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

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

5.3 Stock in trade, stores, spare parts and loose tools

Stock in trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

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

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

5.4 Trade debts

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.6.1

5.5 Cash and cash equivalents

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

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

5.6 Financial instruments - initial recognition and subsequent measurement

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

5.6.1 Financial assets

Financial assets - initial recognition

The Company has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

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

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

Financial assets - subsequent measurement

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

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

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

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

a) Financial assets at fair value through profit or loss

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

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host;

a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

The Company's financial assets at fair value through profit or loss includes sales tax refund bonds.

b) Financial assets at amortized cost (debt instruments)

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

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

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

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

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

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

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Financial assets - Derecognition

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

• The rights to receive cash flows from the asset have expired; or

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

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

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

Financial assets - Impairment

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

5.6.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Financial liabilities - subsequent measurement

Loans and borrowings

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

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

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

Financial liabilities - derecognition

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

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

5.7 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.8 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.9 Taxation

Current

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

Deferred

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

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

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

5.10 Contract liabilities

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

5.11 Revenue recognition

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

Sale of goods

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

Service income from toll manufacturing

Service income from toll manufacturing is recognized upon the completion of processing of soap noodles into packaged soaps and dispatch of such packaged soaps to respective customer.

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 expense sales commissions (included in note 28) because the amortization period of the asset that the Company otherwise would have used is one year or less.

Profit on bank deposit

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

5.12 Staff retirement benefits

Defined benefit plan

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

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

The distinction between short term and other long term employee benefits is based on the expected timing of settlement rather than the employees' entitlement to benefits.

5.13 Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the balance sheet date.

Profits or losses arising on translation are recognized in the profit and loss account.

5.14 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. Such borrowing costs are capitalized as part of the cost of the qualifying asset.

5.15 Operating segments

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

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
No. of shares			(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash	1,105,905,460	1,105,905,460

7 LONG TERM LOANS

	Note	2019 (Rupees)	2018 (Rupees)
Term finance - Secured I		-	18,750,000
Term finance - Secured II	7.1	40,104,175	83,854,171
Term finance - Secured III	7.2	18,750,000	37,500,000
Term finance - Secured IV	7.3	149,026,137	204,910,414
Term finance - Secured V	7.4	105,000,000	135,000,000
Term finance - Secured VI	7.5	281,250,003	112,399,255
Term finance - Secured VII	7.6	180,516,130	-
		774,646,445	592,413,840
Less: Current maturity shown under current liabilities		(242,302,967)	(174,159,225)
		532,343,478	418,254,615

7.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.2 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from February 2017 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.4 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 equal monthly instalments starting from December 2017 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.5 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from March 2018 with grace period of one year. This facility is secured against first pari passu charge over present and future fixed assets of the Company.

7.6 This represents long term finance facility amounting to Rs. 200 million from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 16 equal quarterly instalments starting from March 2019 with grace period of one year. As of year end, Rs. 180.52 million has been availed out. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) range from 1 month KIBOR plus 175 bps to 1 year KIBOR plus 200 bps (2018: 1 month KIBOR plus 175 bps to 1 year KIBOR plus 100 bps). The amount of future payments and the period during which they will become due are:

		2019	2018
Year ending 30 June		**(Rupees)**	**(Rupees)**
	2019	-	51,823,961
	2020	26,879,965	23,413,970
	2021	28,968,242	25,502,247
	2022	15,664,847	11,500,849
	2023	9,623,139	5,664,894
	2024	8,314,167	-
		89,450,360	117,905,921
Less:	Future finance charges	(7,144,466)	(9,780,580)
		82,305,894	108,125,341
Less:	Current maturity shown under current liabilities	(22,969,840)	(46,186,411)
		59,336,054	61,938,930

8.1 The lease agreements have the option for purchase of asset at the end of the lease period. There are no financial restrictions in the lease agreements.

8.2 Minimum Lease Payments (MLP) and their Present Value (PV) are as follow:

	2019		2018	
	MLP (Rupees)	**PV of MLP (Rupees)**	**MLP (Rupees)**	**PV of MLP (Rupees)**
Due not later than 1 year	26,879,965	22,969,840	51,823,961	46,186,411
Due later than 1 year but not later than 5 years	62,570,395	59,336,054	66,081,960	61,938,930
	89,450,360	82,305,894	117,905,921	108,125,341

9 DEFFERED TAX LIABILITY

This comprises of:

	2019 (Rupees)	2018 (Rupees)
Deferred tax liabilities on taxable temporary differences		
Accelerated tax depreciation	354,926,243	255,784,179
Deferred tax assets on deductible temporary differences		
Capital work in progress - impairment	(18,375,856)	(18,375,856)
Allowance for expected credit losses / provision for doubtful debts	(6,667,358)	(5,616,674)
Deferred and unpaid liabilities	(5,909,402)	(10,562,055)
Provision against other	(2,352,569)	(2,352,569)
	321,621,058	218,877,025
Reconciliation of deferred tax liabilities - net		
As of 1 July	218,877,025	213,099,608
Tax expense recognized in statement of profit or loss	103,931,110	7,338,036
Tax income recognized in OCI	(1,187,077)	(1,560,619)
As at 30 June	321,621,058	218,877,025

10 TRADE AND OTHER PAYABLES

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Creditors	10.1	376,626,559	505,500,098
Accrued liabilities		371,682,871	286,086,253
Security deposits	10.2	400,000	400,000
Workers' profit participation fund	10.3	61,979,779	52,977,509
Workers' welfare fund	10.4	18,962,603	15,721,490
Sales tax payable		67,709,125	3,572,869
Withholding tax payable		540,061	526,926
Others		16,405,759	11,609,469
		914,306,757	876,394,614

10.1 Creditors include amount payable to Nimir Resins Limited (a related party) Rs. 683,973 (2018: Rs. Nil).

10.2 These represent security deposits from distributors which, by virtue of agreement, are interest free, repayable on demand and are used in the normal course of business.

		Note	2019 (Rupees)	2018 (Rupees)
10.3	Balance as at 01 July		52,977,509	37,459,682
	Add: Provision for the year	32	61,979,779	47,517,827
	Less: Payments made during the year		(52,977,509)	(32,000,000)
	Balance as at 30 June		61,979,779	52,977,509
10.4	Balance as at 01 July		15,721,490	10,915,886
	Add: Provision for the year	32	18,962,603	15,721,490
	Less: Payments made during the year		(15,669,939)	(10,820,082)
	Less: Reversal during the year		(51,551)	(95,804)
	Balance as at 30 June		18,962,603	15,721,490

11 CONTRACT LIABILITIES

11.1 This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2018: Nil).

11.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 29,156,823.

12 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2019 (Rupees)	2018 (Rupees)
Staff retirement benefits - gratuity	12.1	75,287,437	56,710,402

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

	Note	2019 (Rupees)	2018 (Rupees)
Present value of defined benefits obligation	12.5	93,436,201	77,199,315
Less: Fair value of plan assets	12.6	(18,148,764)	(20,488,913)
		75,287,437	56,710,402

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

	Note	2019 (Rupees)	2018 (Rupees)
Current service cost		10,971,083	7,793,855
Interest cost on defined benefit obligation - net		4,362,136	3,179,914
Expense recognized in the statement of profit or loss	12.3	15,333,219	10,973,769

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

	Note	2019 (Rupees)	2018 (Rupees)
Cost of sales	29.2	10,391,923	7,588,144
Distribution costs	30.1	1,161,273	982,196
Administrative expenses	31.1	3,780,023	2,403,429
		15,333,219	10,973,769

12.4 Movements in the net liability recognized as follows:	Note	2019 (Rupees)	2018 (Rupees)
Net liabilities at the beginning of the year		56,710,402	47,366,587
Current service cost		10,971,083	7,793,855
Interest cost on defined benefit obligation		4,362,136	3,179,914
Contribution by employer		(849,554)	(7,011,397)
Remeasurements charged to other comprehensive income		4,093,370	5,381,443
Net liabilities at the end of the year		75,287,437	56,710,402

12.5 Movements in the present value of defined benefit obligation:

		2019 (Rupees)	2018 (Rupees)
Present value of defined benefits obligation at the beginning of the year		77,199,315	64,901,853
Current service cost		10,971,083	7,793,855
Interest cost on defined benefit obligation		5,965,837	4,451,221
Benefits paid		(441,554)	(7,011,397)
Remeasurement:			
Experience adjustments		(258,480)	7,063,783
Present value of defined benefits obligation at the end of the year		93,436,201	77,199,315

12.6 Movements in the fair value of plan assets:

		2019 (Rupees)	2018 (Rupees)
Fair value of plan assets at the beginning of the year		20,488,913	17,535,266
Contribution by employer		849,554	7,011,397
Interest income		1,603,701	1,271,307
Benefits paid		(441,554)	(7,011,397)
Return on plan assets excluding interest income		(4,351,850)	1,682,340
Fair value of plan assets at the end of year		18,148,764	20,488,913

12.7 Estimated expense to be charged to statement of profit or loss in next year	2020 (Rupees)
Current service cost	10,791,053
Interest cost on defined benefit obligation - (net)	10,973,768
Amount chargeable to profit or loss	21,764,821

Qualified actuaries have carried out the valuation as at 30 June 2019. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2019	2018
Discount rate for interest cost in profit or loss charge	7.75%	7.25%
Discount rate for obligation	13.25%	7.75%
Expected rates of salary increase in future years	11.25%	6.75%
Retirement assumption	Age 60	Age 60

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

Sensitivity level	Assumption	Defined benefit obligation
+100 bps	Discount rate	86,367,268
-100 bps	Discount rate	101,517,612
+100 bps	Expected increase in salary	101,594,701
-100 bps	Expected increase in salary	86,187,524

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years.

13 SHORT TERM BORROWINGS - SECURED

	2019 (Rupees)	2018 (Rupees)
Running finance	140,318,182	644,595,903
Finance against trust receipts	2,709,563,161	2,129,695,410
	2,849,881,343	2,774,291,313

The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at period end is Rs. 6,399 million (2018: Rs. 5,254 million) which includes running finance facilities amounting Rs. 900 million (2018: Rs. 750 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 100 bps with no floor and no cap (2018: 1 month KIBOR to 6 months KIBOR + 0 to 150 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Company.

The unutilized facility for opening letters of credit and bank guarantees as at 30 June 2019 amounts to Rs. 2,120 million (2018: Rs. 911 million) and Rs. 84 million (2018: Rs. 89 million) respectively.

14 CONTINGENCIES AND COMMITMENTS

14.1 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. 372.7 million.

14.1.1 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.

14.1.2 The income tax authority raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the Tax Year 2011 which was challenged at Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of the Company vide Order dated 2 December 2013. The Income Tax Department has filed an appeal in February 2014 before the Honorable Lahore High Court against the ATIR's decision which is pending adjudication.

14.1.3 The income tax authority amended the proceedings the Company's assessment relating to Tax Year 2014 under section 122 (5) / 177 / 214C of the Ordinance and raised demand of Rs. 123 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who decided the case in favor of the Company in toto vide order dated 21 March 2018. The Company as well as its consultant has not received any intimation for filing of appeal by the tax department to the ATIR.

14.1.4 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.

14.2 COMMITMENTS

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

	Note	2019 (Rupees)	2018 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery		499 million	1,307 million
Letter of guarantee given to SNGPL		96 million	96 million
Letter of guarantee given to PSO		27 million	22 million
Letter of guarantee given to Total PARCO		3 million	3million

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
Operating fixed assets	15.1	3,094,530,012	2,260,375,722
Capital work in progress	15.7	28,358,118	292,815,884
		3,122,888,130	2,553,191,606

15.1 Operating fixed assets

2019

Particulars	COST: As at July 1, 2018	COST: Additions / (Disposals)	COST: Written off	COST: Transfer / Adjustment	COST: As at June 30, 2019	Rate %	DEPRECIATION: Accumulated as at July 1, 2018	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Written off	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2019	Net Book value As at June 30, 2019
	(Rupees)						(Rupees)						(Rupees)
Owned													
Free-hold land	50,170,537	178,876,967	-	-	229,047,504	-	-	-	-	-	-	-	229,047,504
Building on free-hold land	289,680,493	187,747,640 (125,462)	(654,184)	(2,113,166)	474,535,321	4-5	97,364,633	28,226,498	(115,798)	(646,610)	(1,397,174)	123,431,549	351,103,772
Plant and machinery	3,082,688,861	662,134,310 (18,321,004)	(124,889,107)	80,787,706	3,682,400,766	4-50	1,256,224,172	209,592,031	(6,014,607)	(123,294,836)	21,861,231	1,358,367,991	2,324,032,775
Furniture and fittings	6,432,716	1,179,387 (1,115,865)	-	-	6,496,238	10-33	4,608,680	635,172	(1,092,634)	-	-	4,151,218	2,345,020
Office and factory equipment	80,480,826	58,953,328 (12,659,875)	(30,000)	15,875,766	142,620,045	10-50	56,251,180	17,983,500	(12,479,699)	(29,999)	1,973,750	63,698,732	78,921,313
Vehicles	45,653,224	11,622,823 (4,706,020)	-	4,359,500	56,929,527	20	29,227,134	6,843,157	(4,618,369)	-	3,168,071	34,619,993	22,309,534
	3,555,106,657	1,100,514,455 (36,928,226)	(125,573,291)	98,909,806	4,592,029,401		1,443,675,799	263,280,358	(24,321,107)	(123,971,445)	25,605,878	1,584,269,483	3,007,759,918
LEASED: Vehicles	51,773,100	34,274,291 (2,382,000)	-	(4,359,500)	79,305,891	20	18,404,436	13,055,050	(789,199)	-	(3,168,071)	27,502,216	51,803,675
Plant and machinery	144,978,023	-	-	(94,550,306)	50,427,717	4-50	29,401,823	8,497,282	-	-	(22,437,807)	15,461,298	34,966,419
	196,751,123	34,274,291 (2,382,000)	-	(98,909,806)	129,733,608		47,806,259	21,552,332	(789,199) -	-	(25,605,878)	42,963,514	86,770,094
2019	3,751,857,780	1,134,788,746 (39,310,226)	(125,573,291)	-	4,721,763,009		1,491,482,058	284,832,690	(25,110,306)	(123,971,445)	-	1,627,232,997	3,094,530,012

2018

Particulars	COST: As at July 1, 2017	COST: Additions / (Disposals)	COST: Written off	COST: Transfer / Adjustment	COST: As at June 30, 2018	Rate %	DEPRECIATION: Accumulated as at July 1, 2017	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Written off	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2018	Net Book value As at June 30, 2018
	(Rupees)						(Rupees)						(Rupees)
Owned													
Free hold land	28,253,237	21,917,300	-	-	50,170,537	-	-	-	-	-	-	-	50,170,537
Building on free hold land	245,752,146	24,360,211	-	19,568,136	289,680,493	4-5	80,721,604	16,292,112	-	-	350,917	97,364,633	192,315,860
Plant and machinery	2,320,491,498	781,765,499	-	(19,568,136)	3,082,688,861	4-50	1,067,323,158	189,251,931	-	-	(350,917)	1,256,224,172	1,826,464,689
Furniture and fittings	5,677,917	754,799	-	-	6,432,716	10-33	4,030,839	577,841	-	-	-	4,608,680	1,824,036
Office and factory equipment	69,330,226	12,099,977 (949,377)	-	-	80,480,826	10-50	43,244,399	13,934,242	(927,461)	-	-	56,251,180	24,229,646
Vehicles	38,917,865	3,173,747 (5,132,190)	-	8,693,802	45,653,224	20	22,144,680	6,320,587	(4,878,581)	-	5,640,448	29,227,134	16,426,090
	2,708,422,889	844,071,533 (6,081,567)	-	8,693,802	3,555,106,657		1,217,464,680	226,376,713	(5,806,042)	-	5,640,448	1,443,675,799	2,111,430,858
LEASED: Vehicles	53,959,902	6,507,000	-	(8,693,802)	51,773,100	20	13,379,710	10,665,174	-	-	(5,640,448)	18,404,436	33,368,664
Plant and machinery	144,978,023	-	-	-	144,978,023	4-50	19,102,225	10,299,598	-	-	-	29,401,823	115,576,200
	198,937,925	6,507,000	-	(8,693,802)	196,751,123		32,481,935	20,964,772	-	-	(5,640,448)	47,806,259	148,944,864
2018	2,907,360,814	850,578,533 (6,081,567)	-	-	3,751,857,780		1,249,946,615	247,341,485	(5,806,042)	-	-	1,491,482,058	2,260,375,722

15.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchasers	Relationship with Company
			(Rupees)					
Membrane Cells	18,913,004	6,512,861	12,400,143	12,642,575	242,432	Negotiation - Exchange of asset	De Nora Deutschland GmbH	Un-related
Toyota Corolla Altis LEB-897-17A	2,254,469	598,442	1,656,027	2,172,000	515,973	Insurance claim	Jubilee General Insurance Company Limited	Un-related
Vehicles, office and factory equipment*	18,142,753	17,999,003	143,750	3,681,731	3,537,981	Negotiation	Various	Un-related
2019	39,310,226	25,110,306	14,199,920	18,496,306	4,296,386			
2018	6,081,567	5,806,042	275,525	3,542,917	3,267,392			

* The net book value of individual asset within this class is below five hundred thousand rupees.

15.3 There are fully depreciated assets, having cost of Rs. 122 million (2018: Rs. 238 million) that are still in use as at the reporting date.

15.4 Company's immovable fixed assets are located at 14.8 km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan and Plot No. 122-B, Muslim Town, Lahore having area of 65.58 acres and 2.5 kanals respectively.

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

15.6 Depreciation for the year has been allocated as under:	Note	2019 (Rupees)	2018 (Rupees)
Cost of sales	29	267,890,846	232,119,830
Distribution costs	30	3,661,987	2,807,453
Administrative expenses	31	13,279,857	12,414,202
		284,832,690	247,341,485

15.7 Capital work in progress

	2019				2018
	Building on free-hold land	Plant and machinery	Others	Total	Total
	(Rupees)				(Rupees)
Opening balance	80,507,980	201,260,518	11,047,386	292,815,884	573,023,231
Impairment expense	-	-	-	-	(63,365,020)
Additions during the year	107,239,660	548,185,238	21,545,291	676,970,189	615,696,696
	187,747,640	749,445,756	32,592,677	969,786,073	1,125,354,907
Transferred to fixed assets	(187,747,640)	(721,087,638)	(32,592,677)	(941,427,955)	(832,539,023)
	-	28,358,118	-	28,358,118	292,815,884

15.7.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 11,457,374 (2018: Rs. 7,424,954). The expansion has been financed by a term finance facility from a financial institution.

16 INTANGIBLE

	Note	2019 (Rupees)	2018 (Rupees)
Software and licenses			
Cost:			
As at 1 July		4,204,250	4,204,250
Additions during the year		-	-
As at 30 June		4,204,250	4,204,250
Accumulated amortization:			
As at 1 July		(3,241,957)	(2,450,487)
Amortization during the year	31	(679,251)	(791,488)
As at 30 June		(3,921,226)	(3,241,975)
Net book value		283,024	962,275
Rate of amortization		20%-33.33%	20%-33.33%

17 INVESTMENT IN SUBSIDIARY

In 2016, the Company formed a wholly owned subsidiary under the name of Nimir Holding (Private) Limited. The investment had been made in accordance with the requirements of then applicable Companies Ordinance, 1984. NHPL formed a sub-subsidiary: Nimir Management (Private) Limited, which acquired the majority shareholding of Nimir Resins Limited, a listed company engaged in the business of industrial chemicals. The effective shareholding of the Company in Nimir Resins Limited is 37.64%. The Company has determined that Nimir Resins Limited is a subsidiary in accordance with IFRS 10 Consolidated Financial Statements. Subsequent to the year end, NHPL has initiated a process of voluntary-winding up.

	2019 (Rupees)	2018 (Rupees)
Investment at cost	281,852,260	281,852,260

18 LONG TERM DEPOSITS

	Note	2019 (Rupees)	2018 (Rupees)
Security deposits			
Financial institutions (including banks)		15,978,930	22,336,048
Less: Current maturity shown under current assets	23	-	(10,856,528)
		15,978,930	11,479,520
Others	18.1	17,145,842	14,805,842
		33,124,772	26,285,362

18.1 This includes deposit amounting to Rs. 12.24 million (2018: Rs. 12.24 million) given to electricity supply company for dedicated line.

19 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2019 (Rupees)	2018 (Rupees)
Stores, spare parts and loose tools			
In hand		200,598,426	141,210,766
In transit		3,046,051	128,112
		203,644,477	141,338,878

20 STOCK IN TRADE

	Note	2019 (Rupees)	2018 (Rupees)
Raw and packing material			
In hand		249,102,424	229,498,360
In transit		1,668,616,482	1,557,410,921
		1,917,718,906	1,786,909,281
Finished goods		548,817,042	471,688,196
		2,466,535,948	2,258,597,477

21 TRADE DEBTS

	Note	2019 (Rupees)	2018 (Rupees)
Considered good - unsecured			
Due from customers	21.1	1,731,056,490	1,600,839,881
Due from associated companies	21.2	26,583,629	20,841,099
		1,757,640,119	1,621,680,980
Considered doubtful		22,990,888	19,367,842
Allowance for expected credit losses / provision for doubtful debts		(22,990,888)	(19,367,842)
		-	-
		1,757,640,119	1,621,680,980

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

21.2 Trade debts from Nimir Resins Limited (a related party) amount to Rs. 26,583,629 (2018: Rs. 20,382,248).

21.3 Aggregate amount due from Directors, Chief Executive and Executives of the Company is Rs. Nil (2018: Rs. Nil)

21.4 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs.56,757,548 (2018: Rs. 49,205,949). No interest has been charged on the amounts due from associated undertakings.

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

	Note	2019 (Rupees)	2018 (Rupees)
Opening balance		19,367,842	19,367,842
IFRS 9 adjustment	2	103,239	-
Charge for the year	32	3,519,807	-
Closing balance		22,990,888	19,367,842

22 LOANS AND ADVANCES

	Note	2019 (Rupees)	2018 (Rupees)
Considered good - unsecured			
Suppliers		63,642,945	67,375,105
Employees against business expenses	22.2	2,858,532	2,663,077
Employees against salary	22.3	4,633,524	7,601,512
		71,135,001	77,639,694

22.1 Amount due from related parties is Rs. Nil (2018: Rs. Nil)

22.2 This includes advance given to executives amounting to Rs. 717,428 (2018: Rs. 42,577). No amount has been given to CEO or Directors.

22.3 This includes advance given to executives amounting to Rs. 3.3 million (2018: Rs. 3.7 million). No amount is due from CEO or directors.

22.4 Loans and advances that are either past due or impaired amount to Rs. Nil (2018: Rs. Nil)

23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019 (Rupees)	2018 (Rupees)
Current maturity of long term security deposits - financial institutions (including banks)	18	-	10,856,528
Prepayments		3,488,942	17,246,875
		3,488,942	28,103,403

24 SHORT TERM INVESTMENT

This represent bonds issued by FBR Refund Settlement Company Limited, in Central Depository System (CDS) against Refund Payment Orders (RPOs) as issued in favor of the Company under section 67A of the Sales Tax Act 1990. The bonds are issued in multiples of one hundred thousand rupees and carry simple profit of 10% per annum payable at the end of maturity period i.e. three years from the issuance of bonds. These bonds are freely transferable within CDS and the Company can sell / transfer the bonds to another person / bank/ entity against any consideration or without any consideration.

The Company intends to sell / transfer the bonds within next financial year, therefore, these bonds have been classified as current assets.

25 OTHER RECEIVABLES

	Note	2019 (Rupees)	2018 (Rupees)
Margin against bank guarantee		12,602,950	17,202,950
Margin against LC		3,352,284	46,857,000
		15,955,234	64,059,950

25.1 Other receivables that are either past due or impaired amount to Rs. Nil (2018: Rs. Nil)

26 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2019 (Rupees)	2018 (Rupees)
Income tax		518,521,706	524,476,858
Federal excise duty		-	3,748,500
		518,521,706	528,225,358

27 CASH AND BANK BALANCES

	Note	2019 (Rupees)	2018 (Rupees)
Cash in hand		1,903,309	522,610
Cash at bank			
Current accounts		28,460,105	4,112,365
Savings account	27.1	395,238	1,810,990
		28,855,343	5,923,355
		30,758,652	6,445,965

27.1 These carry mark-up rate ranging from 4.5% to 10.25% (2018: 4% to 4.5%) per annum.

28 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Set out below is the disaggregation of the Company's revenue from contracts with customers:			
Major products and services:			
Oleo chemicals		16,604,740,173	13,476,808,806
Chlor Alkali		571,013,141	592,756,623
Toll manufacturing		255,818,005	152,309,235
		17,431,571,319	14,221,874,664
Less: Sales tax		(2,536,372,567)	(2,067,562,281)
Trade discounts		-	-
Commission		(45,077,261)	(63,070,424)
		14,850,121,491	12,091,241,959
Geographical region: Pakistan		17,431,571,319	14,221,874,664
Timing of transfer of goods:			
Goods transferred to customers at a point in time		17,431,571,319	14,221,874,664

29 COST OF SALES

	Note	2019	2018
Raw and packing material consumed	29.1	11,347,667,935	9,517,454,002
Salaries, wages and benefits	29.2	331,481,723	285,363,442
Depreciation	15.6	267,890,846	232,119,830
Fuel and power		733,200,648	540,372,635
Stores, spare parts and loose tools consumed		104,006,460	107,472,078
Repairs and maintenance		35,533,530	24,684,547
Traveling, conveyance and entertainment		31,873,865	23,512,848
Communications		1,030,736	977,257
Insurance		15,270,584	14,065,102
Rent, rates and taxes		17,726,270	6,790,845
Printing and stationery		2,367,143	2,176,142
Dues, fees and subscription		3,664,856	2,229,530
Other expenses		5,937,072	3,001,171
		12,897,651,668	10,760,219,429
Add: Opening stock-finished goods	20	471,688,196	253,273,031
Less: Closing stock-finished goods	20	(548,817,042)	(471,688,196)
		12,820,522,822	10,541,804,264

29.1 Raw and packing material consumed

	Note	2019	2018
Opening Balance		1,786,909,281	1,021,342,024
Purchases		11,478,477,560	10,283,021,259
		13,265,386,841	11,304,363,283
Less: Closing Balance	20	(1,917,718,906)	(1,786,909,281)
Raw and packing material consumed		11,347,667,935	9,517,454,002

29.2 This includes Rs. 10.4 million (2018: Rs. 7.6 million) in respect of staff retirement benefits - gratuity scheme.

29.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 105.8 million (2018: Rs. 39.3 million).

30 DISTRIBUTION COSTS

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Salaries, wages and benefits	30.1	38,582,496	29,085,917
Depreciation	15.6	3,661,987	2,807,453
Repairs and maintenance		57,870	114,313
Traveling, conveyance and entertainment		2,934,968	2,956,024
Communications		304,887	249,137
Insurance		1,592,528	1,802,909
Printing and stationery		387,959	402,084
Freight outward		54,397,395	48,844,382
Packing, carriage and forwarding		380	20,760
Dues, fees and subscription		338,802	294,733
Other expenses		42,508	92,339
		102,301,780	86,670,051

30.1 This includes Rs. 1.2 million (2018: Rs. 0.98 million) in respect of staff retirement benefits - gratuity scheme.

31 ADMINISTRATIVE EXPENSES

	Note	2019 (Rupees)	2018 (Rupees)
Salaries, wages and benefits	31.1	119,629,748	95,030,614
Depreciation	15.6	13,279,857	12,414,202
Amortization	16	679,251	791,488
Fuel and power		2,049,672	1,492,375
Repairs and maintenance		1,911,278	4,007,775
Traveling, conveyance and entertainment		14,195,733	13,302,985
Communications		5,449,689	2,913,693
Insurance		2,480,909	2,151,085
Rent, rates and taxes		4,365,661	3,805,173
Printing and stationery		2,575,876	1,941,808
Advertisement		1,372,714	956,062
Legal, professional and consultancy charge		7,254,986	13,532,252
Auditors' remuneration	31.2	2,530,000	2,550,000
Dues, fees and subscription		12,122,199	6,895,406
Other expenses		3,905,255	5,743,731
		193,802,828	167,528,649

31.1 This includes Rs. 3.8 million (2018: Rs. 2.4 million) in respect of staff retirement benefits - gratuity scheme.

31.2 Auditors' remuneration

	Note	2019 (Rupees)	2018 (Rupees)
Audit fee		1,200,000	1,200,000
Consolidation, reviews and certifications		1,255,000	1,275,000
Out of pocket expenses		75,000	75,000
		2,530,000	2,550,000

32 OTHER EXPENSES

	Note	2019 (Rupees)	2018 (Rupees)
Workers' profit participation fund	10.3	61,979,779	47,517,827
Workers' welfare fund	10.4	18,962,603	15,721,490
Expected credit losses of trade debts	21.5	3,519,807	-
Impairment of property, plant and equipment	15.7	-	63,365,020
Loss on property, plant and equipment - written off	15.1	1,601,846	-
Provision against refundable sales tax		-	5,339,850
		86,064,035	131,944,187

33 OTHER INCOME

	Note	2019 (Rupees)	2018 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment	15.2	4,296,386	3,267,392
Reversal of provision		1,465,444	7,037,498
Other income	33.1	10,949,762	6,378,923
Financial assets - amortized cost			
Profit on savings account		273,654	50,938
		16,985,246	16,734,751

33.1 This includes income from sale of scrap material amounting Rs. 10,513,202 (2018: Rs. 6,378,923)

34 FOREIGN EXCHANGE LOSS

	Note	2019 (Rupees)	2018 (Rupees)
On foreign exchange denominated liabilities	34.1	146,264,583	88,657,880

34.1 This includes unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 7,870,045 (2018: Rs. 6,669,205).

35 FINANCE COST

	2019 (Rupees)	2018 (Rupees)
Mark-up on		
Long term loans	62,008,611	30,034,006
Short term borrowings	283,181,970	160,598,065
Financial charges on lease	7,263,674	8,107,617
Bank charges, fee and commission	7,043,233	5,514,771
	359,497,488	204,254,459

36 TAXATION

	2019	2018
Current tax:		
Current year	252,327,327	184,385,392
Prior year	(7,702,208)	(141,335)
	244,625,119	184,244,057
Deferred tax		
Relating to the reversal and origination of temporary differences	73,190,232	14,441,356
Effect of rate change from prior year	30,740,878	(7,103,320)
	103,931,110	7,338,036
	348,556,229	191,582,093

Relationship between tax expenses and accounting profit

	2019	2018
Accounting profit before taxation	1,158,653,201	887,117,220
Tax at applicable tax rate of 29% (2018: 30%)	336,009,428	266,135,166
Effect of expenses not allowed for tax	37,380,263	(27,691,228)
Effect of super tax	18,583,350	23,110,590
Effect of tax credit	(35,714,604)	(69,351,100)
Effect of prior years tax	(7,702,208)	(141,335)
Tax credit on donation	-	(480,000)
Tax expense for the year	348,556,229	191,582,093

37 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

37.1 Basic

	2019 (Rupees)	2018 (Rupees)
Profit attributable to ordinary shareholders	810,096,972	695,535,127
Weighted average number of ordinary shares	110,590,546	110,590,546
Earnings per ordinary share	7.33	6.29

37.2 Diluted

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

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

38.1 Credit Risk

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 expected credit loss, if any, and through the prudent use of collateral policy.

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

	Carrying values	
	2019 (Rupees)	2018 (Rupees) (Restated)
Long-term deposits	17,145,842	14,805,842
Trade debts – unsecured	1,757,640,119	1,621,680,980
Loans and advances	4,633,524	7,601,512
Other receivables	15,955,234	64,059,950
Bank balances	28,855,343	5,923,355

38.1.1 Trade Debts

Other than related parties

	2019 (Rupees)	2018 (Rupees) (Restated)
Not yet due	1,324,808,744	706,732,331
Past due		
1-30 days	360,175,602	830,638,053
31-60 days	27,707,404	30,553,745
61-90 days	10,182,362	24,348,629
Over 90 days	31,173,266	27,934,965
	429,238,634	913,475,392
	1,754,047,378	1,620,207,723

Related parties	2019 (Rupees)	2018 (Rupees)
Neither past due nor impaired	26,583,629	12,744,272
Past due but not impaired		
1-30 days	-	8,096,827
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	-
	-	8,096,827
	26,583,629	20,841,099

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

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

	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
As at 30 June 2019						
Expected credit loss rate	0.02%	0.26%	2.42%	5.85%	65.71%	
Estimated total gross carrying amount at default	1,351,392,373	360,175,602	27,707,404	10,182,362	31,173,266	1,780,631,007
Expected credit loss	310,946	928,312	670,771	595,599	20,485,260	22,990,888
As at 1 July 2018						
Expected credit loss rate	0.01%	0.01%	0.15%	0.22%	68.76%	
Estimated total gross carrying amount at default	719,476,603	838,734,880	30,553,745	24,348,629	27,934,965	1,641,048,822
Expected credit loss	52,237	111,881	45,520	53,343	19,208,100	19,471,081

As at 30 June 2019, trade debts of Rs. 22.9 million (2018: Rs. 19.4 million) were impaired and provided for.

38.1.2 Bank balances

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

Financial institution	Ratings: Agency	Short Term	Long term	2019 (Rupees)	2018 (Rupees)
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	616,451	17,794
Habib Bank Limited	PACRA	A1+	AA+	1,433,819	(155,394)
MCB Bank Limited	PACRA	A1+	AAA	395,238	1,810,990
Meezan Bank Limited	JCR-VIS	A-1+	AA+	1,162,653	(3,245,496)
National Bank of Pakistan	JCR-VIS	A-1+	AAA	1,416,048	30,906
Silk Bank Limited	JCR-VIS	A-2	A-	479	6,117
Standard Chartered Bank Limited	PACRA	A1+	AAA	564,085	1
The Bank of Punjab	PACRA	A1+	AA	7,089,236	7,458,437
Samba Bank Limited	JCR-VIS	A-1	AA	15,690,064	-
Askari Bank Limited	PACRA	A1+	AA+	477,270	-
BankIslami Pakistan Limited	PACRA	A1	A+	10,000	-
				28,855,343	5,923,355

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

38.2 Liquidity Risk

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

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

	Maturity Up to One Year	Maturity After One Year	Total
		(Rupees)	
As at June 30, 2019			
Long term loans	242,302,967	532,343,478	774,646,445
Liabilities against assets subject to finance lease	22,969,840	59,336,054	82,305,894
Short term borrowings	2,849,881,343	-	2,849,881,343
Mark up accrued	81,770,711	-	81,770,711
Unclaimed dividend	7,467,502	-	7,467,502
Trade and other payables	748,309,430	-	748,309,430
Total financial liabilities	3,952,701,793	591,679,532	4,544,381,325
As at June 30, 2018			
Long term loans	174,159,225	418,254,615	592,413,840
Liabilities against assets subject to finance lease	46,186,411	61,938,930	108,125,341
Short term borrowings	2,774,291,313	-	2,774,291,313
Mark up accrued	35,916,282	-	35,916,282
Unclaimed dividend	5,849,713	-	5,849,713
Trade and other payables	791,586,351	-	791,586,351
Total financial liabilities	3,827,989,295	480,193,545	4,308,182,840

38.3 Market Risk

38.3.1 Currency Risk

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

38.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk for loans and borrowings obtained from the financial institutions and liabilities against assets subject to finance lease, which have been disclosed in the relevant note to the financial statements.

If interest rates at the year end, fluctuate by 1% higher / lower, pre-tax profit for the year would have been Rs. 37.1 million (2018: Rs. 34.7 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at reporting date were outstanding for the whole year.

38.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves, whereas, debt includes long term loans, short term borrowings and liabilities against assets subject to finance lease. The gearing ratio of the Company is 55% (2018: 57%).

38.5 Fair value of financial assets and financial liabilities

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

39 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

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

Names of Companies	Basis of Relationship	Status of relationship	Percentage of effective shareholding
Nimir Holding (Private) Limited	Shareholding	Subsidiary company	100%
Nimir Management (Private) Limited	Shareholding	Sub-Subsidiary company	51%
Nimir Resins Limited	Shareholding and Common Directorship	Sub-Subsidiary company	37.64%
Nimir Chemicals Pakistan Limited*	Common Directorship	Associated company	Nil
Terranova (Private) Limited	Common Directorship	Associated company	Nil
Extracts 4 Life (Private) Limited	Common Directorship	Associated company	Nil

The related parties and associated undertakings comprise related group companies, directors and key management personnel. Remuneration of Chief Executive, directors and executives is shown in Note 40. Transactions with related parties during the year are as follows:

Name of Related Party	Nature and Description of Related Party Transaction	2019 (Rupees)	2018 (Rupees)
Nimir Resins Limited	Purchase of goods	806,732	306,640
	Sale of goods	131,908,050	102,392,320
	Services provided	3,906,900	3,683,304
	Services acquired	2,928,000	2,730,000
	Reimbursement of expenses	3,163,856	924,000
Nimir Chemicals Pakistan Limited*	Sale of goods	7,042,740	14,397,680
Staff retirement benefits	Contribution to gratuity fund	849,554	7,011,397

*Effective 29 December 2018, Nimir Chemicals Pakistan Limited ceased to be considered a related party after retirement of the common directors.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018 (Restated)
Number of persons	1	1	2	2	18	12
			(Rupees)			
Managerial remuneration	10,219,355	8,825,806	15,483,870	13,378,064	47,047,730	31,339,353
Housing	4,598,710	3,971,613	6,967,742	6,020,128	21,171,499	14,102,709
Utilities	1,021,935	882,581	1,548,388	1,337,808	4,704,795	3,133,938
Bonus	5,569,221	4,174,932	8,441,766	6,328,336	23,235,261	15,372,410
Gratuity	-	-	-	-	3,177,000	1,935,000
	21,409,221	17,854,932	32,441,766	27,064,336	99,336,285	65,883,410

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

40.2 An amount of Rs. 5,150,000 (2018: Rs. 1,900,000) was paid to directors for attending the board meetings.

41 TOTAL NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at 30 June	161	150
Average number of employees during the year	155	144

42 PRODUCTION CAPACITY IN METRIC TONS

	2019 *Maximum Capacity (MT)	2019 Actual Production (MT)	2018 *Maximum Capacity (MT)	2018 Actual Production (MT)
Oleo Chemicals	90,000	84,427	68,000	67,407
Chlor Alkali Products	50,000	47,431	50,000	48,722
Soap Finishing Line*	45,000	19,044	16,000	12,005

* The capacity utilized differ due to product mix.

42.1 The variance between maximum capacity and actual utilization is due to market conditions.

43 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on Friday, 6 September 2019 has proposed a final dividend @ Rs. 1.5 per share for the year ended 30 June 2019 (2018: Rs. 2) amounting to Rs. 165,885,819 (2018: Rs. 221,181,092) for approval of the members at the Annual General Meeting to be held on 26 October 2019. These financial statements do not reflect this dividend.

44 GENERAL

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

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on Firday, 6 September 2019.

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

FINANCIAL STATEMENTS - CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2019

DIRECTORS' REPORT

The Directors are pleased to present consolidated financial statement of the Company for the year ended on June 30, 2019.

Nimir Industrial Chemicals Limited (NICL) controls the management of Nimir Resins Limited (NRL) through Nimir Holding Private Limited (NHPL), a wholly owned subsidiary of NICL, and Nimir Management Private Limited (majority 51% owned by NHPL). NRL is a listed Company engaged in the manufacturing and sales of surface coating, polyesters, paper chemicals and textile auxiliaries. NHPL is in the process of liquidation, which is expected to be completed in first half of FY 2020. After liquidation of NHPL, NRL will be controlled by NICL through NMPL.

The effective shareholding of the NICL in NRL is 37.64 %.

The group showed significant growth in its top line and closed the FY 2019 with turnover of Rs. 20 billion; registering a year on year increase of 26%. Both sale volumes and sale prices contributed in the growth of the group turnover. As a result of this growth, the group's pre-tax profit increased from Rs. 972 million to Rs. 1,325 million (up by 36%).

In the current budget, the Government has made some serious efforts for the documentation of the economy. With tough budgetary measures, high interest rate and rising inflation, the country is faced with an inevitable economic slowdown. Despite challenging, we are committed to maximize Company's turnover and improve profitability in the FY 2020, Insha'Allah.

Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country, the board of Directors is pleased to state as follows:

- The Financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last 6 years is annexed.
- Outstanding taxes and levies are given in the notes to the financial statements.

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

Internal Financial Control

The system of internal control is sound in design and has been effectively implemented and monitored.

External Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s EY Ford Rhodes, Chartered Accountants as external auditor of the Company for the year ending June 30, 2020.

Pattern of Shareholding

A pattern of shareholding of Nimir Industrial Chemicals Limited and Nimir Resins Limited are annexed to their respective directors' report. There was no trading in the shares of the Companies by the Directors, Chief Executive, Chief Financial Officer, Company Secretary, Company Executive and their spouses and minor children during the year except those which are mentioned in the annexed statement required under Code of Corporate Governance (CCG) in their respective financial accounts.

Dividend / Bonus Shares

The NICL board has recommended final cash dividend of Rs.1.50 per share for the year ended June 30, 2019. NICL had earlier declared and paid interim cash dividend of Rs. 1.5 per share. The total cash dividend of NICL for the year remained Rs. 3.00 per share (i.e. 30%).

The Board of the Nimir Resins Limited after examining the financial position of the Company decided to keep the Company liquid to the maximum possible level. Hence it has recommended not to give any dividend for the year ended June 30, 2019.

For and on behalf of the Board

Zafar Mahmood Chief Executive Officer	Khalid Mumtaz Qazi Director

Lahore
September 06, 2019.

ڈائریکٹرز رپورٹ-اشتمال شدہ

ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کے لئے کمپنی کے اشتمال شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

نمر انڈسٹریل کیمیکلز لمیٹڈ (این آئی سی ایل)، نمر ہولڈنگ پرائیویٹ لمیٹڈ (این ایچ پی ایل) این آئی سی ایل کی ایک مکمل ملکیتی ذیلی کمپنی اور نمر مینجمنٹ پرائیویٹ لمیٹڈ (این ایچ پی ایل کی اکثریتی ملکیتی یعنی 51 فی صد) کے ذریعے نمر ریزنز لمیٹڈ (این آر ایل) کے انتظامات کو کنٹرول کرتی ہے۔این آر ایل ایک لسٹڈ کمپنی ہے جو سرفیس کوٹنگ، پالئیسٹرز، پیپر کیمیکلز اور ٹیکسٹائل کے معاون کیمیکلز کی تیاری اور فروخت میں مصروف ہے۔این ایچ پی ایل لیکویڈیشن کے عمل میں ہے، جو مالی سال 2020 کی پہلی ششماہی میں مکمل ہونے کی توقع ہے۔این ایچ پی ایل کی لیکویڈیشن کے بعد، این آر ایل کو این ایم پی ایل کے ذریعے این آئی سی ایل کنٹرول کرے گی۔این آر ایل میں این آئی سی ایل کی مؤثر شیئر ہولڈنگ % 37.64 ہے۔

گروپ نے اپنی ٹاپ لائن میں نمایاں نمو ظاہر کی ہے اور سال کا اختتام 20 بلین روپے کے ساتھ کیا ہے، جو سال بہ سال 26 فی صد کا اضافہ ظاہر کررہی ہے۔گروپ کی آمدنی کی نمو میں فروخت کے حجم اور فروخت کی قیمت دونوں نے کردار ادا کیا ہے۔اس نمو کے نتیجے میں، گروپ کا ٹیکس سے قبل منافع 972 ملین روپے سے بڑھ کر 1,325 ملین روپے (36% تک زیادہ) ہو گیا۔

حالیہ بجٹ میں، حکومت نے معیشت کی ڈاکومنٹیشن کے لئے چند سنجیدہ کوششیں کیں ہیں۔سخت بجٹری اقدامات ،اعلی شرح سود اور بڑھتے ہوئے افراط زر کے ساتھ، ملک کو ناگزیر معاشی سست روی کا سامنا ہے۔مشکلات کے باوجود، ہم انشاءاللہ مالی سال 2020 میں کمپنی کے ٹرن اوور کو زیادہ سے زیادہ کرنے اور منافع یابی کو بہتر بنانے کے لئے پُرعزم ہیں۔

کارپوریٹ گورننس

ملک میں اسٹاک ایکسچینجز کے فہرستی قوانین میں شامل کارپوریٹ گورننس کے ضابطہ کے مطابق، ڈائریکٹرز بخوشی بیان کرتے ہیں:

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

کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے لئے پُرعزم ہے، اور بہترین طریقوں کے مطابق عمل کرنے کے لئے تمام مناسب اقدامات کئے گئے ہیں۔

داخلی مالیاتی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

بیرونی محاسب

موجودہ محاسب میسرز ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ، اس سال سبکدوش ہو رہے ہیں، نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

نمونہء حصص داری

نمر انڈسٹریل کیمیکلز لمیٹڈ اور نمر ریزائنز لمیٹڈ کا نمونہء حصص داری متعلقہ ڈائریکٹرز رپورٹ کے ہمراہ منسلک ہے۔سال کے دوران کمپنیوں کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، کمپنی ایگزیکٹو اوران کے زوج اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی گئی، ماسوائے جس کا ذکر کوڈ آف کارپوریٹ گورننس (سی سی جی) کے ضابطہ کے تحت درکار متعلقہ مالی حسابت میں کیا گیا ہے۔

ڈیویڈینڈ/ بونس شیئرز

این آئی سی ایل بورڈ نے 30 جون 2019ء کو ختم ہونے والے سال کے لئے -/1.5 روپے فی شیئر (یعنی 15%) حتمی نقد منافع کی سفارش کی ہے۔این آئی سی ایل پہلے ہی عبوری نقد ڈیویڈینڈ کل -/1.5 روپے فی شیئر (یعنی 15%) کا اعلان اور ادا کرچکی ہے۔ سال کے لئے این آئی سی ایل کا کل نقد ڈیویڈینڈ -/3 روپے فی شیئر (یعن 30%) رہا۔

این آر ایل بورڈ نے کمپنی کی مالی حیثیت کا جائزہ لینے کے بعد کمپنی لیکویڈی کو زیادہ سے زیادہ ممکنہ سطح تک برقرار رکھنے کا فیصلہ کیا ہے چنانچہ بورڈ نے 30 جون 2019 کے لئے کوئی ڈیویڈینڈ جاری نہ کرنے کی سفارش کی ہے۔

منجانب بورڈ

ظفر محمود	خالد ممتاز قاضی	06 ستمبر 2019ء
چیف ایگزیکٹو آفیسر	ڈائریکٹر	لاہور

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Opinion

We have audited the annexed consolidated financial statements of Nimir Industrial Chemicals Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Revenue Recognition	
As described in note 5.12 and note 29, the Group generates revenue from several types of products and services. During the year ended 30 June 2019, the Group generated total revenue of Rs. 19.6 billion which represents approximately 26% increase as compared to last year. The revenue recognition is identified as a key audit matter due to its significance as key indicator for performance of management and raises the risk that revenue could be misstated to meet targets.	Our audit procedures amongst others included the following: Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof. On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period. Performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales, seasonal and market patterns. Correlated the revenue transactions with movement in receivables and cash balances and compared with the results from our balance confirmation procedures. Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents. Ensured the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

2. Tax Contingencies	
As disclosed in note 16 to the consolidated financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The aggregate amounts involved in such contingencies is Rs. 403.76 million as of 30 June 2019. The tax contingencies require the management to make judgements and estimates in relation to the interpretation of tax laws and regulations that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex.	We assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of on-going inspections by local tax authorities. We obtained explanations from management and corroborative evidence including communication with local tax authorities and confirmations of external tax advisors. We gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes. We analyzed and challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the consolidated financial statements. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 16 to the consolidated financial statements.

3. Preparation of consolidated financial statements	
The Group's consolidated financial statements comprise of transactions and balances of the holding company and its subsidiaries and sub-subsidiaries. Consolidating these financial statements involves elimination of intercompany transactions and balances, and consolidation of the amounts and disclosures of each entity's financial statements. Significant auditor attention is required in review of the consolidation schedules as the intercompany transactions are material to the consolidated financial statements as a whole, hence these are considered a Key Audit Matter.	We cross-matched the inter-company transactions and balances with the respective financial statements of the entities for elimination of the same. We reviewed reporting deliverables from the component audit team. We performed tests on consolidation adjustments and manual journal entries, both at group and component level to obtain an understanding of significant entries made. We reviewed the completeness of disclosures in the consolidated financial statements by comparing with the relevant disclosures in each entity's individual financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants

Lahore
September 12, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 145,000,000 (2018: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	7	1,105,905,460	1,105,905,460
Unappropriated profit - Revenue reserve		2,123,150,393	1,642,847,738
Non-controlling interest		612,552,915	516,162,255
		3,841,608,768	3,264,915,453
NON CURRENT LIABILITIES			
Long term loans	8	641,446,928	525,254,615
Liabilities against assets subject to finance lease	9	59,336,054	61,938,930
Diminishing musharaka finance	10	3,252,972	4,828,077
Deferred tax liability	11	317,499,951	225,854,126
		1,021,535,905	817,875,748
CURRENT LIABILITIES			
Trade and other payables	12	1,168,243,467	1,317,115,494
Contract liabilities	13	42,386,776	50,745,472
Net defined benefit liability - funded gratuity	14	86,239,892	64,327,955
Mark up accrued		116,608,306	50,140,627
Unclaimed dividend		7,760,321	6,142,532
Short term borrowings	15	4,334,710,198	3,986,468,603
Current maturity of long term loans	8	242,985,167	174,159,225
Current maturity of liabilities against assets subject to finance lease	9	22,969,840	46,186,411
Current maturity of diminishing musharaka finance	10	1,575,105	1,445,876
Provision for taxation		399,379,718	313,549,791
		6,422,858,790	6,010,281,986
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY AND LIABILITIES		11,286,003,463	10,093,073,187
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	3,607,502,689	3,020,447,496
Intangibles	18	946,497	1,957,485
Long term deposits	19	42,460,465	37,025,318
		3,650,909,651	3,059,430,299
CURRENT ASSETS			
Stores, spare parts and loose tools	20	219,602,327	155,023,243
Stock in trade	21	3,320,279,897	3,239,786,542
Trade debts	22	2,750,669,858	2,370,809,817
Loans and advances	23	104,199,756	147,519,037
Trade deposits and short term prepayments	24	3,816,177	31,693,739
Interest accrued		396,347	264,329
Short term investment	25	54,900,000	-
Other receivables	26	28,526,850	65,168,950
Tax refunds due from the Government	27	1,024,969,725	908,250,639
Cash and bank balances	28	127,732,875	115,126,592
		7,635,093,812	7,033,642,888
TOTAL ASSETS		11,286,003,463	10,093,073,187

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Revenue from contracts with customers - net	29	19,600,644,123	15,568,517,439
Cost of sales	30	(17,081,030,724)	(13,702,738,640)
Gross profit		2,519,613,399	1,865,778,799
Distribution costs	31	(166,684,983)	(138,215,173)
Administrative expenses	32	(241,364,030)	(209,706,878)
		(408,049,013)	(347,922,051)
Operating profit		2,111,564,386	1,517,856,748
Other expenses	33	(114,906,737)	(175,431,354)
Other income	34	33,478,265	27,060,440
Foreign exchange loss	35	(177,831,486)	(118,354,868)
Finance cost	36	(527,089,215)	(279,369,838)
Profit before taxation		1,325,215,213	971,761,128
Taxation	37	(359,350,870)	(175,648,055)
Profit after taxation		965,864,343	796,113,073
Attributable to:			
Equity holders of the parent		870,038,300	732,556,771
Non-controlling interests		95,826,043	63,556,302
		965,864,343	796,113,073
Earnings per share - basic and diluted	38	7.87	6.62

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
Profit after taxation		965,864,343	796,113,073
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	14.4	(2,818,138)	(8,090,648)
Income tax effect		817,260	2,346,288
Re-measurement losses on defined benefit plan - net		(2,000,878)	(5,744,360)
Total comprehensive income for the year		963,863,465	790,368,713
Attributable to:			
Equity holders of the parent		867,472,805	728,011,928
Non-controlling interests		96,390,660	62,356,785
		963,863,465	790,368,713

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit Revenue reserve (Rupees)	Non-controlling interest (Rupees)	Total (Rupees)
Balance as on 1 July 2017	1,105,905,460	1,136,016,902	453,805,470	2,695,727,832
Final dividend for 2017 @ Rs. 1 per share	-	(110,590,546)	-	(110,590,546)
Interim dividend for 2018 @ Rs. 1 per share	-	(110,590,546)	-	(110,590,546)
Profit after taxation	-	732,556,771	63,556,302	796,113,073
Other comprehensive loss	-	(4,544,843)	(1,199,517)	(5,744,360)
Total comprehensive income for the year	-	728,011,928	62,356,785	790,368,713
Balance as on 30 June 2018 - as previously reported	1,105,905,460	1,642,847,738	516,162,255	3,264,915,453
Effect of application of change in accounting policy resulting from adoption of IFRS 9 (note 2)	-	(103,239)	-	(103,239)
Balance as on 1 July 2018	1,105,905,460	1,642,744,499	516,162,255	3,264,812,214
Final dividend for 2018 @ Rs. 2 per share	-	(221,181,092)	-	(221,181,092)
Interim dividend for 2019 @ Rs. 1.5 per share	-	(165,885,819)	-	(165,885,819)
Profit after taxation	-	870,038,300	95,826,043	965,864,343
Other comprehensive (loss) / income	-	(2,565,495)	564,617	(2,000,878)
Total comprehensive income for the year	-	867,472,805	96,390,660	963,863,465
Balance as on 30 June 2019	1,105,905,460	2,123,150,393	612,552,915	3,841,608,768

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 (Rupees)	2018 (Rupees) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,325,215,213	971,761,128
Adjustment for:		
Depreciation	328,117,540	282,626,211
Amortization	1,010,988	1,123,225
Mark-up expense	511,995,348	265,152,563
Income from financial assets	(5,318,792)	(3,124,273)
Provision against stock in trade	10,035,974	11,029,599
Impairment of property, plant and equipment	-	63,365,020
Reversal of provision against stock in trade	-	(4,619,258)
Expected credit losses of trade debts	19,798,379	36,243,158
Provision for gratuity	22,069,816	17,057,116
Reversal of provision	(1,465,444)	(7,037,498)
Gain on disposal of property, plant and equipment	(5,336,386)	(3,267,392)
Loss on property, plant and equipment - written off	1,747,055	-
Exchange loss - unrealized	23,842,682	22,376,273
Workers' profit participation fund provision	70,775,759	52,137,620
Workers' welfare fund provision	22,585,544	18,345,706
	999,858,463	751,408,070
Operating profit before working capital changes	2,325,073,676	1,723,169,198
(Increase) / Decrease in current assets		
Stores, spares parts and loose tools	(64,579,084)	27,925,815
Stock in trade	(90,529,329)	(1,350,676,833)
Trade debts	(399,761,659)	(830,900,834)
Loans and advances	43,319,281	(35,759,534)
Trade deposits and short term prepayments	27,877,562	(17,444,506)
Other receivables	36,642,100	(45,594,680)
Tax refunds due from the Government	(84,750,696)	7,151,483
	(531,781,825)	(2,245,299,089)
(Decrease) / Increase in current liabilities		
Trade and other payables	(188,261,931)	601,682,847
Contract liabilities	(8,358,696)	30,430,454
	(728,402,452)	(1,613,185,788)
Cash generated from operations	1,596,671,224	109,983,410
Contribution to gratuity fund	(2,976,017)	(7,011,397)
Mark-up paid	(437,780,695)	(244,339,002)
Tax paid	(213,026,248)	(411,275,762)
Long term deposits	(5,435,147)	7,593,450
Workers' profit participation fund paid	(57,597,509)	(38,048,669)
Workers' welfare fund paid	(18,751,128)	(14,192,680)
	(735,566,744)	(707,274,060)
Net cash generated from / (used in) operating activities - Balance carried forward	861,104,480	(597,290,650)

	2019 (Rupees)	2018 (Rupees) (Restated)
Balance brought forward	861,104,480	(597,290,650)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(205,161,993)	(30,535,923)
Additions in capital work in progress - net	(725,957,715)	(632,369,891)
Sale proceeds from disposal of property, plant and equipment	19,536,306	3,542,917
Short term investment	(54,900,000)	-
Interest received	5,186,774	3,084,327
Net cash used in investing activities	(961,296,628)	(656,278,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	371,527,875	334,591,987
Long term loan repaid	(186,509,620)	(129,044,758)
Dividend paid	(385,449,122)	(217,747,169)
Repayment of liabilities against assets subject to finance lease	(65,348,121)	(38,042,502)
Repayment of liabilities against diminishing musharaka finance	(1,929,176)	(2,247,259)
New leases acquired	32,265,000	6,507,000
New diminishing musharaka acquired	-	5,457,200
Short term borrowings	348,241,595	1,308,601,851
Net cash generated from financing activities	112,798,431	1,268,076,350
Net increase in cash and cash equivalents	12,606,283	14,507,130
Cash and cash equivalents at the beginning of the year	115,126,592	100,619,462
Cash and cash equivalents at the end of the year	127,732,875	115,126,592

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 THE GROUP AND ITS OPERATIONS

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

Parent (Holding) Company

Nimir Industrial Chemicals Limited ("NICL")

Subsidiary Companies

Nimir Holding (Private) Limited ("NHPL")

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL")

The shareholding of Nimir Group is as follows:

• The holding of NICL in NHPL:	100%
• The holding of NHPL in NMPL:	51%
• The holding of NMPL in NRL:	51%
• The holding of NHPL in NRL:	11.63%
• Effective holding of NICL in NRL:	37.64%

Nimir Industrial Chemicals Limited ('the Holding Company') was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Holding Company is engaged in manufacturing and sales of chemical products. In previous year, the Holding Company was a 56.74% subsidiary of Nimir Resources (Private) Limited ('NRPL'). As a result of voluntary winding up of NRPL, shares held by NRPL have been transferred to its sponsors, who have made a consortium through an agreement to control the Holding Company. Following are the business units of the Holding Company along with their respective locations:

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

Nimir Holding (Private) Limited (NHPL) and Nimir Management (Private) Limited (NMPL) were incorporated in Pakistan as private limited companies on 28 September 2015 and 4 December 2015 respectively for the purpose of investment in Nimir Resins Limited. Subsequent to the year end, NHPL has initiated a process of voluntary-winding up after which the assets of NHPL (primarily the investment in NMPL) shall be transferred to NICL. The registered office of NHPL and NMPL is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

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

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

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

2 STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.1 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2019

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2018, as listed below. The Group has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 9	-	Financial Instruments
IFRS 15	-	Revenue from Contracts with Customers
IFRIC 22	-	Foreign Currency Transactions and Advance Considerations
IFRS 2	-	Classification and Measurement of Share-based Payment Transactions (Amendment)
IFRS 4	-	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)
IAS 40	-	Transfers of Investment Property (Amendments)

The nature and effect of the changes as a result of adoption of IFRS 9 and IFRS 15 are described below. The adoption of interpretations and amendments applied for the first time in the year did not have any impact on the financial statements of the Group.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures. The management reviewed and assessed the Group's existing contracts with the customers in accordance with the guidance included in IFRS 15 and concluded that there is no material impact on the revenue recognition of the Group.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 July 2018.

Accordingly opening balances of current reporting period have been restated without presentation of third consolidated statement of financial position as the retrospective restatement does not have a material impact on the information in consolidated statement of financial position (including retained earnings) at the beginning of the preceding period.

Below are the details of key impacts arising from the adoption of the standard:

Consolidated statement of financial position

In consolidated statement of financial position, the corresponding figure of trade and other payables amounting to Rs. 50,745,472 has been reclassified to contract liabilities. Contract liabilities are recognized in respect of Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from a customer. Amounts as at 30 June 2018 have also been reclassified as follows for the purpose of comparability:

	As at 30 June 2018		
Description	Carrying Amount as stated	Reclassification	IFRS 15 Carrying Amount
	------------------------ (Rupees) ------------------------		
Trade and other payables	50,745,472	(50,745,472)	-
Contract liabilities	-	50,745,472	50,745,472
	50,745,472	-	50,745,472

	As at 30 June 2019		
Description	Previous IFRS Carrying Amount	Increase / (decrease)	IFRS 15 Carrying Amount
	------------------------ (Rupees) ------------------------		
Trade and other payables	42,386,776	(42,386,776)	-
Contract liabilities	-	42,386,776	42,386,776
	42,386,776	-	42,386,776

Consolidated statement of profit or loss

In consolidated statement of profit or loss, the corresponding figure of distribution costs amounting to Rs. 48,982,095 has been reclassified to revenue from contracts with customers - net. As a result, corresponding gross profit for the year has decreased by Rs. 48,982,095. Amounts for the year ended 30 June 2018 have been reclassified as follows for the purpose of comparability:

	Decrease due to IFRS 15	
Description	30 June 2019	30 June 2018
	------------------ (Rupees) ------------------	
Distribution costs	(48,982,095)	(63,521,509)
Revenue from contracts with customers - net	(48,982,095)	(63,521,509)

The application of IFRS 15 did not have a material impact on amounts in the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows as the current methodology for revenue recognition adequately reflects timing of satisfaction of performance obligations under requirements of the new standard.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences (if any) arising from the adoption of IFRS 9 have to be recognized directly in retained earnings and other components of equity.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The following are the changes in the classification of the Group's financial assets:

Trade debts, deposits, loans and advances and other receivables

These balances classified as 'Loans and receivables' as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortized cost beginning 1 July 2018.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of IFRS 9, the Group had the following reclassifications as at 1 July 2018:

	IAS 39 measurement category	IFRS 9 measurement category
	Loans and receivables	Amortized Cost
	(Rupees)	(Rupees)
Long term deposits	37,025,318	37,025,318
Trade debts*	2,370,809,817	2,370,706,578
Loans and advances	147,519,037	147,519,037
Interest accrued	264,329	264,329
Other receivables	65,168,950	65,168,950
	2,620,787,451	2,620,684,212

* The change in carrying amount is a result of additional impairment allowance as mentioned in following paragraph.

Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach as mentioned in note 4.1. IFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Group recognized additional impairment on the Group's trade debts of Rs. 103,239, which resulted in a decrease in unappropriated profits of Rs. 103,239 as at 1 July 2018.

Following is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

Description	Provision for doubtful debt under IAS 39 as at 30 June 2018	Remeasurement	Allowance for ECL under IFRS 9 as at 1 July 2018
	------------------------	(Rupees)	------------------------
Loans and receivables under IAS 39 / Financial assets at amortized cost under IFRS 9	147,775,556	103,239	147,878,795

Hedge accounting

As at year end, the Group does not have hedge relationships. Accordingly, IFRS 9 will not have an impact on Group's financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)	1 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement — (Amendments)	1 January 2019
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)	1 January 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	1 January 2019
IAS 1	Presentation of Financial Statements — (Amendments)	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	1 January 2020

The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application except for IFRS 16. The management is in the process of determining the effect of application of IFRS 16.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019.

The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 17	Insurance Contracts	1 January 2022

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 5.13.

These financial statements are the consolidated financial statements of the Group in which investment in subsidiaries is accounted for on the basis of acquisition method. Standalone financial statements of the Holding Company and its subsidiaries are prepared separately.

3.2 Basis of consolidation

The consolidated financial statements include the financial statement of the Holding Company and its subsidiary companies. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities assumed and the equity interest issued by the Group, if any. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The financial statement of the Holding Company and its subsidiaries are prepared up to the same reporting date using consistent accounting policy except as stated otherwise. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in profit and loss account. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

The financial statements of subsidiaries have been consolidated on line by line basis. Intra Group balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date the Group acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra group transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

3.3 Non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain and losses for the Group that are recorded in the consolidated statement of profit or loss account.

3.4 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Impairment of financial assets

The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money, if applicable; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.2 Useful life and residual values of property, plant and equipment

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Group. Further, the Group reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment, as applicable.

4.3 Provision for taxation and deferred tax

In making the estimates for income tax payable, the Holding Company and its subsidiary companies takes into account the applicable laws and the decisions by appellate authorities on certain issues in the past. Since, the Group has not opted for Group taxation, therefore, provision for taxation is determined on separate financial statements of the Holding Company and its subsidiary companies.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.4 Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data, including recent transactions and economic factors, are used to arrive at recoverable amount for specialized assets.

Other areas where estimates and judgments are involved are disclosed in respective notes to the financial statements.

4.5 Revenue recognition

Identifying performance obligations in sales of goods and services

The Group provides toll manufacturing services that are sold separately with the sale of goods to a customer. The toll manufacturing services are a promise to transfer packaged goods and are part of the negotiated exchange between the Group and the customer.

The Group determined that sale of goods and toll manufacturing services are distinct performance obligations. The Group also determined that the promises 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. Consequently, the Group determines the transaction price of the sale of goods and the toll manufacturing services based on relative stand-alone selling prices.

Determining the timing of satisfaction of performance obligations

The Group concluded that revenue for goods and services is to be recognized at a point in time because the transfer of goods and services indicate the transfer of significant risk and rewards of ownership of an asset to the customer. It further indicate that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

Similarly, when the customer do not opt for toll manufacturing services after purchase of goods, the revenue is recognized at a point in time upon delivery which refers to the customer's acceptance of an asset, which indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any except land which is stated at cost. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition.

Depreciation is calculated using the straight line method at rates disclosed in note 17.1 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of operating fixed asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

Capital Work In Progress

These are stated at cost less impairment loss, if any, including capitalization of borrowing costs. It consists of expenditures incurred in respect of fixed assets in the course of their construction and installation.

Leased Asset

Leases, where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term. The financial charges are calculated at the interest rates implicit in the lease and are charged to the consolidated statement of profit or loss.

Assets held under finance lease are stated at cost less accumulated depreciation and impairment loss, if any, at the rates and basis applicable to the Group owned assets.

5.2 Intangibles

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

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

5.3 Stock in trade, stores, spare parts and loose tools

Stock in trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

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

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

5.4 Trade debts

Trade debts represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.6.1.

5.5 Cash and cash equivalents

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

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

5.6 Financial instruments - initial recognition and subsequent measurement

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

5.6.1 Financial assets

Financial assets - initial recognition

The Group has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

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

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

Financial assets - subsequent measurement

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

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

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

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

a) Financial assets at fair value through profit or loss

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

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

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

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

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

The Group's financial assets at fair value through profit or loss includes sales tax refund bonds.

b) Financial assets at amortized cost (debt instruments)

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

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

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

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

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

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

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

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

• The rights to receive cash flows from the asset have expired; or

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

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

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

Financial assets - Impairment

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

5.6.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Financial liabilities - subsequent measurement

Loans and borrowings

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

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

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

Financial liabilities - derecognition

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

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

5.7 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the consolidated statement of financial position if the Group has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

5.8 Trade and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Group.

5.9 Provisions

Provisions are recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect current best estimate.

5.10 Taxation

Current

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

Deferred

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

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

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

5.11 Contract liabilities

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

5.12 Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied, which refers to the storage of processed finished soap noodles in Group's warehouse and its intimation to the respective customer, the delivery or the dispatch of such goods to respective customer, as agreed in the contract.

Service income from toll manufacturing

Service income from toll manufacturing is recognized upon the completion of processing of soap noodles into packaged soaps and dispatch of such packaged soaps to respective customer.

Cost to obtain contract

The Group pays sales commission to its distributors and dealers for each contract that they obtain for sale of goods. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included in note 29) because the amortization period of the asset that the Group otherwise would have used is one year or less.

Profit on bank deposit

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

5.13 Staff retirement benefits

Defined benefit plan

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

Experience adjustments are recognized in other comprehensive income when they occur. Amounts recorded in the consolidated 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 the consolidated statement of profit or loss.

The distinction between short term and other long term employee benefits is based on the expected timing of settlement rather than the employees' entitlement to benefits.

5.14 Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date.

Profits or losses arising on translation are recognized in the consolidated statement of profit or loss.

5.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. Such borrowing costs are capitalized as part of the cost of the qualifying asset.

5.16 Pricing for related party transactions

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method.

Parties are said to be related if they are able to influence the operating and financial decisions of the Group and vice versa.

5.17 Operating segments

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

- Oleo chemicals and chlor alkali
- Coating emulsion and resins

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

6 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST

6.1 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests (NCI):

Name of subsidiary	Group effective shareholding	NCI shareholding	Country of incorporation	Financial year end
	%	%		
Nimir Management (Private) Limited (NMPL)	51.00	49.00	Pakistan	30 June
Nimir Resins Limited (NRL)	37.64	62.36	Pakistan	30 June

Accumulated balances of material non-controlling interest:	2019 (Rupees)	2018 (Rupees)
Nimir Management (Private) Limited (NMPL)	102,094,511	102,313,730
Nimir Resins Limited (NRL)	510,458,404	413,848,525
Profit allocated to material non-controlling interest:		
Nimir Management (Private) Limited (NMPL)	(219,219)	(743,523)
Nimir Resins Limited (NRL)	96,609,879	63,100,308

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss:

	2019		2018 (Restated)	
	NMPL	NRL	NMPL	NRL
	(Rupees)		(Rupees)	
Revenue from contracts with customers - net	-	4,883,237,414	-	3,579,667,800
Cost of sales	-	(4,393,333,131)	-	(3,261,493,820)
Distribution costs	-	(64,383,203)	-	(51,545,122)
Administrative expenses	(447,385)	(46,675,297)	(486,725)	(41,920,229)
Other expenses	-	(28,842,702)	-	(43,487,167)
Other income	-	12,656,227	-	8,741,805
Foreign exchange loss	-	(31,566,903)	-	(29,696,988)
Finance cost	-	(167,591,727)	(480)	(75,114,419)
(Loss) / profit before taxation	(447,385)	163,500,678	(487,205)	85,151,860
Taxation	-	(9,483,260)	(1,030,189)	17,958,828
(Loss) / profit after taxation	(447,385)	154,017,418	(1,517,394)	103,110,688
Total comprehensive (loss) / income	(447,385)	154,922,833	(1,517,394)	101,187,152
Attributable to non-controlling interests	(219,219)	96,609,879	(743,523)	63,100,308

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
No. of shares			(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash	1,105,905,460	1,105,905,460

8 LONG TERM LOANS

	Note	2019 (Rupees)	2018 (Rupees)
Term finance - Secured I		-	18,750,000
Term finance - Secured II	8.1	40,104,175	83,854,171
Term finance - Secured III	8.2	18,750,000	37,500,000
Term finance - Secured IV	8.3	149,026,137	204,910,414
Term finance - Secured V	8.4	105,000,000	135,000,000
Term finance - Secured VI	8.5	281,250,003	112,399,255
Term finance - Secured VII	8.6	180,516,130	-
Term finance - Secured VIII	8.7	2,785,650	-
Loan from directors / sponsors	8.8	107,000,000	107,000,000
		884,432,095	699,413,840
Less: Current maturity shown under current liabilities		(242,985,167)	(174,159,225)
		641,446,928	525,254,615

8.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

8.2 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

8.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from February 2017 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

8.4 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 equal monthly instalments starting from December 2017 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

8.5 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from March 2018 with grace period of one year. This facility is secured against first pari passu charge over present and future fixed assets of the Holding Company.

8.6 This represents long term finance facility amounting to Rs. 200 million from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 16 equal quarterly instalments starting from March 2019 with grace period of one year. As of year end, Rs. 180.52 million has been availed out. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

8.7 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 150 bps per annum repayable in 60 equal monthly instalments starting from August 2018. This facility is secured against first pari passu charge over a vehicle of the subsidiary company for which loan facility is obtained.

8.8 This represents loan obtained from ex-director / sponsors of Nimir Resins Limited. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) range from 1 month KIBOR plus 175 bps to 1 year KIBOR plus 200 bps (2018: 1 month KIBOR plus 175 bps to 1 year KIBOR plus 100 bps). The amount of future payments and the period during which they will become due are:

	2019 (Rupees)	2018 (Rupees)
Year ending 30 June		
2019	-	51,823,961
2020	26,879,965	23,413,970
2021	28,968,242	25,502,247
2022	15,664,847	11,500,849
2023	9,623,139	5,664,894
2024	8,314,167	-
	89,450,360	117,905,921
Less: Future finance charges	(7,144,466)	(9,780,580)
	82,305,894	108,125,341
Less: Current maturity shown under current liabilities	(22,969,840)	(46,186,411)
	59,336,054	61,938,930

9.1 The lease agreements have the option for purchase of asset at the end of the lease period. There are no financial restrictions in the lease agreements.

9.2 Minimum lease payments (MLP) and their present value (PV) are grouped below:

	2019		2018	
	MLP	PV of MLP	MLP	PV of MLP
	(Rupees)		(Rupees)	
Due not later than 1 year	26,879,965	22,969,840	51,823,961	46,186,411
Due later than 1 year but not later than 5 years	62,570,395	59,336,054	66,081,960	61,938,930
	89,450,360	82,305,894	117,905,921	108,125,341

10 DIMINISHING MUSHARAKA FINANCE

	2019 (Rupees)	2018 (Rupees)
Diminishing musharaka finance	4,828,077	6,273,953
Less: Current maturity shown under current liabilities	(1,575,105)	(1,445,876)
	3,252,972	4,828,077

10.1 The subsidiary acquired vehicles under the diminishing musharaka financing arrangements entered into with First Punjab Modaraba, for a period of 60 months. The financing is secured against specific charge on this asset to the extent of diminishing musharaka opening value. The effective rate of rent per unit is 3 month KIBOR plus 2.5% with floor rate of 8.55%-8.66% per annum (2018: 8.55%-8.66%).

11 DEFFERED TAX LIABILITY

	Note	2019 (Rupees)	2018 (Rupees)
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		409,733,392	312,120,569
Deferred tax assets on deductible temporary differences			
Allowance for expected credit losses / provision for doubtful debts		(42,111,946)	(42,854,911)
Provision against stock		(7,883,728)	(9,810,948)
Provision - others		(2,352,569)	(2,352,569)
Deferred and unpaid liabilities		(9,085,613)	(12,771,145)
Capital work in progress - impairment		(18,375,856)	(18,375,856)
Amortization on intangibles		(158,255)	(101,014)
Tax losses and minimum tax credit carried forward		(12,265,474)	-
		317,499,951	225,854,126

Reconciliation of deferred tax liabilities - net

	2019 (Rupees)	2018 (Rupees)
As of 1 July	225,854,126	240,897,999
Tax expense recognized in statement of profit or loss	92,463,085	(12,697,585)
Tax income recognized in OCI	(817,260)	(2,346,288)
As at 30 June	317,499,951	225,854,126

12 TRADE AND OTHER PAYABLES

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Creditors		585,505,628	912,860,135
Accrued liabilities		404,218,943	311,643,259
Security deposits	12.1	400,000	400,000
Workers' profit participation fund	12.2	70,775,552	57,597,302
Workers' welfare fund	12.3	22,688,399	18,905,534
Withholding tax payable		540,061	526,926
Sales tax payable		67,709,125	3,572,869
Others		16,405,759	11,609,469
		1,168,243,467	1,317,115,494

12.1 These represent security deposits from distributors which, by virtue of agreement, are interest free, repayable on demand and are used in the normal course of business.

		Note	2019 (Rupees)	2018 (Rupees)
12.2	Balance as at 01 July		57,597,302	43,508,351
	Add: Provision for the year	33	70,775,759	52,137,620
	Less: Payments made during the year		(57,597,509)	(38,048,669)
	Balance as at 30 June		70,775,552	57,597,302
12.3	Balance as at 01 July		18,905,534	14,848,312
	Add: Provision for the year	33	22,585,544	18,345,706
	Less: Payments made during the year		(18,751,128)	(14,192,680)
	Less: Reversal during the year		(51,551)	(95,804)
	Balance as at 30 June		22,688,399	18,905,534

13 CONTRACT LIABILITIES

13.1 This represents advance consideration received from customers in ordinary course of business. No amounts have been received from related parties (2018: Nil).

13.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 44,106,372.

14 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2019 (Rupees)	2018 (Rupees)
Staff retirement benefit plan - Holding company			
Present value of defined benefits obligation		93,436,201	77,199,315
Less: Fair value of plan assets		(18,148,764)	(20,488,913)
		75,287,437	56,710,402
Staff retirement benefit plan - Subsidiary			
Present value of defined benefits obligation		20,779,813	15,031,194
Less: Fair value of plan assets		(9,827,358)	(7,413,641)
		10,952,455	7,617,553

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

	Note	2019 (Rupees)	2018 (Rupees)
Present value of defined benefits obligation	14.5	114,216,022	92,230,517
Less: Fair value of plan assets	14.6	(27,976,130)	(27,902,562)
		86,239,892	64,327,955

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

	2019 (Rupees)	2018 (Rupees)
Current service cost	17,199,720	13,962,389
Interest cost on defined benefit obligation - net	4,870,096	3,094,727
Expense recognized in the statement of profit or loss	22,069,816	17,057,116

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

	Note	2019 (Rupees)	2018 (Rupees)
Cost of sales	30.2	14,133,622	11,547,916
Distribution costs	31.1	3,046,879	2,104,844
Administrative expenses	32.1	4,889,315	3,404,356
		22,069,816	17,057,116

14.4 Movement in the net liability recognized as follows:

	2019 (Rupees)	2018 (Rupees)
Net liabilities at the beginning of the year	64,327,955	46,191,588
Current service cost	17,199,720	13,962,389
Interest cost on defined benefit obligation - net	4,870,096	3,094,727
Contribution by employer	(2,976,017)	(7,011,397)
Remeasurements charged to other comprehensive income	2,818,138	8,090,648
Net liabilities at the end of the year	86,239,892	64,327,955

14.5 Movement in the present value of defined benefit obligation

	2019 (Rupees)	2018 (Rupees)
Present value of defined benefits obligation at the beginning of the year	92,230,517	74,221,224
Current service cost	17,199,720	13,962,389
Interest cost on defined benefit obligation	7,048,354	5,085,439
Benefits paid	(2,568,017)	(8,154,465)
Remeasurement:		
Experience adjustments	305,448	7,115,930
Present value of defined benefit obligation at the end of year	114,216,022	92,230,517

14.6 Movement in the fair value of plan assets	**2019 (Rupees)**	**2018 (Rupees)**
Fair value of plan assets at the beginning of the year	27,902,562	28,029,636
Contribution by employer	2,976,017	7,011,397
Interest Income	2,178,258	1,990,712
Benefits paid	(2,568,017)	(8,154,465)
Return on plan assets excluding interest income	(2,512,690)	(974,718)
Fair value of plan assets at the end of year	27,976,130	27,902,562

14.7 Estimated expense to be charged to the statement of profit or loss in next year	**2020 (Rupees)**
Current service cost	17,393,805
Interest cost on defined benefit obligation - net	13,727,093
Expense recognized in the statement of profit or loss	31,120,898

14.8 Qualified actuaries have carried out the valuation as at 30 June 2019. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2019	**2018**
Discount rate for interest cost in profit or loss charge	7.75%	9.75%
Discount rate for obligation	13.25%	7.75%
Expected rates of salary increase in future years	11.75%	6.75%
Retirement assumption	Age 60	Age 60

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

Sensitivity level	**Assumption**	**Impact on defined benefit obligation**
+100 bps	Discount rate	105,255,869
- 100 bps	Discount rate	124,505,795
+100 bps	Expected increase in salary	124,582,884
- 100 bps	Expected increase in salary	105,044,676

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years for the Holding Company and 9.3 years for subsidiary.

15 SHORT TERM BORROWINGS - SECURED	**2019 (Rupees)**	**2018 (Rupees)**
Running finance	704,012,687	1,210,468,917
Finance against trust receipts	3,630,697,511	2,775,999,686
	4,334,710,198	3,986,468,603

The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at period end is Rs. 9,564 million (2018: Rs. 5,821 million) which includes running finance facilities amounting Rs. 1,800 million (2018: Rs. 1,350 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 125 bps with no floor and no cap (2018: 1 month KIBOR + 50 bps to 6 months KIBOR + 175 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Group.

The unutilized facility for opening letters of credit and bank guarantees as at 30 June 2019 amounts to Rs. 3,153 million (2018: Rs. 1,249 million) and Rs. 86 million (2018: Rs. 93 million) respectively.

16 CONTINGENCIES AND COMMITMENTS

16.1 CONTINGENCIES

Pending the outcome of below cases, no provision has been made in the financial statements, since the management of the Group based on its consultants' opinion, is confident that the outcome of the appeals will be in favor of the Group. The aggregate exposure of the following tax and civil cases amounts to Rs. 403.76 million and Rs. 5.86 million respectively.

Holding Company

16.1.1 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.

16.1.2 The income tax authority raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the Tax Year 2011 which was challenged at Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of the Company vide Order dated 2 December 2013. The Income Tax Department has filed an appeal in February 2014 before the Honorable Lahore High Court against the ATIR's decision which is pending adjudication.

16.1.3 The income tax authority amended the proceedings the Company's assessment relating to Tax Year 2014 under section 122 (5) / 177 / 214C of the Ordinance and raised demand of Rs. 123 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who decided the case in favor of the Company in toto vide order dated 21 March 2018. The Company as well as its consultant has not received any intimation for filing of appeal by the tax department to the ATIR.

16.1.4 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.

Subsidiary Company

16.1.5 In respect of tax year 2014, the Company was confronted for audit through random computer balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) has made additions of Rs.

27.828 million (consequent tax exposure Rs. 9.46 million), whereas the Company had declared a tax loss of Rs. 55.554 million in its tax return. Against this order, the Company has initiated preferred appeal on October 25, 2017 with CIR(appeals) and such appeal is pending adjudication.

16.1.6 The Company has filed a suit in Civil Court, Lahore against M/s Chitral Ghee and Oil Mills Company for the recovery of balance of advance given to said vendor party, calculated at Rs. 22.17 million. In another suit before the Civil Court, Lahore the same party has demanded an amount of Rs. 5.860 million allegedly receivable from the Company on account of supplies of various products made to the Company. Both the matters are pending adjudication.

16.1.7 In respect of tax year 2011, the Company was confronted for audit through random computer balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) made additions of Rs. 61.702 million vide order dated October 30, 2017 (consequent tax exposure Rs. 21.60 million), whereas the Company had declared a tax loss of Rs. 147.994 million in its tax return. Against this order, the Company has initiated preferred appeal on January 11, 2018 with CIR(appeals) and such appeal is pending adjudication.

16.2 COMMITMENTS

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

	2019 (Rupees)	2018 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery	866 million	1,819 million
Letter of guarantee given to SNGPL	99 million	99 million
Letter of guarantee given to PSO	30 million	25 million
Letter of guarantee given to Total PARCO	10 million	8 million

17 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 (Rupees)	2018 (Rupees)
Operating fixed assets	17.1	3,563,282,411	2,719,291,356
Capital work in progress	17.7	44,220,278	301,156,140
		3,607,502,689	3,020,447,496

17.1 Operating fixed assets

2019

Particulars	COST: As at July 1, 2018	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: Written off	COST: As at June 30, 2019	Rate %	DEPRECIATION: Accumulated as at July 1, 2018	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Written off	DEPRECIATION: Accumulated as at June 30, 2019	Net Book value As at June 30, 2019
Owned	(Rupees)						(Rupees)						(Rupees)
Free hold land	235,303,537	178,876,967	-	-	414,180,504	-	-	-	-	-	-	-	414,180,504
Building on free hold land	466,209,507	190,646,454 (125,462)	(2,113,166)	(654,184)	653,963,149	4-5	174,980,192	36,123,784	(115,798)	(1,397,174)	(646,610)	208,944,394	445,018,755
Plant and machinery	3,646,806,029	703,770,323 (18,321,004)	80,787,706	(136,891,729)	4,276,151,325	4-50	1,672,110,305	233,219,178	(6,014,607)	21,861,231	(135,200,234)	1,785,975,873	2,490,175,452
Furniture and fittings	6,432,716	1,179,387 (1,115,865)	-	-	6,496,238	10-33	4,608,680	635,172	(1,092,634)	-	-	4,151,218	2,345,020
Office and factory equipment	160,494,115	62,367,930 (12,659,875)	15,875,766	(32,518,285)	193,559,651	10-50	120,118,820	27,002,208	(12,479,699)	1,973,750	(32,470,302)	104,144,777	89,414,874
Vehicles	67,065,437	16,940,218 (6,247,691)	4,359,500	(1,700,375)	80,417,089	20-25	40,146,852	9,584,866	(6,160,040)	3,168,071	(1,700,372)	45,039,377	35,377,712
	4,582,311,341	1,153,781,279 (38,469,897)	98,909,806	(171,764,573)	5,624,767,956		2,011,964,849	306,565,208	(25,862,778)	25,605,878	(170,017,518)	2,148,255,639	3,476,512,317
LEASED: Vehicles	51,773,100	34,274,291 (2,382,000)	(4,359,500)	-	79,305,891	20	18,404,436	13,055,050	(789,199)	(3,168,071)	-	27,502,216	51,803,675
Plant and machinery	144,978,023	-	(94,550,306)	-	50,427,717	4-50	29,401,823	8,497,282	-	(22,437,807)	-	15,461,298	34,966,419
	196,751,123	34,274,291 (2,382,000)	(98,909,806)	-	129,733,608		47,806,259	21,552,332	(789,199)	(25,605,878)	-	42,963,514	86,770,094
2019	4,779,062,464	1,188,055,570 (40,851,897)	-	(171,764,573)	5,754,501,564		2,059,771,108	328,117,540	(26,651,977)	-	(170,017,518)	2,191,219,153	3,563,282,411

2018

Particulars	COST: As at July 1, 2017	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: Written off	COST: As at June 30, 2018	Rate %	DEPRECIATION: Accumulated as at July 1, 2017	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Written off	DEPRECIATION: Accumulated as at June 30, 2018	Net Book value As at June 30, 2018
Owned	(Rupees)						(Rupees)						(Rupees)
Free hold land	213,386,237	21,917,300	-	-	235,303,537	-	-	-	-	-	-	-	235,303,537
Building on free hold land	419,059,727	27,581,644	19,568,136	-	466,209,507	4-5	150,541,005	24,088,270	-	350,917	-	174,980,192	291,229,315
Plant and machinery	2,861,893,891	804,480,274	(19,568,136)	-	3,646,806,029	4-50	1,464,348,115	208,113,107	-	(350,917)	-	1,672,110,305	1,974,695,724
Furniture and fittings	5,677,917	754,799	-	-	6,432,716	10-33	4,030,839	577,841	-	-	-	4,608,680	1,824,036
Office and factory equipment	144,109,455	17,334,037 (949,377)	-	-	160,494,115	10-50	100,356,137	20,690,144	(927,461)	-	-	120,118,820	40,375,295
Vehicles	53,521,623	9,982,202 (5,132,190)	8,693,802	-	67,065,437	20-25	31,192,908	8,192,077	(4,878,581)	5,640,448	-	40,146,852	26,918,585
	3,697,648,850	882,050,256 (6,081,567)	8,693,802	-	4,582,311,341		1,750,469,004	261,661,439	(5,806,042)	5,640,448	-	2,011,964,849	2,570,346,492
LEASED: Vehicles	53,959,902	6,507,000	(8,693,802)	-	51,773,100	20	13,379,710	10,665,174	-	(5,640,448)	-	18,404,436	33,368,664
Plant and machinery	144,978,023	-	-	-	144,978,023	4-50	19,102,225	10,299,598	-	-	-	29,401,823	115,576,200
	198,937,925	6,507,000	(8,693,802)	-	196,751,123		32,481,935	20,964,772	-	(5,640,448)	-	47,806,259	148,944,864
2018	3,896,586,775	888,557,256 (6,081,567)	-	-	4,779,062,464		1,782,950,939	282,626,211	(5,806,042)	-	-	2,059,771,108	2,719,291,356

17.1.1 Owned vehicles include vehicles amounting to Rs. 9.095 million (2018: Rs. 9.095 million) which have been obtained through Diminishing Musharaka Financing.

17.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchasers	Relationship with Group
			(Rupees)					
Membrane Cells	18,913,004	6,512,861	12,400,143	12,642,575	242,432	Negotiation - Exchange of asset	De Nora Deutschland GmbH	Un-related
Toyota Corolla Altis LEB-17A-897	2,254,469	598,442	1,656,027	2,172,000	515,973	Insurance claim	Jubilee General Insurance Company Limited	Un-related
Vehicles, office and factory equipment*	19,684,424	19,540,674	143,750	4,721,731	4,577,981	Negotiation	Various	Un-related
2019	40,851,897	26,651,977	14,199,920	19,536,306	5,336,386			
2018	6,081,567	5,806,042	275,525	3,542,917	3,267,392			

* The net book value of individual asset within this class is below five hundred thousand rupees.

17.3 There are fully depreciated assets, having cost of Rs. 165.42 million (2018: Rs. 259.66 million) that are still in use as at the reporting date.

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

Location and usage of immovable property	Total Area (Square feet)
Oleo chemicals and chlor alkali plant and warehouse 14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura.	2,856,665
Coating, emulsion and resins plant and warehouse 14.5 Km, Lahore Sheikhupura Road, Lahore	475,076
Warehouse 14.8 Km, Sheikhupura-Faisalabad Road, Mouza Bhikki, District Sheikhupura.	371,295
Town office Plot No. 122-B, Muslim Town, Lahore	11,700

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

17.6 Depreciation for the year has been allocated as under:

	Note	2019 (Rupees)	2018 (Rupees)
Cost of sales	30	306,556,725	263,313,074
Distribution costs	31	5,013,489	3,733,323
Administrative expenses	32	16,547,326	15,579,814
		328,117,540	282,626,211

17.7 Capital work in progress

	2019				2018
	Building on free-hold land	Plant and machinery	Others	Total	Total
	(Rupees)				(Rupees)
Opening balance	80,507,980	209,600,774	11,047,386	301,156,140	590,172,602
Impairment charge	-	-	-	-	(63,365,020)
Additions during the year	108,753,857	595,658,567	21,545,291	725,957,715	632,369,891
	189,261,837	805,259,341	32,592,677	1,027,113,855	1,159,177,473
Transferred to fixed assets	(189,261,837)	(761,039,063)	(32,592,677)	(982,893,577)	(858,021,333)
	-	44,220,278	-	44,220,278	301,156,140

17.7.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 11,457,374 (2018: Rs. 7,424,954). The expansion has been financed by a term finance facility from a financial institution.

18 INTANGIBLE

	Note	2019 (Rupees)	2018 (Rupees)
Software and licenses			
Cost:			
As at 1 July		5,862,934	5,862,934
Additions during the year		-	-
As at 30 June		5,862,934	5,862,934
Accumulated amortization:			
As at 1 July		(3,905,449)	(2,782,224)
Amortization during the year	32	(1,010,988)	(1,123,225)
As at 30 June		(4,916,437)	(3,905,449)
Net book value		946,497	1,957,485
Rate of amortization		20% - 33.33%	20% - 33.33%

19 LONG TERM DEPOSITS

	Note	2019 (Rupees)	2018 (Rupees)
Security deposits			
Financial institutions (including banks)		15,978,930	22,336,048
Less: Current maturity shown under current assets	24	-	(10,856,528)
		15,978,930	11,479,520
Others	19.1	26,481,535	25,545,798
		42,460,465	37,025,318

19.1 This includes deposit amounting to Rs. 12.24 million (2018: Rs. 12.24 million) given to electricity supply company for dedicated line.

20 STORES, SPARES PARTS AND LOOSE TOOLS

	Note	2019 (Rupees)	2018 (Rupees)
In hand		216,556,276	154,895,131
In transit		3,046,051	128,112
		219,602,327	155,023,243

21 STOCK IN TRADE

	Note	2019 (Rupees)	2018 (Rupees)
Raw and packing material			
In hand		781,375,851	667,822,712
In transit		1,813,519,730	1,953,986,049
		2,594,895,581	2,621,808,761
Finished goods		752,569,584	651,808,635
Less: Provision for obsolescence	21.1	(27,185,268)	(33,830,854)
		725,384,316	617,977,781
		3,320,279,897	3,239,786,542

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

	Note	2019 (Rupees)	2018 (Rupees)
Opening balance		33,830,854	22,801,255
Charge for the year	30	10,035,974	11,029,599
Written off during the year		(16,681,560)	-
Closing balance		27,185,268	33,830,854

22 TRADE DEBTS

	Note	2019 (Rupees)	2018 (Rupees)
Considered good - unsecured			
Due from customers	22.1	2,750,669,858	2,370,350,966
Due from associated company	22.2	-	458,851
		2,750,669,858	2,370,809,817
Considered doubtful		145,213,604	147,775,556
Allowance for expected credit losses / provision for doubtful debts	22.4	(145,213,604)	(147,775,556)
		-	-
		2,750,669,858	2,370,809,817

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

22.2 This relates to the amount due from Nimir Chemicals Pakistan Limited which ceased to be considered a related party after retirement of the common directors effective 29 December 2018.

22.3 Aggregate amount due from directors, Chief Executive Officer and executives of the Group is Rs. Nil (2018: Rs. Nil).

	Note	2019 (Rupees)	2018 (Rupees)

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

	Note	2019 (Rupees)	2018 (Rupees)
Opening Balance		147,775,556	111,532,398
IFRS 9 adjustment	2	103,239	-
Charge for the year	33	19,798,379	36,243,158
Bad debt written off		(22,463,570)	-
As at 30 June		145,213,604	147,775,556

22.5 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. 3,727,877 (2018: Rs. 8,106,275). No interest has been charged on the amounts due from associated undertakings.

23 LOANS AND ADVANCES

	Note	2019 (Rupees)	2018 (Rupees)
Considered good - unsecured			
Suppliers		96,219,672	136,555,329
Employees against business expenses	23.2	3,259,360	3,348,057
Employees against salary	23.3	4,720,724	7,615,651
		104,199,756	147,519,037

23.1 Amount due from related parties is Rs. Nil (2018: Rs. Nil)

23.2 This includes advance given to executives amounting to Rs. 0.71 million (2018: Rs. Rs. 0.04 million). No amount has been given to CEO or Directors.

23.3 This includes advance given to executives amounting to Rs. 3.3 million (2018: Rs. 3.7 million). No amount has been given to CEO or Directors.

23.4 Loans and advances that are either past due or impaired amount to Rs. Nil (2018: Rs. Nil).

24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019 (Rupees)	2018 (Rupees)
Current maturity - financial institutions (including banks)	19	-	10,856,528
Prepayments		3,816,177	20,837,211
		3,816,177	31,693,739

25 SHORT TERM INVESTMENT

This represent bonds issued by FBR Refund Settlement Company Limited, in Central Depository System (CDS) against Refund Payment Orders (RPOs) as issued in favor of the Group under section 67A of the Sales Tax Act 1990. The bonds are issued in multiples of one hundred thousand rupees and carry simple profit of 10% per annum payable at the end of maturity period i.e. three years from the issuance of bonds. These bonds are freely transferable within CDS and the Group can sell / transfer the bonds to another person / bank/ entity against any consideration or without any consideration.

The Group intends to sell / transfer the bonds within next financial year, therefore, these bonds have been classified as current assets.

26 OTHER RECEIVABLES

	Note	2019 (Rupees)	2018 (Rupees)
Margin against bank guarantee		13,911,950	18,311,950
Margin against letters of credit		14,614,900	46,857,000
		28,526,850	65,168,950

26.1 Other receivables that are either past due or impaired amount to Rs. Nil (2018: Rs. Nil)

27 TAX REFUNDS DUE FROM THE GOVERNMENT

	2019	2018
Income tax	787,655,814	755,687,424
Sales tax	237,313,911	148,814,715
Federal excise duty	-	3,748,500
	1,024,969,725	908,250,639

28 CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		1,914,997	674,474
Cash at bank			
Current accounts		55,422,640	45,641,128
Savings accounts	28.1	395,238	1,810,990
Term deposit certificate	28.2	70,000,000	67,000,000
		125,817,878	114,452,118
		127,732,875	115,126,592

28.1 These carry mark-up rate ranging from 4.5% to 10.25% (2018: 4% to 4.5%) per annum.

28.2 This carry mark-up at the rate of 11.5% (2018: 5.81%) and has maturity of one month.

29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

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

	2019 (Rupees)	2018 (Rupees) (Restated)
Major products and services:		
Oleo chemicals	16,472,832,123	13,374,416,486
Chlor Alkali	571,013,141	592,756,623
Toll manufacturing	255,818,005	152,309,235
Coating, Emulsion and Blending	3,953,623,718	3,040,146,503
Textile, Paper and Others	1,469,478,710	1,026,567,047
	22,722,765,697	18,186,195,894
Less:		
Sales tax	(3,073,139,479)	(2,554,156,946)
Trade discounts	-	-
Commission	(48,982,095)	(63,521,509)
Net sales	19,600,644,123	15,568,517,439
Geographical region:		
Pakistan	19,600,644,123	15,568,517,439
Timing of transfer of goods:		
Goods transferred to customers at a point in time	19,600,644,123	15,568,517,439

30 COST OF SALES

	Note	2019 (Rupees)	2018 (Rupees)
Raw and packing material consumed	30.1	15,336,685,821	12,426,420,925
Salaries, wages and benefits	30.2	446,364,715	382,625,059
Depreciation	17.6	306,556,725	263,313,074
Fuel and power		822,095,972	611,546,096
Stores, spares and loose tools consumed		121,580,662	122,438,723
Repairs and maintenance		39,095,120	27,159,909
Traveling, conveyance and entertainment		41,051,599	30,283,126
Communication		1,607,656	1,784,914
Insurance		19,322,236	17,874,980
Rent, rates and taxes		17,237,270	6,199,375
Printing and stationery		3,278,994	2,851,068
Provision for obsolescence of stock	21.1	10,035,974	11,029,599
Fee and consultancy charges		4,564,707	4,165,305
Dues, fees and subscription		3,664,856	2,229,530
Product development charges		2,370,350	2,386,482
Other expenses		6,279,016	3,292,168
		17,181,791,673	13,915,600,333
Add: Opening stock-finished goods	21	651,808,635	438,946,942
Less: Closing stock-finished goods	21	(752,569,584)	(651,808,635)
		17,081,030,724	13,702,738,640

30.1 Raw and packing material consumed

	Note	2019 (Rupees)	2018 (Rupees)
Opening Balance		2,621,808,761	1,479,374,363
Purchases		15,309,772,641	13,568,855,323
		17,931,581,402	15,048,229,686
Less: Closing Balance	21	(2,594,895,581)	(2,621,808,761)
Raw and packing material consumed		15,336,685,821	12,426,420,925

30.2 This includes Rs. 14.13 million (2018: Rs. 11.55 million) in respect of staff retirement benefits - gratuity scheme.

30.3 Cost of sales includes direct toll manufacturing expenses amounting to Rs. 105.8 million (2018: Rs. 39.3 million).

31 DISTRIBUTION COSTS

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Salaries, wages and benefits	31.1	69,014,079	56,295,495
Repairs and maintenance		358,280	281,973
Traveling, conveyance and entertainment		5,980,545	5,931,010
Communication		644,922	638,585
Insurance		3,253,417	3,004,800
Freight outward		54,397,395	48,844,382
Packing, carriage and forwarding		26,535,032	18,015,355
Printing and stationery		670,884	554,637
Depreciation	17.6	5,013,489	3,733,323
Sales promotion expenses		17,247	193,270
Utilities		411,690	294,430
Dues, fees and subscription		338,802	294,733
Other expenses		49,201	133,180
		166,684,983	138,215,173

31.1 This includes Rs. 3.05 million (2018: Rs. 2.1 million) in respect of staff retirement benefits - gratuity scheme.

32 ADMINISTRATIVE EXPENSES

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Salaries, wages and benefits	32.1	148,250,365	119,949,259
Fuel and power		2,461,362	1,799,925
Repairs and maintenance		2,331,455	4,445,042
Traveling, conveyance and entertainment		16,108,214	15,740,299
Communications		9,082,197	5,618,896
Insurance		2,480,909	2,151,085
Rent, rates and taxes		3,603,661	3,115,173
Printing and stationery		4,248,009	2,770,244
Advertisement expense		1,668,784	1,411,775
Legal, professional and consultancy charge		9,207,226	16,326,597
Auditors' remuneration	32.2	4,292,940	4,348,580
Depreciation	17.6	16,547,326	15,579,814
Amortization	18	1,010,988	1,123,225
Dues, fees and subscription		16,111,739	9,368,969
Other expenses		3,958,855	5,957,995
		241,364,030	209,706,878

32.1 This includes Rs. 4.89 million (2018: Rs. 3.4 million) in respect of staff retirement benefits - gratuity scheme.

32.2 Auditors' remuneration

	2019 (Rupees)	2018 (Rupees)
Holding Company		
Audit fee	1,200,000	1,200,000
Consolidation, reviews and certifications	1,255,000	1,275,000
Out of pocket expenses	75,000	75,000
	2,530,000	2,550,000
Subsidiary Companies		
Audit fee	1,201,940	1,237,580
Consolidation, reviews and certifications	485,000	485,000
Out of pocket expenses	76,000	76,000
	1,762,940	1,798,580
	4,292,940	4,348,580

33 OTHER EXPENSES

	Note	2019 (Rupees)	2018 (Rupees) (Restated)
Workers' profit participation fund	12.2	70,775,759	52,137,620
Workers' welfare fund	12.3	22,585,544	18,345,706
Expected credit losses of trade debts	22.4	19,798,379	36,243,158
Impairment of property, plant and equipment	17.7	-	63,365,020
Loss on property, plant and equipment - written off	17.1	1,747,055	-
Provision against refundable sales tax		-	5,339,850
		114,906,737	175,431,354

	Note	2019 (Rupees)	2018 (Rupees)
34 OTHER INCOME			
Non financial assets			
Gain on disposal of property, plant and equipment	17.2	5,336,386	3,267,392
Sale of waste material / scrap		19,101,029	12,334,137
Reversal of provision		1,465,444	7,037,498
Rental Income		436,560	-
Fee for technical services		1,546,400	1,297,140
Financial assets - amortized cost			
Profit on savings accounts		273,654	50,938
Profit on term deposit certificate		5,318,792	3,073,335
		33,478,265	27,060,440
35 FOREIGN EXCHANGE LOSS			
On foreign exchange denominated liabilities	35.1	177,831,486	118,354,868

35.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 23,842,682 (2018: Rs. 22,376,273).

	2019 (Rupees)	2018 (Rupees)
36 FINANCE COST		
Mark-up on		
- Long term loans	62,300,578	30,034,006
- Short term borrowings	441,947,796	226,439,551
Financial charges on lease	7,263,674	8,107,617
Diminishing musharaka finance	483,300	571,389
Bank charges, fee and commission	15,093,867	14,217,275
	527,089,215	279,369,838
37 TAXATION		
Current tax		
Current year	312,753,533	228,831,315
Prior year	(45,865,748)	(40,485,675)
	266,887,785	188,345,640
Deferred tax		
Relating to the reversal and origination of temporary differences	61,722,207	(5,594,265)
Effect of rate change from prior year	30,740,878	(7,103,320)
	92,463,085	(12,697,585)
	359,350,870	175,648,055

38 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

38.1 Basic

	2019	2018
Profit attributable to equity holders of the parent (Rupees)	870,038,300	732,556,771
Weighted average number of ordinary shares (number)	110,590,546	110,590,546
Earnings per ordinary share (Rupees)	7.87	6.62

38.2 Diluted

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

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

39.1 Credit Risk

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

The management monitors and limits the Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of expected credit loss, if any, and through the prudent use of collateral policy.

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

	Carrying values	
	2019 (Rupees)	2018 (Rupees)
Long-term deposits	26,481,535	25,545,798
Trade debts – unsecured	2,750,669,858	2,370,809,817
Loans and advances	4,720,724	7,615,651
Interest accrued	396,347	264,329
Other receivables	28,526,850	65,168,950
Bank balances	125,817,878	114,452,118

39.1.1 Trade Debts

	2019 (Rupees)	2018 (Rupees)
Other than related parties		
Not yet due	2,249,555,304	707,568,207
Past due		
1-30 days	421,813,940	1,077,625,770
31-60 days	50,475,848	286,835,160
61-90 days	16,642,388	221,438,571
Over 90 days	157,395,982	224,658,814
	646,328,158	1,810,558,315
	2,895,883,462	2,518,126,522
Related parties		
Neither past due nor impaired	-	14,672
Past due but not impaired		
1-30 days	-	444,179
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	-
	-	444,179
	-	458,851

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

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

	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total
As at 30 June 2019						
Expected credit loss rate	0.28%	0.66%	7.75%	19.74%	81.85%	
Estimated total gross carrying amount at default	2,249,555,304	421,813,940	50,475,848	16,642,388	157,395,982	2,895,883,462
Expected credit loss	6,387,362	2,799,951	3,913,892	3,285,674	128,826,725	145,213,604
As at 1 July 2018						
Expected credit loss rate	0.01%	0.03%	0.31%	1.07%	64.20%	
Estimated total gross carrying amount at default	707,582,879	1,078,069,949	286,835,160	221,438,571	224,658,814	2,518,585,373
Expected credit loss	52,237	332,861	898,558	2,361,356	144,233,783	147,878,795

As at 30 June 2019, trade debts of Rs. 145.21 million (2018: Rs. 147.77 million) were impaired and provided for.

39.1.2 Bank balances

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

	Ratings			2019	2018
Financial institution	Agency	Short Term	Long term	(Rupees)	(Rupees)
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	1,897,954	11,257,179
Habib Bank Limited	PACRA	A1+	AA+	2,087,358	1,047,078
MCB Bank Limited	PACRA	A1+	AAA	395,238	1,810,990
Meezan Bank Limited	JCR-VIS	A-1+	AA+	15,917,571	14,031,125
National Bank of Pakistan	JCR-VIS	A-1+	AAA	4,078,142	881,776
Silk Bank Limited	JCR-VIS	A-2	A-	479	6,117
Standard Chartered Bank Limited	PACRA	A1+	AAA	564,085	1
The Bank of Punjab	PACRA	A1+	AA	81,514,405	79,241,822
Samba Bank Limited	JCR-VIS	A-1	AA	15,690,064	-
Askari Bank Limited	PACRA	A1+	AA+	477,270	-
BankIslami Pakistan Limited	PACRA	A1	A+	10,000	-
Bank AL Habib Limited	PACRA	A1+	AA+	2,765,247	6,151,210
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	20,065	24,820
Bank Alfalah Limited	PACRA	A1+	AA+	400,000	-
				125,817,878	114,452,118

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

39.2 Liquidity Risk

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

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

	At Group's discretion	Maturity Up to One Year	Maturity After One Year	Total
	(Rupees)			
As at June 30, 2019				
Long term loans	13,943,500	242,985,167	627,503,428	884,432,095
Liabilities against assets subject to finance lease	-	22,969,840	59,336,054	82,305,894
Diminishing musharaka finance	-	1,575,105	3,252,972	4,828,077
Short term borrowings	-	4,334,710,198	-	4,334,710,198
Mark up accrued	-	116,608,306	-	116,608,306
Unclaimed dividend	-	7,760,321	-	7,760,321
Trade and other payables	-	1,006,530,330	-	1,006,530,330
Total financial liabilities	13,943,500	5,733,139,267	690,092,454	6,437,175,221
As at June 30, 2018				
Long term loans	13,943,500	174,159,225	511,311,115	699,413,840
Liabilities against assets subject to finance lease	-	46,186,411	61,938,930	108,125,341
Diminishing musharaka finance	-	1,445,876	4,828,077	6,273,953
Short term borrowings	-	3,986,468,603	-	3,986,468,603
Mark up accrued	-	50,140,627	-	50,140,627
Unclaimed dividend	-	6,142,532	-	6,142,532
Trade and other payables	-	1,236,512,863	-	1,236,512,863
Total financial liabilities	13,943,500	5,501,056,137	578,078,122	6,093,077,759

39.3 Market Risk

39.3.1 Currency Risk

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

39.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Group is exposed to interest rate risk for loans obtained from the financial institutions and liabilities against assets subject to finance lease, which have been disclosed in the relevant note to the financial statements.

If interest rates at the year end, fluctuate by 1% higher / lower, profit for the year would have been Rs. 53.06 million (2018: Rs. 45.1 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the reporting dates were outstanding for the whole year.

39.4 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves, whereas, debt includes long term loans, short term borrowings, diminishing muhsaraka finance and liabilities against assets subject to finance lease. The gearing ratio of the Group is 58% (2018: 60%).

39.5 Fair value of financial assets and financial liabilities

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

40 RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

The Group have interest based on common directorship and / or percentage of shareholding in following mentioned companies.

Names of companies	Basis of relationship	Status of relationship	Percentage of effective shareholding
Nimir Chemicals Pakistan Limited*	Common Directorship	Associated company	Nil
Terranova (Private) Limited	Common Directorship	Associated company	Nil
Extracts 4 Life (Private) Limited	Common Directorship	Associated company	Nil

Names of Company	Nature and Description of Related Party Transaction	2019 (Rupees)	2018 (Rupees)
Nimir Chemicals Pakistan Limited*	Sale of goods	7,042,740	14,397,680
Staff retirement benefits	Contribution to gratuity fund	2,976,017	7,011,397

*Effective 29 December 2018, Nimir Chemicals Pakistan Limited ceased to be considered a related party after retirement of the common directors.

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018 (Restated)
Number of persons	1	1	2	3	25	23
				(Rupees)		
Remuneration	11,767,355	10,502,806	15,483,870	17,765,064	58,781,730	47,303,353
Housing	5,295,710	4,726,613	6,967,742	7,994,128	26,451,499	22,538,709
Utilities	1,176,935	1,050,581	1,548,388	1,776,808	5,877,795	4,729,938
Bonus	6,069,221	4,174,932	8,441,766	7,024,336	25,845,261	17,670,410
Gratuity	-	-	-	-	4,690,000	4,032,000
	24,309,221	20,454,932	32,441,766	34,560,336	121,646,285	96,274,410

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

41.2 An amount of Rs. 5,630,000 (2018: Rs. 2,320,000) was paid to directors for attending the meetings.

42 TOTAL NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at 30 June	294	275
Average number of employees during the year	290	267

43 PRODUCTION CAPACITY IN METRIC TONS

	2019 Maximum Capacity (MT)	2019 Actual Production (MT)	2018 *Maximum Capacity (MT)	2018 Actual Production (MT)
Oleo Chemicals	90,000	84,427	68,000	67,407
Chlor Alkali Products	50,000	47,431	50,000	48,722
Soap Finishing Line*	45,000	19,044	16,000	12,005
Resin Products	42,000	29,221	39,000	26,242

* The capacity utilized differ due to product mix.

43.1 The variance between maximum capacity and actual utilization is due to market conditions.

44 OPERATING SEGMENT INFORMATION

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	2019	2018 (Restated)	2019	2018 (Restated)	2019	2018	2019	2018	2019	2018 (Restated)
	(Rupees)									
Sales	14,850,121,491	12,091,241,959	4,883,237,414	3,579,667,800	-	-	(132,714,782)	(102,392,320)	19,600,644,123	15,568,517,439
Cost of sales	(12,820,522,822)	(10,541,804,264)	(4,393,333,131)	(3,261,493,820)	-	-	132,825,229	100,559,444	(17,081,030,724)	(13,702,738,640)
Gross profit	2,029,598,669	1,549,437,695	489,904,283	318,173,980	-	-	110,447	(1,832,876)	2,519,613,399	1,865,778,799
Distribution cost	(102,301,780)	(86,670,051)	(64,383,203)	(51,545,122)	-	-	-	-	(166,684,983)	(138,215,173)
Administrative expenses	(193,802,828)	(167,528,649)	(46,675,297)	(41,920,229)	(1,647,905)	(948,000)	762,000	690,000	(241,364,030)	(209,706,878)
Operating profit / (loss)	1,733,494,061	1,295,238,995	378,845,783	224,708,629	(1,647,905)	(948,000)	872,447	(1,142,876)	2,111,564,386	1,517,856,748
Other expenses	(86,064,035)	(131,944,187)	(28,842,702)	(43,487,167)	-	-	-	-	(114,906,737)	(175,431,354)
Other income	16,985,246	16,734,751	12,656,227	8,741,805	5,318,792	2,993,884	(1,482,000)	(1,410,000)	33,478,265	27,060,440
Foreign exchange loss	(146,264,583)	(88,657,880)	(31,566,903)	(29,696,988)	-	-	-	-	(177,831,486)	(118,354,868)
Finance cost	(359,497,488)	(204,254,459)	(167,591,727)	(75,114,419)	-	(960)	-	-	(527,089,215)	(279,369,838)
Profit / (loss) before taxation	1,158,653,201	887,117,220	163,500,678	85,151,860	3,670,887	2,044,924	(609,553)	(2,552,876)	1,325,215,213	971,761,128
Taxation	(348,556,229)	(191,582,093)	(9,483,260)	17,958,828	(1,311,381)	(2,024,790)	-	-	(359,350,870)	(175,648,055)
Profit / (loss) for the year	810,096,972	695,535,127	154,017,418	103,110,688	2,359,506	20,134	(609,553)	(2,552,876)	965,864,343	796,113,073
Segment assets	8,514,028,265	7,588,383,208	3,048,864,515	2,778,427,654	584,558,209	580,214,944	(861,447,526)	(853,952,619)	11,286,003,463	10,093,073,187
Segment liabilities	5,479,143,755	4,973,519,227	1,882,992,250	1,767,478,222	96,220,978	94,237,219	(13,962,288)	(7,076,934)	7,444,394,695	6,828,157,734

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

45 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on 6 September 2019 has proposed a final dividend @ Rs. 1.50 per share for the year ended 30 June 2019 (2018: Rs. 2) amounting to Rs. 165,885,819 (2018: Rs. 221,181,092) for approval of the members at the Annual General Meeting to be held on 26 October 2019. These financial statements do not reflect this dividend.

46 GENERAL

46.1 Re-classification

Corresponding figure of the following have been reclassified for better and fair presentation:

Particulars	Classified from	Re-classified to	2018 (Rupees)
Expected credit losses of trade debts	Administrative expenses	Other expenses	36,243,158

46.2 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 Friday, 6 September 2019.

Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2019

	------Shareholding------		
No. of Shareholders	**From**	**To**	**Total Shares Held**
202	1	100	7,551
935	101	500	276,521
218	501	1,000	192,346
302	1,001	5,000	817,828
83	5,001	10,000	657,505
36	10,001	15,000	454,290
21	15,001	20,000	375,995
11	20,001	25,000	270,521
3	25,001	30,000	80,519
6	30,001	35,000	197,850
6	35,001	40,000	229,812
8	45,001	50,000	388,250
4	50,001	55,000	205,351
3	55,001	60,000	175,692
1	65,001	70,000	69,000
1	70,001	75,000	72,000
4	80,001	85,000	330,316
2	85,001	90,000	176,000
3	95,001	100,000	300,000
1	100,001	105,000	103,000
1	105,001	110,000	109,624
1	115,001	120,000	119,000
1	145,001	150,000	150,000
1	170,001	175,000	175,000
1	195,001	200,000	200,000
1	240,001	245,000	244,500
1	280,001	285,000	282,500
1	285,001	290,000	289,000
1	290,001	295,000	290,500
1	295,001	300,000	300,000
1	300,001	305,000	300,750
1	305,001	310,000	310,000
1	315,001	320,000	316,500
1	645,001	650,000	650,000
1	650,001	655,000	652,425
1	670,001	675,000	672,500
1	930,001	935,000	932,000
1	1,805,001	1,810,000	1,807,500
1	3,455,001	3,460,000	3,458,000
1	6,450,001	6,455,000	6,450,500
1	8,155,001	8,160,000	8,158,000
1	8,510,001	8,515,000	8,511,750
1	9,565,001	9,570,000	9,569,999
1	10,700,001	10,705,000	10,700,026
1	11,725,001	11,730,000	11,730,000
1	14,365,001	14,370,000	14,368,000
1	24,460,001	24,465,000	24,462,125
		1,877	**110,590,546**

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019

S. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor childern	47,325,906	42.7938%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	-	0.0000%
2.3.3	NIT and ICP	1,500	0.0014%
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions	2,300	0.0021%
2.3.5	Insurance Companies	17,500	0.0158%
2.3.6	Modarabas and Mutual Funds	803,124	0.7262%
2.3.7	Share holders holding 10% or more	50,560,125	45.7183%
2.3.8	General Public		
	1 - Local	60,550,141	54.7516%
	2 - Foreign	-	0.0000%
2.3.9	Others (to be specified)		
	1 - Joint Stock Companies	1,824,453	1.6497%
	2 - Foreign Companies	30,600	0.0277%
	3 - Leasing Companies	24,010	0.0217%
	4 - Investment Companies	11,012	0.0100%

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
1.	**Associated Companies, Undertakings and Related Parties:**	-	-
2.	**Mutual Funds:**		
	1 CDC - Trustee AKD Opportunity Fund (CDC)	109,624	0.0991
	2 CDC - Trustee First Capital Mutual Fund (CDC)	20,000	0.0181
	3 Golden Arrow Selected Stocks Fund Limited (CDC)	672,500	0.6081
3.	**Directors and their Spouse and Minor Children:**		
	1 Mr. Zafar Mahmood (CDC) (Chief Executive Officer)	24,462,125	22.1195
	2 Mr. Khalid Mumtaz Qazi (CDC)	14,368,000	12.9921
	3 Mr. Umar Iqbal (CDC)	8,182,500	7.3989
	4 Mr. Muhammad Saeed uz Zaman (CDC & Physical)	310,781	0.2810
	5 Mr. Muhammad Iqbal (CDC)	1,000	0.0009
	6 Mr. Javeed Saleem Arif (CDC)	500	0.0005
	7 Mrs. Parveen Akhtar Malik (CDC)	500	0.0005
	8 Mr. Tariq Ahmed Khan (CDC)	500	0.0005
4.	**Executives:**	28,912,776	26.1440
5.	**Public Sector Companies & Corporations:**	–	–
6.	**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**	44,810	0.0405

7. Shareholders holding five percent or more voting intrest in the listed Company:

Sr. No.	Name	No. of Shares Held	Percentage
1	Mr. Zafar Mahmood (CDC) (Chief Executive Officer)	24,462,125	22.1195
2	Mr. Khalid Mumtaz Qazi (CDC)	14,368,000	12.9921
3	Mr. Imran Afzal (CDC)	11,730,000	10.6067
4	Mr. Muhammad Yahya Khan (CDC)	10,700,026	9.6754
5	Mr. Nadeem Nisar (CDC)	9,569,999	8.6535
6	Mrs. Shaheen Nadeem (CDC)	8,511,750	7.6966
7	Mr. Umar Iqbal (CDC)	8,182,500	7.3989
8	Mr. Aamir Jamil (CDC)	6,482,750	5.8619

8. All trades in the shares of the listed Company, carried out by its Directors, Executives and their spouses and minor children:

S. No.	Name	Sale	Purchase	Share Transfer
1	Mr. Abdul Jalil Jamil (CDC)	12,688	-	-
2	Mr. Zafar Mahmood (CDC)		222,000	23,845,000
3	Mr. Khalid Mumtaz Qazi (CDC)		92,000	13,805,000
4	Mr. Imran Afzal (CDC)		62,500	10,667,500
5	Mr. Umar Iqbal (CDC)		24,500	8,157,500
6	Mr. Aamir Jamil (CDC)		19,000	6,275,000

NOTICE OF 26th ANNUAL GENERAL MEETING
FOR THE YEAR ENDED JUNE 30, 2019

Notice is hereby given that the 26th Annual General Meeting ("AGM") of Nimir Industrial Chemicals Limited (the "Company") will be held on Saturday, October 26, 2019 at 10:30 a.m., at Qaser-e-Sultan, Lahore – Faisalabad By-pass, near Housing colony, Sheikhupura to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidated) of the Company for the year ended June 30, 2019 together with Chairman's review, the reports of the Directors', Statement of Compliance (CCG) and Independent Auditors' reports thereon.

2. To approve the payment of final cash dividend of Rs. 1.5 per share (i.e. 15%) in addition to the interim dividend of Rs. 1.5 per share, in total Rs. 3.0 per share (i.e. 30%) cash dividend for the year ended June 30, 2019.

3. To appoint Auditors for the year ending June 30, 2020 and fix their remuneration. The members are hereby given the notice that the Audit Committee and the Board of Directors have recommended the re-appointment of retiring auditors M/s EY Ford Rhodes – Chartered Accountants as auditors of the Company.

SPECIAL BUSINESS:

4. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB at their registered addresses and in this regard to pass the proposed resolution as an Ordinary Resolution, with or without modification.

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

By Order of the Board

Sheikhupura
October 5, 2019

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

i. The share transfer books of the Company shall remain closed from October 20, 2019 to October 26, 2019 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Saturday, October 19, 2019 will be treated in time for the purpose of entitlements of final cash dividend attend and to attend and vote at the AGM.

ii. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty eight (48) hours before the time of holding the meeting.

iii. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.

iv. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants' I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.

v. All shareholders who have not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Shares Registrar. Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services.

vi. Shareholders desiring to claim exemption from Zakat deduction may file their Declaration before the closing date of the books i.e., October 19, 2019, duly attested by Oath Commissioner on Stamp paper to Company's Share Registrar, otherwise Company shall have to deduct Zakat according to the Zakat and Ushr Ordinance, 1980; and Shareholders are also requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial), Model Town, Lahore.
Tel : 042 35916714, 35916719, 35839182. Fax : 042 35869037
www.corplink.com.pk

Submission of CNIC - (Mandatory)

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(I)/2011, dated August 18, 2011, the Members/Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company are required to send the same at the earliest directly of the Company's Share Registrar, M/s Corplink (Pvt.) Limited.

Kindly comply with the request, in case of non-receipt of the copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Company may be constrained to withhold dividends in the future.

Shareholders are requested to promptly notify any change of address to the Company's Share Register (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be.

Deduction of withholding Income Tax / Zakat on the amount of Dividend

Pursuant of the provisions of Finance Act, 2019 effective from July 1, 2019, the deduction of income tax from the dividend payments shall be made on the bases of filer and non-filers as follows:

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

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

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

Payment of Cash Dividend through Electronic Mode (IBAN format)

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

Availability of Audited Financial Statements on Company's Website

In accordance to Section 223 and 237 of the Company Act, 2017, the audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website www.nimir.com.pk/nicl/financial_reports.html, in addition to annual and quarterly financial statements for the prior years.

Video Conference Facility

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

Deposit of Physical Shares in to CDC Account:

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

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

Circulation of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Resolved that, "consent & approval of the members of Nimir Industrial Chemicals Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2020 through CD or DVD or USB (in accordance with the SECP's SRO 470(1) 2016 dated May 31, 2016) instead of transmitting the same in hard copies at their registered addresses."; and

Resolved Further that, "Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution."

FORM OF PROXY 26th ANNUAL GENERAL MEETING

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

Ledger Folio/CDC A/C No. ____________

Shares Held ____________

I / We .... of .... being member(s) of Nimir Industrial Chemicals Limited hereby appoint .... of .... as my/our proxy to vote for me / us .... on my / our behalf at the Annual General Meeting of the Company held on Saturday, October 26, 2019 at 10:30 a.m. and / or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this .... day of .... 2019.

____

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

WITNESSES:

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

Five Rupees
Revenue Stamp

Notes:

i. The share transfer books of the Company shall remain closed from October 20, 2019 to October 26, 2019 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Saturday, October 19, 2019 will be treated in time for purpose of determine the entitlements attend and vote at the AGM.

ii. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty eight (48) hours before the time of holding the meeting.

iii. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.

iv. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants' I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.

v. All shareholders who have not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Shares Registrar. Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services.

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

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial), Model Town, Lahore.
Tel : 042 35916714, 35916719, 35839182. Fax : 042 35869037.
www.corplink.com.pk

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

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