NIMIR INDUSTRIAL CHEMICALS LTD.

ANNUAL REPORT 2013

COMPANY INFORMATION

Board of Directors

Mr. Abdul Jalil Jamil - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Khalid Mumtaz Qazi
Mr. Umar Iqbal
Mr. Muhammad Sarwar Khawaja
Sh. Amar Hameed
Mr. Saeed-uz-Zaman
Mr. Muhammad Yahya Khan
Mr. Khalid Siddiq Tirmizey - Nominee, The Bank of Punjab
Mr. Abdul Jaleel Shaikh - Nominee, Pak Brunei Investment Co. Ltd.

Chief Financial Officer

Mr. Aamir Jamil

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Internal Auditor

Mr. Arshad Mahmood

Audit Committee

Mr. Muhammad Sarwar Khawaja - Chairman
Mr. Saeed-uz-Zaman
Mr. Abdul Jaleel Shaikh

Human Resource & Remuneration Committee

Mr. Saeed-uz-Zaman - Chairman
Sh. Amar Hameed
Mr. Zafar Mahmood

Bankers

The Bank of Punjab
National Bank of Pakistan
Pak Brunei Investment Company Limited
Standard Chartered Bank (Pakistan) Limited.

Shares' Registrar

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

Registered Office / Factory

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

Lahore Office

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

Web Site

www.nimir.com.pk

VISION AND MISSION STATEMENT

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 MESSAGE

The global financial outlook is slowly improving, however, it remains a delicate time for the world economy and consequently for the Pakistani economy as the recovery process slowly brings global finance to pre-2008 levels. There remain significant structural and challenges at a global level. Despite this, the economic recovery is taking place and the outlook for the present year is significantly more positive than at any time in the last five years. This is true for Pakistan as well and with a certain amount of political stability now in place, it appears the economic outlook for the country and the region are improving.

For Nimir Industrial Chemicals this is a time to look forward to a new period of growth as we have established ourselves as a major force in the chemical industry in Pakistan.

The strength of our product line is gaining recognition and attracting the most conscientious and quality focused companies to do business with us. This trend should continue for the year.

Our intention remains to provide the best quality product at the most affordable price for our customers and in order to do so we will continue to invest in the latest technology to meet our production requirements. Our quality has set us apart in the market and we will continue to improve and innovate as we make our mark in the chemicals industry.

CEO MESSAGE

This is an exciting time for Nimir Industrial Chemicals. After a decade establishing ourselves in the market and building our company under difficult economic conditions, we have positioned ourselves as Pakistan's sole provider of international quality soap noodles and stearic acid besides being the leading producer of prime quality glycerine, caustic soda and related products. The Pakistan economy is recovering from recession and as it does the financial outlook for our future looks brighter.

With considerable challenges to face, we continued to undauntedly improve our top line and broke the Rs. 3 billion marker for sales turnover for the first time in our history, following a steady increase since 2008.

Major part of the sale of our products is to the large multinational FMCGs operating in Pakistan. However, there remains significant room for growth in the market and with our qualitative edge, we aim to become the supplier of choice for enterprises around the country.

This is particularly so for our soap noodles, which have received acclaim from our customers for their quality. The demand of our soap noodles has pushed our production limits and we intend to add to our manufacturing facility so that our oleo chemicals production capacity is slated to double by year end 2014-15.

With this in mind we can move forward into fiscal 2013-14 with the prospect of increasing sales and growth for our company as we look towards a brighter economic future.

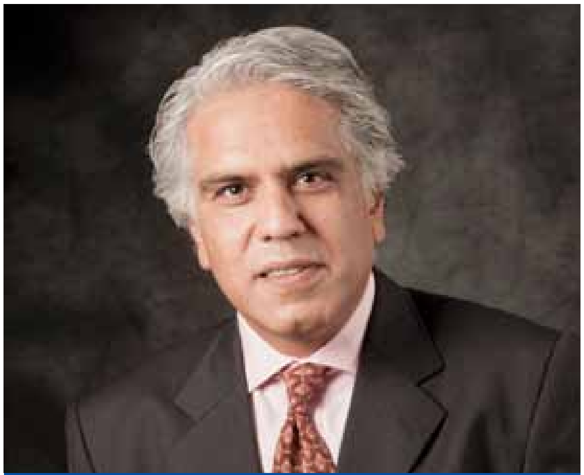
BOARD OF DIRECTORS

Mr. Saeeduz Zaman • Mr. Abdul Jalil Jamil • Mr. Zafar Mahmood • Mr. M. Sarwar Khawaja • Mr. Umar Iqbal

Mr. Abdul Jaleel Shaikh • Sh. Amar Hameed • Mr. Muhammad Yahya Khan • Mr. Khalid Siddiq Tirmizey • Mr. Khalid M. Qazi

EXECUTIVE MANAGEMENT

Zafar Mahmood (Chief Executive Office)



Imran Afzal (Director Marketing)

Aamir Jamil (Director Accounts)

Khalid Mumtaz Qazi (Director Finance)

Umar Iqbal (Director Technical)

MARKET DIVERSIFICATION

FINANCIAL HIGHLIGHTS 2013

Sale Volumes
15%
Up by

Sales Turnover
12%
Up by

Gross Profit
45%
Up by

Operating Profit
52%
Up by

Pre Tax Profit
106%
Up by

Shareholders' Equity
11%
Up by

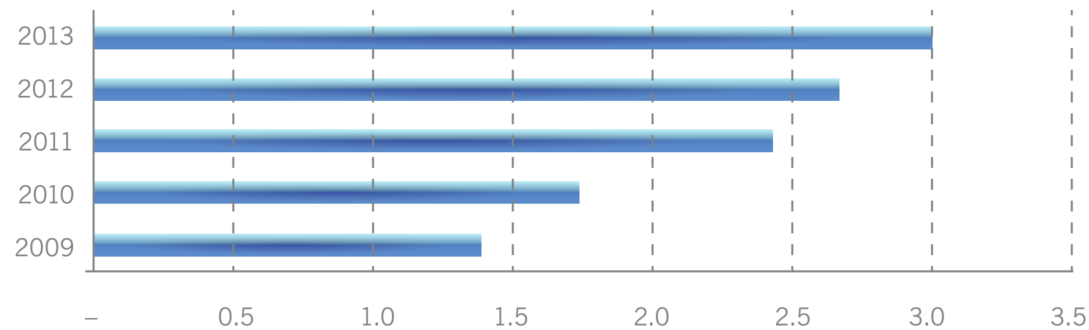
Long Term Loans
33%
Down by

Financial Cost
15%
Down by

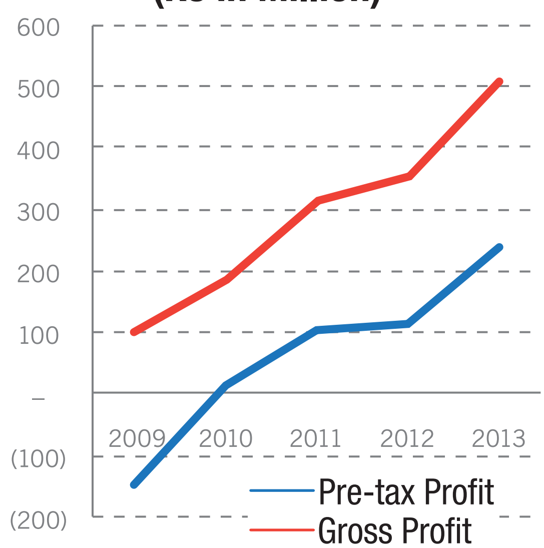
YEAR AT A GLANCE

	2013	2012
	Rupees in Million	
Net Sales	3,002	2,678
Gross Profit	503	348
Operating Profit	366	242
Profit before Tax	233	113
Deferred Tax	(88)	145
Net Profit after Tax	127	231
Shareholders Equity	1,264	1,137
Long Term Loans	131	196
Total Assets	2,185	1,965
Breakup value per share - Rupees	5.72	5.14
Earnings per share - Rupees	0.57	1.05
Current Ratio	1.4 : 1	1.26 : 1
Long Ters Debt to Equity Ratio	0.09 : 1	0.15 : 1
Total Debts to Equity Ratio	0.35 : 1	0.36 : 1
Interest Coverage Ratio	3.40	1.99

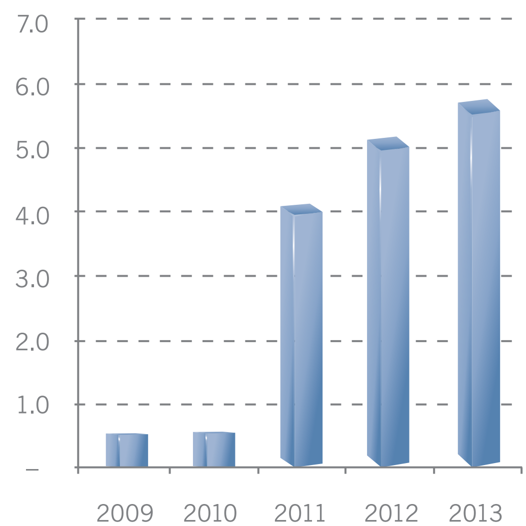
Sales Turnover
(Rs in Billion)



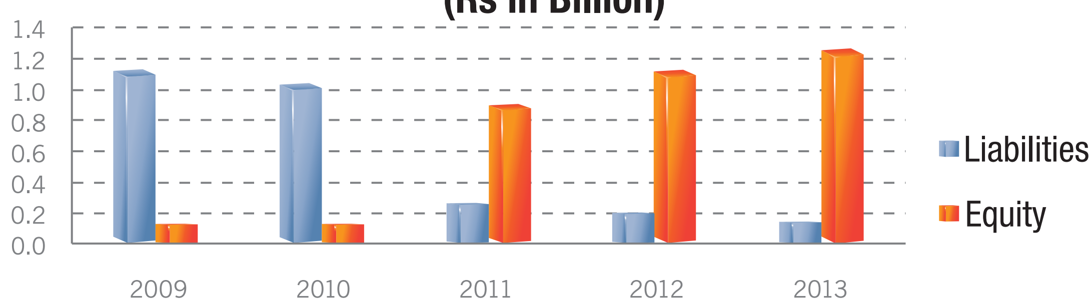
Profit
(Rs in Million)



Breakup Value
(Rs per share)



Long Term Liabilities & Equity
(Rs in Billion)



KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2013	2012	2011	2010	2009	2008
				Rupees.'000		
Net Sales	3,002,335	2,677,604	2,431,135	1,742,804	1,383,579	1,118,405
Gross Profit / (Loss)	503,153	347,524	312,096	180,741	100,898	151,296
Operating Profit / (Loss)	366,197	241,553	201,241	88,683	34,034	90,222
Profit / (Loss) before tax	232,533	112,926	813,047	13,458	(146,561)	27,852
Profit / (Loss) after tax	127,081	231,491	786,960	4,569	(146,718)	23,620
Paid-up Capital	1,105,905	1,105,905	1,105,905	1,105,905	1,105,905	1,105,905
Net Worth	1,264,445	1,137,364	905,873	118,913	114,344	261,062
Long Term Loans / Leases & Deferred Liabilities	174,066	230,841	291,583	1,059,668	1,129,723	932,766
Current Assets	1,042,515	752,140	730,739	558,663	493,032	499,328
Current Liabilities	746,957	596,840	580,999	516,060	430,664	498,589


B Class Fire
Liquid Fire


RESCUE

CERTIFICATIONS

Sedex is a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains. The requirement of Sedex Member Ethical Trade Audit has been audited and certified by **SGS International** through their report published on the web portal of Sedex.

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.

ISO 9001 Certification

The directors of the Company are pleased to present 20th Annual Report of the Company for the year ended 30th June, 2013.

Operating Results

The Operating Results are summarized below:

Figures in Rupees Million	2013	2012
Sales Revenue	3,002	2,678
Gross Profit	503	348
Operating Profit	366	242
Profit before Tax	233	113

We feel immense pleasure in reporting that your Company has successfully crossed Rs. 3 billion mark in sales revenue during the year ending 30th June, 2013. The increase in sale volumes by 15% played vital role in achieving this significant milestone.

The management team remained focused on improving efficiencies and reducing costs. We installed three waste heat recovery boilers and also made small quick fixes. This has substantially reduced the energy consumption during 2013. Thus total expenses on fuel and power in 2013, even with increased production and energy tariff, are lower than last year. We also yielded additional volumes through de-bottlenecking and improved manufacturing practices.

These measures resulted in substantial increase of 45% in gross profit during the financial year 2013 over the last year. The operating profit also increased from Rs.242 million in 2012 to Rs. 366 million in 2013, registering an increase of 51%. The pre-tax profit has been increased to more than double to Rs. 233 million in 2013 against Rs.113 million earned in 2012.

The Company had recognized deferred tax asset of Rs. 145 million against unused tax losses during last year. The amount appeared as deferred tax income in the Profit & Loss Account of the last year. Hence profit after tax for the year 2012 increased to Rs. 231 million. From the current year (2013), the Company has started accruing deferred tax expense and a provision of Rs. 88 million has been created in the Profit & Loss Account by offsetting the deferred tax asset as was created in 2012. As a result profit after tax for the year 2013 stood at Rs. 127 million.

The breakup value has further strengthened to Rs. 5.72 per share as of the end of the year 2013 (2012: Rs. 5.14 per share).

Despite overall unfriendly business environment in Pakistan owing to various factors, your Company is continuously showing sustained growth. Our team members are bolstering their efforts to keep this momentum of growth to further strengthen the Company.

Future Outlook

We have already achieved optimum production from our existing facilities. However our team will continue the efforts to improve efficiencies and reduce costs.

We have already initiated additional capacity to our manufacturing facility. We have recently established letter of credit for the import of the plant and machinery. We foresee to complete the expansion by the end of the financial year 2014. Hence we expect to start financial year 2015 with expanded capacities.

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 an unfunded gratuity scheme for its employee as referred in Note 4.11 to the accounts.

Board of Directors

In the Extra Ordinary General Meeting held on 29th December, 2012, an eight member Board was elected by the shareholders for the three years term commencing from 29th December, 2012. The new Board is as follows:

1. Mr. Abdul Jalil Jamil,	Non-executive / Chairman
2. Mr. Zafar Mahmood	Executive/Chief Executive Officer
3. Mr. Khalid Mumtaz Qazi	Executive
4. Mr. Umar Iqbal	Executive
5. Mr. Amar Hameed	Non-executive
6. Mr. Saeed uz Zaman	Non-executive
7. Mr. M. Sarwar Khawaja	Independent
8. Mr. Muhammad Yahya Khan	Independent
9. Mr. Abdul Jaleel Shaikh	Nominee, Pak Brunei Investment Company Limited
10. Mr. Khalid Siddiq Tirmizey	Nominee, The Bank of Punjab

Mr. Imran Afzal and Mr. Aamir Jamil remained directors on the board until 29th December 2012 during the current financial year.

The Board of directors in their meeting held on 10th January, 2013, reconstituted the Audit and Human Resource & Remuneration Committees as follows:

Audit Committee:

1.	Mr. M. Sarwar Khawaja	Chairman
2.	Mr. Saeed uz Zaman	Member
3.	Mr. Abdul Jaleel Shaikh	Member

Human Resource and Remuneration Committee:

1.	Mr. Saeed uz Zaman	Chairman
2.	Sh. Amar Hameed	Member
3.	Zafar Mahmood	Member

Director Attendance

During the financial year 2013 seven Board Meeting, five Audit Committee and two Remuneration Committee Meetings were held. Attendance by each director was as follow:

Name of Directors	Board of Directors Attendance	Audit Committee Attendance	HR & Committee Attendance
Abdul Jalil Jamil	7	3	1
Zafar Mahmood	7		2
Khalid Mumtaz Qazi	7		
Umar Iqbal	6		
Imran Afzal	3	2	
Aamir Jamil	4		
Amar Hameed	5		1
Saeed-uz-Zaman	7	5	2
M. Sarwar Khawaja	3	2	
M. Yahya Khan	3		
Abdul Jaleel Shaikh	4	4	
Khalid SiddiqTirmizey	5		

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

Director's Training

During the year 2013, Mr. Khalid Mumtaz Qazi and Mr. M. Yahya Khan completed their Corporate Governance leadership skill programs.

Corporate Governance

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

- 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.

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, 2014.

Dividend / Bonus Shares

The Company did not declare dividend or issue bonus shares during the financial year ended June 30, 2013. The cash flow generated from the business was used for plant expansion, repayment of long-term loans, essential capital expenditure and strengthening the liquidity position of the Company to meet the business exigencies.

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. In case of executive the board has revised the threshold to Rs. 1,000,000/- basic salary per annum with effective from 1st January, 2013 for each executive of the Company for disclosing trading of shares in the Company.

Acknowledgment

The results of your company are the reflection of the management commitment and hard work of its employees and the trust reposed in the company by its customers, suppliers and financial institutions.

For and on behalf of the Board

Sheikhupura **Zafar Mahmood**

September 4, 2013 **Chief Executive Officer**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of listing regulations of Karachi Stock Exchange Limited and Lahore 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.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

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

Name	**Category**
Zafar Mahmood	Executive Director
Khalid Mumtaz Qazi	Executive Director
Umar Iqbal	Executive Director
Abdul Jalil Jamil	Non-Executive Director
Sh. Amar Hameed	Non-Executive Director
Saeed-uz-Zaman	Non-Executive Director
M. Sarwar Khawaja	Independent Director
M. Yahya Khan	Independent Director
Abdul Jaleel Shaikh	Nominee Director
Khalid Siddiq Trimizey	Nominee Director

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. However the tenure of the directors completed on 30th December 2012 and the new directors were elected by the shareholders in the Extra Ordinary General Meeting held on 29th December 2012.

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 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. The Board arranged an orientation course for one of its director and also arranged an orientation workshop for all its executive directors with respect to Code of Corporate Governance during the year to apprise them to their duties and responsibilities.

10. The Board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of the employment, No new appointment of CFO and Company Secretary were made during the year. The qualification of Head of Internal Audit is in compliance with the clause xiv of the Code of Corporate Governance.

11. During the year, two Directors have completed their Directors Training Program in compliance with clause (xi) of the Code of Corporate Governance.

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

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

14. 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.

15. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

16. The Board has formed an Audit Committee. It comprises of 3 (Three) members, of whom 1 (one) Independent, 1 (one) non-executive director and 1 (one) Nominee director. The chairman of the committee is Independent director.

17. 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 Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.

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

19. 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.

20. 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.

21. 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.

22. 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).

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

For and on behalf of the Board

Sheikhupura
September 4, 2013

Zafar Mahmood
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30th June, 2013 prepared by the Board of Directors of Nimir Industrial Chemical Limited to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, 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 of Compliance 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 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.

Further, Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the Company to place before the board of directors for their consideration and approval of 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the 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 Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended 30th June, 2013.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Farooq Hameed

Lahore

September 4, 2013

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nimir Industrial Chemicals Limited (the "Company") as at 30 June, 2013 and the related profit and loss account, 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, 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 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Chartered Accountants

Audit Engagement Partner: Farooq Hameed

Lahore

September 4, 2013

	Note	2013	2012
		(Rupees)	(Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
290,000,000 (2012: 290,000,000)			
Ordinary shares of Rs. 5 each (2012: Rs. 5 each)		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	6	1,105,905,465	1,105,905,465
Unappropriated profit		158,539,714	31,458,603
		1,264,445,179	1,137,364,068
Long term loans	7	130,666,677	196,000,005
Liabilities against assets subject to finance lease	8	8,232,526	4,840,195
Deferred liabilities	9	35,167,195	30,000,468
		174,066,398	230,840,668
CURRENT LIABILITIES			
Trade and other payables	10	167,668,417	133,127,530
Mark up accrued		5,790,299	5,109,495
Unclaimed dividend		687,716	687,716
Short term borrowings	11	486,977,416	360,809,691
Current maturity of long term loans	7	65,333,328	65,333,328
Current maturity of liabilities against assets subject to finance lease	8	4,125,497	3,634,758
Provision for taxation		16,374,857	28,137,920
		746,957,530	596,840,438
CONTINGENCIES AND COMMITMENTS	12	–	–
TOTAL EQUITY AND LIABILITIES		2,185,469,107	1,965,045,174

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

	Note	2013 (Rupees)	2012 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	1,067,364,029	1,053,853,046
Intangible assets	14	1,841,525	–
Long term deposits	15	16,753,742	13,690,200
Deffered tax asset	16	56,994,735	145,361,833
		1,142,954,031	1,212,905,079
CURRENT ASSETS			
Stores, spares and loose tools	17	45,231,817	43,377,083
Stock in trade	18	312,288,492	163,176,498
Trade debts	19	510,238,708	312,112,358
Loans and advances	20	18,468,954	11,339,509
Trade deposits and short term prepayments	21	4,588,731	5,607,993
Other receivables	22	8,950,275	7,037,278
Tax refund due from government	23	86,612,226	138,349,548
Cash and bank balances	24	56,135,873	71,139,828
		1,042,515,076	752,140,095
TOTAL ASSETS		2,185,469,107	1,965,045,174

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE, 2013

	Note	2013 (Rupees)	2012 (Rupees)
Sales- net	25	3,002,335,145	2,677,604,626
Cost of sales	26	(2,499,182,281)	(2,330,080,723)
Gross profit		503,152,864	347,523,903
Distribution costs	27	(84,544,369)	(61,881,739)
Administrative expenses	28	(52,411,633)	(44,089,373)
Operating profit		366,196,862	241,552,791
Other expenses	29	(31,672,600)	(8,478,266)
Other income	30	5,559,404	8,398,566
Finance costs	31	(96,854,212)	(114,363,699)
Foreign exchange loss	32	(10,696,630)	(14,183,015)
Profit before taxation		232,532,824	112,926,377
Taxation:			
Current Tax	33	(17,084,616)	(26,797,114)
Deferred Tax	33	(88,367,097)	145,361,833
		(105,451,713)	118,564,719
Profit after taxation		127,081,111	231,491,096
Other comprehensive income - net of taxation		–	–
Total comprehensive income for the year		127,081,111	231,491,096
Earnings per share - basic and diluted	34	0.57	1.05

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

	Issued, Subscribed and Paid up Share Capital	(Accumulated Loss) / Unappropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as on 1 July 2011	1,105,905,465	(200,032,493)	905,872,972
Total comprehensive income for the year	–	231,491,096	231,491,096
Balance as on 30 June 2012	1,105,905,465	31,458,603	1,137,364,068
Total comprehensive income for the year	–	127,081,111	127,081,111
Balance as on 30 June 2013	1,105,905,465	158,539,714	1,264,445,179

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

	Note	2013	2012
		(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		232,532,824	112,926,377
Adjustment for:			
Depreciation	13.5	78,862,852	71,861,109
Amortization		324,975	–
Finance cost		96,854,213	114,363,699
Provision for gratuity	9.1	7,064,186	7,079,478
Provision against packing materials	18	1,772,702	–
Provision against advance	29	1,398,669	–
Provision against other	29	3,748,500	–
Impairment on property, plant and equipment	29	9,302,449	
(Gain)/ loss on disposal of property, plant and equipment		(895,590)	108,857
		198,432,956	193,413,143
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		430,965,780	306,339,520
(Increase) / decrease in current assets			
Stores, spares and loose tools		(1,854,734)	(1,195,413)
Stock in trade		(150,884,696)	94,701,088
Trade debts		(198,126,350)	(79,597,447)
Loans and advances		(8,528,114)	(485,955)
Trade deposits and short term prepayments		1,019,262	(2,298,241)
Other receivables		(1,912,997)	3,529,720
Short term investment		–	19,000,000
Tax refund due from government		(6,763,618)	11,576,030
		(367,051,247)	45,229,782
Increase / (decrease) in current liabilities			
Trade and other payables		33,973,720	(27,847,875)
		(333,077,527)	17,381,907
CASH GENERATED FROM OPERATIONS		97,888,253	323,721,427
Gratuity paid		(1,330,291)	(6,313,467)
Finance cost paid		(96,173,408)	(120,521,877)
Tax refund/(paid)		25,904,762	(48,429,254)
		(71,598,937)	(175,264,598)
Net cash generated from operating activities-carried forward		26,289,316	148,456,829

		2013 (Rupees)	2012 (Rupees)
Balance brought forward		26,289,316	148,456,829
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(104,661,496)	(65,427,750)
Purchase of Intangible asset		(2,166,500)	–
Sale proceeds from disposal of property, plant and equipment		3,880,800	66,100
Long term deposits		(3,063,542)	(1,066,200)
Net cash used in investing activities		(106,010,738)	(66,427,850)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loan paid		(65,333,328)	(32,666,667)
Repayment of liabilities against assets subject to finance lease		(4,932,930)	(2,356,074)
New leases acquired during the year		8,816,000	9,162,000
Short term borrowings		126,167,725	(13,937,913)
Net cash generated from / (used in) financing activities		64,717,467	(39,798,654)
Net (decrease) / increase in cash and cash equivalents		(15,003,955)	42,230,325
Cash and cash equivalents at the beginning of the year		71,139,828	28,909,503
Cash and cash equivalents at the end of the year	A	56,135,873	71,139,828

A - Cash and cash equivalents include cash and bank balances as stated in Note 24.

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

1. THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited (the Company) was incorporated in Pakistan on 6th February, 1994 as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The Company started its commercial operations on 1st January, 2000. The registered office of the Company is situated at 14.8 Km., Sheikhupura- Faisalabad Road, Mouza Bhikhi, District Sheikhupura, Pakistan. The Company is engaged in manufacturing and sale of industrial chemical products.

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 2012

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

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

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

3. 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:

3.1 Defined benefit plans

The cost of defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to significant uncertainty.

3.2 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.

3.3 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.

3.4 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of presentation and measurement

These financial statements have been prepared under the historical cost convention, except for staff retirement and termination benefit plan which is stated at present value.

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

4.2 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 13.1, 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.

4.3 Intangibles

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

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

4.4 Stocks

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
Material in transit	-	Cost
Work in process	-	Cost
Finished goods	-	Weighted Average
Stores, spares & loose tools	-	Weighted Average

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.

4.5 Trade debts

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

4.6 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.

4.7 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.

4.8 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.

4.9 Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. 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.

4.10 Revenue recognition

Sale of goods - Local

Revenue is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

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.

4.11 Staff retirement and termination benefits

The Company operates an unfunded gratuity benefit plan for all its 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

Projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2013	2012
Discount rate	10.5%	13%
Expected rates of salary increase in future years	9.5%	12%
Average expected remaining working Life of employees (years)	9	10

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses. Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of the present value of defined benefit obligation are amortized over the expected average remaining working lives of employees.

The date of latest actuarial valuation is 30 June 2013.

4.12 Foreign currency translation

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

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

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standard or Interpretation		Effective date (annual periods Beginning on or after)
IFRS 7	Financial Instruments : Disclosures – (Amendments) -Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	Employee Benefits–(Revised)	01 January 2013
IAS 32	Offsetting Financial Assets and Financial liabilities–(Amendment)	01 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application other than the amendments to IAS-19 ' Employee Benefits'. Such amendments range from fundamental changes to simple clarifications and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e, the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The Company is currently assessing the impact of the above amendments which are effective from 1 January 2013 on the financial statements. However, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 4.11 to the financial statements. The potential impact of the same however cannot presently be determined.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	
IFRS 10	Consolidated Financial Statements	01 January 2013
IFRS 11	Joint Arrangements	01 January 2013
IFRS 12	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	Fair Value Measurement	01 January 2013

6. ISSUED, SUBSCRIBED, AND PAID UP CAPITAL

2013	2012		2013	2012
No. of shares			(Rupees)	(Rupees)
37,750,000	37,750,000	*Ordinary shares of Rs. 5 each fully paid in cash	188,750,000	188,750,000
78,937,999	78,937,999	*Ordinary shares of Rs. 5 each (originally of Rs.10 at a discount of Rs. 6 per share) - paid in cash	394,689,995	394,689,995
24,867,900	24,867,900	*Ordinary shares of Rs. 5 each (originally of Rs.10 at a discount of Rs. 6 per share) issued to the leasing companies and a bank to convert part of their finances into fully paid up shares.	124,339,500	124,339,500
79,625,194	79,625,194	Right issue of shares of Rs.5 each offered at par	398,125,970	398,125,970
221,181,093	221,181,093		1,105,905,465	1,105,905,465

* The nominal value of Rs. 10 per share was reduced to Rs. 5 per share in accordance with the order of the Honorable Lahore High Court in April 2004.

Nimir Resources (Private) Limited holds 125,341,294 ordinary shares of Rs. 5 each, representing 56.7% (2012: 121,621,904 ordinary shares of Rs. 5 each, representing 55%) of the issued capital.

7. LONG TERM LOANS

	Note	2013 (Rupees)	2012 (Rupees)
Syndicated term finance - Secured	7.1	196,000,005	261,333,333
Less: Current maturity shown under current liabilities		(65,333,328)	(65,333,328)
		130,666,677	196,000,005

7.1 This represents syndicated term finance facility obtained from financial institutions carrying mark-up at the rate of 6 months KIBOR plus 350 bps per annum with no floor and no cap (2012 : 6 months KIBOR plus 350 bps per annum with no floor and no cap). These facilities are secured against first pari - passu charge on the present and future, current and fixed assets of the Company for Rs. 392 million including land.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) is 3 months KIBOR plus 275 bps and 6 months KIBOR plus 285 bps (2012: 6 months KIBOR plus 285 bps and 6 months KIBOR plus 400 bps). The amount of future payments and the period during which they will become due are:

			2013 (Rupees)	2012 (Rupees)
Year ending 30 June		2013	–	4,570,751
		2014	5,040,793	3,489,036
		2015	3,826,145	1,788,482
		2016	2,003,531	–
		2017	3,087,079	–
			13,957,548	9,848,269
Less:	Future finance charges		(1,599,525)	(1,373,316)
			12,358,023	8,474,953
Less:	Current maturity shown under current liabilities		(4,125,497)	(3,634,758)
			8,232,526	4,840,195

8.1 The lease agreement has 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 :

	2013		2012	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	5,040,793	4,125,497	4,570,751	3,634,758
Due later than 1 year but not later than 5 years	8,916,755	8,232,526	5,277,518	4,840,195
	13,957,548	12,358,023	9,848,269	8,474,953

9. DEFERRED LIABILITY

	Note	2013 (Rupees)	2012 (Rupees)
Staff retirement benefits - gratuity	9.1	35,167,195	30,000,468

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

	2013 (Rupees)	2012 (Rupees)
Present value of defined benefits obligation	34,877,824	28,090,927
Benefits due but not paid	–	567,168
Unrecognized actuarial gains	289,371	1,342,373
	35,167,195	30,000,468

The amounts recognized in the profit and loss account against defined benefit scheme are as follows:

	2013 (Rupees)	2012 (Rupees)
Current service cost	3,412,365	3,241,239
Interest cost	3,651,821	3,838,239
Expense recognized in the profit and loss account	7,064,186	7,079,478

	Note	2013 (Rupees)	2012 (Rupees)
The charge for the year has been allocated as follows:			
Cost of sales	26.2	4,232,088	4,362,078
Distribution costs	27.1	622,560	622,560
Administrative expenses	28.1	2,209,538	2,094,840
		7,064,186	7,079,478
Movements in the net liability recognized in the balance sheet are as follows:			
As at 01 July		30,000,468	29,234,457
Charge for the year		7,064,186	7,079,478
Payments during the year		(1,330,291)	(6,313,467)
Adjustment during the year		(567,168)	–
As at 30 June		35,167,195	30,000,468
Movements in the present value of defined benefit obligation:			
Present value of defined benefits obligation as at 01 July		28,090,927	27,415,992
Service cost		3,412,365	3,241,239
Interest cost		3,651,821	3,838,239
Benefits due but not paid		–	(206,743)
Benefits paid		(1,330,291)	(6,313,467)
Actuarial loss		1,053,002	115,667
Present value of defined benefits obligation as at 30 June		34,877,824	28,090,927

9.2 The present value of defined benefit obligations is as follows:

	2013	2012	2011	2010	2009
Present value of defined benefit obligations at the end of the year	34,877,824	28,090,927	27,415,992	25,983,036	20,105,951
Experience adjustment arising on plan liabilities -loss/ (gain)	1,053,002	115,667	(3,341,742)	645,122	(1,156,778)

10. TRADE AND OTHER PAYABLES

	Note	2013 (Rupees)	2012 (Rupees)
Creditors		80,286,629	46,079,388
Accrued liabilities		61,614,920	74,342,519
Security deposits	10.1	600,000	600,000
Advances from customers		2,493,474	788,031
Workers profit participation fund	10.2	12,480,422	6,064,789
Workers welfare fund		9,148,317	4,405,757
Withholding tax payable		783,078	654,069
Others		261,577	192,977
		167,668,417	133,127,530

10.1 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.

		2013 (Rupees)	2012 (Rupees)
10.2	Balance as at 01 July	6,064,789	5,336,733
	Add: Provision for the year	12,480,422	6,064,789
	Less: Payments made during the year	(6,064,789)	(5,336,733)
	Balance as at 30 June	12,480,422	6,064,789

11. SHORT TERM BORROWINGS - SECURED

The aggregate facility of short term finances from commercial bank available at year end is Rs. 990 million (2012: Rs. 821 million). The rate of mark up ranges from 1 month KIBOR + 30 bps per annum to 3 months and 6 months KIBOR + 250 bps per annum with no floor and no cap (2012: 1 month KIBOR plus 90 bps per annum to 6 months KIBOR plus 300 bps per annum with 12 % floor and no cap) recovered quarterly for utilized facility. The facilities are secured against 1st pari passu charge on the present and future, current and fixed assets of the Company, including land along with construction thereon and easements, amenities therewith.

The unutilized facility for opening letters of credit and bank guarantees as at 30 June 2013 amounts to Rs. 167 million (2012: Rs. 125 million) and Rs. 63 million (2012: Rs. 4 million), respectively.

12. CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

Contingencies as on balance sheet date were Rs. Nil (2012: Nil)

12.2 COMMITMENTS

Commitments in respect of letters of credit established for the import of raw materials and spare parts amounting to Rs. 61 million (2012: Rs. 66 million) and commitments in respect of letter of guarantee given to SNGPL amounting to Rs. 76.7 million (2012: Rs. 65.68 million) and letter of guarantees given to Customs amounting to Rs 60 million (2012: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Note	2013 (Rupees)	2012 (Rupees)
Operating fixed assets	13.1	965,107,081	947,829,261
Capital work in progress	13.6	102,256,948	106,023,785
		1,067,364,029	1,053,853,046

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

13.4 Plant and machinery includes storage tanks amounting to Rs. 0.64 million (2012: Rs. 1.31 million) held by customers of the Company in normal course of business.

13.5 Depreciation for the year has been allocated as under:

	Note	2013 (Rupees)	2012 (Rupees)
Cost of sales	26	72,696,674	67,734,919
Distribution costs	27	1,741,064	935,076
Administrative expenses	28	4,425,114	3,191,114
		78,862,852	71,861,109

13.6 Capital work in progress

	Note	2013 Building (Rupees)	2013 Plant and machinery (Rupees)	2013 Others (Rupees)	2013 Total (Rupees)	2012 (Rupees)
Opening balance		–	79,499,429	26,524,356	106,023,786	78,086,879
Additions during the year		6,974,293	72,660,281	18,968,538	98,603,112	40,458,873
		6,974,293	152,159,710	45,492,894	204,626,898	118,545,752
Transferred to fixed assets		(6,974,294)	(67,492,240)	(18,600,966)	(93,067,500)	(12,521,967)
Impairment	13.6.1	–	(9,302,450)	–	(9,302,450)	–
		–	75,365,020	26,891,928	102,256,948	106,023,785

13.6.1 This represents impairment against expenditures incurred to acquire new imported plant deu to difficulties in obtaining legal clearance.

14. INTANGIBLE ASSETS

	Note	2013 (Rupees)	2012 (Rupees)
Software and licenses:			
Cost:			
As at 1 July		–	–
Additions during the year		2,166,500	–
As at 30 June		2,166,500	–
Accumulated amortization:			
As at 1 July		–	–
Amortization during the year	28	(324,975)	–
As at 30 June		(324,975)	–
Net book value:		1,841,525	–
Rate of amortization - %		20	–

13.1 Operating fixed assets

Particulars	2013 COST As At 01 July, 2012	Additions (Disposals)	Adjustment	As At 30 June, 2013	Rate %	DEPRECIATION Accumulated as at 01 July, 2012	Charge for the year	(Disposals)	Adjustment	Accumulated as at 30 June, 2013	Net Book value As at. 30 June, 2013
	(Rupees)					(Rupees)					(Rupees)
Owned											
Free hold land	10,661,483	3,025,033	-	13,686,516	-	-	-		-	-	13,686,516
Building on free hold Land	102,923,814	6,974,293	-	109,898,107	4-5	39,323,039	4,929,185	-	-	44,252,224	65,645,883
Plant and machinery	1,444,822,295	67,492,237	-	1,512,314,532	4-50	598,260,746	64,382,675	-	-	662,643,421	849,671,111
Furniture and fittings	3,003,376	671,417	-	3,674,793	10-33	2,135,392	346,857	-	-	2,482,249	1,192,544
Office and factory equipment	20,790,608	6,208,091	-	26,994,699	10-50	8,258,062	4,018,912	(3,999)	-	12,272,975	14,721,724
		(4,000)									
Vehicles	12,983,786	5,938,809	443,600	15,617,797	20	7,709,736	2,294,694	(1,930,130)	443,600	8,517,900	7,099,897
		(3,748,398)									
	1,595,185,362	90,309,880	443,600	1,682,186,444		655,686,975	75,972,323	(1,934,129)	443,600	730,168,769	952,017,675
		(3,752,398)									
Leased											
Vehicles	13,074,660	8,816,000	-	20,366,660	20	4,743,785	2,890,528	(357,059)	-	7,277,254	13,089,406
		(1,524,000)									
	13,074,660	8,816,000	-	20,366,660		4,743,785	2,890,528	(357,059)	-	7,277,254	13,089,406
2013	1,608,260,022	99,125,880	443,600	1,702,553,104		660,430,760	78,862,852	(2,291,188)	443,600	737,446,023	965,107,081
		(5,276,398)									

Particulars	2012 COST As At 01 July, 2011	Additions (Disposals)	Adjustment	As At 30 June, 2012	Rate %	DEPRECIATION Accumulated as at 01 July, 2011	Charge for the year	(Disposals)	Adjustment	Accumulated as at 30 June, 2012	Net Book value As at. 30 June, 2012
	(Rupees)					(Rupees)					(Rupees)
Owned											
Free hold land	10,661,483	-	-	10,661,483	-	-	-	-	-	-	10,661,483
Building on free hold Land	96,104,281	6,819,533	-	102,923,814	4-5	34,740,804	4,582,235	-	-	39,323,039	63,600,775
Plant and machinery	1,439,010,889	11,098,104	-	1,444,822,295	4-50	542,605,268	60,786,404	(5,130,926)	-	598,260,746	846,561,549
		(5,286,698)									
Furniture and fittings	2,446,109	1,019,260	-	3,003,376	10-33	2,432,038	162,599	(459,245)	-	2,135,392	867,984
		(461,993)			10-50						
Office and factory equipment	18,756,690	5,246,087	-	20,790,608		8,914,602	2,539,193	(3,195,732)	-	8,258,063	12,532,545
		(3,212,169)			20						
Vehicles	8,837,926	4,145,860		12,983,786		5,932,497	1,777,239	-	-	7,709,736	5,274,050
	1,575,817,378	28,328,844	-	1,595,185,362		594,625,209	69,847,670	(8,785,903)	-	655,686,976	939,498,386
		(8,960,860)									
Leased											
Vehicles	3,912,660	9,162,000	-	13,074,660	20	2,730,346	2,013,439	-	-	4,743,785	8,330,875
	3,912,660	9,162,000	-	13,074,660		2,730,346	2,013,439	-	-	4,743,785	8,330,875
2012	1,579,730,038	37,490,844	-	1,608,260,022		597,355,555	71,861,109	(8,785,903)	-	660,430,761	947,829,261
		(8,960,860)									

13.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Purchasers
	(Rupees)						
Office and factory equipment	4,000	3,999	1	500	499	Negotiation	Ex-employee
Vehicles	3,748,398	1,930,130	1,818,268	2,582,700	764,432	Negotiation	Various
Leased vehicle	1,524,000	357,059	1,166,941	1,297,600	130,659	Negotiation	Ravi motor
Total	5,276,398	2,291,188	2,985,210	3,880,800	895,590		

	Note	2013 (Rupees)	2012 (Rupees)
15. LONG TERM DEPOSITS			
Security deposits			
Leasing companies and banks		3,605,900	1,226,100
Others	15.1	13,147,842	12,774,000
		16,753,742	14,000,100
Less: Current maturity	21	–	(309,900)
		16,753,742	13,690,200

15.1 It includes deposit amounting to Rs. 12.24 million (2012: 12.24 million) given to WAPDA for dedicated line.

	Note	2013 (Rupees)	2012 (Rupees)
16. DEFFERED TAX ASSET			
This comprises of:			
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		(219,646,234)	(199,265,562)
Deferred tax assets on deductible temporary differences:			
Trade debts - provision for doubtful debts		6,670,066	6,866,245
Provision against advance		475,547	–
Provision against refundable from tax authorities		1,274,490	–
Deferred liabilities		11,956,846	10,500,164
Tax losses and minimum tax credit carried forward		256,264,020	327,260,986
		56,994,735	145,361,833
17. STORES, SPARES AND LOOSE TOOLS			
Stores		7,305,661	27,488,411
Spares and loose tools		37,926,156	15,888,672
		45,231,817	43,377,083
18. STOCK IN TRADE			
Raw and packing material			
In hand	18.1	88,621,725	31,760,652
In transit		170,598,764	53,770,086
		259,220,490	85,530,738
Provision for packing material	18.2	(1,772,702)	–
		257,447,787	85,530,738
Finished goods		54,840,705	77,645,760
		312,288,492	163,176,498

18.1 This includes steel drums amounting to Rs. 1.77 million (2012: Rs. 1.18 million) held by customers of the Company in normal course of business.

18.2 This represents provision against packing materials made during the year.

	Note	2013 (Rupees)	2012 (Rupees)

19. TRADE DEBTS

	Note	2013 (Rupees)	2012 (Rupees)
Unsecured- considered good		510,238,708	312,112,358
Considered doubtful		19,617,842	19,617,842
Provision for doubtful debtors	19.1	(19,617,842)	(19,617,842)
		–	–
		510,238,708	312,112,358

19.1 As at 30 June 2013, trade receivables amounting to Rs. 19.62 million (2012: Rs. 19.62 million) were impaired and fully provided for. The movement in the amount provided for is as follows:

	Note	2013 (Rupees)	2012 (Rupees)
Provision for doubtful debts			
As at 1 July		19,617,842	19,617,842
Charge for the year		–	–
Reversal of provision during the year		–	–
		–	–
As at 30 June		19,617,842	19,617,842

20. LOANS AND ADVANCES

	Note	2013 (Rupees)	2012 (Rupees)
Considered good - unsecured			
Suppliers	20.1	14,351,763	6,976,484
Employees against business expenses		1,352,065	2,381,646
Employees against salary	20.2	2,765,126	1,981,379
		18,468,954	11,339,509

20.1 The advance given to supplier amounting to Rs. 1.3 million (2012: Rs. Nil) has been provided for during the year.

20.2 This includes advance given to three executives amounting to Rs. Nil (2012 : Rs. 840,381).

21. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2013 (Rupees)	2012 (Rupees)
Current maturity of security deposit	15	–	309,900
Security deposit		1,480,000	360,000
Prepayments		3,108,731	4,938,093
		4,588,731	5,607,993

22. OTHER RECEIVABLES

	2013 (Rupees)	2012 (Rupees)
Margin against bank guarantee	8,218,150	6,568,150
Margin against LC's	613,565	425,000
Markup receivable	118,560	–
Others	–	44,128
	8,950,275	7,037,278

	Note	2013 (Rupees)	2012 (Rupees)

23. TAX REFUND DUE FROM GOVERNMENT

	Note	2013	2012
Advance income tax		72,501,419	127,253,859
Sales tax		10,362,307	7,347,189
Federal excise duty refundable		3,748,500	3,748,500
		86,612,226	138,349,548

24. CASH AND BANK BALANCES

	Note	2013	2012
Cash in hand		1,720,681	225,426
Cash at bank:			
Current accounts	24.1	44,840,590	73,643,549
Savings account	24.2	410,602	(2,729,147)
Term Deposit Certificate	24.3	9,164,000	–
		56,135,873	71,139,828

24.1 This includes Rs. 25.7 million (2012 : Nil) under lien with Bank of Punjab against bank guarantees. These carry mark up of 6.8% per annum. (2012:Nil)

24.2 The balance in savings account bear mark-up at rate of 5% (2012: 5%) per annum.

24.3 This includes Rs. 9.16 million (2012 : Nil) under lien with National Bank of Pakistan against bank guarantees. These carry mark up of 6.8% per annum. (2012:Nil)

	Note	2013 (Rupees)	2012 (Rupees)
25. SALES		3,503,988,032	3,112,960,172
Less: Sales tax and excise duty		(486,008,897)	(429,173,521)
		3,017,979,135	2,683,786,651
Less: Discount		(15,643,990)	(6,182,025)
Net sales		3,002,335,145	2,677,604,626

26. COST OF SALES

	Note	2013	2012
Raw and packing material consumed	26.1	2,095,830,976	1,990,149,471
Salaries, wages and benefits	26.2	80,462,154	69,607,133
Depreciation	13.5	72,696,674	67,734,919
Fuel and power		133,245,703	136,529,105
Stores, spares and loose tools consumed		42,317,245	49,365,958
Repairs and maintenance		23,970,282	16,637,381
Travelling, conveyance and entertainment		14,961,249	12,715,674
Communications		602,927	623,501
Insurance		3,465,683	3,382,912
Printing and stationery		1,265,759	710,553
Provision against packing materials		1,772,702	–
Other expenses		5,785,872	4,325,226
		2,476,377,226	2,351,781,833
Add: Opening stock-finished goods		77,645,760	55,944,650
Less: Closing stock-finished goods		(54,840,705)	(77,645,760)
		2,499,182,281	2,330,080,723

	2013 (Rupees)	2012 (Rupees)
26.1 Raw and packing material consumed		
Opening Balance	85,530,738	201,932,936
Purchases	2,267,748,025	1,873,747,273
	2,353,278,763	2,075,680,209
Less: Closing Balance	(257,447,787)	(85,530,738)
Raw and packing material consumed	2,095,830,976	1,990,149,471

26.2 This includes Rs. 4.23 million (2012: Rs. 4.41 million) in respect of staff retirement benefits - gratuity scheme.

27. DISTRIBUTION COSTS

	Note	2013 (Rupees)	2012 (Rupees)
Salaries, wages and benefits	27.1	8,273,767	7,498,843
Repairs and maintenance		39,435	13,095
Travelling, conveyance and entertainment		2,367,118	1,674,339
Communications		168,266	160,082
Insurance		1,392,685	1,122,064
Freight outward		24,330,258	20,458,453
Distribution commission and reimbursement of expenses		42,280,998	25,959,641
Packing, carriage and forwarding		3,676,467	3,578,989
Printing and stationery		117,946	133,237
Depreciation	13.5	1,741,064	935,076
Other expenses		156,365	347,920
		84,544,369	61,881,739

27.1 This includes Rs. 0.62 million (2012: Rs. 0.62 million) in respect of staff retirement benefits - gratuity scheme.

28. ADMINISTRATIVE EXPENSES

	Note	2013 (Rupees)	2012 (Rupees)
Salaries, wages and benefits	28.1	28,203,891	19,757,457
Fuel and power		720,708	795,599
Repairs and maintenance		851,781	1,943,209
Travelling, conveyance and entertainment		6,638,504	5,389,180
Communications		1,949,694	1,511,349
Insurance		697,852	553,041
Rent, rates and taxes		829,088	1,213,405
Printing and stationery		720,999	711,133
Advertising and sale promotion		753,836	540,316
Legal, professional and consultancy charge		2,102,040	4,186,700
Auditors' remuneration	28.2	1,000,000	913,000
Depreciation	13.5	4,425,114	3,191,114
Amortization	14	324,975	–
Other expenses		3,193,151	3,383,870
		52,411,633	44,089,373

28.1 This includes Rs. 2.21 million (2012: Rs. 2.09 million) in respect of staff retirement benefits - gratuity scheme.

	Note	2013 (Rupees)	2012 (Rupees)
28.2 Auditors' remuneration			
Audit fee		600,000	600,000
Certifications and reviews		335,000	244,000
Out of pocket expenses		65,000	69,000
		1,000,000	913,000

29. OTHER EXPENSES

	Note	2013 (Rupees)	2012 (Rupees)
Workers profit participation fund	10.2	12,480,422	6,064,789
Workers welfare fund		4,742,560	2,304,620
Loss on disposal of property, plant and equipment		–	108,857
Impairment on property, plant and equipment		9,302,449	–
Provision against advances		1,398,669	–
Other provisions		3,748,500	–
		31,672,600	8,478,266

30. OTHER INCOME

	Note	2013 (Rupees)	2012 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment		895,590	–
Scrap sales		1,403,061	826,928
Miscellaneous income		2,589,495	5,944,247
Financial assets			
Creditors written back		–	1,421,047
Profit on savings account		552,699	161,332
Markup on term deposit receipt		118,560	45,012
		5,559,405	8,398,566

31. FINANCE COST

	Note	2013 (Rupees)	2012 (Rupees)
Mark-up on			
Long term loans		32,811,443	47,038,620
Short term borrowings		58,867,594	55,980,387
Financial charges on lease		1,131,978	1,044,441
Bank charges, fee and commission		4,043,197	10,300,251
		96,854,212	114,363,699

32. FOREIGN EXCHANGE LOSS

	Note	2013 (Rupees)	2012 (Rupees)
Foreign liabilities		10,696,630	14,183,015

33. TAXATION

	Note	2013 (Rupees)	2012 (Rupees)
Current tax:			
Current year		15,012,984	26,776,048
Prior year		2,071,632	21,066
		17,084,616	26,797,114
Deferred tax			
Relating to the reversal and origination of temporary differences		84,074,055	(145,361,833)
Expense resulting from reduction in tax rate		4,293,042	–
		88,367,097	(145,361,833)
		105,451,713	(118,564,719)

33.1 Keeping in view the accumulated tax loses, tax provision for the year has been calculated @ 0.5% of turnover as required under Section 113 of Income Tax Ordinance, 2001. Accordingly, numerical reconciliation between effective tax rate and applicable tax rate is not reported for the year.

34. EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

	2013 (Rupees)	2012 (Rupees)
34.1 Basic		
Profit attributable to ordinary shareholders (Rupees)	127,081,111	231,491,096
Weighted average number of ordinary shares	221,181,093	221,181,093
Earnings per ordinary share (Rupees)	0.57	1.05

34.2 Diluted

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

35. 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 summarised below.

35.1 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.

The Company is exposed to credit risk on long-term deposits, trade debts, short term deposits, advances, 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.

	Carrying values	
	2013 (Rupees)	2012 (Rupees)
Long-term deposits	16,753,742	13,690,200
Short-term deposits	1,480,000	669,900
Trade debts – unsecured	510,238,708	312,112,358
Advances	2,765,126	1,981,379
Other receivables	8,950,275	7,037,278
Bank balances	54,415,192	71,139,828

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:

35.1.1 Trade Debts

	2013 (Rupees)	2012 (Rupees)
Neither past due nor impaired	510,238,708	312,112,358
Past due but not impaired	–	–
	510,238,708	312,112,358

As at 30 June 2013, trade debts of Rs. 19.62 million (2012: Rs.19.62 million) were impaired and provided for.

35.1.2 Bank

	2013 (Rupees)	2012 (Rupees)
A1+	54,389,196	70,887,550
A1-	23,157	23,163
A2-	2,839	2,839
A3	–	850
	54,415,192	70,914,402

The sale to one major customer amounts to Rs. 701,093,550 (2012: Rs. 655,754,700) which represents more than 10% of the total revenue.

35.2 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.

For the year ended 30 June 2013	Maturity Upto One Year	Maturity After One Year	Total
		(Rupees)	
Long term loans	86,731,846	148,208,715	234,940,561
Liabilities against assets subject to finance lease	5,040,793	8,916,755	13,957,548
Short term borrowings	486,977,416	–	486,977,416
Unclaimed dividend	687,716	–	687,716
Trade and other payables	142,763,126	–	142,763,126
Total financial liabilities	722,200,897	157,125,470	879,326,367

For the year ended 30 June 2012	Maturity Upto One Year	Maturity After One Year	Total
		(Rupees)	
Long term loans	101,043,938	242,637,759	343,681,697
Liabilities against assets subject to finance lease	8,916,755	4,840,195	13,756,950
Short term borrowings	360,809,691	–	360,809,691
Unclaimed dividend	687,716	–	687,716
Trade and other payables	121,214,884	–	121,214,884
Total financial liabilities	592,672,984	247,477,954	840,150,938

35.3 Market Risk

35.3.1 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.

35.3.2 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.

35.3.3 Sensitivity analysis

If interest rates at the year end, fluctuate by 1% higher/ lower, profit for the year would have been Rs. 6.95 million (2012: Rs. 6.3 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.

35.4 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, reserves and subordinated loan. The gearing ratio of the Company is 11 % (2012: 18%).

35.5 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 finanicial liabilities at balance sheet date are categorised into loans and advances.

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise local associated companies, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 37 are as follows:

Relationship	Nature and Description of Related Party Transaction	2013	2012
		(Rupees)	(Rupees)
* Nimir Chemicals Pakistan Limited	Purchase of goods	–	7,225
	Sale of goods	–	27,236
	Management and other services received	–	612,510
	Other services rendered	–	509,347
	Premises rent shared	–	298,000

- The transactions were carried out at an arm's length basis.
- No buying or selling commission has been paid to any associated undertaking.

* The Company ceased to be related party with effect from 31 August, 2011

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
Number of persons	1	1	2	4	11	6
			(Rupees)			
Remuneration	2,709,677	1,290,320	4,064,508	4,515,998	12,151,744	5,620,152
Housing	1,219,355	580,650	1,829,016	2,032,186	5,468,292	2,529,071
Driver allowance	–	–	–	10,000	–	–
Utilities	270,968	129,030	406,476	451,628	1,215,189	562,009
ICP / bonus	–	–	–	–	2,218,174	1,317,936
	4,200,000	2,000,000	6,300,000	7,009,812	21,053,399	10,029,168

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

37.2 An amount of Rs. Nil (2012: Rs. 2.35 million) has been paid to two Directors (2012: two) for rendering of services.

37.3 An amount of Rs. 330,000 (2012: Nil) was paid to directors on attending the board meetings.

38. NUMBER OF EMPLOYEES

	2013	2012
Number of employees as at 30 June	128	133
Average number of employees during the year	129	131

39. PRODUCTION CAPACITY IN METRIC TONS

	2013 Maximum Capacity	2013 Actual Production	2012 Maximum Capacity	2012 Actual Production
Oleo Chemicals (Metric Tons)	24,000	22,038	24,000	19,614
Chlor Alkali Products (Metric Tons)	35,000	34,926	31,350	30,836

The under utilization of capacity is due to prevailing market conditions.

40. DATE OF AUTHORIZATION FOR ISSUE

40.1 These financial statements were authorized for issue on 4th September, 2013 by the board of directors of the Company.

40.2 Figures in these financial statements have been rounded off to the nearest rupee.

Chief Executive Officer

Director

SHAREHOLDING

No. of Shareholders	From	To	Total Shares Held
168	1	100	7,558
961	101	500	431,202
461	501	1,000	431,741
1,032	1,001	5,000	3,202,489
445	5,001	10,000	3,826,525
165	10,001	15,000	2,181,892
118	15,001	20,000	2,221,658
98	20,001	25,000	2,355,124
45	25,001	30,000	1,262,947
32	30,001	35,000	1,076,576
28	35,001	40,000	1,073,785
18	40,001	45,000	782,547
56	45,001	50,000	2,786,020
11	50,001	55,000	585,350
10	55,001	60,000	582,830
8	60,001	65,000	510,150
9	65,001	70,000	617,876
11	70,001	75,000	819,625
6	75,001	80,000	469,000
6	80,001	85,000	499,750
5	85,001	90,000	439,749
3	90,001	95,000	279,250
35	95,001	100,000	3,490,800
4	100,001	105,000	412,624
2	105,001	110,000	215,250
2	110,001	115,000	226,384
3	115,001	120,000	356,000
1	120,001	125,000	125,000
2	125,001	130,000	252,599
1	130,001	135,000	135,000
5	145,001	150,000	747,828
3	150,001	155,000	453,000
2	160,001	165,000	325,633
1	165,001	170,000	170,000
2	170,001	175,000	346,562
2	175,001	180,000	360,000
1	180,001	185,000	181,375
2	185,001	190,000	375,447
9	195,001	200,000	1,796,625
1	200,001	205,000	203,500
1	205,001	210,000	206,500
1	225,001	230,000	227,500
1	230,001	235,000	233,747
2	245,001	250,000	500,000
1	270,001	275,000	275,000
1	275,001	280,000	276,500
1	295,001	300,000	300,000
1	300,001	305,000	300,170
1	315,001	320,000	320,000
1	320,001	325,000	325,000
1	335,001	340,000	340,000
2	345,001	350,000	698,000
1	395,001	400,000	400,000
2	415,001	420,000	840,000
1	455,001	460,000	460,000
3	495,001	500,000	1,500,000
1	520,001	525,000	525,000
1	525,001	530,000	527,000
1	535,001	540,000	540,000
1	560,001	565,000	565,000
1	580,001	585,000	582,656
2	595,001	600,000	1,200,000

SHAREHOLDING

No. of Shareholders	From	To	Total Shares Held
1	640,001	645,000	643,198
2	645,001	650,000	1,300,000
1	655,001	660,000	659,500
1	680,001	685,000	685,000
1	695,001	700,000	700,000
1	740,001	745,000	745,000
1	800,001	805,000	801,000
1	910,001	915,000	914,500
2	995,001	1,000,000	2,000,000
1	1,135,001	1,140,000	1,139,500
2	1,195,001	1,200,000	2,400,000
1	1,220,001	1,225,000	1,222,397
1	1,370,001	1,375,000	1,371,850
1	1,595,001	1,600,000	1,600,000
1	1,995,001	2,000,000	2,000,000
1	2,320,001	2,325,000	2,325,000
1	2,495,001	2,500,000	2,500,000
1	2,675,001	2,680,000	2,678,008
1	5,045,001	5,050,000	5,048,502
1	7,360,001	7,365,000	7,363,000
1	9,995,001	10,000,000	10,000,000
1	125,325,001	125,330,000	125,325,294
3,827			221,181,093

5.	Categories of shareholders	Share held	Percentage
5.1	Directors, Chief Executive Officers and their spouse and minor childern	13,355,194	6.0381
5.2	Parent Company, Associated Companies, undertakings and related parties.	125,341,294	56.6691
5.3	NIT and ICP	3,000	0.0014
5.4	Banks, Development Financial Institutions, Non Banking Financial Institutions.	156,600	0.0708
5.5	Insurance Companies	420,000	0.1899
5.6	Modarabas and Mutual Funds	7,515,000	3.3977
5.7	Share holders holding 10%	125,341,294	56.6691
5.8	General Public	67,869,970	30.6852
5.9	Others (to be specified)		
	a. Joint Stock Companies	3,706,282	1.6757
	b. Foreign Companies	64,200	0.0290
	c. Leasing Companies	48,020	0.0217
	d. Investment Companies	2,701,533	1.2214

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail)			
	Nimir Resources (Pvt.) Ltd. (CDC)	125,341,294	56.6691
Mutual Funds (Name Wise Detail)			
	MCBFSL - Trustee NAMCO Balanced Fund	7,363,000	3.3289
Directors and their Spouse and Minor Children (Name Wise Detail)			
1	Mr. Abdul Jalil Jamil (CDC)	67,376	0.0305
2	Sh. Amar Hameed (CDC)	582,656	0.2634
3	Mr. Saeed Uz Zaman	501,562	0.2268
4	Mr. Zafar Mahmood ((CDC)	26,750	0.0121
5	Mr. Umar Iqbal (CDC)	1,000	0.0005
6	Mr. Muhammad Sarwar Khawaja	1,500	0.0007
7	Mr. Muhammad Yahya Khan (CDC)	10,000,000	4.5212
8	Mr. Khalid Mumtaz Qazi (CDC)	1,500	0.0007
9	Mr. Abdul Jaleel Shaikh (Nominee of Pak Brunei)	–	0.0000
10	Mr. Khalid Siddiq Tirmizey (Nominee of BOP)	–	0.0000
11	Mrs. Nusrat Jamil W/o A. Jalil Jamil (CDC)	2,172,850	0.9824
Executives		–	–
Public Sector Companies & Corporations		–	–
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		776,620	0.3511
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
	Nimir Resources (Private) Limited (CDC)	125,341,294	56.6691

The shares of the company traded by its Directors, Executives and their spouses and minor children are as follows:

S. No	Name	Sale	Purchase
1	Mr. Muhammad Yahya Khan	-	10,000,000
2	Mr. Muhammad Sarwar Khawaja	-	1,500

STATEMENT PURSUANT TO SECTION 218 OF THE COMPANIES ORDINANCE, 1984

TO ALL MEMBERS OF THE COMPANY

Dear Sir / Madam,

This to inform you that the Board of Directors in their meeting held on January 10, 2013 has re-appointed Mr. Zafar Mahmood as Chief Executive Officer (CEO) of the Company. In pursuant of Section 218 of the Companies Ordinance, 1984, this is to inform you that the terms and conditions of Mr. Zafar Mahmood's appointment are in accordance with his terms of service with the Company.

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

> **Resolved that** "subject to approval of shareholder, the annual remuneration of each executive director of the Company be and is hereby increased to Rs. 3.96 million per annum exclusive of perquisites, bonus, company maintained cars and genset, reimbursement of actual medical expenses, travelling, entertainment and other incidentals relating to their office in accordance with the Company policy."

Mr. Zafar Mahmood, being interested did not participate in this resolution.

> **Further Resolved that** "subject to the approval of shareholders, the annual remuneration of Chief Executive Officer of the Company be and is hereby increased to Rs. 5.28 million per annum exclusive of perquisites, bonus, company maintained cars and genset, reimbursement of actual medical expenses, travelling, entertainment and other incidentals relating to his office with the Company policy."

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

Yours faithfully,

Sheikhupura
September 4, 2013

Muhammad Inam-ur-Rahim
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting of Nimir Industrial Chemicals Limited (the "Company") shall be held on Tuesday, 29th October, 2013 at 12:00 Noon at Qasr-e-Sultan, Lahore-Faisalabad Bye pass, Near Housing Colony, Sheikhupura to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extra-Ordinary General Meeting of the Company held on 29th December, 2012.

2. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June, 2013 together with the Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ended 30th June, 2014 and fix their remuneration. The retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder–Chartered Accounts have offered themselves for re-appointment.

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

SPECIAL BUSINESS:

5. To consider and approve the following resolution as special resolution, with or without modifications, to increase the face value of shares of the Company by reducing the number of shares to half under section 92(1) of the Companies Ordinance, 1984 and to amend the Memorandum and Articles of Association of the Company and ancillary matters:

   i) Resolved that "that the face value of shares of the Company be and is hereby increased from Rupees Five (Rs.5/-) each to Rupees Ten (Rs. 10/-) each, by way of reducing the number of shares to half."

   ii) Further resolved that "shares arising from consolidation of fractional shares be allocated/ transferred by the Company to the Secretary of the Company, who will hold them in trust for the beneficial interest of fractional shareholders, and will sell these fractional shares in the open market and pay the proceeds to the beneficiary shareholders on a pro rata basis of their shareholding.";

   iii) Further resolved that "any proceeds of sale of above shares not claimed within a period of one year will be paid by the Company Secretary to any registered charitable organization."

   iv) Further resolved that "the figure and words 290,000,000 (Two hundred ninety million) ordinary shares of Rs. 5/= (Rupees five only) each, appearing in Clause V of the Memorandum and Article 4 of the Articles of Association of the Company be and hereby substituted with 145,000,000 (One hundred forty five million) ordinary share of Rs. 10/= (Rupees ten only) each, in accordance with requirement under the Companies Ordinance, 1984."; and

   v) Further resolved that "the Chief Executive and/or Company Secretary shall be singly authorized do all acts, deeds and things and take all necessary steps to complete all legal formalities, to file all necessary documents and to appear before all relevant authorities, including the Court, the Securities and Exchange Commission of Pakistan and/or any other competent body and/or authority to give effect to the foregoing resolutions. The Board of Directors shall have the powers to consent on behalf of all concerned to any modifications or additions proposed by SECP or any other government authority to the subject resolution(s) or to any conditions, as may think fit to impose."

OTHER BUSINESS:

6. To transact any other business with the permission of the Chair.

By Order of the Board

Sheikhupura
September 4, 2013

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

i. The share transfer books of the Company shall remain closed from 22nd October, 2013 to 29th October, 2013 (both days inclusive).

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. 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 Annual General Meeting. 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 CDC, entitled to attend and vote at this meeting, must bring his / her original National Identity Card (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, will bring Board resolution/power of attorney with specimen signature shall be submitted (unless it had been provided earlier) along with the proxy form to the Company.

v. Shareholders are requested to immediately notify change in address, if any, to the Company's share registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K (Commercial), Model Town, Lahore.

The statement of material facts under section 160 (1) (b) of the Companies Ordinance, 1984 concerning the special business contained in item No. 5 is annexed.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b)

The increase in the face value of share from Rs.5 to Rs.10 per share is recommended by the board of directors to bring the face value at par with the general market. There are only few companies on the stock exchange have face value less than Rs.10. Hence the board of directors has reviewed this situation and recommended the increase in face value by reducing number of shares.

By Order of the Board

Sheikhupura
September 4, 2013

Muhammad Inam-ur-Rahim
(Company Secretary)

FORM OF PROXY

Ledger Folio/CDC A/C No.

Shares Held

The Company Secretary,
Nimir Industrial Chemicals Limited,
14.8 Km., Sheikhupura-Faisalabad Road,
Mouza Bhikhi, District Sheikhupura.

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 20th Annual General Meeting of the Company to be held on 29th October, 2013 at 12:00 noon and/or at any adjournment thereof.

Signed this ……………………………………… day of ………………………………………… 2013.

Signature on Rs.5 Revenue Stamp

Notes:

1. The share transfer books of the Company shall remain closed from 22nd October, 2013 to 29th October, 2013 (both days inclusive).

2. 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. 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.

3. The corporate shareholders shall nominate someone to represent them at the Annual General Meeting. 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.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original National Identity Card (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 usual documents required for such purpose.

5. Shareholders are requested to immediately notify change in address, if any, to the Company's share registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K (Commercial), Model Town, Lahore.

NIMIR INDUSTRIAL CHEMICALS LIMITED

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