



**NIMIR**  
NIMIR RESINS LIMITED

2018

Quarterly Report **2018**

March (Unaudited)

| BETTER LIFE THROUGH CHEMISTRY |

# COMPANY INFORMATION

## Board of Directors

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

## 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  
Al Baraka Bank (Pakistan) Limited  
Soneri Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
J.S. Bank Limited  
Pak Brunei Investment Company Limited

## Legal Advisors

M/s Hassan & Hassan  
Advocates

## Share Registrar

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

## Registered Office / Plant - 1

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

## Plant - 2

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

## Lahore Office

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

## Web Site

www.nimir.com.pk

# DIRECTORS' REPORT

The directors are pleased to present their review report on the unaudited financial results of the Company for quarter and the nine months' period ended March 31, 2018. The synopsis of the results is as under:

	<b>Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>March</b>		<b>March</b>	
	<b>31, 2018</b>	<b>31, 2017</b>	<b>31, 2018</b>	<b>31, 2017</b>
	<b>Rupees in million</b>			
Sales Revenue	968	723	2,498	1,932
Gross Profit	97	95	219	235
Operating Profit	76	74	158	177
Profit after Tax	30	25	71	64

The momentum of top line growth continued and the Company showed 33% growth in sale during the quarter and 29% growth in the nine months' period under review. During first half of the year, margins remained under pressure due to increase in international prices of feedstock. However, in the quarter under review, the Company has been successful in passing on the increase to customers. Hence, quarterly profitability remained higher than the last year.


In the nine months' period, with sale revenue of Rs. 2,498 million the Company earned a gross profit of Rs. 219 million (2017: Rs. 235 million), operating profit of Rs. 158 million (2017: Rs. 177 million) and net profit of Rs. 71 million (2017: Rs. 64 million).

The high volatility in international prices of feedstock, coupled with devaluation of Pak Rupee shall pose challenges for the Company. However, the management is focusing on increasing margins without compromising on the top line growth and yield improved results in the remaining quarter of the current financial year, Insha Allah.

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



**Muhammad Yahya Khan**  
Director



**Zafar Mahmood**  
Chief Executive Officer

Lahore  
April 20, 2018

## ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 مارچ 2018ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالی معلومات پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

31 مارچ 2018ء کو ختم ہونے والی نو ماہی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

31 مارچ ختم شدہ نو ماہی		31 مارچ ختم شدہ سہ ماہی		
2017	2018	2017	2018	
				روپے بلین میں
1,932	2,498	723	968	فروخت کی آمدنی
235	219	95	97	مجموعی منافع
177	158	74	76	آپریٹنگ منافع
64	71	25	30	بعد از ٹیکس منافع

ٹاپ لائن ترقی کی رفتار برقرار رہی اور کمپنی نے سہ ماہی کے دوران فروخت میں 33% نمو اور زیر جائزہ نو ماہی میں 29% نمو ظاہر کی ہے۔ سال کی پہلی سہ ماہی کے دوران خام مال کی بین الاقوامی قیمتوں میں نمایاں اضافہ کی وجہ سے مارجنز پر دباؤ رہے، تاہم، زیر جائزہ سہ ماہی میں، کمپنی قیمتوں میں اضافہ کو صارفین تک منتقل کرنے میں کامیاب رہی ہے۔ اس لئے سہ ماہی کا منافع گزشتہ سال سے زیادہ حاصل ہوا۔

نو ماہ کی مدت میں، کمپنی نے 2,498 ملین روپے فروخت کی آمدنی کے ساتھ 219 ملین روپے کا مجموعی منافع (گزشتہ سال: 235 ملین روپے)، 158 ملین روپے کا آپریٹنگ منافع (گزشتہ سال: 177 ملین روپے) اور 71 ملین روپے کا خالص منافع (گزشتہ سال: 64 ملین روپے) کمایا ہے۔

خام مال کی بین الاقوامی قیمتوں میں اعلیٰ عدم استحکام، پاکستانی روپیہ کی قدر میں کمی کے ساتھ مل کر کمپنی کے لئے چیلنجوں کا باعث بنائے گا۔ تاہم، انتظامیہ ٹاپ لائن ترقی پر سمجھوتہ کئے بغیر مارجن بڑھانے پر توجہ مرکوز کر رہی ہے اور موجودہ مالی سال کی باقی سہ ماہی میں انشاء اللہ، بہتر پیداواری نتائج حاصل ہوں گے۔

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

منجانب بورڈ



ظفر محمود  
چیف ایگزیکٹو آفیسر



محمد یحییٰ خان  
ڈائریکٹر

لاہور

20 اپریل 2018ء

# CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018 (UNAUDITED)

	Note	March 31, 2018 (Un-audited ) Rupees '000'	June 30, 2017 (Audited) Rupees '000'
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	5	512,651	512,480
Intangible assets		1,078	1,327
Long term deposits		10,740	10,740
Retirement benefit asset - prepayments		-	1,175
		524,469	525,722
<b>Current Assets</b>			
Stores and spares		12,549	12,646
Stock in trade		662,735	621,164
Trade debts		678,134	601,680
Loans and advances		93,419	56,424
Trade deposits and short term prepayments		3,257	1,993
Other receivables		909	1,218
Tax refunds due from government		318,874	269,366
Cash and bank balances		39,891	16,136
		1,809,768	1,580,627
<b>Total Assets</b>		<b>2,334,237</b>	<b>2,106,349</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 300,000,000 (June 30, 2017: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital	6	1,413,210	1,382,789
Share deposit money	7	11,391	11,391
Sponsors' interest free loans		107,000	107,000
Reserves		(635,894)	(676,549)
		895,707	824,631
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	8	84,845	85,131
<b>Non Current Liabilities</b>			
Diminishing musharika arrangements	9	5,194	2,007
Retirement benefit liability		1,901	-
Deferred tax liability		10,994	28,437
		18,089	30,444
<b>Current Liabilities</b>			
Trade and other payables		448,275	298,523
Accrued mark up		9,136	10,512
Current portion of diminishing musharika arrangements	9	1,415	485
Short term borrowings	10	848,197	816,279
Provision for taxation		28,573	40,344
		1,335,596	1,166,143
<b>Contingencies and Commitments</b>	11	-	-
<b>Total Equity and Liabilities</b>		<b>2,334,237</b>	<b>2,106,349</b>

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



CHIEF EXECUTIVE

Nimir Resins Limited



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018 (UNAUDITED)

		Nine Months Ended		Quarter Ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note		Rs '000'	Rs '000'	Rs '000'	Rs '000'
	Sales - net	2,498,243	1,931,674	968,002	723,262
	Cost of sales	(2,279,029)	(1,697,006)	(870,611)	(628,098)
	<b>Gross Profit</b>	219,214	234,668	97,391	95,164
	Operating expenses:				
	Distribution costs	(33,587)	(30,205)	(14,635)	(10,637)
	Administrative expenses	(28,046)	(27,494)	(7,033)	(10,268)
		(61,633)	(57,699)	(21,668)	(20,905)
	<b>Operating Profit</b>	157,581	176,969	75,723	74,259
	Other operating charges	(71,019)	(39,819)	(19,726)	(24,317)
	Finance cost	(52,242)	(45,512)	(17,774)	(14,926)
	Other income	7,255	882	2,958	163
	<b>Profit before Taxation</b>	41,575	92,520	41,181	35,179
	Taxation				
	Current	11,771	(43,799)	(13,271)	(19,373)
	Deferred	17,444	15,258	1,836	8,734
		29,215	(28,541)	(11,435)	(10,639)
	<b>Net profit for the Period</b>	70,790	63,979	29,746	24,540
	Earning per Share - Basic and diluted (2017 - Restated)	0.25	0.23	0.11	0.09



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2018 (UNAUDITED)

	Nine Months Ended		Quarter Ended	
	March 31, 2018 Rs '000'	March 31, 2017 Rs '000'	March 31, 2018 Rs '000'	March 31, 2017 Rs '000'
<b>Net Profit for the Period</b>	70,790	63,979	29,746	24,540
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	<u>70,790</u>	<u>63,979</u>	<u>29,746</u>	<u>24,540</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	Nine Months Ended	
	March 31, 2018	March 31, 2017
	Rupees '000'	Rupees '000'
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	41,575	92,520
Adjustments:		
Depreciation	25,879	27,921
Amortization of intangible asset	249	249
Provision for gratuity	4,219	206
Provision for obsolescence of stock	11,030	14,657
Provision for doubtful debts	36,243	15,469
Workers' profit participation fund	2,219	4,797
Workers' welfare fund	840	1,834
Exchange loss - net	19,452	2,028
Finance cost	52,242	45,512
Interest income	-	(29)
	152,373	112,644
<b>Operating profit before working capital changes</b>	193,948	205,164
(Increase) / decrease in current assets:		
Stores and spares	97	(1,137)
Stock in trade	(52,601)	(114,432)
Trade debts	(112,697)	(157,005)
Loans and advances	(36,995)	(22,165)
Trade deposits and short term prepayments	(1,264)	(532)
Other receivables	309	(58)
Tax refund due from government	(22,666)	(39,974)
Increase in current liabilities:		
Trade and other payables	136,662	162,208
	(89,155)	(173,095)
<b>Cash Generated from Operations</b>	104,793	32,069
Finance cost paid	(53,186)	(46,074)
Income tax paid	(26,841)	(42,179)
Workers' (profit) participation fund paid	(6,049)	-
Workers' welfare fund	(3,372)	-
Gratuity paid	(1,143)	-
<b>Net Cash Generated from / (Used in) Operating Activities</b>	14,202	(56,184)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(5,148)	(301)
Additions in capital work in progress	(15,848)	(19,362)
Long term deposits	-	(3,563)
Interest income received	-	29
<b>Net Cash Used in Investing Activities</b>	(20,996)	(23,197)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds against rights issue	-	113,391
Payments against diminishing musharika arrangements	(1,369)	(112)
Short term borrowings - net	31,918	(53,146)
<b>Net Cash Generated from Financing Activities</b>	30,549	60,133
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	23,755	(19,248)
Cash and cash equivalents at the beginning of the period	16,136	70,966
<b>Cash and Cash Equivalents at the End of the Period</b>	39,891	51,718

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	Share Capital	Share Deposit Money	Sponsors' Interest Free Loan	Equity Portion of Sponsors' Loan	Share Premium	Revaluation Reserve	Accumulated Loss	Total Equity
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
<b>Balance as at June 30, 2016</b>	997,789	283,000	-	7,751	1,281	1,137	(753,750)	537,208
Total comprehensive income for nine months period ended March 31, 2017	-	-	-	-	-	-	63,979	63,979
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	156	-	156
Transactions with owners of the Company								
Equity portion of sponsors' loan	-	-	-	6,240	-	-	-	6,240
Less: un-winding of discount	-	-	-	(5,813)	-	-	-	(5,813)
Issue of right shares	385,000	(271,609)	-	-	-	-	-	113,391
	385,000	(271,609)	-	427	-	-	-	113,818
<b>Balance as at March 31, 2017</b>	1,382,789	11,391	-	8,178	1,281	1,293	(689,771)	715,161
<b>Balance as at June 30, 2017</b>	1,382,789	11,391	107,000	-	1,281	1,417	(679,247)	824,631
Total comprehensive income for nine months period ended March 31, 2018	-	-	-	-	-	-	70,790	70,790
Issuance of bonus shares @ 2.2% of ordinary shares	30,421	-	-	-	-	-	(30,421)	-
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	286	-	286
<b>Balance as at March 31, 2018</b>	1,413,210	11,391	107,000	-	1,281	1,703	(638,878)	895,707

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

## 1. The Company and its Operations

1.1 Nimir Resins Limited (the "Company") was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the Companies Act, 1913 (now the Companies 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 and again to Nimir Resins Limited on April 18, 2016. The Company is subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is ultimate parent company of Nimir Resins Limited.

1.2 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 - Sheikhpura Road, Lahore. The principal activity of the Company is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for the textile industry.

## 2. Basis of Preparation

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

2.1.1 International accounting standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and

2.1.2 Provisions of and directive issued under the Companies Act 2017. Where the provisions and directives issued under the Companies Act 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentation currency. Figures have been rounded off to nearest thousand rupees, unless stated otherwise. This condensed financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017.

## 3. Significant Accounting Policies

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

## 4. Accounting Estimates and Judgment

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

## 5. Property, Plant and Equipment

		March 31, 2018 (Un-audited) Rupees '000'	June 30, 2017 (Audited) Rupees '000'
Operating fixed assets	5.1	498,143	495,330
Capital work in progress	5.2	14,508	17,150
		512,651	512,480

		<b>Nine Months Ended</b>	<b>Year Ended</b>
		<b>March 31, 2018</b>	<b>June 30, 2017</b>
		<b>(Un-audited) Rupees '000'</b>	<b>(Audited) Rupees '000'</b>
<b>5.1</b>	<b>Operating fixed assets</b>		
	Opening written down value	495,330	469,965
	Additions	5,148	17,109
	Transferred from capital work in progress	23,544	6,802
	Total Additions	28,692	23,911
	Surplus on revaluation arisen	-	39,108
		524,022	532,984
	Depreciation charge	(25,879)	(37,654)
	Closing written down value	498,143	495,330
<b>5.1.1</b>	<b>Addition in operating fixed assets</b>		
	Building on freehold land	3,221	502
	Plant and machinery	18,911	12,349
	Office equipment, furniture and fixture	2,341	1,613
	IT equipment	1,100	1,838
	Laboratory equipment	1,311	1,282
	Vehicles and carriers	1,808	6,327
		28,692	23,911
<b>5.2</b>	<b>Capital Work in Progress</b>		
	Opening balance	17,150	4,482
	Additions - Owned	15,848	19,303
	Diminishing musharika arrangement - Leased	5,054	167
	Transferred to operating fixed assets	(23,544)	(6,802)
		14,508	17,150

## 6 Issued, Subscribed and Paid up Capital

<b>March 31, 2018</b>	<b>June 30, 2017</b>		<b>March 31, 2018</b>	<b>June 30, 2017</b>
<b>No. of Shares '000'</b>	<b>No. of Shares '000'</b>		<b>(Un-audited) Rupees '000'</b>	<b>(Audited) Rupees '000'</b>
100,826	100,826	Ordinary shares of Rs. 5 each fully paid in cash	504,128	504,128
33,550	33,550	Ordinary shares of Rs. 5 each issued at 60 % discount	167,753	167,753
2,699	2,699	Ordinary shares of Rs. 5 each issued for consideration other than cash	13,496	13,496
3,059	3,059	Ordinary shares of Rs. 5 each issued as fully paid bonus shares	15,293	15,293
143,690	143,690	Ordinary shares of Rs. 5 each issued pursuant to the scheme of amalgamation	718,449	718,449
(7,266)	(7,266)	Ordinary shares of Rs. 5 each cancelled pursuant to the scheme of amalgamation	(36,330)	(36,330)
6,084	-	Ordinary shares of Rs. 5 each issued as fully paid bonus shares	30,421	-
<b>282,642</b>	<b>276,558</b>		<b>1,413,210</b>	<b>1,382,789</b>

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

	Shares in '000'	Shares in '000'
Opening balance	276,558	199,558
Issued during the period/year	6,084	77,000
Closing balance	282,642	276,558

- 6.2 As at the balance sheet date the number of shares of the Company as held by its associated Companies and related parties are as under:

	Shares in '000'	Shares in '000'
Nimir Management (Private) Limited	144,148	141,045
Nimir Holding (Private) Limited	32,877	32,169
Terranova Limited	12,893	12,615
	189,918	185,829

## 7. Share Deposit Money

This represents the balance of share deposit money remaining after the issuance of rights shares for Rs. 271.61 million during the year ended June 30, 2017. The share deposit money was received from the directors/sponsors during the year ended June 30, 2016 and was utilized for the of repayment of banking facilities.

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

	Note	March 31, 2018 (Un-audited) Rupees '000'	June 30, 2017 (Audited) Rupees '000'
<b>Land - freehold</b>			
Opening balance		80,070	43,088
Add: Surplus on revaluation arisen during the period / year		-	36,982
		80,070	80,070
<b>Buildings on freehold land</b>			
Opening balance		5,061	3,852
Add: Surplus on revaluation arisen during the period / year		-	2,127
Less: Related deferred taxation		-	(638)
		5,061	5,341
Less: Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the period / year		(286)	(280)
		84,845	85,131

## 9. Diminishing Musharika Arrangements

Diminishing Musharika facility	9.1	6,609	2,492
Less: Current portion		(1,415)	(485)
		5,194	2,007

- 9.1 The Company acquired vehicles under the diminishing musharaka financing arrangements entered into with First Punjab Modaraba, for a period of 60 months. The financing is secured against specific charge on this asset to the extent of diminishing musharaka value. The effective rate of rent per unit is three month KIBOR plus 2.5% with floor rate of 8.53% to 8.64% per annum.

## 10. Short Term Borrowings

	March 31, 2018 (Un-audited) Rupees '000'	June 30, 2017 (Audited) Rupees '000'
<b>Banking companies - Secured</b>		
Running finance	401,412	438,744
Finance against trust receipt	446,785	377,535
	848,197	816,279

## 10.1 Terms and conditions of borrowings

### Purpose

This represents utilized portion of various funded and non-funded facilities that have been obtained from certain banking companies with sanctioned limits of Rs. 2,365 million (2017: Rs. 1,815 million) for working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

### Mark-up

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ 0% to 1.75% (June 30, 2017: 3 to 6 Months KIBOR + 0.5% to 1.75%) per annum. Mark up is payable on quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Further, some limits carry commission against foreign and local LCs at 0.05% to 0.25% (June 30, 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.

## 11. Contingencies and Commitments

### 11.1 Contingencies

**11.1.1** Income tax returns for Tax Year 2011 and 2014 have been selected for audit u/s 177 of the Income Tax Ordinance, 2001. The department has finalized the proceedings and reduced the refund by Rs. 8.7 million. The Company has filed an appeal before CIR Appeal against said adjustment and expects a favourable outcome; therefore, no provision has been made in these these condense financial statements.

**11.1.2** The Company has filed suits against material supplier and certain customers for the recovery of advance and trade debts. However, necessary provision has been made in these financial statements.

### 11.2 Guarantees

	March 31, 2018 (Un-audited) Rupees '000'	June 30, 2017 (Audited) Rupees '000'
Sui Northern Gas Pipelines Limited	3,090	6,180
Pakistan State Oil Company Limited	3,000	3,000
Total Parco Pakistan Limited	3,000	3,000
	9,090	12,180

### 11.3 Commitments

**11.3.1** Diminishing musharaka finance

**11.3.2** Letters of credit

	March 31, 2018 (Un-audited) Rupees '000'	June 30, 2017 (Audited) Rupees '000'
<b>11.3.1</b> Diminishing musharaka finance	-	1,850
<b>11.3.2</b> Letters of credit	329,460	176,768

**11.3.3** Commitments for capital expenditures as at March 31, 2018 amounted to Rs. Nil (June 30, 2017: Rs. 13.192 million).

## 12. Cost of Sales

	Nine Months Ended		Quarter Ended	
	March 31, 2018 (Un-audited) Rs '000'	March 31, 2017 (Un-audited) Rs '000'	March 31, 2018 (Un-audited) Rs '000'	March 31, 2017 (Un-audited) Rs '000'
Opening stock of finished goods	185,674	113,364	153,355	109,381
Cost of goods manufactured	2,220,973	1,704,989	844,874	640,064
	2,406,647	1,818,353	998,229	749,445
Closing stock of finished goods	(127,618)	(121,347)	(127,618)	(121,347)
Cost of goods sold	2,279,029	1,697,006	870,611	628,098

## 13. Other operating charges

	Nine Months Ended	
	March 31, 2018 (Un-audited) Rs '000'	March 31, 2017 (Un-audited) Rs '000'
Provision for doubtful debts	36,243	15,469
Provision for obsolescence of stock	11,030	14,657
Exchange loss- net	19,452	2,028
Workers' profit participation fund	2,219	4,797
Workers' welfare fund	840	1,834
Advances written off	146	-
Auditors' remuneration	1,089	1,034
	71,019	39,819

## 14. Taxation

	Nine Months Ended		Quarter Ended	
	March 31, 2018 (Un-audited) Rs '000'	March 31, 2017 (Un-audited) Rs '000'	March 31, 2018 (Un-audited) Rs '000'	March 31, 2017 (Un-audited) Rs '000'
Current tax:				
- Current period	(28,573)	(44,431)	(13,271)	(19,373)
- Tax credit related to prior years	40,344	632	-	-
	11,771	(43,799)	(13,271)	(19,373)
Deferred tax	17,444	15,258	1,836	8,734
	29,215	(28,541)	(11,435)	(10,639)

## 15. Transactions with Related Parties

Related parties comprise of 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:

<u>Related Parties</u>	<u>Relationship</u>	<u>Nature of Transaction</u>	<u>Nine Months Ended</u>	
			<u>March</u>	<u>March</u>
			<u>31, 2018</u>	<u>31, 2017</u>
			<u>(Un-audited)</u>	<u>(Un-audited)</u>
			<u>Rs '000'</u>	<u>Rs '000'</u>
Nimir Industrial Chemicals Limited	Ultimate parent Company	Purchase of goods	66,357	65,997
		Services provided and rental income charge	2,048	1,890
		Services received, rent and reimbursement of expenses	2,763	5,796
		Other expenses reimbursed	333	175
Nimir Management (Private) Limited	Holding company	Bonus / right shares issued	15,515	196,350
Nimir Holding (Private) Limited	Holding company	Bonus / right shares issued	3,539	46,790
Terranova Limited	Associate	Bonus / right shares issued	1,388	18,349
Directors	Director	Bonus / right shares issued	2,017	26,600
<b>Contribution to staff retirement benefits</b>				
Employees' Provident Fund			-	1,853
Gratuity fund charge			4,219	206
<b>Key Management Personnel</b>				
Remuneration			39,513	23,647
Other benefit			4,008	911

#### **Period end Balances**

			<u>March</u>	<u>June</u>
			<u>31, 2018</u>	<u>30, 2017</u>
			<u>(Un-audited)</u>	<u>(Audited)</u>
			<u>Rs '000'</u>	<u>Rs '000'</u>
Nimir Industrial Chemicals Limited	Ultimate parent Company	Trade payable	24,673	8,968
Sponsors/Directors		Loan payable	107,000	107,000

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

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

## **16. Segment Reporting**

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

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

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

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

## 16.2 Segment analysis

The segment information for the reportable segments for the period ended March 31, 2018 is as follows:

	<b>Coating, Emulsion &amp; Polyester</b>	<b>Textile and Paper</b>	<b>Others</b>	<b>Total</b>
	<b>Rs '000'</b>	<b>Rs '000'</b>	<b>Rs '000'</b>	<b>Rs '000'</b>
<b>Segment Results for the Period ended March 31, 2018</b>				
Revenue	1,532,015	592,855	373,373	2,498,243
Segment results	64,256	80,379	12,946	157,581
Other operating expenses				(71,019)
Finance cost				(52,242)
Other income				7,255
Profit before taxation				41,575
<b>Segment Results for the Period ended March 31, 2017</b>				
Revenue	1,111,053	518,218	302,403	1,931,674
Segment results	80,874	80,694	15,401	176,969
Other operating expenses				(39,819)
Finance cost				(45,512)
Other income				882
Profit before taxation				92,520
<b>Segment asset and liabilities as at March 31, 2018</b>				
Segment assets	915,503	432,212	180,585	1,528,300
Segment liabilities	265,489	90,637	63,024	419,150
<b>Segment asset and liabilities as at June 30, 2017</b>				
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:

	<b>March 31, 2018</b>	<b>June 30, 2017</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>Rs '000'</b>	<b>Rs '000'</b>
Segment assets for reportable segments	1,528,300	1,561,664
Corporate assets unallocated	338,846	302,599
Cash and bank balances	39,891	16,136
Others	427,200	225,950
Total assets as per the balance sheet	<u>2,334,237</u>	<u>2,106,349</u>

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

	<b>March 31, 2018</b>	<b>June 30, 2017</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>Rs '000'</b>	<b>Rs '000'</b>
Segment liabilities for reportable segments	419,150	265,790
Corporate liabilities unallocated	867,701	937,162
Other payables	156,820	71,682
Taxation - net	28,405	40,344
Total liabilities as per the balance sheet	<u>1,472,076</u>	<u>1,314,978</u>

**16.3** Entity-wide disclosures regarding reportable segment are as follows:

#### **Information about major customers**

One customer of the Company accounts for 10.70 % (2017: 13.08%) of total sales for the period. Revenue from such customer was Rs. 267.319 million (2017: Rs. 252.711 million).

#### **Information about geographical area**

All non-current assets of the Company are located in Pakistan as at the reporting date.

The entire reported revenue relates to local sales in Pakistan.

### **17. Authorization of Financial Information**

This condensed interim financial information (un-audited) is authorized for issuance on Friday, April 20, 2018 by the Board of Directors of the Company.

### **18. General**

Some corresponding figures are re-arranged / reclassified in cash flow statement and related party transaction (Note no. 15) for better presentation and comparison in this condensed interim financial information (un-audited).



**CHIEF EXECUTIVE**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**NIMIR RESINS LIMIEDT**

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