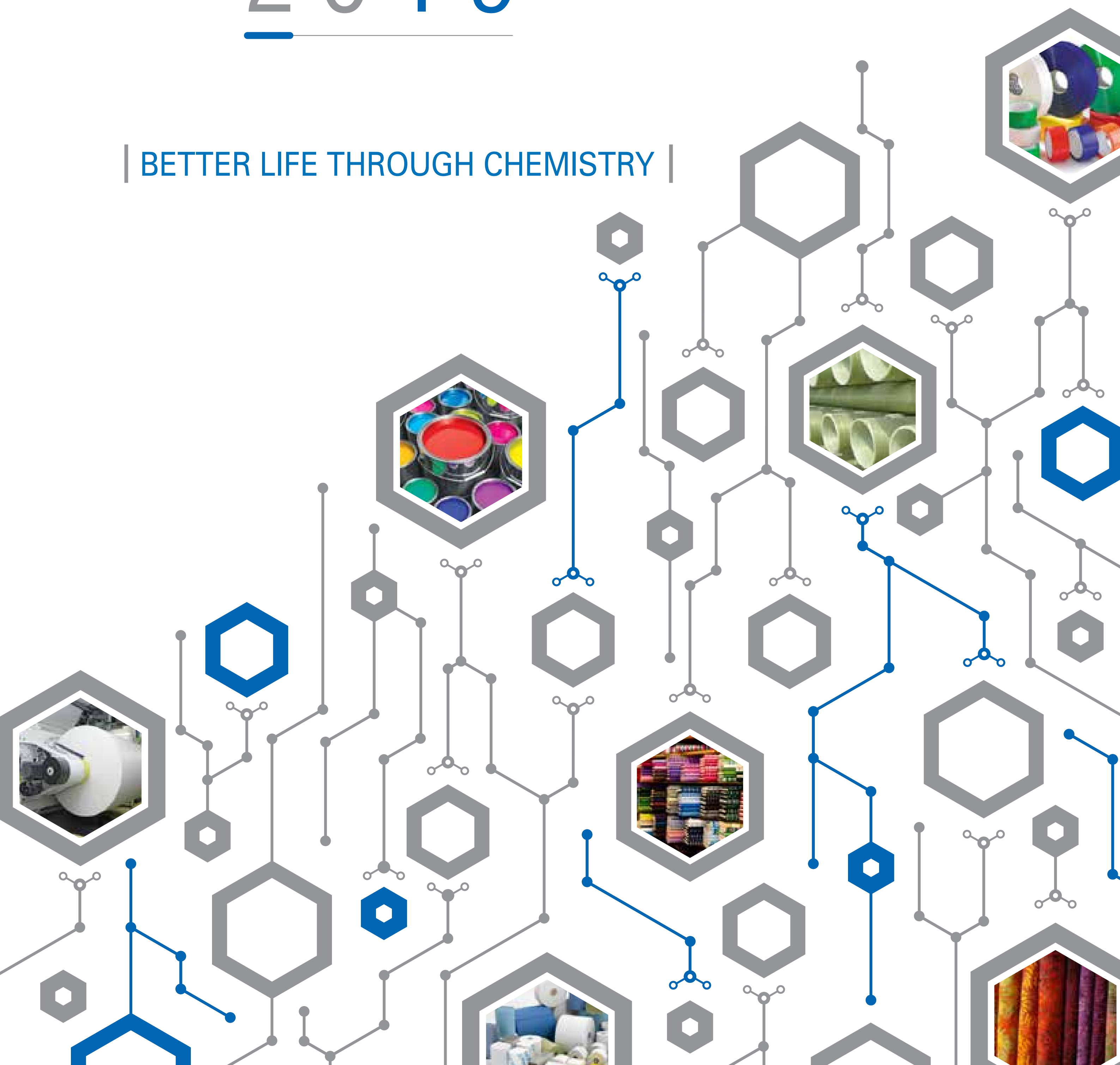
NIMIR

NIMIR RESINS LIMITED

Annual Report 2019

| BETTER LIFE THROUGH CHEMISTRY |



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COMPANY INFORMATION

Board of Directors

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

Executive Management

Mr. Zafar Mahmood
Mr. Khalid Mumtaz Qazi
Mr. Imran Afzal
Mr. Umar Iqbal
Mr. Aamir Jamil

Chief Financial Officer

Syed Sajid Nasim

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit

Mr. Nabeel Ahmad Khan

Auditors

Horwath Hussain Chaudhury & Co.
Chartered Accountants

Audit Committee

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

Human Resources & Remuneration Committee

Mr. Pervaiz Ahmad Khan	- Chairman
Sheikh Amar Hameed	- Member
Mr. Abdul Jalil Jamil	- Member
Mr. Zafar Mahmood	- Member

Bankers

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

Legal Advisors

M/s Hassan & Hassan
Advocates

Share Registrar

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

Registered Office / Plant - 1

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

Plant – 2

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

Lahore Office

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

Web Site

www.nimir.com.pk

OUR VISION & MISSION

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**

The significant increase in interest rates and sharp devaluation of PKR has adversely affected the growth of the industrial sector. As a result, GDP growth in the FY 2018-19 reduced to 3.3% against a target of 6.2%. Similarly, industrial sector also witnessed sharp decline in growth.

The management of your Company has taken cautious approach and despite all the adversities recorded third year of consistent growth. After achieving 50% and 34% increase in FY 2017 and FY 2018 respectively, the Company recorded 37% in sale turnover during FY 2019. The bottom line of the Company also grew by 49%. The management and all other stakeholders of the company have contributed to this success in a highly competitive and difficult business environment. Everyone involved can be rightly proud of his performance.

It is unfortunate that the most of the profit earned during the year has gone to Government kitty as further advance tax. After vigorous follow-up the Government issued refund of Rs. 108.30 million in the form of Bonds, as on the date of Board meeting which are tradable on stock exchange. In the absence of any mechanism, the company cannot take any immediate advantage of these bonds to improve its cash flow.

With current economic slowdown and high interest cost together with money stuck with government, the coming years would be very difficult for the company. The board and management of the company are, however, committed to maximize the profitability in the coming year, Insha Allah.

Due to the fact that a large sum of company's funds is stuck in tax refund and there is a continuous requirement of financing increasing working capital due to devaluing Rupee, it is not possible to give dividend this year.

My thanks are due to the board, the management and all other stakeholders for a remarkable turnaround over the last three years. May Allah continue to bless us. Ameen.

Sheikh Amar Hameed
Chairman

CEO'S MESSAGE

The business environment in Pakistan remained challenging during FY 2019. Due to devaluation of PKR, increase in interest rate and resultant higher inflation, businesses all over the country remained under pressure. Under these difficult situation, Nimir Resins Limited performed well and achieved an impressive growth of 36% in sale turnover and set new record of highest sale of Rs.4.9 billion. The increase in sale is attributed to higher volume and higher prices. The bottom line also showed impressive 38% growth and increased from Rs.103 million in FY 2018 to Rs.154 million in FY 2019.

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%. The Government's strategies and policies on curbing imports is bringing positive results and visible reduction has been seen in imports, which would help the Government in narrowing down the country's balance of payment. This would somehow help local industry to compete against expensive imports and grow.

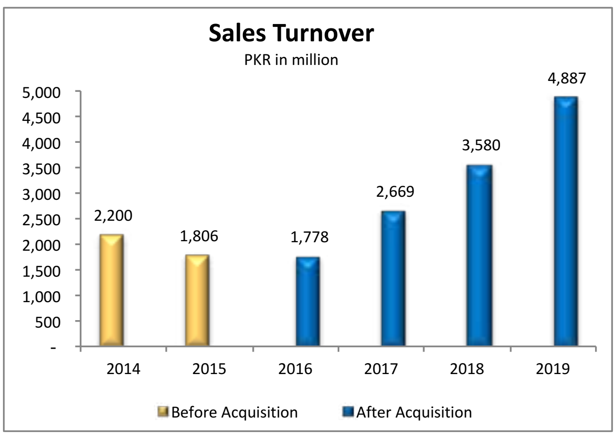
In the current budget, the Government has made some serious efforts for the documentation of the economy. With tough budgetary measures, high interest rate and rising inflation, the country is faced with an inevitable economic slowdown. Though it is very challenging but with consistent research and development on new products, advancement in the product range and maintaiing highest quality standards, we are committed to maximize Company's turnover and improve profitability in the FY 2020, Insha'Allah.

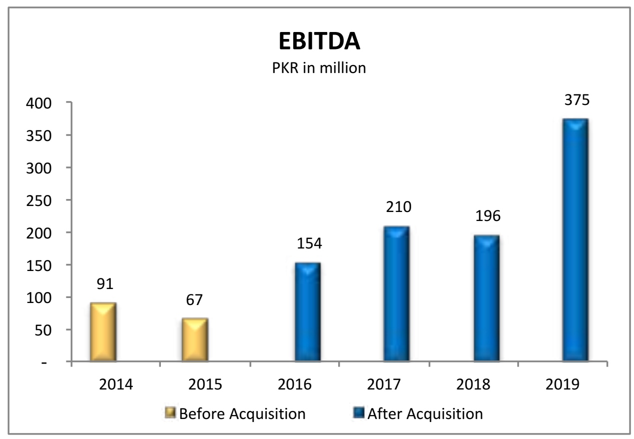
I would like to thank our management, team and staff for their tireless efforts, without which none of the present and future success is possible.

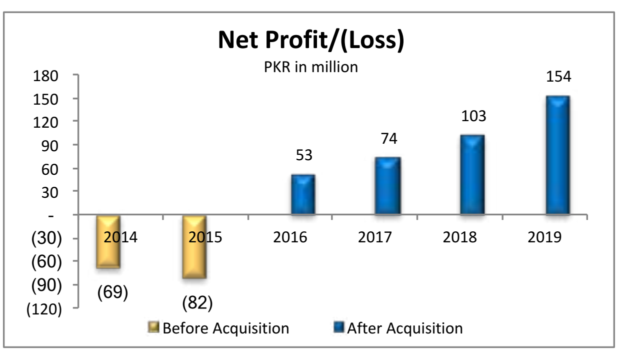
Zafar Mahmood
Chief Executive Officer

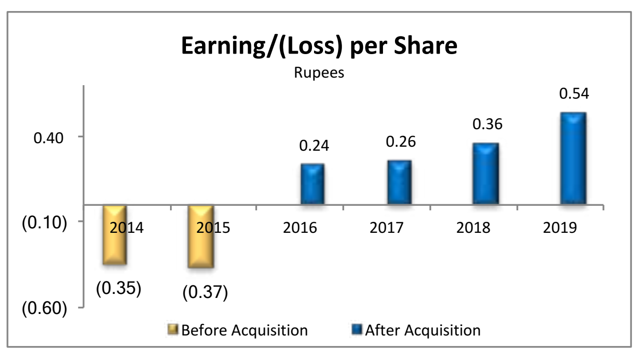
OUR PERFORMANCE

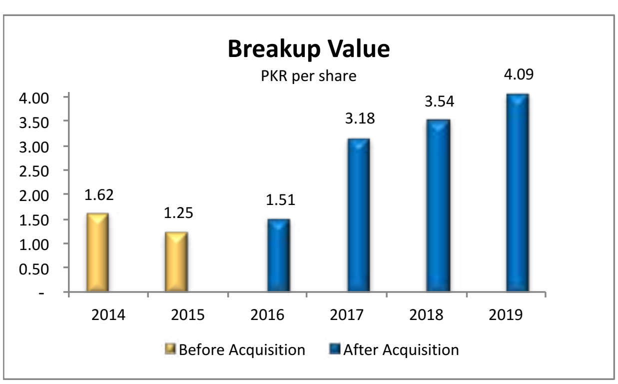
	2014	2015	2016	2017	2018	2019
			Rupees in millions			
Sales Turnover	2,200	1,806	1,778	2,669	3,580	4,887
Gross Profit	185	155	234	297	330	504
Net Profit/(Loss)	(69)	(82)	53	74	103	154
EBITDA	91	67	154	210	196	375
Long term borrowings	179	121	99	2	5	5
Net Worth	323	249	584	910	1,011	1,166
Number of Shares (in Millions)	200	200	200	277	283	283
Breakup value per share-Rupees	1.62	1.25	1.51	3.18	3.54	4.09
Earning/(loss) per share-Rupees	(0.35)	(0.37)	0.24	0.26	0.36	0.54

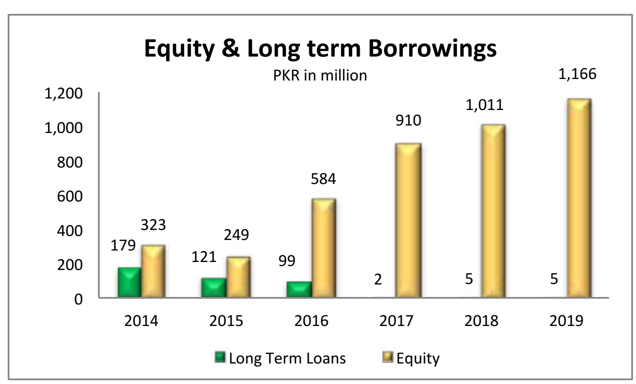






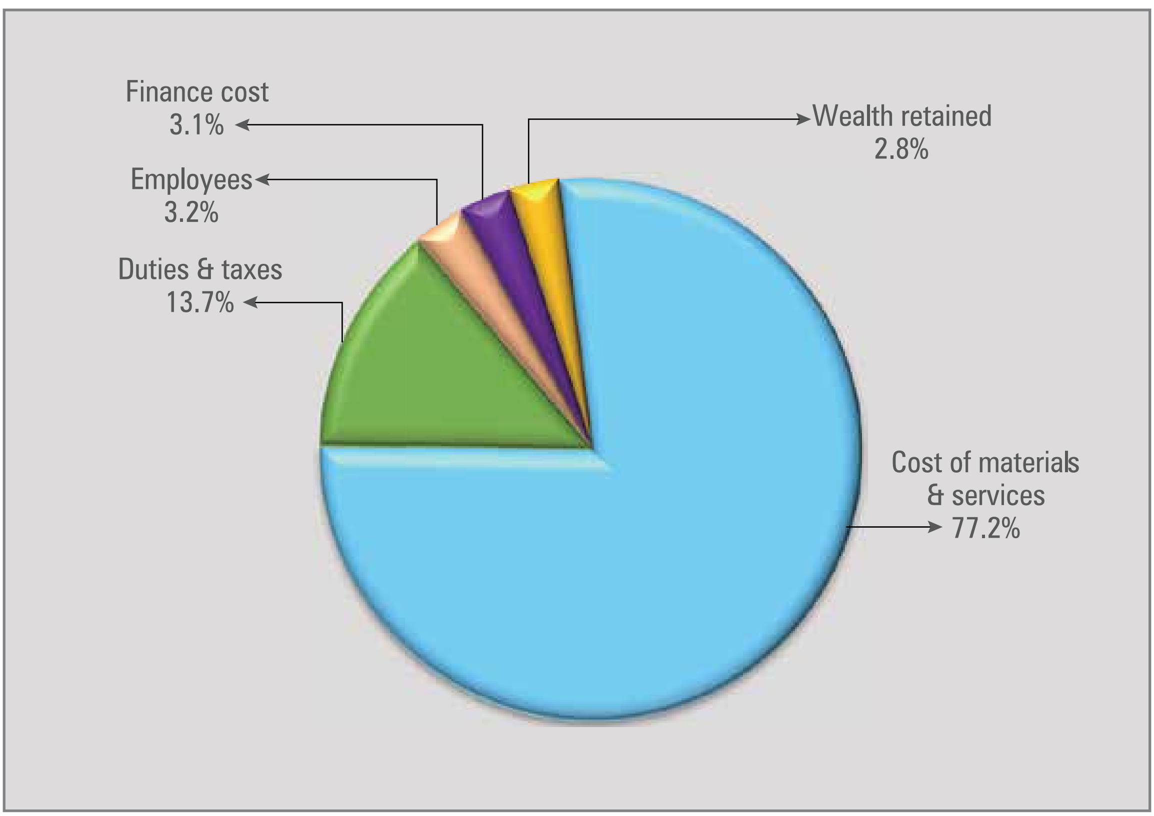






WEALTH GENERATED AND **DISTRIBUTED**
FOR THE YEAR ENDED JUNE 30, 2019

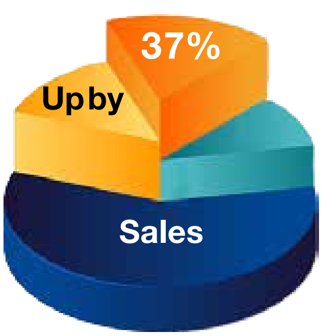
	Rs in million	Percentage
Wealth Generated		
Sales with sales Tax	5,424	99.8%
Other operating profit	13	0.2%
	5,437	100.0%
Distribution of Wealth		
Cost of materials & services	4,196	77.2%
Duties & taxes	746	13.7%
Employees	171	3.2%
Finance cost	168	3.1%
Wealth retained	155	2.8%
	5,437	100.0%

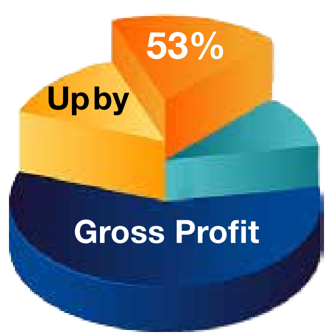


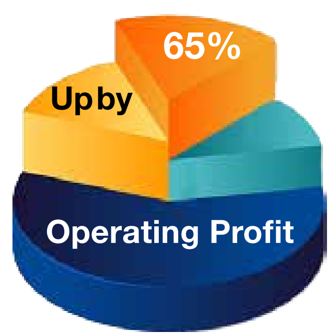
YEAR AT A GLANCE 2018-2019

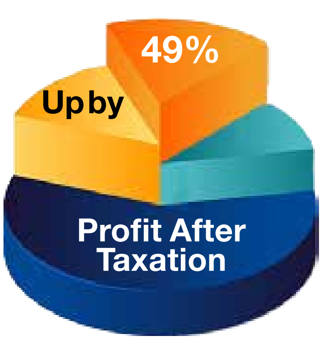
Performance Parameters	2018	2019
	Rupess in Million	
Sales	3,580	4,887
Gross Profit	330	504
Operating profit	236	389
Finance Cost	75	168
Profit before taxation	85	164
Profit after taxation	103	154
Current Ratio	1.29	1.34
Long term Borrowings to Equity Ratio	0.5 : 99.5	0.5 : 99.5
Earning per share-Rupees	0.36	0.54
Breakup value per share- Rupees	3.54	4.09

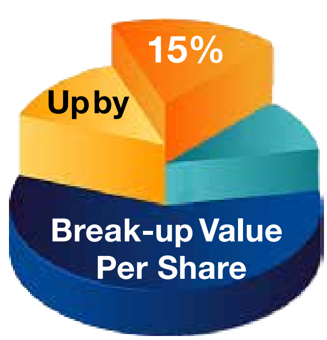
Financial Highlights

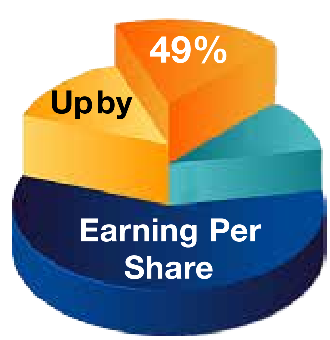












Key Operating & Financial Data for Last Six Years

	2014	2015	2016	2017	2018	2019
			Rupess in Million			
Summary of Profit and Loss						
Sales	2,200	1,806	1,778	2,669	3,580	4,887
Gross Profit	185	155	234	297	330	504
Operating profit	59	38	136	219	236	389
Finance Cost	112	95	50	61	75	168
Profit / (loss) before taxation	(58)	(62)	73	111	85	164
Profit / (loss) after taxation	(69)	(82)	53	74	103	154
EBITDA	91	67	154	210	196	375
Financial Position						
Share Capital	998	998	998	1,383	1,413	1,413
Net Worth	323	249	584	910	1,011	1,166
Long term borrowings	179	121	99	2	5	5
Deferred Liabilities	27	29	31	28	15	11
Current Liabilities	962	889	979	1,166	1,747	1,870
Non Current Assets	605	515	485	526	518	537
Current Assets	886	774	1,208	1,581	2,260	2,515
Total Assets	1,491	1,289	1,693	2,106	2,778	3,052
Investor Information						
Gross profit margin	8.39%	8.60%	13.17%	11.14%	9.21%	10.31%
Pre tax margin	-2.63%	-3.45%	4.10%	4.16%	2.38%	3.35%
Net profit margin	-3.14%	-4.56%	3.0%	2.79%	2.88%	3.15%
Current Ratio	0.92	0.87	1.23	1.36	1.29	1.34
Long term Borrowing to Equity Ratio	36 : 64	33 : 67	15 : 85	0.2 : 99.8	0.5 : 99.5	0.5 : 99.5
Interest cover (Times)	0.48	0.34	2.46	2.82	2.13	1.98
Earnings / (loss) per share-Rupees	(0.35)	(0.37)	0.24	0.26	0.36	0.54
Breakup value per share-Rupees *	1.62	1.25	1.51	3.18	3.54	4.09

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

CORE BUSINESS
AT A GLANCE

Coatings, Emulsions & Polyester	**Coatings & Emulsions**	One of the Leading & Oldest manufacturer of Resins, Emulsions & Additives for the Coatings industry. Range include following products • All types of Alkyd Resins & Modified Alkyds for Decorative, Refinish & OEM Paints. • Amino Resins, Saturated Polyesters, Eposxy ester & Urethane Alkyds. • Rosin modified Maleic & Phenolic Resins. • Thermo plastic, Thermo setting & Acrylic Polyol Resins. • Metal Driers (Cobalt, Zirconium & Calcium) • Acrylic, Styrene Acrylic & PVA Emulsion binders. • Weting Agent, Antifoam, Liquid polymeric Pigment & Emulsifiers.
	Unsaturated Polyester Resins	A complete line of resin products for composites. • General purpose & Gel Coat Resins for Tanks, Ducts, Pipes, sheets & Articals. • Chemicals Resistant Resin. • Fillament Winding Resin, Pigment dispersion Resin & Accelerator catalyst. • Promoted & Non promoted Resins.
Textile, Paper & Adhesives	**Textile Chemicals**	Complete range of specialility chemicals for pre-treatment and finishing for textile industry including . Textile Auxiliaries. . Optical Brightners. . Binders and PVAs.
	Pulp & Paper Chemicals	Manufacturing all sizing solutions for paper industry including Alkaline, Neutral and Acidic sizing • Coating Chemicals • Specialty Chemicals • Optical Brightening Agent
	Adhesives	• Food grade packaging • Flexible packaging industry • Laminate glue


okorder


Ruffles
ORIGINAL
Lay's
Wavy

DIRECTORS' REPORT

The Board of directors of the Company is pleased to submit the annual report along with the audited financial statements for the year ended June 30, 2019.

Your company stood strong against various challenges faced during the financial year ended June 30, 2019. The depreciation of Pak Rupee, steep escalation in interest rate and high inflation posted various challenges for overall businesses in the country. Nimir Resins Limited, however, recorded 37% growth in sales revenue and closed the year with turnover of Rs. 4.9 billion on back of higher volumes and better prices. With this growth in sales, the company posted gross profit of Rs. 504 million, operating profit of Rs. 389 million and profit after taxation of Rs.154 million showing year on year increase of 53%, a 65% and 49% respectively. During the year earning per share remained at Rs. 0.54.

The distribution cost witnessed an increase of 31%, despite a 36% increase in sales revenue. However administrative expenses increased by 11% while financial cost increased significantly by 123% mainly on account of hike in discount rate and increased business operations. The tax expenses for the year under review increased as compared to previous year mainly due to increased profitability.

Future Outlook

In the current budget 2019-2020, the government has taken serious steps for the documentation of economy. Hence tough decisions have been announced in the budget, which coupled with high interest rate and rising inflation, led the country to economic slowdown. We are vigilant to the situation and would continue to endeavour our best to minimize the negative impact on our business, Insha Allah.

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

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

Outstanding statutory payments

All outstanding payments are of nominal and of routine nature.

Retirement Benefit Schemes:

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

Board of Directors

Currently the Board is comprising of Seven (7) male directors and there is no female director on the Board. Out of these Seven directors there are Four non-executive, One executive and Two are independent.

During the year under review, Four (4) Board, Four (4) Audit Committee and Two (2) Human Resource & Remuneration Committee meetings were held. Attendance by each director is as follow:

Name of Directors	Board of Directors	Audit Committee	HR & R Committee
Sh. Amar Hameed	4		2
Zafar Mahmood	4		2
Muhammad Yahya Khan	4		
Abdul Jalil Jamil	4	3	2
Osman Hameed	4	4	
Tahir Jahangir	2		
Pervaiz Ahmad Khan	4	4	

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

The board has two sub committees namely Audit Committee and Human Resource and Remuneration Committee. The composition of these two committees are as under:

Audit committee:

1. Pervaiz Ahmad Khan (Independent) Chairman
2. Abdul Jalil Jamil (Non Executive) Member
3. Osman Hameed (Non Executive) Member

Human Resource and Remuneration committee:

1. Pervaiz Ahmad Khan (Independent) Chairman
2. Sh. Amar Hameed (Non Executive) Member
3. Abdul Jalil Jamil (Non Executive) Member
4. Zafar Mahmood (Executive) Member

Remuneration of Non Executive, Nominee and Independent Directors

Non-executive, nominee and independent 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 stock Exchanges in the country, the board of Directors are 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 on the company's ability to continue as a going concern.
- There has been no material departure from best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last 6 years is annexed.
- 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.

Internal Financial Control

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

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 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 internship 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.

External Auditors

The present auditor's M/s Horwath Hussain Chaudhury and Company, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s Horwath Hussain Chaudhury and Company, Chartered Accountant as external auditor of the Company for the year ending June 30, 2020.

Dividend

The Board 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 June 30, 2019.

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 exchanges of the said transactions as required under the Code of Corporate Governance.

Acknowledgment

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

For and on behalf of the Board

Zafar Mahmood Chief Executive Officer	Muhammad Yahya Khan Director

Lahore,
September 05, 2019

- 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۔ تاہم کمپنی کی انتظامیہ کمپنیز ایکٹ 2017 کی روشنی میں داخلی کنٹرول کے نظام کا مسلسل جائزہ لینے کے لئے پُرعزم ہے۔

داخلی مالیاتی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی 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 بہتری کے لئے تیار کی گئی ہیں۔
کمپنی ماحول دوست، مصنوعات اور خدمات کو یقینی بناتی ہے اور اپنے ملازمین اور کمیونٹی کے درمیان ماحولیاتی شعور کو فروغ دیتی ہے۔ یہ اردگرد کی کمیونٹی سے ملازمین کو آگاہ اور تکنیکی اداروں کو انٹرنشپس 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 ملازمین کے ضرورت مند بچوں کی مدد کرتی ہے۔

بیرونی محاسب

موجودہ محاسب میسرز ہاروتھ حسین چوہدری، 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 ہاروتھ حسین چوہدری، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈیویڈینڈ

بورڈ نے کمپنی کی مالی حیثیت کا جائزہ لینے کے بعد کمپنی لیکویڈیٹی 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۔

نمونہء حصص داری

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

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

اظہار تشکر

ہم اپنے قابل قدر اسٹیک ہولڈرز سمیت ریگولیٹر، 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	**محمد یحییٰ خان**	**لاہور**
چیف ایگزیکٹو آفیسر	ڈائریکٹر	**05 ستمبر 2019ء**

ڈائریکٹرز رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2019ء کوختم ہونے والے سال کے لئے سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

کمپنی کے کاروبار کی کارکردگی

آپ کی کمپنی 30 جون 2019 کوختم ہونے والے مالی سال کے دوران کئی چیلنجوں کے مقابلے مضبوط رہی۔ پاکستانی روپیہ کی قدر میں کمی، شرح سود میں بہت زیادہ اضافہ اور اعلیٰ افراطِ زر نے ملک میں مجموعی کاروبار کے لئے کئی مشکلات پیدا کردی ہیں۔ نمر ریزائنز لمیٹڈ نے تاہم اعلیٰ حجم اور بہتر قیمتوں کی پشت پر فروخت آمدنی میں 37% نمو درج کی اور 4.9 بلین روپے کے ٹرن اوور کے ساتھ سال کا اختتام کیا۔ فروخت میں اس نمو کے ساتھ، کمپنی نے 504 ملین روپے کا مجموعی منافع، 389 ملین روپے کا آپریٹنگ منافع اور 154 ملین روپے بعد از ٹیکس منافع درج کیا جو بالترتیب سال بہ سال 53%، 65% اور 49% کا اضافہ ظاہر کررہا ہے۔ فروخت آمدنی میں 36% اضافہ کے باوجود ڈسٹری بیوشن لاگت 31% کا اضافہ ظاہر کررہا ہے۔ تاہم انتظامی اخراجات 11% تک بڑھ گئے جبکہ مالی اخراجات بنیادی طور پر ڈسکاؤنٹ شرح میں اضافہ اور اضافی بزنس آپریشنز کے لحاظ سے 123% تک نمایاں طور پر بڑھ گئے۔ زیرِ جائزہ سال کے لئے ٹیکس اخراجات بنیادی طور پر زیادہ منافع یابی کی بدولت گزشتہ سال کے مقابلے بڑھ گئے۔ موجودہ مالی سال کے دوران فی شیئر آمدنی 0.54 روپے رہی۔

مستقبل کا نقطہ نظر

حالیہ بجٹ 20-2019 میں، حکومت نے معیشت کی ڈاکومنٹیشن کے لئے سنجیدہ اقدامات اُٹھائے ہیں۔ لہٰذا بجٹ میں سخت فیصلوں کا اعلان کیا گیا ہے، جو اعلیٰ شرح سود اور بڑھتے ہوئے افراطِ زر کے ساتھ ساتھ ملک کی معاشی سست روی کا باعث بنا۔ ہم اس صورتحال سے چوکس ہیں اور انشاء اللہ اپنے کاروبار پر پائے جانے والے منفی اثرات کو کم کرنے کی پوری کوشش کرتے رہیں گے۔

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

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

بقایا قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

ریٹائرمنٹ کے فوائد کی سکیمیں:

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

بورڈ آف ڈائریکٹرز

فی الحال بورڈ سات (7) مرد اور نل (0) خاتون ڈائریکٹر پر مشتمل ہے۔ ان سات ڈائریکٹرز میں سے چار (4) نان ایگزیکٹو، ایک (1) ایگزیکٹو اور دو (2) آزاد ڈائریکٹر ہیں۔

زیرِ جائزہ سال کے دوران چار (4) بورڈ، چار (4) آڈٹ کمیٹی اور دو (2) ہیومن ریسورس اینڈ ریمنریشن کمیٹی کے اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسبِ ذیل ہے:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر & ریمنریشن کمیٹی
شیخ عامر حمید	4		2
ظفر محمود	4		2
محمد یحییٰ خان	4		
عبدالجلیل جمیل	4	3	2
عثمان حمید	4	4	
طاہر جہانگیر	2		
پرویز احمد خان	4	4	

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

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

آڈٹ کمیٹی:

1. پرویز احمد خان (آزاد) — چیئرمین
2. عبدالجلیل جمیل (نان ایگزیکٹو) — رکن
3. عثمان حمید (نان ایگزیکٹو) — رکن

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

1. پرویز احمد خان (آزاد) — چیئرمین
2. شیخ عامر حمید (نان ایگزیکٹو) — رکن
3. عبدالجلیل جمیل (نان ایگزیکٹو) — رکن
4. ظفر محمود (ایگزیکٹو) — رکن

نان ایگزیکٹو، نامزد اور آزاد ڈائریکٹرز کا مشاہرہ

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

کارپوریٹ گورننس

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

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

   a. Male : 07
   b. Female : 00

2. The composition of the board is as follows:

   a. Executive Directors : 01
   b. Independent Directors : 02
   c. Other Non-Executive Directors : 04

Name	Category
Sh. Amar Hameed	Non- Executive Director
Mr. Zafar Mahmood	Executive Director
Mr. Abdul Jalil Jamil	Non- Executive Director
Mr. Osman Hameed	Non- Executive Director
Mr. Muhammad Yahya Khan	Non- Executive Director
Mr. Pervaiz Ahmed Khan	Independent Director
Mr. Tahir Jahangir	Independent 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 the Regulations.

9. During the year Sheikh Amar Hameed 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. Pervaiz Amad Khan – Chairman
    ii. Mr. Abdul Jalil Jamil
    iii. Mr. Osman Hameed

    II. HR and Remuneration Committee:

    i. Mr. Pervaiz Amad Khan – Chairman
    ii. Sheikh Amar Hameed
    iii. Mr. Abdul Jalil Jamil
    iv. 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 ending June 30, 2019.

    II. HR & Remuneration Committee

    Two meetings were held during the financial year ending 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 Resins Limited**

Sheikh Amar Hameed	Zafar Mahmood
Chairman	Chief Executive Officer

Lahore,
September 05, 2019

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CCG

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Nimir Resins Limited ("the Company") for the year ended June 30, 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 Regulations as applicable to the Company for the year ended June 30, 2019.

Horwath Hussain Ch & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
September 05, 2019

INDEPENDENT AUDITORS' REPORT **TO THE MEMBERS**
FOR THE YEAR ENDED JUNE 30, 2019

Opinion

We have audited the annexed financial statements of Nimir Resins Limited (the "Company"), which comprise the statement of financial position as at June 30, 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 Company's affairs as at June 30, 2019 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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 Standard 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:

S.No.	Key audit matters	How the matter was addressed in our audit
First time adoption of International Financial Reporting Standard (IFRS) 9 'Financial Instruments' and International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'.		
1.	During the year, the Company has first time adopted IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). As part of this first time adoption and transition to the requirements, the management performed an analysis to identify differences between the previous and the current applicable standards and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements. Any change in presentation or classification of items has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated as disclosed in note 5 of the financial statements. In view of the amendments and various new disclosures prepared and presented in the financial statements, we considered this as a key audit matter.	We reviewed and understood the requirements of IFRS 9 and IFRS 15. Our audit procedures included the following: • Reviewed the management's process to identify the additional disclosure requirements and related revisions (if any) as a result of first time adoption of IFRS 9 and IFRS 15; • Obtained understanding of the recorded trade receivables by discussing with the management and making inquiries on the entire accounting process associated with the recording of trade receivables; • Reviewed recording of provisions on the basis of expected credit loss on trade debts and contract assets as per the requirements of IFRS 9; • Obtained relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; and • Obtained relevant underlying supporting documentation on test basis for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.

S.No.	Key audit matters	How the matter was addressed in our audit
Trade Debts		
2.	Trade debts of the Company have shown a significant increase as of June 30, 2019 as compared to the last year (note 23 to the financial statements). This increased level of trade debts was considered to be a key audit matter as these comprise a substantial portion of the current assets of the Company and require judgment based estimation for calculating the loss allowance against doubtful or impaired debts.	We performed the following audit procedures: • Obtained understanding of the recorded trade debts by discussing with the management and making enquiries on the entire accounting process associated with the recording of receivables; • Discussed with the management about the Company's strategy regarding the calculation of loss allowance as well as about recovery of trade debts from the debtors; • Performed tests of controls and tests of details; verified significant transactions and key account balances; circularized confirmations; reviewed the loss allowance created by the management and discussed their sufficiency; and assessed the subsequent status of trade debts and of the recoveries made; and • Evaluated the presentation and disclosure of trade debts in the financial statements as required by the applicable reporting framework.

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 2019, 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Amin Ali.

Horwath Hussain Ch. & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
September 05, 2019

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 300,000,000 (2018: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up share capital	6	1,413,210,640	1,413,210,640
Share deposit money	7	11,391,005	11,391,005
Sponsors' interest free loans		107,000,000	107,000,000
Reserves	8	(450,086,731)	(605,396,422)
Surplus on revaluation of property, plant and equipment	9	84,357,351	84,744,209
		1,165,872,265	1,010,949,432
Non Current Liabilities			
Diminishing musharaka finance	10	3,252,972	4,828,077
Long term financing	11	2,103,450	-
Retirement benefits liability	12	10,952,455	7,617,553
Deferred tax liability	13	-	7,615,287
		16,308,877	20,060,917
Current Liabilities			
Trade and other payables	14	288,834,895	476,855,842
Unclaimed dividends		292,819	292,819
Accrued mark up		34,837,595	14,224,345
Short term borrowings	15	1,484,828,855	1,212,177,290
Current portion of diminishing musharaka finance	10	1,575,105	1,445,876
Current portion of long term financing	11	682,200	-
Provision for taxation	16	59,114,825	42,421,133
		1,870,166,294	1,747,417,305
Contingencies and Commitments	17	-	-
Total Equity and Liabilities		3,052,347,436	2,778,427,654
ASSETS			
Non Current Assets			
Property, plant and equipment	18	523,723,347	506,364,678
Intangible assets	19	663,473	995,210
Long term deposits	20	9,335,693	10,739,956
Deferred tax asset	13	3,482,921	-
		537,205,434	518,099,844
Current Assets			
Stores and spares		15,957,850	13,684,365
Stock in trade	21	857,165,513	984,001,076
Short term investment	22	46,700,000	-
Trade debts	23	1,020,297,341	769,511,085
Loans and advances	24	33,064,755	69,879,343
Short term prepayments		327,235	3,590,336
Other receivables	25	12,571,616	1,109,000
Tax refunds due from the government	26	505,285,833	379,382,724
Cash and bank balances	27	23,771,859	39,169,881
		2,515,142,002	2,260,327,810
Total Assets		3,052,347,436	2,778,427,654

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

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

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

	Note	2019 Rupees	2018 Rupees
Sales	28	4,887,142,248	3,580,118,885
Cost of sales	29	(4,383,297,157)	(3,250,464,221)
Gross Profit		503,845,091	329,654,664
Distribution cost	30	(68,288,037)	(51,996,207)
Administrative expenses	31	(46,675,297)	(41,920,229)
		(114,963,334)	(93,916,436)
Operating Profit		388,881,757	235,738,228
Other operating expenses	32	(70,445,579)	(84,213,754)
Finance cost	33	(167,591,727)	(75,114,419)
Other income	34	12,656,227	8,741,805
Profit before Taxation		163,500,678	85,151,860
Taxation	35		
Current tax		(20,951,285)	(2,076,793)
Deferred tax		11,468,025	20,035,621
		(9,483,260)	17,958,828
Net Profit for the Year		154,017,418	103,110,688
Earnings per Share - Basic and Diluted	36	0.54	0.36

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

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

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

	2019 Rupees	2018 Rupees
Net Profit for the Year	154,017,418	103,110,688
Other comprehensive income		
Items that will not be re-classified subsequently to the profit or loss		
Re-measurement of retirement benefits asset / (liability)	1,275,232	(2,709,205)
Related tax impact	(369,817)	785,669
Items that may be re-classified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year	905,415	(1,923,536)
Total Comprehensive Income for the Year	154,922,833	101,187,152

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

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

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

Particulars	Share Capital	Share Deposit Money	Sponsors' Interest Free Loan	Capital Reserves		Reserves	Total
				Share Premium Reserve	Surplus Revaluation of Property, Plant and Equipment	Accumulated Loss	
	Rupees						
Balance as at June 30, 2017	1,382,789,280	11,391,005	107,000,000	1,281,303	85,131,067	(677,830,375)	909,762,280
Net profit for the year	-	-	-	-	-	103,110,688	103,110,688
Other comprehensive loss for the year	-	-	-	-	-	(1,923,536)	(1,923,536)
Total comprehensive income for the year	-	-	-	-	-	101,187,152	101,187,152
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	(386,858)	386,858	-
Issue of bonus shares @ 2.21% of ordinary shares	30,421,360					(30,421,360)	-
Balance as at June 30, 2018	1,413,210,640	11,391,005	107,000,000	1,281,303	84,744,209	(606,677,725)	1,010,949,432
Net profit for the year	-	-	-	-	-	154,017,418	154,017,418
Other comprehensive income for the year	-	-	-	-	-	905,415	905,415
Total comprehensive income for the year	-	-	-	-	-	154,922,833	154,922,833
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	(386,858)	386,858	-
Balance as at June 30, 2019	1,413,210,640	11,391,005	107,000,000	1,281,303	84,357,351	(451,368,034)	1,165,872,265

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

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

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

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Used in Operations	37	(34,466,264)	(222,655,326)
Finance cost paid		(145,089,474)	(69,607,318)
Income tax paid		(41,661,506)	(44,728,693)
Gratuity paid		(2,126,463)	(1,143,068)
Workers' welfare fund paid		(3,081,189)	(3,372,598)
Workers' (profit) participation fund paid		(4,620,000)	(6,048,669)
		(196,578,632)	(124,900,346)
Net Cash Used in Operating Activities		(231,044,896)	(347,555,672)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(11,801,202)	(6,872,413)
Proceeds from disposal of property, plant and equipment		1,040,000	-
Capital work in progress - property, plant and equipment		(48,987,526)	(16,839,995)
Long term deposits		1,404,263	-
Interest income received		-	79,451
Net Cash Used in Investing Activities		(58,344,465)	(23,632,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received from long term financing		3,411,000	-
Payments against long term financing		(625,350)	-
Payments against diminishing musharaka finance		(1,445,876)	(1,675,870)
Short term borrowings - net		272,651,565	395,898,592
Net Cash Generated from Financing Activities		273,991,339	394,222,722
Net (Decrease) / Increase in Cash and Cash Equivalents		(15,398,022)	23,034,093
Cash and cash equivalents at the beginning of the year		39,169,881	16,135,788
Cash and Cash Equivalents at the End of the Year		23,771,859	39,169,881

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

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

1 The Company and its Operations

1.1 Nimir Resins Limited (the Company) was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and was converted into public limited company on August 19, 1991 with the name of Nimir Resins Limited. The name of the Company was changed to Descon Chemicals Limited on April 01, 2010 when the Company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Subsequent to a change of management, the Board of Directors was reconstituted on January 05, 2016 and the name of the Company was changed to Nimir Resins Limited. The change was made effective on April 18, 2016.

1.2 The Company is a subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is the ultimate parent company of Nimir Resins Limited.

1.3 The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is domiciled in Pakistan and its registered office is situated at 14.5 KM, Lahore-Sheikhupura Road, Lahore. The principal activity of the Company is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for textile industry.

Corporate office of the Company is located at 14.5 KM, Lahore-Sheikhupura Road, Lahore. While the production plants of the Company are located at 14.5 KM, Lahore-Sheikhupura Road, Lahore and 14.8 KM, Sheikhupura Faisalabad Road, Sheikhupura.

2 Significant Transactions and Events Affecting the Company's Financial Position and Performance

2.1 Summary of significant events and transactions in the current reporting period:

		2019 Impact in Rupees
-	Refund bonds issued by the FBR against the sales tax refundable	46,700,000
-	Procurement of raw material from a related party - Nimir Industrial Chemicals Limited	131,908,050
-	Obtained further short term borrowings	272,651,565
-	Addition in property, plant and equipment	53,266,824
-	Increase in tax refunds - net	125,903,109
-	Increase in revenue as compared to last year	1,307,023,363
-	Exchange loss during the year	31,566,903
-	Adjustment of current tax expense arising from prior year tax credits	38,163,540
-	Assets written off - (Cost - Rs. 46,191,282 and Accumulated depreciation - Rs. 46,046,073)	145,209
-	Increase in trade debt	250,786,256
-	Finance cost of short term borrowings	158,765,826

3 Basis of Preparation

3.1 Statement of compliance

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

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

- 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

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

Certain property, plant and equipment	Note 18	(stated at Revalued / Fair value)
Employee retirement benefits (Gratuity)	Note 12	(stated at Present value)

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting 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.

These estimates and related assumptions are reviewed on an on-going basis. Significant management estimates in these financial statements are relating to the useful life and residual values of property, plant and equipment; provision for doubtful receivables; provisions for defined benefit plans; slow moving and obsolete inventory; recovery, trade debts and taxation.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of the Company for the year ended June 30, 2019 have been consistent with previous year except for the provision for doubtful debt for the application of IFRS 9, Financial Instrument and contract liability for the application of IFRS 15.

3.5 Changes in accounting standards, interpretations and pronouncements

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

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2018 and are considered to be relevant to the Company's financial statements:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after July 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after July 1, 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective.

Standard or Interpretation		Effective Date (Period beginning on or after)
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)	January 1, 2018
IAS 23	Borrowing costs	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)	January 1, 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
IAS 19	Employee Benefits [Amendments]	January 01, 2019
	Conceptual Framework in IFRS Standards [Amendments]	January 01, 2020
IAS 1 and IAS 8 [Amendments]		January 01, 2020

IFRS 17 outlines the principles governing the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the Standard is to ensure that the reporting entity provides relevant information that faithfully represents those insurance contracts. This information gives users of financial statements better insights into the effects that insurance contracts have on an entity's net assets, financial position, results of operations and cash flows.

Amendments to IAS 19 specify the basis for determining the current service cost and the net interest expense / income for the period between a defined benefit retirement plan amendment, curtailment or settlement and the end of the reporting period.

The IASB has published a revised Conceptual Framework for Financial Reporting that will be used to develop new Standards and Interpretations in future. In particular, the definitions of assets and liabilities as well as the guidance on measurement and derecognition, presentation and disclosure were amended. This has not resulted in any technical amendments to current Standards to date. The amendments merely update the references to the Conceptual Framework in existing Standards. The Conceptual Framework itself is not subject of the endorsement procedure.

Amendments to IAS 1 & IAS 8 clarify the definition of "material". Besides additional explanations, the definition of "material" in the Conceptual Framework as well as all Standards was aligned with the central definition in IAS 1.

The Company expects that such improvement to the standard will not have any material impact on the company's financial statements in the period of initial application, except for IAS 19.

The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9	Financial Instruments [Amendments]	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures	January 01, 2019
IFRS 16	Leases	January 01, 2019

IFRIC 23 clarifies the requirements for measuring and recognizing uncertain income tax items. The interpretation must be applied to the determination of taxable profit / loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.

Amendment to IFRS 9 clarifies how certain financial instruments with prepayment features with negative compensation are classified.

Amendment to IAS 28 clarifies that IFRS 9 must be applied to long-term interests that, in substance, form part of the net investment in an associate or joint venture to which the equity method is applied.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease , SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

4 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except for the application of IFRS 15 revenue from contracts with customers (Note 4.14) and IFRS 9 'Financial Instruments' (Note 4.16) adopted with effect from July 01, 2018. The effect of adoption of these new standards has been detailed in Note 5.

4.1 Property, plant and equipment

Owned

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

Depreciation is charged to income on straight line method at the rates specified in Note 18. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life. Freehold land and buildings on freehold land are revalued every three years. Latest revaluation of land and buildings was carried out by an independent valuer as at June 19, 2017.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

Increases in the carrying amount arising on revaluation of assets are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. However, the increase is first recognized in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognized in statement of profit or loss.

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

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

The Company assesses at each reporting date whether there is any indication that property, plant and equipment is impaired. If 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss . 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 in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.2 Intangible asset

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

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

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

At each reporting date, the management reviews the functionality and legal permissions issues relating to the ERP software. Adjustments to the carrying value are incorporated as may be required under the circumstances.

4.3 Stores and spares

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

4.4 Stock in trade

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

Raw and packing materials	- Moving average cost
Materials in transit	- Invoice value plus incidental charges
Work in process	- Estimated manufacturing cost
Finished goods	- Average manufacturing cost
Wastes	- Net realizable value

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

4.5 Trade debts

Trade debts are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are classified as non-current assets. Trade debts are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.6 Cash and cash equivalents

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

4.7 Provisions

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

4.8 Staff retirement benefits

Defined benefits plan

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

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

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

4.9 Taxation

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

Current

The charge for current tax is based on higher of corporate tax and alternate corporate tax and for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of taxable loss for the year, income tax expense is recognized on the basis of minimum tax liability on turnover of the Company in accordance with the provisions of the income tax law.

Deferred

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

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

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

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

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

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

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

4.11 Contingent liabilities

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

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

4.12 Borrowing cost

Borrowing costs are charged to income as and when incurred except costs directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

4.13 Foreign currency transactions and translations

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

4.14 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

i) Identify the contract with a customer.
ii) Identify the performance obligation in the contract.
iii) Determine the transaction price of the contract.
iv) Allocate the transaction price to each of the separate performance obligations in the contract.
v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

4.15 Related party transactions

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

4.16 Financial instruments

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

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information because the effect on the impairment of trade receivables calculated by expected credit loss approach was immaterial.

4.16.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

4.16.1.1 Classification

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

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is 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.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

4.16.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

4.16.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

4.16.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets 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.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

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 of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. 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.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

4.16.1.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

4.16.2 Financial liabilities

4.16.2.1 Initial recognition and measurement

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Company's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

4.16.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

Financial guarantee contracts and commitments to provide a loan at a below-market interest rate

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts and commitments to provide a loan at a below-market interest rate are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Contingent consideration recognized in a business combination

These are subsequently measured at fair value with changes recognized in profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

4.16.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

4.16.3 Offsetting of financial assets and liabilities

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

4.17 Impairment

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 asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the statement of profit or loss.

4.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company).

4.19 Dividend

Dividends are recognized as a liability in the period in which these are approved.

4.20 Fair value measurement

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

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

4.21 Earnings per Share

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

5 Change in Accounting Policy

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The Company has also adopted IFRS 15 (Revenue from contract) with customers which has replaced IAS 18 which covers revenue for goods and services, IAS 11 which covers construction contracts, SIC31 - Revenue - Barter transaction involving advertising services, IFRIC 15 - Agreements for the construction of real estate and IFRIC 18 - Transfer of assets from customers. The Company has adopted both the standards with effect from July 01, 2018, any change in presentation or classification of items has been accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Below are the details of key impacts arising from the adoption of IFRS 15:

Statement of financial position

In statement of financial position, the corresponding figure of advances from customers amounting to Rs. 16,173,794 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		
Advances from customers	16,173,794	(16,173,794)	-
Contract liabilities	-	16,173,794	16,173,794
	16,173,794	-	16,173,794

The application of IFRS 15 did not have a material impact on amounts in the statement of profit or loss, 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.

The application of IFRS 9 has no material impact on the Company's financial statements and no restatement was required in this regard except for the following reclassifications.

	June 30, 2018			
		Reclassified to IFRS 9 Categories		
	Loan and receivable under IAS 39	Fair value through profit or loss	Amortized cost	Fair value through OCI
	----------Rupees----------			
Long term deposits	10,739,956	-	10,739,956	-
Trade debts	769,511,085	-	769,511,085	-
Other receivables	1,109,000	-	1,109,000	-
Short term loans to employees	684,980	-	684,980	-

6 Issued, Subscribed and Paid up Capital

2019	2018		2019	2018
No. of Shares			Rupees	Rupees
100,825,648	100,825,648	Ordinary shares of Rs. 5 each fully paid in cash	504,128,240	504,128,240
33,550,588	33,550,588	Ordinary shares of Rs. 5 each issued at 60 % discount	167,752,940	167,752,940
2,699,247	2,699,247	Ordinary shares of Rs. 5 each issued for consideration other than cash - land	13,496,235	13,496,235
9,142,867	9,142,867	Ordinary shares of Rs. 5 each issued as fully paid bonus shares	45,714,335	45,714,335
143,689,875	143,689,875	Ordinary shares of Rs. 5 each issued pursuant to the scheme of amalgamation	718,449,375	718,449,375
(7,266,097)	(7,266,097)	Ordinary shares of Rs. 5 each cancelled pursuant to the scheme of amalgamation	(36,330,485)	(36,330,485)
282,642,128	282,642,128		1,413,210,640	1,413,210,640

6.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

	2019	2018
Opening balance	282,642,128	276,557,856
Issued during the year	-	6,084,272
Closing balance	282,642,128	282,642,128

6.2 As at the reporting date the shares of the Company as held by its holding company and associated Companies are as under:

	2019	2018
Nimir Management (Private) Limited	144,147,485	144,147,485
Nimir Holding (Private) Limited	32,876,612	32,876,612
Terranova Limited	12,892,775	12,892,775
	189,916,872	189,916,872

7 Share Deposit Money

The balance in share deposit money account represents the excess subscription money received from directors and related parties for issuance of right shares.

8 Reserves

	2019 Rupees	2018 Rupees
Capital reserves		
Share premium reserve	1,281,303	1,281,303
Revenue reserves		
Accumulated loss	(451,368,034)	(606,677,725)
	(450,086,731)	(605,396,422)

9 Surplus on Revaluation of Property Plant and Equipment

	Note	2019 Rupees	2018 Rupees
Opening balance - net of tax		84,744,209	85,131,067
Transfer to retained earnings in respect of net incremental depreciation - net of deferred tax		(386,858)	(386,858)
Closing balance - net of tax	9.1	84,357,351	84,744,209

9.1 Latest revaluation was carried out by an approved, independent valuer as at June 19, 2017 using net replacement method. This resulted in revaluation surplus of Rs. 39.108 million. The revaluation surplus is net of applicable deferred taxes. Incremental depreciation charged on revalued fixed assets is transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation on building and the equivalent depreciation based on the historical cost of building.

10 Diminishing Musharaka Finance

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

10.1 The Company 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 is three months KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2018: 8.55% - 8.66%).

11 Long Term Financing

	2019 Rupees	2018 Rupees
Long term financing	2,785,650	-
Less: Current portion	(682,200)	-
	2,103,450	-

11.1 During the year, the Company has obtained a loan of Rs. 3.411 million from Soneri Bank Limited for purchase of a vehicle. This loan is repayable in 60 equal monthly installments starting from August 01, 2018. Markup is charged at the rate of three months the KIBOR plus 1.5% payable monthly in arrear.

12 Retirement Benefits Liability

	2019 Rupees	2018 Rupees
Retirement benefit liability	10,952,455	7,617,553

12.1 As stated in note 4.8, the Company operates an approved funded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out as at June 30, 2019.

12.2 During the year, the number of eligible employees in gratuity scheme have increased from 118 to 124.

The disclosures in the following notes are based on the information included in the latest actuarial report. Actuarial valuation of the scheme resulted in retirement benefit liability in current year as presented in the following notes:

12.3 Actuarial assumptions

	2019	2018
Discount rate (per annum)	13.25%	7.75%
Expected rate of salary increase in future years	12.25%	6.75%
Average duration of liability	9.3 years	8.9 years
Actuarial valuation method	Projected Unit Credit Method	
Mortality rate	SLIC 2001-2005 setback 1 year	

		Note	2019 Rupees	2018 Rupees
12.3.1	**Reconciliation of the funded status**			
	Present value of defined benefit obligation	12.3.2	20,779,813	15,031,194
	Fair value of plan assets	12.3.3	(9,827,358)	(7,413,641)
			10,952,455	7,617,553
12.3.2	**Movement in present value of defined benefit obligation**			
	Opening balance		15,031,194	9,319,363
	Current service cost for the year		6,228,637	6,168,534
	Interest on defined benefit liability		1,082,517	634,218
	Benefits paid		(2,126,463)	(1,143,068)
	Actuarial losses		563,928	52,147
	Closing balance		20,779,813	15,031,194
12.3.3	**Movement in fair value of plan assets**			
	Opening balance		7,413,641	10,494,362
	Total contribution made during the year		2,126,463	-
	Interest income for the year		574,557	719,405
	Benefits paid		(2,126,463)	(1,143,068)
	Return on plan assets excluding interest income		1,839,160	(2,657,058)
	Closing balance	12.3.6	9,827,358	7,413,641
12.3.4	**Company's liability**			
	Opening balance of net defined benefit asset		7,617,553	(1,174,999)
	Remeasurements chargeable in statement of comprehensive income		(1,275,232)	2,709,205
	Expense chargeable to profit or loss	12.3.7	6,736,597	6,083,347
	Contribution paid during the year		(2,126,463)	-
	Closing balance - net defined benefit liability / (asset)		10,952,455	7,617,553
12.3.5	**Remeasurements chargeable in the other comprehensive income**			
	Actuarial losses due to experience adjustments		563,928	52,147
	Return on plan assets		(1,839,160)	2,657,058
			(1,275,232)	2,709,205
12.3.6	**Plan assets composition**			
	Investment in treasury bills		3,314,824	3,600,997
	Investment in listed securities		6,223,088	3,812,535
	Cash at bank		289,446	109
			9,827,358	7,413,641
12.3.7	**Charge for the year**			
	Current service cost		6,228,637	6,168,534
	Interest on defined benefit liability		1,082,517	634,218
	Interest income for the year		(574,557)	(719,405)
			6,736,597	6,083,347

		2020 Rupees
12.3.8	**Estimated Charge for the year 2019-2020**	
	Current service cost	6,602,752
	Interest on defined benefit liability	2,753,325
	Interest income for the year	(761,620)
		8,594,457

12.3.9 Year end sensitivity analysis on defined benefit obligation

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

	2019 Rupees
Discount rate + 100 bps	18,888,601
Discount rate - 100 bps	22,988,183
Salary increase + 100 bps	22,988,183
Salary increase - 100 bps	18,857,152

12.3.10 Comparison of last five years

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	20,779,813	15,031,194	9,319,363	8,080,671	6,435,881
Fair value of plan assets	(9,827,358)	(7,413,641)	(10,494,362)	(9,465,014)	(8,873,969)
Retirement benefit liability / (asset)	10,952,455	7,617,553	(1,174,999)	(1,384,343)	(2,438,088)

13 Deferred Tax Liability / (Asset)

	Note	2019 Rupees	2018 Rupees
Taxable temporary differences			
- Accelerated tax depreciation		54,043,904	55,460,956
- Surplus on revaluation of property, plant and equipment		1,401,431	1,513,620
		55,445,335	56,974,576
Deductible temporary differences			
- Provisions and others		(46,662,782)	(49,359,289)
- Minimum tax		(12,265,474)	-
		(3,482,921)	7,615,287

13.1 Reconciliation of deferred tax liabilities / (assets), net

	2019 Rupees	2018 Rupees
Opening balance	7,615,287	28,436,577
Tax income during the year recognised in profit or loss	(11,468,025)	(20,035,621)
Tax income / (expense) during the year recognised in other comprehensive income	369,817	(785,669)
Closing balance	(3,482,921)	7,615,287

14 Trade and Other Payables

	Note	2019 Rupees	2018 Rupees
Creditors:			
- Unsecured	14.1	203,149,852	143,478,075
- Secured		32,996,819	284,264,210
		236,146,671	427,742,285
Accrued liabilities		31,325,532	25,135,926
Contract liabilities		8,841,123	16,173,794
Workers' (profit) participation fund	14.2	8,795,773	4,619,793
Workers' welfare fund	14.3	3,725,796	3,184,044
		288,834,895	476,855,842

14.1 This includes payable to Nimir Industrial Chemicals Limited on account of trade payable of Rs. 26,583,629 (2018: Rs. 20,382,248).

14.2	2019 Rupees	2018 Rupees
Opening balance	4,619,793	6,048,669
Add: Provision for the year	8,795,980	4,619,793
Less: Payments made during the year	(4,620,000)	(6,048,669)
Closing balance	8,795,773	4,619,793

14.3	2019 Rupees	2018 Rupees
Opening balance	3,184,044	3,932,426
Add: Provision for the year	3,622,941	2,624,216
Less: Payments made during the year	(3,081,189)	(3,372,598)
Closing balance	3,725,796	3,184,044

15 Short Term Borrowings

	2019 Rupees	2018 Rupees
Banking companies - Secured		
Running finance	563,694,505	565,873,014
Borrowings / finance against trust receipts	921,134,350	646,304,276
	1,484,828,855	1,212,177,290

15.1 Terms and conditions of borrowings

Purpose

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 3,165 million (2018: Rs. 2,415 million) including running finance facilities amounting to Rs. 900 million (2018: Rs. 700 million), towards working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc. The above balance represents utilized portion of funded facilities, whereas the Company has also utilized Rs. 430.393 million (2018: Rs. 804 million) from its non-funded facilities.

Mark-up

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ 0.00% to 1.25% (2018: 1 to 6 Months KIBOR+ 0.00% to 1.75%) per annum. Mark up is payable on monthly / quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Furthermore, some limits carry opening commission against foreign and local LCs at 0.05% to 0.10% (2018: 0.10% to 0.20%) per quarter.

Securities

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

16 Provision for Taxation

	2019 Rupees	2018 Rupees
Opening balance	42,421,133	40,344,340
Add: Charge for the year	59,114,825	42,421,133
	101,535,958	82,765,473
Less: Payment / adjustments	(42,421,133)	(40,344,340)
	59,114,825	42,421,133

16.1 The provision for current year tax represents minimum tax on revenue at the rate of 1.25%. Sufficient tax provision has been incorporated in these financial statements.

16.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2018 as tax returns were filed under the self assessment scheme.

16.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per the income tax return filed for previous years can be analyzed as follows:

	Provision for taxation Rupees	Tax assessed Rupees
2018	44,692,611	45,293,475
2017	56,594,344	51,229,763
2016	17,997,984	17,846,825

17 Contingencies and Commitments

17.1 Contingencies

17.1.1 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, 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.

17.1.2 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, 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.

17.1.3 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.

17.2 Guarantees

The Company has given counter-guarantees to different banks for their guarantees in favour of the following parties for amounts given hereunder:

	2019 Rupees	2018 Rupees
Sui Northern Gas Pipelines Limited	3,090,000	3,090,000
Pakistan State Oil Company Limited	3,000,000	3,000,000
Total Parco Pakistan Limited	7,000,000	5,000,000
	13,090,000	11,090,000

17.3 Commitments

	2019	2018
Letters of credit	367,272,828	511,919,241

18. Property, Plant and Equipment

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	18.1	507,861,187	498,024,422
Capital work in progress	18.7	15,862,160	8,340,256
		523,723,347	506,364,678

18.1 Operating fixed assets

Year Ended June 30, 2019

Description	Note	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment, furniture and fixtures	IT equipment	Laboratory equipment	Vehicles and carriers	Total
		Rupees							
Cost/Revalued Amount									
Balance as at July 01, 2018		222,114,500	109,065,252	564,117,168	21,999,166	38,369,135	19,644,988	21,412,213	996,722,422
Additions		-	2,898,814	41,636,013	1,610,517	652,785	1,151,300	5,317,395	53,266,824
Disposals during the year	18.10	-	-	-	-	-	-	(1,541,671)	(1,541,671)
Write off / scrapped during the year		-	-	(12,002,622)	(14,100,901)	(17,153,642)	(1,233,742)	(1,700,375)	(46,191,282)
Balance as at June 30, 2019		222,114,500	111,964,066	593,750,559	9,508,782	21,868,278	19,562,546	23,487,562	1,002,256,293
Accumulated depreciation									
Balance as at July 01, 2018		-	8,024,509	415,886,133	15,201,270	34,429,948	14,236,422	10,919,718	498,698,000
Charge for the year		-	7,897,286	23,627,147	4,536,255	3,160,359	1,322,094	2,741,709	43,284,850
Disposals during the year	18.10	-	-	-	-	-	-	(1,541,671)	(1,541,671)
Write off / scrapped during the year		-	-	(11,905,398)	(14,053,309)	(17,153,283)	(1,233,711)	(1,700,372)	(46,046,073)
Balance as at June 30, 2019		-	15,921,795	427,607,882	5,684,216	20,437,024	14,324,805	10,419,384	494,395,106
Balance as at June 30, 2019		222,114,500	96,042,271	166,142,677	3,824,566	1,431,254	5,237,741	13,068,178	507,861,187
Depreciation rates		-	7% to 10%	7% to 33%	20% to 50%	20% to 50%	13% to 50%	20%	

Year Ended June 30, 2018

Description	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment, furniture and fixtures	IT equipment	Laboratory equipment	Vehicles and carriers	Total
	Rupees							
Cost/Revalued Amount								
Balance as at July 01, 2017	222,114,500	105,843,819	541,402,393	19,462,553	37,046,858	18,269,818	14,603,758	958,743,699
Additions	-	3,221,433	22,714,775	2,536,613	1,322,277	1,375,170	6,808,455	37,978,723
Balance as at June 30, 2018	222,114,500	109,065,252	564,117,168	21,999,166	38,369,135	19,644,988	21,412,213	996,722,422
Accumulated depreciation								
Balance as at July 01, 2017	-	228,351	397,024,957	13,020,452	30,921,934	13,169,352	9,048,228	463,413,274
Charge for the year	-	7,796,158	18,861,176	2,180,818	3,508,014	1,067,070	1,871,490	35,284,726
Balance as at June 30, 2018	-	8,024,509	415,886,133	15,201,270	34,429,948	14,236,422	10,919,718	498,698,000
Balance as at June 30, 2018	222,114,500	101,040,743	148,231,035	6,797,896	3,939,187	5,408,566	10,492,495	498,024,422
Depreciation rates	-	7% to 20%	10% to 33%	20% to 50%	20% to 50%	20% to 33%	20%	

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

Location / Address	Usage of immovable property	Total Area (In sq. ft.)	Covered Area (In sq. ft.)
14.5 Km Lahore Sheikhupura Road	Production and warehouse	475,076	192,698
14.8 km Sheikhupura Faisalabad Road	Warehouse	371,295	76,589

18.3 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:		2019 Rupees	2018 Rupees
Cost of sales	Note 29	38,665,879	31,193,244
Distribution cost	Note 30	1,351,502	925,870
Administrative expenses	Note 31	3,267,469	3,165,612
		43,284,850	35,284,726

18.4 As per the valuation report of independent valuer as of June 19, 2017, the forced sales value of freehold land and building is Rs. 186,379,300 and Rs. 85,773,959 respectively. The management believes that these values approximate to the values as on June 30, 2019.

18.5 Cost, accumulated depreciation and book value of revalued assets

Latest revaluation of land and buildings was carried out by an independent valuer as at June 19, 2017. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows:

	As at June 30, 2019		
	Cost	Accumulated depreciation	Written Down Value
	Rupees		
Freehold land	142,044,797	-	142,044,797
Factory buildings on freehold land	170,163,382	73,410,287	96,753,095
	312,208,179	73,410,287	238,797,892

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

The significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2019 are as shown below:

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

18.7 Capital Work in Progress

	2019 Rupees	2018 Rupees
Plant and machinery:		
- Opening balance	8,340,256	15,649,484
- Additions during the year	47,473,329	14,951,649
	55,813,585	30,601,133
- Transferred to operating fixed assets	(39,951,425)	(22,260,877)
	15,862,160	8,340,256
Buildings on freehold land:		
- Opening balance	-	1,333,087
- Additions during the year	1,514,197	1,888,346
	1,514,197	3,221,433
- Transferred to operating fixed assets	(1,514,197)	(3,221,433)
	-	-
	15,862,160	8,340,256

18.8 In property, plant and equipment fully depreciated assets, having cost of Rs. 43.423 million (2018: Rs. 21.664 million) that are still in use as at the reporting date.

18.9 Owned vehicles include vehicles amounting to Rs. 9.095 million (2018: Rs. 9.095 million) which have been obtained through Diminishing Musharaka Financing (Note 10).

18.10 Disposal of items of property, plant and equipment during the year:

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/loss on disposal	Mode of disposal
		Rupees	Rupees	Rupees	Rupees	Rupees	
Suzuki Alto	Zeeshan Haider Raza	790,000	790,000	-	460,000	460,000	Negotiation
Suzuki Alto	Muhammad Arshad Imam	751,671	751,671	-	580,000	580,000	Negotiation
		1,541,671	1,541,671	-	1,040,000	1,040,000	

19. Intangible Assets

	Note	2019 Rupees	2018 Rupees
Net Carrying Value			
Net carrying value - opening balance		995,210	1,326,947
Additions during the year		-	-
		995,210	1,326,947
Amortization during the year	19.1	(331,737)	(331,737)
Net carrying value as at June 30,		663,473	995,210
Gross Carrying Value			
Cost		1,658,684	1,658,684
Accumulated amortization		(995,211)	(663,474)
Net book value		663,473	995,210
Amortization rate		20%	20%

19.1 Intangible assets represent the cost of ERP.

19.2 Amortization charge for the year has been allocated to administrative expenses (Note 31).

20. Long Term Deposits

		2019	2018
Deposits with:			
- Utility companies		7,235,693	8,639,956
- Others		2,100,000	2,100,000
		9,335,693	10,739,956

21. Stock in Trade

	Note	2019	2018
Raw and packing materials		535,694,991	441,136,363
Raw materials in transit		144,903,248	396,575,128
Finished goods		203,752,542	180,120,439
		884,350,781	1,017,831,930
Less: Provision for obsolescence of stock	21.1	(27,185,268)	(33,830,854)
		857,165,513	984,001,076

21.1 Provision for obsolescence of stock

	2019	2018
Opening balance	33,830,854	22,801,255
Provision for the year	10,035,974	11,029,599
	43,866,828	33,830,854
Less: Obsolete stocks written off	(16,681,560)	-
	27,185,268	33,830,854

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

22. Short Term Investment

	Note	2019 Rupees	2018 Rupees
Sales tax refund bond	22.1	46,700,000	-

22.1 During the year, the Company applied for sales tax refund amounting to Rs. 138,245,358 against which refund of Rs. 46,700,000 was received through Central Depository Company of Pakistan Limited (CDC) in form of government bonds, carrying markup @ 10% having maturity after three years. The bonds are freely transfer within Central Depository System (CDS). These can be sold/transferable to another bank, person or entity at any time.

23 Trade Debts

	Note	2019 Rupees	2018 Rupees
Local - Unsecured			
Considered good		1,020,297,341	769,511,085
Considered doubtful		122,222,716	128,407,714
		1,142,520,057	897,918,799
Less: Loss allowance	23.3	(122,222,716)	(128,407,714)
		1,020,297,341	769,511,085

23.1 Trade debts as at June 30, 2019 include an amount of Rs. 683,973 due from related party (2018: Nil).

23.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 683,973 (2018: Rs 358,767).

23.3 Loss allowance

	2019 Rupees	2018 Rupees
Opening balance	128,407,714	92,164,556
Loss allowance for the year	16,278,572	36,243,158
	144,686,286	128,407,714
Less: Bad debts written off	(22,463,570)	-
	122,222,716	128,407,714

23.4 Aging of outstanding balance of related party as at June 30, 2019, is as under:

Related party	2019			2018		
	1 to 30 days Rupees	31 to 180 days Rupees	Total Rupees	1 to 30 days Rupees	31 to 180 days Rupees	Total Rupees
Nimir Industrial Chemicals Limited	683,973	-	683,973	-	-	-

24 Loans and Advances

	Note	2019 Rupees	2018 Rupees
Advances (Unsecured - Considered good):			
- Suppliers and contractors	24.1	32,576,727	69,180,224
- Employees	24.2	87,200	14,139
Short term loans to employees (Unsecured - Considered good)	24.3	400,828	684,980
		33,064,755	69,879,343

24.1 This includes an amount of Rs. 14.399 million (2018: Rs. 57.353 million) advanced to collectorate custom - Karachi for clearing the shipment of imported raw materials.

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

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

25 Other Receivables

	Note	2019 Rupees	2018 Rupees
Margin against letters of guarantees		1,309,000	1,109,000
Margin against letter of credit		11,262,616	-
		12,571,616	1,109,000

26 Tax Refunds Due from the Government

Tax deducted at source and advance tax		267,971,922	230,568,009
Sales tax refundable - Net		237,313,911	148,814,715
		505,285,833	379,382,724

27 Cash and Bank Balances

Cash in hand		11,688	151,864
Cash at banks in:			
- Current accounts		23,760,171	39,018,017
		23,771,859	39,169,881

28 Sales

Local sales		5,423,909,160	4,066,713,550
Less: Sales tax		536,766,912	(486,594,665)
		4,887,142,248	3,580,118,885

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

28.2 The Company's net revenue disaggregated by major product lines is as follows:

Coating, Emulsion and Blending		3,482,542,140	2,650,066,870
Textile, Paper and Others		1,404,600,108	930,052,015
		4,887,142,248	3,580,118,885

29 Cost of Sales

Raw materials consumed	29.1	4,121,123,115	3,008,806,367
Stores and spares consumed		17,574,202	14,966,645
Fuel and power		88,895,324	71,173,461
Salaries, wages and benefits	29.2	114,882,992	97,261,617
Printing and stationery		911,851	674,926
Repairs and maintenance		3,561,590	2,475,362
Travelling, conveyance and entertainment		9,177,734	6,770,278
Insurance		4,051,652	3,809,878
Rent, rates and taxes		231,000	128,530
Product development charges		2,370,350	2,386,482
Communication		576,920	807,657
Fees and consultancy charges		4,564,707	4,165,305
Miscellaneous		341,944	290,997
Depreciation	18.3	38,665,879	31,193,244
		4,406,929,260	3,244,910,749
Finished goods:			
Opening finished goods		180,120,439	185,673,911
Closing finished goods		(203,752,542)	(180,120,439)
		(23,632,103)	5,553,472
		4,383,297,157	3,250,464,221

29.1 Raw materials consumed:

	Note	2019 Rupees	2018 Rupees
Opening stock		441,136,363	270,465,376
Purchases		4,215,681,743	3,179,477,354
		4,656,818,106	3,449,942,730
Closing stock		(535,694,991)	(441,136,363)
		4,121,123,115	3,008,806,367

29.2 This includes Rs. 3,741,699 (2018: Rs. 3,959,772) in respect of employee benefits.

30 Distribution Cost

	Note	2019 Rupees	2018 Rupees
Salaries, wages and benefits	30.1	30,431,583	27,209,578
Packing, carriage and forwarding		26,534,652	17,994,595
Commission		3,904,834	451,085
Travelling, conveyance and entertainment		3,045,577	2,974,986
Printing and stationery		282,925	152,553
Sales promotion expenses		17,247	193,270
Insurance		1,660,889	1,201,891
Communication		340,035	389,448
Utilities		411,690	294,430
Repairs and maintenance		300,410	167,660
Depreciation	18.3	1,351,502	925,870
Miscellaneous		6,693	40,841
		68,288,037	51,996,207

30.1 This includes Rs. 1,885,606 (2018: Rs. 1,121,648) in respect of employee benefits.

31 Administrative Expenses

	Note	2019 Rupees	2018 Rupees
Salaries, wages and benefits	31.1	28,620,617	24,918,645
Travelling, conveyance and entertainment		3,028,481	2,437,314
Repairs and maintenance		420,177	437,267
Printing and stationery		1,672,133	828,436
Communication		2,516,508	2,705,203
Fees and subscription		3,859,200	2,473,563
Advertisement		296,070	455,713
Legal and professional charges		885,215	2,290,750
Auditors' remuneration	31.2	1,361,000	1,361,000
Utilities		411,690	307,550
Miscellaneous		5,000	207,439
Amortization	19.2	331,737	331,737
Depreciation	18.3	3,267,469	3,165,612
		46,675,297	41,920,229

31.1 This includes Rs. 1,109,292 (2018: Rs. 1,000,927) in respect of employee benefits.

31.2 Auditors' remuneration:

	2019 Rupees	2018 Rupees
- Audit fee	800,000	800,000
- Half yearly review	385,000	385,000
- Other certifications	100,000	100,000
- Out of pocket expenses	76,000	76,000
	1,361,000	1,361,000

32 Other Operating Expenses

	Note	2019 Rupees	2018 Rupees
Loss allowance	23.3	16,278,572	36,243,158
Provision for obsolescence of stock	21.1	10,035,974	11,029,599
Foreign exchange loss - net		31,566,903	29,696,988
Workers' (profit) participation fund		8,795,980	4,619,793
Workers' welfare fund		3,622,941	2,624,216
Asset written off / scrapped		145,209	-
		70,445,579	84,213,754

33 Finance Cost

	2019 Rupees	2018 Rupees
Short term borrowings	158,765,826	65,841,486
Diminishing musharaka finance	483,300	571,389
Long term finance	291,967	-
LC discounting and charges	6,161,631	6,907,243
Bank and other charges	1,889,003	1,794,301
	167,591,727	75,114,419

34 Other Income

	2019 Rupees	2018 Rupees
Profit on bank account	-	79,451
Sale of waste material / scrap	8,587,827	5,955,214
Fee for technical services	1,546,400	1,297,140
Rental income	1,482,000	1,410,000
Gain on disposal of property, plant and equipment	1,040,000	-
	12,656,227	8,741,805

35 Taxation

	2019 Rupees	2018 Rupees
Current tax:		
- Current year	59,114,825	42,421,133
- Adjustment for prior years	(38,163,540)	(40,344,340)
	20,951,285	2,076,793
Deferred tax	(11,468,025)	(20,035,621)
	9,483,260	(17,958,828)

35.1 Reconciliation of tax charge for the year

	2019 Rupees	2018 Rupees
Sales	4,895,730,075	3,586,074,099
Tax @ 1.25% (2018: 1.25%) on sales	61,196,626	44,825,926
Tax credits (BMR investment)	(2,081,801)	(2,271,478)
Adjustment for prior years	(38,163,540)	(40,344,340)
Tax effect of add backs / allowed deductions	-	(133,315)
Deferred taxation	(11,468,025)	(20,035,621)
	9,483,260	(17,958,828)

36 Earnings per Share

		2019	2018
Profit for the year attributable to ordinary shareholders	Rupees	154,017,418	103,110,688
Weighted average number of ordinary shares outstanding during the year	Numbers	282,642,128	282,642,128
Earning per share - basic	Rupees	0.54	0.36

Diluted earnings per share

36.1 There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment that would result in dilution of earnings of the Company.

37 Cash Used in Operations

	Note	2019 Rupees	2018 Rupees
Profit before taxation		163,500,678	85,151,860
Adjustments for:			
- Depreciation		43,284,850	35,284,726
- Amortization of intangible asset		331,737	331,737
- Provision for gratuity		6,736,597	6,083,347
- Provision for obsolescence of stock		10,035,974	11,029,599
- Loss allowance		16,278,572	36,243,158
- Workers' (profit) participation fund		8,795,980	4,619,793
- Workers' welfare fund		3,622,941	2,624,216
- Exchange loss - net		31,566,903	29,696,988
- Finance cost		165,702,724	73,320,118
- Interest income		-	(79,451)
- Gain on disposal of property, plant and equipment		(1,040,000)	-
- Property, plant and equipment written off / Scrapped		145,209	-
		285,461,487	199,154,231
Operating profit before working capital changes		448,962,165	284,306,091
(Increase) / decrease in current assets			
- Stores and spares		(2,273,485)	(1,038,589)
- Stock in trade		116,799,589	(373,866,545)
- Trade debts		(267,064,828)	(202,930,766)
- Loans and advances		36,814,588	(13,455,680)
- Trade deposits and short term prepayments		3,263,101	(1,596,783)
- Other receivables		(11,462,616)	109,000
- Sales tax refundable - Net		(135,199,196)	(65,287,591)
(Decrease) / Increase in current liabilities			
- Trade and other payables		(224,305,582)	151,105,537
		(483,428,429)	(506,961,417)
Cash Used in Operations		(34,466,264)	(222,655,326

38 Liabilities Arising from Financing Activities

	As at June 30, 2018	Non-cash changes	Cash flows (Net)	As at June 30, 2019
	Rupees			
Long term financing	-	-	3,411,000	3,411,000
Diminishing musharaka finance	6,273,953	-	(1,445,876)	4,828,077
Short term borrowings	1,212,177,290	-	272,651,565	1,484,828,855
Total liabilities from financing activities	1,218,451,243	-	274,616,689	1,493,067,932

	As at June 30, 2017	Non-cash changes	Cash flows (Net)	As at June 30, 2018
	Rupees			
Diminishing musharaka finance	2,492,623	5,457,200	(1,675,870)	6,273,953
Short term borrowings	816,278,698	-	395,898,592	1,212,177,290
Total liabilities from financing activities	818,771,321	5,457,200	394,222,722	1,218,451,243

39 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Executive Director		Non-Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees in (000)							
Managerial remuneration	1,548	1,548	-	4,387	-	-	11,734	15,964
Housing and other allowances	697	697	-	1,974	-	-	5,280	8,436
Utilities	155	155	-	439	-	-	1,173	1,596
Bonus	500	200	-	696	-	-	2,610	2,298
Retirement benefits	-	-	-	-	-	-	1,513	2,097
Meeting fee	-	-	-	-	480	420	-	-
	2,900	2,600	-	7,496	480	420	22,310	30,391
Number of persons	1	1	-	1	6	5	7	11

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

39.2 No directors were provided company maintained car (2018: one - executive director).

40 Balances and Transaction with Related Parties

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

Related party	Relationship	Nature of Transaction	June 30, 2019	June 30, 2018
			Rupees in (000)	
Nimir Industrial Chemicals Limited	Ultimate Parent Company	Purchase of goods	131,908	102,392
		Sale of goods	807	307
		Services provided	2,928	2,730
		Services received/acquired	3,907	3,683
		Other expenses reimbursed	3,164	924
Nimir Management (Private) Limited	Holding company	Bonus share issued	-	15,515
Nimir Holding (Private) Limited	Associate	Bonus share issued	-	3,539
Terranova Limited	Associate	Bonus share issued	-	1,388
Directors	Director	Bonus share issued	-	2,017
			142,714	132,495

Balances outstanding as at June 30,

		June 30, 2019	June 30, 2018
Due to holding company / related parties - unsecured			
Directors	Sponsors' interest free loans	107,000	107,000
Nimir Management (Private) Limited	Share deposit money	11,391	11,391
Nimir Industrial Chemicals Limited	Trade creditors	26,584	20,382
Due from related party - unsecured			
Nimir Industrial Chemicals Limited	Trade debts	684	-

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

S. No.	Company Name	Basis of Relationship	Aggregate % of Shareholding
1	Nimir Management (Private) Limited	Holding company	51.0000%
2	Nimir Holding (Private) Limited	Associate	11.6300%
3	Terranova Limited	Associate	4.5600%
4	Mr. Amir Hameed	Directorship	0.0005%
5	Mr. Zafar Mahmood	Directorship	0.0005%
6	Mr. Abdul Jalil Jamil	Directorship	0.0145%
7	Mr. Muhammad Yahya Khan	Directorship	4.3335%
8	Mr. Osman Hameed	Directorship	0.0005%
9	Mr. Pervaiz Ahmed Khan	Directorship	0.0004%
10	Mr. Tahir Jahangir	Directorship	0.0007%
11	Nimir Industrial Chemicals Limited	Ultimate parent company	Indirect holding

41 Segment Reporting

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

- Coating, Emulsion and Blending
- Textile, Paper and Others

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

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

41.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2019 is as follows.

	Coating, Emulsion and Blending	Textile, Paper and Others	Total
	Rupees in (000)		
Segment Results for the year ended June 30, 2019			
Revenue	3,482,542	1,404,600	4,887,142
Segment results	202,843	186,039	388,882
Other operating expenses			(70,446)
Finance costs			(167,592)
Other income			12,656
Profit before taxation			163,500
Segment Results for the year ended June 30, 2018			
Revenue	2,650,067	930,052	3,580,119
Segment results	124,593	111,145	235,738
Other operating expenses			(84,214)
Finance costs			(75,114)
Other income			8,742
Profit before taxation			85,152

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

- Information about major customers

  One customer of the Company accounts for 8.11% (2018: 9.77%) of total sales for the year. Revenue from such customer was Rs. 396.263 million (2018: Rs. 349.818 million).

- Information about geographical areas

  - All non-current assets of the Company are located in Pakistan as at the reporting date.

  - Revenue from export sale is Rs. 2.720 million (2018: Nil) attributed to foreign countries which is 0.056% of total sale of the company.

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to foreign payables. Currently, the Company's foreign exchange risk exposure is restricted to:

	2019 Rupees	2018 Rupees
Creditors (Secured)	32,996,819	284,264,210
Letters of credit commitments	367,272,828	511,919,241
	400,269,647	813,488,932

The following exchange rates were applied during the year:

	2019	2018
Rupees per foreign currency rate		
Average rate - Rupees per US Dollar	160.25	113.3
Reporting date rate - Rupees per US Dollar	161	121.6

If the functional currency, at reporting date, had weakened / strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 4.003 million (2018: Rs. 8.135 million) lower / higher, respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant interest-bearing asset except for profit bearing bank accounts. The Company has long term financing, diminishing musharika finance and short term borrowings as interest bearing liabilities.

As at the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2019 Rupees	2018 Rupees
Floating rate instruments		
Financial liabilities		
Diminishing musharaka finance	4,828,077	6,273,953
Long term financing	2,785,650	-
Short term borrowings	1,484,828,855	1,212,177,290

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 14.924 million (2018: Rs. 12.184 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming that amounts of assets and liabilities outstanding as at the reporting date have been outstanding for the entire year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019 Rupees	2018 Rupees
Long term deposits	9,335,693	10,739,956
Trade debts	1,020,297,341	769,511,085
Short term loans to employees	400,828	684,980
Short term investment	46,700,000	-
Other receivables	1,309,000	1,109,000
Bank balances	23,760,171	39,018,017
The aging of trade debts as at reporting date is as follows:		
Past due 1 - 30 days	924,746,560	246,414,348
Past due 31 - 60 days	66,322,311	255,697,678
Past due 61 - 120 days	22,768,444	197,089,942
More than 120 days	6,460,026	70,309,117
	1,020,297,341	769,511,085

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of parties and trade debts are subject to specific credit ceilings based on customer credit history.

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

	Rating Short term	Rating Long term	Rating Agency	2019 Rupees	2018 Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20,065	24,820
Bank Al-Habib Limited	A1+	AA+	PACRA	2,765,247	6,151,210
Habib Bank Limited	A-1+	AAA	JCR-VIS	653,539	1,202,472
The Bank of Punjab	A1+	AA	PACRA	1,222,805	2,272,639
AL Baraka Bank (Pakistan) Limited	A1	A	PACRA	1,281,503	11,239,385
Meezan Bank Limited	A-1+	AA+	JCR-VIS	14,754,918	17,276,621
National Bank of Pakistan	A1+	AAA	PACRA	2,662,094	850,870
Bank Alfalah limited	A1+	AA+	PACRA	400,000	-
				23,760,171	39,018,017

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company had Rs. 1249.777 million (2018: Rs. 342.067 million) worth unutilized funded and unfunded short term financing limits available from financial institutions and Rs. 23.760 million (2018: Rs. 39.170 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2019:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees					
Diminishing musharaka finance	4,828,077	5,468,610	1,929,178	1,929,175	1,610,257	-
Long term financing	2,785,650	3,289,493	905,449	831,471	1,552,573	-
Trade and other payables	267,472,203	267,472,203	267,472,203	-	-	-
Accrued mark up	34,837,595	34,837,595	34,837,595	-	-	-
Short term borrowings	1,484,828,855	1,602,130,335	1,602,130,335	-	-	-
	1,794,752,380	1,913,198,236	1,907,274,760	2,760,646	3,162,830	-

Contractual maturities of financial liabilities as at June 30, 2018:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees					
Diminishing musharaka finance	6,273,953	6,616,870	1,788,793	1,929,178	2,898,899	-
Trade and other payables	460,682,048	460,682,048	460,682,048	-	-	-
Accrued mark up	14,224,345	14,224,345	14,224,345	-	-	-
Short term borrowings	1,212,177,290	1,307,939,296	1,307,939,296	-	-	-
	1,693,357,636	1,789,462,559	1,784,634,482	1,929,178	2,898,899	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30, 2018. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

(d) Fair value of financial instruments

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

As at June 30, 2019 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1 Quoted market prices
Level 2 Valuation techniques (market observable)
Level 3 Valuation techniques (non market observable)

42.2 Financial instruments by categories

Financial asset as at amortized cost

	2019 Rupees	2018 Rupees
Long term deposits	9,335,693	10,739,956
Trade debts	1,020,297,341	769,511,085
Short term loans to employees	400,828	684,980
Short term investment	46,700,000	-
Other receivables	12,571,616	1,109,000
Cash and bank balances	23,771,859	39,169,881
	1,113,077,337	821,214,902

Financial liabilities at amortized cost

	2019 Rupees	2018 Rupees
Diminishing musharaka finance	4,828,077	6,273,953
Trade and other payables	267,472,203	460,682,048
Accrued mark up	34,837,595	14,224,345
Short term borrowings	1,484,828,855	1,212,177,290
Long term financing	3,935,172	-
	1,791,966,730	1,693,357,636

42.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

43 Capital Risk Management

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

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

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

	2019 Rupees	2018 Rupees
Total borrowings	1,492,442,582	1,218,451,243
Cash and bank balances	(23,771,859)	(39,169,881)
Net debt	1,468,670,723	1,179,281,362
Equity	1,165,872,265	1,010,949,432
Total capital employed	2,634,542,988	2,190,230,794
Gearing ratio	55.75%	53.84%

44 Plant Capacity and Production

	2019 Metric Ton	2018 Metric Ton
Actual production	29,221	26,242
Total Capacity	42,000	39,000

The Company operates in a diverse and volatile market where demands and relative proportion of different product lines rapidly change as per market dynamics. The production capacity has been stated considering a standard mix of different product lines, therefore the actual production varies from the total capacity.

45 Number of Employees

	Note	2019 Metric Ton	2018 Metric Ton
Employees as at June 30,			
- Permanent	45.1	124	118
- Contractual	45.1	9	7
Average employees during the year			
- Permanent		126	116
- Contractual		9	7
45.1 This includes factory employees as at June 30,		110	93

46 Authorization of Financial Statements

These financial statements were approved and authorized for issue on September 05, 2019 by the Board of Directors of the Company.

47 General

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

Chief Executive Officer | Director | Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2019

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
967	1	100	30,839
879	101	500	271,625
853	501	1,000	693,488
1,683	1,001	5,000	4,328,916
589	5,001	10,000	4,443,187
265	10,001	15,000	3,243,174
150	15,001	20,000	2,724,615
126	20,001	25,000	2,945,704
69	25,001	30,000	1,941,071
43	30,001	35,000	1,384,522
44	35,001	40,000	1,689,573
27	40,001	45,000	1,157,455
54	45,001	50,000	2,665,346
32	50,001	55,000	1,657,013
14	55,001	60,000	814,135
16	60,001	65,000	1,015,961
9	65,001	70,000	614,940
19	70,001	75,000	1,391,242
12	75,001	80,000	941,512
6	80,001	85,000	495,093
8	85,001	90,000	700,259
2	90,001	95,000	183,177
24	95,001	100,000	2,392,527
10	100,001	105,000	1,022,213
7	105,001	110,000	758,848
6	110,001	115,000	675,654
3	115,001	120,000	357,131
4	120,001	125,000	498,636
3	125,001	130,000	383,099
1	130,001	135,000	134,000
4	135,001	140,000	554,183
7	140,001	145,000	993,039
7	145,001	150,000	1,048,551
4	150,001	155,000	604,726
3	155,001	160,000	472,289
7	160,001	165,000	1,138,833
1	165,001	170,000	167,500
1	170,001	175,000	175,000
4	175,001	180,000	708,180
2	180,001	185,000	365,500
1	185,001	190,000	189,000
3	190,001	195,000	580,604
6	195,001	200,000	1,200,000
2	200,001	205,000	406,308
4	205,001	210,000	833,168
1	210,001	215,000	215,000
1	215,001	220,000	220,000
2	220,001	225,000	445,590
3	225,001	230,000	683,659
2	255,001	260,000	515,318
1	265,001	270,000	266,500
1	275,001	280,000	280,000
2	285,001	290,000	572,291
3	295,001	300,000	900,000
2	305,001	310,000	612,770
2	330,001	335,000	647,789
2	335,001	340,000	674,105
1	350,001	355,000	353,000
1	375,001	380,000	378,500
2	395,001	400,000	800,000
1	410,001	415,000	414,022
2	425,001	430,000	859,006
2	445,001	450,000	897,525
1	455,001	460,000	456,578
1	465,001	470,000	469,000
1	470,001	475,000	475,000
1	495,001	500,000	500,000
1	520,001	525,000	523,500
1	550,001	555,000	551,286

	------Shareholding------		
No. of Shareholders	**From**	**To**	**Total Shares Held**
1	565,001	570,000	565,500
1	595,001	600,000	600,000
1	605,001	610,000	605,500
1	610,001	615,000	614,380
1	840,001	845,000	845,000
1	925,001	930,000	926,500
1	930,001	935,000	935,000
1	1,285,001	1,290,000	1,289,559
1	1,290,001	1,295,000	1,290,417
1	1,945,001	1,950,000	1,950,000
1	1,995,001	2,000,000	2,000,000
1	5,150,001	5,155,000	5,152,968
1	12,245,001	12,250,000	12,248,157
1	12,890,001	12,895,000	12,892,775
1	32,875,001	32,880,000	32,876,612
1	144,145,001	144,150,000	144,147,485
6,034			**282,642,128**

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2019

Sr. No.	Categories of shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor childern	13,592,565	4.8091
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	189,916,872	67.1934
2.3.3	NIT and ICP	9,718	0.0034
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	2,553	0.0009
2.3.5	Insurance Companies	-	0.0000
2.3.6	Modarabas and Mutual Funds	550,414	0.1947
2.3.7	Share holders holding 10% or more	177,024,097	62.6319
2.3.8	General Public		
	1 - Local	72,694,217	25.7195
	2 - Foreign	16,824	0.0060
2.3.9	Others (to be specified)		
	1 - Joint Stock Companies	5,502,971	1.9470
	2 - Government Holding	71,927	0.0254
	3 - Investment Companies	812	0.0003
	4 - Pension Funds	48,598	0.0172
	5 - Foreign Companies	25,550	0.0090
	6 - Others	209,107	0.0740

CATEGORIES OF SHAREHOLDERS (CCG)
AS AT JUNE 30, 2019

Sr. No.	Name	No. of Shares held	Percentage
1.	**Associated Companies, Undertakings and Related Parties:**		
	1 Nimir Management (Pvt) Limited (CDC)	144,147,485	51.0000
	2 Nimir Holding (Pvt) Limited (CDC)	32,876,612	11.6319
	3 Terranova Limited (CDC)	12,892,775	4.5615
2.	**Mutual Funds:**		
	1 Prodential Stocks Fund Limited	59	0.0000
	2 CDC -Trustee Faysal MTS Fund - MT (CDC)	469,000	0.1659
	3 CDC - Trustee MCB DCF Income Fund (CDC)	5,000	0.0018
3.	**Directors And Their Spouse And Minor Children:**		
	1 Sh. Amir Hameed (CDC)	1,413	0.0005
	2 Mr. Zafar Mahmood (CDC)	1,413	0.0005
	3 Mr. Abdul Jalil Jamil (CDC & Physical)	40,914	0.0145
	4 Mr. Muhammad Yahya Khan (CDC)	12,248,157	4.3335
	5 Mr. Osman Hameed (CDC)	1,413	0.0005
	6 Mr. Pervaiz Ahmed Khan (CDC)	1,020	0.0004
	7 Mr. Tahir Jahangir (CDC)	2,041	0.0007
	8 Mrs. Nusrat Jamil (CDC & Physical)	1,292,063	0.0046
4.	**Executives:**	342,709	0.0012
5.	**Public Sector Companies & Corporations:**	-	0.0000
6.	**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**	127,506	0.0451
7.	**Shareholders Holding Five Percent or More Voting Intrest in the Listed Company:**		

Name	No. of Shares held	Percentage
1 Nimir Management (Pvt.) Limited (CDC)	144,147,485	51.0000
2 Nimir Holding (Pvt.) Limited (CDC)	32,876,612	11.6319

8. **All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children:**

Name	Sale	Purchase
1 Mr. Imran Afzal (CDC)	-	75,000

NOTICE OF 55th ANNUAL GENERAL MEETING
FOR THE YEAR ENDED JUNE 30, 2019

Notice is hereby given that the 55th Annual General Meeting of Nimir Resins Limited (the "Company") shall be held on Tuesday, October 22, 2019 at 10:30 a.m. at 12-B, New Muslim Town, Lahore to transact the following business:

ORDINARY BUSINESS:

1. 1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with Chairman's review, the report of the Directors', Statement of Compliance (CCG) and Independent Auditors' reports thereon.

2. 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 Horwath Hussain Chaudhury & Co. – Chartered Accountants as auditors of the Company.

SPECIAL BUSINESS:

3. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated May 31, 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.

4. To consider and approve meeting fee for the non-executive members of the Board and Audit Committee 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

Lahore
October 1, 2019

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

i. The share transfer books of the Company shall remain closed from October 16, 2019 to October 22, 2019 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Thursday, October 15, 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

Submission of CNIC - (Mandatory)

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(I)/2011, dated August 18, 2011, the Members/Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company are required to send the same at the earliest directly of the Company's Share Registrar, M/s Corplink (Pvt.) Limited.

Kindly comply with the request, in case of non-receipt of the copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Company may be constrained to withhold dividends in the future.

Shareholders are requested to promptly notify any change of address to the Company's Share Register (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be.

Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in 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.

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

The statement of material facts under section 134 (3) of the Companies Act, 2017 concerning the special business contained in item No. 3 & 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 May 31, 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 Resins 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 June 30, 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."

Meeting Fee for Non-Executive directors

> **Resolved that,** "consent & approval of the members of Nimir Resins Limited (the "Company") be and is hereby accorded to fix the meeting fee for the non-executive members of the Board and Audit Committee for attending meeting at Rs. 30,000/- and Rs. 20,000/- per meeting respectively."

FORM OF PROXY 55th ANNUAL GENERAL MEETING

The Company Secretary
NIMIR RESINS LIMIETD
14.5 K.M. Lahore – Sheikhupura Road,
Lahore, Pakistan.

Ledger Folio/CDC A/C No.

Shares Held

I / We .... of

.... being member(s) of

Nimir Resins Limited hereby appoint .... of .... as my/our

proxy to vote for me / us .... on my / our behalf at the Annual General Meeting of the Company held on

Tuesday, October 22, 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

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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.

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NIMIR RESINS LIMIETD

Posted Stamp

14.5 K.M. Lahore – Sheikhupura Road,
Lahore, Pakistan.
Tel: 042 37971512-14
www.nimir.com.pk

NIMIR RESINS LIMITED

NIMIR RESINS LIMIETD

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