



# 2014 QUARTERLY REPORT SEPTEMBER (UNAUDITED)



## 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

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### Legal Advisor

Cornelius, Lane & Mufti  
Advocates & Solicitors

### Shares' Registrar

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

### Bankers

The Bank of Punjab  
Standard Chartered Bank (Pakistan) Limited  
National Bank of Pakistan  
Samba Bank Limited  
Pak Brunei Investment Company Limited  
Al Baraka Bank (Pakistan) Limited  
Fisrt National Bank Modaraba

### Registered Office / Factory

14.8 km., Sheikhpura-Faisalabad Road,  
Bhikhi, District Sheikhpura, Pakistan.  
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](http://www.nimir.com.pk)

## DIRECTORS' REPORT

The directors of your Company are pleased to present their report together with un-audited condensed interim financial information for the first quarter ended September 30, 2014.

The newly installed oleo chemicals plant was commissioned during the quarter under review. After fixing the initial teething problems, we started the commercial production of soap noodles from this new plant with effect from the middle of September 2014. This helped the company in increasing net sales revenue to Rs. 966 million during the quarter, representing an increase of 20% over the same quarter last year.

The gross profit, however, increased marginally over the last year primarily due to initial technical issues causing increase in energy consumption and wastages, besides adverse change in duty structure and rising costs. The distribution, administrative and financial expenses have been reduced over the last year, despite increase in sale volumes. Consequently, the Company posted net profit after tax of Rs. 46 million during the quarter under review, showing 13% increase over last year.

During the quarter, we also successfully commissioned the new soap finishing facility. Commercial production is however expected from the third quarter after the customers' qualification process is complete. The setting up of a coal-fired boiler is also nearing completion.

With the new plants in operation, we are confident to further enhance the sale turnover of the company in coming quarters, Insha Allah.

**For and on behalf of the Board**

**Sheikhupura  
October 22, 2014**



**Chief Executive Officer**

# CONDENSED INTERIM BALANCE SHEET - UNAUDITED

## AS AT SEPTEMBER 30, 2014

	Note	Unaudited September 30, 2014 Rs. "000"	Audited June 30, 2014 Rs. "000"
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,548,199	1,529,444
Intangible assets		1,298	1,408
Long term deposits		27,906	25,930
Deferred tax asset		11,369	26,259
		1,588,772	1,583,041
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		91,042	54,448
Stock in trade		455,353	517,669
Trade debts		503,197	240,294
Loans and advances		69,863	27,356
Trade deposits and short term prepayments		4,815	8,143
Other receivables		13,318	12,062
Tax refund due from Government		63,957	117,551
Cash and bank balances		79,216	62,187
		1,280,761	1,039,710
<b>TOTAL ASSETS</b>		<b>2,869,533</b>	<b>2,622,751</b>
<b>EQUITY AND LIABILITIES</b>			
Authorized Capital 145,000,000 ( June 30, 2014: 145,000,000)		1,450,000	1,450,000
Ordinary Shares of Rs. 10/- each (June 30, 2014: Rs. 10/- each)			
Issued, subscribed and paid up capital 110,590,546 ( June 30, 2013: 110,590,546)		1,105,905	1,105,905
Ordinary Shares of Rs. 10/- each (June 30, 2014: Rs. 10/- each)		399,391	353,122
Unappropriated profit		1,505,296	1,459,027
<b>NON CURRENT LIABILITIES</b>			
Long term loans		170,875	196,583
Liabilities against assets subject to finance lease		83,636	79,754
Deferred Liabilities - Staff retirement benefits		42,995	41,195
		297,506	317,532
<b>CURRENT LIABILITIES</b>			
Trade and other payable		221,014	238,174
Mark up accrued		18,190	12,757
Unclaimed dividend		687	687
Short term borrowings		662,021	452,099
Current maturity of long term loans		93,458	84,083
Current maturity of liabilities against assets subject to finance lease		16,874	16,430
Provision for taxation		54,487	41,962
		1,066,731	846,192
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,869,533</b>	<b>2,622,751</b>

The annexed notes from 1 to 10 form an integral part to this condensed interim financial information.

  
Chief Executive Officer

  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	<b>Note</b>	<b>July to September 2014 Rs. "000"</b>	<b>July to September 2013 Rs. "000"</b>
<b>Sales - Net</b>	8	966,120	808,059
Cost of sales	9	(820,038)	(664,665)
<b>Gross profit</b>		146,082	143,394
Distribution costs		(17,706)	(19,729)
Administrative expenses		(19,653)	(20,654)
<b>Operating profit</b>		108,723	103,011
Other expenses		(5,461)	(5,175)
Other income		282	506
Finance costs		(23,815)	(24,765)
Foreign exchange loss		(6,044)	(3,750)
<b>Profit before taxation</b>		73,685	69,827
Taxation:			
Taxation		(12,526)	(8,091)
Deferred		(14,890)	(20,948)
		(27,416)	(29,039)
<b>Profit after taxation</b>		46,269	40,788
			(Restated)
<b>Earnings per share - Basic and diluted</b>		0.42	0.37

The annexed notes from 1 to 10 form an integral part to this condensed interim financial information.

  
**Chief Executive Officer**

  
**Director**

# CONDENSED INTERIM STATEMENT OF CASH FLOW - UNAUDITED FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Note	July to September 2014 Rs. "000"	July to September 2013 Rs. "000" (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before taxation		73,685	69,827
Adjustment for :			
Depreciation		24,815	21,595
Amortization		110	89
Loss / (Gain) on disposal of property, plant and equipment		—	(1)
Finance costs		23,815	24,765
Foreign exchange loss on foreign liabilities		6,044	3,750
Provision for gratuity		1,800	1,800
		56,584	51,998
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		130,269	121,825
(Increase) / decrease in current assets			
Stores, spares and loose tools		(36,594)	(6,572)
Stock in trade		62,316	93,510
Trade debts		(262,903)	69,194
Loans and advances		(42,507)	(4,757)
Trade deposits and short term prepayments		3,328	1,110
Other receivables		(1,256)	(10,752)
Tax refund due from Government		58,011	3,471
		(219,605)	145,204
Increase / (decrease) in current liabilities			
Trade and other payable		(23,204)	24,857
<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		(112,540)	291,886
Gratuity paid		—	(372)
Finance costs paid		(18,381)	(25,035)
Tax paid		(4,419)	—
		(22,800)	(25,407)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		(135,340)	266,479
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(43,569)	(39,557)
Sale proceeds of property, plant and equipment		—	1
Long term deposits		(1,976)	(890)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		(45,545)	(40,446)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayments of long term loans		(16,333)	(16,333)
Repayment of liabilities against assets subject to finance lease		(4,485)	(1,063)
New leases acquired during the period		8,810	3,815
Short term borrowings		209,922	(217,095)
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES</b>		197,914	(230,676)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		17,029	(4,643)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		62,187	56,136
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		79,216	51,493

The annexed notes from 1 to 10 form an integral part to this condensed interim financial information.

  
Chief Executive Officer

  
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Share Capital	Unappropriated Profit	Total
	Rs. "000"	Rs. "000"	Rs. "000"
Balance as on June 30, 2013 - restated	1,105,905	158,731	1,264,636
Profit for the quarter	–	40,788	40,788
Balance as on September 30, 2013 - restated	<u>1,105,905</u>	<u>199,519</u>	<u>1,305,424</u>
Profit for the period	–	153,603	153,603
Balance as on June 30, 2014	<u>1,105,905</u>	<u>353,122</u>	<u>1,459,027</u>
Total comprehensive income for the period	–	46,269	46,269
<b>Balance as on September 30, 2014</b>	<u>1,105,905</u>	<u>399,391</u>	<u>1,505,296</u>

The annexed notes from 1 to 10 form an integral part to this condensed interim financial information.

  
Chief Executive Officer

  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED FOR THE QUARTER ENDED SEPTEMBER 30, 2014

### 1 THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited (the "Company") was incorporated in Pakistan on February 6, 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 operation on January 1, 2000. The registered office of the Company is situated at 14.8 K.m., Sheikhpura-Faisalabad Road, Bhikhi, District Sheikhpura, Pakistan. The Company is engaged in manufacturing and sale of industrial chemical products.

### 2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2014.

### 4 TAXATION

Provision for taxation is estimated and these are subject to final adjustments in the annual audited financial statements.

### 5 ADDITIONS / (DISPOSALS) IN PROPERTY, PLANT AND EQUIPMENTS - AT COST

Followings are the additions and disposals in the fixed assets made during the quarter ended September 30, 2014:

	<b>Additions</b> <b>Rs."000"</b>	<b>Disposals</b> <b>Rs."000"</b>
<b>OPERATING FIXED ASSETS</b>		
Building and Machinery (Transferred from CWIP)	425,000	-
Office Equipment	131	(4)
Furniture & Fixture	156	-
Computers	185	-
	<b>425,472</b>	<b>(4)</b>



**CAPITAL WORK IN PROGRESS (CWIP)**

Addition for the quarter  
Transferred to operating fixed assets

<b>Additions</b> <b>Rs. "000"</b>	<b>Disposals</b> <b>Rs. "000"</b>
43,097	-
(425,000)	-

**6 CONTINGENCIES AND COMMITMENTS**

During the past years the income tax authorities had raised a tax demand of Rs. 249 million by treating the remission of loan as taxable income of Rs. 711 Million. Income Tax Appellate Tribunal (ITAT) decided the case in favor of the Company. The Income Tax Department has filed the appeal in Honorable Lahore High Court against the decision. Pending the outcome of the department's appeal, no provision has been made in the financial statements for the demand raised by the Income Tax authorities, since the management of the Company based on the consultant opinion, is confident that the outcome of the appeal will be in the favor of the Company.

Commitments in respect of letters of credit established for the import of raw materials and spare parts amounting to Rs. 210 million (June 30, 2014: Rs. 369 million) and commitments in respect of letter of guarantee given to SNGPL amounting to Rs. 95.9 million (June 30, 2014: Rs. 95.9 million) and letter of guarantees given to Customs amounting to Rs. 69.50 million (June 30, 2014: Rs. 69.5 million).

**7 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprises holding Company, entities over which the directors are able to control, exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees fund. The transactions with related parties are as follows:

	<b>Quarter ended</b>	
	<b>September 30, 2014</b>	<b>September 30, 2013</b>
	<b>Rs. "000"</b>	<b>Rs. "000"</b>
Key Management Personal		
Remuneration	10,826	9,528
Other Benefits	8,316	5,200

**8 SALES**

	<b>Quarter ended</b>	
	<b>September 30, 2014</b>	<b>September 30, 2013</b>
	<b>Rs. "000"</b>	<b>Rs. "000"</b>
Gross Sales	1,134,172	949,056
Less: Discount	3,000	3,008
Sales Tax	165,052	137,989
	168,052	140,997
Net Sales	966,120	808,059

## 9 COST OF SALES

Opening stock of finished goods

Cost of goods manufactured

Less: Closing stock of finished goods

Quarter ended	
September 30, 2014	September 30, 2013
Rs. "000"	Rs. "000"
89,037	54,841
800,573	683,209
889,610	738,050
69,572	73,385
820,038	664,665

## 10 GENERAL

10.1 This interim condensed financial information was authorized for issue on October 22, 2014 by the Board of Directors of the Company.

10.2 The figures have been rounded off to the nearest thousand of Rupees.

  
Chief Executive Officer

  
Director



**NIMIR INDUSTRIAL CHEMICALS LTD.**

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