



**NIMIR**  
NIMIR RESINS LIMITED

Quarterly Report **2017**  
September (Unaudited)

| BETTER LIFE THROUGH CHEMISTRY |

# COMPANY INFORMATION

## Board of Directors

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

## Working Directors

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

## Chief Financial Officer

Mr. Aamir Jamil

## Company Secretary

Mr. Muhammad Inam-ur-Rahim

## Auditors

Horwath Hussain Chaudhury & Co.  
Chartered Accountants

## Audit Committee

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

## Human Resources &

## Remuneration Committee

Sh. Amar Hameed - Chairman  
Mr. Abdul Jalil Jamil - Member  
Mr. Zafar Mahmood - Member

## Bankers

The Bank of Punjab  
Al Baraka Bank (Pakistan) Limited  
Soneri Bank Limited  
J.S. Bank Limited  
MCB Bank Limited  
Pak Brunei Investment Company Limited

## Legal Advisors

M/s Hassan & Hassan  
Advocates

## Share Registrar

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

## Registered Office / Plant - 1

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

## Plant - 2

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

## Lahore Office

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

## Web Site

www.nimir.com.pk

# DIRECTORS' REPORT

The directors are pleased to present their review report together with the unaudited financial accounts of the Company for the quarter ended September 30, 2017.

An analysis of the financial results for quarter ended September 30, 2017 is as under:

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
	<b>Rupees in million</b>	
Sales Revenue	717	551
Gross Profit	60	62
Operating Profit	41	42
Profit after Tax	15	19

Sales revenue for the quarter was higher by 30% compared to the corresponding period last year on the back of higher sales volume. The Company has been successful in gaining its lost market share across all business segments.

The international market remained buoyant, as a result international prices of feedstock increased substantially. Due to a highly competitive business environment in the coatings business, increase in input cost could not be fully transferred to the customers. This has adversely affected the gross margin in quarter under review. However, the actual profitability of the company remained better than budget. Similarly, administration, selling and distribution expenditures and financial cost remained within budgeted limits.

Falling exports and increasing imports have put severe pressure on foreign exchange reserves. The government is trying to curb imports by imposing heavy regulatory duties on luxurious items and items manufacturing locally. There is a likelihood of depreciation of Pak Rupee, which would be a challenge going forward. The management, however, is committed to deliver the best possible results in the challenging situation during the remaining part of the year.

We are grateful to all our stakeholders for their continued support.

**For and on the behalf of the Board**



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**Zafar Mahmood**  
Chief Executive Officer

Lahore  
October 23, 2017

## ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2017ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالی حسابات کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

30 ستمبر 2017ء کو ختم ہونے والی سہ ماہی کے لئے مالیاتی نتائج کا تجزیہ حسب ذیل ہے:

30 ستمبر 2016	30 ستمبر 2017	
		روپے بلین میں
551	717	فروخت کی آمدنی
62	60	مجموعی منافع
42	41	آپریٹنگ منافع
19	15	ٹیکس کے بعد منافع

اعلیٰ فروختی حجم کی پشت پر گزشتہ سال کی اسی مدت کے مقابلے موجودہ سہ ماہی کے لئے فروخت کی آمدنی 30 فیصد زیادہ تھی۔ کمپنی تمام کاروباری شعبوں میں اپنے مارکیٹ شیئر کے نقصان کو حاصل کرنے میں کامیاب رہی ہے۔ بین الاقوامی مارکیٹ پریشان کن رہی، اس کے نتیجے میں فیڈ اسٹاک کی بین الاقوامی قیمتوں میں مسلسل اضافہ ہوا۔ کوئنگ کے کاروبار میں انتہائی مسابقتی کاروباری ماحول کی وجہ سے، ان پٹ لاگت میں اضافہ مکمل طور پر صارفین کو منتقل نہیں کیا جاسکتا تھا۔ زیر جائزہ سہ ماہی میں اس نے مجموعی منافع کو بری طرح متاثر کیا ہے۔ تاہم، کمپنی کا اصل منافع بجٹ سے بہتر رہا۔ اسی طرح، انتظامی، فروخت اور تقسیم کے اخراجات اور مالی لاگت بجٹ کی حد کے اندر اندر رہے۔

گرتی ہوئی برآمدات اور بڑھتی ہوئی درآمدات نے غیر ملکی زرمبادلہ کے ذخائر پر سخت دباؤ ڈالا ہے۔ حکومت عیش و آرام کی اشیاء اور مقامی طور پر مینوفیکچرنگ اشیاء پر بھاری ریگولیٹری ڈیوٹیز نافذ کر کے درآمدات پر پابندی لگانے کی کوشش کر رہی ہے۔ پاکستانی روپیہ کی قدر کم ہونے کا امکان ہے، جو مستقبل میں چیلنج ہوگی۔ تاہم، انتظامیہ، سال کے باقی عرصہ کے دوران چیلنجنگ صورتحال میں بہتر ممکنہ نتائج فراہم کرنے کے لئے پرعزم ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون کی شکرگزار ہیں۔

منجانب بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر

لاہور

23 اکتوبر 2017ء

# CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017 (UNAUDITED)

	Note	September 30, 2017 Unaudited Rupees '000'	June 30, 2017 Audited Rupees '000'
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	5	517,215	512,480
Intangible assets		1,244	1,327
Long term deposits		10,740	10,740
Retirement benefit asset - prepayments		-	1,175
		529,199	525,722
<b>Current Assets</b>			
Stores and spares		12,226	12,646
Stock in trade		537,379	621,164
Trade debts		631,479	601,680
Loans and advances		57,843	56,424
Trade deposits and short term prepayments		2,281	1,993
Other receivables		909	1,218
Tax refunds due from government		284,232	269,366
Bank balances		80,111	16,136
		1,606,460	1,580,627
<b>Total Assets</b>		<b>2,135,659</b>	<b>2,106,349</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 300,000,000 (June 30, 2017: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital 276,557,856 (June 30, 2017: 276,557,856) Ordinary shares of Rs. 5 each		1,382,789	1,382,789
Share deposit money		11,391	11,391
Sponsors' interest free loans		107,000	107,000
Reserves		(661,698)	(676,549)
		839,482	824,631
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	6	85,040	85,131
<b>Non Current Liabilities</b>			
Diminishing musharaka finance		3,139	2,007
Deferred liability		26,426	28,437
		29,565	30,444
<b>Current Liabilities</b>			
Trade and other payables		324,124	298,523
Accrued mark up		10,198	10,512
Short term borrowings		797,214	816,279
Current portion of diminishing musharaka finance		760	485
Provision for taxation		49,276	40,344
		1,181,572	1,166,143
<b>Contingencies and Commitments</b>	7	-	-
<b>Total Equity and Liabilities</b>		<b>2,135,659</b>	<b>2,106,349</b>

The annexed notes form an integral part of this condensed interim financial information (un-audited).



**CHIEF EXECUTIVE**

Nimir Resins Limited



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Note	Quarter Ended	
		September 30, 2017 Rupees '000'	September 30, 2016 Rupees '000'
Sales - net		716,652	550,576
Cost of sales	8	(656,216)	(488,776)
<b>Gross Profit</b>		60,436	61,800
Operating expenses:			
Distribution costs		(9,657)	(9,644)
Administrative expenses		(9,521)	(10,129)
<b>Operating Profit</b>		41,258	42,027
Other operating charges		(3,477)	(1,833)
Finance cost		(16,664)	(16,210)
Other income		428	712
<b>Profit before Taxation</b>		21,545	24,696
Taxation			
Current		(8,932)	(5,498)
Deferred		2,147	(656)
		(6,785)	(6,154)
<b>Net profit for the Period</b>		14,760	18,542
<b>Earning per Share - Basic &amp; diluted (Rs.)</b>	9	0.05	0.08

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Quarter Ended	
	September 30, 2017 Rupees '000'	September 30, 2016 Rupees '000'
<b>Net Profit for the Period</b>	14,760	18,542
Other comprehensive income	-	-
<b>Total Comprehensive Income for the Period</b>	14,760	18,542

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Quarter Ended	
	September 30, 2017	September 30, 2016
	Rupees '000'	Rupees '000'
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	21,545	24,696
Adjustments:		
Depreciation	8,232	8,679
Amortization of intangible asset	83	28
Provision for gratuity	1,362	12
Workers' profit participation fund	1,157	-
Worker welfare fund	440	-
Exchange loss - net	603	253
Finance cost	16,664	16,210
	28,541	25,182
Operating profit before working capital changes	50,086	49,878
(Increase) / decrease in current assets:		
Stores and spares	420	(547)
Stock in trade	83,785	(27,226)
Trade debts	(29,799)	(96,181)
Loans and advances	(1,419)	(10,563)
Trade deposits and short term prepayments	(287)	11,225
Other receivables	309	(309)
Tax refund due from government	3,960	(26,306)
Increase / (decrease) in current liabilities:		
Trade and other payables	23,402	32,375
	80,371	(117,532)
<b>Cash generated from / (used in) operations</b>	130,457	(67,654)
Finance cost paid	(16,978)	(11,886)
Gratuity paid	(52)	-
Income tax (paid)/received	(18,827)	12
<b>Net Cash Generated From / (Used In) Operating Activities</b>	94,600	(79,528)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(1,581)	(1,293)
Capital work in progress	(11,386)	-
<b>Net Cash Used In Investing Activities</b>	(12,967)	(1,293)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
New diminishing musharaka arrangements	1,668	-
Payments against diminishing musharaka arrangements	(261)	-
Short term borrowings	(19,065)	42,809
<b>Net Cash (Used In) / Generated From Financing Activities</b>	(17,658)	42,809
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	63,975	(38,012)
Cash and cash equivalents at the beginning of the period	16,136	70,966
<b>Cash and Cash Equivalents at the End of the Period</b>	80,111	32,954

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Share Capital	Share Deposit Money	Sponsors' Loan	Equity Portion of Sponsors' Loan	Share Premium	Revaluation Reserve	Accumulated Loss	Total Equity
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
<b>Balance as at July 01, 2016</b>	997,789	283,000	-	7,751	1,281	1,137	(753,750)	537,208
Net profit for the period	-	-	-	-	-	-	18,542	18,542
Equity portion of sponsors' loans	-	-	-	1,938	-	-	-	1,938
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	52	-	52
<b>Balance as at September 30, 2016</b>	<b>997,789</b>	<b>283,000</b>	<b>-</b>	<b>9,689</b>	<b>1,281</b>	<b>1,189</b>	<b>(735,208)</b>	<b>557,739</b>
<b>Balance as at July 01, 2017</b>	<b>1,382,789</b>	<b>11,391</b>	<b>107,000</b>	<b>-</b>	<b>1,281</b>	<b>1,417</b>	<b>(679,247)</b>	<b>824,631</b>
Net profit for the period	-	-	-	-	-	-	14,760	14,760
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	91	-	91
<b>Balance as at September 30, 2017</b>	<b>1,382,789</b>	<b>11,391</b>	<b>107,000</b>	<b>-</b>	<b>1,281</b>	<b>1,508</b>	<b>(664,487)</b>	<b>839,482</b>

The annexed notes form an integral part of this condensed interim financial information (un-audited).

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

## 1. The Company and its Operations

- 1.1** Nimir Resins Limited (the "Company") was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was converted into public limited company on August 19, 1991 with the name of Nimir Resins Limited. The name of the Company was changed to Descon Chemicals Limited on April 01, 2010 when the Company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited.
- 1.2** After the reconstitution of the Board of Directors as on January 05, 2016, the new management of the Company has changed the name of the Company to Nimir Resins Limited through the approval of Securities and Exchange Commission of Pakistan dated April 18, 2016.
- 1.3** The Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office is situated at 14.5 KM, Lahore- Sheikhpura Road, Lahore. The principal activity of the Company is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for the textile industry.

## 2. Basis of Preparation

- 2.1** This condensed interim financial information of the Company for the three-month period ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 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 30 June, 2017.
- 2.3** This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentational currency. The financial statements have been prepared under the historical cost convention. Figures have been rounded off to the nearest thousand rupee, unless stated otherwise.

## 3. Significant Accounting Policies

The accounting policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2017.

## 4. Accounting Estimates and Judgment

The accounting estimates and associated assumptions used in preparation of this condensed interim financial information are consistent with those applied in the preparation of annual financial statement of Nimir Resins Limited for the year ended June 30, 2017.

## 5. Property, Plant and Equipment

		<b>September 30, 2017</b>	<b>June 30, 2017</b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>Rupees '000'</b>	<b>Rupees '000'</b>
Operating fixed assets	5.1	488,679	495,330
Capital work in progress	5.2	28,536	17,150
		<u>517,215</u>	<u>512,480</u>

5.1 The movement in operating fixed assets during the period/year are as follows:

	<b>September 30, 2017</b>	<b>June 30, 2017</b>
	<b>Unaudited Rupees '000'</b>	<b>Audited Rupees '000'</b>
Opening Balance (WDV)	495,330	469,965
Revaluation surplus	-	39,108
Additions during the period / year (Cost)	1,581	23,911
	<u>496,911</u>	<u>532,984</u>
Depreciation charge for the period / year	(8,232)	(37,654)
Operating fixed assets (WDV)	<u>488,679</u>	<u>495,330</u>

5.2 Movement in capital work-in-progress is as follows:

Opening balance	17,150	4,482
Addition during the period / year	11,386	19,470
Transferred to operating fixed assets	-	(6,802)
Closing balance	<u>28,536</u>	<u>17,150</u>

## 6. Surplus on Revaluation of Property, Plant and Equipment

Land - freehold		
Opening balance	80,070	43,088
Add: Surplus on revaluation arisen during the year	-	36,982
	<u>80,070</u>	<u>80,070</u>
Buildings on freehold land		
Opening balance	5,061	3,852
Add: Surplus on revaluation arisen during the year	-	2,127
Less: Related deferred taxation	-	(638)
	<u>5,061</u>	<u>5,341</u>
Less: Incremental depreciation charged on revalued property, plant and equipment in period / year - net of deferred tax	(91)	(280)
	<u>85,040</u>	<u>85,131</u>

## 7. Contingencies and Commitments

### 7.1 Contingencies

**7.1.1** The return for Tax Year 2011 and 2014 have been selected for audit u/s 177 of the Income Tax Ordinance, 2001; proceedings in this respect have been initiated. The department has finalized proceedings of tax year 2014 creating demand of Rs. 5.8 million. The company is filling an appeal before CIR Appeal against said demand and expects a favourable outcome, therefore no provision has been made in this regard.

**7.1.2** The Company have filed suits against material supplier and certain customers for the recovery of advance and trade debts. The Company expects a favorable outcome of these suits; therefore, no provision has been made in these financial statements.

### 7.2 Guarantees

The Company has given Counter-guarantees for guarantees issued by various banks on behalf of the Company outstanding as at the balance sheet date are as under:



Related Party	Relationship	Nature of Transaction	Quarter Ended	
			September 30, 2017	September 30, 2016
			Unaudited Rupees '000'	Unaudited Rupees '000'
<b>Transaction with related party</b>				
Nimir Industrial Chemicals Limited	Ultimate parent company	- Purchase of goods	20,180	27,114
		- Services received and expenses reimbursed	921	1,932
		- Services rendered and rental income charged	683	630
		- Other expenses charged	14	-
<b>Contribution to staff retirement benefits</b>				
		Gratuity fund charge	1,362	12
		Employees' Provident Fund	-	556
<b>Key Management Personal</b>				
		Remuneration	9,517	7,580
		Other Benefits	2,747	-

There were no transactions with key management personnel other than those undertaken as per terms of their employment.

All transactions have been carried out on commercial terms and conditions as per the Company's Policy.

## 11. Segment Reporting

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

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

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

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

### 11.2 Segment analysis

The segment information for the reportable segments for the quarter ended September 30, 2017 is as follows.

Coating, Emulsion & Polyester	Textile & Paper	Blending & Other	Total
Rupees '000'			

**Segment results for the period ended Sep 30, 2017**

Sales	422,536	194,621	99,495	716,652
Segment results	15,350	21,798	4,110	41,258
Other operating expenses				(3,477)
Finance costs				(16,664)
Other income				428
Profit before taxation				21,545

**Segment results for the period ended Sep 30, 2016**

Sales	294,080	84,919	171,577	550,576
Segment results	23,585	14,908	3,534	42,027
Other operating expenses				(1,833)
Finance costs				(16,210)
Other income				712
Profit before taxation				24,696

**Segment asset and liabilities as at Sep 30, 2017**

Segment assets	816,528	312,575	202,608	1,331,711
Segment liabilities	183,118	74,826	43,253	301,197

**Segment asset and liabilities as at June 30, 2016**

Segment assets	1,029,497	317,752	214,415	1,561,664
Segment liabilities	173,326	52,461	40,003	265,790

Reportable segments' assets are reconciled to total assets as follows:

	September 30, 2017 Unaudited	June 30, 2017 Audited
	Rupees '000'	
Segment assets for reportable segments	1,331,711	1,561,664
Corporate assets unallocated	339,297	302,599
Cash and bank balances	80,111	16,136
Others	384,540	225,950
Total assets as per the balance sheet	2,135,659	2,106,349

Reportable segments' liabilities are reconciled to total liabilities as follows:

Segment liabilities for reportable segments	301,197	265,790
Corporate liabilities unallocated	827,402	937,162
Trade and other payables	151,653	71,682
Taxation - net	49,276	40,344
Total liabilities as per the balance sheet	1,329,528	1,314,978

## 12. Authorization of Financial Information


This condensed interim financial information (un-audited) is authorized for issuance on Monday, October 23, 2017 by the Board of Directors of the Company.

## 13. General

- 13.1 Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in this condensed interim financial information (un-audited) for better presentation.
- 13.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**NIMIR**  
NIMIR RESINS LIMITED

**NIMIR RESINS LIMIEDT**

14.5 K.M. Lahore – Sheikhpura Road,  
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