NIMIR

NIMIR INDUSTRIAL CHEMICALS LTD.

2017
Annual Report

Contents

COMPANY INFORMATION

Board of Directors

Mr. Abdul Jalil Jamil	- Chairman
Mr. Zafar Mahmood	- Chief Executive Officer
Mr. M. Saeed-uz-Zaman	
Mr. Imran Afzal	
Mr. Aamir Jamil	
Mr. Muhammad Sajid	
Mr. Muhammad Yahya Khan	
Mr. Mohsin Tariq	
Mr. Saqib Raza	
Mr. Abdul Jaleel Shaikh	
(Nominee - Pak Brunei Investment Company Limited)	

Working Directors

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

Chief Financial Officer

Mr. Aamir Jamil

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Audit Committee

Mr. Muhammad Sajid	- Chairman
Mr. M. Saeed-uz-Zaman	- Member
Mr. Abdul Jaleel Shaikh	- Member

Human Resource & Remuneration Committee

Mr. M. Saeed-uz-Zaman	- Chairman
Mr. Muhammad Yahya Khan	- Member
Mr. Zafar Mahmood	- Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

Shares' Registrar

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

Bankers

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

Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited

Registered Office / Factory

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

Lahore Office

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

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

Pakistan's economy continued to grow through FY2016-17. Following steps to improve macroeconomic stability, the government turned its focus to achieving higher GDP growth, hitting 5.28% in FY2016-17, the highest in a decade. Globally depressed oil prices also helped slow down inflation and keep the current account deficit moderate in spite of weaker exports. Large-scale manufacturing also continued to grow, posting strong 5.06% growth in the first nine months of FY2016-17 compared to 4.6% in the same period last year. The future economic outlook also remains largely positive; a report published by Price Water House Coopers in 2017 projects Pakistan to become the world's 20th largest economy by 2030 and 16th largest by 2050.

Continued national economic growth and operating at optimum levels helped fuel positive performance for the Company, with sales and profitability exceeding all previous years. The consolidated sales turnover grew by 66% and nearly touched Rupees Ten Billion mark.

In other developments, the Company's enhanced focus on technology upgradation and capacity enhancement will pave the way for increased benefits in terms of achieving international economies of scale, improved product quality and plant efficiency at par with international standards whilst reducing operating costs.

It is the constant dedication of the management team and staff at NICL that have led the Company to becoming one of the fastest growing companies in Pakistan's Chemicals Sector.

I wish them all the success and Allah's blessings to keep meeting new challenges.

Abdul Jalil Jamil
Chairman

CEO'S MESSAGE

It is a matter of great pride for my and my team that Nimir Industrial Chemicals Limited had another successful year, ended June 30, 2017. By the blessings of Allah, we achieved consolidated sales turnover of nearly Rupees Ten Billion.

Sales of the company grew by an incredible 47% to Rs.7.4 billion. Both sale volumes and sale prices contributed in the growth of the turnover. As a result of this growth, the company's pre-tax profit increased from Rs. 603 million to Rs 701 million (up by 16%). Following last year's successful acquisition of Nimir Resins Limited, the group demonstrated robust growth in its top line, nearly touching the Rs. 10 billion mark; a year on year increase of 66%.

As a result of the profitability, the Company declared 20% cash dividend to the shareholders of Nimir Industrial Chemicals Limited for the year ended June 30, 2017. Nimir Resins Limited also issued bonus shares of 2.2% to its shareholders for the year ended June 30, 2017.

The the plant upgradation and expansion are being carried out by the group companies. In this process, existing equipment is being upgraded and replaced with the latest modern technology. This will contribute towards higher production capacities, improvement in efficiency, product quality, and reduction in operating costs; thus further improving the bottom line.

Moving forward, the Company continues to be self-reliant in its energy requirements, and is constantly striving to better its quality assurance and compliance. The Company will also continue its trend of investing in innovative and sustainable technologies, enabling it to cement its reputation as a market leader.

Once again, I would like to thank my staff and management team for their tireless efforts, without which none of this success would be possible.

Zafar Mahmood
Chief Executive Officer

ACCREDITATIONS

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

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

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

ISO 9001:2008 Certification
(Quality Management System)

Certificate of Halal Authentication
شهادة المصادقة الحلال
Halal Research Council مجلس البحوث الحلال

CORE BUSINESS AT A GLANCE

Distilled Fatty Acid / Oleo Chemicals

- Soap noodles
- Stearic Acid
- Glycerine

Soap Noodles (Palm Bright)

- Toilet soap

Stearic Acid (Double & Triple Press)

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

Glycerine

- Pharmaceutical
- Alkyd Resin
- Tobacco
- Cosmetics

Caustic Soda

Sodium Hypochlorite

Hydrochloric Acid

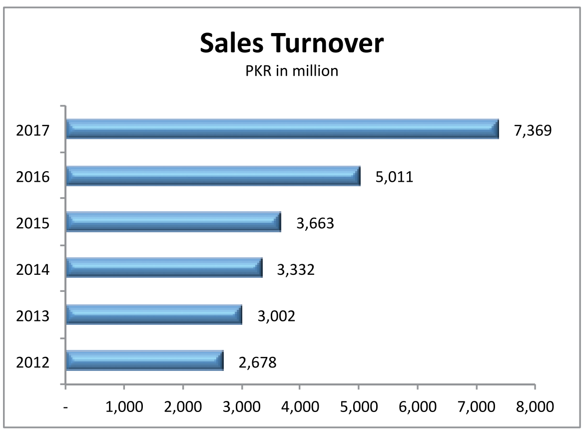
- Textile Sector
- Cleaning & Bleaching
- Steel

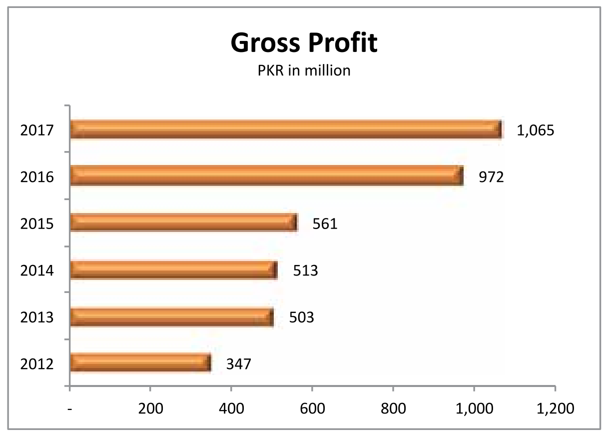
Soap Bars

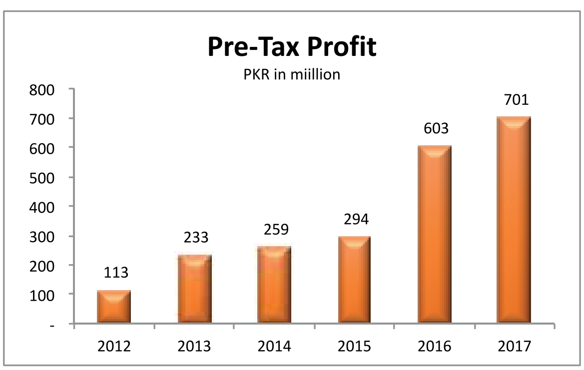
- Third party toilet soap finishing and packing facility

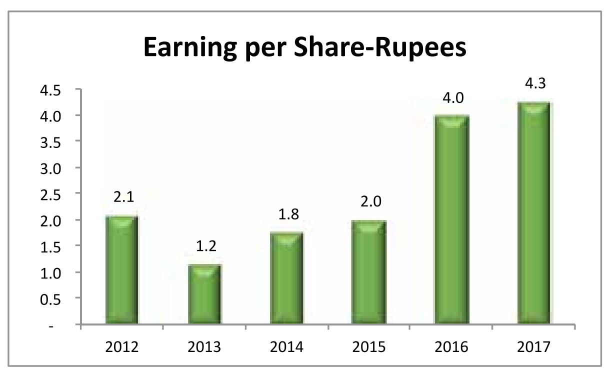
OUR PERFORMANCE

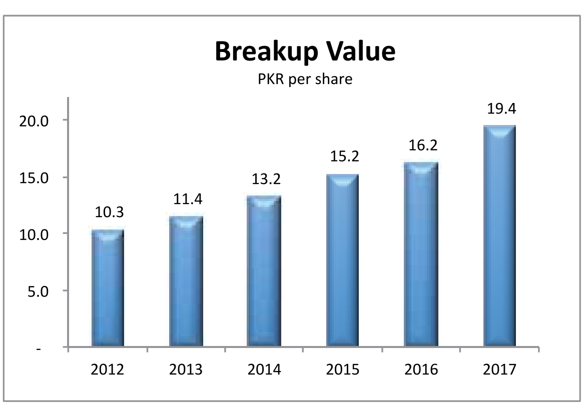
	2012	2013	2014	2015	2016	2017
			Rupees in millions			
Sales Turnover	2,678	3,002	3,332	3,663	5,011	7,369
Gross Profit	347	503	513	561	972	1,065
Pre-Tax Profit	113	233	259	294	603	701
Long term loan - Lease	201	139	276	166	348	354
Equity	1,137	1,264	1,459	1,681	1,788	2,144
Number of Shares	111	111	111	111	111	111
Breakup value per share - Rupees	10.3	11.4	13.2	15.2	16.2	19.4
Earnings per share - Rupees	2.1	1.2	1.8	2.0	4.0	4.3

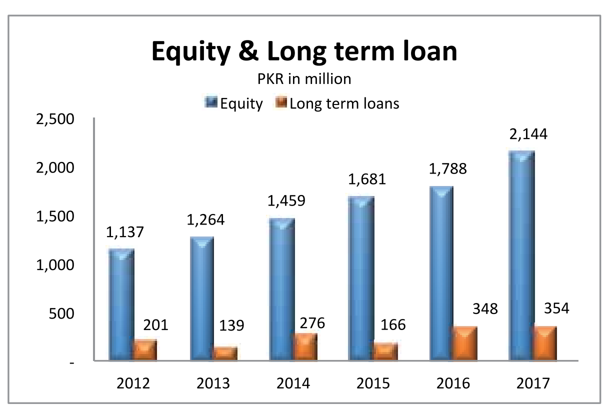








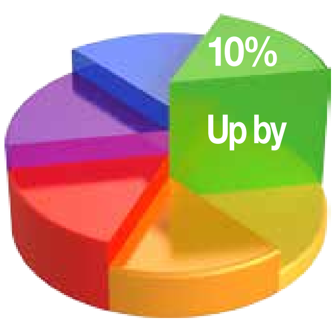




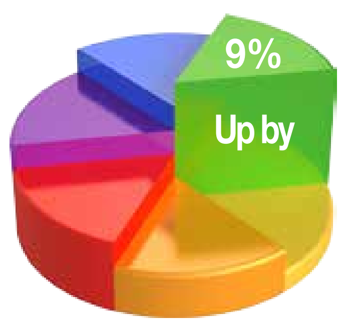
YEAR AT A GLANCE 2017

	2017	2016
	Rupees in million	
Performance Parameters		
Net Sales	7,369	5,011
Gross Profit	1,065	972
Operating Profit	835	765
Profit before tax	701	603
Net Profit for the year	471	441
Net Worth	2,144	1,788
Long Term Loans, Leases	354	348
Total Assets	5,474	4,029
Breakup value per share - Rupees	19.4	16.2
Earnings per share - Rupees	4.3	4.0

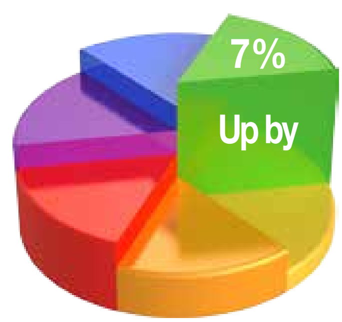
Financial Highlights



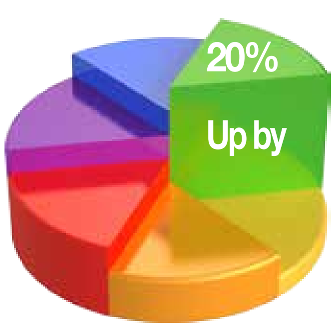
Gross Profit



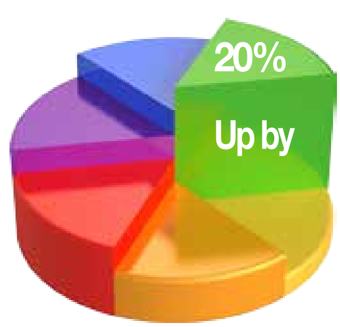
Opertaing Profit



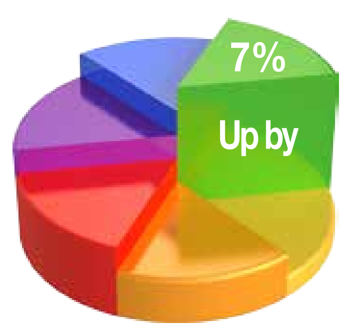
Net Profit



Net Worth



Break-up Value Per Share



Earning Per Share

HORIZONTAL & VERTICAL ANALYSIS

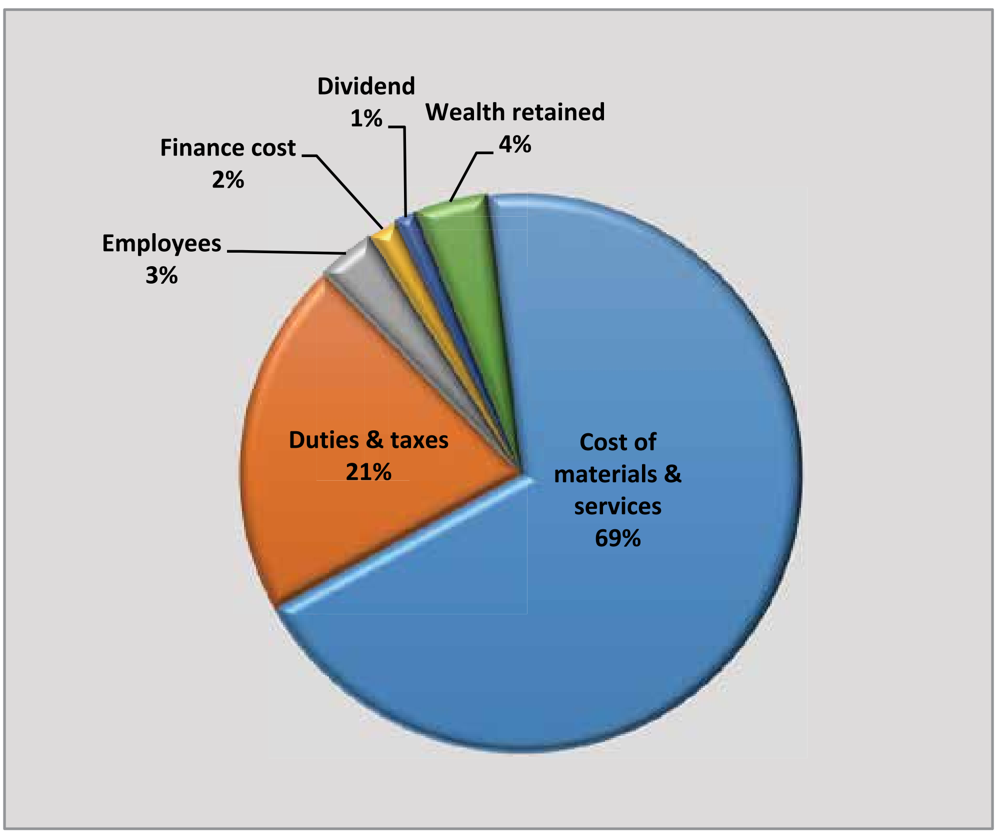
	2012	2013	2014	2015	2016	2017
			Rupees in million			
BALANCE SHEET						
Non Current Assets	1,213	1,143	1,583	1,659	2,063	2,548
Current Assets	752	1,043	1,040	1,494	1,966	2,926
TOTAL ASSETS	1,965	2,185	2,623	3,153	4,029	5,474
Share Capital and Reserves	1,137	1,265	1,459	1,681	1,788	2,144
Non Current Liabilities	231	174	318	273	458	567
Current Liabilities	597	747	846	1,199	1,784	2,763
TOTAL EQUITY AND LIABILITIES	1,965	2,185	2,623	3,153	4,029	5,474
PROFIT & LOSS ACCOUNT						
Sales- Net	2,678	3,002	3,332	3,663	5,011	7,369
Cost of Sales	2,330	2,499	2,819	3,103	4,039	6,304
Gross Profit	348	503	513	561	972	1,065
Distribution & Administration Cost	106	137	145	149	207	230
Operating Profit	242	366	368	412	765	835
Other Expenses/ (Income)	0.1	26	25	4	47	(11)
Finance Cost	114	97	81	106	91	135
Foreign Exchange Loss	14	11	3	8	24	10
Remission of subordinated loan	-	-	-	-	-	-
Profit before Taxation	113	233	259	294	603	701
Taxation	(119)	105	65	72	163	229
Other Comprehensive Loss	-	1	0.2	0.2	2	4
Net Comprehensive income for the Year	231	126	194	222	439	467

Horizontal Analysis						Vertical Analysis					
2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
percentage change from last year						percentage					
13.00	(5.78)	38.52	4.79	24.35	23.52	61.72	52.30	60.36	52.61	51.19	46.54
6.68	38.61	(0.27)	43.69	31.62	48.82	38.28	47.70	39.64	47.39	48.81	53.46
10.49	11.21	20.01	20.21	27.79	35.87	100.00	100.00	100.00	100.00	100.00	100.00
25.55	11.19	15.37	15.19	6.38	19.94	57.88	57.87	55.63	53.31	44.37	39.17
(20.83)	(24.72)	82.72	(13.88)	67.37	23.88	11.75	7.95	12.11	8.67	11.36	10.36
2.73	25.15	13.29	41.66	48.79	54.92	30.37	34.18	32.26	38.02	44.27	50.47
10.49	11.21	20.01	20.21	27.79	35.87	100.00	100.00	100.00	100.00	100.00	100.00
10.14	12.13	10.97	9.96	36.78	47.06	100.00	100.00	100.00	100.00	100.00	100.00
9.96	7.26	12.79	10.07	30.18	56.08	87.02	83.24	84.61	84.69	80.60	85.55
11.35	44.78	1.94	9.35	73.30	9.58	12.98	16.76	15.39	15.31	19.40	14.45
(4.41)	29.24	5.86	2.65	39.22	11.23	3.96	4.56	4.35	4.06	4.13	3.13
20.03	51.60	0.48	11.99	85.61	9.13	9.02	12.20	11.04	11.25	15.26	11.33
77.78	32,542.5	(5.29)	(85.11)	1,170.9	(124.4)	0.00	0.87	0.74	0.10	0.93	(0.16)
17.95	(15.31)	(16.82)	31.98	(14.87)	49.61	4.27	3.23	2.42	2.90	1.81	1.84
523.70	(24.59)	(68.55)	131.24	210.31	(59.42)	0.53	0.36	0.10	0.21	0.48	0.13
(100.00)	-	-	-	-	-	-	-	-	-	-	-
(86.11)	105.92	11.50	13.49	105.04	16.15	4.22	7.75	7.78	8.03	12.04	9.51
(554.50)	(188.64)	(38.48)	12.13	124.52	40.94	(4.43)	3.50	1.94	1.98	3.25	3.11
-	-	(76.83)	(22.54)	782.01	162.33	-	0.04	0.01	0.01	0.03	0.06
(70.58)	(45.40)	53.81	13.99	98.09	6.41	8.65	4.21	5.83	6.05	8.76	6.34

WEALTH GENERATED AND DISTRIBUTED

FOR THE YEAR ENDED JUNE 2017

	Rupees in (million)	Percentage
Wealth Generated		
Sales with sales Tax	8,624	99.3%
Other operating profit	62	0.7%
	8,685	100.0%
Distribution of Wealth		
Cost of materials & services	5,987	68.9%
Duties & taxes	1,796	20.7%
Employees	290	3.3%
Finance cost	145	1.7%
Dividend	111	1.3%
Wealth retained	356	4.1%
	8,685	100.0%



KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2012	2013	2014	2015	2016	2017
	Rupees in millions					
Net Sales	2,678	3,002	3,332	3,663	5,011	7,369
Gross Profit	348	503	513	561	972	1,065
Operating Profit	242	366	368	412	765	835
Profit before tax	113	233	259	294	603	701
Net Profit for the year	231	127	195	222	441	471
Paid-up Capital	1,106	1,106	1,106	1,106	1,106	1,106
Net Worth	1,137	1,265	1,459	1,681	1,788	2,144
Long Term Loans, Leases	201	139	276	166	348	354
Current Liabilities	597	747	846	1,199	1,784	2,763
Current Assets	752	1,043	1,040	1,494	1,966	2,926
Total Assets	1,965	2,185	2,623	3,153	4,029	5,474
Breakup value per share - Rupees	10.3	11.4	13.2	15.2	16.2	19.4
Earnings per share - Rupees	2.1	1.2	1.8	2.0	4.0	4.3
Current Ratio	1.26 : 1	1.4 : 1	1.23 : 1	1.25 : 1	1.1 : 1	1.06 : 1
Lont Terms Debt to Equity Ratio	15 : 85	10 : 90	16 : 84	9 : 91	16 : 84	14 : 86
Interest Coverage Ratio	1.99	3.40	4.22	3.77	7.67	6.17

DIRECTORS' REPORT

The Board of Directors of the Company is pleased to submit its 24th Annual Report along with the audited financial statements for the year ended June 30, 2017.

By the grace of Almighty, the current financial year was another successful year for the Company with sales and profitability surpassing all previous years. The operating results of the FY 2017 are summarized as follows:

	2017	2016	Increase
	PKR Million		% age
Sales Revenue	7,369	5,011	47%
Gross Profit	1,065	972	10%
Operating Profit	835	765	9%
Profit after Tax	471	441	7%
Earnings per share (Rs.)	4.26	3.98	7%

The Company crossed Rs. 7 billion mark on the back of increased sales volume and improved international prices. Owing to this increase, the Company earned gross profit of Rs. 1,065 million and operating profit of Rs. 835 million showing an increase of 10% and 9% respectively, year on year.

Other income is higher than last year due to interest income of Rs. 26 million on the loans advanced to wholly owned subsidiary and reversal of certain provisions pertaining to the past years. Furthermore, the accumulated tax losses of Company were exhausted during the last financial year and the Company came into normal corporate tax regime during the current financial year. This has resulted in higher taxation for the year.

With increased operating profit of Rs. 835 million, the Company posted net profit of Rs. 471 million (Rs. 441 in year 2016) showing an increase of 7% year on year. The Earning Per Share also increased to Rs. 4.26 per share against Rs. 3.98 per share earned during last year.

Future Outlook

The upgradation and advancement of the oleo chemicals plant was started during the current financial year. It is a great pleasure to report that the first stage of this upgradation, successfully commissioned in September, and is currently in operation. The second stage is scheduled to be completed and commissioned during the second quarter of the next fiscal year.

Our enhanced focus on technology upgradation will result in immediate capacity enhancement at each stage of completion. This in turn will pave the way for increased benefits in terms of achieving international economies of scale, improved product quality and plant efficiency at par with any international standard and reduced operating costs. Additionally, it will create a room for further plant expansions with much lesser capital investment. Your company remains self reliant in energy and is permanently focused on reducing costs.

We are committed and focused to sustain the growth in top and bottom lines of the Company in the next financial year, 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 routine nature.

Gratuity Scheme

The company operates a funded gratuity scheme for its employee as referred in Note 11 to the accounts.

Board of Directors

During the year Mr. Khalid Siddiq Tirmizey resigned from the Board of the Company. The Board recorded their appreciation of the valuable services rendered by the retiring director during the tenure of his office.

During the year 2017, Four (4) board, Four (4) Audit Committee and One (1) Remuneration Committee meetings were held. Attendance by each director was as follow:

Name of Director	Board of Directors	Audit Committee	HR & R Committee
Abdul Jalil Jamil	3		
Zafar Mahmood	4		1
Imran Afzal	4		
Aamir Jamil	4		
Muhammad Yahya Khan	3		1
Muhammad Saeed-uz-Zaman	4	4	1
Muhammad Sajid	4	4	
Mohsin Tariq	3		
Saqib Raza	3		
Abdul Jaleel Shaikh	3	4	
Khalid Siddiq Tirmizey	3		

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

Remuneration of CEO & Executive Directors

On the recommendations of Human Resource and Remuneration Committee the board of directors in their meeting held on September 21, 2017 has approved the increase in remunerations of Chief Executive Officer (CEO) and Executive Directors subject to the approval of shareholders. The revised annual remuneration of the CEO and each Executive Director shall be Rs. 13.68 million and Rs. 10.37 million respectively exclusive of existing perquisites as per the Company policy.

Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of the Pakistan Stock Exchange Ltd., the boards 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 upon the company ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations and Companies Act 2017.
- Key operating and financial data for the last 6 years is annexed.
- Outstanding taxes and levis are given in the notes to the financial statements

The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices, however management of the Company is committed to continuously review the system of internal controls 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 unbiased betterment of employees and community. The Company ensures environment friendly operations, products and services and promotes environmental awareness among its employee and the community. It inducts employees from the surrounding community and offer internships and apprenticeship opportunities to technical institutes. It also encourages visits by the students of different educational institutions and support needy children of the employees for studies to promote education in the country.

External Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s EY Ford Rhodes, Chartered Accountant as external auditor of the Company for the year ending June 30, 2018.

Dividend / Bonus Shares

The Board has recommended a 10% final cash dividend for the year ended June 30, 2017. The Board had earlier declared and paid interim cash dividends totaling Rs. 1 per share (i.e. 10%). The total cash dividend for the year remained Rs. 2/- per share (i.e. 20%).

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

For and on behalf of the Board

September 21, 2017
Lahore

Zafar Mahmood
Chief Executive Officer

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	HR& ریمنریشن کمیٹی
عبدالجلیل جمیل	3		
ظفر محمود	4		1
عمران افضل	4		
عامر جمیل	4		
محمد یحیٰ خان	3		1
محمد سعید الزمان	4	4	1
محمد ساجد	4	4	
محسن طارق	3		
ثاقب رضا	3		
عبدالجلیل شیخ	3	4	
خالد صدیق ترمذی	3		

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

سی ای او اور ایگزیکٹو ڈائریکٹر کی ریمنریشن

بورڈ آف ڈائریکٹر نے 20 ستمبر 2017 کو منعقدہ اپنے اجلاس میں حصص داران کی منظوری کے حوالہ سے ہیومن ریسورس اینڈ ریمنریشن کمیٹی کی سفارشات پر چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز کے مشاہرہ میں اضافہ کی منظوری دی ہے۔ سی ای او اور ایگزیکٹو ڈائریکٹر ز کا نظرثانی شدہ مشاہرہ 13.680 ملین روپے اور 10.368 ملین روپے بالترتیب کمپنی پالیسی کے مطابق موجودہ خصوصی مراعات کے ساتھ ہوگا۔

کارپوریٹ گورننس

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

- کمپنی کی انتظامیہ کی طرف سے تیارکردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- فہرستی قواعد وضوابط اور کمپنیز ایکٹ 2017 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۔

کارپوریٹ سماجی ذمہ داریاں

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

کمپنی ماحول دوست، 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 ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ، اس سال سبکدوش ہو رہے ہیں، نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2018ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈائریکٹرز رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2017ء کو ختم ہونے والے سال کے لئے اپنی 24ویں سالانہ رپورٹ معہ تنقیح شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

اللہ کے فضل سے، موجودہ مالی سال کمپنی کے لئے تمام گزشتہ سالوں سے زیادہ فروخت اور منافع کے ساتھ ایک اور کامیاب سال رہا۔

مالی سال 2017 کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

	2017	2016	جتنے فیصد بڑھا
	ملین روپوں میں		
فروخت آمدنی	7,369	5,011	47%
مجموعی منافع	1,065	972	10%
آپریٹنگ منافع	835	765	9%
ٹیکس کے بعد منافع	471	441	7%
فی شیئر آمدنی (روپے)	4.26	3.98	7%

کمپنی فروخت کے حجم میں اضافہ اور بہتر بین الاقوامی قیمتوں کی بناء پر 7 بلین سے زیادہ آمدنی حاصل کی۔ اس اضافہ کی وجہ سے، کمپنی نے 1,065 ملین روپے کا مجموعی منافع اور 835 ملین روپے کا آپریٹنگ منافع کمایا، جو سال بہ سال بالترتیب 10 فیصد اور 9 فیصد اضافہ کر رہا ہے۔

مکمل ملکیتی ذیلی کمپنی کے لئے پیشگی قرضوں پر 26 ملین روپے سود کی آمدنی اور گزشتہ سالوں کے لئے یقینی شرائط میں تبدیلی کی بدولت دیگر آمدن پچھلے سال سے زیادہ ہے۔

اس کے علاوہ، گزشتہ مالی سال کے دوران کمپنی کے مجموعی ٹیکس کے نقصانات ختم ہو گئے اور کمپنی موجودہ مالی سال کے دوران معمول کے کارپوریٹ ٹیکس نظام میں گئی۔ اس کے نتیجے میں سال کے لئے ٹیکس میں اضافہ ہوا ہے۔

835 ملین روپے کے اضافی آپریٹنگ منافع کے ساتھ، کمپنی نے 471 ملین روپے کا خالص منافع درج کیا (سال 2016 میں 441 روپے) جو سال بہ سال 7 فیصد کا اضافہ ظاہر کر رہا ہے۔ گزشتہ سال کے دوران 3.98 روپے فی شیئر آمدنی کے مقابلے اس سال فی شیئر آمدنی میں بھی 4.26 روپے اضافہ ہوا۔

مستقبل کا نقطہ نظر

Oleo کیمیکلز پلانٹ کی اپ گریڈیشن اور ایڈوانسمنٹ موجودہ مالی سال کے دوران شروع کی گئی تھی۔ یہ بہت خوشی کی بات ہے کہ اس اپ گریڈیشن کا پہلا مرحلہ ستمبر میں کامیابی سے کام شروع کر دے گا، جو اس وقت آپریشن میں ہے۔ دوسرا مرحلہ اگلے مالی سال کی دوسری سہ ماہی کے دوران مکمل اور کام شروع کرے گا۔

ٹیکنالوجی کی اپ گریڈیشن پر ہماری مرکوز بہتر توجہ تکمیل کے ہر مرحلے پر فوری صلاحیت بڑھانے پر منتج ہوگی۔ اس تبدیلی سے آپریٹنگ اخراجات میں کمی اور بین الاقوامی معیار کے ساتھ، بین الاقوامی معیشت کی پیمائش، بہتر مصنوعات کا معیار اور پلانٹ کی کارکردگی حاصل کرنے کے سلسلے میں بڑھتے ہوئے فوائد کے لئے راستہ ہموار ہوگا۔

ان پیش قدمیوں کے ساتھ، ہمارے Oleo کیمیکلز پلانٹ کی صلاحیت 75,000 ٹن سالانہ تک پہنچ جانے کی توقع ہے۔

کمپنی خودمختار توانائی میں رہتی ہے اور مستقل طور پر اخراجات کو کم کرنے پر توجہ مرکوز کرتی ہے۔

ہم پُرعزم ہیں اور انشااللہ اگلے مالی سال میں کمپنی کی سب سے اوپر اور نیچے لائنوں میں ترقی کو برقرار رکھنے کے لئے توجہ مرکوز کر رہے ہیں۔

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

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

بقایا قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

گریجویٹی سکیم

کمپنی نے اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 11 پر درج، فنڈڈ گریجویٹی سکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

سال 2017 کے دوران، جناب خالد صدیق ترمذی صاحب نے اپنے عہدے سے استعفاء دیا۔ سال 2017 کے دوران چار (4) بورڈ، چار (4) آڈٹ کمیٹی اور ایک (1) ریمنریشن کمیٹی کے اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈیویڈینڈ/بونس شیئرز

بورڈ نے 30 جون 2017ء کوختم ہونے والے سال کے لئے 10% حتمی نقد منافع کی سفارش کی ہے۔ بورڈ پہلے ہی عبوری نقد ڈیویڈینڈ کل -/1 روپے فی شیئر (یعنی 10%) کا اعلان اور ادا کر چکا ہے۔ سال کے لئے کل نقد ڈیویڈینڈ -/2 روپے فی شیئر (یعنی 20%) رہا۔

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۔

اعتراف

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

منجانب بورڈ

ظفر محمود

چیف ایگزیکٹو آفیسر

21 ستمبر 2017ء

لاہور

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of Listing Regulations of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

Nimir Industrial Chemicals Limited (the "Company") has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent directors, non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Name	**Category**
Zafar Mahmood	Chief Executive Officer
Imran Afzal	Executive Director
Aamir Jamil	Executive Director
Abdul Jalil Jamil	Non- Executive Director
Muhammad Saeed uz Zaman	Non- Executive Director
Muhammad Yahya Khan	Non- Executive Director
Mohsin Tariq	Non- Executive Director
Saqib Raza	Non- Executive Director
Muhammad Sajid	Independent Director
Abdul Jaleel Shaikh	Nominee Director-PBIC

   The independent director meet the criteria of independence under clause 5.19.1 (b) of the CCG.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the year.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders.

8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board has approved appointment of Head of Internal Audit, including remuneration and terms and conditions of employment.

10. During the year, Three (3) directors have completed "Directors Training Program" in compliance with clause (xi) of the CCG.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of 3 (Three) members, of whom 1 (One) is independent director, 1 (One) is non-executive director and 1 (One) is nominee director. The chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of 3 (Three) members, of whom 2 (Two) are non-executive directors and 1 (One) is executive director. The chairman of the committee is a non-executive director.

18. 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.

19. 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, 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "Closed Period", prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange Limited.

23. We confirm that other material principles enshrined in the CCG have been complied.

For Nimir Industrial Chemicals Limited

Zafar Mahmood
Chief Executive Officer

Lahore,
September 21, 2017

FINANCIAL STATEMENTS - STANDALONE

FOR THE YEAR ENDED JUNE 30, 2017

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

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of Nimir Industrial Chemicals Limited (the Company) for the year ended 30 June 2017 to comply with the regulation 5.19 of the rule book of Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 Code.

As part of our audit of 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's 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedures to determine 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 does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended 30 June 2017.

EY Ford Rhodes

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

Lahore
September 27, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED JUNE 30, 2017

We have audited the annexed balance sheet of Nimir Industrial Chemicals Limited (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for changes referred to in note 2.2, with which we concur;

ii. the expenditure incurred during the year was for the purpose of the Company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

EY Ford Rhodes

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

Lahore
September 27, 2017

BALANCE SHEET

	Note	2017 (Rupees)	2016 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
145,000,000 (2016: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	6	1,105,905,460	1,105,905,460
Unappropriated profit		1,038,425,310	681,955,668
		2,144,330,770	1,787,861,128
NON CURRENT LIABILITIES			
Long term loans	7	259,262,449	243,750,000
Liabilities against assets subject to finance lease	8	94,614,453	104,377,393
Deferred tax liability	9	213,099,608	109,560,554
		566,976,510	457,687,947
CURRENT LIABILITIES			
Trade and other payables	10	414,756,293	327,843,339
Net defined benefit liability - funded gratuity	11	47,366,587	49,805,868
Mark up accrued		27,494,527	20,166,754
Unclaimed dividend		2,415,790	11,587,280
Short term borrowings	12	1,861,588,054	1,132,627,994
Current maturity of long term loans	7	127,604,162	100,000,000
Current maturity of liabilities against assets subject to finance lease	8	36,938,773	28,701,586
Provision for taxation		244,912,300	112,859,752
		2,763,076,486	1,783,592,573
CONTINGENCIES AND COMMITMENTS	13	–	–
TOTAL EQUITY AND LIABILITIES		5,474,383,766	4,029,141,648

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive Officer

Director

AS AT JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	2,230,437,430	1,775,453,373
Intangibles	15	1,753,763	561,201
Investment in subsidiary	16	281,852,260	20,000,000
Loan to subsidiary	16	–	235,500,000
Long term deposits	17	33,878,812	31,169,128
		2,547,922,265	2,062,683,702
CURRENT ASSETS			
Stores, spare parts and loose tools	18	170,303,282	130,828,188
Stock in trade	19	1,274,615,055	637,995,522
Trade debts	20	983,440,014	820,652,695
Loans and advances	21	55,335,840	64,384,238
Trade deposits and short term prepayments	22	12,255,680	7,736,013
Other receivables	23	18,356,270	16,491,350
Tax refunds due from the Government	24	396,639,159	226,693,190
Cash and bank balances	25	15,516,201	61,676,750
		2,926,461,501	1,966,457,946
TOTAL ASSETS		5,474,383,766	4,029,141,648

Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
Sales - net	26	7,369,139,953	5,011,268,584
Cost of sales	27	(6,304,069,597)	(4,039,193,383)
Gross profit		1,065,070,356	972,075,201
Distribution costs	28	(114,755,645)	(104,893,010)
Administrative expenses	29	(115,698,790)	(102,295,839)
		(230,454,435)	(207,188,849)
Operating profit		834,615,921	764,886,352
Other expenses	30	(50,300,107)	(47,610,703)
Other income	31	61,724,546	818,657
Foreign exchange loss	32	(9,794,917)	(24,139,486)
Finance cost	33	(135,427,376)	(90,519,682)
Profit before taxation		700,818,067	603,435,138
Taxation	34	(229,384,775)	(162,751,481)
Profit after taxation		471,433,292	440,683,657
Earnings per share - basic and diluted	35	4.26	3.98

The annexed notes from 1 to 42 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, 2017

	Note	2017 (Rupees)	2016 (Rupees)
Profit after taxation		471,433,292	440,683,657
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan - net of tax	11	(4,373,104)	(1,667,451)
Total comprehensive income for the year		467,060,188	439,016,206

The annexed notes from 1 to 42 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
Balance as on July 1, 2015	1,105,905,460	574,711,100	1,680,616,560
Final dividend for 2015 @ Rs. 1 per share	-	(110,590,546)	(110,590,546)
Interim dividend for 2016 @ Rs. 1 per share	-	(110,590,546)	(110,590,546)
Interim dividend for 2016 @ Rs. 1 per share	-	(110,590,546)	(110,590,546)
Total comprehensive income for the year	-	439,016,206	439,016,206
Balance as on June 30, 2016	1,105,905,460	681,955,668	1,787,861,128
Interim dividend for 2017 @ Rs. 1 per share	-	(110,590,546)	(110,590,546)
Total comprehensive income for the year	-	467,060,188	467,060,188
Balance as on June 30, 2017	1,105,905,460	1,038,425,310	2,144,330,770

The annexed notes from 1 to 42 form an integral part of these financial statements.

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees)	2016 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	700,818,067	603,435,138
Adjustment for:		
Depreciation	165,723,980	137,902,877
Amortization	845,188	434,244
Finance cost	132,144,308	84,675,412
Profit on loan to subsidiary	(26,352,260)	-
Provision against stock in trade	-	86,627,626
Reversal of provision against stock in trade	(82,436,341)	-
Provision for gratuity	9,943,427	9,754,477
Reversal of provisions	(28,102,567)	-
Gain on disposal of property, plant and equipment	(7,161,059)	(186,480)
Exchange loss	857,990	897,926
WPPF Provision	37,459,682	32,507,240
WWF Provision	10,915,886	14,202,429
	213,838,234	366,815,751
Operating profit before working capital changes	914,656,301	970,250,889
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(39,475,094)	(58,997,471)
Stock in trade	(554,183,192)	33,790,448
Trade debts	(162,787,319)	(338,340,195)
Loans and advances	9,048,398	(29,503,044)
Trade deposits and short term prepayments	(4,519,667)	1,174,013
Other receivables	(1,864,920)	(4,774,835)
Tax refunds due from government	(47,532,334)	(8,441,708)
	(801,314,128)	(405,092,792)
Increase in current liabilities		
Trade and other payables	107,539,606	82,837,571
	(693,774,522)	(322,255,221)
Cash generated from operations	220,881,779	647,995,668
Contribution to gratuity fund	(18,630,000)	(9,860,682)
Gratuity paid	-	(997,700)
Finance cost paid	(115,014,753)	(70,233,696)
Tax paid	(114,332,620)	(106,727,088)
Long term deposits	(2,709,684)	(2,215,200)
WPPF Paid	(32,507,240)	(15,803,946)
WWF Paid	(8,392,413)	-
	(291,586,710)	(205,838,312)
Net cash (utilized) / generated from operating activities - Balance carried forward	(70,704,931)	442,157,356

	2017 (Rupees)	2016 (Rupees)
Balance brought forward	(70,704,931)	442,157,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(20,205,138)	(71,334,034)
Additions in capital work in progress	(600,732,090)	(213,562,248)
Purchase of intangible	(2,037,750)	-
Sale proceeds from disposal of property, plant and equipment	7,390,250	598,732
Investment in subsidiary	-	(20,000,000)
Loan to subsidiary	-	(235,500,000)
Net cash used in investing activities	(615,584,728)	(539,797,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	136,345,774	250,000,000
Long term loan repaid	(93,229,163)	(102,833,310)
Dividend paid	(119,762,036)	(320,871,624)
Repayment of liabilities against assets subject to finance lease	(43,638,535)	(27,919,111)
New leases acquired during the year	32,311,000	64,790,882
Short term borrowings	728,102,070	282,031,949
Net cash generated from financing activities	640,129,110	145,198,786
Net (decrease) / increase in cash and cash equivalents	(46,160,549)	47,558,592
Cash and cash equivalents at the beginning of the year	61,676,750	14,118,158
Cash and cash equivalents at the end of the year	15,516,201	61,676,750

The annexed notes from 1 to 42 form an integral part of these financial statements.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited ("The Company") was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nimir Resources (Private) Limited which holds 56.67% of the total shares of the Company. The registered office of the Company is situated at 14.8 km, Sheikhupura-Faisalabad Road, Mouza Bhikhi, District Sheikhupura, Pakistan. The Company is engaged in manufacturing and sale of chemical products.

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

Holding Company

Nimir Resources (Private) Limited

Subsidiary Companies	%age of holding
Nimir Holdings (Private) Limited	100.00%
Nimir Management (Private) Limited	51.00%
Nimir Resins Limited	37.64%

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

Nimir Resins Limited is a listed company engaged in the manufacturing of surface coating resins, polyesters, optical brightener and textile auxiliaries.

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

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Securities and Exchange Commission of Pakistan, via its Circular No. 17 of 2017, dated July 20, 2017 read with the related Press Release, has instructed companies to prepare financial statements, for the year ended June 30, 2017, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company will prepare its annual financial statements for the year ending June 30, 2018 in accordance with the provisions of the Companies Act, 2017.

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2017

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New / Revised Standards and Amendments

The Company has adopted the following accounting standard and the amendments which became effective for the current year:

IFRS 10	Consolidated Financial Statements – Investment Entities: Applying the Consolidated Exception (Amendment)
IFRS 12	Disclosure of Interest in Other Entities – Investment Entities: Applying the Consolidated Exception (Amendment)
IAS 28	Investment in Associates – Investment Entities: Applying the Consolidated Exception (Amendment)
IFRS 11	Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16 & 38	Property, Plant and Equipment and intangible assets - Clarification of Acceptable Method of Depreciation (Amendment)
IAS 16 & 41	Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

The adoption of the above accounting standards did not have any effect on the financial statements.

3 BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

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

3.2 PRESENTATION CURRENCY

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis based on changes in recoverability pattern, credit history and market conditions.

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

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

4.3 Provision for taxation and deferred tax

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

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Owned assets

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

Depreciation is calculated using the straight line method at rates disclosed in note 14.1 which are considered appropriate to write off the cost of the assets over their useful lives.

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

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

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

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

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

Capital Work In Progress

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

Leased Asset

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

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

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

5.2 Intangibles

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

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

5.3 Stock in trade

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

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

Items considered obsolete are carried at nil value.

Provision for obsolete and slow moving inventory is based on management estimates of usage in normal business operations.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

5.4 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate for doubtful debts. Known bad debts are written off as and when identified.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

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

5.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets are investments, trade deposits, trade debts, loans and advances, other receivables, cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimating irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans, short term running finance utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. Mark-up bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

5.7 Offsetting of financial assets and financial liabilities

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

5.8 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of the impairment may include indicators that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the profit and loss account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in profit and loss account.

5.9 Trade and other payables

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

5.10 Provisions

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

5.11 Taxation

Current

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

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantially enacted by the balance sheet date.

5.12 Revenue recognition

Sale of goods - Local

Revenue is recognized when the significant risks and rewards of ownership of the goods is transferred to the buyer, usually at the time of issuance of delivery challan.

Sale of goods - Export

Revenue from export of goods is recognized at the time of issuance of bill of lading.

Profit on bank deposit

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

5.13 Staff retirement benefits

Defined benefit plan

During the year, the Company formed an approved funded defined benefit gratuity 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.

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

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

5.14 Foreign currency translation

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

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

5.15 Borrowing costs

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

5.16 Operating segments

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

5.17 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 2	Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	01 January 2018
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 16	Leases	01 January 2019
IFRS 17	Insurance Contracts	01 January 2021

The Company is in process of determining impact of IFRS 15 and IFRS 16. The Company does not expect any material impact of the application of other standards.

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
No. of shares			(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash	1,105,905,460	1,105,905,460

6.1 Nimir Resources (Private) Limited holds 62,670,647 ordinary shares of Rs.10 each, representing 56.67% (2015: 62,670,647 ordinary shares of Rs. 10 each, representing 56.67%) of the issued capital.

7 LONG TERM LOANS

	Note	2017 (Rupees)	2016 (Rupees)
Term finance - Secured I	7.1	59,375,000	93,750,000
Term finance - Secured II	7.2	134,895,837	175,000,000
Term finance - Secured III	7.3	56,250,000	75,000,000
Term finance - Secured IV	7.4	136,345,774	–
		386,866,611	343,750,000
Less: Current maturity shown under current liabilities		(127,604,162)	(100,000,000)
		259,262,449	243,750,000

7.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2013 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

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

7.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 6 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2015 with grace period of six months. This facility is secured against joint pari passu charge over present and future fixed assets of the Company.

7.4 This represents long term finance facility amounting Rs. 250 million available from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 monthly instalments with grace period of one year. As off year end, Rs. 136 million has been availed out of the total facility. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) range from 1 month KIBOR plus 175 bps to 1 year KIBOR plus 200 bps (2016: 1 month KIBOR plus 175 bps to 1 Year KIBOR plus 150 bps). The amount of future payments and the period during which they will become due are:

Year ending 30 June		2017 (Rupees)	2016 (Rupees)
	2017	–	39,232,107
	2018	46,136,677	39,501,442
	2019	49,366,866	42,471,056
	2020	20,615,826	15,038,918
	2021	22,406,634	16,523,199
	2022	8,457,826	–
		146,983,829	152,766,722
Less:	Future finance charges	(15,430,603)	(19,687,743)
		131,553,226	133,078,979
Less:	Current maturity shown under current liabilities	(36,938,773)	(28,701,586)
		94,614,453	104,377,393

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

8.2 Minimum Lease Payments (MLP) and their Present Value (PV) are regrouped below:

	2017		2016	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	46,136,677	36,938,773	39,232,107	28,701,586
Due later than 1 year but not later than 5 years	100,847,152	94,614,453	113,534,615	104,377,393
	146,983,829	131,553,226	152,766,722	133,078,979

9 DEFFERED TAX LIABILITY

	Note	2017 (Rupees)	2016 (Rupees)
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		242,030,556	232,347,688
Deferred tax assets on deductible temporary differences			
Trade debts - provision for doubtful debts		(5,810,353)	(6,004,031)
Provision against stock		(1,385,777)	(32,661,890)
Deferred and unpaid liabilities		(20,903,081)	(28,525,391)
Provision against other		(831,737)	(859,462)
Minimum tax credit carried forward		–	(54,736,360)
		213,099,608	109,560,554
Reconciliation of deferred tax liabilities, net			
As of 1 July		109,560,554	59,207,398
Tax expense during the period recognised in profit or loss		105,413,242	51,102,300
Tax income during the period recognised in OCI		(1,874,188)	(749,144)
As at 30 June		213,099,608	109,560,554

	Note	2017 (Rupees)	2016 (Rupees)

10 TRADE AND OTHER PAYABLES

	Note	2017 (Rupees)	2016 (Rupees)
Creditors		174,197,146	128,728,225
Accrued liabilities		167,181,421	115,727,028
Security deposits	10.1	400,000	400,000
Advances from customers	10.2	15,099,762	11,578,979
Workers' profit participation fund (WPPF)	10.3	37,459,682	32,507,240
Workers' welfare fund (WWF)	10.4	10,915,886	34,647,760
Withholding tax payable		2,708,599	1,904,594
Others		6,793,797	2,349,513
		414,756,293	327,843,339

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

10.2 This include advance received from subsidiary company amounting to Rs. Nil (2016: Rs.102,848). The advances are interest free.

		Note	2017 (Rupees)	2016 (Rupees)
10.3	Balance as at 01 July		32,507,240	15,803,946
	Add: Provision for the year	30	37,459,682	32,507,240
	Less: Payments made during the year		(32,507,240)	(15,803,946)
	Balance as at 30 June		37,459,682	32,507,240
10.4	Balance as at 01 July		34,647,760	20,445,331
	Add: Provision for the year	30	10,915,886	14,202,429
	Less: Payments made during the year		(8,392,413)	–
	Less: Reversal during the year	10.5	(26,255,347)	–
	Balance as at 30 June		10,915,886	34,647,760

10.5 In light of judgement by Honourable Supreme Court dated 10 November 2016, the provision is reversed owing to taxable losses in prior years.

11 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2017 (Rupees)	2016 (Rupees)
Staff retirement benefits - gratuity	11.1	47,366,587	49,805,868

11.1 The amounts recognized in the balance sheet are as follows:

		2017 (Rupees)	2016 (Rupees)
Present value of defined benefits obligation		64,901,853	59,666,550
Less: Fair value of plan assets		(17,535,266)	(9,860,682)
		47,366,587	49,805,868

11.2 The amounts recognized in the profit & loss account are as follows:

	Note	2017 (Rupees)	2016 (Rupees)
Current service cost		7,007,839	5,075,030
Interest cost on defined benefit obligation - net		2,935,588	4,679,447
Expense recognized in the profit and loss account		9,943,427	9,754,477

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

	Note	2017 (Rupees)	2016 (Rupees)
Cost of sales	27.2	7,600,391	7,410,593
Distribution costs	28.1	659,460	659,698
Administrative expenses	29.1	1,683,576	1,684,186
		9,943,427	9,754,477

11.4 Movements in the net liability recognized in the balance sheet are as follows:

	2017 (Rupees)	2016 (Rupees)
Net liabilities at the beginning of the year	49,805,868	48,493,178
Current service cost	7,007,839	5,075,030
Interest cost on defined benefit obligation - net	2,935,588	4,679,447
Contribution by employer	(18,630,000)	(9,860,682)
Benefits paid	–	(997,700)
Remeasurements charged to other comprehensive income	6,247,292	2,416,595
Net liabilities at the end of the year	47,366,587	49,805,868

11.5 Movements in the present value of defined benefit obligation:

	2017 (Rupees)	2016 (Rupees)
Present value of defined benefits obligation at the beginning of the year	59,666,550	48,493,178
Current service cost	7,007,839	5,075,030
Interest cost on defined benefit obligation	3,940,600	4,679,447
Benefits paid	(10,626,900)	(997,700)
Remeasurement:		
Actuarial gain from changes in financial assumptions	–	(271,872)
Experience adjustments	4,913,764	2,688,467
Present value of defined benefits obligation as at 30 June	64,901,853	59,666,550

11.6 Movements in the fair value of plan assets:

	2017 (Rupees)	2016 (Rupees)
Fair value of plan assets at the beginning of the year	9,860,682	–
Contribution by employer	18,630,000	9,860,682
Interest Income	1,005,012	–
Benefits paid	(10,626,900)	–
Return on plan assets excluding interest income	(1,333,528)	–
Fair value of plan assets as at 30 June	17,535,266	9,860,682

11.7 Estimated expense to be charged to profit and loss in next year

	2018 (Rupees)
Current service cost	7,185,557
Interest cost on define benefit obligation	3,434,077
Amount chargeable to profit and loss	10,619,634

Qualified actuaries have carried out the valuation as at 30 June 2017. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2017	2016
Discount rate for interest cost in profit & loss charge	9.75%	9.75%
Discount rate for obligation	7.25%	7.25%
Expected rates of salary increase in future years	6.25%	6.25%
Retirement assumption	Age 60	Age 60

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

Sensitivity level	Assumption	Impact on defined benefit obligation
+100 bps	Discount rate	59,193,135
- 100 bps	Discount rate	71,552,946
+100 bps	Expected increase in salary	71,552,946
- 100 bps	Expected increase in salary	59,092,641

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

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

12 SHORT TERM BORROWINGS - SECURED

The aggregate of short term finance facilities from various commercial banks available at period end is Rs. 3,640 million (2016: Rs. 3,120 million) which includes running finance facilities amounting Rs. 805 million (2016: Rs. 740 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 100 bps with no floor and no cap (2016: 1 month KIBOR + 15 bps to 6 months KIBOR + 150 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Company.

The unutilized facility for opening letters of credit and bank guarantees as at June 30, 2017 amounts to Rs. 473 million (2016: Rs. 999 million) and Rs. 95 million (2016: Rs. 96 million) respectively.

13 CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

Pending the outcome of below cases, no provision has been made in the financial statements, since the management of the Company based on its consultants' opinion, is confident that the outcome of the appeals will be in the favour of the Company.

13.1.1 The income tax authorities raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the tax year 2011. Appellate Tribunal Inland Revenue (ATIR) decided the case in favour of the Company. The Income Tax Department has filed an appeal in Honourable Lahore High Court against the decision.

13.1.2 Income Tax Department has amended the Company's assessment relating to tax year 2009 under section 122(5A) of the Ordinance, disallowing certain expenses and rejecting a refund amounting to Rs. 20 million against prior periods. The Company has filed an appeal before Commissioner Inland Revenue (Appeals).

13.1.3 Pre-refund sales tax audit proceedings were initiated by the tax department for the tax periods from July 2007 to June 2008 and order was issued on March 20, 2017 by Deputy Commissioner Inland Revenue (DCIR) creating demand of Rs. 3.27 million in respect of inadmissible input tax. Being aggrieved with the order of tax department, Company has filed appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

13.2 COMMITMENTS

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

	2017 (Rupees)	2016 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery	947 million	464 million
Letter of guarantee given to SNGPL	96 million	96 million
Letter of guarantee given to PSO	16 million	15 million
Letter of guarantee given to Total PARCO	3 million	3 million

14 PROPERTY, PLANT AND EQUIPMENT

	Note	2017 (Rupees)	2016 (Rupees)
Operating fixed assets	14.1	1,657,414,199	1,585,033,172
Capital work in progress	14.5	573,023,231	190,420,201
		2,230,437,430	1,775,453,373

14.3 No assets were sold to the Chief Executive, Directors, Executives or Shareholders holding more than 10% of total paid-up capital.
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14.4 Depreciation for the year has been allocated as under:

	Note	2017 (Rupees)	2016 (Rupees)
Cost of sales	27	152,946,283	130,895,824
Distribution costs	28	3,157,774	1,576,126
Administrative expenses	29	9,619,923	5,430,927
		165,723,980	137,902,877

14.5 Capital work in progress

	2017				2016
	Building	Plant and machinery	Others	Total	Total
	(Rupees)				(Rupees)
Opening balance	–	171,996,190	18,424,011	190,420,201	125,742,375
Adjustments during the year	1,987,172	(1,987,172)	–	–	–
Additions during the year	19,065,210	556,524,130	25,142,750	600,732,090	213,562,248
	21,052,382	726,533,148	43,566,761	791,152,291	339,304,623
Transferred to fixed assets	(8,736,600)	(165,825,699)	(43,566,761)	(218,129,060)	(148,884,422)
	12,315,782	560,707,449	–	573,023,231	190,420,201

14.5.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 2,310,950 (2016: Rs. Nil). The expansion has been financed by a term finance facility from a financial institution.

14.1 Operating fixed assets

2017

Particulars	COST: As at July 1, 2016	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: As at June 30, 2017	Rate %	DEPRECIATION: Accumulated as at July 1, 2016	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2017	Net Book value As at June 30, 2017
Owned	(Rupees)					(Rupees)					(Rupees)
Free hold land	28,253,237	–	–	28,253,237	–	–	–	–	–	–	28,253,237
Building on free hold Land	237,015,546	8,736,600	–	245,752,146	4-5	68,111,000	12,610,604	–	–	80,721,604	165,030,542
Plant and machinery	2,154,665,799	165,825,699	–	2,320,491,498	4-50	952,463,320	114,859,838	–	–	1,067,323,158	1,253,168,340
Furniture and fittings	4,450,214	1,227,703	–	5,677,917	10-33	3,627,424	403,415	–	–	4,030,839	1,647,078
Office and factory equipment	54,388,659	16,206,250 (1,264,683)	–	69,330,226	10-50	31,956,605	12,486,524	(1,198,730)	–	43,244,399	26,085,827
Vehicles	29,251,430	14,026,946 (13,176,511)	8,816,000 –	38,917,865	20	23,061,754	4,470,583	(13,013,273)	7,625,616	22,144,680	16,773,185
	2,508,024,885	206,023,198 (14,441,194)	8,816,000	2,708,422,889		1,079,220,103	144,830,964	(14,212,003)	7,625,616	1,217,464,680	1,490,958,209
LEASED Vehicles	30,464,902	32,311,000	(8,816,000)	53,959,902	20	10,494,812	10,510,514	–	(7,625,616)	13,379,710	40,580,192
Plant and machinery	144,978,023	–	–	144,978,023	4-50	8,719,723	10,382,502	–	–	19,102,225	125,875,798
	175,442,925	32,311,000	(8,816,000) –	198,937,925		19,214,535	20,893,016	–	(7,625,616) –	32,481,935	166,455,990
2017	2,683,467,810	238,334,198 (14,441,194)	–	2,907,360,814		1,098,434,638	165,723,980	(14,212,003)	–	1,249,946,615	1,657,414,199

2016

Particulars	COST: As at July 1, 2015	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: As at June 30, 2016	Rate %	DEPRECIATION: Accumulated as at July 1, 2015	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2016	Net Book value As at June 30, 2016
Owned	(Rupees)					(Rupees)					(Rupees)
Free hold land	28,253,237	–	–	28,253,237	–	–	–	–	–	–	28,253,237
Building on free hold Land	217,892,063	19,123,483	–	237,015,546	4-5	57,935,071	10,175,929	–	–	68,111,000	168,904,546
Plant and machinery	2,036,733,289	119,376,363	(1,443,853)	2,154,665,799	4-50	848,466,625	104,985,821	–	(989,126)	952,463,320	1,202,202,479
Furniture and fittings	4,139,965	310,249	–	4,450,214	10-33	3,218,749	408,675		–	3,627,424	822,790
Office and factory equipment	41,700,049	13,430,684 (742,074)	–	54,388,659	10-50	24,440,465	8,153,027	(636,887)	–	31,956,605	22,432,054
Vehicles	18,852,417	2,217,160 (900,000)	9,081,853	29,251,430	20	12,649,062	4,293,021	(592,935)	6,712,606	23,061,754	6,189,676
	2,347,571,020	154,457,939 (1,642,074)	7,638,000	2,508,024,885		946,709,972	128,016,473	(1,229,822)	5,723,480	1,079,220,103	1,428,804,782
LEASED Vehicles	22,770,100	15,332,802	(7,638,000)	30,464,902	20	12,203,055	4,015,237	–	(5,723,480)	10,494,812	19,970,090
Plant and machinery	94,550,306	50,427,717	–	144,978,023	4-50	2,848,556	5,871,167	–	–	8,719,723	136,258,300
	117,320,406	65,760,519	(7,638,000) –	175,442,925		15,051,611	9,886,404	–	(5,723,480) –	19,214,535	156,228,390
2016	2,464,891,426	220,218,458 (1,642,074)	–	2,683,467,810		961,761,583	137,902,877	(1,229,822)	–	1,098,434,638	1,585,033,172

14.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/(Loss)	Mode of Disposal	Particulars of Purchasers
					(Rupees)		
Vehicle: Toyota Corolla LED -11- 7701	1,645,929	1,579,275	66,654	900,000	833,346	Negotiation	Mr. Umer Shahzad
Vehicle: Honda Civic LED -11- 7703	2,088,835	1,992,257	96,578	1,215,000	1,118,422	Negotiation	Mr. Wasim Ahmad
Vehicles owned*	9,441,747	9,441,741	6	5,185,000	5,184,994	Negotiation	Various
Office and factory equipment*	1,264,683	1,198,730	65,953	90,250	24,297	Negotiation	Various
Total	14,441,194	14,212,003	229,191	7,390,250	7,161,059		

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

15 INTANGIBLE

	Note	2017 (Rupees)	2016 (Rupees)
Software and licenses			
Cost:			
As at 1 July		2,166,500	2,166,500
Additions during the year		2,037,750	–
As at 30 June		4,204,250	2,166,500
Accumulated amortization:			
As at 1 July		(1,605,299)	(1,171,055)
Amortization during the year	29	(845,188)	(434,244)
As at 30 June		(2,450,487)	(1,605,299)
Net book value		1,753,763	561,201
Rate of amortization		20%-33.33%	20%

16 INVESTMENT IN SUBSIDIARY

In 2016, Nimir Industrial Chemicals Limited formed a wholly owned subsidiary under the name of Nimir Holding (Private) Limited. NHPL formed a sub-subsidiary, Nimir Management (Private) Limited, which acquired the majority shareholding of Nimir Resins Limited, a listed company engaged in the business of industrial chemicals. The effective shareholding of the Company in Nimir Resins Limited is 37.64%. The Company has determined that Nimir Resins Limited is a subsidiary in accordance with IFRS 10 Consolidated Financial Statements.

During the year, loan provided to Nimir Holding (Private) Limited together with markup thereon was converted into ordinary shares by NHPL.

	Note	2017 (Rupees)	2016 (Rupees)
As of 1 July		20,000,000	–
Investment in 2,000,000 ordinary shares of Rs. 10 each		–	20,000,000
Conversion of loan into 26,185,226 ordinary shares of Rs.10 each		261,852,260	–
As at 30 June		281,852,260	20,000,000

17 LONG TERM DEPOSITS

	Note	2017 (Rupees)	2016 (Rupees)
Security deposits			
Modarabas and banks		19,072,970	16,753,286
Others	17.1	14,805,842	14,415,842
		33,878,812	31,169,128

17.1 It includes deposit amounting to Rs. 12.24 million (2016: Rs. 12.24 million) given to WAPDA for dedicated line.

18 STORES, SPARE PARTS AND LOOSE TOOLS

	2017 (Rupees)	2016 (Rupees)
Stores, spare parts and loose tools		
In hand	155,569,634	128,927,184
In transit	14,733,648	1,901,005
	170,303,282	130,828,188

19 STOCK IN TRADE

	Note	2017 (Rupees)	2016 (Rupees)
Raw and packing material			
In hand		371,800,510	217,876,004
In transit		654,160,772	229,285,387
		1,025,961,282	447,161,391
Provision for raw material	19.1	(4,191,285)	(10,433,626)
Provision for onerous contract	19.2	–	(76,194,000)
Provision for packing material		(427,973)	(427,973)
		(4,619,258)	(87,055,599)
		1,021,342,024	360,105,792
Finished goods		253,273,031	277,889,730
		1,274,615,055	637,995,522

19.1 Movement in provision for raw material is as follows:

	2017	2016
Opening balance	10,433,626	–
Charge for the year	–	10,433,626
Reversal during the year	(6,242,341)	–
	(6,242,341)	10,433,626
Written off during the year	–	–
Closing balance	4,191,285	10,433,626

19.2 Movement in provision for onerous contract is as follows:

	2017	2016
Opening balance	76,194,000	–
Charge for the year	–	76,194,000
Reversal during the year	(76,194,000)	–
	(76,194,000)	76,194,000
Closing balance	–	76,194,000

20 TRADE DEBTS

	Note	2017	2016
Considered good - unsecured			
Due from customers	20.1	974,375,084	820,180,742
Due from associated companies	20.2	9,064,930	471,953
		983,440,014	820,652,695
Considered doubtful		19,367,842	19,367,842
Provision for doubtful debts		(19,367,842)	(19,367,842)
		–	–
		983,440,014	820,652,695

20.1 These customers have no recent history of default. For age analysis of these trade debts, referred to Note 36.1.1

20.2 Trade debts from Nimir Resins Limited amounts to Rs. 8.9 million (2016: Rs. Nil) and Nimir Chemicals Pakistan Limited Rs. 0.096 million (2016: Rs. 0.47 million).

20.3 Aggregate amount due from Directors, Chief Executives and Executives of the Company is Rs. Nil (2016: Rs. Nil)

21 LOANS AND ADVANCES

	Note	2017 (Rupees)	2016 (Rupees)
Considered good - unsecured			
Suppliers		44,426,993	54,133,212
Employees against business expenses	21.1	2,558,013	3,023,792
Employees against salary	21.2	8,350,834	7,227,234
		55,335,840	64,384,238

21.1 This includes advance given to executives amounting to Rs. 1.94 million (2016: Rs. 2.38 million).

21.2 This includes advance given to executives amounting to Rs. 6.4 million (2016: Rs. 6.04 million).

22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017 (Rupees)	2016 (Rupees)
Security deposit		4,143,666	–
Prepayments		8,112,014	7,736,013
		12,255,680	7,736,013

23 OTHER RECEIVABLES

	Note	2017 (Rupees)	2016 (Rupees)
Margin against bank guarantee		16,602,950	16,491,350
Margin against LC		1,753,320	–
		18,356,270	16,491,350

24 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2017 (Rupees)	2016 (Rupees)
Income tax		320,451,585	198,037,950
Sales tax		72,439,074	24,906,740
Federal excise duty		3,748,500	3,748,500
		396,639,159	226,693,190

25 CASH AND BANK BALANCES

	Note	2017 (Rupees)	2016 (Rupees)
Cash in hand		7,374,961	2,792,186
Cash at bank			
Current account		7,202,589	58,422,109
Savings account	25.1	938,651	462,455
		8,141,240	58,884,564
		15,516,201	61,676,750

25.1 These carry mark-up rate ranging from 3% to 4% (2016: 4% to 5%) per annum.

26 SALES

	Note	2017 (Rupees)	2016 (Rupees)
Local sales		8,623,982,453	5,862,388,672
Export sales		311,640	1,750,400
Gross sales		8,624,294,093	5,864,139,072
Less: Sales tax		(1,254,509,246)	(852,776,538)
		7,369,784,847	5,011,362,534
Less: Trade discounts		(644,894)	(93,950)
Net sales		7,369,139,953	5,011,268,584

27 COST OF SALES

	Note	2017 (Rupees)	2016 (Rupees)
Raw and packing material consumed	27.1	5,325,260,262	3,232,518,369
Salaries, wages and benefits	27.2	222,329,831	183,277,538
Depreciation	14.4	152,946,283	130,895,824
Fuel and power		418,626,868	345,593,504
Stores, spare parts and loose tools consumed		82,590,026	92,057,062
Repairs and maintenance		38,035,081	28,467,614
Traveling, conveyance and entertainment		17,547,918	17,782,182
Communications		925,704	868,250
Insurance		10,743,950	7,551,823
Rent, rates and taxes		5,226,590	4,595,050
Printing and stationery		1,640,273	1,598,434
Dues, fees and subscription		1,067,687	1,203,232
Other expenses		2,512,425	3,648,051
		6,279,452,898	4,050,056,933
Add: Opening stock-finished goods	19	277,889,730	267,026,180
Less: Closing stock-finished goods	19	(253,273,031)	(277,889,730)
		6,304,069,597	4,039,193,383

27.1 Raw and packing material consumed

	Note	2017 (Rupees)	2016 (Rupees)
Opening Balance	19	360,105,792	491,387,416
Purchases		5,986,496,494	3,101,236,745
		6,346,602,286	3,592,624,161
Less: Closing Balance	19	(1,021,342,024)	(360,105,792)
Raw and packing material consumed		5,325,260,262	3,232,518,369

27.2 This includes Rs. 7.6 million (2016: Rs. 7.4 million) in respect of staff retirement benefits - gratuity scheme.

28 DISTRIBUTION COSTS

	Note	2017 (Rupees)	2016 (Rupees)
Salaries, wages and benefits	28.1	22,370,448	18,620,389
Repairs and maintenance		29,292	94,567
Traveling, conveyance and entertainment		2,314,901	2,656,730
Communications		261,220	221,474
Insurance		2,767,385	2,011,531
Freight outward		44,310,923	40,853,469
Distribution commission		38,637,473	38,441,831
Packing, carriage and forwarding		68,510	1,320
Printing and stationery		473,545	143,711
Depreciation	14.4	3,157,774	1,576,126
Other expenses		364,174	271,862
		114,755,645	104,893,010

28.1 This includes Rs. 0.7 million (2016: Rs. 0.7 million) in respect of staff retirement benefits - gratuity scheme.

29 ADMINISTRATIVE EXPENSES

	Note	2017 (Rupees)	2016 (Rupees)
Salaries, wages and benefits	29.1	66,476,360	60,127,592
Fuel and power		961,869	976,670
Repairs and maintenance		1,579,525	1,405,677
Traveling, conveyance and entertainment		11,055,774	11,084,164
Communications		2,742,142	3,149,824
Insurance		1,828,719	1,289,164
Rent, rates and taxes		2,080,289	1,576,141
Printing and stationery		2,941,913	1,131,599
Advertising and sale promotion		955,783	825,388
Legal, professional and consultancy charge		5,271,250	3,149,666
Auditors' remuneration	29.2	1,925,000	1,750,000
Depreciation	14.4	9,619,923	5,430,927
Amortization	15	845,188	434,244
Dues, fees and subscription		5,384,631	6,675,283
Other expenses		2,030,424	3,289,500
		115,698,790	102,295,839

29.1 This includes Rs. 1.7 million (2016: Rs. 1.7 million) in respect of staff retirement benefits - gratuity scheme.

	Note	2017 (Rupees)	2016 (Rupees)
29.2 Auditors' remuneration			
Audit fee		1,100,000	1,000,000
Consolidation, reviews and certifications		748,000	680,000
Out of pocket expenses		77,000	70,000
		1,925,000	1,750,000

30 OTHER EXPENSES

	Note	2017 (Rupees)	2016 (Rupees)
Workers profit participation fund (WPPF)	10.3	37,459,682	32,507,240
Workers welfare fund (WWF)	10.4	10,915,886	14,202,429
Loss on sale of damaged packing material - scrap		1,924,539	901,034
		50,300,107	47,610,703

31 OTHER INCOME

	Note	2017 (Rupees)	2016 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment	14.2	7,161,059	186,480
Reversal of provision		28,102,567	182,212
Financial assets			
Profit on savings account	31.1	108,660	305,600
Profit on term deposit receipt	31.1	–	144,365
Profit on loan to subsidiary	31.1	26,352,260	–
		61,724,546	818,657

32 FOREIGN EXCHANGE LOSS

	Note	2017 (Rupees)	2016 (Rupees)
Foreign liabilities	32.1	9,794,917	24,139,486

32.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 857,990 (2016: Rs. 897,926).

33 FINANCE COST

	2017 (Rupees)	2016 (Rupees)
Mark-up on		
Long term loans	23,706,291	24,185,696
Short term borrowings	94,019,762	54,225,716
Financial charges on lease	9,801,782	6,264,000
Bank charges, fee and commission	3,283,068	5,844,270
Early payment discount	4,616,473	–
	135,427,376	90,519,682

34 TAXATION

	2017 (Rupees)	2016 (Rupees)
Current tax:		
Current year	158,928,673	111,497,880
Prior year	(34,957,140)	151,301
	123,971,533	111,649,181
Deferred tax		
Relating to the reversal and origination of temporary differences	108,947,453	52,952,531
Expense resulting from reduction in tax rate	(3,534,211)	(1,850,231)
	105,413,242	51,102,300
	229,384,775	162,751,481

Relationship between tax expenses and accounting profit

	2017 (Rupees)	2016 (Rupees)
Accounting profit before taxation	700,818,067	603,435,138
Tax at applicable tax rate of 31% (2016: ACT 17%)	217,253,601	102,583,973
Effect of expenses not allowed for tax	53,971,950	51,102,300
Effect of super tax	16,045,538	20,871,480
Effect of tax credit	(22,920,758)	(11,937,636)
Effect of tax on export sales under Final Tax Regime	(8,416)	(19,937)
Effect of prior years tax	(34,957,140)	151,301
Tax expense for the year	229,384,775	162,751,481

35 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

35.1 Basic

	2017 (Rupees)	2016 (Rupees)
Profit attributable to ordinary shareholders	471,433,292	440,683,657
Weighted average number of ordinary shares	110,590,546	110,590,546
Earnings per ordinary share	4.26	3.98

35.2 Diluted

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

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

36.1 Credit Risk

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

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

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

	Carrying values	
	2017	2016
	(Rupees)	(Rupees)
Long-term deposits	14,805,842	14,415,842
Trade debts – unsecured	983,440,014	820,652,695
Other receivables	18,356,270	16,491,350
Bank balances	8,141,240	58,884,564

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	2017	2016
36.1.1 Trade Debts	(Rupees)	(Rupees)
Other than related parties		
Neither past due nor impaired	803,584,904	514,228,299
Past due but not impaired		
1-30 days	123,488,351	265,514,127
31-60 days	47,301,829	36,122,461
61-90 days	36,364	4,315,855
Over 90 days	–	–
	170,826,544	305,952,443

	2017 (Rupees)	2016 (Rupees)
Past due and impaired		
1-30 days	–	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	19,367,842	19,367,842
	19,367,842	19,367,842
	993,779,290	839,548,584
Related parties		
Neither past due nor impaired	9,009,489	470,597
Past due but not impaired		
1-30 days	7,722	1,356
31-60 days	7,722	–
61-90 days	–	–
Over 90 days	3,633	–
	19,079	1,356
	9,028,566	471,953

36.1.1.1 As at 30 June 2017, trade debts of Rs. 19.37 million (2016: Rs. 19.37 million) were impaired and provided for.

36.1.2 Bank

Financial institution	Ratings Agency	Ratings Short Term	Ratings Long term	2017 (Rupees)	2016 (Rupees)
Albaraka Bank (Pakistan) Limited	PACRA	A1	A	70,213	1,724,954
Habib Bank Limited	JCR-VIS	A1+	AAA	(229,413)	9,685
MCB Bank Limited	PACRA	A1+	AAA	938,651	462,455
Meezan Bank Limited	JCR-VIS	A1+	AA	(957,628)	4,301,819
National Bank of Pakistan	PACRA	A1+	AAA	335,543	55,608
Silk Bank Limited	JCR-VIS	A-2	A-	6,116	6,157
Standard Chartered Bank Limited	PACRA	A1+	AAA	2,482,457	375,265
The Bank of Punjab	PACRA	A1+	AA	5,495,301	51,948,621
				8,141,240	58,884,564

36.2 Liquidity Risk

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

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

	Maturity Up to One Year	Maturity After One Year	Total
		(Rupees)	
For the year ended June 30, 2017			
Long term loans	127,604,162	259,262,449	386,866,611
Liabilities against assets subject to finance lease	36,938,773	94,614,453	131,553,226
Short term borrowings	1,861,588,054	–	1,861,588,054
Mark up accrued	27,494,527	–	27,494,527
Unclaimed dividend	2,415,790	–	2,415,790
Trade and other payables	341,378,567	–	341,378,567
Total financial liabilities	2,397,419,873	353,876,902	2,751,296,775
For the year ended June 30, 2016			
Long term loans	100,000,000	243,750,000	343,750,000
Liabilities against assets subject to finance lease	28,701,586	104,377,393	133,078,979
Short term borrowings	1,132,627,994	–	1,132,627,994
Mark up accrued	20,166,754	–	20,166,754
Unclaimed dividend	11,587,280	–	11,587,280
Trade and other payables	244,455,253	–	244,455,253
Total financial liabilities	1,537,538,867	348,127,393	1,885,666,260

36.3 Market Risk

36.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are no material foreign currency balances.

36.3.2 Interest Rate Risk

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

If interest rates at the year end, fluctuate by 1% higher / lower, profit for the year would have been Rs. 23.7 million (2016: Rs. 15.8 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year.

36.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves. The gearing ratio of the Company is 24% (2016: 27%).

36.5 Fair value of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value. Further, all financial assets and financial liabilities at balance sheet date are categorized into loans and advances.

37 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, related group companies, directors and key management personnel. Remuneration of Chief Executive and directors is also shown in Note 38. Transactions with related parties during the year are as follows:

Relationship with the Company	Nature and Description of Related Party Transaction	2017 (Rupees)	2016 (Rupees)
Parent company	Dividend Paid	62,670,647	188,011,941
Subsidiary company	Investment in shares	–	20,000,000
Subsidiary company	Long term loan	–	235,500,000
Subsidiary company	Markup on loan	26,352,260	–
Subsidiary company	Sale of goods	80,114,948	36,169,036
Subsidiary company	Services provided	7,728,000	678,739
Subsidiary company	Services acquired	2,520,000	448,303
Subsidiary company	Reimbursement of expenses	342,667	–
Associated company	Sale of goods	5,462,100	1,301,344
Staff retirement benefits	Gratuity Paid	18,630,000	997,700

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
Number of persons	1	1	2	2	24	19
			(Rupees)			
Remuneration	7,354,839	6,193,548	11,148,388	9,290,322	42,254,455	29,286,240
Housing	3,309,679	2,787,098	5,016,776	4,180,646	19,014,538	13,178,834
Utilities	735,482	619,354	1,114,836	929,032	4,225,414	2,928,603
Bonus	3,978,434	1,703,245	5,967,652	2,595,420	21,603,973	9,617,067
	15,378,434	11,303,245	23,247,652	16,995,420	87,098,380	55,010,744

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

38.2 An amount of Rs. 1,330,000 (2016: Rs. 974,000) was paid to directors for attending the board meetings.

39 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at 30 June	137	133
Average number of employees during the year	136	136

40 PRODUCTION CAPACITY IN METRIC TONS

	2017 *Maximum Capacity (MT)	2017 Actual Production (MT)	2016 *Maximum Capacity (MT)	2016 Actual Production (MT)
Oleo Chemicals	52,000	50,710	45,500	44,816
Chlor Alkali Products	44,500	43,642	41,500	40,151

* Determined on weighted average basis.

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

41 POST BALANCE SHEET EVENTS

The Board of Directors at its meeting held on September 21, 2017 has approved a final dividend @ Rupee 1 per share for the year ended 30 June 2017 (2016: Rs. Nil) amounting to Rs. 110,590,546 (2016: Rs. Nil).

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on September 21, 2017.

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

FINANCIAL STATEMENTS - CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2017

DIRECTORS' REPORT

The Directors are pleased to present consolidated financial statement of the Company for the year ended on June 30, 2017.

The Directors' Report, which provides a commentary on the performance of Nimir Industrial Chemicals Limited for the year ended 30 June 2017, has been presented separately.

Nimir Industrial Chemicals Limited (NICL) controls the management of Nimir Resins Limited (NRL) through Nimir Holding Private Limited (NHPL) (a wholly owned subsidiary of NICL) and Nimir Management Private Limited (majority owned i.e. 51% by NHPL). NRL is a listed Company engaged in the manufacturing and sales of surface coating, polyesters, paper chemicals and textile auxiliaries. The effective shareholding of the NICL in NRL is 37.64%.

The group showed robust growth in its top line and nearly touched the Rs. 10 billion mark; registering an year on year increase of 66%. Both sale volumes and sale prices contributed in the growth of the group turnover. As a result of this growth, the group's pre-tax profit increased from Rs.733 million to Rs.774 million (up by 6%).

During the year the NRL successfully completed its right share issue process. The plant upgradation and expansion are being carried out in the group companies. In this process existing equipment is being upgraded and replaced with the world's modern technology. This would contribute towards higher production capacities, improvement in efficiency, product quality and reduction in operating cost.

Corporate Governance

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

- The consolidated financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the company ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations and Companies Act 2017.
- Outstanding taxes and levis are given in the notes to the financial statements

The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices, however management of the Company is committed to continuously review the system of internal controls 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.

External Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s EY Ford Rhodes, Chartered Accountant as external auditor of the Company for the year ending June 30, 2018.

Pattern of Shareholding

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

Dividend / Bonus Shares

The NICL board has recommended a 10% final cash dividend for the year ended June 30, 2017. The NICL had earlier declared and paid interim cash dividends totaling Rs. 1 per share (i.e. 10%). The total cash dividend of NICL for the year remained Rs. 2/- per share (i.e. 20%).

The NRL board has recommended a full and final bonus shares at the rate of 2.2% i.e. 2.2 shares for every 100 shares for the year ended June 30, 2017.

For and on behalf of the Board

Lahore
September 21, 2017

Zafar Mahmood
Chief Executive Officer

ڈائریکٹرز رپورٹ کنسولیڈیٹڈ

ڈائریکٹرز 30 جون 2017ء کوختم ہونے والے سال کے لئے کمپنی کے اشتمال شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹر کی رپورٹ، جو 30 جون 2017 مختتمہ سال کے لئے نمر انڈسٹریل کیمیکلز لمیٹڈ کی کارکردگی پر تبصرہ مہیا کرتی ہے، الگ پیش کی گئی ہے۔

نمر انڈسٹریل کیمیکلز لمیٹڈ (این آئی سی ایل)، نمر ہولڈنگ پرائیویٹ لمیٹڈ (این ایچ پی ایل) (این آئی سی ایل کی ایک مکمل ملکیتی ذیلی کمپنی) اور نمر مینجمنٹ پرائیویٹ لمیٹڈ (این ایچ پی ایل کی اکثریتی ملکیتی یعنی 51 فی صد) کے ذریعے نمر ریزائنز لمیٹڈ (این آر ایل) کے انتظامات کو کنٹرول کرتی ہے۔ این آر ایل ایک لسٹڈ کمپنی ہے جو سرفیس کوٹنگ، پالئیسٹرز، پیپر کیمیکلز اور ٹیکسٹائل کے معاون کیمیکلز کی تیاری اور فروخت میں مصروف ہے۔ این آر ایل میں این آئی سی ایل کا مؤثر شیئر ہولڈنگ 37.64% ہے۔
گروپ نے اپنی ٹاپ لائن میں مستحکم ترقی ظاہر کی ہے اور تقریباً 10 بلین روپے کی آمدنی تک پہنچ گیا، سال بہ سال 66 فی صد کا اضافہ ظاہر کر رہا ہے۔ گروپ کی آمدنی کے فروغ میں فروخت کے حجم اور فروخت کی قیمت دونوں نے حصہ شامل کیا ہے۔ اس ترقی کے نتیجے میں، گروپ کا ٹیکس سے قبل منافع 733 ملین روپے سے 774 ملین روپے (6% تک) بڑھ گیا۔

سال کے دوران این آر ایل نے اپنے رائٹ شیئر ایشو کا عمل کامیابی سے مکمل کرلیا۔ گروپ کمپنیز میں پلانٹ کی اپ گریڈیشن اور توسیع کی جارہی ہے۔ اس عمل میں موجودہ سازوسامان کو اپ گریڈ اور جدید ٹیکنالوجی کے ساتھ تبدیل کیا جارہا ہے۔ اس سے اعلیٰ پیداواری صلاحیتوں، کارکردگی، مصنوعات کے معیار میں بہتری اور آپریٹنگ لاگت میں کمی ہوگی۔

کارپوریٹ گورننس

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

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، اشتمال شدہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- فہرستی قواعد وضوابط اور کمپنیز ایکٹ 2017 میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- بقایا ٹیکسز اور لیویز کا مالی حسابات کے نوٹ میں انکشاف کیا گیا ہے۔

کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے لئے پُرعزم ہے، اور بہترین طریقوں کے مطابق عمل کرنے کے لئے 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۔

بیرونی محاسب

موجودہ محاسب میسرز ای وائی فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ، اس سال سبکدوش ہو رہے ہیں، نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2018ء کوختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز فورڈ رہوڈس، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

نمونہء حصص داری

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

یویڈینڈ/ بونس شیئرز

ین آئی سی ایل بورڈ نے 30 جون 2017ء کوختم ہونے والے سال کے لئے 10% حتمی نقد منافع کی سفارش کی ہے۔این آئی سی ایل پہلے ہی عبوری نقد ڈیویڈینڈ کل -/1 روپے فی شیئر (یعنی 10%) کا اعلان اور ادا کرچکی ہے۔سال کے لئے این آئی سی ایل کا کل نقد ڈیویڈینڈ -/2 روپے فی شیئر (یعنی 20%) رہا۔

ین آر ایل بورڈ نے 30 جون 2017ء کوختم ہونے والے سال کے لئے 2.2% شرح پرکل حتمی نقد بونس شیئر یعنی ہر ایک 100 حصص کے لئے 2.2 شیئرز کی سفارش کی ہے۔

منجانب بورڈ

ظفرمحمود

چیف ایگزیکٹوآفیسر

21 ستمبر 2017ء

لاہور

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED JUNE 30, 2017

We have audited the annexed consolidated financial statements comprising the consolidated Balance Sheet of Nimir Industrial Chemicals Limited (the Holding Company) and its subsidiary companies namely Nimir Holding (Private) Limited, Nimir Management (Private) Limited and Nimir Resins Limited (together referred to as Group) as at 30 June 2017 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Nimir Industrial Chemicals Limited, Nimir Holding (Private) Limited and Nimir Management (Private) Limited, while the financial statements of Nimir Resins Limited were audited by another firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2017 and the results of their operations for the year then ended.

EY Ford Rhodes

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

Lahore
September 27, 2017

CONSOLIDATED BALANCE SHEET

	Note	2017 (Rupees)	2016 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
145,000,000 (2016: 145,000,000) Ordinary shares of Rs.10 each		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	7	1,105,905,460	1,105,905,460
Unappropriated profit		1,136,016,902	779,601,452
Non-controlling interest		453,805,470	206,192,467
		2,695,727,832	2,091,699,379
NON CURRENT LIABILITIES			
Long term loans	8	366,262,449	442,546,714
Liabilities against assets subject to finance lease	9	94,614,453	104,377,393
Diminishing musharaka finance	10	2,007,412	–
Deferred tax liability	11	240,897,999	140,261,558
		703,782,313	687,185,665
CURRENT LIABILITIES			
Trade and other payables	12	704,348,586	507,118,503
Net defined benefit liability - funded gratuity	13	47,366,587	49,805,868
Mark up accrued		38,006,072	29,973,118
Unclaimed dividend		2,708,609	11,880,099
Short term borrowings	14	2,677,866,752	1,903,994,062
Current maturity of long term loans	8	127,604,162	100,000,000
Current maturity of liabilities against assets subject to finance lease	9	36,938,773	28,701,586
Current maturity of diminishing musharaka finance	10	485,211	–
Provision for taxation		285,256,640	130,857,736
		3,920,581,392	2,762,330,972
CONTINGENCIES AND COMMITMENTS	15	–	–
TOTAL EQUITY AND LIABILITIES		7,320,091,537	5,541,216,016

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive Officer **Director**

AS AT JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	2,703,808,438	2,249,899,897
Intangible	17	3,080,710	2,219,885
Long term deposits	18	44,618,768	38,819,084
Net defined benefit assets - funded gratuity	13	1,174,999	1,384,342
		2,752,682,915	2,292,323,208
CURRENT ASSETS			
Stores, spares and loose tools	19	182,949,058	141,939,842
Stock in trade	20	1,895,520,050	1,127,394,072
Trade debts	21	1,576,152,141	1,224,767,562
Loans and advances	22	111,759,503	112,852,978
Trade deposits and short term prepayments	23	14,249,233	9,940,760
Interest accrued		224,383	–
Other receivables	24	19,574,270	46,514,001
Tax refunds due from the Government	25	666,360,522	377,530,496
Cash and bank balances	26	100,619,462	207,953,097
		4,567,408,622	3,248,892,808
TOTAL ASSETS		7,320,091,537	5,541,216,016

Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
Sales - net	27	9,957,829,669	5,996,801,077
Cost of sales	28	(8,614,144,716)	(4,893,325,962)
Gross profit		1,343,684,953	1,103,475,115
Distribution costs	29	(160,192,804)	(125,396,500)
Administrative expenses	30	(173,164,284)	(150,009,171)
		(333,357,088)	(275,405,671)
Operating profit		1,010,327,865	828,069,444
Other expenses	31	(58,273,442)	(64,137,085)
Other income	32	43,095,140	105,521,630
Foreign exchange loss	33	(12,958,090)	(24,139,486)
Finance cost	34	(207,810,141)	(112,613,623)
Profit before taxation		774,381,332	732,700,880
Taxation	35	(266,123,637)	(178,503,413)
Profit after taxation		508,257,695	554,197,467
Attributable to:			
Equity holders of the parent		474,218,530	535,641,380
Non-controlling interests		34,039,165	18,556,087
		508,257,695	554,197,467
Earnings per share - basic and diluted	36	4.29	4.84

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
Profit after taxation		508,257,695	554,197,467
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan - net of tax	13	(4,206,619)	(2,271,555)
Total comprehensive income for the year		504,051,076	551,925,912
Attributable to:			
Equity holders of the parent		469,908,091	533,759,895
Non-controlling interests		34,142,985	18,166,017
		504,051,076	551,925,912

The annexed notes from 1 to 46 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit (Rupees)	Non-controlling interest (Rupees)	Total (Rupees)
Balance as on 30 June 2015	1,105,905,460	574,711,100	-	1,680,616,560
Acquisition of subsidiary	-	-	209,383,205	209,383,205
Further acquisition of voting shares from Non-controlling interest	-	-	(26,205,982)	(26,205,982)
Final dividend for 2015 @ Rs. 1 per share	-	(110,590,546)	-	(110,590,546)
Interim dividend for 2016 @ Rs. 1 per share	-	(110,590,546)	-	(110,590,546)
Interim dividend for 2016 @ Rs. 1 per share	-	(110,590,546)	-	(110,590,546)
Equity portion of sponsors' interest free loans	-	2,902,095	4,849,227	7,751,322
Total comprehensive income for the year	-	533,759,895	18,166,017	551,925,912
Balance as on 30 June 2016	1,105,905,460	779,601,452	206,192,467	2,091,699,379
Interim dividend for 2017 @ Rs. 1 per share	-	(110,590,546)	-	(110,590,546)
Right issue by subsidiary	-	-	218,319,245	218,319,245
Reversal of equity portion of sponsors' interest free loans (Note 8.5)	-	(2,902,095)	(4,849,227)	(7,751,322)
Total comprehensive income for the year	-	469,908,091	34,142,985	504,051,076
Balance as on 30 June 2017	1,105,905,460	1,136,016,902	453,805,470	2,695,727,832

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees)	2016 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	774,381,332	732,700,880
Adjustment for:		
Depreciation	203,377,806	151,353,326
Amortization	1,176,925	2,359,553
Finance cost	198,099,884	103,775,631
Income from financial assets	(3,693,438)	–
Provision against stock in trade	19,657,046	92,101,064
Reversal of provision against stock in trade	(82,436,341)	–
Provision against doubtful debt	21,647,174	7,635,043
Bad debt recovered	(739,400)	–
Provision for gratuity	10,390,607	9,849,847
Reversal of provision	(28,102,567)	–
Payable written back	–	(345,759)
Loan written off	–	(15,000,000)
Gain on acquisition of subsidiary	–	(86,455,567)
(Gain) / loss on disposal of property, plant and equipment	(7,161,059)	46,283
Exchange loss	4,021,163	897,926
Intangible written off	–	14,247,295
WPPF Provision	43,508,351	35,557,857
WWF Provision	14,765,091	14,285,650
	394,511,242	330,308,149
Operating profit before working capital changes	1,168,892,574	1,063,080,350
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(41,009,216)	(58,465,725)
Stock in trade	(708,509,856)	(198,251,083)
Trade debts	(372,292,353)	(488,365,293)
Loans and advances	1,093,475	(63,096,011)
Trade deposits and short term prepayments	(4,308,473)	29,258,088
Other receivables	26,939,731	(34,797,486)
Tax refunds due from government	(113,039,969)	(19,498,058)
	(1,211,126,661)	(833,215,568)
Increase in current liabilities		
Trade and other payables	211,009,478	24,109,224
	(1,000,117,183)	(809,106,344)
Cash generated from operations	168,775,391	253,902,685
Contribution to gratuity fund	(18,630,000)	(9,860,682)
Gratuity paid	–	(997,700)
Finance cost paid	(168,743,324)	(82,202,571)
Tax paid	(185,075,512)	(137,746,662)
Long term deposits	(5,799,684)	(2,215,200)
WPPF Paid	(35,557,857)	(15,803,946)
WWF Paid	(8,392,413)	–
	(422,198,790)	(248,826,761)
Net cash (utilized) / generated from operating activities	(253,423,399)	5,075,924

	2017 (Rupees)	2016 (Rupees)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(34,556,764)	(79,730,480)
Additions in capital work in progress	(620,201,625)	(222,779,887)
Purchase of intangible	(2,037,750)	(1,658,684)
Sale proceeds from disposal of property, plant and equipment	7,390,250	2,900,463
Interest received	3,469,055	–
Acquisition of subsidiary, net of cash acquired	–	28,243,676
Net cash used in investing activities	(645,936,834)	(273,024,912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	138,795,774	386,425,036
Long term loan repaid	(93,281,351)	(282,133,310)
Acquisition of non-controlling interest	–	(26,205,963)
Dividend paid	(119,762,036)	(320,871,624)
Repayment of liabilities against assets subject to finance lease	(43,638,535)	(27,919,111)
Payment against diminishing musharaka finance	(396,438)	–
New leases acquired during the year	32,311,000	64,790,882
Issuance of shares - NHPL	–	20,000,000
Issuance of shares - NMPL	–	20,000,000
Subscription against right issue	104,983,484	–
Short term borrowings	773,014,700	627,698,017
Net cash generated from financing activities	792,026,598	461,783,927
Net (decrease) / increase in cash and cash equivalents	(107,333,635)	193,834,939
Cash and cash equivalents at the beginning of the year	207,953,097	14,118,158
Cash and cash equivalents at the end of the year	100,619,462	207,953,097

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 THE GROUP AND ITS OPERATIONS

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

Holding Company

Nimir Resources (Private) Limited

Subsidiary Companies

Nimir Holding (Private) Limited ("NHPL")

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL")

The shareholding of Nimir Group is as follows:

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

Nimir Industrial Chemicals Limited ("The Holding Company") was incorporated in Pakistan as a public limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Holding Company is a subsidiary of Nimir Resources (Private) Limited which holds 56.67% of the total shares of the Company. The registered office of the Company is situated at 14.8 km, Sheikhupura-Faisalabad Road, Mouza Bhikhi, District Sheikhupura, Pakistan. The Company is engaged in manufacturing and sale of chemical products.

Nimir Holding (Private) Limited and Nimir Management (Private) Limited were incorporated in Pakistan as private limited companies on 28 September 2015 and 4 December 2015 respectively for the purpose of investment in Nimir Resins Limited. The registered office of NHPL and NMPL is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

Nimir Resins Limited was initially incorporated in Pakistan on 17 December 1964 as a private limited Company under the Companies Act, 1913 (now the Companies Act, 2017) and was converted into public limited Company on 19 August 1991 with the name of Nimir Resins Limited. The name of the company was changed to Descon Chemicals Limited on 1 April 2010 when the company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Upon acquisition by Nimir Group as explained in note 1.2, the name of the Company changed to Nimir Resins Limited as per the approval of Securities and Exchange Commission of Pakistan dated 18 April 2016. The shares of Nimir Resins Limited are quoted on Pakistan Stock Exchange Limited. The registered office is situated at 14.5 KM, Lahore-Sheikhupura Road, Lahore. The principal activity of the Company is to manufacture surface coating resins for paint industry, polyesters, and optical brightener for paper and textile industries and textile auxiliaries for textile industry.

1.2 On 4 November 2015, the Group along with certain other sponsors entered into Share Purchase Agreement (SPA) with Abdul Razak Dawood and family, sponsoring directors of Nimir Resins Limited, for the purchase of 60.42% shareholding (120,578,469 shares) in Nimir Resins Limited. As per the SPA, the sale price has been fixed at Rs. 6,028,923 equivalent to Rs. 0.05 per share. Out of the total shares acquired of Descon Chemicals Limited, 101,774,507 shares (51%) have been transferred in the name of Nimir Management (Private) Limited and 18,803,962 shares (9.42%) have been transferred in the name of Nimir Holding (Private) Limited as per mutual agreement within the Group.

1.3 On 18 April 2016 and 23 September 2016, Nimir Holding (Private) Limited further acquired 4,007,031 and 1,681,504 shares of Nimir Resins Limited respectively, resulting in increase in the shareholding of Nimir Holding (Private) Limited in Nimir Resins Limited to 11.63%.

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

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Securities and Exchange Commission of Pakistan, via its Circular No. 17 of 2017, dated July 20, 2017 read with the related Press Release, has instructed companies to prepare financial statements, for the year ended June 30, 2017, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company will prepare its annual financial statements for the year ending June 30, 2018 in accordance with the provisions of the Companies Act, 2017.

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2017

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New / Revised Standards and Amendments

The Group has adopted the following accounting standard and the amendments which became effective for the current year:

IFRS 10	Consolidated Financial Statements – Investment Entities: Applying the Consolidated Exception (Amendment)
IFRS 12	Disclosure of Interest in Other Entities – Investment Entities: Applying the Consolidated Exception (Amendment)
IAS 28	Investment in Associates – Investment Entities: Applying the Consolidated Exception (Amendment)
IFRS 11	Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16 and 38	Property, Plant and Equipment and intangible assets - Clarification of Acceptable Method of Depreciation (Amendment)
IAS 16 and 41	Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

The adoption of the above accounting standards did not have any effect on the financial statements.

3 BASIS OF PREPARATION

3.1 Basis of measurement

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

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

3.2 Basis of consolidation

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

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

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

3.3 Non-controlling interest

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

3.4 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of 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 Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

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

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

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

4.3 Provision for taxation

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

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

4.4 Impairment of non-financial assets

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment.

Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition.

For property, plant and equipment of the Holding Company, depreciation is calculated using the straight line method, whereas for property, plant and equipment of subsidiary company, depreciation method has been changed during the year from Reducing Balance method to Straight Line method in order to closely reflect the expected use of asset by the subsidiary. The said change in accounting estimate by subsidiary has been applied prospectively with effect from July 1, 2016. Had there been no change, the depreciation expense for the year ended June 30, 2017 would have been lower and profit before tax and equity would have been higher by Rs. 11.37 million.

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

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

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

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

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

Capital Work In Progress

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

Leased Asset

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

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

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

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

5.2 Intangibles

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

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

5.3 Stock in trade

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

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

Items considered obsolete are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

5.4 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate for doubtful debts. Known bad debts are written off as and when identified.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

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

5.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. The Group derecognizes a financial asset or a portion of financial asset when, and only when, the Group loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Financial assets are long term deposits, trade deposits, trade debts, loans and advances, other receivables, cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimating irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans, short term running finance utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. Mark-up bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

5.7 Offsetting of financial assets and financial liabilities

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

5.8 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of the impairment may include indicators that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the profit and loss account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in profit and loss account.

5.9 Trade and other payables

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

5.10 Provisions

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

5.11 Taxation

Current

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

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantially enacted by the balance sheet date.

5.12 Revenue recognition

Sale of goods - Local

Revenue is recognized when the significant risks and rewards of ownership of the goods is transferred to the buyer at the time of issuance of delivery challan.

Sale of goods - Export

Revenue from export of goods is recognized at the time of issuance of bill of lading.

Profit on bank deposit

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

5.13 Staff retirement benefits

Defined benefit plan

The Group operates funded defined benefit gratuity 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.

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

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

Defined contribution plan

The subsidiary company operates an approved provident fund scheme for all its permanent employees. The company and employees make equal monthly contributions to the fund at the rate of 10% of basic salary.

5.14 Foreign currency translation

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

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

5.15 Borrowing costs

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

5.16 Pricing for related party transactions

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

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

5.17 Operating segments

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

- Oleo chemicals and chlor alkali
- Coating emulsion and resins

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

5.18 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 & IAS 28	Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018. The Group expects that such improvements to the standards will not have any impact on the Group's financial statements in the period of initial application.

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

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 2	Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contracts	January 01, 2021

The Group is in process of determining impact of IFRS 15 and IFRS 16. The Group does not expect any material impact of the application of other standards.

6 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST

6.1 Material partly-owned subsidiaries

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

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

Name of subsidiary	Group effective shareholding %	NCI shareholding %	Country of incorporation	Financial year end
Nimir Management (Private) Limited (NMPL)	51	49	Pakistan	30 June
Nimir Resins Limited (NRL)	37.64	62.36	Pakistan	30 June

	2017 (Rupees)	2016 (Rupees)
Accumulated balances of material non-controlling interest:		
Nimir Management (Private) Limited (NMPL)	103,057,253	2,038,663
Nimir Resins Limited (NRL)	350,748,217	204,153,804
Profit allocated to material non-controlling interest:		
Nimir Management (Private) Limited (NMPL)	(12,317,170)	(4,519,819)
Nimir Resins Limited (NRL)	46,460,155	22,685,836

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

Summarized statement of profit or loss:

	2017		2016	
	NMPL	NRL	NMPL	NRL
	(Rupees)		(Rupees)	
Revenue	-	2,668,804,664	-	1,021,701,529
Cost of sales	-	(2,391,124,100)	-	(889,782,847)
Distribution costs	-	(45,437,159)	-	(20,503,490)
Administrative expenses	(1,855,200)	(54,350,744)	(7,771,672)	(39,658,304)
Other expenses	-	(9,897,874)	-	(17,613,896)
Other income	-	7,236,751	-	19,247,505
Foreign exchange loss	-	(3,163,173)	-	-
Finance cost	(23,281,882)	(60,992,853)	(1,452,448)	(20,641,295)
(Loss)/Profit before tax	(25,137,082)	111,075,512	(9,224,120)	52,749,202
Tax	-	(36,738,862)	-	(15,751,932)
(Loss)/Profit after tax	(25,137,082)	74,336,650	(9,224,120)	36,997,270
Total comprehensive income	(25,137,082)	74,503,135	(9,224,120)	36,393,166
Attributable to non-controlling interests	(12,317,170)	46,460,155	(4,519,819)	22,685,836

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
No. of shares			(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash	1,105,905,460	1,105,905,460

7.1 Nimir Resources (Private) Limited holds 62,670,647 ordinary shares of Rs.10 each, representing 56.67% (2016: 62,670,647 ordinary shares of Rs. 10 each, representing 56.67%) of the issued capital.

8 LONG TERM LOANS

	Note	2017 (Rupees)	2016 (Rupees)
Term finance - Secured I	8.1	59,375,000	93,750,000
Term finance - Secured II	8.2	134,895,837	175,000,000
Term finance - Secured III	8.3	56,250,000	75,000,000
Syndicated term finance - Secured IV	8.4	136,345,774	–
Loan from associated Company		–	40,631,688
Loan from associated persons		–	58,916,348
Loan from directors / sponsors	8.5	107,000,000	99,248,678
		493,866,611	542,546,714
Less: Current maturity shown under current liabilities		(127,604,162)	(100,000,000)
		366,262,449	442,546,714

8.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2013 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

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

8.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 6 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2015 with grace period of six months. This facility is secured against joint pari passu charge over present and future fixed assets of the Holding Company.

8.4 This represents long term finance facility amounting Rs. 250 million available from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 monthly instalments with grace period of one year. As off year end, Rs. 136 million has been availed out of the total facility. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

8.5 This represents loan obtained from ex-director / sponsors of Nimir Resins Limited. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months. As a result of understanding reached between subsidiaries and ex-director during the year and resultant reinstatement adjustment in the books of Nimir Resins Limited, the amount has been stated with an adjustment to equity portion.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) range from 1 month KIBOR plus 175 bps to 1 year KIBOR plus 200 bps (2016: 1 month KIBOR plus 175 bps to 1 Year KIBOR plus 150 bps). The amount of future payments and the period during which they will become due are:

	2017 (Rupees)	2016 (Rupees)
Year ending 30 June		
2017	–	39,232,107
2018	46,136,677	39,501,442
2019	49,366,866	42,471,056
2020	20,615,826	15,038,918
2021	22,406,634	16,523,199
2022	8,457,826	–
	146,983,829	152,766,722
Less: Future finance charges	(15,430,603)	(19,687,743)
	131,553,226	133,078,979
Less: Current maturity shown under current liabilities	(36,938,773)	(28,701,586)
	94,614,453	104,377,393

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

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

	2017		2016	
	MLP	PV of MLP	MLP	PV of MLP
	(Rupees)		(Rupees)	
Due not later than 1 year	46,136,677	36,938,773	39,232,107	28,701,586
Due later than 1 year but not later than 5 years	100,847,152	94,614,453	113,534,615	104,377,393
	146,983,829	131,553,226	152,766,722	133,078,979

10 DIMINISHING MUSHARAKA FINANCE

	2017 (Rupees)	2016 (Rupees)
Diminishing musharaka finance	2,492,623	–
Less: Current maturity shown under current liabilities	(485,211)	–
	2,007,412	–

10.1 During the year, the subsidiary acquired a vehicle 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 value. The effective rate of rent per unit is three month KIBOR plus 2.5% with floor rate of 8.53% per annum.

11 DEFFERED TAX LIABILITY

	Note	2017 (Rupees)	2016 (Rupees)
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		303,966,190	300,981,870
Deferred tax assets on deductible temporary differences			
Trade debts - provision for doubtful debts		(33,459,720)	(6,004,031)
Provision against stock		(8,226,153)	(32,661,890)
Provision against others		(831,737)	(22,542,636)
Deferred and unpaid liabilities		(20,550,581)	(28,525,391)
Tax losses and minimum tax credit carried forward		–	(70,986,364)
		240,897,999	140,261,558
Reconciliation of deferred tax liabilities, net			
As of 1 July		140,261,558	59,207,398
Acquisition of subsidiary		–	25,577,456
Tax expense during the period recognised in profit or loss		102,439,278	56,484,750
Tax income during the period recognised in OCI		(1,802,837)	(1,008,046)
As at 30 June		240,897,999	140,261,558

12 TRADE AND OTHER PAYABLES

	Note	2017 (Rupees)	2016 (Rupees)
Creditors		431,018,899	268,422,986
Accrued liabilities		184,755,610	128,600,572
Security deposits	12.1	400,000	400,000
Advances from customers		20,315,018	29,490,687
Workers profit participation fund	12.2	43,508,351	35,557,857
Workers welfare fund	12.3	14,848,312	34,730,981
Withholding tax payable		2,708,599	1,907,040
Others		6,793,797	8,008,380
		704,348,586	507,118,503

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

		Note	2017 (Rupees)	2016 (Rupees)
12.2	Balance as at 01 July		35,557,857	15,803,946
	Add: Provision for the year	31	43,508,351	35,557,857
	Less: Payments made during the year		(35,557,857)	(15,803,946)
	Balance as at 30 June		43,508,351	35,557,857
12.3	Balance as at 01 July		34,730,981	20,445,331
	Add: Provision for the year	31	14,765,091	14,285,650
	Less: Payments made during the year		(8,392,413)	–
	Less: Reversal during the year	12.4	(26,255,347)	–
	Balance as at 30 June		14,848,312	34,730,981

12.4 In light of judgement by Honourable Supreme Court dated 10 November 2016, the provision is reversed owing to taxable losses in prior years.

	Note	2017 (Rupees)	2016 (Rupees)
13 NET DEFINED BENEFIT LIABILITY / (ASSET) - FUNDED GRATUITY			
Staff retirement benefit plan- Parent			
Present value of defined benefits obligation		64,901,853	59,666,550
Less: Fair value of plan assets		(17,535,266)	(9,860,682)
		47,366,587	49,805,868
Staff retirement benefit plan- Subsidiary			
Present value of defined benefits obligation		9,319,363	8,080,679
Less: Fair value of plan assets		(10,494,362)	(9,465,021)
		(1,174,999)	(1,384,342)

13.1 The amounts recognized in the balance sheet are as follows:

	Note	2017 (Rupees)	2016 (Rupees)
Present value of defined benefits obligation	13.5	74,221,216	67,747,229
Less: Fair value of plan assets	13.6	(28,029,628)	(19,325,703)
		46,191,588	48,421,526

13.2 The amounts recognized in the profit & loss account are as follows:

	2017 (Rupees)	2016 (Rupees)
Current service cost	7,560,689	5,298,403
Interest cost on defined benefit obligation	2,829,918	5,017,331
Expense recognized in the profit and loss account	10,390,607	10,315,734

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

	Note	2017 (Rupees)	2016 (Rupees)
Cost of sales	28.2	8,047,571	7,938,175
Distribution costs	29.1	659,460	670,923
Administrative expenses	30.1	1,683,576	1,706,636
		10,390,607	10,315,734

13.4 Movement in the net liability recognized in the balance sheet are as follows:

	2017 (Rupees)	2016 (Rupees)
Net liabilities at the beginning of the year	48,421,525	48,493,178
Net liabilities assumed through acquisition of subsidiary	–	(2,342,718)
Current service cost	7,560,689	5,298,403
Interest cost on defined benefit obligation - net	2,829,918	4,551,444
Contribution by employer	(18,630,000)	(9,860,682)
Benefits paid	–	(997,700)
Remeasurements charged to other comprehensive income	6,009,456	3,279,601
Net liabilities at the end of the year	46,191,588	48,421,526

	Note	2017 (Rupees)	2016 (Rupees)

13.5 Movement in the present value of defined benefit obligation

	2017 (Rupees)	2016 (Rupees)
Present value of defined benefits obligation at the beginning of the year	67,747,229	48,493,178
Present value of defined benefits obligation assumed through acquisition of subsidiary	–	6,997,138
Current service cost	7,560,689	5,298,403
Interest cost on defined benefit obligation	4,521,144	5,017,331
Benefits paid	(10,773,225)	(997,700)
Remeasurement:		
Actuarial gain from changes in financial assumptions	–	250,412
Experience adjustments	5,165,387	2,688,467
Present value of defined benefit obligation as at 30 June	74,221,224	67,747,229

13.6 Movement in the fair value of plan assets

	2017 (Rupees)	2016 (Rupees)
Fair value of plan assets at the beginning of the year	19,325,703	–
Fair value of plan assets acquired through acquisition of subsidiary	–	9,339,856
Contribution by employer	18,630,000	9,860,682
Interest Income	1,691,226	465,887
Benefits paid	(10,773,225)	–
Return on plan assets excluding interest income	(844,068)	(340,722)
Fair value of plan assets as at 30 June	28,029,636	19,325,703

13.7 Plan assets composition

	2017 (Rupees)	2016 (Rupees)
Investment in treasury bills	6,474,954	6,199,584
Investment in listed securities	4,019,299	2,394,649
Cash at bank	18,630,109	10,731,470
	29,124,362	19,325,703

13.8 Estimated expense to be charged to profit and loss in next year

	2018 (Rupees)
Current service cost	7,804,996
Interest cost on define benefit obligation	3,348,890
Amount chargeable to profit and loss	11,153,886

Qualified actuaries have carried out the valuation as at 30 June 2017. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2017	2016
Discount rate for interest cost in profit and loss charge	9.75%	9.75%
Discount rate for obligation	7.25%	7.25%
Expected rates of salary increase in future years	6.25%	6.25%
Retirement assumption	Age 60	Age 60

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

Sensitivity level	Assumption	Impact on defined benefit obligation
+100 bps	Discount rate	67,701,294
- 100 bps	Discount rate	81,819,140
+100 bps	Expected increase in salary	81,819,140
- 100 bps	Expected increase in salary	67,586,541

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years for the holding company and 9.1 years for subsidiary.

14 SHORT TERM BORROWINGS - SECURED

"The aggregate of short term finance facilities from various commercial banks available at period end is Rs. 4,237 million (2016: Rs. 4,335 million) which includes running finance facilities amounting Rs. 1,152 million (2016: Rs. 1,158 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 175 bps with no floor and no cap (2016: 1 month KIBOR + 15 bps to 6 months KIBOR + 175 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Company.

The unutilized facility for opening letters of credit and bank guarantees as at 30 June 2017 amounts to Rs. 678 million (2016: Rs. 1,443 million) and Rs. 103 million (2016: Rs. 96 million) respectively.

15 CONTINGENCIES AND COMMITMENTS

15.1 CONTINGENCIES

Pending the outcome of below cases, no provision has been made in the financial statements, since the management of the Company based on its consultants' opinion, is confident that the outcome of the appeals will be in the favour of the Group.

Holding Company

15.1.1 The income tax authorities raised a tax demand of Rs. 206 million by treating the remission of loan as taxable income of Rs. 711 million for the tax year 2011. Appellate Tribunal Inland Revenue (ATIR) decided the case in favour of the Company. The Income Tax Department has filed an appeal in Honourable Lahore High Court against the decision.

15.1.2 Income Tax Department has amended the Company's assessment relating to tax year 2009 under section 122(5A) of the Ordinance, disallowing certain expenses and rejecting a refund amounting to Rs. 20 million against prior periods. The Company has filed an appeal before Commissioner Inland Revenue (Appeals).

15.1.3 Pre-refund sales tax audit proceedings were initiated by the tax department for the tax periods from July 2007 to June 2008 and order was issued on 20th March 2017 by Deputy Commissioner Inland Revenue (DCIR) creating demand of Rs. 3.27 million in respect of inadmissible input tax. Being aggrieved with the order of tax department, Company has filed appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

Subsidiary Company

15.1.4 The return for Tax Year 2011 and 2014 have been selected for audit u/s 177 of the Income Tax Ordinance, 2001; proceedings in this respect have been initiated by the Income Tax Department that have not been completed yet. The Company has filed a writ petition before the Honourable Lahore High Court against the selection of Company's tax return for tax year 2014.

15.1.5 The Company have filed suits against material supplier and certain customers for the recovery of advance and trade debts amounting to Rs. 35.653 million. The Company expects a favourable outcome of these suits; therefore, no provision has been made in these financial statements.

15.2 COMMITMENTS

Commitments in respect of letters of credit, letters of guarantee, capital expenditures and diminishing musharika as at 30 June 2017 are as follows:

	2017 (Rupees)	2016 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery	1,124 million	464 million
Letter of guarantee given to SNGPL	102 million	99 million
Letter of guarantee given to PSO	19 million	18 million
Letter of guarantee given to Total PARCO	6 million	5 million
Capital expenditures	13 million	-
Diminishing musharaka finance	2 million	-

16 PROPERTY, PLANT AND EQUIPMENT

	Note	2017 (Rupees)	2016 (Rupees)
Operating fixed assets	16.1	2,113,635,836	2,054,997,961
Capital work in progress	16.5	590,172,602	194,901,936
		2,703,808,438	2,249,899,897

16.1 Operating fixed assets

2017

Particulars	COST: As at July 1, 2016	COST: Asset acquired through acquisition of subsidiary	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: As at June 30, 2017	Rate %	DEPRECIATION: Accumulated as at July 1, 2016	DEPRECIATION: Asset acquired through acquisition of subsidiary	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2017	Net Book value As at June 30, 2017
Owned	(Rupees)						(Rupees)						(Rupees)
Free hold land	213,386,237	–	–	–	213,386,237	–	–	–	–	–	–	–	213,386,237
Building on free hold land	409,821,240	–	9,238,487	–	419,059,727	4-5	130,497,725	–	20,043,280	–	–	150,541,005	268,518,722
Plant and machinery	2,692,804,306	–	178,175,203	(9,085,618)	2,861,893,891	4-50	1,332,113,035	–	138,651,160	–	(6,416,080)	1,464,348,115	1,397,545,776
Furniture and fittings	4,450,214	–	1,227,703	–	5,677,917	10-33	3,627,424	–	403,415	–	–	4,030,839	1,647,078
Office and factory equipment	115,349,866	–	20,938,654 (1,264,683)	9,085,618	144,109,455	10-50	77,392,104	–	17,746,683	(1,198,730)	6,416,080	100,356,137	43,753,318
Vehicles	37,528,309	–	20,353,825 (13,176,511)	8,816,000	53,521,623	20-25	30,940,313	–	5,640,252	(13,013,273)	7,625,616	31,192,908	22,328,715
	3,473,340,172	–	229,933,872 (14,441,194)	8,816,000	3,697,648,850		1,574,570,601	–	182,484,790	(14,212,003)	7,625,616	1,750,469,004	1,947,179,846
LEASED Vehicles	30,464,902	–	32,311,000	(8,816,000)	53,959,902	20	10,494,812	–	10,510,514	–	(7,625,616)	13,379,710	40,580,192
Plant and machinery	144,978,023	–	–	–	144,978,023	4-50	8,719,723	–	10,382,502	–	–	19,102,225	125,875,798
	175,442,925	–	32,311,000	(8,816,000)	198,937,925		19,214,535	–	20,893,016	–	(7,625,616)	32,481,935	166,455,990
2017	3,648,783,097	–	262,244,872 (14,441,194)	–	3,896,586,775		1,593,785,136	–	203,377,806	(14,212,003)	–	1,782,950,939	2,113,635,836

2016

Particulars	COST: As at July 1, 2015	COST: Asset acquired through acquisition of subsidiary	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: As at June 30, 2016	Rate %	DEPRECIATION: Accumulated as at July 1, 2015	DEPRECIATION: Asset acquired through acquisition of subsidiary	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2016	Net Book value As at June 30, 2016
Owned	(Rupees)						(Rupees)						(Rupees)
Free hold land	28,253,237	185,133,000	–	–	213,386,237	–	–	–	–	–	–	–	213,386,237
Building on free hold Land	217,892,063	167,687,819	24,241,358	–	409,821,240	4-5	57,935,071	59,552,274	13,010,380	–	–	130,497,725	279,323,515
Plant and machinery	2,036,733,289	533,334,959	124,179,911	(1,443,853)	2,692,804,306	4-50	848,466,625	370,995,276	113,640,260	–	(989,126)	1,332,113,035	1,360,691,271
Furniture and fittings	4,139,965	–	310,249	–	4,450,214	10-33	3,218,749	–	408,675	–	–	3,627,424	822,790
Office and factory equipment	41,700,049	64,766,774	16,739,888 (7,856,845)	–	115,349,866	10-50	24,440,465	48,526,722	9,642,081	(5,217,164)	–	77,392,104	37,957,762
Vehicles	18,852,417	9,148,879	2,217,160 (1,772,000)	9,081,853	37,528,309	20	12,649,062	8,278,054	4,765,526	(1,464,935)	6,712,606	30,940,313	6,587,996
	2,347,571,020	960,071,431	167,688,566 (9,628,845)	7,638,000	3,473,340,172		946,709,972	487,352,326	141,466,922	(6,682,099)	5,723,480	1,574,570,601	1,898,769,571
LEASED Vehicles	22,770,100	–	15,332,802	(7,638,000)	30,464,902	20	12,203,055	–	4,015,237	–	(5,723,480)	10,494,812	19,970,090
Plant and machinery	94,550,306	–	50,427,717	–	144,978,023	4-50	2,848,556	–	5,871,167	–	–	8,719,723	136,258,300
	117,320,406	–	65,760,519	(7,638,000)	175,442,925		15,051,611	–	9,886,404	–	(5,723,480)	19,214,535	156,228,390
2016	2,464,891,426	960,071,431	233,449,085 (9,628,845)	–	3,648,783,097		961,761,583	487,352,326	151,353,326	(6,682,099)	–	1,593,785,136	2,054,997,961

16.1.1 As stated in Note 5.1, The subsidiary company has changed the depreciation method from Reducing Balance Method to Straight Line Method. This has resulted in the change of estimates relating to depreciation charge and useful lives of assets. Accordingly, depreciation rates have changed between 2016 and 2017. Had there been no change, the depreciation expense for the year ended 30 June 2017 would have been lower and profit before tax and equity would have been higher by Rs. 11.37 million.

16.1.2 Owned vehicles include a vehicle amounting to Rs. 3.071 million, which has been obtained through Diminishing Musharaka Financing.

16.1.3 There are fully depreciated assets, having cost of Rs. 24.201 million (2016: Rs. 4.956 million) that are still in use as at the balance sheet date.

16.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Purchasers
			(Rupees)				
Toyota Corolla LED -11- 7701	1,645,929	1,579,275	66,654	900,000	833,346	Negotiation	Mr. Umer Shahzad.
Honda Civic LED -11- 7703	2,088,835	1,992,257	96,578	1,215,000	1,118,422	Negotiation	Mr. Wasim Ahmad.
Vehicles owned*	9,441,747	9,441,741	6	5,185,000	5,184,994	Negotiation	Various
Office and factory equipment*	1,264,683	1,198,730	65,953	90,250	24,297	Negotiation	Various
Total	14,441,194	14,212,003	229,191	7,390,250	7,161,059		

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

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

16.4 Depreciation for the year has been allocated as under:	Note	2017 (Rupees)	2016 (Rupees)
Cost of sales	28	188,082,640	142,858,512
Distribution costs	29	3,157,774	1,576,126
Administrative expenses	30	12,137,392	6,918,688
		203,377,806	151,353,326

16.5 Capital work in progress	2017				2016
	Building	Plant and machinery	Others	Total	Total
	(Rupees)				(Rupees)
Opening balance	–	176,477,925	18,424,011	194,901,936	125,742,375
Acquisition of subsidiary	–	–	–	–	98,277
Adjustments during the year	1,987,172	(1,987,172)	–	–	–
Additions during the year	20,398,297	574,493,778	25,309,550	620,201,625	222,779,888
	22,385,469	748,984,531	43,733,561	815,103,561	348,620,540
Transferred to fixed assets	(8,736,600)	(172,627,598)	(43,566,761)	(224,930,959)	(153,718,604)
	13,648,869	576,356,933	166,800	590,172,602	194,901,936

16.5.1 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 2,310,950 (2016: Rs. Nil). The expansion has been financed by a term finance facility from a financial institution.

17 INTANGIBLE

	Note	2017 (Rupees)	2016 (Rupees)
Software and licenses			
Cost:			
As at 1 July		3,825,184	2,166,500
Acquisition of subsidiary		–	46,207,435
Additions during the year		2,037,750	1,658,684
Written off		–	(46,207,435)
As at 30 June		5,862,934	3,825,184
Accumulated amortization:			
As at 1 July		(1,605,299)	(1,171,055)
Acquisition of subsidiary		–	(30,034,831)
Amortization during the year	30	(1,176,925)	(2,359,553)
Written off		–	(31,960,140)
As at 30 June		(2,782,224)	(1,605,299)
Net book value		3,080,710	2,219,885
Rate of amortization		20% - 33.33%	10% - 20%

18 LONG TERM DEPOSITS

	Note	2017 (Rupees)	2016 (Rupees)
Security deposits			
Modarabas and banks		19,072,970	16,753,286
Others	18.1	25,545,798	22,065,798
		44,618,768	38,819,084

18.1 This includes deposit amounting to Rs. 12.24 million (2016: Rs. 12.24 million) given to WAPDA for dedicated line.

19 STORES, SPARES AND LOOSE TOOLS

	Note	2017 (Rupees)	2016 (Rupees)
Stores, spares and loose tools			
In hand		168,215,410	140,038,837
In transit		14,733,648	1,901,005
		182,949,058	141,939,842

20 STOCK IN TRADE

	Note	2017 (Rupees)	2016 (Rupees)
Raw and packing material			
In hand		642,006,751	397,951,694
In transit		841,986,870	428,388,732
		1,483,993,621	826,340,426
Less:			
Provision for raw material	20.1	(4,191,285)	(10,433,626)
Provision for onerous contract	20.2	–	(76,194,000)
Provision for packing material		(427,973)	(427,973)
		(4,619,258)	(87,055,599)
		1,479,374,363	739,284,827
Finished goods		438,946,942	391,253,454
Less: Provision for obsolescence	20.3	(22,801,255)	(3,144,209)
		416,145,687	388,109,245
		1,895,520,050	1,127,394,072

20.1 Movement in provision for raw material is as follows:

	2017	2016
Opening balance	10,433,626	–
Charge for the year	–	10,433,626
Reversal during the year	(6,242,341)	–
	(6,242,341)	10,433,626
Closing balance	4,191,285	10,433,626

20.2 Movement in provision for onerous contract is as follows:

	2017	2016
Opening balance	76,194,000	–
Charge for the year	–	76,194,000
Reversal during the year	(76,194,000)	–
	(76,194,000)	76,194,000
Closing balance	–	76,194,000

	Note	2017 (Rupees)	2016 (Rupees)

20.3 Movement in Provision for obsolescence of stock is as follows:

	Note	2017 (Rupees)	2016 (Rupees)
Opening balance		3,144,209	3,783,940
Charge for the year		19,657,046	5,473,438
Reversal during the year		–	–
Written off during the year		–	(6,113,169)
Closing balance		22,801,255	3,144,209

21 TRADE DEBTS

	Note	2017 (Rupees)	2016 (Rupees)
Unsecured - considered good			
Due from customer	21.1	1,576,055,493	1,224,295,609
Due from associated company	21.2	96,648	471,953
		1,576,152,141	1,224,767,562
Considered doubtful		111,532,398	89,885,224
Provision for doubtful debts	21.4	(111,532,398)	(89,885,224)
		–	–
		1,576,152,141	1,224,767,562

21.1 These customers have no recent history of default. For age analysis of these trade debts, referred to Note 37.1.1

21.2 This relates to amount due from Nimir Chemicals Pakistan Limited.

21.3 Aggregate amount due from directors, Chief Executive Officer and executives of the Group is Rs. Nil (2016: Rs. Nil).

21.4 Provision for doubtful debts

	Note	2017 (Rupees)	2016 (Rupees)
As at 1 July		89,885,224	19,367,842
Acquisition of subsidiary		–	62,882,339
Charge for the year	30	21,647,174	7,896,243
Reversal during the year		–	(261,200)
As at 30 June		111,532,398	89,885,224

22 LOANS AND ADVANCES

	Note	2017 (Rupees)	2016 (Rupees)
Considered good - unsecured			
Suppliers		98,792,532	101,448,155
Employees against business expenses	22.1	4,190,708	3,287,181
Employees against salary	22.2	8,776,263	8,117,642
		111,759,503	112,852,978

22.1 This includes advance given to executives amounting to Rs. 1.94 million (2016: Rs. 2.38 million).

22.2 This includes advance given to executives amounting to Rs. 6.4 million (2016: Rs. 6.04 million).

23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017 (Rupees)	2016 (Rupees)
Security deposits		4,653,666	–
Due from associated Company		–	534,557
Prepayments		9,595,567	9,406,203
		14,249,233	9,940,760

24 OTHER RECEIVABLES

		2017 (Rupees)	2016 (Rupees)
Margin against bank guarantee		17,820,950	23,976,328
Margin against letters of credit		1,753,320	12,386,050
Others		–	10,151,623
		19,574,270	46,514,001

25 TAX REFUNDS DUE FROM THE GOVERNMENT

		2017 (Rupees)	2016 (Rupees)
Income tax		506,645,824	330,855,767
Sales tax		155,966,198	42,926,229
Federal excise duty		3,748,500	3,748,500
		666,360,522	377,530,496

26 CASH AND BANK BALANCES

	Note	2017 (Rupees)	2016 (Rupees)
Cash in hand		7,413,750	3,031,903
Cash at bank			
Current accounts		25,910,234	128,146,395
Saving accounts	26.1	2,295,478	1,774,799
Term Deposit Certificate	26.2	65,000,000	75,000,000
		93,205,712	204,921,194
		100,619,462	207,953,097

26.1 These carry mark-up rate ranging from 3% to 4% (2016: 4% to 8%) per annum.

26.2 This carry mark-up at the rate of 5.25% (2016: 5.25%) and has maturity of one month.

27 SALES

	Note	2017 (Rupees)	2016 (Rupees)
Local sales		11,570,773,575	7,005,691,683
Export sales		311,640	1,750,400
Gross sales		11,571,085,215	7,007,442,083
Less: Sales tax		(1,612,610,652)	(1,010,547,056)
Less: Trade discounts		(644,894)	(93,950)
Net sales		9,957,829,669	5,996,801,077

28 COST OF SALES

	Note	2017 (Rupees)	2016 (Rupees)
Raw and packing material consumed	28.1	7,486,621,158	4,012,818,070
Salaries, wages and benefits	28.2	303,906,438	221,947,714
Depreciation	16.4	188,082,640	142,858,512
Fuel and power		469,861,597	370,960,676
Stores, spares and loose tools consumed		98,639,742	99,006,971
Repairs and maintenance		44,731,657	31,292,220
Traveling, conveyance and entertainment		23,283,102	21,618,240
Communication		1,415,262	902,025
Insurance		14,816,949	9,778,763
Rent, rates and taxes		4,966,890	4,700,050
Printing and stationery		2,060,564	1,918,437
Provision for obsolescence		19,657,046	5,473,438
Dues, fees and subscription		1,067,687	1,203,232
Other expenses		2,727,472	4,030,899
		8,661,838,204	4,928,502,297
Add: Opening stock-finished goods	20	391,253,454	267,026,180
Add: Acquisition of subsidiary		–	89,043,989
Less: Closing stock-finished goods	20	(438,946,942)	(391,253,454)
		8,614,144,716	4,893,325,962

28.1 Raw and packing material consumed

	Note	2017 (Rupees)	2016 (Rupees)
Opening Balance		739,284,827	491,387,416
Acquisition of subsidiary		–	148,448,325
Purchases		8,226,710,694	4,112,267,156
		8,965,995,521	4,752,102,897
Less: Closing Balance	20	(1,479,374,363)	(739,284,827)
Raw and packing material consumed		7,486,621,158	4,012,818,070

28.2 This includes Rs. 9.4 million (2016: Rs. 7.9 million) in respect of staff retirement benefits.

29 DISTRIBUTION COSTS

	Note	2017 (Rupees)	2016 (Rupees)
Salaries, wages and benefits	29.1	41,486,647	26,281,149
Repairs and maintenance		411,016	265,837
Traveling, conveyance and entertainment		3,983,108	3,093,663
Communication		493,888	354,425
Insurance		3,262,591	2,429,334
Freight outward		44,310,923	40,853,469
Distribution commission		38,637,473	39,418,800
Packing, carriage and forwarding		21,807,442	9,785,107
Printing and stationery		571,933	311,384
Depreciation	16.4	3,157,774	1,576,126
Sales promotion expenses		1,411,509	544,753
Rent, rates and taxes		–	53,754
Utilities		251,225	156,837
Other expenses		407,275	271,862
		160,192,804	125,396,500

29.1 This includes Rs. 1.3 million (2016: Rs. 0.7 million) in respect of staff retirement benefits.

30 ADMINISTRATIVE EXPENSES

	Note	2017 (Rupees)	2016 (Rupees)
Salaries, wages and benefits	30.1	83,999,535	69,958,287
Fuel and power		1,213,094	931,611
Repairs and maintenance		2,321,782	1,912,121
Traveling, conveyance and entertainment		13,284,646	12,581,636
Communications		5,127,364	3,472,628
Insurance		1,966,330	1,359,830
Rent, rates and taxes		1,600,289	1,576,141
Printing and stationery		3,548,694	4,269,331
Advertising and sale promotion		1,429,933	2,318,635
Legal, professional and consultancy charge		9,594,834	11,429,988
Auditors' remuneration	30.2	3,866,000	2,179,298
Depreciation	16.4	12,137,392	6,918,688
Amortization	17	1,176,925	2,359,553
Dues, fees and subscription		8,037,180	17,404,196
Provision for doubtful debts	21.4	21,647,174	7,635,043
Other expenses		2,213,112	3,702,185
		173,164,284	150,009,171

30.1 This includes Rs. 2.3 million (2016: Rs. 1.7 million) in respect of staff retirement benefits.

30.2 Auditors' remuneration

	2017 (Rupees)	2016 (Rupees)
Audit fee	2,475,000	1,376,168
Consolidation, reviews and certifications	1,188,000	680,000
Out of pocket expenses	203,000	123,130
	3,866,000	2,179,298

31 OTHER EXPENSES

	Note	2017 (Rupees)	2016 (Rupees)
Workers' profit participation fund	12.2	43,508,351	35,557,857
Workers' welfare fund	12.3	14,765,091	14,285,650
Loss on disposal of property, plant and equipment		–	46,283
Intangible written off	17	–	14,247,295
		58,273,442	64,137,085

32 OTHER INCOME

	Note	2017 (Rupees)	2016 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment	16.2	7,161,059	–
Gain on sale of damaged packing material - scrap		3,398,676	30,529
Reversal of provision		28,102,567	–
Indenting commission		–	2,625,995
Rental income		–	300,000
Payables written off		–	345,759
Directors' loan written off		–	15,000,000
Bad debts recovered		739,400	–
Miscellaneous income		–	107,812
Financial assets			
Profit on savings account		202,796	349,788
Profit on term deposit receipt		3,490,642	306,180
Gain on acquisition of subsidiary		–	86,455,567
		43,095,140	105,521,630

		Note	2017 (Rupees)	2016 (Rupees)
33	**FOREIGN EXCHANGE LOSS**			
	Foreign liabilities	33.1	12,958,090	24,139,486

33.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 4,021,163 (2016: Rs. 897,926).

		2017 (Rupees)	2016 (Rupees)
34	**FINANCE COST**		
	Mark-up on		
	- Long term loans	35,096,203	24,467,147
	- Short term borrowings	148,453,514	73,115,805
	Financial charges on lease	9,801,782	6,264,000
	Diminishing musharaka finance	131,912	–
	Bank charges, fee and commission	9,710,257	8,766,671
	Early payment discount	4,616,473	–
		207,810,141	112,613,623
35	**TAXATION**		
	Current tax		
	Current year	199,273,013	121,867,362
	Prior year	(35,588,654)	151,301
		163,684,359	122,018,663
	Deferred tax		
	Relating to the reversal and origination of temporary differences	106,963,844	58,334,981
	Expense resulting from reduction in tax rate	(4,524,566)	(1,850,231)
		102,439,278	56,484,750
		266,123,637	178,503,413

36 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

36.1 Basic

	2017	2016
Profit attributable equity holders of the parent (Rupees)	474,218,530	535,641,380
Weighted average number of ordinary shares (Numbers)	110,590,546	110,590,546
Earnings per ordinary share (Rupees)	4.29	4.84

36.2 Diluted

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

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

37.1 Credit Risk

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

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

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

	Carrying values	
	2017	2016
	(Rupees)	(Rupees)
Long-term deposits	25,545,798	22,065,798
Trade debts – unsecured	1,576,152,141	1,224,767,562
Other receivables	19,574,270	46,514,001
Bank balances	93,205,712	204,921,194

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	2017	2016
37.1.1 Trade Debts	(Rupees)	(Rupees)
Other than related parties		
Neither past due nor impaired	1,023,054,631	514,228,299
Past due but not impaired		
1-30 days	313,051,421	400,427,468
31-60 days	127,547,236	155,772,710
61-90 days	53,353,638	50,596,421
Over 90 days	59,048,567	103,270,711
	553,000,862	710,067,310
Past due and impaired		
1-30 days	–	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	111,532,398	89,885,224
	111,532,398	89,885,224
	1,687,587,891	1,314,180,833
Related parties		
Neither past due nor impaired	41,207	470,597
Past due but not impaired		
1-30 days	7,722	1,356
31-60 days	7,722	–
61-90 days	36,364	–
Over 90 days	3,633	–
	55,441	1,356
	96,648	471,953

37.1.1.1 As at 30 June 2017, trade debts of Rs. 111.53 million (2016: Rs. 89.88 million) were impaired and provided for.

37.1.2 Bank

Financial institution	Ratings Agency	Short Term	Long term	2017 (Rupees)	2016 (Rupees)
Albaraka Bank (Pakistan) Limited	PACRA	A1	A	773,237	4,714,342
Bank Al-Habib Limited	PACRA	A1+	AA+	5,183,823	22,776,717
Habib Bank Limited	JCR-VIS	A1+	AAA	79,246	14,685
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	667,330	18,994,962
MCB Bank Limited	PACRA	A1+	AAA	938,651	462,455
Meezan Bank Limited	JCR-VIS	A1+	AA	5,382,327	27,088,160
National Bank of Pakistan	PACRA	A1+	AAA	726,856	55,608
Silk Bank Limited	JCR-VIS	A-2	A-	6,116	6,157
Standard Chartered Bank Limited	PACRA	A1+	AAA	2,482,457	375,265
The Bank of Punjab	PACRA	A1+	AA	76,965,669	130,432,843
				93,205,712	204,921,194

37.2 Liquidity Risk

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

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

	At Group,s discretion	Maturity Up to One Year	Maturity After One Year	Total
	(Rupees)			
For the year ended June 30, 2017				
Long term loans	13,943,500	127,604,162	352,318,949	493,866,611
Liabilities against assets subject to finance lease	–	36,938,773	94,614,453	131,553,226
Diminishing musharaka finance	–	485,211	2,007,412	2,492,623
Short term borrowings	–	2,677,866,752	–	2,677,866,752
Mark up accrued	–	38,006,072	–	38,006,072
Unclaimed dividend	–	2,708,609	–	2,708,609
Trade and other payables	–	622,968,306	–	622,968,306
Total financial liabilities	13,943,500	3,506,577,885	448,940,814	3,969,462,199
For the year ended 30 June 2016				
Long term loans	–	100,000,000	442,546,714	542,546,714
Liabilities against assets subject to finance lease	–	28,701,586	104,377,393	133,078,979
Short term borrowings	–	1,903,994,062	–	1,903,994,062
Mark up accrued	–	29,973,118	–	29,973,118
Unclaimed dividend	–	11,880,099	–	11,880,099
Trade and other payables	–	405,431,938	–	405,431,938
Total financial liabilities	–	2,479,980,803	546,924,107	3,026,904,910

37.3 Market Risk

37.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are no material foreign currency balances.

37.3.2 Interest Rate Risk

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

If interest rates at the year end, fluctuate by 1% higher / lower, profit for the year would have been Rs. 31.9 million (2016: Rs. 15.8 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year.

37.4 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves. The gearing ratio of the Group is 23% (2016: 32%).

37.5 Fair value of financial assets and financial liabilities

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value. Further, all financial assets and financial liabilities at balance sheet date are categorized into loans and advances.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, related group companies, directors and key management personnel. Remuneration of Chief Executive and directors is also shown in Note 39. Transactions with related parties during the year are as follows;

Relationship with the Company	Nature and Description of Related Party Transaction	2017 (Rupees)	2016 (Rupees)
Parent company	Dividend Paid	62,670,647	188,011,941
Associated company	Sale of goods	5,462,100	1,301,344
Staff retirement benefits	Gratuity Paid	18,630,000	997,700

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
Number of persons	1	1	3	3	42	35
				(Rupees)		
Remuneration	7,354,839	6,193,548	13,471,388	10,258,064	60,457,455	34,953,901
Housing	3,309,679	2,787,098	6,061,776	4,616,130	27,205,538	15,729,283
Car allowance	–	–	–	–	–	1,076,400
Utilities	735,482	619,354	1,346,836	1,025,806	6,045,414	3,482,118
Bonus	3,978,434	1,703,245	5,967,652	2,845,420	22,498,973	10,944,067
	15,378,434	11,303,245	26,847,652	18,745,420	116,207,380	66,185,769

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

39.2 An amount of Rs. 1,780,000 (2016: Rs. 1,064,000) was paid to directors on attending the board meetings.

40 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at June 30	252	247
Average number of employees during the year	244	276

41 PRODUCTION CAPACITY IN METRIC TONS

	2017 Maximum Capacity (MT)	2017 Actual Production (MT)	2016 *Maximum Capacity (MT)	2016 Actual Production (MT)
Oleo Chemicals	52,000	50,710	45,500	44,816
Chlor Alkali Products	44,500	43,642	41,500	40,151
Resin Products	** –	22,227	** –	18,861

* Determined on weighted average basis.

**The plant production capacity is indeterminable because it is a multi-product plant involving varying processes of manufacturing.

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

42 OPERATING SEGMENT INFORMATION

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees)									
Sales	7,369,139,953	5,011,268,584	2,668,804,664	1,021,701,529	–	–	(80,114,948)	(36,169,036)	9,957,829,669	5,996,801,077
Cost of sales	(6,304,069,597)	(4,039,193,383)	(2,391,124,100)	(889,782,847)	–	–	81,048,981	35,650,268	(8,614,144,716)	(4,892,325,962)
Gross profit	1,065,070,356	972,075,201	277,680,564	131,918,682	–	–	934,033	(518,768)	1,343,684,953	1,103,475,115
Distribution cost	(114,755,645)	(104,893,010)	(45,437,159)	(20,503,490)	–	–	–	–	(160,192,804)	(125,796,500)
Administrative expenses	(115,698,790)	(102,295,839)	(54,350,744)	(39,658,304)	(3,594,750)	(8,055,028)	480,000	–	(173,164,284)	(150,009,171)
Operating profit	834,615,921	764,886,352	177,892,661	71,756,888	(3,594,750)	(8,055,028)	1,414,033	(518,768)	1,010,327,865	828,069,444
Other expenses	(48,375,568)	(47,610,703)	(9,897,874)	(17,613,896)	–	–	–	1,087,514	(58,273,442)	(64,137,085)
Other income	59,800,007	818,657	7,236,751	19,247,505	15,382,612	86,542,982	(39,324,230)	(1,087,514)	43,095,140	105,521,630
Foreign exchange loss	(9,794,917)	(24,139,486)	(3,163,173)	–	–	–	–	–	(12,958,090)	(24,139,486)
Finance cost	(135,427,376)	(90,519,682)	(60,992,853)	(20,641,295)	(49,634,142)	(1,452,646)	38,244,230	–	(207,810,141)	(112,613,623)
Profit before taxation	700,818,067	603,435,138	111,075,512	52,749,202	(37,846,280)	77,035,308	334,033	(518,768)	774,381,332	732,700,880
Taxation	(229,384,775)	(162,751,481)	(36,738,862)	(15,751,932)	–	–	–	–	(266,123,637)	(178,503,413)
Profit for the year	471,433,292	440,683,657	74,336,650	36,997,270	(37,846,280)	77,035,308	334,033	(518,768)	508,257,695	554,197,467
Segment assets	5,474,383,766	4,029,141,648	2,106,349,457	1,692,937,344	579,844,091	469,816,029	(840,485,777)	(650,679,005)	7,320,091,537	5,541,216,016
Segment liabilities	3,330,052,996	2,241,280,520	1,196,587,177	1,108,788,484	93,886,500	439,161,888	3,837,032	(339,714,255)	4,624,363,705	3,449,516,637

42.1 Inter segment sales, purchases and balances have been eliminated.

43 PROVIDENT FUND RELATED DISCLOSURES

The subsidiary runs a recognized provident fund (Descon Chemicals Limited Staff Provident Fund Trust) established on April 30, 1987 in which equal contributions are made by the subsidiary and employees. The fund has been formed to accumulate certain sums to the benefit of employees of Nimir Resins Limited and their families in the event of employees' termination of service, retirement or death as provided by the fund rules. Following information is based on un-audited financials of the Fund:

	Note	2017 (Rupees)	2016 (Rupees)
Total assets of the fund		38,113,685	40,140,147
Fair value of the investments	43.2	27,318,140	28,086,020
Investments as a percentage of total assets		71.68%	69.97%

43.1 The cost of above investments amount to Rs. 25.69 million (2016: Rs. 24.69 million).

43.2 The break-up of fair value of investments is as follows:

	2017 (Percentage)	2016 (Percentage)	2017 (Rupees)	2016 (Rupees)
- Listed securities	23.11%	23.84%	8,809,905	9,569,810
- GOP Treasury Bills	0.00%	24.91%	-	10,000,000
- National Saving Certificates	12.40%	11.77%	4,725,000	4,725,000
- UBL Stock Fund	27.77%	0.29%	10,583,235	115,756
- GOP - PIBs	8.40%	9.16%	3,200,000	3,675,454
	71.68%	69.97%	27,318,140	28,086,020

43.2.1 These investments have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for that purpose.

44 POST BALANCE SHEET EVENTS

The Board of Directors at its meeting held on Thursday, September 21, 2017 has approved a final dividend @ Rs. 1 per share (i.e. 10%) in addition to the interm dividend of Rs. 1 per share for the year ended June 30, 2017 (2016: Rs. Nil) amounting to Rs. 221,181,092 (2016: Rs. Nil).

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on Thursday, September 21, 2017.

46 General

Comprative figures are re-arranged / reclassified, where ever necessary and fair presentation.

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

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

	------Shareholding------		
No. of Shareholders	**From**	**To**	**Total Shares Held**
203	1	100	7,547
976	101	500	293,495
224	501	1,000	198,737
342	1,001	5,000	955,678
101	5,001	10,000	808,158
40	10,001	15,000	506,254
17	15,001	20,000	308,495
17	20,001	25,000	403,147
6	25,001	30,000	172,156
8	30,001	35,000	262,850
5	35,001	40,000	189,812
2	40,001	45,000	86,000
6	45,001	50,000	293,500
4	50,001	55,000	207,312
3	55,001	60,000	175,692
2	65,001	70,000	139,000
1	75,001	80,000	77,000
3	80,001	85,000	248,316
4	85,001	90,000	350,602
1	90,001	95,000	90,600
5	95,001	100,000	500,000
1	105,001	110,000	109,624
1	115,001	120,000	120,000
2	120,001	125,000	246,000
1	130,001	135,000	131,750
2	170,001	175,000	350,000
1	175,001	180,000	176,250
1	195,001	200,000	200,000
1	200,001	205,000	205,000
1	230,001	235,000	234,000
1	245,001	250,000	250,000
1	300,001	305,000	300,750
1	305,001	310,000	310,000
1	320,001	325,000	321,500
1	405,001	410,000	405,500
1	545,001	550,000	550,000
1	635,001	640,000	638,000
1	650,001	655,000	652,425
1	670,001	675,000	672,500
1	740,001	745,000	745,000
1	930,001	935,000	932,000
1	995,001	1,000,000	1,000,000
1	1,805,001	1,810,000	1,808,500
1	3,455,001	3,460,000	3,458,000
1	8,510,001	8,515,000	8,511,750
1	8,820,001	8,825,000	8,824,999
1	10,495,001	10,500,000	10,500,000
1	62,660,001	62,665,000	62,662,647
1,999			110,590,546

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2017

S. No.	Categories of shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor childern	12,888,795	0.1165
5.2	Associated Companies, undertakings and related parties. (Parent Company)	62,670,647	0.5667
5.3	NIT and ICP	1,500	0.0000
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	2,300	0.0000
5.5	Insurance Companies	22,500	0.0002
5.6	Modarabas and MutualFunds	783,124	0.0071
5.7	Share holders holding 10% or more	62,670,647	0.5667
5.8	General Public		
	a. Local	32,492,540	0.2938
	b. Foreign	—	—
		39,888,206	36.0684%
5.9	Others (to be specified)		
	1- Joint Stock Companies	1,642,268	0.0148
	2- Foreign Companies	30,600	0.0003
	3- Leasing Companies	24,010	0.0002
	4- Investment Companies	11,762	0.0001
	5- Others	20,500	0.0002

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2017

Sr. No.	Name	No. of Shares Held	Percentage
1.	**Associated Companies, Undertakings and Related Parties:**		
	1 Nimir Resources (Private) Limited	8,000	0.0072
	2 Nimir Resources (Private) Limited	62,662,647	56.6618
2.	**Mutual Funds:**		
	1 CDC - Triustee Akd Opportunity Fund (CDC)	109,624	0.0991
	2 Golden Arrow Selected Stocks Fund Limited (CDC)	672,500	0.6081
3.	**Directors and their Spouse and Minor Children:**		
	1 Mr. Abdul Jalil Jamil (CDC)	13,688	0.0124
	2 Mr. Zafar Mahmood ((CDC) (Chief Executive)	145,125	0.1312
	3 Mr. Amir Jamil (CDC)	175,750	0.1589
	4 Mr. Muhammad Yahya Khan (CDC)	10,500,026	9.4945
	5 Mr. M. Saeed Uz Zaman	310,781	0.2810
	6 Mr. Imran Afzal (CDC)	1,000,000	0.9042
	7 Mr. Muhammad Sajid (CDC)	89,000	0.0805
	8 Mr. Mohsin Tariq (CDC)	1,000	0.0009
	9 Mr. Saqib Raza (CDC)	1,000	0.0009
	10 Mr. Abdul Jaleel Shaikh (Nominee Of Pak Brunai)	-	0.0000
	11 Mrs. Nusrat Jamil W/O A. Jalil Jamil (CDC)	652,425	0.5899
4.	**Executives:**	206,250	0.1858
5.	**Public Sector Companies & Corporations:**	–	–
6.	**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**	49,810	0.0450
7.	**Shareholders holding five percent or more voting intrest in the listed Company:**		

S. No.	Name	Holding	Percentage
1	Nimir Resources (Private) Limited (CDC)	62,670,647	56.6691
2	Mr. Muhammad Yahya Khan	10,500,000	9.4945
3	Mr. Nadeem Nasir (CDC)	8,824,999	7.9799
4	Mst. Shaheen Nadeem (CDC)	8,511,750	7.6966

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

S. No.	Name	Sale	Purchase
1	Mr. Muhammad Yahya Khan (CDC)	-	6,390,500
2	Mr. M. Saeed Uz Zaman (CDC)	-	60,000
3	Mr. Imran Afzal (CDC)	-	535,750
4	Mr. Muhammad Sajid (CDC)	45,500	-
5	Mrs. Nusrat Jamil W/O A. Jalil Jamil (CDC)	67,000	-

NOTICE OF 24th ANNUAL GENERAL MEETING
FOR THE YEAR ENDED JUNE 30, 2017

Notice is hereby given that the 24th Annual General Meeting of Nimir Industrial Chemicals Limited (the "Company") will be held on Saturday, October 28, 2017 at 11:00 a.m. at Qaser-e-Sultan, Lahore – Faisalabad By-pass, near Housing colony, Sheikhupura to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated accounts of the Company for the year ended June 30, 2017 together with the reports of the Directors', Auditors' and Chairmans' review thereon.

2. To approve the payment of final cash dividend of Rs. 1 per share (i.e. 10%) in the addition to the interim dividend of Rs. 1 per share, in total of Rs. 2 per share (i.e.20%) cash dividend for the year ended June 30, 2017.

3. To appoint Auditors for the year ended June 30, 2018 and fix their remuneration. The retiring auditors M/s EY Ford Rhodes – Chartered Accountants have offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and approve the remuneration of Chief Executive Officer and Executive Directors.

By Order of the Board

Lahore
October 7, 2017

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

i. The share transfer books of the Company shall remain closed from October 21, 2017 to October 28, 2017 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Friday, October 20, 2016 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 had 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, as the CNIC number would be printed on all future dividend warrants. 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 dispatch of dividend warrant in the future.

Deduction of withholding Tax on the amount of Dividend

Pursuant of the provisions of Finance Act 2017 effective from July 1, 2017, the deduction of income tax from the dividend payments shall be made on the bases of filer and non-filers as follows:

S. No.	Nature of shareholders	Rate of deduction
1	Filers of Income Tax Return	15%
2	Non-Filers of Income Tax Return	20%

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by filers or Non-filers shall be dealt with separately. if the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and deduction will be made accordingly.

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.

Payment of Cash Dividend through Electronic Mode

Pursuant to the provision 242 of the Companies Act 2017,requires the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Shareholders holding physical shares are required to provide electronic mandate on E-Dividend form to the Company's Shares Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

The statement of material facts under section 134 (3) of the Companies Act, 2017 concerning the special business contained in item No. 4 of the Notice of Annual General Meeting.

ITEM No. 4

i. To consider and approve the increase in the annual remuneration of Chief Executive Officer of the Company to Rs. 13.68 million per annum as approved by the Board exclusive of existing perquisites, bonus, Company maintained cars, genset, club membership, reimbursement of actual medical expenses, travelling, entertainment and other incidentals relating to his office in accordance with the Company policy.

ii. To consider and approve the increase in the annual remuneration of each executive Director of the Company to Rs. 10.37 million per annum as approved by the board in addition to the existing perquisites, bonus, Company maintained cars, genset, club membership, reimbursement of actual medical expenses, travelling, entertainment and other incidentals relating to his office in accordance with the Company policy.

FORM OF PROXY 24th ANNUAL GENERAL MEETING

The Company Secretary
Nimir Industrial Chemicals Limited
14.8 K.M. Sheikhupura - Faisalabad Road,
Bhikhi – Dist. Sheikhupura,
Pakistan.

Ledger Folio/CDC A/C No. ____________

Shares Held ____________

I / We .... of

.... being member(s) of

Nimir Industrial Chemicals Limited hereby appoint .... of

.... as my/our proxy to vote for me / us .... on my / our behalf at the

Annual General Meeting of the Company held on Saturday, October 28, 2017 at 11:00 a.m. and / or at any adjournment thereof or any ballot to be

taken in consequence thereof.

Signed this .... day of .... 2017.

____

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

WITNESSES:

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

Five Rupees Revenue Stamp

Notes:

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NIMIR INDUSTRIAL CHEMICALS LTD.
14.8 Km., Sheikhupura-Faisalabad Road,
Bhikhi, District Sheikhupura, Pakistan.
Ph: +92 56 3883001-7 • Fax: +92 56 3883010
Cell: +92 301 8221151, 301 8483950
www.nimir.com.pk

Posted Stamp

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