NIMIR INDUSTRIAL CHEMICALS LTD.

Annual Report 2016

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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. Khalid Siddiq Tirmizey
(Nominee -The Bank of Punjab)
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
Al Baraka Bank (Pakistan) Limited
Samba Bank Limited
Pak Brunei Investment Company Limited
Soneri Bank Limited
Meezan Bank Limited
Askari Bank Limited
National Bank of Pakistan

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 has been growing at a modest, but consistent rate, despite a major setback in agriculture and the on going Zarb e Azb, the war against terrorism. It has managed to maintain a momentum for the third consecutive year in a row, with real GDP growing at 4.71% in FY 2016; which is the highest in eight years. The key macro economic indicators, like inflation, fiscal and current account balance also recorded an improvement.

The external sector has become more stable on account of robust growth in workers remittances, continued flows from IFIs despite a sharp decline in global oil prices. The country's Foreign Exchange reserves have reached an all time high.

The private sector in Pakistan has taken maximum advantage of the government's initiative to resolve the energy crises by providing gas and electricity to some crucial sectors of industry, and help achieve macro economic stability. As a direct result the growth in the manufacturing sector alone was 6.8%.

The country's positive economic growth also impacted the performance of the Company, resulting in 37% increase in sales turnover. In keeping with its past record of excellence, Nimir Industrial Chemicals (NICL) has exceeded previous records and achieved Rupees five billion mark in sales. The acquisition of controlling stake in Nimir Resins Limited ("NRL") in January 2016 has proved to be a landmark decision for shareholders. After taking over control in January 2016, NRL has already turned into a viable venture.

It is the dedication of the management team and staff at NICL which has continued to provide the guidance and leadership which have led to its current status as one of the fastest growing Companies in the Chemicals Sector.

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

Abdul Jalil Jamil
Chairman

CEO'S MESSAGE

By the Grace of Almighty and the unwavering support of an excellent team, I am proud to announce another remarkable year, ended June 30, 2016.

In keeping with the trend of its leadership role in the chemicals sector, Nimir Industrial Chemical's expansion, which was commissioned in the FY 2015, was optimally utilized during the FY 2016. This directly resulted in 37% growth in sales turnover.

Furthermore, the company made investments in various alternate fuel-based energy solutions and, as a result, has become self-reliant in its energy requirement. This has strengthened the company's ability of ensuring uninterrupted supplies to its customers. The company also continued to improve its quality assurance and compliance and obtained further credentials during the year, confirming that Nimir's systems comply with international standards.

With our trend of investing in innovative and sustainable technologies, an ambitious capital expenditure plan has been approved to upgrade the plant and machinery to the latest technology. This will result in further improvement in quality and reduction in operation costs besides getting extra production capacity.

Finally, we are delighted to report the Company's acquisition of the controlling stake in Nimir Resins Limited (formerly Descon Chemicals) ("NRL"), through its wholly owned subsidiary Nimir Holding Private Limited. NRL is a listed company engaged in the manufacturing and sales of surface coating, unsaturated polyesters, paper and textiles auxiliaries. In a very short span, NRL has already been turned into a viable and dynamic venture. NRL has posted net profit of Rs. 53 million in FY 2016 as against net loss of Rs. 82 million in FY 2015.

Last but not least, I would like to thank all those who have made this journey possible including my Management Team and Staff.

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
شهـــــادة الـــمـــصـــادقـــة الـــحـــلال
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

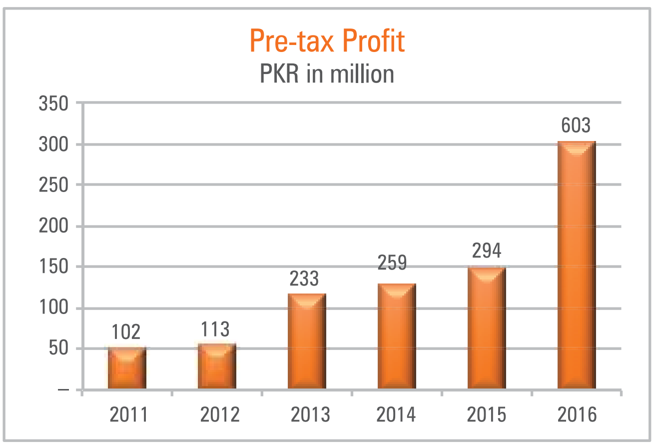
- Textile Sector
- Cleaning & Bleaching
- Steel

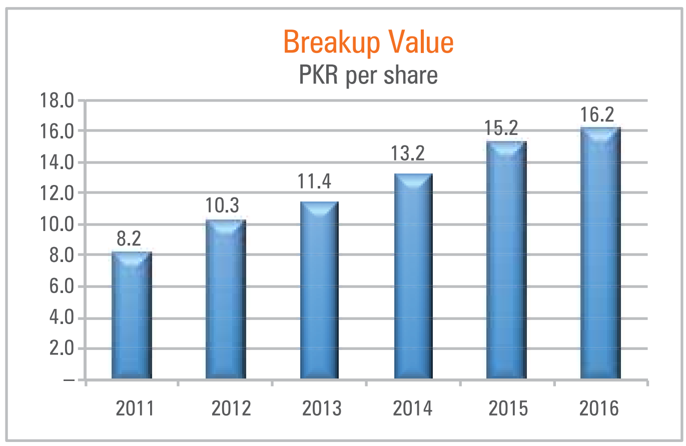
Soap Bars

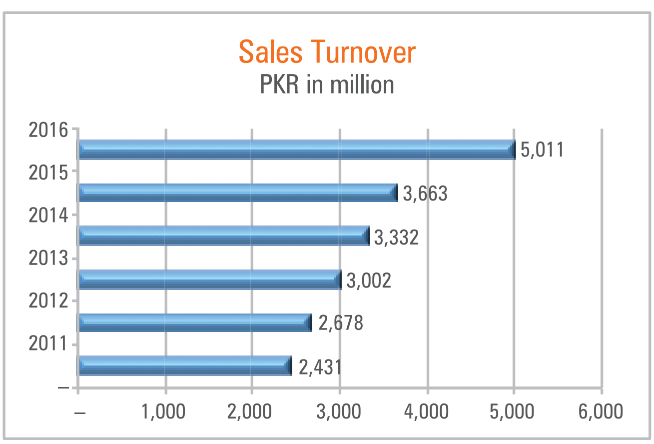
- Third party toilet soap finishing and packing facility

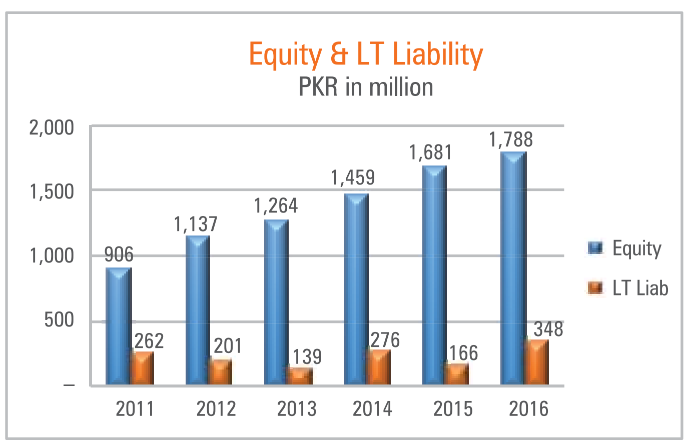
OUR PERFORMANCE

	2011	2012	2013	2014	2015	2016
	Rupees in millions					
Sales Turnover	2,431	2,678	3,002	3,332	3,663	5,011
Gross Profit	312	347	503	513	561	972
Pre-tax Profit	102	113	233	259	294	603
LT Liability	262	201	139	276	166	348
Equity	906	1,137	1,264	1,459	1,681	1,788
Number of Shares	111	111	111	111	111	111
Breakup value per share	8.2	10.3	11.4	13.2	15.2	16.2



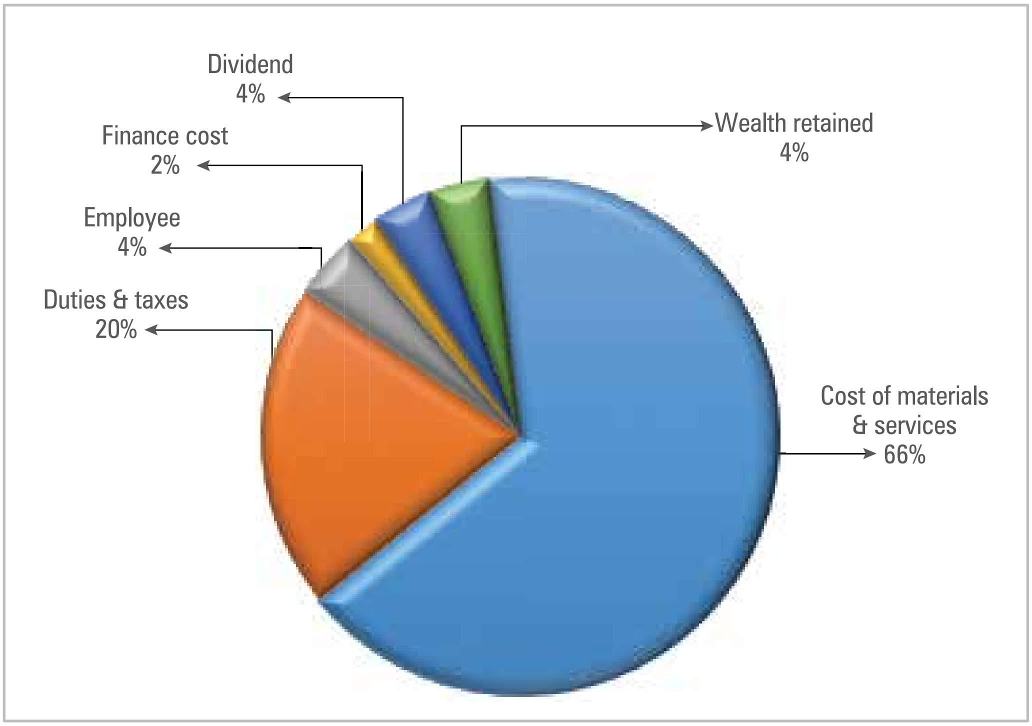






WEALTH GENERATED AND DISTRIBUTED
FOR THE YEAR ENDED JUNE 2016

	Rs (million)	Percentage
Wealth Generated		
Sales with sales Tax	5,864	100%
Other operating profit	1	0%
	5,865	100%
Distribution of Wealth		
Cost of materials & services	3,874	66.1%
Duties & taxes	1,194	20.4%
Employees	244	4.2%
Finance cost	115	2.0%
Dividend	221	3.8%
Wealth retained	218	3.7%
	5,865	100.0%



HORIZONTAL & VERTICAL ANALYSIS

	2012	2013	2014	2015	2016
			Rupees in million		
BALANCE SHEET					
Non Current Assets	1,213	1,143	1,583	1,659	2,063
Current Assets	752	1,043	1,040	1,494	1,966
TOTAL ASSETS	1,965	2,185	2,623	3,153	4,029
Share Capital and Reserves	1,137	1,265	1,459	1,681	1,788
Non Current Liabilities	231	174	318	273	458
Current Liabilities	597	747	846	1,199	1,784
TOTAL EQUITY AND LIABILITIES	1,965	2,185	2,623	3,153	4,029
PROFIT & LOSS ACCOUNT					
Sales- Net	2,678	3,002	3,332	3,663	5,011
Cost of Sales	2,330	2,499	2,819	3,103	4,039
Gross Profit	348	503	513	561	972
Distribution & Administration Cost	106	137	145	149	207
Operating Profit	242	366	368	412	765
Other Expenses/ (Income)	0	26	25	4	47
Finance Cost	114	97	81	106	91
Foreign Exchange Loss	14	11	3	8	24
Remission of subordinated loan	–	–	–	–	–
Profit before Taxation	113	233	259	294	603
Taxation	(119)	105	65	72	163
Other Comprehensive Loss		1	0	0	2
Net Comprehensive income for the Year	231	126	194	222	439

Horizontal Analysis					Vertical Analysis				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
percentage change from last year					percentage				
13.00	(5.78)	38.52	4.79	24.35	61.72	52.30	60.36	52.61	51.19
6.68	38.61	(0.27)	43.69	31.62	38.28	47.70	39.64	47.39	48.81
10.49	11.21	20.01	20.21	27.79	100.00	100.00	100.00	100.00	100.00
25.55	11.19	15.37	15.19	6.38	57.88	57.87	55.63	53.31	44.37
(20.83)	(24.72)	82.72	(13.88)	67.37	11.75	7.95	12.11	8.67	11.36
2.73	25.15	13.29	41.66	48.79	30.37	34.18	32.26	38.02	44.27
10.49	11.21	20.01	20.21	27.79	100.00	100.00	100.00	100.00	100.00
10.14	12.13	10.97	9.96	36.78	100.00	100.00	100.00	100.00	100.00
9.96	7.26	12.79	10.07	30.18	87.02	83.24	84.61	84.69	80.60
11.35	44.78	1.94	9.35	73.30	12.98	16.76	15.39	15.31	19.40
(4.41)	29.24	5.86	2.65	39.22	3.96	4.56	4.35	4.06	4.13
20.03	51.60	0.48	11.99	85.61	9.02	12.20	11.04	11.25	15.26
77.78	32,542.50	(5.29)	(85.11)	1,170.86	0.00	0.87	0.74	0.10	0.93
17.95	(15.31)	(16.82)	31.98	(14.87)	4.27	3.23	2.42	2.90	1.81
523.70	(24.59)	(68.55)	131.24	210.31	0.53	0.36	0.10	0.21	0.48
(100.00)	–	–	–	–	–	–	–	–	–
(86.11)	105.92	11.50	13.49	105.04	4.22	7.75	7.78	8.03	12.04
(554.50)	(188.64)	(38.48)	12.13	124.52	(4.43)	3.50	1.94	1.98	3.25
–	–	(76.83)	(22.54)	782.01	–	0.04	0.01	0.01	0.03
(70.58)	(45.40)	53.81	13.99	98.09	8.65	4.21	5.83	6.05	8.76

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2011	2012	2013	2014	2015	2016
			Rupees in millions			
Net Sales	2,431	2,678	3,002	3,332	3,663	5,011
Gross Profit	312	348	503	513	561	972
Operating Profit	201	242	366	368	412	765
Profit / (Loss) before tax	813	113	233	259	294	603
Net Profit / (Loss) for the year	787	231	126	194	222	439
Paid-up Capital	1,106	1,106	1,106	1,106	1,106	1,106
Net Worth	906	1,137	1,265	1,459	1,681	1,788
Long Term Loans, Leases	262	201	139	276	166	348
Current Liabilities	607	597	747	846	1,199	1,784
Current Assets	731	752	1,043	1,040	1,494	1,966
Total Assets	1,804	1,965	2,185	2,623	3,153	4,029
Breakup value per share - Rupees	8.2	10.3	11.4	13.2	15.2	16.20
Earnings per share - Rupees	7.1	2.1	1.1	1.8	2.0	3.98
Current Ratio	1.2 : 1	1.26 : 1	1.4 : 1	1.23 : 1	1.25 : 1	1.1 : 1
Lont Term Debt to Equity Ratio	22 : 78	15 : 85	10 : 90	16 : 84	9 : 91	16 : 84
Interest Coverage Ratio	2.05	1.99	3.40	4.22	3.77	7.67

DIRECTORS' REPORT

The Board of Directors of the company is pleased to submit its 23rd Annual Report along with the audited financial statements for the year ended June 30, 2016.

The country's positive economic growth has had an affirmative impact on the performance of the Company. The plant expansion, which was commissioned in the FY 2015, was optimally utilized during the FY 2016. As a result, the Company recorded 37% growth in its sales turnover and crossed Rupees Five Billion mark. The operating results of the FY 2016 are summarized as follows:

	2016	2015	Increase
	PKR Million		% age
Sales Revenue	5,011	3,663	37%
Gross Profit	972	561	73%
Pre-Tax Profit	603	294	105%
Profit after Tax	441	222	99%
Earnings per share (Rs.)	3.98	2.01	99%

Owing to an increase in the sale turnover, the Company earned gross profit of Rs. 972 million and net profit of Rs. 439 million showing an increase of 73% and 99% respectively year on year. The earing per share of the Company was almost doubled in the FY 2016.

In its quest to become self-reliant in energy, the Company commissioned two more solid fuel based heating systems during FY 2016.

During the year, the Company also acquired the controlling stake in Nimir Resins Limited - formerly Descon Chemicals Limited (NRL), through its wholly owned subsidiary Nimir Holding Private Limited (NHPL). NRL is a listed Company engaged in the manufacturing and sales of surface coating, polyesters, paper chemicals and textile auxiliaries. After taking over the control in January 2016, NRL has been turned into a viable venture. NRL posted net profit of Rs. 53 million in the FY 2016 as against net loss of Rs. 82 million in the FY 2015.

Future Outlook

In face of continued market challenges, both in terms of volatility in international commodity prices as well as technology advancement, your Company has made much progress. After the recent plant expansion, the Company has attained economies of scale and can now compete with international competition. It has also started a process of upgrading its plant and machinery to the latest technologies available, in order to provide high quality products and uninterrupted services to its customers. In view of these updates, the Company would continue posting promising results in coming years, 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 9 to the accounts.

Board of Directors

The election of directors was held on December 29, 2015 and following persons were elected as directors on the board of directors by the shareholders in an extra ordinary general meeting of the Company for a term of three years commencing from December 30, 2015.

1. Mr. Abdul Jalil Jamil
2. Mr. Muhammad Saeed-uz-Zaman
3. Mr. Imran Afzal
4. Mr. Aamir Jamil
5. Mr. Muhammad Sajid
6. Mr. Muhammad Yahya Khan
7. Mr. Mohsin Tariq
8. Mr. Saqib Raza

While Abdul Jaleel Sheikh and Khalid Siddiq Tirmizey continued as nominee directors of Pak Brunei Investment Company Limited and The Bank of Punjab respectively.

The Board of directors in their meeting held on January 12, 2016 has re-appointed Mr. Zafar Mahmood as chief executive officer of the Company.

New Board comprises of Chief Executive Officer, two executive, three non-executive, four independent, and two nominee directors.

The board also reconstituted the audit and human resources and remuneration committees as follows in their meeting held on January 12, 2016.

Audit Committee:

1.	Muhammad Sajid	(Independent)	Chairman
2.	M. Saeed-uz-Zaman	(Non Executive)	Member
3.	Abdul Jaleel Shaikh	(Non Executive)	Member

Human Resources and Remuneration Committee:

1.	M. Saeed-uz-Zaman	(Non Executive)	Chairman
2.	Muhammad Yahya Khan	(Non Executive)	Member
3.	Zafar Mahmood	(Executive)	Member

During the year 2016, Six (6) 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	5		1
Zafar Mahmood	6		1
Khalid Mumtaz Qazi	3		
Umar Iqbal	3		
Imran Afzal	3		
Aamir Jamil	3		
Sh. Amar Hameed	2		
Muhammad Saeed-uz-Zaman	6	4	1
Muhammad Sarwar Khawaja	3	2	
Muhammad Yahya Khan	5		
Muhammad Sajid	3	2	
Abdul Jaleel Shaikh	6	4	
Khalid Siddiq Tirmizey	2		

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

Remuneration of CEO & Working Directors

The board of director had approved the increase in remunerations of Chief Executive Officer and Working Directors on the recommendations of Human Resource and Remuneration Committee. The discloser of the same is attached under Statement Pursuant to Section 218 of the Companies Ordinance, 1984.

Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country, 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.
- 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.

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 Ernst & Young Ford Rhodes Sidat Hyder and Company, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder and Company, Chartered Accountant as external auditor of the Company for the year ending June 30, 2017.

Dividend / Bonus Shares

The Board has recommended a zero final cash dividend for the year ended June 30, 2016. The Board had earlier declared and paid interim cash dividends totaling Rs. 2 per share (i.e. 20%). 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 who 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 29, 2016
Sheikhupura

Zafar Mahmood
Chief Executive Officer

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کو 30 جون 2016 مختتمہ سال کے آڈٹ شدہ مالی گوشواروں کیساتھ ساتھ اسکی 23 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہورہی ہے۔

ملک کی حقیقی اقتصادی ترقی سے کمپنی کی کارکردگی پر ایک مثبت اثر پڑا ہے۔ جس پلانٹ کی توسیع کی مالی سال 2015 میں اجازت لی گئی تھی اسے مالی سال 2016 میں بہتر طریقے سے استعمال کیا گیا ہے جس کے نتیجے میں کمپنی کی فروخت کی کمائی میں 37 فیصد کا ریکارڈ اضافہ ہوا جو کہ پانچ ارب روپے سے تجاوز کر گیا۔ مالی سال 2016 کی کارکردگی کے نتائج کچھ اس طرح رہے۔

	2016	2015	جتنے فیصد بڑھا
		ملین روپوں میں	
فروخت کی آمدن	5,011	3,663	37%
کل منافع	972	561	73%
قبل از ٹیکس منافع	603	294	105%
بعد از ٹیکس منافع	441	222	99%
فی حصص آمدن (روپوں میں)	3.98	2.01	99%

فروخت کے کاروبار میں اضافے کی وجہ سے کمپنی نے 972 ملین روپے اور 439 ملین روپے کا خالص منافع کمایا جو کہ بالترتیب 73 فیصد اور 99 فیصد سالانہ اضافہ ظاہر کرتا ہے۔ مالی سال 2016 میں کمپنی کی فی حصص آمدن تقریباً دگنی ہوگئی۔ توانائی کے حوالے سے خود انحصار ہونے کیلئے کمپنی نے مالی سال 2016 کے دوران 2 مزید ''ٹھوس ایندھن والے حرارتی نظاموں'' کی اجازت دی ہے۔ سال بھر میں کمپنی نے اپنے مکمل ملکیتی ماتحت ادارے نیمر ہولڈنگ پرائیویٹ لمیٹڈ (این ایچ پی ایل) کے ذریعے نیمر ریسنز لمیٹڈ (این آر ایل) (سابق ڈیسکون کیمیکلز لمیٹڈ) میں کنٹرولنگ کے حصص بھی حاصل کیے ہیں۔

نیمر ریسنز لمیٹڈ ایک ایسی کمپنی ہے جو سرفیس کوٹنگ، پولیسٹر، کاغذ والے کیمیکل اور ٹیکسٹائل کا معاون سامان بناتی اور بیچتی ہے۔ جنوری 2016 میں کنٹرول سنبھالنے کے بعد سے این آر ایل ایک قابل استعمال منصوبہ بن چکا ہے۔ این آر ایل نے مالی سال 2016 میں 53 ملین روپے کے خالص منافع کا اعلان کیا ہے جس کے برعکس مالی سال 2015ء میں خالص نقصان 82 ملین روپے تھا۔

مستقبل کا نقطہ نظر

آپ کی کمپنی نے عالمی سطح پر اشیاء کی قیمتوں میں اتار چڑھاؤ کیساتھ ساتھ ٹیکنالوجی کی جدت کے مسلسل مارکیٹ چیلنجز کا سامنا کرتے ہوئے بہت ترقی کی ہے۔ پلانٹ کی حالیہ توسیع کے بعد کمپنی نے ایک درجے کی معیشت حاصل کر لی ہے اور اب عالمی سطح پر مقابلہ کر سکتے ہیں۔ کمپنی نے میسر جدید ترین ٹیکنالوجی کیساتھ پلانٹ اور مشینری کی اپ گریڈنگ کا عمل شروع کر دیا ہے تاکہ صارفین کو اعلیٰ معیار کی مصنوعات اور بلاتعطل خدمات فراہم کی جاسکیں۔ ان اپ ڈیٹس کے پیش نظر انشاءاللہ کمپنی آنیوالے سالوں میں اپنے وعدہ کے مطابق نتائج شائع کرتی رہے گی۔

گزشتہ چھ مالی سالوں کے کلیدی آپریٹنگ اور فنانشنل ڈیٹا کا خلاصہ

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور فنانشنل ڈیٹا کا خلاصہ ساتھ منسلک ہے۔

بقیہ قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں

گرایجویٹی سکیم

فراہم کردہ فنڈز کے مطابق کمپنی اپنے ملازمین کیلئے ایک گریجویٹی سکیم چلاتی ہے جن کا ذکر اکاؤنٹس کے نوٹ نمبر 9 میں کیا گیا ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹروں کا الیکشن 29 دسمبر 2015 کو منعقد کیا گیا تھا اور ایک غیر معمولی جنرل اجلاس میں حصص یافتگان کی طرف سے درج ذیل افراد کو بورڈ آف ڈائریکٹرز کے طور پر منتخب کیا گیا تھا جنکی مدت 30 دسمبر 2015 سے شروع ہوکر تین سال تک ہے۔

1۔ جناب عبدالجلیل جمیل

2۔ جناب محمد سعید الزمان

3۔ جناب عمران افضل

4۔ جناب عامر جمیل

5۔ جناب محمد ساجد

6۔ جناب محمد یحییٰ خان

7۔ جناب محسن طارق

8۔ جناب ثاقب رضا

جبکہ عبدالجلیل شیخ اور خالد صدیق ترمزی پاک برونائی انوسٹمنٹ کمپنی لمیٹڈ اور بالترتیب بینک آف پنجاب کے امیدوار ڈائریکٹرز کے طور پر کام جاری رکھیں گے ۔بورڈ آف ڈائریکٹرز نے 12 جنوری 2016ء کے منعقدہ اجلاس میں جناب ظفر محمود کو دوبارہ ادارے کا چیف ایگزیکٹو آفیسر مقرر کیا ہے۔نئے بورڈ میں چیف ایگزیکٹو آفیسر، دو ایگزیکٹو، تین نان ایگزیکٹو، چار خودمختار اور دو امیدوار ڈائریکٹرز شامل ہیں۔

12 جنوری 2016 کے اجلاس میں بورڈ نے آڈٹ ،انسانی وسائل اور معاوضہ کمیٹیوں کی بھی تشکیل نو کی ،جن کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

1۔محمد ساجد (خودمختار)	چیئر مین
2۔محمد سعید الزمان (نان ایگزیکٹو)	ممبر
3۔عبدالجلیل شیخ (نان ایگزیکٹو)	ممبر

انسانی وسائل اور معاوضہ کمیٹی

1۔محمد سعید الزمان (نان ایگزیکٹو)	چیئر مین
2۔محمد یحییٰ خان (نان ایگزیکٹو)	ممبر
3۔ظفر محمود (ایگزیکٹو)	ممبر

سال 2016 کے دوران بورڈ کے چھ، آڈٹ کمیٹی کے 4اور معاوضہ کمیٹی کا ایک اجلاس ہوا، جس میں ہر ڈائریکٹر کی حاضری درج ذیل رہی۔

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹر کی حاضری	آڈٹ کمیٹی کی حاضری	انسانی وسائل اور معاوضہ کمیٹی کی حاضری
عبدالجلیل جمیل	5		1
ظفر محمود	6		1
خالد ممتاز قاضی	3		
عمر اقبال	3		
عمران افضل	3		
عامر جمیل	3		
عامر حمید	2		
محمد سعید الزمان	6	4	1
محمد سرور خواجہ	3	2	
محمد یحییٰ خان	5		
محمد ساجد	3	2	
عبدالجلیل شیخ	6	4	
خالد صدیق ترمذی	2		

جن ڈائریکٹروں نے چند ایک اجلاس میں شرکت نہیں کی انہیں چھٹیاں دی گئی تھیں۔

چیف ایگزیکٹو آفیسر اور ڈائریکٹروں کا معاوضہ (تنخواہیں)

انسانی وسائل اور معاوضہ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر اور ڈائریکٹر وں کی تنخواہوں میں اضافے کی منظوری دیدی ہے کمپنیز آرڈیننس 1984 کی دفعہ 218 کے مطابق اس کی تفصیلات ساتھ لف ہیں۔

کارپوریٹ گورننس

ملک میں سٹاک ایکسچینج کی لسٹنگ رولز میں شامل کارپوریٹ گورننس کے کوڈ کی ضرورت کے تحت بورڈ آف ڈائریکٹرز کا کہنا ہے کہ؛۔

1۔کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی گوشوارہ اس کے موجودہ معاملات ،آپریشنز کے نتائج اور خالص آمدنی کو واضح طور پر بتاتے ہیں۔

2۔ کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔

3۔ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے، کھاتوں کے اندازے مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔

4۔ مالی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ سٹینڈرز کو ملحوظ خاطر رکھا گیا ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اس پر مؤثر طریقے سے عملدرآمد اور نگرانی کی گئی ہے۔

6۔ کمپنی کی موجودہ صورتحال میں اسکی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔

7۔ ضابطہ کار میں تفصیلی طور پر بیان کئے گئے کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی سے انحراف نہیں کیا گیا۔

8۔ کلیدی آپریٹنگ اور گزشتہ 6 سال کا فنانشل ڈیٹا ساتھ منسلک ہے۔

9۔ لیویز اور بقایا ٹیکس کی تفصیلات بھی مالیاتی گوشواروں میں دی گئی ہیں۔

کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس کیلئے پرعزم ہے اور بہترین نتائج کیلئے مناسب اقدامات کئے گئے ہیں

کارپوریٹ سماجی ذمہ داریاں

کمپنی کمیونٹی کے ایک اہم رکن کے طور پر اپنی سماجی ذمہ داریوں کو تسلیم کرتی ہے اور ایک غیر متعصّبانہ سوچ کیساتھ کمپنی کے وسائل کو بہتر ماحول کیلئے بروئے کار لانے پر کاربند ہے۔ حفاظتی اقدامات، صحت اور ماحولیات سے متعلق پالیسیاں ملازمین اور کمیونٹی کی بے لاگ بہتری طرف تیزی لائی ہیں۔ کمپنی ماحول دوست آپریشنز، مصنوعات اور خدمات کو یقینی بناتے ہوئے اپنے ملازمین اور کمیونٹی کے درمیان ماحولیاتی آگاہی کے شعور کو فروغ دیتی ہے۔ کمپنی اردگرد کمیونٹی کے ملازمین کو تکنیکی اداروں کی انٹرن شپ اور اپرنٹس شپ (شاگردی) کے مواقع فراہم کرتی ہے۔ کمپنی مختلف تعلیمی اداروں کے طلبہ کے دوروں کی حوصلہ افزائی کرنے کیساتھ ملک میں تعلیم کے فروغ کیلئے ملازمین کے ضرورت مند بچوں کی مدد بھی کرتی ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز مسز ارنسٹ اینڈ ینگ فورڈ رہوڈز سدات حیدر اینڈ کمپنی ''چارٹرڈ اکاؤنٹنٹ'' اس سال ریٹائرڈ ہورہی ہے۔ آڈٹ کمیٹی نے اس کمپنی (مسز ارنسٹ اینڈ ینگ فورڈ رہوڈز سدات حیدر اینڈ کمپنی ''چارٹرڈ اکاؤنٹنٹ'') کو اسکی اہلیت کی بنا پر دوبارہ 30 جون 2017 تک بیرونی آڈیٹرز کے طور پر تقرری کی منظوری دیدی ہے۔

مقسوم/ بونس حصص

30 جون 2016 مختتمہ سال کیلئے بورڈ نے ''زیرو فائنل کیش'' کی بطور مقسوم سفارش کی ہے۔ بورڈ نے پہلے ہی واضح کردیا تھا، 2 روپے فی حصص (یعنی 20 فیصد) کل عبوری نقد منافع ادا کردیا ہے، سال بھر میں کل مقسوم رقم 2 روپے فی حصص (یعنی 20 فیصد) رہی۔

حصص داری کا طریقہ کار

کمپنی کے حصص داری کا طریقہ کار ساتھ منسلک ہے، کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، کمپنی ایگزیکٹوان کی بیویوں، نابالغ بچوں کی طرف سے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی گئی، ماسوائے ان افراد کے جو کارپوریٹ گورننس کوڈ کے تحت ساتھ لف کی گئی فہرست میں بتائے گئے ہیں۔ ریگولیٹری حکام کیساتھ لین دین کی ضروری ریٹرن فائل کی گئی اس کے علاوہ اس سلسلے میں کارپوریٹ گورننس کے کوڈ کے تحت بورڈ اور سٹاک ایکسچینجز کو بھی مطلع کیا گیا ہے۔

اعتراف

ہم اپنے قابل قدر سٹیک ہولڈرز سمیت اپنے گاہکوں، بینکوں، سپلائرز، ٹھیکیداروں اور حصص یافتگان کی شاندار حمایت اور اعتماد کیلئے انکے شکرگزار ہیں۔ ہم اس پورے عرصے میں اپنے ملازمین کی مرکوز لگن اور محنت کیلئے بھی شکرگزار ہیں۔

بحکم بورڈ

ظفر محمود

چیف ایگزیکٹو آفیسر

شیخوپورہ

29 ستمبر 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance 2012(CCG) contained in contained in Regulation No. 5.19.23 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 Code of Corporate Governance 2012 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:

   The independent directors meets 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 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. No appointment of CFO, Company Secretary has been made during the year, Head of Internal Audit has been appointed made during the year.

10. During the year, new board is formed after the election of directors in December 2015. During the year SECP has extended the date by June 2018 to complete with "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 whom1 (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 stock exchange(s).

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

For Nimir Industrial Chemicals Limited

Lahore,
September 29, 2016

Zafar Mahmood
Chief Executive Officer

FINANCIAL STATEMENTS - STANDALONE

FOR THE YEAR ENDED JUNE 30, 2016

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 June 30, 2016 to comply with the regulation 5.19 of the rule book of Pakistan Stock Exchange (formerly Karachi Stock Exchange, in which the Lahore and Islamabad Stock Exchanges have merged), 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 June 30 2016.

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner : Naseem Akbar

Lahore
September 29, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED JUNE 30, 2016

We have audited the annexed balance sheet of Nimir Industrial Chemicals Limited (the Company) as at 30 June 2016 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 30 June 2016 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
Chartered Accountants
Audit Engagement Partner : Naseem Akbar

Lahore
September 29, 2016

BALANCE SHEET

	Note	2016 (Rupees)	2015 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
145,000,000 (2015: 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		681,955,668	574,711,100
		1,787,861,128	1,680,616,560
NON CURRENT LIABILITIES			
Long term loans	7	243,750,000	93,750,000
Liabilities against assets subject to finance lease	8	104,377,393	72,005,702
Net defined benefit liability - unfunded gratuity	9	–	48,493,178
Deferred tax liability	10	109,560,554	59,207,398
		457,687,947	273,456,278
CURRENT LIABILITIES			
Trade and other payables	11	327,843,339	213,202,119
Net defined benefit liability - funded gratuity	9	49,805,868	–
Mark up accrued		20,166,754	11,989,038
Unclaimed dividend		11,587,280	687,266
Short term borrowings	12	1,132,627,994	850,596,045
Current maturity of long term loans	7	100,000,000	102,833,310
Current maturity of liabilities against assets subject to finance lease	8	28,701,586	17,937,506
Provision for taxation		112,859,752	1,657,258
		1,783,592,573	1,198,902,542
CONTINGENCIES AND COMMITMENTS	13	–	–
TOTAL EQUITY AND LIABILITIES		4,029,141,648	3,152,975,380

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

AS AT JUNE 30, 2016

	Note	2016 (Rupees)	2015 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	1,775,453,373	1,628,872,220
Intangible	15	561,201	995,445
Investment in subsidiary	16	20,000,000	–
Loan to subsidiary	17	235,500,000	–
Long term deposits	18	31,169,128	28,953,928
		2,062,683,702	1,658,821,593
CURRENT ASSETS			
Stores, spares and loose tools	19	130,828,188	71,830,717
Stock in trade	20	637,995,522	758,413,596
Trade debts	21	820,652,695	482,312,500
Loans and advances	22	64,384,238	34,881,194
Trade deposits and short term prepayments	23	7,736,013	8,910,026
Other receivables	24	16,491,350	11,716,515
Tax refunds due from government	25	226,693,190	111,971,081
Cash and bank balances	26	61,676,750	14,118,158
		1,966,457,946	1,494,153,787
TOTAL ASSETS		4,029,141,648	3,152,975,380

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees)	2015 (Rupees)
Sales - net	27	5,011,268,584	3,663,499,323
Cost of sales	28	(4,039,193,383)	(3,102,622,031)
Gross profit		972,075,201	560,877,292
Distribution costs	29	(104,893,010)	(76,565,413)
Administrative expenses	30	(102,295,839)	(72,252,354)
Other expenses	31	(47,610,703)	(23,322,981)
Other income	32	818,657	19,640,754
Foreign exchange loss	33	(24,139,486)	(7,778,704)
Operating profit		693,954,820	400,598,594
Finance cost	34	(90,519,682)	(106,330,524)
Profit before taxation		603,435,138	294,268,070
Taxation	35	(162,751,481)	(72,488,860)
Profit after taxation		440,683,657	221,779,210
Earnings per share - basic and diluted	36	3.98	2.01

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Notes	2016 (Rupees)	2015 (Rupees)
Profit after taxation		440,683,657	221,779,210
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan - net of tax	9	(1,667,451)	(189,665)
Total comprehensive income for the year		439,016,206	221,589,545

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
Balance as on July 1, 2014	1,105,905,460	353,121,555	1,459,027,015
Total comprehensive income for the year	–	221,589,545	221,589,545
Balance as on June 30, 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

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees)	2015 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		603,435,138	294,268,070
Adjustment for:			
Depreciation		137,902,877	118,732,028
Amortization		434,244	413,017
Finance cost		90,519,682	106,330,524
Provision against stock in trade		86,627,626	–
Provision for gratuity		9,754,477	9,860,682
Reversal of provision against others		–	(13,598,057)
Gain on disposal of property, plant and equipment		(186,480)	(1,968,178)
Exchange loss		897,926	–
WPPF provision		32,507,240	15,803,946
WWF provision		14,202,429	6,005,499
		372,660,021	241,579,461
Operating profit before working capital changes		976,095,159	535,847,531
(Increase) in current assets			
Stores, spares and loose tools		(58,997,471)	(17,383,042)
Stock in trade		33,790,448	(240,744,731)
Trade debts		(338,340,195)	(242,018,343)
Loans and advances		(29,503,044)	(7,525,608)
Trade deposits and short term prepayments		1,174,013	(767,218)
Other receivables		(4,774,835)	345,373
Tax refunds due from government		(8,441,708)	42,083,354
		(405,092,792)	(466,010,215)
Increase / (decrease) in current liabilities			
Trade and other payables		82,837,571	(32,153,030)
		(322,255,221)	(498,163,245)
Cash generated from operations		653,839,938	37,684,286
Contribution to gratuity fund	9.6	(9,860,682)	–
Gratuity paid	9.4	(997,700)	(2,751,880)
Finance cost paid		(76,077,966)	(107,098,533)
Tax paid		(106,727,088)	(50,231,427)
Long term deposits		(2,215,200)	(3,024,312)
WPPF Paid		(15,803,946)	(14,628,751)
		(211,682,582)	(177,734,903)
Net cash generated / (utilized) from operating activities - Balance carried forward		442,157,356	(140,050,617)

	2016 (Rupees)	2015 (Rupees)
Balance brought forward	442,157,356	(140,050,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(284,896,282)	(220,133,346)
Sale proceeds from disposal of property, plant and equipment	598,732	3,941,558
Acquisition of subsidiary	(20,000,000)	–
Loan to subsidiary	(235,500,000)	–
Net cash used in investing activities	(539,797,550)	(216,191,788)
	(97,640,194)	(356,242,405)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	250,000,000	–
Long term loan repaid	(102,833,310)	(84,083,340)
Dividend paid	(320,871,624)	–
Repayment of liabilities against assets subject to finance lease	(27,919,111)	(16,896,571)
New leases acquired during the year	64,790,882	10,655,710
Short term borrowings	282,031,949	398,497,839
Net cash generated from financing activities	145,198,786	308,173,638
Net increase / (decrease) in cash and cash equivalents	47,558,592	(48,068,767)
Cash and cash equivalents at the beginning of the year	14,118,158	62,186,925
Cash and cash equivalents at the end of the year	61,676,750	14,118,158

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 (formerly Karachi Stock Exchange and Lahore Stock Exchange). 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 Bhikki, District Sheikhupura, Pakistan. The Company is engaged in the manufacturing and sale of industrial 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%
Nimir Management (Private) Limited	51%
Nimir Resins Limited (formerly Descon Chemicals Limited)	37.44%

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 (formerly Descon Chemicals Limited).

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

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. Wherever, the requirement of the Companies Ordinance, 1984 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2016

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
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement

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.

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.

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 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.

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 off.

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	-	actual 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.

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 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 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 Company and vice versa.

5.17 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.

5.18 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
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
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 7	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

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 September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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 1, 2018
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 16 – Leases	January 1, 2019

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015		Note	2016	2015
No. of shares				(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash		1,105,905,460	1,105,905,460

7 LONG TERM LOANS

Conventional arrangement

	Note	2016	2015
Term finance - secured I	7.1	93,750,000	131,250,000
Term finance - secured II	7.2	175,000,000	–
Term finance - secured III	7.3	75,000,000	–
Syndicated term finance - Secured IV		–	65,333,310
		343,750,000	196,583,310
Less: Current maturity shown under current liabilities		(100,000,000)	(102,833,310)
		243,750,000	93,750,000
Shariah compliant arrangement		–	–
		243,750,000	93,750,000

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 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 60 monthly instalments starting from December 2015 with grace period of nine months. This facility is secured against first 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 60 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.

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 150 bps (2015: 3 months KIBOR plus 200 bps to 6 months KIBOR plus 275 bps). The amount of future payments and the period during which they will become due are:

Year ending 30 June	2016 (Rupees)	2015 (Rupees)
2016	–	25,313,736
2017	39,232,107	26,597,448
2018	39,501,442	24,454,865
2019	42,471,056	27,009,218
2020	15,038,918	–
2021	16,523,199	–
	152,766,722	103,375,267
Less: Future finance charges	(19,687,743)	(13,432,059)
	133,078,979	89,943,208
Less: Current maturity shown under current liabilities	(28,701,586)	(17,937,506)
	104,377,393	72,005,702

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 agreement.

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

	2016		2015	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	39,232,107	28,701,586	25,313,736	17,937,506
Due later than 1 year but not later than 5 years	113,534,615	104,377,393	78,061,531	72,005,702
	152,766,722	133,078,979	103,375,267	89,943,208

9 NET DEFINED BENEFIT LIABILITY - FUNDED GRATUITY

	Note	2016 (Rupees)	2015 (Rupees)
Staff retirement benefits - gratuity	9.1	49,805,868	48,493,178

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

	2016 (Rupees)	2015 (Rupees)
Present value of defined benefits obligation	59,666,550	48,493,178
Less: Fair value of plan assets	(9,860,682)	–
	49,805,868	48,493,178

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

	2016 (Rupees)	2015 (Rupees)
Current service cost	5,075,030	4,397,917
Interest cost on defined benefit obligation	4,679,447	5,262,735
Expense recognized in the profit and loss account	9,754,477	9,660,652

		Note	2016 (Rupees)	2015 (Rupees)
9.3	The charge for the year has been allocated as follows:			
	Cost of sales	28.2	7,410,593	7,840,588
	Distribution costs	29.1	659,698	526,081
	Administrative expenses	30.1	1,684,186	1,293,983
			9,754,477	9,660,652
9.4	Movements in the net liability recognized in the balance sheet are as follows:			
	Net liabilities at the beginning of the year		48,493,178	41,194,711
	Expense recognized during the year		9,754,477	9,660,652
	Benefits paid		(997,700)	(2,751,880)
	Remeasurements charged to other comprehensive income		2,416,595	389,695
	Net liabilities at the end of the year		59,666,550	48,493,178
9.5	Movements in the present value of defined benefit obligation:			
	Present value of defined benefits obligation at the beginning of the year		48,493,178	40,994,681
	Current service cost		5,075,030	4,397,917
	Interest cost on defined benefit obligation		4,679,447	5,262,735
	Benefits paid		(997,700)	(2,551,850)
	Remeasurement:			
	Actuarial gain from changes in financial assumptions		(271,872)	–
	Experience adjustments		2,688,467	389,695
	Present value of defined benefits obligation as at June 30		59,666,550	48,493,178
9.6	Movements in the fair value of plan assets:			
	Fair value of plan assets at the beginning of the year		–	–
	Contribution by employer		9,860,682	–
	Fair value of plan assets as at June 30		9,860,682	–

Qualified actuaries have carried out the valuation as at 30 June 2016. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2016	2015
Discount rate for interest cost in profit & loss charge	9.75%	13.25%
Discount rate for obligation	7.25%	9.75%
Expected rates of salary increase in future years	6.25%	8.75%
Retirement assumption	Age 60	Age 60

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

Sensitivity level	Assumption	Impact on defined benefit obligation
+100 bps	Discount rate	55,158,033
- 100 bps	Discount rate	64,883,218
+100 bps	Expected increase in salary	64,951,469
- 100 bps	Expected increase in salary	55,017,440

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

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

9.7 During the year, the Company formed a funded gratuity plan, for all its permanent employees, duly approved by Commissioner Inland Revenue through order no. 7220314 dated May 17, 2016.

9.8 The contribution to the gratuity fund is placed under conventional arrangement.

10 DEFFERED TAX LIABILITY

	Note	2016 (Rupees)	2015 (Rupees)
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		232,347,688	247,820,611
Deferred tax assets on deductible temporary differences			
Trade debts - provision for doubtful debts		(6,004,031)	(6,391,389)
Provision against stock		(32,661,890)	(141,231)
Provision against advance		–	(461,560)
Provision against other		(859,462)	(2,151,917)
Deferred and unpaid liabilities		(28,525,391)	(22,749,708)
Tax losses and minimum tax credit carried forward		(54,736,360)	(156,717,408)
		109,560,554	59,207,398

11 TRADE AND OTHER PAYABLES

	Note	2016 (Rupees)	2015 (Rupees)
Creditors		128,728,225	113,003,143
Accrued liabilities		115,727,028	51,194,172
Security deposits	11.1	400,000	400,000
Advances from customers	11.2	11,578,979	11,312,779
Workers profit participation fund	11.3	32,507,240	15,803,946
Workers welfare fund	11.4	34,647,760	20,445,331
Withholding tax payable		1,904,594	660,047
Others		2,349,513	382,701
		327,843,339	213,202,119

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

11.2 This include advance received from subsidiary company amounting to Rs. 102,848.

		Note	2016 (Rupees)	2015 (Rupees)
11.3	Balance as at July 01		15,803,946	14,628,751
	Add: Provision for the year	31	32,507,240	15,803,946
	Less:Payments made during the year		(15,803,946)	(14,628,751)
	Balance as at June 30		32,507,240	15,803,946
11.4	Balance as at July 01		20,445,331	14,439,832
	Add: Provision for the year	31	14,202,429	6,005,499
	Less:Payments made during the year	11.5	-	-
	Balance as at June 30		34,647,760	20,445,331

11.5 No payment is made during the year as the case regarding collection of Workers Welfare Fund (WWF) by Provincial Governments after the passage of the 18th Amendment is pending before Honourable Supreme Court.

12 SHORT TERM BORROWINGS - SECURED

	Note	2016 (Rupees)	2015 (Rupees)
Conventional arrangement	12.1	1,065,066,569	755,101,502
Shariah compliant arrangement	12.2	67,561,425	95,494,543
		1,132,627,994	850,596,045

12.1 The aggregate of short term finance facilities available at period end is Rs. 2,770 million (2015: Rs. 1,625 million). The rate of mark up ranges from 1 month KIBOR + 15 bps to 6 months KIBOR + 150 bps with no floor and no cap (2015: 1 month KIBOR + 5 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, 2016 amounts to Rs. 750 million (2015: Rs. 276 million) and Rs. 96 million (2015: Rs.115 million) respectively.

12.2 The aggregate of short term finance facilities under Shariah compliant arrangements available at period end is Rs. 350 million (2015: Rs. 200 million). The rate of mark up ranges from 1 month KIBOR + 100 bps to 3 months and 6 months KIBOR + 125 bps with no floor and no cap (2015: 1 month KIBOR + 5 bps to 3 months and 6 months KIBOR + 125 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 as at June 30, 2016 amounts to Rs. 249 million (2015: Rs. 169 million).

13 CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

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.

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

13.2 COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee as at June 30, 2016 are as follows:

	2016 (Rupees)	2015 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery	464 million	73 million
Letter of guarantee given to SNGPL	96 million	96 million
Letter of guarantee given to PSO	15 million	5 million
Letter of guarantee given to Total PARCO	3 million	–

14 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 (Rupees)	2015 (Rupees)
Operating fixed assets	14.1	1,585,033,172	1,503,129,843
Capital work in progress	14.5	190,420,201	125,742,377
		1,775,453,373	1,628,872,220

14.1-14.2 (on next page)

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	2016 (Rupees)	2015 (Rupees)
Cost of sales	28	130,895,824	111,236,439
Distribution costs	29	1,576,126	2,807,344
Administrative expenses	30	5,430,927	4,688,245
		137,902,877	118,732,028

14.5 Capital work in progress

	2016				2015
	Building	Plant and machinery	Others	Total	Total
	(Rupees)				(Rupees)
Opening balance	–	125,742,375	–	125,742,375	610,647,014
Additions during the year	19,123,483	165,630,178	28,808,587	213,562,248	201,650,441
	19,123,483	291,372,553	28,808,587	339,304,623	812,297,455
Transferred to fixed assets	(19,123,483)	(119,376,363)	(10,384,576)	(148,884,422)	(686,555,078)
	-	171,996,190	18,424,011	190,420,201	125,742,377

14.1 Operating fixed assets

2016

Particulars	COST As at July 1, 2015	Additions / (Disposals)	Transfer / Adjustment	As at June 30, 2016	Rate %	DEPRECIATION Accumulated as at July 1, 2015	Charge for the year	(Disposals)	Transfer / Adjustment	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	–	54,388,659	10-50	24,440,465	8,153,027	(636,887)	–	31,956,605	22,432,054
		(742,074)									
Vehicles	18,852,417	2,217,160	9,081,853	29,251,430	20	12,649,062	4,293,021	(592,935)	6,712,606	23,061,754	6,189,676
		(900,000)									
	2,347,571,020	154,457,939	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
		(1,642,074)									
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	–	2,683,467,810		961,761,583	137,902,877	(1,229,822)	–	1,098,434,638	1,585,033,172
		(1,642,074)									

2015

Particulars	COST As at July 1, 2014	Additions / (Disposals)	Transfer / Adjustment	As at June 30, 2015	Rate %	DEPRECIATION Accumulated as at July 1, 2014	Charge for the year	(Disposals)	Transfer / Adjustment	Accumulated as at June 30, 2015	Net Book value As at June 30, 2015
Owned	(Rupees)					(Rupees)					(Rupees)
Free hold land	23,390,420	4,862,817	–	28,253,237	–	–	–	–	–	–	28,253,237
Building on free hold Land	123,189,151	94,702,912	–	217,892,063	4-5	49,609,470	8,325,601	–	–	57,935,071	159,956,992
Plant and machinery	1,539,431,428	497,301,861	–	2,036,733,289	4-50	755,908,106	92,558,519	–	–	848,466,625	1,188,266,664
Furniture and fittings	3,825,006	328,759	–	4,139,965	10-33	2,776,725	448,019	(5,995)	–	3,218,749	921,216
		(13,800)								–	–
Office and factory equipments	33,001,464	9,253,680	–	41,700,049	10- 50	17,190,473	7,743,242	(493,250)	–	24,440,465	17,259,584
		(555,095)						–		–	–
Vehicles	20,992,451	346,648	–	18,852,417	20	12,534,831	2,479,010	(2,364,779)	–	12,649,062	6,203,355
		(2,486,682)						–		–	–
	1,743,829,920	606,796,677	–	2,347,571,020		838,019,605	111,554,391	(2,864,024)	–	946,709,972	1,400,861,048
		(3,055,577)									
LEASED Vehicles	20,924,600	3,691,000	–	22,770,100	20	7,937,647	4,329,081	(63,673)	–	12,203,055	10,567,045
		(1,845,500)						–			
Plant and machinery		94,550,306		94,550,306	4-5	–	2,848,556	–	–	2,848,556	91,701,750
	20,924,600	98,241,306	–	117,320,406		7,937,647	7,177,637	(63,673)	–	15,051,611	102,268,795
		(1,845,500)						–			
2015	1,764,754,520	705,037,983	–	2,464,891,426		845,957,252	118,732,028	(2,927,697)	–	961,761,583	1,503,129,843
		(4,901,077)									

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: Honda City LWL-897	900,000	592,935	307,065	500,000	192,935	Tender	Mr. Tariq Mehmood, CNIC # 42101-1417434-3, House # 188, Block F1, WAPDA Town, Lahore
Office and factory equipment*	742,074	636,887	105,187	98,732	(6,455)	Negotiation	Various
Total	1,642,074	1,229,822	412,252	598,732	186,480		

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

15 INTANGIBLE

	Note	2016 (Rupees)	2015 (Rupees)
Software and licenses			
Cost:			
As at July 1		2,166,500	2,166,500
Additions during the year		–	–
As at June 30		2,166,500	2,166,500
Accumulated amortization:			
As at July 1		(1,171,055)	(758,038)
Amortization during the year	30	(434,244)	(413,017)
As at June 30		(1,605,299)	(1,171,055)
Net book value		561,201	995,445
Rate of amortization		20%	20%

16 INVESTMENT IN SUBSIDIARY

During the period, 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 (formerly Descon Chemicals Limited), a listed company engaged in the business of industrial chemicals. The effective shareholding of the Company in Nimir Resins Limited (formerly Descon Chemicals Limited) is 37.44%. The Company has determined that Nimir Resins Limited (formerly Descon Chemicals Limited) is a subsidiary in accordance with IFRS 10 Consolidated Financial Statements.

17 LOAN TO SUBSIDIARY

This represents loan provided to Nimir Holdings (Private) Limited for the purpose of investment in 51% shares of Nimir Management (Private) Limited for onward acquisition of Nimir Resins Limited (formerly Descon Chemicals Limited), as explained in note 16. The loan is repayable on demand. However, the Company does not intend to make demand within next 12 months.

18 LONG TERM DEPOSITS

	Note	2016 (Rupees)	2015 (Rupees)
Security deposits			
Leasing companies and banks	18.1	16,753,286	14,538,086
Others	18.2	14,415,842	14,415,842
		31,169,128	28,953,928

18.1 Security deposit against assets leased under Shariah compliant arrangement amounts to Rs. 884,300 (2015: Rs. 269,100)

18.2 It includes deposit amounting to Rs. 12.24 million (2015: Rs. 12.24 million) given to WAPDA for dedicated line.

19 STORES, SPARES AND LOOSE TOOLS

	2016 (Rupees)	2015 (Rupees)
Stores, spares and loose tools		
In hand	128,927,183	70,901,854
In transit	1,901,005	928,863
	130,828,188	71,830,717

20 STOCK IN TRADE

	Note	2016 (Rupees)	2015 (Rupees)
Raw and packing material			
In hand		217,876,004	108,000,870
In transit		229,285,387	383,814,519
		447,161,391	491,815,389
Provision for raw material		(10,433,626)	–
Provision for onerous contract		(76,194,000)	–
Provision for packing material		(427,973)	(427,973)
		(87,055,599)	(427,973)
		360,105,792	491,387,416
Finished goods		277,889,730	267,026,180
		637,995,522	758,413,596

21 TRADE DEBTS

	Note	2016 (Rupees)	2015 (Rupees)
Unsecured - considered good			
Due from customer	21.1	820,180,742	482,312,500
Due from associated company		471,953	–
		820,652,695	482,312,500
Considered doubtful		19,367,842	19,367,842
Provision for doubtful debts		(19,367,842)	(19,367,842)
		–	–
		820,652,695	482,312,500

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 Aggregate amount due from Directors, Chief Executives and Executives of the Company is Rs. Nil (2015: Rs. Nil).

22 LOANS AND ADVANCES

	Note	2016 (Rupees)	2015 (Rupees)
Considered good - unsecured			
Suppliers		54,133,212	28,762,238
Employees against business expenses		3,023,792	1,278,702
Employees against salary		7,227,234	4,840,254
		64,384,238	34,881,194

22.1 The above amount does not carry interest.

23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2016 (Rupees)	2015 (Rupees)
Security deposit	23.1	–	168,950
Prepayments		7,736,013	8,741,076
		7,736,013	8,910,026

23.1 Security deposits under Shariah compliant arrangement amounts to Rs. Nil (Rs. Nil).

24 OTHER RECEIVABLES

	Note	2016 (Rupees)	2015 (Rupees)
Margin against bank guarantee	24.1	16,491,350	11,716,515

24.1 Margin against bank guarantee under Shariah compliant arrangement amounting Rs. Nil (2015: Rs. Nil).

25 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2016 (Rupees)	2015 (Rupees)
Advance income tax		198,037,950	91,757,549
Sales tax		24,906,740	16,465,032
Federal excise duty refundable		3,748,500	3,748,500
		226,693,190	111,971,081

26 CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		2,792,186	389,048
Cash at bank			
Conventional arrangement			
Current accounts		52,395,336	13,518,186
Savings account	26.1	462,455	53,663
		52,857,791	13,571,849
Shariah compliant arrangement			
Current account		6,026,773	157,261
		58,884,564	13,729,110
		61,676,750	14,118,158

26.1 These carry mark-up rate ranging from 4% to 5% (2015: 4.75%) per annum.

27 SALES

	2016 (Rupees)	2015 (Rupees)
Gross sales		
Local sales	5,862,388,672	4,284,995,883
Export sales	1,750,400	–
	5,864,139,072	4,284,995,883
Less: sales tax	(852,776,538)	(621,495,417)
Less: discount	(93,950)	(1,143)
Net sales	5,011,268,584	3,663,499,323

28 COST OF SALES

	Note	2016 (Rupees)	2015 (Rupees)
Raw and packing material consumed	28.1	3,232,518,369	2,657,662,060
Salaries, wages and benefits	28.2	179,026,965	127,240,009
Depreciation	14.4	130,895,824	111,236,439
Fuel and power		345,593,504	259,634,704
Stores, spares and loose tools consumed		92,057,062	39,713,733
Repairs and maintenance		28,467,614	16,071,037
Traveling, conveyance and entertainment		17,782,182	15,510,003
Communications		868,250	919,770
Insurance		7,551,823	6,249,518
Printing and stationery		1,598,434	1,777,107
Other expenses		13,696,906	8,049,380
		4,050,056,933	3,244,063,760
Add: opening stock-finished goods	20	267,026,180	125,584,451
Less: closing stock-finished goods	20	(277,889,730)	(267,026,180)
		4,039,193,383	3,102,622,031

28.1 Raw and packing material consumed

	Note	2016 (Rupees)	2015 (Rupees)
Opening balance		491,387,416	428,631,409
Purchases		3,101,236,745	2,720,418,067
		3,592,624,161	3,149,049,476
Less: closing balance	20	(360,105,792)	(491,387,416)
Raw and packing material consumed		3,232,518,369	2,657,662,060

28.2 This includes Rs. 7.4 million (2015: Rs. 7.8 million) in respect of staff retirement benefits - gratuity scheme.

29 DISTRIBUTION COSTS

	Note	2016 (Rupees)	2015 (Rupees)
Salaries, wages and benefits	29.1	18,620,389	11,584,210
Repairs and maintenance		94,567	42,940
Traveling, conveyance and entertainment		2,656,730	2,506,225
Communications		221,474	225,723
Insurance		2,011,531	1,641,806
Freight outward		40,853,469	28,109,892
Distribution commission		38,441,831	29,009,837
Packing, carriage and forwarding		1,320	183,960
Printing and stationery		143,711	257,860
Depreciation	14.4	1,576,126	2,807,344
Other expenses		271,862	195,616
		104,893,010	76,565,413

29.1 This includes Rs. 0.7 million (2015: Rs. 0.5 million) in respect of staff retirement benefits - gratuity scheme.

30 ADMINISTRATIVE EXPENSES

	Note	2016 (Rupees)	2015 (Rupees)
Salaries, wages and benefits	30.1	60,127,592	38,769,002
Fuel and power		976,670	912,206
Repairs and maintenance		1,405,677	916,826
Traveling, conveyance and entertainment		11,084,164	8,253,538
Communications		3,149,824	2,517,303
Insurance		1,289,164	952,178
Rent, rates and taxes		1,576,141	1,307,135
Printing and stationery		1,131,599	1,230,007
Advertising and sale promotion		825,388	544,452
Legal, professional and consultancy charge		3,149,666	3,271,211
Auditors' remuneration	30.2	1,750,000	1,225,000
Depreciation	14.4	5,430,927	4,688,245
Amortization	15	434,244	413,017
Other expenses		9,964,783	7,252,234
		102,295,839	72,252,354

30.1 This includes Rs. 1.7 million (2015: Rs. 1.3 million) in respect of staff retirement benefits - gratuity scheme.

30.2 Auditors' remuneration

	2016 (Rupees)	2015 (Rupees)
Audit fee	1,000,000	725,000
Consolidation, reviews and certifications	680,000	430,000
Out of pocket expenses	70,000	70,000
	1,750,000	1,225,000

31 OTHER EXPENSES

	Note	2016 (Rupees)	2015 (Rupees)
Workers profit participation fund	11.3	32,507,240	15,803,946
Workers welfare fund	11.4	14,202,429	6,005,499
Loss on sale of damaged packing material - scrap		901,034	1,513,536
		47,610,703	23,322,981

32 OTHER INCOME

	Note	2016 (Rupees)	2015 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment	14.2	186,480	1,968,178
Reversal of provision on sales tax refundable		–	13,598,057
Miscellaneous income	32.1	182,212	1,546,229
Financial assets			
Profit on savings account	32.2	305,600	2,170,751
Profit on term deposit receipt	32.2	144,365	357,539
		818,657	19,640,754

32.1 Income earned under Shariah compliant arrangement amount to Rs. Nil (2015: Rs. Nil).

32.2 Profit earned under Shariah compliant arrangement amount to Rs. Nil (2015: Rs. Nil).

33 FOREIGN EXCHANGE LOSS

	Note	2016 (Rupees)	2015 (Rupees)
Foreign liabilities	33.1	24,139,486	7,778,704

33.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 897,926 (2015: Rs. Nil).

34 FINANCE COST

	2016 (Rupees)	2015 (Rupees)
Mark-up on		
Long term loans	24,185,696	25,364,071
Short term borrowings	54,225,716	70,831,754
Financial charges on lease	6,264,000	5,910,232
Bank charges, fee and commission	5,844,270	4,224,467
	90,519,682	106,330,524

35 TAXATION

	2016 (Rupees)	2015 (Rupees)
Current tax:		
Current year	111,497,880	295,386
Prior year	151,301	(13,273,122)
	111,649,181	(12,977,736)
Deferred tax:		
Relating to the reversal and origination of temporary differences	52,952,531	85,204,004
Expense resulting from reduction in tax rate	(1,850,231)	262,592
	51,102,300	85,466,596
	162,751,481	72,488,860

36 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

36.1 Basic

	2016	2015
Profit attributable to ordinary shareholders	440,683,657	221,779,210
Weighted average number of ordinary shares	110,590,546	110,590,546
Earnings per ordinary share	3.98	2.01

36.2 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.

37 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.

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 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, short term deposits, advances to suppliers, 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	
	2016	2015
	(Rupees)	(Rupees)
Long-term deposits	31,169,128	28,953,928
Short-term deposits	–	168,950
Trade debts – unsecured	820,652,695	482,312,500
Advances	54,133,212	28,762,238
Other receivables	16,491,350	11,716,515
Bank balances	58,884,564	13,729,110

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:

37.1.1 Trade Debts

	2016	2015
	(Rupees)	(Rupees)
Other than related parties		
Neither past due nor impaired	514,228,299	278,867,673
Past due but not impaired		
1-30 days	265,514,127	121,702,641
31-60 days	36,122,462	81,726,256
61-90 days	4,315,855	15,930
Over 90 days	–	–
	305,952,443	203,444,827

	2016 (Rupees)	2015 (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
	839,548,584	501,680,342
Related parties		
Neither past due nor impaired	470,597	–
Past due but not impaired		
1-30 days	1,356	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	–	–
	1,356	–
	471,953	–

37.1.1.1 The sale to one major customer amounts to Rs. 714,425,524 (2015: Rs. 674,251,186) which represents more than 10% of the total revenue.

37.1.1.2 As at June 30, 2016, trade debts of Rs. 19.37 million (2015: Rs. 19.37 million) were impaired and provided for.

37.1.2

Bank Financial institution	Ratings Agency	Short Term	Long term	2016 (Rupees)	2015 (Rupees)
Albaraka Bank (Pakistan) Limited	PACRA	A1	A	1,724,954	157,261
Deutsche Bank AG	Moody's	P-2	Baa2	–	7,531
Habib Bank Limited	JCR-VIS	A1+	AAA	9,685	614,003
MCB Bank Limited	PACRA	A1+	AAA	462,455	53,663
Meezan Bank Limited	JCR-VIS	A1+	AA	4,301,819	–
National Bank of Pakistan	PACRA	A1+	AAA	55,608	(248,078)
Silk Bank Limited	JCR-VIS	A-2	A-	6,157	5,248
Standard Chartered Bank Limited	PACRA	A1+	AAA	375,265	266,191
The Bank of Punjab	PACRA	A1+	AA-	51,948,621	12,873,291
				58,884,564	13,729,110

37.2 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, 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	247,204,766	–	247,204,766
Total financial liabilities	1,540,288,380	348,127,393	1,888,415,773
For the year ended June 30, 2015			
Long term loans	102,833,310	93,750,000	196,583,310
Liabilities against assets subject to finance lease	17,937,506	72,005,702	89,943,208
Short term borrowings	850,596,045	–	850,596,045
Mark up accrued	11,989,038	–	11,989,038
Unclaimed dividend	687,266	–	687,266
Trade and other payables	164,980,016	–	164,980,016
Total financial liabilities	1,149,023,181	165,755,702	1,314,778,883

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 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.

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 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. 15.8 million (2015: Rs. 11.3 million) higher / lower. This analysis is prepared assuming that all other 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 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 27% (2015: 17%).

37.5 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.

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	2016 (Rupees)	2015 (Rupees)
Parent company	Dividend Paid	188,011,941	–
Subsidiary company	Investment in shares	20,000,000	–
Subsidiary company	Long term loan	235,500,000	–
Subsidiary company	Sale of goods	36,169,036	–
Subsidiary company	Services provided	678,739	–
Subsidiary company	Services acquired	798,303	–
Associated company	Sale of goods	1,301,344	–
Staff retirement benefits	Gratuity Paid	997,700	–

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Number of persons	1	1	2	2	24	19
			(Rupees)			
Remuneration	6,193,548	4,064,516	9,290,322	6,193,548	29,286,240	21,220,852
Housing	2,787,098	1,829,033	4,180,646	2,787,098	13,178,834	9,549,401
Utilities	619,354	406,451	929,032	619,352	2,928,603	2,122,067
Bonus	1,703,245	1,536,647	2,595,420	2,304,970	9,617,067	9,301,301
	11,303,245	7,836,647	16,995,420	11,904,968	55,010,744	42,193,621

39.1 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.

39.2 An amount of Rs. 974,000 (2015: Rs. 617,777) was paid to directors on attending the board meetings.

40 NUMBER OF EMPLOYEES

	2016	2015
Number of employees as at 30 June	133	134
Average number of employees during the year	136	132

41 PRODUCTION CAPACITY IN METRIC TONS

	2016 Maximum Capacity (MT)	2016 Actual Production (MT)	2015 *Maximum Capacity (MT)	2015 Actual Production (MT)
Oleo Chemicals	45,500	44,816	36,000	29,001
Chlor Alkali Products	41,500	40,151	37,000	33,134

* Determined on weighted average basis.

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

42 POST BALANCE SHEET EVENTS

The Board of Directors at its meeting held on September 29, 2016 has approved a final dividend @ Rs. Nil per share, the Board had earlier declared and paid interim cash dividends totaling Rs. 2 per share (i.e. 20%). Therefore total cash dividend for the year ended 30 June 2016 is Rs. 2 per share (2015: Rs. 1 per share).

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on Thursday, September 29, 2016.

44 CORRESPONDING FIGURES

Following figures have been rearranged for better and fair presentation.

From		To		Amount
Note no.	Name	Note no.	Name	Rupees
12	Short term borrowings	26	Cash and bank balances	157,261

CHIEF EXECUTIVE OFFICER

DIRECTOR

FINANCIAL STATEMENTS - CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2016

DIRECTORS' REPORT

The Board of Directors of the Company is pleased to present consolidated financial statement of the Company for the year ended June 30, 2016.

During the period Nimir Industrial chemicals Limited formed a wholly owned subsidiary under the name of Nimir Holding Private Limited (NHPL), which acquired the majority shareholding of Nimir Resins Limited (formerly Descon Chemicals Limited) (NRL) through Nimir Management Private Limited (NMPL). NRL is a listed Company engaged in the manufacturing and sales of surface coating, polyesters, paper chemicals and textile auxiliaries. The effective shareholding of Nimir group is as follow:

1.	The holding of NICL in NHPL	100%
2.	The holding oh NHPL in NMPL	51%
3.	The holding of NMPL in NRL	51%
4.	The holding of NHPL in NRL	11.43%

The effective shareholding of the NICL in NRL is 37.44%. After taking over the control in January 2016, NRL has been turned into a viable venture. NRL posted net profit of Rs. 53 million in the FY 2016 as against net loss of Rs. 82 million in the FY 2015. NRL is operating in a very competitive environment and competing with unorganized sector. Having strong technical knowledge and vast experience of the chemicals business, the management of the Company is confident to continue this momentum of improvement in future, Insha Allah.

A process of issuing right shares of Rs. 385 million in NRL has already started. The process in advance stage and would be completed in October 2016.

Corporate Governance:

As required under Code of Corporate Governance, the board of Directors states that:

- 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.

External Auditor:

The present auditors M/s EY Ford Rhodes and Company, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment as external auditor of the Company for the year ending June 30, 2017.

Dividend / Bonus Shares:

During the year NICL declared 20% cash dividend during the financial year ended June 30, 2016.

For and on behalf of the Board

September 29, 2016
Lahore

Zafar Mahmood
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED JUNE 30, 2016

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 as at June 30, 2016 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 opinion on the financial statements of the Nimir Industrial Chemicals Limited, Nimir Holding (Private) Limited and Nimir Management (Private) Limited, while the financial statements of Nimir Resins Limited (formerly Descon Chemicals Limited) were audited by other 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 Nimir Industrial Chemicals Limited and its subsidiary companies as at June 30, 2016 and the results of their operations for the year then ended.

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner : Naseem Akbar

Lahore
September 29, 2016

CONSOLIDATED BALANCE SHEET

	Note	2016 (Rupees)	2015 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
145,000,000 (2015: 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		779,601,452	574,711,100
Non-controlling interest		206,192,467	–
		2,091,699,379	1,680,616,560
NON CURRENT LIABILITIES			
Long term loans	8	442,546,714	93,750,000
Liabilities against assets subject to finance lease	9	104,377,393	72,005,702
Net defined benefit liability - unfunded gratuity	10	–	48,493,178
Deferred tax liability	11	140,261,558	59,207,398
		687,185,665	273,456,278
CURRENT LIABILITIES			
Trade and other payables	12	507,118,503	213,202,119
Net defined benefit liability - funded gratuity	10	49,805,868	–
Mark up accrued		29,973,118	11,989,038
Unclaimed dividend		11,880,099	687,266
Short term borrowings	13	1,903,994,062	850,596,045
Current maturity of long term loans	8	100,000,000	102,833,310
Current maturity of liabilities against assets subject to finance lease	9	28,701,586	17,937,506
Provision for taxation		130,857,736	1,657,258
		2,762,330,972	1,198,902,542
CONTINGENCIES AND COMMITMENTS	14	–	–
TOTAL EQUITY AND LIABILITIES		5,541,216,016	3,152,975,380

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

AS AT JUNE 30, 2016

	Note	2016 (Rupees)	2015 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	2,249,899,897	1,628,872,220
Intangible	16	2,219,885	995,445
Long term deposits	17	38,819,084	28,953,928
Net defined benefit assets - funded gratuity	10	1,384,342	–
		2,292,323,208	1,658,821,593
CURRENT ASSETS			
Stores, spares and loose tools	18	141,939,842	71,830,717
Stock in trade	19	1,127,394,072	758,413,596
Trade debts	20	1,224,767,562	482,312,500
Loans and advances	21	112,852,978	34,881,194
Trade deposits and short term prepayments	22	9,940,760	8,910,026
Other receivables	23	46,514,001	11,716,515
Tax refunds due from government	24	377,530,496	111,971,081
Cash and bank balances	25	207,953,097	14,118,158
		3,248,892,808	1,494,153,787
TOTAL ASSETS		5,541,216,016	3,152,975,380

DIRECTOR

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees)	2015 (Rupees)
Sales - net	26	5,996,801,077	3,663,499,323
Cost of sales	27	(4,892,340,440)	(3,102,622,031)
Gross profit		1,104,460,637	560,877,292
Distribution costs	28	(125,713,484)	(76,565,413)
Administrative expenses	29	(150,749,030)	(72,252,354)
Other expenses	30	(64,137,085)	(23,322,981)
Other income	31	105,521,630	19,640,754
Foreign exchange loss	32	(24,139,486)	(7,778,704)
Operating profit		845,243,182	400,598,594
Finance cost	33	(112,542,302)	(106,330,524)
Profit before taxation		732,700,880	294,268,070
Taxation	34	(178,503,413)	(72,488,860)
Profit after taxation		554,197,467	221,779,210
Attributable to:			
Equity holders of the parent		535,641,380	221,779,210
Non-controlling interests		18,556,087	–
		554,197,467	221,779,210
Earnings per share - basic and diluted	35	4.84	2.01

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees)	2015 (Rupees)
Profit after taxation		554,197,467	221,779,210
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan - net of tax	10	(2,271,555)	(189,665)
Total comprehensive income for the year		551,925,912	221,589,545
Attributable to:			
Equity holders of the parent		533,759,895	221,589,545
Non-controlling interests		18,166,017	–
		551,925,912	221,589,545

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up share capital (Rupees)	Unappropriated profit (Rupees)	Non-controlling interest (Rupees)	Total (Rupees)
Balance as on July 1, 2014	1,105,905,460	353,121,555	–	1,459,027,015
Total comprehensive income for the year	–	221,589,545	–	221,589,545
Balance as on June 30, 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 June 30, 2016	1,105,905,460	779,601,452	206,192,467	2,091,699,379

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 (Rupees)	2015 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	732,700,880	294,268,070
Adjustment for:		
Depreciation	151,353,326	118,732,028
Amortization	2,359,553	413,017
Finance cost	112,542,302	106,330,524
Provision against stock in trade	89,771,835	–
Provision for gratuity	8,044,179	9,860,682
Provision for doubtful debts	7,635,043	–
Payable written back	(345,759)	–
Loan written off	(15,000,000)	–
Reversal of provision against others	–	(13,598,057)
Loss / (gain) on disposal of property, plant and equipment	46,283	(1,968,178)
Exchange loss	897,926	–
Intangible written off	14,247,295	–
	371,551,983	219,770,016
Operating profit before working capital changes	1,104,252,863	514,038,086
(Increase) / decrease in current assets		
Stores, spares and loose tools	(58,465,725)	(17,383,042)
Stock in trade	(195,921,854)	(240,744,731)
Trade debts	(488,365,293)	(242,018,343)
Loans and advances	(63,096,011)	(7,525,608)
Trade deposits and short term prepayments	29,258,088	(767,218)
Other receivables	(34,797,486)	345,373
Tax refunds due from government	(19,498,058)	42,083,354
	(830,886,339)	(466,010,215)
Increase / (decrease) in current liabilities		
Trade and other payables	58,148,785	(24,972,336)
	(772,737,554)	(490,982,551)
Cash generated from operations	331,515,309	23,055,535
Contribution to gratuity fund	(9,860,682)	–
Gratuity paid	(997,700)	(2,751,880)
Finance cost paid	(90,990,837)	(107,098,533)
Tax paid	(137,746,644)	(50,231,427)
Long term deposits	(2,215,200)	(3,024,312)
	(241,811,063)	(163,106,152)
Net cash generated / (utilized) from operating activities	89,704,246	(140,050,617)

	2016 (Rupees)	2015 (Rupees)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(302,510,367)	(220,133,346)
Purchase of intangible asset	(1,658,684)	–
Sale proceeds from disposal of property, plant and equipment	2,900,463	3,941,558
Acquisition of subsidiary, net of cash acquired	28,243,676	–
Net cash used in investing activities	(273,024,912)	(216,191,788)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	349,548,036	–
Long term loan repaid	(289,884,632)	(84,083,340)
Acquisition of non-controlling interest	(26,205,963)	–
Dividend paid	(320,871,624)	–
Repayment of liabilities against assets subject to finance lease	(27,919,111)	(16,896,571)
New leases acquired during the year	64,790,882	10,655,710
Short term borrowings	627,698,017	398,497,839
Net cash generated from financing activities	377,155,605	308,173,638
Net increase / (decrease) in cash and cash equivalents	193,834,939	(48,068,767)
Cash and cash equivalents at the beginning of the year	14,118,158	62,186,925
Cash and cash equivalents at the end of the year	207,953,097	14,118,158

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 ("NRPL")

Subsidiary Companies

Nimir Holding (Private) Limited ("NHPL")

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL") (formerly Descon Chemicals Limited)

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:	11.43%
• Effective holding of NICL in NRL:	37.44%

Nimir Industrial Chemicals Limited ("The Company") was incorporated in Pakistan as a public limited company and its shares are listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange and Lahore Stock Exchange). 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 Bhikki, District Sheikhupura, Pakistan. The Company is engaged in the manufacturing and sale of industrial chemical products.

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

Nimir Resins Limited (formerly Descon Chemicals Limited) was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was converted into public limited company on August 19, 1991 with the name of Nimir Resins Limited. The name of the company was changed to Descon Chemicals Limited on April 1, 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 April 18, 2016. The shares of Nimir Resins Limited are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange and Lahore Stock Exchange). 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 (formerly Descon Chemicals 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 April 18, 2016 Nimir Holding (Private) Limited further acquired 4,007,031 (2.01%) shares of Descon Chemicals Limited through public offer, resulting in increase in the shareholding of Nimir Holding (Private) Limited in Descon Chemicals Limited to 11.43%.

1.4 As a result of adoption of International Financial Reporting Standard (IFRS) – 10 'Consolidated Financial Statements', the Company assessed the control conclusion of its investment in Nimir Resins Limited (NRL) (formerly Descon Chemicals Limited) that although, the Company has less than 50% shareholding in NRL, however, based on absolute size of the Company's shareholding, common directorship and management, the Company has the ability to exercise control over NRL as per the terms of IFRS-10. Henceforth, the Company 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 (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. Wherever, the requirement of the Companies Ordinance, 1984 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2016

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
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements except as disclosed in note 1.4 above.

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 Parent and its Subsidiary are prepared separately.

3.2 Basis of consolidation

The Group's consolidated financial statements include the financial statements 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 identified in note 5.1. 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 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.

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.

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 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.

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 is calculated using reducing balance method except vehicles that are depreciated using straight line method at rates disclosed in note 15.1 which are considered appropriate to write off the cost of the assets over their useful lives. However, in order to streamline with the group policy, the subsidiary company has subsequently changed the depreciation policy from reducing balance method to straight line method with effect from 1st July 2016.

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 9. 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	-	actual 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.

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 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 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.

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.

Profit or loss 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 Company 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 Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5.18 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
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
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
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
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

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 September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

6 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST

6.1 Acquisition during current year

As mentioned in Note 1.2, the Group acquired control in Nimir Resins Limited (formerly Descon Chemicals Limited). The Group acquired control in said company to diversify its product portfolio and increase its market capitalization.

The Group has elected to measure the non-controlling interest in the acquiree at proportionate value.

Assets acquired and liabilities assumed:

The fair values of identifiable assets and liabilities of Nimir Resins Limited (formerly Descon Chemicals Limited) as at the date of acquisition were:

ASSETS	**Fair value recognized on acquisition (Rupees)**
Non Current Assets	
Property, plant and equipment	472,817,382
Intangible	16,172,604
Long term deposits	7,649,956
Retirement benefit asset – prepayments	2,342,719
	498,982,661
Current Assets	
Stores, spares and loose tools	11,643,400
Stock in trade	262,830,457
Trade debts	261,724,812
Loans and advances	14,875,773
Tax refunds due from government	108,761,400
Trade deposits, short term prepayments and other receivables	30,288,822
Cash and bank balances	66,286,276
	756,410,940
Total Assets	1,255,393,601
LIABILITIES	
Long term financing from banking companies	179,300,000
Long term financing from director	122,000,000
Deferred tax liability	25,577,456
	326,877,456
Current Liabilities	
Trade and other payables	235,215,432
Accrued mark up	2,675,020
Unclaimed dividend	292,819
Short term borrowings	425,700,000
Provision for taxation	7,628,502
	671,511,773
Total Liabilities	998,389,229
Net assets at acquisition	257,004,372
Non-controlling interest (64.57% of net assets)	(165,947,723)
Gain on acquisition of subsidiary	(86,455,567)
Purchase consideration transferred	4,601,082

	Cash flow on acquisition (Rupees)
Net cash acquired with the subsidiary	66,286,276
Cash paid	(4,601,082)
Net cash flow on acquisition	61,685,194

From the date of acquisition, Nimir Resins Limited has contributed Rs. 1,021,701,529 of revenue and Rs. 37,749,202 to the profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been Rs. 1,778,018,742 and the profit from continuing operations for the Group would have been Rs. 72,878,496.

Subsequent to acquisition, the Group has acquired further shares as disclosed in Note 1.3.

6.2 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 shareholding %	NCI shareholding %	Country of incorporation	Financial year end
Nimir Management (Private) Limited (NMPL)	51	49	Pakistan	30 June
Nimir Resins Limited (NRL)	37.44	62.56	Pakistan	30 June

Accumulated balances of material non-controlling interest:

Name of subsidiary	2016	2015
	(Rupees)	
Nimir Management (Private) Limited	2,038,663	–
Nimir Resins Limited	204,153,804	–
Profit allocated to material non-controlling interest:		
Nimir Management (Private) Limited	(4,519,819)	–
Nimir Resins Limited	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:

	2016		2015	
	NMPL	NRL	NMPL	NRL
	(Rupees)		(Rupees)	
Revenue	–	1,021,701,529	–	–
Cost of sales	–	(888,797,326)	–	–
Distribution costs	–	(20,820,474)	–	–
Administrative expenses	(7,771,672)	(40,398,162)	–	–
Other expenses	–	(17,613,896)	–	–
Other income	–	19,247,505	–	–
Finance cost	(1,452,448)	(20,569,974)	–	–
(Loss)/Profit before tax	(9,224,120)	52,749,202	–	–
Tax	–	(15,751,932)	–	–
(Loss)/Profit after tax	(9,224,120)	36,997,270	–	–
Total comprehensive (loss) income	(9,224,120)	36,393,166	–	–
Attributable to non-controlling interests	(4,519,819)	22,685,836	–	–

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015		Note	2016	2015
No. of shares				(Rupees)	(Rupees)
110,590,546	110,590,546	Ordinary shares of Rs. 10 each fully paid in cash		1,105,905,460	1,105,905,460

8 LONG TERM LOANS

Conventional arrangement

	Note	2016	2015
Term finance - secured I	8.1	93,750,000	131,250,000
Term finance - secured II	8.2	175,000,000	–
Term finance - secured III	8.3	75,000,000	–
Syndicated term finance - secured IV		–	65,333,310
Loan from associated Company	8.4	40,631,688	–
Loan from associated persons	8.5	58,916,348	–
Loan from directors	8.6	99,248,678	–
		542,546,714	196,583,310
Less: current maturity shown under current liabilities		(100,000,000)	(102,833,310)
		442,546,714	93,750,000
Shariah compliant arrangement		–	–
		442,546,714	93,750,000

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 pari passu charge over present and future fixed assets of the 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 60 monthly instalments starting from December 2015 with grace period of nine months. This facility is secured against first pari passu charge over present and future fixed assets of the 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 60 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.

8.4 This represents long term loan obtained from associated company of Nimir Management (Private) Limited during the year. This loan is interest free and repayable on demand on the option of the lender, as per terms of the agreement.

8.5 This represents long term loans obtained from other directors of Nimir Management (Private) Limited during the year. These loans are interest free and repayable on demand on the option of the lenders, as per terms of the agreement.

8.6 This represents long term loans obtained from directors/sponsors of Nimir Resins Limited (formerly Descon Chemicals Limited) during the year. These loans are interest free and repayable on demand on the option of the lender, as per terms of the agreement.

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 150 bps (2015: 3 months KIBOR plus 200 bps to 6 months KIBOR plus 275 bps). The amount of future payments and the period during which they will become due are:

	2016 (Rupees)	2015 (Rupees)
Year ending 30 June		
2016	–	25,313,736
2017	39,232,107	26,597,448
2018	39,501,442	24,454,865
2019	42,471,056	27,009,218
2020	15,038,918	–
2021	16,523,199	–
	152,766,722	103,375,267
Less: Future finance charges	(19,687,743)	(13,432,059)
	133,078,979	89,943,208
Less: Current maturity shown under current liabilities	(28,701,586)	(17,937,506)
	104,377,393	72,005,702

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 agreement.

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

	2016		2015	
	MLP	PV of MLP	MLP	PV of MLP
	(Rupees)		(Rupees)	
Due not later than 1 year	39,232,107	28,701,586	25,313,736	17,937,506
Due later than 1 year but not later than 5 years	113,534,615	104,377,393	78,061,531	72,005,702
	152,766,722	133,078,979	103,375,267	89,943,208

10 NET DEFINED BENEFIT LIABILITY / (ASSET) - FUNDED GRATUITY

	2016 (Rupees)	2015 (Rupees)
Staff retirement benefit plan- parent		
Present value of defined benefits obligation	59,666,550	48,493,178
Less: fair value of plan assets	(9,860,682)	–
	49,805,868	48,493,178

	Note	2016 (Rupees)	2015 (Rupees)
Staff retirement benefit plan- subsidiary			
Present value of defined benefits obligation		8,080,679	–
Less: fair value of plan assets		(9,465,021)	–
		(1,384,342)	–

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

	Note	2016 (Rupees)	2015 (Rupees)
Present value of defined benefits obligation	10.5	67,747,229	48,493,178
Less: Fair value of plan assets	10.6	(19,325,703)	–
		48,421,526	48,493,178

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

	Note	2016 (Rupees)	2015 (Rupees)
Current service cost		5,298,403	4,397,917
Interest cost on defined benefit obligation		5,017,331	5,262,735
Expense recognized in the profit and loss account		10,315,734	9,660,652

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

	Note	2016 (Rupees)	2015 (Rupees)
Cost of sales	27.2	7,938,175	7,840,588
Distribution costs	28.1	670,923	526,081
Administrative expenses	29.1	1,706,636	1,293,983
		10,315,734	9,660,652

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

	Note	2016 (Rupees)	2015 (Rupees)
Net liabilities at the beginning of the year		48,493,178	41,194,711
Net liabilities assumed through acquisition of subsidiary		(2,342,719)	–
Expense recognized during the year		9,849,847	9,660,652
Benefits paid		(997,700)	(2,751,880)
Return on plan assets		340,722	–
Contribution during the year		(9,860,682)	–
Remeasurements charged to other comprehensive income		2,938,879	389,695
Net liabilities at the end of the year		48,421,525	48,493,178

10.5 Movement in the present value of defined benefit obligation

	Note	2016 (Rupees)	2015 (Rupees)
Present value of defined benefit obligation at the beginning of the year		48,493,178	40,994,681
Present value of defined benefit obligation assumed through acquisition of subsidiary		6,997,138	–
Current service cost		5,298,403	4,397,917
Interest cost on defined benefit obligation		5,017,331	5,262,735
Benefits paid		(997,700)	(2,551,850)
Remeasurement:			
Actuarial gain from changes in financial assumptions		250,412	–
Experience adjustments		2,688,467	389,695
Present value of defined benefit obligation as at June 30		67,747,229	48,493,178

	2016 (Rupees)	2015 (Rupees)

10.6 Movement in the fair value of plan assets

	2016 (Rupees)	2015 (Rupees)
Fair value of plan assets at the beginning of the year	–	–
Fair value of plan assets acquired through acquisition of subsidiary	9,339,856	–
Contribution during the year	9,860,682	–
Expected return on plan assets	465,887	–
Return on plan assets	(340,722)	–
Fair value of plan assets as at June 30	19,325,703	–

10.7 Plan assets composition

	2016 (Rupees)	2015 (Rupees)
Investment in treasury bills	6,199,584	–
Investment in listed shares	2,394,649	–
Cash at bank	10,731,470	–
	19,325,703	–

The cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by an independent actuary. The projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2016	2015
Discount rate for interest cost in profit and loss charge	9.75%	13.25%
Discount rate for obligation	7.25%	9.75%
Expected rates of salary increase in future years	6.25%	8.75%
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	62,495,200
- 100 bps	Discount rate	73,834,754
+100 bps	Expected increase in salary	73,912,624
- 100 bps	Expected increase in salary	62,333,059

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 9.8 years for subsidiary.

During the year, the Holding Company formed a funded gratuity plan, for all its permanent employees, duly approved by Commissioner Inland Revenue through order no. 7220314 dated May 17, 2016.

10.8 The contribution to the gratuity fund is placed under conventional arrangement.

11 DEFFERED TAX LIABILITY

	Note	2016 (Rupees)	2015 (Rupees)
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		300,981,870	247,820,611
Deferred tax assets on deductible temporary differences			
Trade debts - provision for doubtful debts		(6,004,031)	(6,391,389)
Provision against stock		(32,661,890)	(141,231)
Provision against advance		–	(461,560)
Provision against others		(22,542,636)	(2,151,917)
Deferred and unpaid liabilities		(28,525,391)	(22,749,708)
Tax losses and minimum tax credit carried forward		(70,986,364)	(156,717,408)
		140,261,558	59,207,398

12 TRADE AND OTHER PAYABLES

	Note	2016 (Rupees)	2015 (Rupees)
Creditors		268,422,986	113,003,143
Accrued liabilities		128,600,572	51,194,172
Security deposits	12.1	400,000	400,000
Advances from customers		29,490,687	11,312,779
Workers profit participation fund	12.2	35,557,857	15,803,946
Workers welfare fund	12.3	34,730,981	20,445,331
Withholding tax payable		1,907,040	660,047
Others		8,008,380	382,701
		507,118,503	213,202,119

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

		Note	2016 (Rupees)	2015 (Rupees)
12.2	Balance as at July 01		15,803,946	14,628,751
	Add: Provision for the year	30	35,557,857	15,803,946
	Less: Payments made during the year		(15,803,946)	(14,628,751)
	Balance as at June 30		35,557,857	15,803,946
12.3	Balance as at July 01		20,445,331	14,439,832
	Add: Provision for the year	30	14,285,650	6,005,499
	Less: Payments made during the year	12.4	–	–
	Balance as at June 30		34,730,981	20,445,331

12.4 No payment is made during the year as the case regarding collection of Workers Welfare Fund (WWF) by provincial governments after the passage of the 18th Amendment is pending before The Honourable Supreme Court of Pakistan.

	Note	2016	2015
13 SHORT TERM BORROWINGS - SECURED		(Rupees)	(Rupees)
Conventional arrangement	13.1	1,683,932,637	755,101,502
Shariah compliant arrangement	13.2	220,061,425	95,494,543
		1,903,994,062	850,596,045

13.1 The aggregate of short term finance facilities available at period end is Rs. 2,770 million (2015: Rs. 1,625 million). The rate of mark up ranges from 1 month KIBOR + 15 bps to 6 months KIBOR + 150 bps with no floor and no cap (2015: 1 month KIBOR + 5 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 30 June 2016 amounts to Rs. 750 million (2015: Rs. 276 million) and Rs. 96 million (2015: Rs. 115 million) respectively.

13.2 The aggregate of short term finance facilities under Shariah compliant arrangements available at period end is Rs. 1,565 million (2015: Rs. 200 million). The rate of mark up ranges from 1 month KIBOR + 100 bps to 3 months and 6 months KIBOR + 175 bps with no floor and no cap (2015: 1 month KIBOR + 5 bps to 3 months and 6 months KIBOR + 125 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 as at 30 June 2016 amounts to Rs. 693 million (2015: Rs. 169 million).

14 CONTINGENCIES AND COMMITMENTS

14.1 CONTINGENCIES

Holding Company

14.1.1 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.

14.1.2 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).

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

Subsidiary Company

14.1.4 The customs department passed an order under section 25 of the Customs Act in the case of Ravi Resins Limited (previous name of the Company) creating a demand of Rs. 1.02 million. The tribunal has dismissed the appeal filed against this order and the management has filed an appeal in the Honourable Lahore High Court that is pending adjudication. The Company has also filed an application before Alternate Dispute Resolution Committee for the resolution of this pending issue.

14.1.5 The income tax department has adjusted Rs. 20.163 million in respect of demands raised against the Tax Years 2003, 2004, 2005 and 2006. The Company has not admitted these demands and filed appeals against these adjustments. No provision has been incorporated in these financial statements as the management is confident that these matters would be settled in the favor of the Company. The return for Tax Year 2011 and 2014 have been selected for audit under section 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 Honorable Lahore High Court against the selection of Company's tax return for tax year 2014.

14.1.6 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 favorable outcome of these suits; therefore, no provision has been made in these financial statements.

14.2 COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee as at 30 June 2016 are as follows:

	2016 (Rupees)	2015 (Rupees)
Letters of credit established for the import of raw materials, spare parts and machinery	464 million	73 million
Letter of guarantee given to SNGPL	99 million	96 million
Letter of guarantee given to PSO	18 million	5 million
Letter of guarantee given to TOTAL PARCO	5 million	–

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 (Rupees)	2015 (Rupees)
Operating fixed assets	15.1	2,054,997,961	1,503,129,843
Capital work in progress	15.5	194,901,936	125,742,377
		2,249,899,897	1,628,872,220

15.1 Operating fixed assets

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	–	115,349,866	10-50	24,440,465	48,526,722	9,642,081	(5,217,164)	–	77,392,104	37,957,762
			(7,856,845)										Vehicles
	18,852,417	9,148,879	2,217,160	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
			(1,772,000)										
	2,347,571,020	960,071,431	167,688,566	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
			(9,628,845)										
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	–	3,648,783,097		961,761,583	487,352,326	151,353,326	(6,682,099)	–	1,593,785,136	2,054,997,961
			(9,628,845)										

2015

Particulars	COST: As at July 1, 2014	COST: Asset acquired through acquisition of subsidiary	COST: Additions / (Disposals)	COST: Transfer / Adjustment	COST: As at June 30, 2015	Rate %	DEPRECIATION: Accumulated as at July 1, 2014	DEPRECIATION: Asset acquired through acquisition of subsidiary	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer / Adjustment	DEPRECIATION: Accumulated as at June 30, 2015	Net Book value: As at June 30, 2015
Owned	(Rupees)						(Rupees)						(Rupees)
Free hold land	23,390,420	–	4,862,817	–	28,253,237	–	–	–	–	–	–	–	28,253,237
Building on free hold Land	123,189,151	–	94,702,912	–	217,892,063	4-5	49,609,470	–	8,325,601	–	–	57,935,071	159,956,992
Plant and machinery	1,539,431,428	–	497,301,861	–	2,036,733,289	4-50	755,908,106	–	92,558,519	–	–	848,466,625	1,188,266,664
Furniture and fittings	3,825,006	–	328,759	–	4,139,965	10-33	2,776,725	–	448,019	(5,995)	–	3,218,749	921,216
			(13,800)										–
Office and factory equipment	33,001,464	–	9,253,680	–	41,700,049	10- 50	17,190,473	–	7,743,242	(493,250)	–	24,440,465	17,259,584
			(555,095)										–
Vehicles	20,992,451	–	346,648	_	18,852,417	20	12,534,831	–	2,479,010	(2,364,779)	–	12,649,062	6,203,355
			(2,486,682)										
	1,743,829,920	–	606,796,677	–	2,347,571,020		838,019,605	–	111,554,391	(2,864,024)	–	946,709,972	1,400,861,048
			(3,055,577)										
LEASED Vehicles	20,924,600	–	3,691,000	–	22,770,100	20	7,937,647	–	4,329,081	(63,673)	–	12,203,055	10,567,045
			(1,845,500)										
Plant and machinery	–	–	94,550,306	–	94,550,306	4-50	–	–	2,848,556	–	–	2,848,556	91,701,750
	20,924,600	–	98,241,306	–	117,320,406		7,937,647	–	7,177,637	(63,673)	–	15,051,611	102,268,795
			(1,845,500)										
2015	1,764,754,520	–	705,037,983	–	2,464,891,426		845,957,252	–	118,732,028	–	–	961,761,583	1,503,129,843
			(4,901,077)							(2,927,697)			

15.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Purchasers
			(Rupees)				
Vehicle: Honda City LWL-897	900,000	592,935	307,065	500,000	192,935	Tender	Mr. Tariq Mehmood, CNIC # 42101-1417434-3, House # 188, Block F1, WAPDA Town, Lahore
Laptop	253,682	67,095	186,587	147,845	(38,742)	Negotiation	Descon Corporation (Private) Limited
Scanner	1,005,108	593,593	411,515	573,592	162,077	Negotiation	Descon Corporation (Private) Limited
Conference table	76,500	21,093	55,407	120,802	65,395	Negotiation	Descon Oxychem Limited
Assets with book value lower than Rs. 50,000"	7,393,555	5,407,383	1,986,172	1,558,224	(427,948)	Negotiation	Various
Total	9,628,845	6,682,099	2,946,746	2,900,463	(46,283)		

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

15.4 Depreciation for the year has been allocated as under:	**Note**	**2016 (Rupees)**	**2015 (Rupees)**
Cost of sales	27	142,445,176	111,236,439
Distribution costs	28	1,989,462	2,807,344
Administrative expenses	29	6,918,688	4,688,245
		151,353,326	118,732,028

15.5 Capital work in progress	**2016**				**2015**
	Building	**Plant and machinery**	**Others**	**Total**	**Total**
	(Rupees)				**(Rupees)**
Opening balance	–	125,742,375	–	125,742,375	610,647,014
Acquisition of subsidiary	–	98,277	–	98,277	–
Additions during the year	19,123,483	174,847,818	28,808,587	222,779,888	201,650,441
	19,123,483	300,688,470	28,808,587	348,620,540	812,297,455
Transferred to fixed assets	(19,123,483)	(124,210,545)	(10,384,576)	(153,718,604)	(686,555,078)
	–	176,477,925	18,424,011	194,901,936	125,742,377

16 INTANGIBLE

Software and licenses	**Note**	**2016 (Rupees)**	**2015 (Rupees)**
Cost:			
As at July 01		2,166,500	2,166,500
Acquisition of subsidiary		46,207,435	–
Additions during the year		1,658,684	–
As at June 30		50,032,619	2,166,500
Accumulated amortization:			
As at July 01		(1,171,055)	(758,038)
Acquisition of subsidiary		(30,034,831)	–
Amortization during the year	29	(2,359,553)	(413,017)
Written off		(14,247,295)	–
As at June 30		(47,812,734)	(1,171,055)
Net book value		2,219,885	995,445
Rate of amortization		10% - 20%	20%

17 LONG TERM DEPOSITS

	Note	2016 (Rupees)	2015 (Rupees)
Security deposits			
Leasing companies and banks	17.1	16,753,286	14,538,086
Others	17.2	22,065,798	14,415,842
		38,819,084	28,953,928

17.1 Security deposit against assets leased under Shariah compliant arrangement amounts to Rs. 884,300 (2015: Rs. 269,100)

17.2 This includes deposit amounting to Rs. 12.24 million (2015: Rs. 12.24 million) given to WAPDA for dedicated line.

18 STORES, SPARES AND LOOSE TOOLS

	2016 (Rupees)	2015 (Rupees)
Stores, spares and loose tools		
In hand	140,038,837	70,901,854
In transit	1,901,005	928,863
	141,939,842	71,830,717

19 STOCK IN TRADE

	2016 (Rupees)	2015 (Rupees)
Raw and packing material		
In hand	397,951,694	108,000,870
In transit	428,388,732	383,814,519
	826,340,426	491,815,389
Less:		
Provision for raw material	(10,433,626)	–
Provision for onerous contract	(76,194,000)	–
Provision for packing material	(427,973)	(427,973)
	(87,055,599)	(427,973)
	739,284,827	491,387,416
Finished goods	391,253,454	267,026,180
Less: Provision for obsolescence	(3,144,209)	–
	388,109,245	267,026,180
	1,127,394,072	758,413,596

20 TRADE DEBTS

	Note	2016 (Rupees)	2015 (Rupees)
Unsecured - considered good			
Due from customer	20.1	1,224,295,609	482,312,500
Due from associated company		471,953	–
		1,224,767,562	482,312,500
Considered doubtful		89,885,224	19,367,842
Provision for doubtful debts	20.2	(89,885,224)	(19,367,842)
		–	–
		1,224,767,562	482,312,500

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 Provision for doubtful debts	2016 (Rupees)	2015 (Rupees)
As at July 01	19,367,842	19,367,842
Acquisition of subsidiary	62,882,339	–
Charge for the year	7,896,243	–
Reversal during the year	(261,200)	–
As at June 30	89,885,224	19,367,842

20.3 Aggregate amount due from directors, Chief Executive Officer and executives of the Company is Rs. Nil (2015: Rs. Nil).

21 LOANS AND ADVANCES

	Note	2016 (Rupees)	2015 (Rupees)
Considered good - unsecured			
Suppliers		101,448,155	28,762,238
Employees against business expenses		3,287,181	1,278,702
Employees against salary		8,117,642	4,840,254
		112,852,978	34,881,194

21.1 The above amount does not carry interest.

22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2016 (Rupees)	2015 (Rupees)
Security deposits	22.1	–	168,950
Due from associated Company		534,557	–
Prepayments		9,406,203	8,741,076
		9,940,760	8,910,026

22.1 Security deposits under Shariah compliant arrangement amounts to Rs. Nil (Rs. Nil).

23 OTHER RECEIVABLES

	Note	2016 (Rupees)	2015 (Rupees)
Margin against bank guarantee	23.1	23,976,328	11,716,515
Margin against letters of credit		12,386,050	–
Others		10,151,623	–
		46,514,001	11,716,515

23.1 Margin against bank guarantee under Shariah compliant arrangement amounting Rs. Nil (2015: Rs. Nil).

24 TAX REFUNDS DUE FROM GOVERNMENT

	2016 (Rupees)	2015 (Rupees)
Advance income tax	330,855,767	91,757,549
Sales tax	42,926,229	16,465,032
Federal excise duty refundable	3,748,500	3,748,500
	377,530,496	111,971,081

25 CASH AND BANK BALANCES

	Note	2016 (Rupees)	2015 (Rupees)
Cash in hand		3,031,903	389,048
Cash at bank			
Conventional arrangement			
Current accounts		96,343,893	13,518,186
Saving accounts	25.1	1,774,799	53,663
Term Deposit Certificate		75,000,000	–
		173,118,692	13,571,849
Shariah compliant arrangement			
Current accounts		31,802,502	157,261
		204,921,194	13,729,110
		207,953,097	14,118,158

25.1 These carry mark-up rate ranging from 4% to 8% (2015: 4.75%) per annum.

26 SALES

		2016 (Rupees)	2015 (Rupees)
Gross sales			
Local sales		7,005,691,683	4,284,995,883
Export sales		1,750,400	–
		7,007,442,083	4,284,995,883
Less: Sales tax		(1,010,547,056)	(621,495,417)
Less: Discounts		(93,950)	(1,143)
Net sales		5,996,801,077	3,663,499,323

27 COST OF SALES

	Note	2016 (Rupees)	2015 (Rupees)
Raw and packing material consumed	27.1	4,012,818,070	2,657,662,060
Salaries, wages and benefits	27.2	209,401,346	127,240,009
Depreciation	15.4	142,445,176	111,236,439
Fuel and power		371,049,312	259,634,704
Stores, spares and loose tools consumed		99,006,971	39,713,733
Repairs and maintenance		31,292,220	16,071,037
Traveling, conveyance and entertainment		19,370,610	15,510,003
Communication		902,025	919,770
Insurance		9,778,763	6,249,518
Printing and stationery		1,257,615	1,777,107
Provision for obsolescence		5,473,438	–
Services through contract		8,295,795	–
Transportation		2,247,630	–
Other expenses		14,184,754	8,049,380
		4,927,523,725	3,244,063,760
Add: Opening stock-finished goods	19	267,026,180	125,584,451
Add: Acquisition of subsidiary		89,043,989	–
Less: Closing stock-finished goods	19	(391,253,454)	(267,026,180)
		4,892,340,440	3,102,622,031

27.1 Raw and packing material consumed

	Note	2016 (Rupees)	2015 (Rupees)
Opening balance		491,387,416	428,631,409
Acquisition of subsidiary		148,448,325	–
Purchases		4,112,267,156	2,720,418,067
		4,752,102,897	3,149,049,476
Less: closing balance	19	(739,284,827)	(491,387,416)
Raw and packing material consumed		4,012,818,070	2,657,662,060

27.2 This includes Rs. 7.9 million (2015: Rs. 7.8 million) in respect of staff retirement benefits - gratuity scheme.

28 DISTRIBUTION COSTS

	Note	2016 (Rupees)	2015 (Rupees)
Salaries, wages and benefits	28.1	26,281,149	11,584,210
Repairs and maintenance		265,837	42,940
Traveling, conveyance and entertainment		3,093,663	2,506,225
Communication		354,425	225,723
Insurance		2,429,334	1,641,806
Freight outward		40,853,469	28,109,892
Distribution commission		39,418,800	29,009,837
Packing, carriage and forwarding		9,785,107	183,960
Printing and stationery		143,711	257,860
Depreciation	15.4	1,989,462	2,807,344
Sales promotion expenses		481,546	–
Sampling		63,207	–
Rent, rates and taxes		53,754	–
Utilities		156,837	–
Other expenses		343,183	195,616
		125,713,484	76,565,413

28.1 This includes Rs. 0.7 million (2015: Rs. 0.5 million) in respect of staff retirement benefits - gratuity scheme.

29 ADMINISTRATIVE EXPENSES

	Note	2016 (Rupees)	2015 (Rupees)
Salaries, wages and benefits	29.1	69,958,287	38,769,002
Fuel and power		842,975	912,206
Repairs and maintenance		1,912,121	916,826
Traveling, conveyance and entertainment		12,581,636	8,253,538
Communications		3,472,628	2,517,303
Insurance		1,359,830	952,178
Rent, rates and taxes		1,576,141	1,307,135
Printing and stationery		5,097,826	1,230,007
Advertising and sale promotion		2,318,635	544,452
Legal, professional and consultancy charge		22,158,901	3,271,211
Auditors' remuneration	29.2	2,179,298	1,225,000
Depreciation	15.4	6,918,688	4,688,245
Amortization	16	2,359,553	413,017
Provision for doubtful debts		7,635,043	–
Other expenses		10,377,468	7,252,234
		150,749,030	72,252,354

29.1 This includes Rs. 1.7 million (2015: Rs. 1.3 million) in respect of staff retirement benefits - gratuity scheme.

	Note	2016 (Rupees)	2015 (Rupees)
29.2 Auditors' remuneration			
Audit fee		1,376,168	725,000
Consolidation, reviews and certifications		680,000	430,000
Out of pocket expenses		123,130	70,000
		2,179,298	1,225,000

30 OTHER EXPENSES

	Note	2016 (Rupees)	2015 (Rupees)
Workers' profit participation fund	12.2	35,557,857	15,803,946
Workers' welfare fund	12.3	14,285,650	6,005,499
Loss on disposal of property, plant and equipment	15.2	46,283	–
Loss on sale of damaged packing material - scrap		–	1,513,536
Intangible written off	16	14,247,295	–
		64,137,085	23,322,981

31 OTHER INCOME

	Note	2016 (Rupees)	2015 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment		–	1,968,178
Gain on sale of damaged packing material - scrap		30,529	–
Reversal of provision on sales tax refundable		–	13,598,057
Indenting commission		2,625,995	–
Rental income		300,000	–
Payables written off		345,759	–
Directors' loan written off		15,000,000	
Miscellaneous income	31.1	107,812	1,546,229
Financial assets			
Profit on savings account	31.2	349,788	2,170,751
Profit on term deposit receipt	31.2	306,180	357,539
Gain on acquisition of subsidiary		86,455,567	–
		105,521,630	19,640,754

31.1 Income earned under Shariah compliant arrangement amount to Rs. Nil (2015: Rs. Nil).

31.2 Profit earned under Shariah compliant arrangement amount to Rs. Nil (2015: Rs. Nil).

32 FOREIGN EXCHANGE LOSS

	Note	2016 (Rupees)	2015 (Rupees)
Foreign liabilities	32.1	24,139,486	7,778,704

32.1 This include unrealized exchange loss on translation of liabilities in foreign currency amounting to Rs. 897,926 (2015: Rs. Nil).

33 FINANCE COST

	2016 (Rupees)	2015 (Rupees)
Mark-up on		
- Long term loans	24,467,147	25,364,071
- Short term borrowings	73,115,805	70,831,754
Financial charges on lease	6,264,000	5,910,232
Bank charges, fee and commission	8,695,350	4,224,467
	112,542,302	106,330,524

34 TAXATION

	2016 (Rupees)	2015 (Rupees)
Current tax		
Current year	121,867,362	295,386
Prior year	151,301	(13,273,122)
	122,018,663	(12,977,736)
Deferred tax		
Relating to the reversal and origination of temporary differences	58,334,981	85,204,004
Expense resulting from reduction in tax rate	(1,850,231)	262,592
	56,484,750	85,466,596
	178,503,413	72,488,860

35 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

35.1 Basic

	2016 (Rupees)	2015 (Rupees)
Profit attributable equity holders of the parent	535,641,380	221,779,210
Weighted average number of ordinary shares	110,590,546	110,590,546
Earnings per ordinary share	4.84	2.01

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, short term deposits, advances to suppliers, 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 2016 (Rupees)	Carrying values 2015 (Rupees)
Long-term deposits	38,819,084	28,953,928
Short-term deposits	–	168,950
Trade debts – unsecured	1,224,767,562	482,312,500
Advances	101,448,155	28,762,238
Other receivables	46,514,001	11,716,515
Bank balances	204,921,194	13,729,110

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:

36.1.1 Trade Debts

	2016 (Rupees)	2015 (Rupees)
Other than related parties		
Neither past due nor impaired	514,228,299	278,867,673
Past due but not impaired		
1-30 days	400,427,468	121,702,641
31-60 days	155,772,710	81,726,256
61-90 days	50,596,421	15,930
Over 90 days	103,270,711	–
	710,067,310	203,444,827
Past due and impaired		
1-30 days	–	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	89,885,224	19,367,842
	89,885,224	19,367,842
	1,314,180,833	501,680,342
Related parties		
Neither past due nor impaired	470,597	–
Past due but not impaired		
1-30 days	1,356	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	–	–
	1,356	–
	471,953	–

36.1.1.1 The sale to one major customer amounts to Rs. 714,425,524 (2015: Rs. 674,251,186) which represents more than 10% of the total revenue.

36.1.1.2 As at June 30, 2016, trade debts of Rs. 89.88 million (2015: Rs. 19.37 million) were impaired and provided for.

36.1.2

Bank Financial institution	Ratings Agency	 Short Term	 Long term	2016 (Rupees)	2015 (Rupees)
Albaraka Bank (Pakistan) Ltd.	PACRA	A1	A	4,714,342	157,261
Bank Al-Habib Limited	PACRA	A1+	AA+	22,776,717	–
Deutsche Bank AG	Moody's	P-2	Baa2	–	7,531
Habib Bank Limited	JCR-VIS	A1+	AAA	14,685	614,003
Habib Metropolitan Bank Ltd.	PACRA	A1+	AA+	18,994,962	–
MCB Bank Limited	PACRA	A1+	AAA	462,455	53,663
Meezan Bank Limited	JCR-VIS	A1+	AA	27,088,160	–
National Bank of Pakistan	PACRA	A1+	AAA	55,608	(248,078)
Silk Bank Limited	JCR-VIS	A-2	A-	6,157	5,248
Standard Chartered Bank Ltd.	PACRA	A1+	AAA	375,265	266,191
The Bank of Punjab	PACRA	A1+	AA-	130,432,843	12,873,291
				204,921,194	13,729,110

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, 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
For the year ended June 30, 2015			
Long term loans	102,833,310	93,750,000	196,583,310
Liabilities against assets subject to finance lease	17,937,506	72,005,702	89,943,208
Short term borrowings	850,596,045	–	850,596,045
Mark up accrued	11,989,038	–	11,989,038
Unclaimed dividend	687,266	–	687,266
Trade and other payables	164,980,016	–	164,980,016
Total financial liabilities	1,149,023,181	165,755,702	1,314,778,883

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. 15.8 million (2015: Rs. 11.3 million) higher / lower. This analysis is prepared assuming that all other 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 32% (2015: 17%).

36.5 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.

37 OPERATING SEGMENT INFORMATION

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments / unallocated		Inter segment eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees)									
Sales	5,011,268,584	3,663,499,323	1,021,701,529	–	–	–	(36,169,036)	–	5,996,801,077	3,663,499,323
Cost of sales	(4,039,193,383)	(3,102,622,031)	(888,797,326)	–	–	–	35,650,269	–	(4,892,340,440)	(3,102,622,031)
Gross profit	972,075,201	560,877,292	132,904,203	–	–	–	(518,767)	–	1,104,460,637	560,877,292
Distribution cost	(104,893,010)	(76,565,413)	(20,820,474)	–	–	–	–	–	(125,713,484)	(76,565,413)
Administrative expenses	(102,295,839)	(72,252,354)	(40,398,162)	–	(8,055,029)	–	–	–	(150,749,030)	(72,252,354)
Other expenses	(47,610,703)	(23,322,981)	(17,613,896)	–	–	–	1,087,514	–	(64,137,085)	(23,322,981)
Other income	818,657	19,640,754	19,247,505	–	86,542,982	–	(1,087,514)	–	105,521,630	19,640,754
Foreign exchange loss	(24,139,486)	(7,778,704)	–	–	–	–	–	–	(24,139,486)	(7,778,704)
Operating profit	693,954,820	400,598,594	73,319,176	–	78,487,953	–	(518,767)	–	845,243,182	400,598,594
Finance cost	(90,519,682)	(106,330,524)	(20,569,974)	–	(1,452,646)	–	–	–	(112,542,302)	(106,330,524)
Profit before taxation	603,435,138	294,268,070	52,749,202	–	77,035,307	–	(518,767)	–	732,700,880	294,268,070
Taxation	(162,751,481)	(72,488,860)	(15,751,932)	–	–	–	–	–	(178,503,413)	(72,488,860)
Profit for the year	440,683,657	221,779,210	36,997,270	–	77,035,307	–	(518,767)	–	554,197,467	221,779,210

37.1 Inter segment sales and purchases have been eliminated.

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	2016 (Rupees)	2015 (Rupees)
Parent company	Dividend Paid	188,011,941	–
Associated company	Sale of goods	1,301,344	–
Staff retirement benefits	Gratuity Paid	997,700	–

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Number of persons	1	1	3	2	35	19
	(Rupees)					
Remuneration	6,193,548	4,064,516	10,258,064	6,193,548	34,953,901	21,220,852
Housing	2,787,098	1,829,033	4,616,130	2,787,098	15,729,283	9,549,401
Car allowance	–	–	–	–	1,076,400	–
Utilities	619,354	406,451	1,025,806	619,352	3,482,118	2,122,067
Bonus	1,703,245	1,536,647	2,845,420	2,304,970	10,944,067	9,301,301
	11,303,245	7,836,647	18,745,420	11,904,968	66,185,769	42,193,621

39.1 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.

39.2 An amount of Rs. 1,064,000 (2015: Rs. 617,777) was paid to directors on attending the board meetings.

40 NUMBER OF EMPLOYEES

	2016	2015
Number of employees as at June 30	247	134
Average number of employees during the year	276	132

41 PRODUCTION CAPACITY IN METRIC TONS

	2016 Maximum Capacity (MT)	2016 Actual Production (MT)	2015 *Maximum Capacity (MT)	2015 Actual Production (MT)
Oleo Chemicals	45,500	44,816	36,000	29,001
Chlor Alkali Products	41,500	40,151	37,000	33,134
Resin Products	–	18,861	–	–

*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 POST BALANCE SHEET EVENTS

The Board of Directors at its meeting held on September 29, 2016 has approved a final dividend @ Rs. Nil per share, the Board had earlier declared and paid interim cash dividends totaling Rs. 2 per share (i.e. 20%). Therefore total cash dividend for the year ended 30 June 2016 is Rs. 2 per share (2015: Rs. 1 per share).

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on Thursday, September 29, 2016.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2016

	------Shareholding------		
No. of Shareholders	**From**	**To**	**Total Shares Held**
204	1	100	7,740
1,030	101	500	311,283
270	501	1,000	242,495
400	1,001	5,000	1,116,313
109	5,001	10,000	880,924
51	10,001	15,000	635,952
18	15,001	20,000	326,213
17	20,001	25,000	403,760
6	25,001	30,000	173,906
12	30,001	35,000	397,726
3	35,001	40,000	112,812
1	40,001	45,000	42,000
10	45,001	50,000	495,000
3	50,001	55,000	155,312
4	55,001	60,000	231,192
1	65,001	70,000	69,000
1	70,001	75,000	75,000
2	75,001	80,000	154,000
2	80,001	85,000	165,316
2	85,001	90,000	173,281
6	95,001	100,000	600,000
1	105,001	110,000	109,500
1	110,001	115,000	114,500
1	125,001	130,000	130,000
3	130,001	135,000	398,750
1	145,001	150,000	150,000
1	160,001	165,000	164,500
2	170,001	175,000	350,000
1	195,001	200,000	200,000
1	200,000	204,999	205,000
1	245,001	250,000	250,000
1	265,001	270,000	269,000
1	300,001	305,000	300,750
1	305,001	310,000	310,000
1	320,001	325,000	324,000
1	425,001	430,000	426,750
1	460,001	465,000	464,250
1	495,001	500,000	500,000
1	545,001	550,000	550,000
1	570,001	575,000	574,500
1	670,001	675,000	672,500
1	685,001	690,000	685,925
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	3,995,001	4,000,000	4,000,000
1	6,305,001	6,310,000	6,305,500
1	8,510,001	8,515,000	8,511,750
1	8,920,001	8,925,000	8,924,999
1	62,660,001	62,665,000	62,662,647
2,184			110,590,546

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2016

S. No.	Categories of shareholders	Shares held	Percentage
1	Directors, Chief Executive Officers, and their spouse and minor childern	6,015,045	5.4390%
2	Associated Companies, undertakings and related parties. (Parent Company)	62,670,647	56.6691%
3	NIT and ICP	1,500	0.0014%
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	2,300	0.0021%
5	Insurance Companies	22,500	0.0203%
6	Modarabas and Mutual Funds	673,624	0.6091%
8	General Public	39,888,206	36.0684%
9	Others (to be specified)		
	1- Joint Stock Companies	1,243,352	1.1243%
	2- Foreign Companies	30,600	0.0277%
	3- Leasing Companies	24,010	0.0217%
	4- Investment Companies	11,762	0.0106%
	5- Others	7,000	0.0063%
		110,590,546	100.0000%

SHAREHOLDERS HOLDING 10% OR MORE

S. No.	Categories of shareholders	Shares held	Percentage
1.	Nimir Resources (Private) Limited	62,670,647	56.6691%

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2016

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	124	0.0001
	2 Golden Arrow Selected Stocks Fund Limited	672,500	0.6081
3.	**Directors and their Spouse and Minor Children:**		
	1 Mr. Abdul Jalil Jamil - Chairman	13,688	0.0124
	2 Mr. Zafar Mahmood - Chief Executive Officer	145,125	0.1312
	3 Mr. Aamir Jamil	175,750	0.1589
	4 Mr. Muhammad Yahya Khan	4,109,526	3.7160
	5 Mr. Saeed Uz Zaman	250,781	0.2268
	6 Mr. Imran Afzal	464,250	0.4198
	7 Mr. Muhammad Sajid	134,500	0.1216
	8 Mr. Mohsin Tariq	1,000	0.0009
	9 Mr. Saqib Raza	1,000	0.0009
	10 Mr. Abdul Jaleel Shaikh - Nominee of Pak Brunai Invst. Co.	–	0.0000
	11 Mr. Khalid Siddiq Tirmizey - Nominee Of BOP	–	0.0000
	12 Mrs. Nusrat Jamil W/o A. Jalil Jamil	719,425	0.6505
4.	**Executives:**	201,000	0.1818
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	62,670,647	56.6691
2	Mr. Nadeem Nasir	8,924,999	8.0703
3	Mrs. Shaheen Nadeem	8,511,750	7.6966
4	Mr. Ahmad Masood Khan	6,305,500	5.7017

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. Aamir Jamil	–	175,000
2	Mr. Muhammad Yahya Khan	–	109,500
3	Mr. Imran Afzal	–	41,000
4	Mrs. Nusrat Jamil W/o A. Jalil Jamil	367,000	–

STATEMENT PURSUANT TO SECTION 218
OF THE COMPANIES ORDINANCE, 1984

TO ALL MEMBERS OF THE COMPANY

Dear Sir / Madam,

This is to inform you that the Board of Directors in their meeting held on September 29, 2016 has fixed the remuneration of Chief Executive Officer (CEO) and Executive Directors of the Company. In pursuant of Section 218 of the Companies Ordinance, 1984, this is to inform you that the terms and conditions of Chief Executive Officer (CEO) and Executive Directors of the Company are in accordance with their terms of service with the Company policy.

The Board of Directors had decided the remuneration of CEO and Executive directors for which the following resolutions were passed:

> **Resolved that** "subject to approval of shareholders, the annual remuneration of Chief Executive Officer of the Company be and is hereby increased to Rs. 11.40 million per annum 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."

Chief Executive Officer, being interested did not participate in this resolution

> **Further Resolved** "subject to approval of shareholders, the annual remuneration of each Executive Director of the Company be and is hereby increased to Rs. 8.64 million per annum 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."

The Executive directors being interested did not participate in this resolution.

Yours faithfully,

For Nimir Industrial Chemicals Limited

Muhammad Inam-ur-Rahim
Company Secretary

Lahore
September 29, 2016

NOTICE OF 23rd ANNUAL GENERAL MEETING
FOR THE YEAR ENDED JUNE 30, 2016

Notice is hereby given that the 23rd Annual General Meeting of Nimir Industrial Chemicals Limited (the "Company") shall be held on Monday, October 31, 2016 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 confirm the minutes of the last Extra-Ordinary General Meeting (EOGM) of the Company held on Tuesday, December 29, 2015.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2016 together with the reports of the Directors' and Auditors' thereon.

3. To appoint Auditors for the year ended June 30, 2017 and fix their remuneration. The retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder – Chartered Accountants have offered themselves for re-appointment.

SPECIAL BUSINESS:

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

OTHER BUSINESS:

5. To transact any other business with the permission of the chair.

By Order of the Board

Lahore
October 8, 2016

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

i. The share transfer books of the Company shall remain closed from October 25, 2016 to October 31, 2016 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Monday, October 24, 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.

The statement of material facts under section 160 (1) (b) of the Companies Ordinance, 1984 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. 11.40 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. 8.64 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 23rd ANNUAL GENERAL MEETING

Ledger Folio/CDC A/C No.

Shares Held

The Company Secretary

Nimir Industrial Chemicals Limited

14.8 K.M. Sheikhupura - Faisalabad Road,

Bhikhi – Dist. Sheikhupura,

Pakistan.

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 Monday, October 31, 2016 at 11:00 a.m. and / or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this .... day of .... 2016.

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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Bhikhi, District Sheikhupura, Pakistan.
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Cell: +92 301 8221151, 301 8483950
www.nimir.com.pk

Posted Stamp

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