

Annual Report
2018

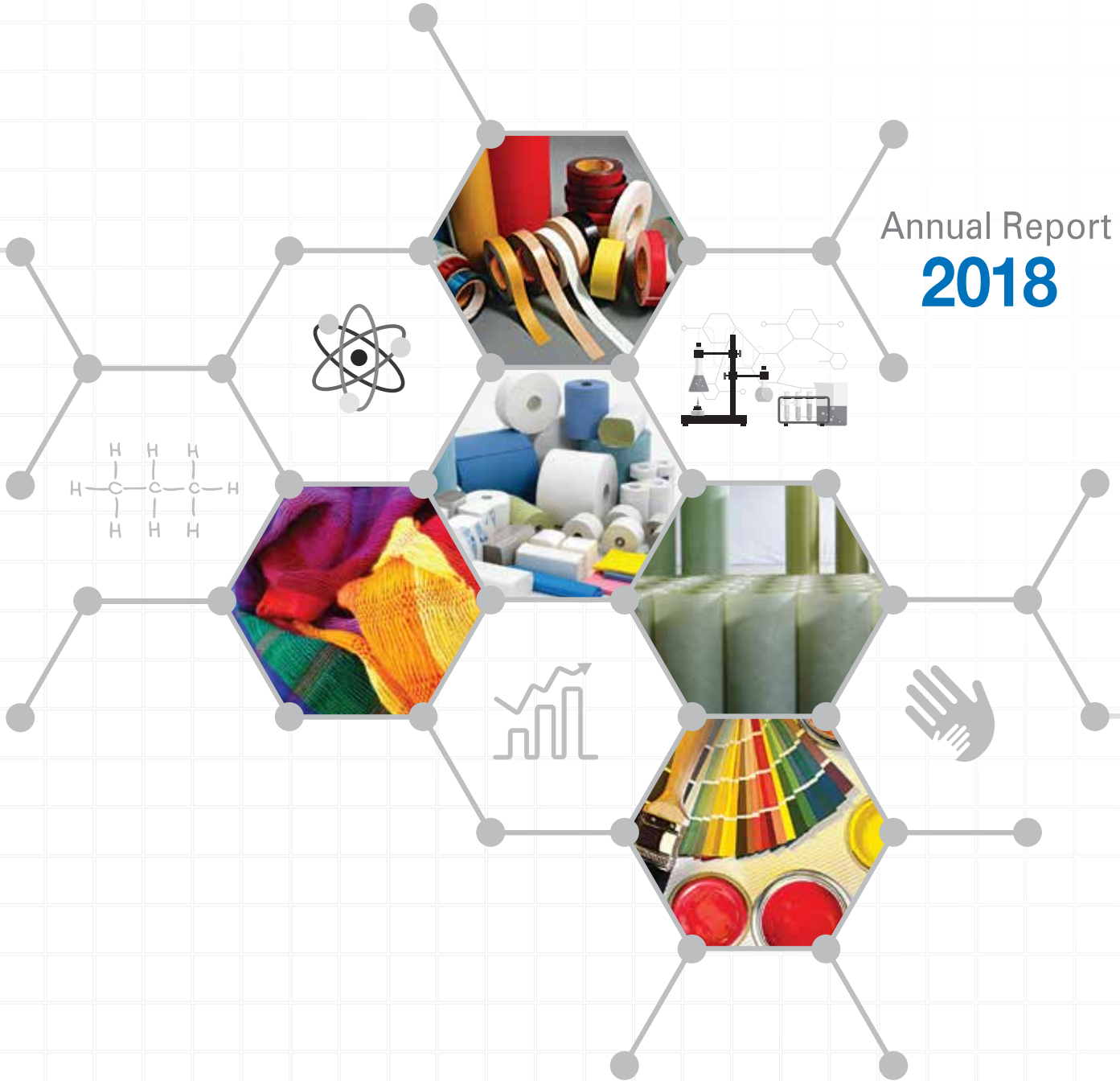




TABLE OF CONTENTS

Company Information	02
Vision and Mission Statement	03
Chairman's Message	04
CEO's Message	05
Our Performance	06
Wealth Generated and Distributed	07
Year at a Glance	08
Key Operating & Financial Data for Last Six Years	09
Director's Report	12
Statement of Compliance CCG	16
Auditor's Review Report to the Members	18
Auditor's Report to the Members	19
Financial Statements	22
Notes to the Financial Statements	27
Pattern of Shareholding	55
Notice of Annual General Meeting	58
Form of Proxy	

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	

Executive Management

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
Soneri Bank Limited
Habib Bank Limited
MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Pak Brunei Investment Company Limited
Meezan Bank Limited
JS Bank 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

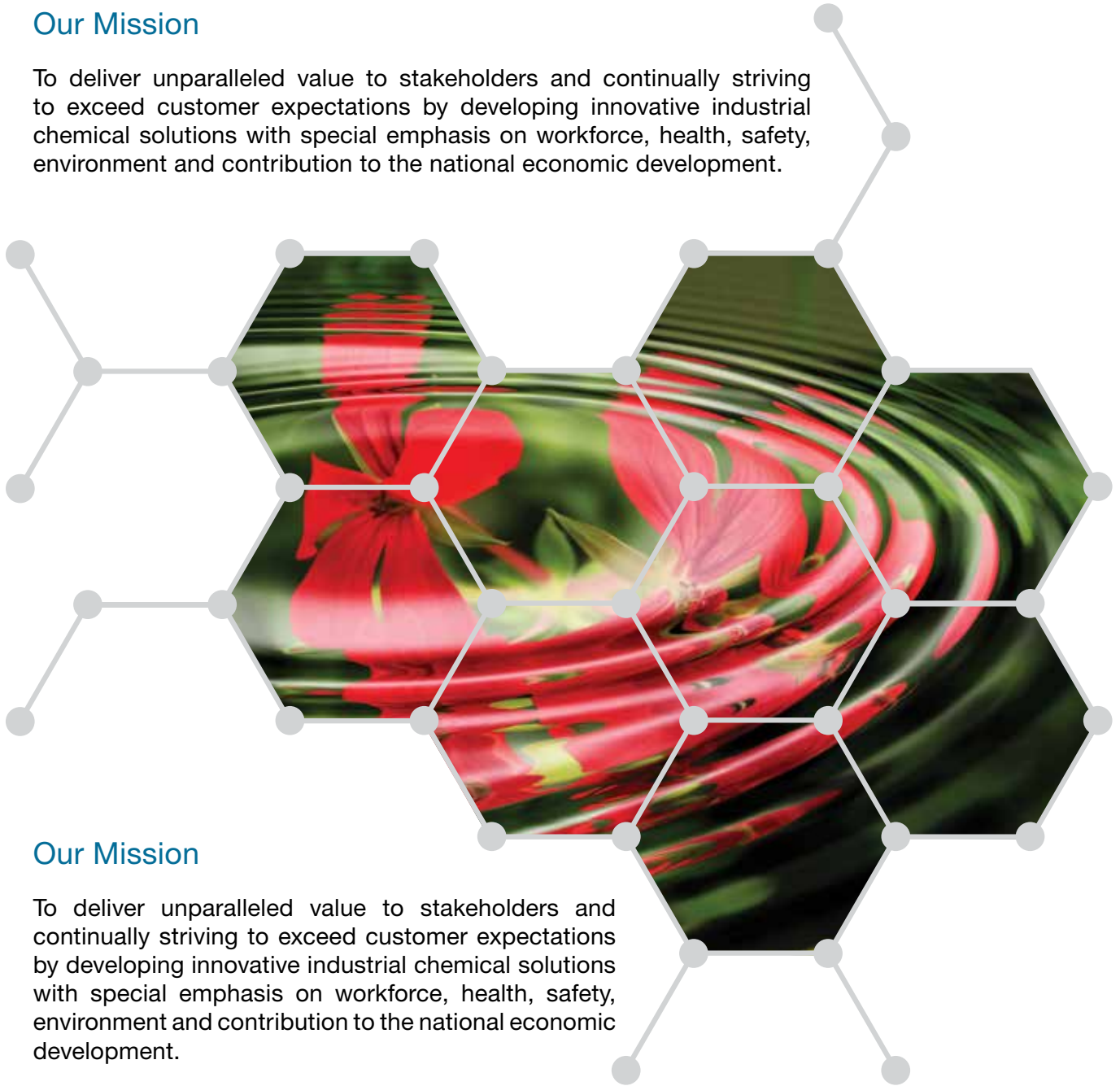
Web Site

www.nimir.com.pk

OUR VISION & MISSION

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.



Our Mission

To deliver unparalleled value to stakeholders and continually striving to exceed customer expectations by developing innovative industrial chemical solutions with special emphasis on workforce, health, safety, environment and contribution to the national economic development.

CHAIRMAN'S MESSAGE



I am pleased to announce that the operating results for the year ended June 30, 2018 show third year of consistent improvement. Gross Sales increased by 34% over the previous year. The increase in Net Profit of 39% is particularly commendable. It is unfortunate that the entire Rs 103 million net profit of the company was matched by an equal amount of credit extended by your company in the form of an increase of Rs 110 million in tax refunds due to the company. For this reason the company's net profit could not be used to finance the growth in the company's sales, thereby necessitating increased bank borrowings which, in turn, resulted in higher finance costs during the year.

The management and all other stakeholders of the company have contributed to this success in a highly competitive and difficult business environment. Everyone involved can be rightly proud of his performance.

The board and management of the company are committed to Inshallah continue improving the operating

performance. To this end an ambitious business plan has been approved by the board. In the coming year the management has been targeted to introduce new products which will diversify the company's sales.

It is not possible to give a dividend this year because all the internally generated funds are being used to finance a continuous and significant increase in sales.

My thanks are due to the board, the management and all other stakeholders for a remarkable turnaround over the last three years. May Allah continue to bless us. Amen.

Sheikh Amar Hameed
Chairman



CEO'S MESSAGE

It is a pleasure for me to state that we have had another successful year and achieved an impressive growth of 34% in sale turnover. We also set a new record of highest sale turnover of Rs.3.58 billion in the FY 2018. This is in continuation to the robust growth of 34% in sales, which we achieved in last financial year. All business segments of the company contributed towards this growth; both in form of volume and higher prices.

FY 2018 was a challenging year from the profitability point of view. The devaluation of Pak Rupee along with sharp increase in international prices of feedstock negatively impacted the cost of production. Despite tough competition, primarily from unorganized sector, we have been successful in passing on most of the increase. As a result, the bottom line of the company grew respectably by 39% from Rs.74 million in FY 2017 to Rs.103 million in FY 2018.

The GDP of Pakistan grew by 5.8% in FY 2018. The manufacturing industry also exhibited impressive growth during the current year. After recent parliamentary

elections and smooth transfer of Government, the clouds of political instability have hopefully subsided. The new Government is forming strategies and policies to curb imports, boost exports and immediately improve the balance of payment. This would indeed have positive impact on the local industry.

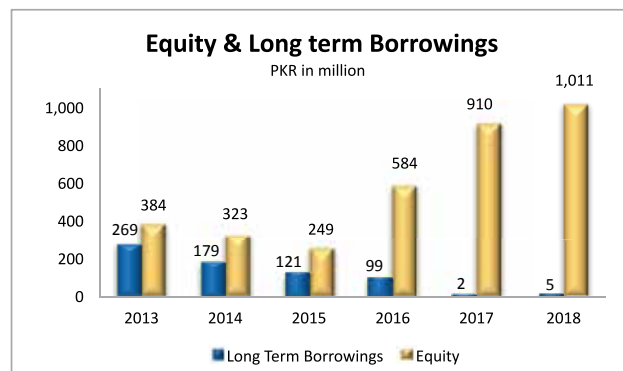
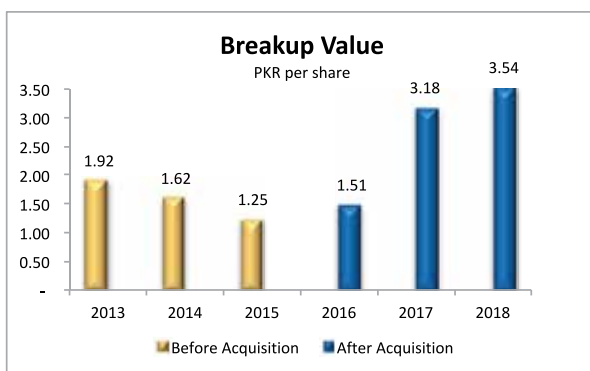
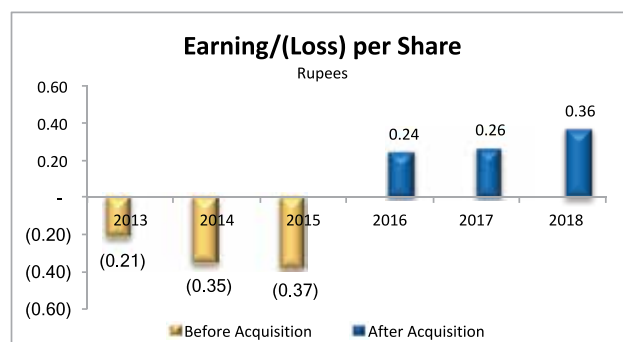
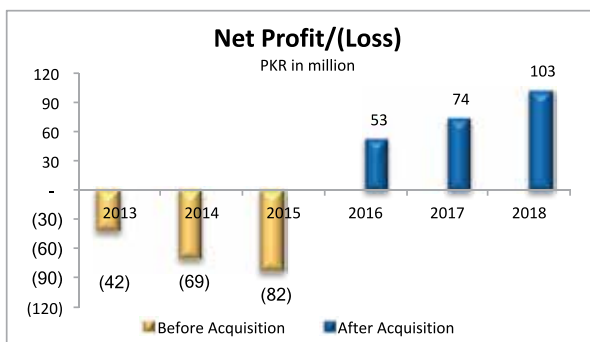
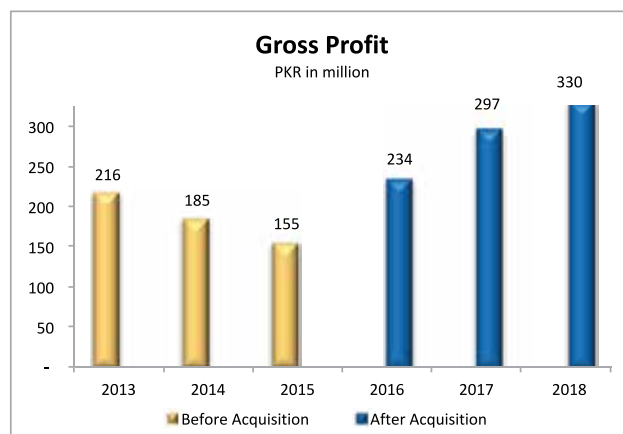
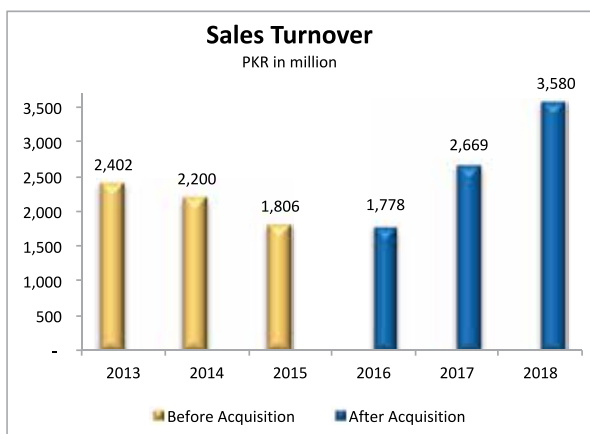
With consistent research and development on new products, advancement in the product range and quality, we are making progress in all business segments. Your company is also diligently working on identifying new businesses and plans to add new products to the current portfolio to further strengthen the company's top and bottom line in the years to come, Insha Allah.

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

Zafar Mahmood
Chief Executive Officer

OUR PERFORMANCE

	2013	2014	2015	2016	2017	2018
	Rupees in millions					
Sales Turnover	2,402	2,200	1,806	1,778	2,669	3,580
Gross Profit	216	185	155	234	297	330
Net Profit/(Loss)	(42)	(69)	(82)	53	74	103
Long term borrowings	269	179	121	99	2	5
Net Worth	384	323	249	584	910	1,011
Number of Shares (millions)	200	200	200	200	277	283
Breakup value per share-Rupees	1.92	1.62	1.25	1.51	3.18	3.54
Earning/(loss) per share-Rupees	(0.21)	(0.35)	(0.37)	0.24	0.26	0.36



WEALTH GENERATED AND DISTRIBUTED

FOR THE YEAR ENDED JUNE 30, 2018

	Rs million	Percentage
Sales with sales tax	4,067	99.8%
Other income	9	0.2%
	<u>4,075</u>	<u>100.0%</u>

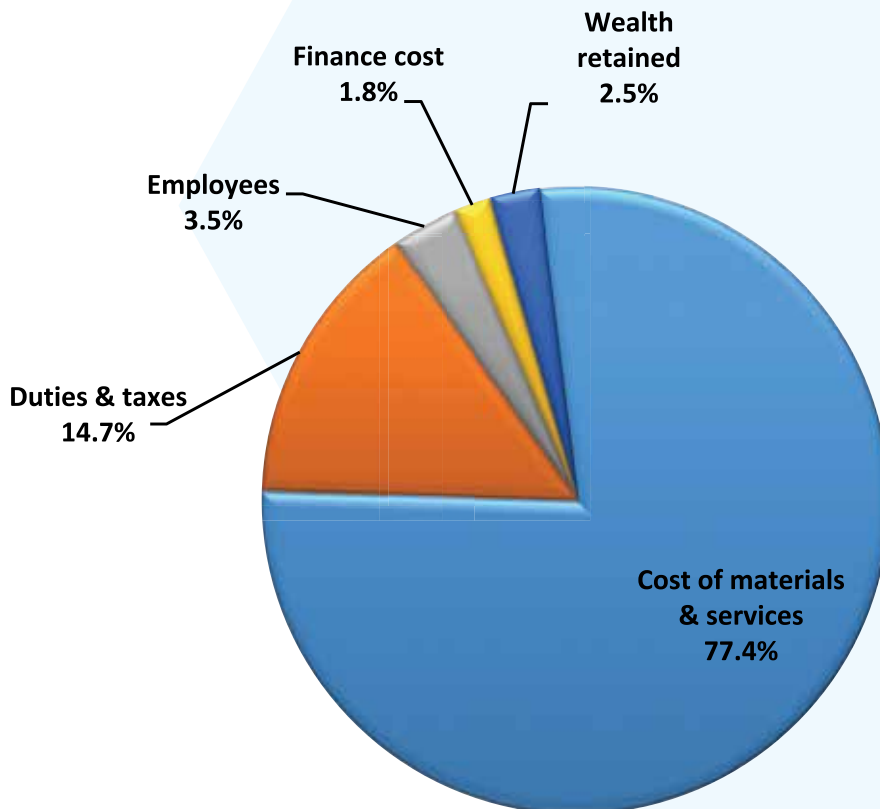
Wealth Generated

Sales with sales tax
Other income

Distribution of Wealth

Cost of materials & services
Duties & taxes
Employees
Finance cost
Wealth retained

Cost of materials & services	3,156	77.4%
Duties & taxes	601	14.7%
Employees	143	3.5%
Finance cost	75	1.8%
Wealth retained	101	2.5%
	<u>4,075</u>	<u>100.0%</u>



YEAR AT A GLANCE 2017-2018

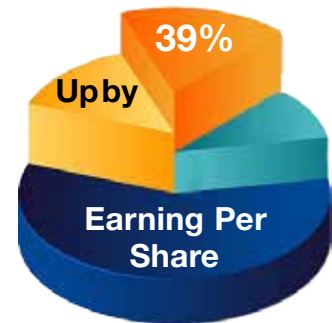
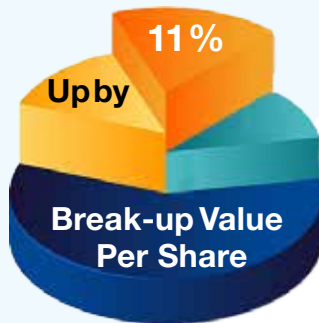
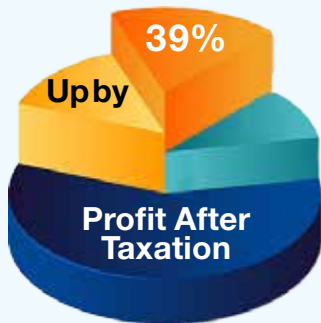
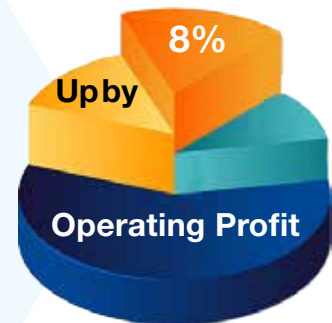
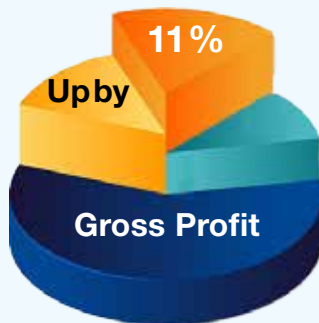
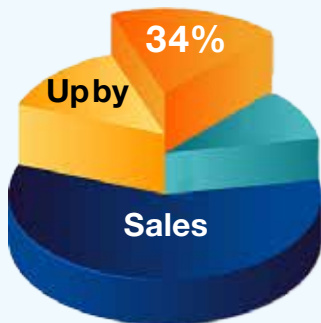
Performance Parameters

Sales
 Gross profit
 Operating profit
 Finance cost
 Profit before taxation
 Profit after taxation

Current ratio
 Long term borrowings to equity ratio
 Interest coverage ratio
 Earnings per share - rupees
 Breakup value per share - rupees

2018	2017
Rupess in Million	
3,580	2,669
330	297
236	219
75	61
85	111
103	74
1.29	1.36
0.5 : 99.5	0.2 : 99.8
2.13	2.82
0.36	0.26
3.54	3.18

Financial Highlights



Key Operating & Financial Data for Last Six Years

	2013	2014	2015	2016	2017	2018
	Rupess in Million					
Summary of Profit and Loss						
Sales	2,402	2,200	1,806	1,778	2,669	3,580
Gross profit	216	185	155	234	297	330
Operating profit	107	59	38	136	219	236
Finance cost	110	112	95	50	61	75
Profit / (loss) before taxation	(43)	(58)	(62)	73	111	85
Profit / (loss) after taxation	(42)	(69)	(82)	53	74	103
Financial Position						
Share capital	998	998	998	998	1,383	1,413
Net worth	384	323	249	584	910	1,011
Long term borrowings	269	179	121	99	2	5
Deferred liabilities	38	27	29	31	28	15
Current liabilities	847	962	889	979	1,166	1,747
Non current assets	634	605	515	485	526	518
Current assets	903	886	774	1,208	1,581	2,260
Total assets	1,537	1,491	1,289	1,693	2,106	2,778
Investor Information						
Gross profit margin	9.01%	8.39%	8.60%	13.17%	11.14%	9.21%
Pre tax margin	-1.80%	-2.63%	-3.45%	4.10%	4.16%	2.38%
Net profit margin	-1.75%	-3.14%	-4.56%	3.0%	2.79%	2.88%
Current ratio	1.07	0.92	0.87	1.23	1.36	1.29
Long term borrowings to equity ratio	41 : 59	36 : 64	33 : 67	15 : 85	02 : 99.8	05 : 99.5
Interest cover (times)	0.61	0.48	0.34	2.46	2.82	2.13
Earning / (loss) per share - rupees	(0.21)	(0.35)	(0.37)	0.24	0.26	0.36
Breakup value per share - rupees *	1.92	1.62	1.25	1.51	3.18	3.54

* Breakup value is calculated after excluding share deposit money from net worth.

CORE BUSINESS AT A GLANCE

Coatings, Emulsions & Polyester	Coatings & Emulsions	<p>One of the Leading & Oldest manufacturer of Resins, Emulsions & Additives for the Coatings industry. Range include following products</p> <ul style="list-style-type: none"> • All types of Alkyd Resins & Modified Alkyds for Decorative, Refinish & OEM Paints. • Amino Resins, Saturated Polyesters, Eposxy ester & Urethane Alkyds. • Rosin modified Maleic & Phenolic Resins. • Thermo plastic, Thermo setting & Acrylic Polyol Resins. • Metal Driers (Cobalt, Zirconium & Calcium) • Acrylic, Styrene Acrylic & PVA Emulsion binders. • Weting Agent, Antifoam, Liquid polymeric Pigment & Emulsifiers.
	Unsaturated Polyester Resins	<p>A complete line of resin products for composites.</p> <ul style="list-style-type: none"> • General purpose & Gel Coat Resins for Tanks, Ducts, Pipes, sheets & Articals. • Chemicals Resistant Resin. • Fillament Winding Resin, Pigment dispersion Resin & Accelerator catalyst. • Promoted & Non promoted Resins.
Textile, Paper & Adhesives	Textile Chemicals	<p>Complete range of speciality chemicals for pre-treatment and finishing for textile industry including</p> <ul style="list-style-type: none"> . Textile Auxiliaries. . Optical Brightners. . Binders and PVAs.
	Pulp & Paper Chemicals	<p>Manufacturing all sizing solutions for paper industry including Alkaline, Neutral and Acidic sizing</p> <ul style="list-style-type: none"> • Coating Chemicals • Specialty Chemicals • Optical Brightening Agent
	Adhesives	<ul style="list-style-type: none"> • Food grade packaging • Flexible packaging industry • Laminate glue



DIRECTORS' REPORT

The Board of directors of the Company is pleased to submit the annual report along with the audited financial statements for the year ended June 30, 2018.

Your Company stood strong against headwinds during the year, in the form of challenges from unorganised sector and sharp depreciation of Pak Rupee during the year and posted a sales revenue of Rs. 3,580 million; 34 % higher than the last year. The increase in turnover was both due to higher sales volumes as well as improved prices. With this growth in sales, the company posted gross profit of Rs.330 million, operating profit of Rs. 236 million and profit after taxation of Rs.103 million showing year on year increase of 11%, 8% and 39% respectively.

Other operating expenses include non-recurring cost of Rs. 47 million for provision against doubtful debts and obsolescence of stocks and Rs.30 million for foreign exchange loss. As a result, pre-tax profit for the year reduced by 23 %. However, claiming minimum tax of Rs.40 million pertaining to prior years, helped the Company to achieve 39 % increase in after tax profit.

Credit Rating:

During the year under review the company was assigned entity credit rating of A - and A 2 for long term and short term respectively by Pakistan Credit Rating Agency (PACRA).

Future Outlook

Competition from unorganised sector, Pak Rupee devaluation and increasing interest rate would remain major challenges for the company in the next year. Your company is vigilant to all these odds and endeavoured to minimize their impacts through strengthening partnerships with its stakeholders, enhanced focus on research and development and up gradation of technology.

After change in government in Pakistan there are expectations that economic activities will gather momentum on the back of massive CPEC investments, visible improvement in security and power supply.

With these improvements supplemented with the efforts of our human resource, we expect better results in the coming years, Insha Allah.

Summary of Key operating and financial data of last six financial years

Summary of key operating and financial data of last six years is annexed.

Outstanding statutory payments

All outstanding payments are of nominal and of routine nature.

Retirement Benefit Schemes:

The Company operates a funded gratuity scheme for its employee as referred in Note-10 to the accounts.

Board of Directors

Currently the Board is comprising of seven (7) male directors and currently there is no female director on the Board. The composition of the Board is three (3) non-executive, two (2) executive and two (2) independent directors.

During the year under review, four (4) Board, four (4) Audit Committee and two (2) Human Resource & Remuneration Committee meetings were held. Names of persons who, at any time during the financial year were directors of the company along with their attendance are as follow:

Name of Directors	Board of Directors	Audit Committee	HR & R Committee
Sh. Amar Hameed	3		2
Zafar Mahmood	4		2
Muhammad Yahya Khan	4		
Abdul Jalil Jamil	3	3	2
Osman Hameed	4	3	
Tahir Jahangir	4		
Pervaiz Ahmad Khan	4	4	
Khalid Mumtaz Qazi	1		

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

The board has two sub committees namely Audit Committee and Human Resource and Remuneration Committee. The composition of these two committees are as under:

Audit committee:

1. Pervaiz Ahmad Khan (Independent) Chairman
2. Abdul Jalil Jamil (Non Executive) Member
3. Osman Hameed (Non Executive) Member

Human Resource and Remuneration committee:

1. Sh. Amar Hameed (Non Executive) Chairman
2. Abdul Jalil Jamil (Non Executive) Member
3. Zafar Mahmood (Executive) Member

Remuneration of Non-Executive, Nominee and Independent Directors

Non-executive, nominee and independent directors are entitled only for fee for attending the meetings.

Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of the stock Exchanges in the country, the board of Directors are pleased to state as follows:

- The Financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt on the company's ability to continue as a going concern.
- There has been no material departure from best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last 6 years is annexed.
- Outstanding taxes and levies are given in the notes to the financial statements

The management of the Company is committed towards good corporate governance, and taking all appropriate measures to comply with best practices and also continuously reviewing the system of internal control in the light of Companies Act 2017.

Internal Financial Control

The system of internal control is sound in design and has been effectively implemented and monitored.

Corporate Social Responsibilities

The Company recognizes its social responsibilities as a key member of the community. It is committed to contribute its resources for the better environment with an unprejudiced approach. Its safety, health and environmental (SHE) policies are geared towards 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 internship 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 Horwath Hussain Chaudhury and Company, Chartered Accountants, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of

M/s Horwath Hussain Chaudhury and Company, Chartered Accountants as external auditor of the Company for the year ending June 30, 2019.

Dividend / Bonus Shares

There has been significant increase in the sales turnover of the Company in the last two years, which resulted in the increase in profitability of the Company. However, increasing interest rates and international prices coupled with devaluation of Rupee, the Company is managing its cash flows very carefully. The Board also examined the financial position of the Company and decided to keep the company liquid to the maximum possible level. Hence the Board has recommended not to give any dividend or issue bonus shares for the year June 30, 2018.

Pattern of Shareholding

A pattern of shareholding of the Company is annexed. There was no trading in the shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary, Company Executive and their spouses and minor children during the year except those which are mentioned in the annexed statement required under code of Code of Corporate Governance (CCG). Necessary returns in this respect have been filed with the regulatory authorities besides informing the Board and the stock exchanges of the said transactions as required under the Code of Corporate Governance.

Acknowledgment

We are thankful to our valued stakeholders including regulators, customers, banks, suppliers, contractor and shareholders, for their excellent support and confidence. We also thank our employees for their focused dedication and hard work throughout this period.

For and on behalf of the Board



Zafar Mahmood
Chief Executive Officer



Muhammad Yahya Khan
Director

Lahore,
September 18, 2018

نان ایگزیکٹو، نامزد اور آزاد ڈائریکٹرز کا مشاہرہ

نان ایگزیکٹو، نامزد اور آزاد ڈائریکٹرز اجلاس میں شرکت کی صرف فیس کے اہل ہیں۔

کارپوریٹ گورننس

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

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

کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے لئے پُر عزم ہے، اور بہترین طریقوں کے مطابق عمل کرنے کے لئے مناسب اقدامات کئے گئے ہیں۔ تاہم کمپنی کی انتظامیہ کمپنیز ایکٹ 2017 کی روشنی میں داخلی کنٹرول کے نظام کا مسلسل جائزہ لینے کے لئے پُر عزم ہے۔

داخلی مالیاتی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داریاں

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

کمپنی ماحول دوست، مصنوعات اور خدمات کو یقینی بناتی ہے اور اپنے ملازمین اور کمیونٹی کے درمیان ماحولیاتی شعور کو فروغ دیتی ہے۔ یہ ارد گرد کی کمیونٹی سے ملازمین کو آگاہ اور تکنیکی اداروں کو انٹرنیشنل اور اپرنٹس شپ کے مواقع پیش کرتی ہے۔ یہ مختلف تعلیمی اداروں کے طالب علموں کی طرف سے دوروں کی حوصلہ افزائی اور ملک میں تعلیم کو فروغ دینے کے لئے ملازمین کے ضرورت مند بچوں کی مدد کرتی ہے۔

بیرونی محاسب

موجودہ محاسب میسرز ہاروتھ حسین چوہدری، چارٹرڈ اکاؤنٹنٹ، اس سال سبکدوش ہو رہے ہیں، نے اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2019ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز ہاروتھ حسین چوہدری، چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی سفارش کی ہے۔

ڈیویڈینڈ/پولس شیئرز

کمپنی کی فروخت کی آمدنی میں گزشتہ دو سالوں میں نمایاں اضافہ ہوا ہے، جس کے نتیجے میں کمپنی کی منافع یابی میں اضافہ ہوا ہے۔ تاہم، روپیہ کی قدر میں کمی کے ساتھ سود کی شرح اور بین الاقوامی قیمتیں بڑھنے کی وجہ سے، کمپنی اپنے نقد بہاؤ کو بہت احتیاط سے منظم کرتی ہے۔ بورڈ نے کمپنی کی مالی حیثیت کا بھی جائزہ لیا اور کمپنی لیکویڈ کو زیادہ سے زیادہ ممکنہ سطح تک برقرار رکھنے کا فیصلہ کیا۔ چنانچہ بورڈ نے 30 جون 2018ء کے لئے کوئی ڈیویڈینڈ یا پولس شیئرز جاری نہ کرنے کی سفارش کی ہے۔

نمونہ حصص داری

کمپنی کا نمونہ حصص داری منسلک ہے۔ سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، کمپنی ایگزیکٹو اور ان کے زوج اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی گئی، ماسوائے جس کا ذکر کوڈ آف کارپوریٹ گورننس (سی سی جی) کے ضابطہ کے تحت درکار منسلکہ بیان میں کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کے تحت درکار، مذکورہ لیٹن دین کا بورڈ اور اسٹاک ایکسچینجر کو مطلع کرنے کے علاوہ بابت ہذا میں ضروری ریٹرنز ریگولیشنز کی تھراٹی کے ہاں داخل کی گئی ہیں۔

اظہار تشکر

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

منجانب بورڈ



محمد یحییٰ خان

لاہور

14 ستمبر 2018ء



ظفر محمود

چیف ایگزیکٹو آفیسر

ڈائریکٹرز رپورٹ

بقایا قانونی ادائیگیاں

تمام بقایا ادائیگیاں برائے نام اور معمولی نوعیت کی ہیں۔

ریٹائرمنٹ کے فوائد کی سکیمیں:

کمپنی اپنے ملازمین کے لئے اکاؤنٹس کے نوٹ 10 پر درج، ایک فنڈڈ گریجویٹ اسکیم چلاتی ہے۔

بورڈ آف ڈائریکٹرز

فی الحال بورڈ سات (7) مرد اور تل (0) خاتون ڈائریکٹر پر مشتمل ہے۔ ان سات ڈائریکٹرز میں سے تین نان ایگزیکٹو، دو ایگزیکٹو اور دو آزاد ڈائریکٹر ہیں۔

زیر جائزہ سال کے دوران چار (4) بورڈ، چار (4) آڈٹ کمیٹی اور ایک (2) ریمریشن کمیٹی کے اجلاس منعقد ہوئے۔ اشخاص کے نام جو مالی سال کے دوران کسی وقت میں کمپنی کے ڈائریکٹرز تھے معائنہ کی حاضری حسب ذیل ہیں:

نام ڈائریکٹر	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	HR & ریمریشن کمیٹی
شیخ عامر حمید	3		2
ظفر محمود	4		2
محمد یحییٰ خان	4		
عبدالجلیل جمیل	3	3	2
عثمان حمید	4	3	
طاہر جہانگیر	4		
پرویز احمد خان	4	4	
خالد ممتاز قاضی	1		

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

بورڈ کی دو ذیلی کمیٹیاں یعنی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمریشن کمیٹی ہیں۔ ان دو کمیٹیوں کی

ترتیب حسب ذیل ہے:

آڈٹ کمیٹی:

- پرویز احمد خان (آزاد) چیئر مین
- عبدالجلیل جمیل (نان ایگزیکٹو) رکن
- عثمان حمید (نان ایگزیکٹو) رکن
- ہیومن ریسورس اینڈ ریمریشن کمیٹی
- شیخ عامر حمید (نان ایگزیکٹو) چیئر مین
- عبدالجلیل جمیل (نان ایگزیکٹو) رکن
- ظفر محمود (ایگزیکٹو) رکن

کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2018ء کو ختم ہونے والے سال کے لئے سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

غیر منظم شعبے سے چیلنجوں اور چوتھی سہ ماہی میں پاکستانی روپیہ کی قدر میں کمی کے باوجود آپ کی کمپنی نے سال کے دوران اچھی کارکردگی کا مظاہرہ کیا اور 3,580 ملین روپے کی فروخت کی آمدنی، پچھلے سال سے 34 فیصد زیادہ درج کی۔ آمدنی میں اضافہ بنیادی طور پر فروخت کے اعلیٰ حجم اور بہتر قیمتوں کی وجہ سے تھا۔ فروخت میں اس فروغ کے ساتھ، کمپنی نے 330 ملین روپے کا مجموعی منافع، 236 ملین روپے کا آپریٹنگ منافع اور 103 ملین روپے کا ٹیکس کے بعد منافع درج کیا، جو بالترتیب سال بہ سال 11 فیصد، 8 فیصد اور 39 فیصد اضافہ ظاہر کر رہا ہے۔

دیگر آپریٹنگ اخراجات میں مشکوک قرضوں اور اسٹاک کی غیر جانبداری کے عوض خریداری کے لئے 47 ملین روپے کی نان ریکیورنگ لاگت اور غیر ملکی زرمبادلہ نقصان کے لئے 30 ملین روپے شامل ہیں۔ جس کے نتیجے میں، سال کے لئے ٹیکس سے پہلے منافع 23 فیصد تک کم ہو گیا۔ تاہم، پچھلے سالوں پر مشتمل 40 ملین روپے کے کم سے کم ٹیکس کے دعویٰ نے کمپنی کی ٹیکس کے بعد منافع میں 39 فیصد اضافہ حاصل کرنے میں مدد کی۔

کریڈٹ ریٹنگ:

زیر جائزہ سال کے دوران، کمپنی کو پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی طرف سے بالترتیب طویل مدت اور مختصر مدت کے لئے A- اور A 2 کی ایٹنٹی کریڈٹ ریٹنگ تفویض کی گئی۔

مستقبل کا نقطہ نظر

غیر منظم شعبے سے مقابلہ، پاکستانی روپے کی قدر میں کمی اور شرح سود میں اضافہ اگلے سال میں کمپنی کے لئے اہم چیلنجز رہیں گے۔

آپ کی کمپنی اپنے اسٹیک ہولڈرز کے ساتھ مضبوط شراکت، تحقیق پر زیادہ توجہ اور ٹیکنالوجی کی بہتری اور اپ گریڈیشن کے ذریعے ان تمام مشکلات کے اثرات کو کم کرنے کے اقدامات کر رہی ہے۔

پاکستان میں حکومت کی تبدیلی کے بعد توقعات ہیں کہ معاشی سرگرمیاں بڑے پیمانے پر سی پیک سرمایہ کاری، سیکورٹی اور پاور سپلائی میں نمایاں بہتری کی پشت پر رفتار پکڑے گی۔

ہمارے ملازمین کی کوششوں سے ان اصلاحات کے ساتھ، ہم آنے والے سالوں میں، انشاء اللہ، بہتر نتائج کی امید کرتے ہیں۔

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

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 FOR THE YEAR ENDED JUNE 30, 2018

Nimir Resins Limited (the “Company”) has complied the requirement of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:

- a. Male : 07
- b. Female : Nil

2. The composition of the board is as follows:

- a. Independent Directors : 02
- b. Non-Executive Directors : 03
- c. Executive Directors : 02

Name	Category
Sh. Amar Hameed	Non- Executive Director
Mr. Abdul Jalil Jamil	Non- Executive Director
Mr. Osman Hameed	Non- Executive Director
Mr. Tahir Jahangir	Independent Director
Mr. Pervaiz Ahmed Khan	Independent Director
Mr. Zafar Mahmood	Executive Director
Mr. Muhammad Yahya Khan	Executive Director

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

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors Training Program for the following:

- i. Mr. Osman Hameed

10. No appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

I. Audit Committee:

- i. Mr. Pervaiz Ahmad Khan – Chairman
- ii. Mr. Abdul Jalil Jamil
- iii. Mr. Osman Hameed

II. HR and Remuneration Committee:

- i. Sheikh Amar Hameed – Chairman
- ii. Mr. Abdul Jalil Jamil
- iii. Mr. Zafar Mahmood

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half-yearly/yearly) of the committee were as per following:

S. No.	Members Name	No. of Meetings
Audit Committee		
1	Mr. Pervaiz Ahmad Khan – Chairman	4/4
2	Mr. Abdul Jalil Jamil	3/4
3	Mr. Osman Hameed	3/4
HR and Remuneration Committee		
1	Sheikh Amar Hameed – Chairman	2/2
2	Mr. Abdul Jalil Jamil	2/2
3	Mr. Zafar Mahmood	2/2

15. 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.
16. 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For **Nimir Resins Limited**



Sheikh Amar Hameed
Chairman



Zafar Mahmood
Chief Executive Officer

Lahore,
September 18, 2018

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CCG

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Nimir Resins Limited ("the Company") for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

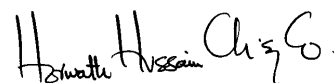
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 of Compliance does

not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.



HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
September 18, 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED JUNE 30, 2018

Opinion

We have audited the annexed financial statements of Nimir Resins Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the Company's affairs as at June 30, 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key audit matters	How the matter was addressed in our audit
Preparation of the Financial Statements under the Companies Act, 2017		
1.	<p>The Companies Act, 2017 (the new Act) has replaced Companies Ordinance, 1984 and the requirements of the new Act have been applied in the preparation of annual financial statements of Nimir Resins Limited (the Company) for the first time for the year ended June 30, 2018. The new Act forms an integral part of the financial reporting framework applicable in Pakistan. This transition from the Ordinance to the new Act has required significant changes in disclosure requirements of financial statements. Further, as required under the new Act, the Company has changed its accounting policy and has reclassified certain account balances as specified in note 5 and 46 to these financial statements.</p> <p>Owing to the significant impact on disclosure requirements, this transition from the Ordinance to the new Act is considered a key audit matter.</p>	<p>We discussed this transition with the management and assessed:</p> <ul style="list-style-type: none"> procedures adopted by the Company to identify the changes introduced by the new Act; Extent of change in disclosure requirements, change in accounting policy and reclassification of account balances; Changes made in the bookkeeping system to account for the newly promulgated changes on a consistent basis; and Adequacy of enhanced disclosures to be given in the annual financial statements in accordance with the applicable reporting framework
Trade Debts		
2.	<p>Trade debts of the Company have shown a significant increase as of June 30, 2018 as compared to the last year as shown in note 20 to the financial statements. This increased level of trade debts was considered to be a key audit matter as these comprise a substantial portion of the current assets of the Company and require judgment based estimation for provisioning against doubtful or impaired debts.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> obtained understanding of the recorded trade debts by discussing with the management and making enquiries on the entire accounting process associated with the recording of receivables; discussed with the management about the Company's

		<p>strategy regarding provisioning of trade debts and recovery from the debtors;</p> <ul style="list-style-type: none"> performed tests of controls and tests of details; verified significant transactions and key account balances; circularized for confirmations; reviewed the provisions created by the management for possible bad debts and discussed their sufficiency; and assessed the subsequent status of trade debts and of the recoveries made; and evaluated the presentation and disclosure of trade debts in the financial statements as required by the applicable reporting framework.
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Increased Inventory Levels

<p>3.</p>	<p>The Company has significantly increased its inventory levels as at the reporting date as compared to the previous year as disclosed in Note 19 to the financial statements.</p> <p>Increased inventory level is considered to be a key audit matter as it is a material account balance and associates with various risks such as obsolescence and possible impairment.</p>	<p>We responded to the risks associated with increased inventory levels, by:</p> <ul style="list-style-type: none"> observing inventory counts; obtaining an understanding of shelf-lives of the inventory and obtaining information about possible recycling and utilization patterns; reviewing entity's costing methodologies for inventory valuation; reviewing entity's cut-off procedures for inventory; evaluating slow-moving inventories and discussing the sufficiency and appropriateness of the provisions made by the management; and evaluating the presentation and disclosure of inventories in the financial statements as required by the applicable reporting framework.
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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

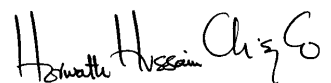
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Amin Ali.



HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
September 18, 2018

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized share capital 300,000,000 (2017: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000,000	1,500,000,000	1,500,000,000
Issued, subscribed and paid up share capital	6	1,413,210,640	1,382,789,280	997,789,280
Share deposit money	7	11,391,005	11,391,005	283,000,000
Sponsors' interest free loan		107,000,000	107,000,000	7,751,322
Reserves	8	(605,396,422)	(676,549,072)	(751,332,372)
Revaluation surplus on property, plant and equipment		84,744,209	85,131,067	46,940,630
		1,010,949,432	909,762,280	584,148,860
Non Current Liabilities				
Long term financing from sponsors		-	-	99,248,678
Diminishing musharaka finance	9	4,828,077	2,007,412	-
Retirement benefit liability	10	7,617,553	-	-
Deferred tax liability	11	7,615,287	28,436,577	30,701,004
		20,060,917	30,443,989	129,949,682
Current Liabilities				
Trade and other payables	12	476,855,842	298,230,575	179,375,566
Unclaimed dividends		292,819	292,819	292,819
Accrued mark up		14,224,345	10,511,545	9,806,364
Short term borrowings	13	1,212,177,290	816,278,698	771,366,069
Current portion of diminishing musharaka finance	9	1,445,876	485,211	-
Provision for taxation	14	42,421,133	40,344,340	17,997,984
		1,747,417,305	1,166,143,188	978,838,802
Contingencies and Commitments				
	15	-	-	-
Total Equity and Liabilities		2,778,427,654	2,106,349,457	1,692,937,344
ASSETS				
Non Current Assets				
Property, plant and equipment	16	506,364,678	512,479,796	474,446,524
Intangible assets	17	995,210	1,326,947	1,658,684
Long term deposits	18	10,739,956	10,739,956	7,649,956
Retirement benefit asset - prepayments	10	-	1,174,999	1,384,343
		518,099,844	525,721,698	485,139,507
Current Assets				
Stores and spares		13,684,365	12,645,776	11,111,654
Stock in trade	19	984,001,076	621,164,130	489,991,718
Trade debts	20	769,511,085	601,680,409	404,114,867
Loans and advances	21	69,879,343	56,423,663	48,468,740
Trade deposits and short term prepayments	22	3,590,336	1,993,553	2,307,595
Other receivables	23	1,109,000	1,218,000	30,022,651
Tax refunds due from the government	24	379,382,724	269,366,440	150,815,008
Cash and bank balances	25	39,169,881	16,135,788	70,965,604
		2,260,327,810	1,580,627,759	1,207,797,837
Total Assets		2,778,427,654	2,106,349,457	1,692,937,344

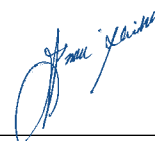
The annexed notes from 1 to 46 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)
Sales	26	3,580,118,885	2,668,804,664
Cost of sales	27	(3,250,464,221)	(2,371,467,054)
Gross Profit		329,654,664	297,337,610
Distribution cost	28	(51,996,207)	(45,437,159)
Administrative expenses	29	(41,920,229)	(32,703,570)
		(93,916,436)	(78,140,729)
Operating Profit		235,738,228	219,196,881
Other operating expenses	30	(84,213,754)	(54,365,267)
Finance cost	31	(75,114,419)	(60,992,853)
Other income	32	8,741,805	7,236,751
Profit before Taxation		85,151,860	111,075,512
Taxation	33		
Current tax		(2,076,793)	(39,712,826)
Deferred tax		20,035,621	2,973,964
		17,958,828	(36,738,862)
Net Profit for the Year		103,110,688	74,336,650
Earnings per Share - Basic and Diluted	34	0.36	0.26

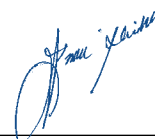
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Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees (Restated)
Net Profit for the Year	103,110,688	74,336,650
Other comprehensive income		
Items that will not be re-classified subsequently to the profit or loss		
Re-measurement of retirement benefits (liability) / asset	(2,709,205)	237,836
Less: Related tax impact	785,669	(71,351)
Revaluation surplus on property, plant and equipment	-	39,108,788
Impact of deferred tax	-	(638,186)
Items that may be re-classified subsequently to the profit or loss	-	-
Other comprehensive (loss) / income for the year	(1,923,536)	38,637,087
Total Comprehensive Income for the Year	101,187,152	112,973,737

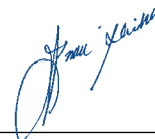
The annexed notes from 1 to 46 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

Particulars	Share Capital	Share Deposit Money	Sponsors' Interest Free Loan	Capital Reserves			Reserves	Total
				Revaluation Reserve	Share Premium Reserve	Revaluation Surplus	Accumulated Loss	
Rupees								
Balance as at June 30, 2016 as previously reported	997,789,280	283,000,000	7,751,322	1,136,715	1,281,303	-	(753,750,390)	537,208,230
Impact of restatement	-	-	-	(1,136,715)	-	46,940,630	1,136,715	46,940,630
Balance as at June 30, 2016 as restated	997,789,280	283,000,000	7,751,322	-	1,281,303	46,940,630	(752,613,675)	584,148,860
Net profit for the year	-	-	-	-	-	-	74,336,650	74,336,650
Other comprehensive income for the year	-	-	-	-	-	38,470,602	166,485	38,637,087
Total comprehensive income for the year	-	-	-	-	-	38,470,602	74,503,135	112,973,737
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	-	(280,165)	280,165	-
Transactions with owners of the Company								
Sponsors' interest free loan reinstated to equity	-	-	99,248,678	-	-	-	-	99,248,678
Issue of right shares	385,000,000	(271,608,995)	-	-	-	-	-	113,391,005
	385,000,000	(271,608,995)	99,248,678	-	-	-	-	212,639,683
Balance as at June 30, 2017 as restated	1,382,789,280	11,391,005	107,000,000	-	1,281,303	85,131,067	(677,830,375)	909,762,280
Balance as at June 30, 2017 as previously reported	1,382,789,280	11,391,005	107,000,000	1,416,880	1,281,303	-	(679,247,255)	824,631,213
Impact of restatement	-	-	-	(1,416,880)	-	85,131,067	1,416,880	85,131,067
Balance as at June 30, 2017 as restated	1,382,789,280	11,391,005	107,000,000	-	1,281,303	85,131,067	(677,830,375)	909,762,280
Net profit for the year	-	-	-	-	-	-	103,110,688	103,110,688
Other comprehensive loss for the year	-	-	-	-	-	-	(1,923,536)	(1,923,536)
Total comprehensive income for the year	-	-	-	-	-	-	101,187,152	101,187,152
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(386,858)	386,858	-
Issue of bonus shares @ 2.21% of ordinary shares	30,421,360	-	-	-	-	-	(30,421,360)	-
Balance as at June 30, 2018	1,413,210,640	11,391,005	107,000,000	-	1,281,303	84,744,209	(606,677,725)	1,010,949,432

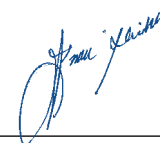
The annexed notes from 1 to 46 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2018

Note	2018 Rupees	2017 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Used in Operations	35 (223,798,394)	(42,303,343)
Finance cost paid	(69,607,318)	(60,155,760)
Income tax paid	(44,728,693)	(70,410,267)
Workers' welfare fund	(3,372,598)	-
Workers' Profit Participation Fund	(6,048,669)	(3,050,617)
	(123,757,278)	(133,616,644)
Net Cash Used in Operating Activities	(347,555,672)	(175,919,987)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(6,872,413)	(14,351,626)
Capital work in progress - Property, plant and equipment	(16,839,995)	(19,469,535)
Long term deposits	-	(3,090,000)
Interest income received	79,451	94,136
Net Cash Used in Investing Activities	(23,632,957)	(36,817,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription received against right issue	-	113,391,005
Payments against diminishing musharaka finance	(1,675,870)	(396,438)
Short term borrowings - net	395,898,592	44,912,629
Net Cash Generated from Financing Activities	394,222,722	157,907,196
Net Increase / (Decrease) in Cash and Cash Equivalents	23,034,093	(54,829,816)
Cash and cash equivalents at the beginning of the year	16,135,788	70,965,604
Cash and Cash Equivalents at the End of the Year	39,169,881	16,135,788

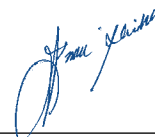
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Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 Act, 2017) 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. Subsequent to the change of management, the Board of Directors was reconstituted on January 05, 2016 and the name of the Company was change to Nimir Resins Limited. The change was made effective on April 18, 2016.
- 1.2** The Company is a subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is the ultimate parent company of Nimir Resins Limited.
- 1.3** The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is domiciled in Pakistan and its registered office is situated at 14.5 KM, Lahore-Sheikhupura Road, Lahore. The principal activity of the Company is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for textile industry.

Corporate office of the Company is located at 14.5 KM, Lahore-Sheikhupura Road, Lahore. While the production plants of the Company are located at 14.5 KM, Lahore-Sheikhupura Road, Lahore and 14.8 KM, Sheikhupura Faisalabad Road, Sheikhupura.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- 2.1** With the promulgation of the Companies Act, 2017, certain prescribed changes in the presentation have been made and the amounts reported for the previous years are restated. For detailed information please refer to Note 5 and Note 46.
- 2.2** Summary of significant events and transactions in the current reporting period:

	<u>2018</u> Impact in Rupees
- Issue of bonus shares during the year	30,421,360
- Reclassification of revaluation surplus owing to the requirements of the 4th Schedule to the Companies Act, 2017	84,744,209
- Reclassification of unclaimed dividend owing to the requirements of the 4th Schedule to the Companies Act, 2017	292,819
- Procurement of raw material from a related party - Nimir Industrial Chemicals Limited	102,392,320
- Obtained further short term borrowing	395,898,592
- Purchase of property, plant and equipment	37,978,723
- Increase in tax refunds - net	110,016,284
- Increase in revenue as compared to last year	911,314,221
- Exchange loss during the year	29,696,988
- Adjustment of current tax expense arising from prior year tax credits	40,344,340

3. Basis of Preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of following:

Certain property, plant and equipment	Note 16	(Stated at Revalued / Fair value)
Employee retirement benefits (Gratuity)	Note 10	(Stated at Present value)

3.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

3.4 Use of estimates and judgments

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.

These estimates and related assumptions are reviewed on an on going basis. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; provisions for doubtful receivables; provisions for defined benefit plans; slow moving and obsolete inventory; trade debts and taxation.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of Nimir Resins Limited for the year ended June 30, 2018 have been consistent with previous year unless otherwise stated.

3.5 Changes in accounting standards, interpretations and pronouncements

3.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

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

IAS 7 - Statement of cash flows - Disclosure Initiative - (Amendment)

IAS 12 - Income Taxes — Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in December 2014

IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

3.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective Date (Period beginning on or after)
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRS 9 Financial Instruments: Classification and Measurement	July 1, 2018
IFRS 15 Revenue from Contracts with Customers	July 1, 2018
IFRS 16 Leases	January 1, 2019
IAS 23 Borrowing costs	January 1, 2019

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application; except for IFRS 9, IFRS 15 and IFRS 16.

In addition to the above standards and 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 2019.

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.

	Effective Date (Period beginning on or after)
-IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
-IFRS 17 'Insurance Contracts'	January 1, 2021

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

4. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless stated otherwise.

4.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses, if any, except freehold land and building on freehold land which are stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing assets to their working condition.

Depreciation is charged to income on straight line method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life. Freehold land and buildings on freehold land are revalued every three years. Latest revaluation of land and buildings was carried out by an independent valuer as at June 19, 2017.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment is impaired. If 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. 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 in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.2 Intangible asset

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using the straight line method so as to write off the cost of an asset over its estimated useful life. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant. ERP software is being amortized over 5 years based on estimated useful life.

At each reporting date, the management reviews the functionality and legal permissions issues relating to the ERP software. Adjustments to the carrying value are incorporated as may be required under the circumstances.

4.3 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are carried at nil value. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

4.4 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw and packing materials	- Moving average cost
Materials in transit	- Invoice value plus incidental charges
Work in process	- Estimated manufacturing cost
Finished goods	- Average manufacturing cost
Wastes	- Net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

4.5 Trade debts

Trade debts are recognized at fair value less provision for impairment. A provision for impairment of trade debts 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 the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments are considered indicators that the trade receivable has been impaired. Debts, considered irrecoverable, are written off, as and when identified.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks in current and savings accounts.

4.7 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.8 Staff retirement benefits

Defined benefits plan

The Company operates an approved funded defined benefit plan for all of its permanent employees. Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service.

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss.

4.9 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of taxable loss for the year, income tax expense is recognized on the basis of minimum tax liability on turnover of the Company in accordance with the provisions of the income tax law.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or have been notified for subsequent enactments at the reporting date.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

4.11 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.12 Borrowing cost

Borrowing costs are charged to income as and when incurred except costs directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

4.13 Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded in Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the reporting date. Exchange differences are included in profit or loss.

4.14 Revenue recognition

- Local sales are recorded on dispatch of goods to customers.
- Export sales are recorded on the receipt of bills of lading.
- Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on deposits.

4.15 Related party transactions

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads shared with related parties, which are on actual basis.

4.16 Financial instruments

4.16.1 Financial assets

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, deposits and other receivables in the statement of financial position.

Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, management has the intention and ability to hold till maturity are carried at amortized cost.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the management intends to dispose of the investments within twelve months from the reporting date, in which case these financial assets are classified as short term investments in the statement of financial position.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the statement of profit or loss as gains / losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of profit or loss. Dividends on available-for sale equity instruments are recognized in the statement of profit or loss when the Company's right to receive payments is established.

Measurement criteria

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and their transaction costs are expensed in the statement of profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using the effective interest rate method.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

4.16.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in respective carrying amounts is recognized in the statement of profit or loss.

4.16.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.17 Impairment

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 asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the statement of profit or loss.

4.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.19 Dividend

Dividends are recognized as a liability in the period in which these are declared.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

5. Change in Accounting Policy

The Company has changed its accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus and therefore allows the presentation prescribed under IAS 16 "Property, Plant and Equipment". Thus, the Surplus on Revaluation of Property, Plant and Equipment is presented as equity. This change in policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these financial statements. Since section 235 of the repealed Companies Ordinance, 1984 has lost its application, the revaluation surplus which was previously shown as a separate line item on statement of financial position, has now been presented in equity for the year ended June 30 2017, and figures have been restated accordingly.

In view of the above, the accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment is given below:

Increase in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land and building to retained earnings.

The effect of change in accounting policy is summarized below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported on June 30, 2017	Adjustment	As restated on June 30, 2017	As previously reported on June 30, 2016	Adjustment	As restated on June 30, 2016
-----Rupees "000"-----						
Effect on statement of financial position						
Revaluation surplus on property, plant and equipment	85,131	(85,131)	-	46,941	(46,941)	-
Share capital and reserves	824,631	85,131	909,762	537,208	46,941	584,149
Effect on statement of changes in equity						
Capital Reserve	-	85,131	85,131	-	46,941	46,941
For the year ended June 30, 2017						
	As previously reported on June 30, 2017	Adjustment	As restated on June 30, 2017			
-----Rupees "000"-----						

Effect on statement of other comprehensive income

Gain on revaluation of property, plant & equipment - net of deferred tax	-	38,471	38,471
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There was no cash flow impact as a result of the retrospective application of change in accounting policy.

6. Issued, Subscribed and Paid up Capital

2018	2017		2018	2017
No. of Shares	No. of Shares		Rupees	Rupees
100,825,648	100,825,648	Ordinary shares of Rs. 5 each fully paid in cash	504,128,240	504,128,240
33,550,588	33,550,588	Ordinary shares of Rs. 5 each issued at 60 % discount	167,752,940	167,752,940
2,699,247	2,699,247	Ordinary shares of Rs. 5 each issued for consideration other than cash - land	13,496,235	13,496,235
9,142,867	3,058,595	Ordinary shares of Rs. 5 each issued as fully paid bonus shares	45,714,335	15,292,975
143,689,875	143,689,875	Ordinary shares of Rs. 5 each issued pursuant to the scheme of amalgamation	718,449,375	718,449,375
(7,266,097)	(7,266,097)	Ordinary shares of Rs. 5 each cancelled pursuant to the scheme of amalgamation	(36,330,485)	(36,330,485)
<u>282,642,128</u>	<u>276,557,856</u>		<u>1,413,210,640</u>	<u>1,382,789,280</u>

6.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

Opening balance	276,557,856	199,557,856
Issued during the year	6,084,272	77,000,000
Closing balance	<u>282,642,128</u>	<u>276,557,856</u>

6.2 As at the reporting date the shares of the Company as held by its holding company and associated Companies are as under:

Nimir Management (Private) Limited	144,147,485	141,046,506
Nimir Holding (Private) Limited	32,876,612	32,168,897
Terranova Limited	12,892,775	12,615,240
	<u>189,916,872</u>	<u>185,830,643</u>

6.3 During the year, the Company has issued 6,084,272 ordinary shares as bonus issue.

7. Share Deposit Money

The balance in share deposit money account represents the excess subscription money received from directors and related parties for issuance of right shares as given below:

	Note	2018 Rupees	2017 Rupees
Opening balance		11,391,005	283,000,000
Further subscription by directors and related parties		-	16,479,485
Subscription by general public		-	96,911,520
Shares issued		-	(385,000,000)
Closing balance		<u>11,391,005</u>	<u>11,391,005</u>

8. Reserves

Capital reserves

		2018 Rupees	2017 Rupees (Restated)
Share premium reserve		1,281,303	1,281,303
Revaluation reserve	8.1	-	1,416,880
		1,281,303	2,698,183

Revenue reserves

Accumulated loss		(606,677,725)	(679,247,255)
		<u>(605,396,422)</u>	<u>(676,549,072)</u>

8.1 Revaluation reserve arises on the revaluation of land and buildings. When revalued land and / or buildings are sold, or recovered through use / depreciation the relevant portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings.

9. Diminishing Musharaka Finance

		2018 Rupees	2017 Rupees
Diminishing musharaka finance		6,273,953	2,492,623
Less: Current portion		(1,445,876)	(485,211)
		<u>4,828,077</u>	<u>2,007,412</u>

9.1 During the year, the Company acquired further vehicles under the diminishing musharaka financing arrangements entered into with First Punjab Modaraba, for a period of 60 months. The effective rate of rent per unit is three month KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2017: 8.53%).

10. Retirement Benefit Liability

		2018 Rupees	2017 Rupees
Retirement benefit liability / (asset)		7,617,553	(1,174,999)

10.1 As stated in note 4.8, the Company operates an approved funded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out as at June 30, 2018.

10.2 During the year, the Company has discontinued the provident fund scheme and has shifted those employees in Gratuity Scheme, consequently the number of eligible employees in gratuity scheme has increased from 49 to 166.

The disclosures in the following notes are based on the information included in the latest actuarial report. Actuarial valuation of the scheme resulted in retirement benefit liability in current year are as presented in the following notes:

10.3 Actuarial assumptions

	2018 Rupees	2017 Rupees
Discount rate (per annum)	7.75%	7.25%
Expected rate of salary increase in future years	6.75%	6.25%
Average duration of liability	9.1 years	9.1 years
Actuarial valuation method	Projected Unit Credit Method	
Mortality rate	SLIC 2001-2005 setback 1 year	

	Note	2018 Rupees	2017 Rupees
10.3.1 Reconciliation of the funded status			
Present value of defined benefit obligation	10.3.2	15,031,194	9,319,363
Fair value of plan assets	10.3.3	(7,413,641)	(10,494,362)
		<u>7,617,553</u>	<u>(1,174,999)</u>
10.3.2 Movement in present value of defined benefit obligation			
Opening balance		9,319,363	8,080,671
Current service cost for the year		6,168,534	552,850
Interest on defined benefit liability		634,218	580,544
Benefits paid		(1,143,068)	(146,325)
Actuarial losses		52,147	251,623
Closing balance		<u>15,031,194</u>	<u>9,319,363</u>
10.3.3 Movement in fair value of plan assets			
Opening balance		10,494,362	9,465,014
Interest income for the period		719,405	686,214
Benefits paid		(1,143,068)	(146,325)
Return on plan assets excluding interest income		(2,657,058)	489,459
Closing balance	10.3.6	<u>7,413,641</u>	<u>10,494,362</u>
10.3.4 Company's liability			
Opening balance of net defined benefit asset		(1,174,999)	(1,384,343)
Remeasurements chargeable in statement of comprehensive income	10.3.5	2,709,205	(237,836)
Expense chargeable to statement of profit or loss	10.3.7	6,083,347	447,180
Closing balance - net defined benefit liability / (asset)		<u>7,617,553</u>	<u>(1,174,999)</u>
10.3.5 Remeasurements chargeable in the other comprehensive income			
Actuarial losses due to experience adjustments		52,147	251,623
Return on plan assets		2,657,058	(489,459)
		<u>2,709,205</u>	<u>(237,836)</u>
10.3.6 Plan assets composition			
Investment in treasury bills		3,600,997	6,474,954
Investment in listed securities		3,812,535	4,019,299
Cash at bank		109	109
		<u>7,413,641</u>	<u>10,494,362</u>
10.3.7 Charge for the year			
Current service cost		6,168,534	552,850
Interest on defined benefit liability		(85,187)	580,545
Interest income for the period		-	(686,214)
		<u>6,083,347</u>	<u>447,181</u>
10.3.8 Estimated Charge for the year 2018-2019			
Current service cost			6,228,637
Interest on defined benefit liability			1,164,918
Interest income for the period			(537,489)
			<u>6,856,066</u>
10.3.9 Year end sensitivity analysis on defined benefit obligation			

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligation as stated below:

	2018
	Rupees
Discount rate + 100 bps	13,653,231
Discount rate - 100 bps	16,651,252
Salary increase + 100 bps	16,651,252
Salary increase - 100 bps	13,629,208

10.3.10 Comparison of last five years

	2018	2017	2016	2015	2014
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	15,031,194	9,319,363	8,080,671	6,435,881	5,851,596
Fair value of plan assets	(7,413,641)	(10,494,362)	(9,465,014)	(8,873,969)	(7,914,395)
Retirement benefit liability / (asset)	<u>7,617,553</u>	<u>(1,174,999)</u>	<u>(1,384,343)</u>	<u>(2,438,088)</u>	<u>(2,062,799)</u>

11. Deferred Tax Liability

	Note	2018	2017
		Rupees	Rupees
Taxable temporary differences			
- Accelerated tax depreciation		55,460,956	60,237,377
- Surplus on revaluation of property, plant and equipment		1,513,620	2,336,443
		<u>56,974,576</u>	<u>62,573,820</u>
Deductible temporary differences			
- Provisions and others		(49,359,289)	(34,137,243)
		<u>7,615,287</u>	<u>28,436,577</u>
11.1 Reconciliation of deferred tax liabilities, net			
Opening balance		28,436,577	30,701,004
Tax income during the period recognised in profit or loss		(20,035,621)	(2,973,964)
Tax income / (expense) during the period recognised in comprehensive income		(785,669)	709,537
Closing balance		<u>7,615,287</u>	<u>28,436,577</u>

12. Trade and Other Payables

Creditors:			
- Unsecured	12.1	143,478,075	129,647,895
- Secured		284,264,210	136,142,140
		<u>427,742,285</u>	<u>265,790,035</u>
Accrued liabilities		25,135,926	17,244,189
Advances from customers		16,173,794	5,215,256
Workers' profit participation fund	12.2	4,619,793	6,048,669
Workers' welfare fund	12.3	3,184,044	3,932,426
		<u>476,855,842</u>	<u>298,230,575</u>

12.1 This includes payable to Nimir Industrial Chemicals Limited on account of trade payable of Rs. 20,382,248 (2017: Rs. 8,698,282).

12.2 Opening balance	6,048,669	3,050,617
Add: Provision for the year	4,619,793	6,048,669
Less: Payments made during the year	(6,048,669)	(3,050,617)
Closing balance	<u>4,619,793</u>	<u>6,048,669</u>

12.3 Opening balance	3,932,426	83,221
Add: Provision for the year	2,624,216	3,849,205
Less: Payments made during the year	(3,372,598)	-
Closing balance	<u>3,184,044</u>	<u>3,932,426</u>

13. Short Term Borrowings

	2018 Rupees	2017 Rupees
Banking companies - Secured		
Running finance	565,873,014	438,744,078
Borrowings / Finance against trust receipts	646,304,276	377,534,620
	<u>1,212,177,290</u>	<u>816,278,698</u>

13.1 Terms and conditions of borrowings

Purpose

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,415 million (2017: Rs. 1,815 million) towards working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc. The above balance represents utilized portion of funded facilities, whereas the Company has also utilized Rs. 804 million (2017: Rs. 313 million) from its non-funded facilities.

Mark-up

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ 0.5% to 1.75% (2017: 3 to 6 Months KIBOR + 0.5% to 1.75%) per annum. Mark up is payable monthly / quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Furthermore, some limits carry opening commission against foreign and local LCs at 0.10% to 0.20% (2017: 0.10% to 0.20%) per quarter.

Securities

These facilities are secured by way of joint pari passu charge and ranking hypothecation charge over present and future, fixed and current assets of the Company, personal guarantees of sponsoring directors of the Company and lien over title of imported goods.

14. Provision for Taxation

	2018 Rupees	2017 Rupees
Opening balance	40,344,340	17,997,984
Add: Charge for the year	42,421,133	40,344,340
Less: Adjustment for prior years	-	(631,514)
	<u>82,765,473</u>	<u>57,710,810</u>
Less: Payment / adjustments	(40,344,340)	(17,366,470)
	<u>42,421,133</u>	<u>40,344,340</u>

14.1 The provision for current year tax represents tax on taxable income at the rate of 30%. Sufficient tax provision has been incorporated in these financial statements.

14.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2017 as tax returns were filed under the self assessment scheme.

14.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

	Provision for taxation Rupees	Tax assessed Rupees
2017	(Note 14.4) 56,594,344	51,229,763
2016	17,997,984	17,846,825
2015	18,189,322	18,025,153

14.4 In the income tax return filed for the tax year 2017, the tax liability was adjusted against claim for tax credit, as given below:

	Provision for tax Rupees	As per Return Rupees
Normal income tax liability	56,594,344	51,229,763
Less: Credit for excess of minimum tax over tax payable in prior years	(16,250,004)	(49,994,813)
Less: Tax credit under section 65B	-	(1,234,950)
Tax payable	<u>40,344,340</u>	<u>-</u>

Thus, the tax payable of Rs. 40.344 million has accordingly been reversed, as stated in note 33.

15. Contingencies and Commitments

15.1 Contingencies

15.1.1 In respect of tax year 2011, the Company was confronted for audit through random computer balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) has made additions of Rs. 61.702 million vide order dated October 30, 2017, whereas the Company had declared a tax loss of Rs. 147.994 million in its tax return. Against this order, the Company has initiated preferred appeal on January 11, 2018 with CIR(appeals) and such appeal is pending adjudication.

15.1.2 In respect of tax year 2014, the Company was confronted for audit through random computer balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) has made additions of Rs. 27.828 million, whereas the company had declared a tax loss of Rs. 55.554 million in its tax return. Against this order, the Company has initiated preferred appeal on October 25, 2017 with CIR(appeals) and such appeal is pending adjudication.

15.1.3 The Company has filed suit in Civil Court, Lahore against one Mr. Sh. Anwar Hussain and others for the recovery of trade debts for Rs. 29.411 million. The matter is under adjudication.

15.1.4 The Company has filed a suit in Civil Court, Lahore against M/s Chitral Ghee and Oil Mills Company for the recovery of balance of advance given to said vendor party, calculated at Rs. 22.17 million. In another suit before the Civil Court, Lahore the same party has demanded an amount of Rs. 5.860 million allegedly receivable from the Company on account of supplies of various products made to the Company. Both the matters are pending adjudication.

15.2 Guarantees

The Company has given counter-guarantees to different banks for their guarantees in favour of the following parties for amounts given hereunder:

	2018 Rupees	2017 Rupees
Sui Northern Gas Pipelines Limited	3,090,000	6,180,000
Pakistan State Oil Company Limited	3,000,000	3,000,000
Total Parco Pakistan Limited	5,000,000	3,000,000
	<u>11,090,000</u>	<u>12,180,000</u>

15.3 Commitments

Diminishing musharaka finance	-	1,850,160
Letters of credit	511,919,241	176,767,775
Capital expenditures	-	13,192,000
	<u>511,919,241</u>	<u>191,809,935</u>

16. Property, Plant and Equipment

	Note	2018 Rupees	2017 Rupees
Operating fixed assets	16.1	498,024,422	495,330,425
Capital work in progress	16.6	8,340,256	17,149,371
		<u>506,364,678</u>	<u>512,479,796</u>

16.1 Operating fixed assets

Year Ended June 30, 2018

Description	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment, furniture and fixtures	IT equipment	Laboratory equipment	Vehicles and carriers	Total
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Rupees

Cost/Revalued Amount

Balance as at July 01, 2017	222,114,500	105,843,819	541,402,393	19,462,553	37,046,858	18,269,818	14,603,758	958,743,699
Additions	-	3,221,433	22,714,775	2,536,613	1,322,277	1,375,170	6,808,455	37,978,723
Balance as at June 30, 2018	222,114,500	109,065,252	564,117,168	21,999,166	38,369,135	19,644,988	21,412,213	996,722,422

Accumulated depreciation

Balance as at July 01, 2017	-	228,351	397,024,957	13,020,452	30,921,934	13,169,352	9,048,228	463,413,274
Charge for the year	-	7,796,158	18,861,176	2,180,818	3,508,014	1,067,070	1,871,490	35,284,726
Balance as at June 30, 2018	-	8,024,509	415,886,133	15,201,270	34,429,948	14,236,422	10,919,718	498,698,000

Balance as at June 30, 2018

222,114,500	101,040,743	148,231,035	6,797,896	3,939,187	5,408,566	10,492,495	498,024,422
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Depreciation rates

-	7% to 20%	10% to 33%	20% to 50%	20% to 50%	20% to 33%	20%
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Year Ended June 30, 2017

Description	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment, furniture and fixtures	IT equipment	Laboratory equipment	Vehicles and carriers	Total
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Rupees

Cost/Revalued Amount

Balance as at July 01, 2016	185,133,000	172,805,694	538,138,507	17,849,606	35,209,305	7,902,296	8,276,879	965,315,287
Additions	-	501,887	12,349,504	1,612,947	1,837,553	1,281,904	6,326,879	23,910,674
Transferred (out) / in	-	-	(9,085,618)	-	-	9,085,618	-	-
Revaluation adjustment	-	(69,591,050)	-	-	-	-	-	(69,591,050)
Revaluation surplus	36,981,500	2,127,288	-	-	-	-	-	39,108,788
Balance as at June 30, 2017	222,114,500	105,843,819	541,402,393	19,462,553	37,046,858	18,269,818	14,603,758	958,743,699

Accumulated depreciation

Balance as at July 01, 2016	-	62,386,725	379,649,715	11,558,956	27,846,240	6,030,303	7,878,559	495,350,498
Charge for the year	-	7,432,676	23,791,322	1,461,496	3,075,694	722,969	1,169,669	37,653,826
Transferred (out) / in	-	-	(6,416,080)	-	-	6,416,080	-	-
Revaluation adjustment	-	(69,591,050)	-	-	-	-	-	(69,591,050)
Balance as at June 30, 2017	-	228,351	397,024,957	13,020,452	30,921,934	13,169,352	9,048,228	463,413,274

Balance as at June 30, 2017

222,114,500	105,615,468	144,377,436	6,442,101	6,124,924	5,100,466	5,555,530	495,330,425
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Depreciation rates

-	7% to 20%	10% to 33%	20% to 50%	20% to 50%	20% to 33%	20%
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16.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location / Address	Usage of immovable property	Total Area (In Acres)	Covered Area (In sq. ft.)
14.5 Km Lahore Sheikhpura Road	Production and warehouse	10.81	192,698
14.8 km Sheikhpura Faisalabad Road	Warehouse	8.54	76,589

16.3 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

		2018 Rupees	2017 Rupees
Cost of sales	Note 27	31,193,244	35,136,357
Distribution cost	Note 28	925,870	-
Administrative expenses	Note 29	3,165,612	2,517,469
		<u>35,284,726</u>	<u>37,653,826</u>

16.4 As per the valuation report forced sales value of freehold land and building is Rs. 199,903,050 and Rs. 95,259,436 respectively. The management believes that these values approximate to the values as on June 30, 2018.

16.5 Cost, accumulated depreciation and book value of revalued assets

Latest revaluation of land and buildings was carried out by an independent valuer as at June 19, 2017. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows:

	As at June 30, 2018		
	Cost	Accumulated depreciation	Written Down Value
	Rupees		
Freehold land	142,044,797	-	142,044,797
Factory buildings on freehold land	167,264,568	71,056,064	96,208,504
	<u>309,309,365</u>	<u>71,056,064</u>	<u>238,253,301</u>

16.6 The following methods and assumptions were used to estimate the fair values:

The significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2018 are as shown below:

Description	Valuation Technique	Significant Observable Inputs	Quantitative Date / Range (weighted average)
Land and building	Sales value comparison approach	Market enquiries and survey as per kanal/marla for land rates and per square foot rates for building	Nil

16.7 Capital Work in Progress

Plant and machinery:

	2018 Rupees	2017 Rupees
- Opening balance	15,649,484	4,481,735
- Additions during the year	14,951,649	17,969,648
	30,601,133	22,451,383
- Transferred to operating fixed assets	(22,260,877)	(6,801,899)
	<u>8,340,256</u>	<u>15,649,484</u>

Buildings on freehold land:

	2018 Rupees	2017 Rupees
- Opening balance	1,333,087	-
- Additions during the year	1,888,346	1,333,087
	3,221,433	1,333,087
- Transferred to operating fixed assets	(3,221,433)	-
	-	1,333,087
Advance for vehicle against diminishing musharaka	-	166,800
	<u>8,340,256</u>	<u>17,149,371</u>

16.8 There are fully depreciated assets, having cost of Rs. 21.664 million (2017: Rs. 21.664 million) that are still in use as at the reporting date.

16.9 Owned vehicles include vehicles amounting to Rs. 8.695 million (2017: Rs. 3.071 million), which has been obtained through Diminishing Musharaka Financing (Note 9).

17. Intangible Assets

Net Carrying Value

Net carrying value - opening balance		
Additions during the year		
Amortization during the year	17.1	
Net carrying value - closing balance		

	Note	2018 Rupees	2017 Rupees
		1,326,947	-
		-	1,658,684
		1,326,947	1,658,684
	17.1	(331,737)	(331,737)
		995,210	1,326,947
Gross Carrying Value			
Written down value / cost		1,326,947	1,658,684
Accumulated amortization		(331,737)	(331,737)
Net book value		995,210	1,326,947
Amortization rate		20%	20%

17.1 Intangible assets represent the implementation cost of ERP

17.2 Amortization charge for the year has been allocated to administrative expenses (Note 29).

18. Long Term Deposits

Deposits with:

- Utility companies
- Others

	8,639,956	8,639,956
	2,100,000	2,100,000
	10,739,956	10,739,956

19. Stock in Trade

Raw and packing materials
Raw materials in transit
Finished goods

Less: Provision for obsolescence of stock

	441,136,363	270,465,376
	396,575,128	187,826,098
	180,120,439	185,673,911
	1,017,831,930	643,965,385
19.1	(33,830,854)	(22,801,255)
	984,001,076	621,164,130

19.1 Provision for obsolescence of stock

Opening balance
Provision for the year

	22,801,255	3,144,209
	11,029,599	19,657,046
	33,830,854	22,801,255

19.2 As mentioned in Note 13, short term borrowings of the Company are secured by way of hypothecation charge on present and future current assets of the Company (including stock in trade).

20. Trade Debts

Local - Unsecured

Considered good
Considered doubtful

Less: Provision for doubtful debts

	Note	2018 Rupees	2017 Rupees
		769,511,085	601,680,409
		128,407,714	92,164,556
		879,918,799	693,844,965
20.3		(128,407,714)	(92,164,556)
		769,511,085	601,680,409

20.1 Trade debts at June 30, 2018 do not include any amount due from related parties (2017: Nil).

20.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 358,767 (2017: Nil).

20.3 Provision for doubtful debts

	Note	2018 Rupees	2017 Rupees
Opening balance		92,164,556	70,517,382
Provision for the year		36,243,158	21,647,174
		<u>128,407,714</u>	<u>92,164,556</u>

21. Loans and Advances

Advances (Unsecured - Considered good):

- Suppliers and contractors	21.1	69,180,224	54,365,539
- Employees	21.2	14,139	1,632,695
Short term loans to employees (Unsecured - Considered good)	21.3	684,980	425,429
		<u>69,879,343</u>	<u>56,423,663</u>

21.1 This includes an amount of Rs. 57.353 million (2017: Rs. 40.746 million) advanced to clearing agents for clearing the shipment of imported raw materials.

21.2 Advances to employees do not include any amount given to directors or executives of the Company.

21.3 This represents interest-free loans given to employees as per the Company's policy. These loans are recoverable from salary in monthly installments.

22. Trade Deposits and Short Term Prepayments

	2018 Rupees	2017 Rupees
Security deposit	-	510,000
Prepayments	3,590,336	1,483,553
	<u>3,590,336</u>	<u>1,993,553</u>

23. Other Receivables

Margin against letters of guarantees	<u>1,109,000</u>	<u>1,218,000</u>
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24. Tax Refunds Due from the Government

Tax deducted at source and advance tax	230,568,009	185,839,316
Sales tax refundable - Net	148,814,715	83,527,124
	<u>379,382,724</u>	<u>269,366,440</u>

25. Cash and Bank Balances

Cash in hand	151,864	38,789
Cash at banks in:		
- Current accounts	37,661,190	14,740,172
- Savings accounts	1,356,827	1,356,827
	<u>39,169,881</u>	<u>16,135,788</u>

26. Sales

Local sales	4,066,713,550	3,040,525,611
Less: Sales tax	(486,594,665)	(371,720,947)
	<u>3,580,118,885</u>	<u>2,668,804,664</u>

27. Cost of Sales

	Note	2018 Rupees	2017 Rupees
Raw materials consumed	27.1	3,008,806,367	2,241,809,877
Stores and spares consumed		14,966,645	16,049,716
Fuel and power		71,173,461	51,234,729
Salaries, wages and benefits	27.2	97,261,617	81,576,607
Printing and stationery		674,926	420,291
Repairs and maintenance		2,475,362	6,696,576
Travelling, conveyance and entertainment		6,770,278	5,735,184
Insurance		3,809,878	4,072,999
Rent, rates and taxes		128,530	340,300
Product development charges		2,386,482	-
Communication		807,657	489,558
Fee and consultancy charges		4,165,305	-
Miscellaneous		290,997	215,047
Depreciation	16.3	31,193,244	35,136,357
		<u>3,244,910,749</u>	<u>2,443,777,241</u>
Finished goods:			
Opening finished goods		185,673,911	113,363,724
Closing finished goods		(180,120,439)	(185,673,911)
		5,553,472	(72,310,187)
		<u>3,250,464,221</u>	<u>2,371,467,054</u>

27.1 Raw materials consumed:

Opening stock	270,465,376	180,668,858
Purchases	3,179,477,354	2,331,606,395
	<u>3,449,942,730</u>	<u>2,512,275,253</u>
Closing stock	(441,136,363)	(270,465,376)
	<u>3,008,806,367</u>	<u>2,241,809,877</u>

27.2 This includes Rs. 3,959,772 (2017: Rs. 1,813,076) in respect of employee benefits.

28. Distribution Cost

Salaries, wages and benefits	28.1	27,209,578	19,116,199
Packing, carriage and forwarding		17,994,595	21,738,932
Commission		451,085	-
Travelling, conveyance and entertainment		2,974,986	1,668,207
Printing and stationery		152,553	98,388
Sales promotion expenses		193,270	1,411,509
Insurance		1,201,891	495,206
Communication		389,448	232,668
Utilities		294,430	251,225
Repairs and maintenance		167,660	381,724
Depreciation	16.3	925,870	-
Miscellaneous		40,841	43,101
		<u>51,996,207</u>	<u>45,437,159</u>

28.1 This includes Rs. 1,121,648 (2017: Rs. 592,730) in respect of employee benefits.

29. Administrative Expenses

	Note	2018 Rupees	2017 Rupees
Salaries, wages and benefits	29.1	24,918,645	17,523,175
Travelling, conveyance and entertainment		2,437,314	2,228,872
Repairs and maintenance		437,267	742,257
Insurance		-	137,611
Printing and stationery		828,436	606,781
Communication		2,705,203	2,385,222
Fees and subscription		2,473,563	2,652,549
Advertisement		455,713	474,150
Legal and professional charges		2,290,750	1,373,834
Auditors' remuneration	29.2	1,361,000	1,296,000
Utilities		307,550	251,225
Miscellaneous		207,439	182,688
Amortization	17.2	331,737	331,737
Depreciation	16.3	3,165,612	2,517,469
		<u>41,920,229</u>	<u>32,703,570</u>

29.1 This includes Rs. 1,000,927 (2017: Rs. 565,822) in respect of employee benefits.

29.2 Auditors' remuneration:

- Audit fee
- Half yearly review and other certifications
- Out of pocket expenses

	800,000	730,000
	485,000	440,000
	76,000	126,000
	<u>1,361,000</u>	<u>1,296,000</u>

30. Other Operating Expenses

Provision for doubtful debts	20.3	36,243,158	21,647,174
Provision for obsolescence of stock	19.1	11,029,599	19,657,046
Foreign exchange loss		29,696,988	3,163,173
Workers' (profit) participation fund		4,619,793	6,048,669
Workers' welfare fund		2,624,216	3,849,205
		<u>84,213,754</u>	<u>54,365,267</u>

31. Finance Cost

Short term borrowings	65,841,486	54,433,752
Diminishing musharaka finance	571,389	131,912
LC discounting and charges	6,907,243	4,702,693
Bank and other charges	1,794,301	1,724,496
	<u>75,114,419</u>	<u>60,992,853</u>

32. Other Income

Profit on bank account	79,451	94,136
Sale of waste material / scrap	5,955,214	5,323,215
Fee for technical services	1,297,140	-
Rental income	1,410,000	1,080,000
Bad debts recovered	-	739,400
	<u>8,741,805</u>	<u>7,236,751</u>

33. Taxation

Current tax:

- Current year
- Adjustment for prior years

Deferred tax

	42,421,133	40,344,340
	(40,344,340)	(631,514)
	2,076,793	39,712,826
	(20,035,621)	(2,973,964)
	<u>(17,958,828)</u>	<u>36,738,862</u>

33.1 Reconciliation of tax charge for the year

	2018 Rupees	2017 Rupees
Profit before taxation	85,151,860	111,075,512
Tax @ 30% (2017: 31%) on profit before taxation	25,545,558	34,433,409
Tax effect of add backs / allowed deductions	19,147,053	5,910,931
Tax credits (BMR investment)	(2,271,478)	-
Adjustment for prior years	(40,344,340)	(631,514)
Deferred taxation	(20,035,621)	(2,973,964)
	<u>(17,958,828)</u>	<u>36,738,862</u>

34. Earnings per Share

		Note	2018	2017 (Restated)
Profit for the year	Rupees		103,110,688	74,336,650
Weighted average number of ordinary shares outstanding during the year	Numbers		282,642,128	282,642,128
Earning per share - basic	Rupees	34.2	0.36	0.26

34.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment that would result in dilution of earnings of the Company.

34.2 The Earning per share of 2017 has been restated since the Company has issued bonus shares during the year, as stated in note 6.

35. Cash Generated from Operations

	2018 Rupees	2017 Rupees (Restated)
Profit before taxation	85,151,860	111,075,512
Adjustments for:		
- Depreciation	35,284,726	37,653,826
- Amortization of intangible asset	331,737	331,737
- Provision for gratuity	6,083,347	447,180
- Provision for obsolescence of stock	11,029,599	19,657,046
- Provision for doubtful debts	36,243,158	21,647,174
- Workers' (profit) participation fund	4,619,793	6,048,669
- Workers' welfare fund	2,624,216	3,849,205
- Bad debts recovered	-	(739,400)
- Exchange loss - net	29,696,988	3,163,173
- Finance cost	73,320,118	60,992,853
- Interest income	(79,451)	(94,136)
	<u>199,154,231</u>	<u>152,957,327</u>
Operating profit before working capital changes	<u>284,306,091</u>	<u>264,032,839</u>
(Increase) / decrease in current assets		
- Stores and spares	(1,038,589)	(1,534,122)
- Stock in trade	(373,866,545)	(153,992,631)
- Trade debts	(204,073,834)	(218,473,316)
- Loans and advances	(13,455,680)	(7,954,923)
- Trade deposits and short term prepayments	(1,596,783)	314,042
- Other receivables	109,000	28,804,651
- Sales tax refundable - Net	(65,287,591)	(65,507,635)
Increase / (decrease) in current liabilities		
- Trade and other payables	151,105,537	112,007,752
	<u>(508,104,485)</u>	<u>(306,336,182)</u>
Cash Used in Operations	<u>(223,798,394)</u>	<u>(42,303,343)</u>

36. Liabilities Arising from Financing Activities

	As at June 30, 2017	Non-cash changes	Cash flows (Net)	As at June 30, 2018
	----- Rupees -----			
Diminishing musharaka finance	2,492,623	5,457,200	(1,675,870)	6,273,953
Short term borrowings	816,278,698	-	395,898,592	1,212,177,290
Total liabilities from financing activities	818,771,321	5,457,200	394,222,722	1,218,451,243

37. Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Executive Director		Non-Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees in (000)						(Restated)	
Managerial remuneration	1,677	-	4,387	2,323	-	-	15,964	10,853
Housing and other allowances	755	-	1,974	1,045	-	-	8,436	4,884
Utilities	168	-	439	232	-	-	1,596	1,085
Bonus	-	-	696	-	-	-	2,298	577
Retirement benefits	-	-	-	-	-	-	2,097	1,071
Meeting fee	-	-	-	-	420	450	-	-
	2,600	-	7,496	3,600	420	450	30,391	18,470
Number of persons	1	1	1	1	5	5	11	6

37.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year. Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017 (Previously, basic salary limit for executive was Rs. 500,000).

37.2 An executive director (2017: one) has been provided with company maintained car.

38. Balances and Transaction with Related Parties

Related parties comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Related party	Relationship	Nature of Transaction	June 30, 2018	June 30, 2017
			Rupees in (000)	
Nimir Industrial Chemicals Limited	Ultimate Parent Company	Purchase of goods	102,392	80,115
		Sale of goods	307	-
		Services provided	2,730	2,520
		Services received/acquired	3,683	7,728
		Other expenses reimbursed	924	343
Nimir Management (Private) Limited	Holding company	Bonus share issued	15,515	-
		Right Issue	-	196,350
Nimir Holding (Private) Limited	Associate	Bonus share issued	3,539	-
		Right Issue	-	46,790
Terranova Limited	Associate	Bonus share issued	1,388	-
		Right Issue	-	18,349
Directors	Director	Bonus share issued	2,017	-
		Right Issue	-	26,600
Balances outstanding as at June 30,			2018	2017
			Rupees in (000)	
Due to holding company / related parties - unsecured				
Directors		Sponsors' interest free loans	(107,000)	(107,000)
Nimir Industrial Chemicals Limited		Trade creditors	(20,382)	(8,968)
Contribution to staff retirement benefits				
Descon Chemicals Limited Employees' Provident Fund (Note : 44.1)			-	2,524

38.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S. No.	Company Name	Basis or association	Aggregate % or Shareholding
1	Nimir Management (Private) Limited	Holding company	51%
2	Nimir Holding (Private) Limited	Associate	11.63%
3	Terranova Limited	Associate	4.56%
4	Directors	Director	4%
5	Nimir Industrial Chemicals Limited	Ultimate parent company	Indirect holding

39. Segment Reporting

39.1 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 Operating Decision Maker 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
- Others

The Chief Operating Decision Maker 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 but do not include deferred tax. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

39.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2018 is as follows.

	Coating, Emulsion and Polyester	Textile and Paper	Others	Total
Rupees in (000)				
Segment Results for the year ended June 30, 2018				
Revenue	2,136,369	930,052	513,698	3,580,119
Segment results	105,372	111,145	19,221	235,738
Other operating expenses				(84,214)
Finance costs				(75,114)
Other income				8,742
Profit before taxation				85,152
Segment Results for the year ended June 30, 2017				
Revenue	1,664,385	629,985	374,435	2,668,805
Segment results	98,328	102,873	19,292	220,493
Other operating expenses				(55,661)
Finance costs				(60,993)
Other income				7,237
Profit before taxation				111,076
Segment asset and liabilities as at June 30, 2018				
Segment assets	1,057,184	549,692	329,846	1,936,722
Segment liabilities	297,832	119,248	74,113	491,373
Segment asset and liabilities as at June 30, 2017				
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:

	2018	2017
	Rupees in (000)	
Segment assets for reportable segments	1,936,722	1,561,664
Corporate assets unallocated	337,835	302,599
Cash and bank balances	39,170	16,136
Others	464,701	225,950
Total assets as per the reporting date	<u>2,778,428</u>	<u>2,106,349</u>

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

Segment liabilities for reportable segments	491,373	265,790
Corporate liabilities unallocated	1,233,685	937,162
Trade and other payables	118,391	71,682
Taxation - net	42,421	40,344
Total liabilities as per the reporting date	<u>1,885,870</u>	<u>1,314,978</u>

There are no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

There are no asymmetrical allocations to reportable segments.

39.3 Entity-wide disclosures regarding reportable segment are as follows:

- Information about major customers

One customer of the Company accounts for 12.82% (2017: 14.29%) of total sales for the year. Revenue from such customer was Rs. 459.008 million (2017: Rs. 381.466 million).

- Information about geographical areas
- All non-current assets of the Company are located in Pakistan as at the reporting date.
- No revenue from external customers attributed to foreign countries.

40. Financial Risk Management

40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to foreign payables. Currently, the Company's foreign exchange risk exposure is restricted to:

	2018	2017
	Rupees	
Creditors (Secured)	284,264,210	136,142,140
Letters of credit commitments	529,224,722	176,767,775
	<u>813,488,932</u>	<u>312,909,915</u>

The following exchange rates were applied during the year:

Rupees per foreign currency rate		
Average rate - Rupees per US Dollar	113.30	104.85
Reporting date rate - Rupees per US Dollar	121.60	105.00

If the functional currency, at reporting date, had weakened / strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 8.135 million (2017: Rs. 3.129 million) lower / higher, respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

As at the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2018 Rupees	2017 Rupees
Floating rate instruments		
Financial liabilities		
Diminishing musharaka finance	6,273,953	2,492,623
Short term borrowings	1,212,177,290	816,278,698
Financial assets		
Bank balances - saving accounts	1,356,827	1,356,827

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 12.171 million (2017: Rs. 8.201 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming that amounts of assets and liabilities outstanding as at the balance sheet date are outstanding for the entire year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018 Rupees	2017 Rupees
Long term deposits	10,739,956	10,739,956
Trade debts	769,511,085	601,680,409
Other receivables	1,109,000	1,218,000
Bank balances	39,018,017	16,096,999
The aging of trade debts as at balance sheet date is as follows:		
Past due 1 - 30 days	246,414,348	199,032,797
Past due 31 - 60 days	255,697,678	193,771,987
Past due 61 - 120 days	197,089,942	137,300,474
More than 120 days	70,309,117	71,575,151
	<u>769,511,085</u>	<u>601,680,409</u>

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of parties and trade debts are subject to specific credit ceilings based on customer credit history.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2018 Rupees	2017 Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	24,820	667,330
Bank Al-Habib Limited	A1+	AA+	PACRA	6,151,210	5,183,823
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,202,472	308,659
The Bank of Punjab	A1+	AA	PACRA	2,272,639	2,502,895
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	11,239,385	703,024
Meezan Bank Limited	A-1+	AA+	JCR-VIS	17,276,621	6,339,955
National Bank of Pakistan	A1+	AAA	PACRA	850,870	391,313
				<u>39,018,017</u>	<u>16,096,999</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 342.067 million (2017: Rs. 998.72 million) worth unutilized funded and unfunded short term financing limits available from financial institutions and Rs. 39.170 million (2017: Rs. 16.136 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2018:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
Rupees						
Diminishing musharaka finance	6,273,953	6,616,870	1,788,793	1,929,178	2,898,899	-
Trade and other payables	460,682,048	460,682,048	460,682,048	-	-	-
Accrued mark up	14,224,345	14,224,345	14,224,345	-	-	-
Short term borrowings	1,212,177,290	1,307,939,296	1,307,939,296	-	-	-
	<u>1,693,357,636</u>	<u>1,789,462,559</u>	<u>1,784,634,482</u>	<u>1,929,178</u>	<u>2,898,899</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2017:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
Rupees						
Diminishing musharaka finance	2,492,623	3,064,012	1,250,997	679,608	1,133,407	-
Trade and other payables	293,308,138	293,308,138	293,308,138	-	-	-
Accrued mark up	10,511,545	10,511,545	10,511,545	-	-	-
Short term borrowings	816,278,698	880,764,715	880,764,715	-	-	-
	<u>1,122,591,004</u>	<u>1,187,648,410</u>	<u>1,185,835,395</u>	<u>679,608</u>	<u>1,133,407</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at June 30, 2018. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2018 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the balance sheet at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

40.2 Financial instruments by categories

Financial assets as at June 30, 2018

	Cash and Cash Equivalents	Loans and advances	Available-for-sale	Total
	----- Rupees -----			
Long term deposits	-	10,739,956	-	10,739,956
Trade debts	-	769,511,085	-	769,511,085
Other receivables	-	1,109,000	-	1,109,000
Bank balances	39,018,017	-	-	39,018,017
	<u>39,018,017</u>	<u>781,360,041</u>	<u>-</u>	<u>820,378,058</u>

Financial assets as at June 30, 2017

	Cash and Cash Equivalents	Loans and advances	Available-for-sale	Total
	----- Rupees -----			
Long term deposits	-	10,739,956	-	10,739,956
Trade debts	-	601,680,409	-	601,680,409
Other receivables	-	1,218,000	-	1,218,000
Bank balances	16,096,999	-	-	16,096,999
	<u>16,096,999</u>	<u>613,638,365</u>	<u>-</u>	<u>629,735,364</u>

Financial liabilities at amortized cost

	2018 Rupees	2017 Rupees
Diminishing musharaka finance	6,273,953	2,492,623
Trade and other payables	460,682,048	293,308,138
Accrued mark up	14,224,345	10,511,545
Short term borrowings	1,212,177,290	816,278,698
	<u>1,693,357,636</u>	<u>1,122,591,004</u>

40.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41. Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norm, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Company was worked out as under:

	2018 Rupees	2017 Rupees (Restated)
Total borrowings	1,218,451,243	818,771,321
Cash and bank balances	(39,169,881)	(16,135,788)
Net debt	1,179,281,362	802,635,533
Equity	1,010,949,432	909,762,280
Total capital employed	2,190,230,794	1,712,397,813
Gearing ratio	53.84%	46.87%

41.1 Equity for the year ended June 30, 2017 has been restated due to inclusion of revaluation surplus as detailed in note 5.

42. Plant Capacity and Production

	2018 Metric Ton	2017 Metric Ton
Actual production	26,242	22,227
Total Capacity	39,000	39,000

The Company operates in a diverse and volatile market where demands and relative proportion of different product lines rapidly change as per market dynamics. The production capacity has been stated considering a standard mix of different product lines, therefore the actual production vary from the total capacity.

43. Number of Employees

	Note	2018 Number	2017 Number
Employees as at June 30,			
- Permanent	43.1	118	115
- Contractual	43.1	7	7
Average employees during the year			
- Permanent		116	108
- Contractual		7	8
43.1 This include factory employees as at June 30,		93	93

44. Provident Fund Related Disclosure

	Note	2018 Rupees	2017 Rupees
Total assets of the fund	44.1	-	38,113,685
Fair value of the investment	44.1	-	27,318,140
Investment as a percentage of total assets		NIL	71.68%

44.1 The Company operated a recognized provident fund (Descon Chemicals Limited Employees Provident Fund Trust) established on April 30, 1987. Pursuant to the decision of the Company to discontinue the Provident Fund scheme, no contributions were paid/deducted during the year, and as on May 23, 2018, the fund assets had been liquidated and the amount was disbursed among the members as per their respective balances.

45. Authorization of Financial Statements

These financial statements were approved and authorized for issue on Tuesday, September 18, 2018 by the Board of Directors of the Company.

46. General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. In addition to restatements discussed in note 5, the following re-arrangements / reclassifications have been made in these financial statements for better presentation:

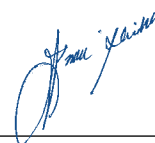
Nature	From	To	2017 Amount (Rupees)
LC discounting and charges	Finance Cost Bank and other charges	Finance Cost	4,702,693
Auditors' remuneration	Other Operating Expenses	Administrative Expenses	1,296,000
Unclaimed dividends	Trade and other payables	Face of the Statement of Financial Position	292,819
Due to related party	Trade and Other Payables	Trade and Other Payables Creditors	8,968,282



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

-----Shareholding-----

No. of Shareholders	From	To	Total Shares Held
1,030	1	100	31,953
730	101	500	193,131
707	501	1,000	533,567
1,196	1,001	5,000	2,656,005
375	5,001	10,000	2,592,343
193	10,001	15,000	2,277,413
82	15,001	20,000	1,422,826
58	20,001	25,000	1,316,585
31	25,001	30,000	822,047
25	30,001	35,000	801,692
17	35,001	40,000	641,523
13	40,001	45,000	565,406
18	45,001	50,000	882,330
21	50,001	55,000	1,082,711
8	55,001	60,000	459,012
11	60,001	65,000	687,384
2	65,001	70,000	139,919
10	70,001	75,000	726,089
7	75,001	80,000	544,719
7	80,001	85,000	577,974
4	85,001	90,000	354,915
2	90,001	95,000	181,677
8	95,001	100,000	799,027
12	100,001	105,000	1,225,758
3	105,001	110,000	325,637
2	110,001	115,000	227,493
2	115,001	120,000	235,500
2	120,001	125,000	246,144
2	125,001	130,000	255,060
7	140,001	145,000	993,039
5	145,001	150,000	747,767
2	150,001	155,000	303,717
1	155,001	160,000	160,000
1	160,001	165,000	162,833
1	170,001	175,000	175,000
1	175,001	180,000	179,000
1	180,001	185,000	181,500
5	195,001	200,000	1,000,000
2	200,001	205,000	408,360
3	210,001	215,000	639,657
1	220,001	225,000	225,000
2	260,001	265,000	523,776
1	275,001	280,000	278,000
1	285,001	290,000	285,791
1	305,001	310,000	306,270
1	310,001	315,000	314,536
1	330,001	335,000	333,253
2	350,001	355,000	708,564
1	395,001	400,000	400,000
1	400,001	405,000	402,000
1	415,001	420,000	415,500
1	425,001	430,000	429,006
1	495,001	500,000	495,500
1	550,001	555,000	551,286
1	690,001	695,000	694,960
1	995,001	1,000,000	1,000,000
1	1,285,001	1,290,000	1,289,559
1	1,290,001	1,295,000	1,290,417
1	5,150,001	5,155,000	5,152,968
1	12,040,001	12,045,000	12,040,500
1	12,245,001	12,250,000	12,248,157
1	12,890,001	12,895,000	12,892,775
1	25,580,001	25,585,000	25,583,500
1	32,875,001	32,880,000	32,876,612
1	144,145,001	144,150,000	144,147,485
4,634			282,642,128

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2018

Sr. No.	Categories of shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor children	13,588,434	4.8076
5.2	Associated Companies, undertakings, and related parties. (Parent Company)	189,916,872	67.1934
5.3	NIT and ICP	9,718	0.0034
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	2,553	0.0009
5.5	Insurance Companies	0	0.0000
5.6	Modarabas and Mutual Funds	36,414	0.0129
5.7	Share holders holding 10% or more	177,024,097	62.6319
5.8	General Public		
	1- Local	75,807,146	26.8209
	2- Foreign	124,324	0.0440
5.9	Others (to be specified)		
	1- Joint Stock Companies	2,793,151	0.9882
	2- Government Holding	71,927	0.0254
	3- Investment Companies	812	0.0003
	4- Pension Funds	48,598	0.0172
	5- Foreign Companies	25,550	0.0090
	6- Others	216,629	0.0766



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CATEGORIES OF SHAREHOLDERS (CCG)

AS AT JUNE 30, 2018

Sr. No.	Name	No. of Shares held	Percentage
1.	Associated Companies, Undertakings and Related Parties (Name Wise Detail):		
1	Nimir Management (Pvt) Limited (CDC)	144,147,485	51.0000
2	Nimir Holding (Pvt) Limited (CDC)	32,876,612	11.6319
3	Terranova Limited (CDC)	12,892,775	4.5615
2.	Mutual Funds (Name Wise Detail):		
1	Proidental Stocks Fund Ltd.	59	0.0000
3.	Directors And Their Spouse And Minor Children (Name Wise Detail):		
1	Sh. Amir Hameed (CDC)	1,413	0.0005
2	Mr. Zafar Mahmood (CDC)	1,413	0.0005
3	Mr. Abdul Jalil Jamil	40,914	0.0145
4	Mr. Muhammad Yahya Khan (CDC)	12,248,157	4.3335
5	Mr. Osman Hameed (CDC)	1,413	0.0005
6	Mr. Pervaiz Ahmed Khan (CDC)	1,020	0.0004
7	Mr. Tahir Jahangir (CDC)	2,041	0.0007
8	Mrs. Nusrat Jamil (CDC)	1,292,063	0.4571
4.	Executives:	267,709	0.0000
5.	Public Sector Companies & Corporations:	-	0.0000
6.	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	87,506	0.0310
7.	Shareholders Holding Five Percent or More Voting Interest in the Listed Company:		

Sr. No.	Name	No. of Shares held	Percentage
1	Nimir Management (Pvt.) Limited (CDC)	144,147,485	51.0000
2	Nimir Holding (Pvt.) Limited (CDC)	32,876,612	11.6319
3	Mr. Munaf Ibrahim (CDC)	25,583,500	9.0516
8.	All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children :		

Sr. No.	Name	Sale	Purchase	Bonus
1	Sh. Amir Hameed (CDC)	-	-	28
2	Mr. Zafar Mahmood (CDC)	-	-	28
3	Mr. Abdul Jalil Jamil	-	-	808
4	Mr. Abdul Jalil Jamil (CDC)	-	-	28
5	Mr. Muhammad Yahya Khan (CDC)	-	-	263,659
6	Mr. Osman Hameed (CDC)	-	-	28
7	Mrs. Nusrat Jamil	-	-	54
8	Mrs. Nusrat Jamil (CDC)	-	-	27,759
9	Mr. Pervaiz Ahmed Khan (CDC)	-	-	20
10	Mr. Tahir Jahangir (CDC)	-	-	41
11	Mr. Imran Afzal (CDC)	-	70,000	3,943
12	Mr. Khalid Mumtaz Qazi (CDC)	-	5,000	104

NOTICE OF 54th ANNUAL GENERAL MEETING FOR THE YEAR ENDED JUNE 30, 2018

Notice is hereby given that the 54th Annual General Meeting of Nimir Resins Limited (the "Company") shall be held on Thursday, October 25, 2018 at 11:00 a.m. at 12-B, New Muslim Town, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018 together with the reports of the Directors' and Auditors' and Chairman's review thereon.
2. To appoint Auditors for the year ended June 30, 2019 and to fix their remuneration. The retiring auditors M/s Horwath Hussain Chaudury & Co. – Chartered Accountants have offered themselves for re-appointment.

By Order of the Board

Lahore
October 4, 2018

Muhammad Inam-ur-Rahim
(Company Secretary)

Notes:

- i. The share transfer books of the Company shall remain closed from October 19, 2018 to October 25, 2018 (both days inclusive). Transfers received in order at the office of the Company's shares registrar at the close of business on Thursday, October 18, 2018 will be treated in time for purpose of determine the entitlements attend and vote at the AGM.
- ii. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty eight (48) hours before the time of holding the meeting.
- iii. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.
- iv. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants' I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company.
- v. All shareholders who had not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Shares Registrar. Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/ CDC Investor Account Services.
- vi. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address :

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial), Model Town, Lahore.
Tel : 042 35916714, 35916719, 35839182. Fax : 042 35869037.
www.corplink.com.pk

Submission of CNIC - (Mandatory)

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(I)/2011, dated August 18, 2011, the Members/Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company are required to send the same at the earliest directly of the Company's Share Registrar, M/s Corplink (Pvt.) Limited.

Kindly comply with the request, in case of non-receipt of the copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Company may be constrained to withhold dividends in the future.

Shareholders are requested to promptly notify any change of address to the Company's Share Register (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be.

Deduction of withholding Income Tax / Zakat on the amount of Dividend

Pursuant of the provisions of Finance Act, 2018 effective from July 1, 2018, the deduction of income tax from the dividend payments shall be made on the bases of filer and non-filers as follows:

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

Shareholders seeking exemption from deduction of income tax or are eligible at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Shareholders desiring non-deduction of Zakat are also requested to submit a valid declaration for non-deduction of Zakat.

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

Video Conference Facility

Pursuant to the provisions of the Section 132(2) of Companies Act, 2017 the shareholders residing in city and holding at least 10% of the total paid up capital may demand the Company to provide the facility of video link for participation in the meeting. The demand for video-link facility shall be received at Share Registrar address given hereinabove at least 7 days prior to the date of AGM.

Payment of Cash Dividend through Electronic Mode (IBAN format)

In accordance with the Section 242 of the Companies Act, 2017 cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled Shareholders. Shareholders are requested to provide their bank account details (IBAN format) to our share registrar (for Physical shares) or to their respective participant / broker (for CDS shares) as the case may be. The subject Form is available at Company's website i.e. www.nimir.com.pk. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

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FORM OF PROXY 54th ANNUAL GENERAL MEETING

The Company Secretary
 NIMIR RESINS LIMIED
 14.5 K.M. Lahore – Sheikhpura Road,
 Lahore, Pakistan.

Ledger Folio/CDC A/C No.

Shares Held

I / We of
 being member(s) of
 Nimir Resins Limited hereby appoint of as my/our
 proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company held on
 Thursday, October 25, 2018 at 11:00 a.m. and / or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this day of 2018 .

WITNESSES:

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

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

Five Rupees
 Revenue Stamp

Notes:

- i. The share transfer books of the Company shall remain closed from October 19, 2018 to October 25, 2018 (both days inclusive). Transfers received in order at the office of the Company’s shares registrar at the close of business on Thursday, October 18, 2018 will be treated in time for purpose of determine the entitlements attend and vote at the AGM.
- ii. A member eligible to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company and shall produce his/her original Computerized National Identity Card (CNIC) or passport at the time of meeting. Proxies in order to be effective must be received at the registered office of the Company not later than forty eight (48) hours before the time of holding the meeting.
- iii. The corporate shareholders shall nominate someone to represent them at the AGM. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.
- iv. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participants’ I.D numbers to prove his/her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the, Board resolution/power of attorney with specimen signature (unless it had been provided earlier) along with the proxy form to the Company

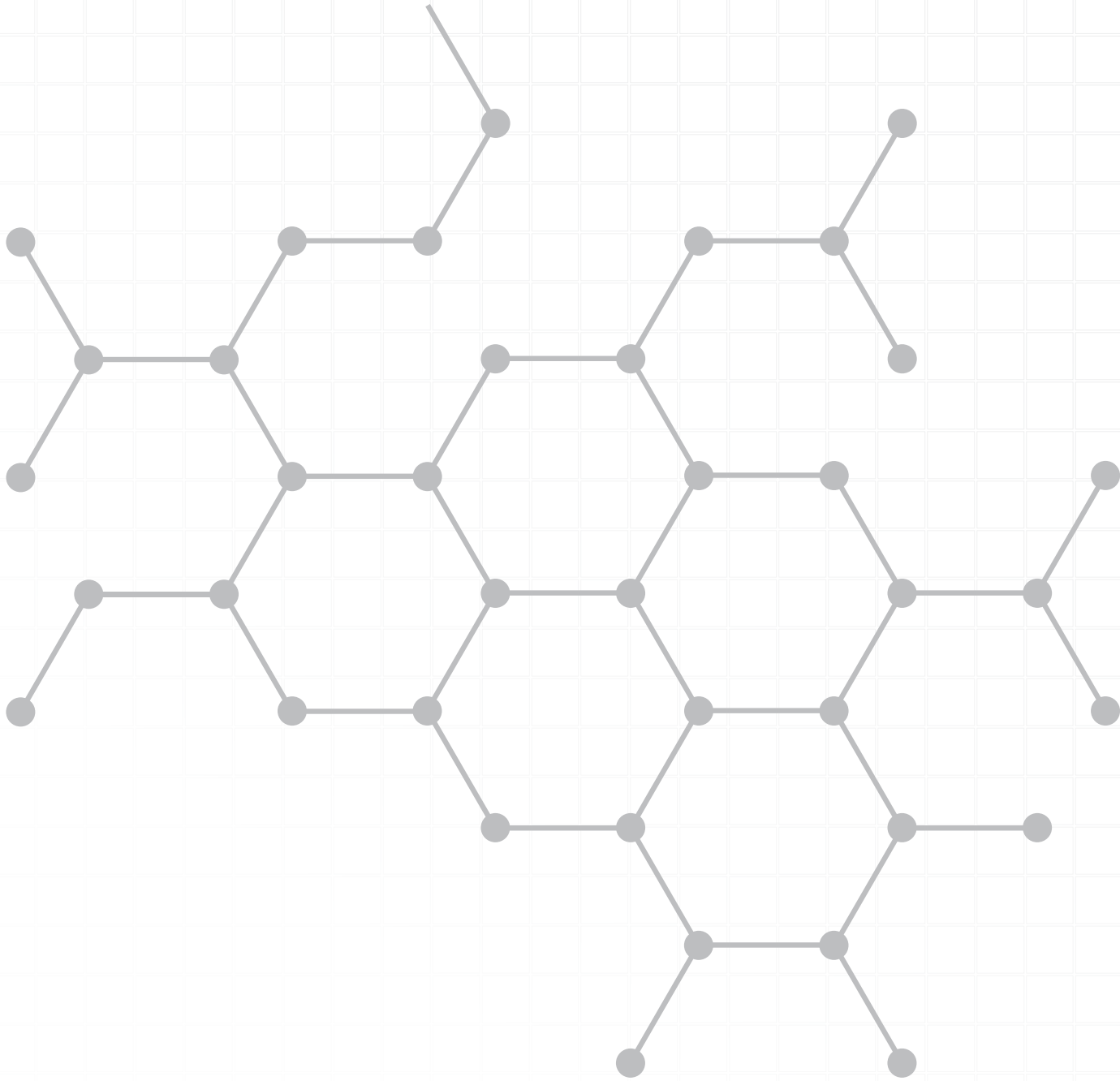
- v. All shareholders who had not yet submitted the valid copies of CNIC and NTN Certificate(s) are requested to send the copies of the same to the Shares Registrar. Shareholders of the Company who holds shares in scrip-less form on CDC are requested to submit/send valid copies of CNIC and NTN Certificate(s) directly to their CDC participant (brokers)/CDC Investor Account Services.
- vi. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address :

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial), Model Town, Lahore.
Tel : 042 35916714, 35916719, 35839182. Fax : 042 35869037.
www.corplink.com.pk

NIMIR RESINS LIMIEDT

14.5 K.M. Lahore – Sheikhpura Road,
Lahore, Pakistan.
Tel: 042 37971512-14
www.nimir.com.pk

Posted Stamp



NIMIR RESINS LIMIETD

14.5 K.M. Lahore – Sheikhpura Road,
Lahore, Pakistan.

Tel: +92 42 379715-12-14 • Fax: +92 42 37970229

www.nimir.com.pk