



QUARTERLY  
REPORT | 2016

September (Unaudited)

## COMPANY INFORMATION

### Board of Directors

Sh. Amar Hameed - Chairman  
 Mr. Zafar Mahmood - Chief Executive Officer  
 Mr. Abdul Jalil Jamil  
 Mr. M. Saeed-uz-Zaman  
 Mr. Muhammad Yahya Khan  
 Mr. Osman Hameed  
 Mr. Muhammad Sajid

### Working Directors

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

### Chief Financial Officer

Mr. Aamir Jamil

### Company Secretary

Mr. Muhammad Inam-ur-Rahim

### Auditors

Horwath Hussain Chaudhury & Co.  
 Chartered Accountants

### Audit Committee

Mr. Muhammad Sajid - Chairman  
 Mr. M. Saeed-uz-Zaman - Member  
 Mr. Osman Hameed - Member

### Human Resources & Remuneration Committee

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

### Bankers

The Bank of Punjab  
 Al Baraka Bank (Pakistan) Limited  
 Soneri Bank Limited  
 J.S. Bank Limited

### Legal Advisors

M/s Hassan & Hassan  
 Advocates

### Share Registrar

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

### Registered Office / Plant - 1

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

### Plant - 2

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

### Lahore Office

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

### Web Site

www.nimir.com.pk

## DIRECTORS' REPORT

The Directors are pleased to present their review report together with the unaudited financial information of the Company for the quarter ended September 30, 2016.

Although we are operating in a very competitive environment and constantly contending with unorganized sector, your Company performed exceptionally well during the quarter under review in comparison to the same period of last year.

An analysis of the financial results for the quarter under review is as follows:

	Three Months Ended September 30		
	2016	2015	Increase
	Rupees in million		% age
Sales Revenue	551	395	39%
Gross Profit	62	48	29%
Pre-Tax Profit	25	11	127%
Profit after Tax	19	7	171%

Net sales revenue for the quarter was higher by 39% mainly on the back of higher volumes. With these increased sales volume, the company posted gross profit of Rs.62 million, pre-tax profit of Rs.25 million, and after tax profit of Rs.19 million showing an increase of 29%, 127% and 171% respectively during the quarter under review in comparison to corresponding period of last financial year. The financial cost increased by 9% on account of increase in short term borrowing due to increased turnover.

We offer cost effective solutions to our customers through innovation and continuous up-gradation of our products. With strong technical knowledge and vast experience of the industry, your Company is in a better position to post promising results in future, Insha Allah.

For and on the behalf of the Board



**Zafar Mahmood**  
Chief Executive Officer

Lahore  
October 27, 2016

## ڈائریکٹر رپورٹ

ڈائریکٹر 30 ستمبر 2016 مہینہ سہ ماہی کیلئے کمپنی کی غیر متوقع شدہ مالی معلومات کیساتھ اپنی جائزہ رپورٹ پیش کر رہے ہیں اگرچہ ہم ایک بہت مسابقتی ماحول میں کام اور مسلسل غیر منظم سیکٹر سے مقابلہ کر رہے ہیں۔ گزشتہ سال کے اسی عرصے کی کارکردگی کے مقابلے میں آپ کی کمپنی کی کارکردگی زیر جائزہ سہ ماہی کے دوران غیر معمولی رہی۔

زیر جائزہ سہ ماہی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے

30 ستمبر کو ختم ہونے والے سہ ماہی		
اضافہ	2015	2016
فیصد میں	ملین روپوں میں	
39%	395	551
29%	48	62
127%	11	25
171%	7	19
		سیلز ریونیو
		کل منافع
		منافع قبل از ٹیکس
		منافع بعد از ٹیکس

سہ ماہی میں خالص سیلز ریونیو پچھلے حجم کی نسبت 39 فیصد زیادہ رہا، فروخت کے حجم میں اس اضافے کیساتھ کمپنی کا کل منافع 62 ملین روپے، قبل از ٹیکس منافع 25 ملین روپے، بعد از ٹیکس منافع 19 ملین روپے رہا جو کہ گزشتہ مالی سال کے اسی عرصے کے مقابلے میں زیر جائزہ سہ ماہی کے دوران بالترتیب 29 فیصد، 127 فیصد اور 171 فیصد کا اضافہ ظاہر کرتا ہے۔ کاروبار بڑھنے کی وجہ سے مختصر مدتی قرضوں کے حصول میں اضافے کی بنا پر مالیاتی لاگت میں 9 فیصد اضافہ ہوا۔

جدت طرازی اور ہماری مصنوعات کی مسلسل اپ گریڈیشن کے ذریعے ہم اپنے صارفین کیلئے سرمایہ کاری کا موثر حل پیش کرتے ہیں۔ انشاء اللہ! مضبوط تکنیکی علم اور انڈسٹری کے وسیع تجربے کیساتھ آپ کی کمپنی مستقبل میں وعدوں کے مطابق نتائج دینے کیلئے بہتر پوزیشن میں ہے۔

بحکم بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر

لاہور

27 اکتوبر 2016

# CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016 (UNAUDITED)

	Note	September 30, 2016 Unaudited Rupees '000'	June 30, 2016 Audited Rupees '000'
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital: 300,000,000 (June 30, 2016: 300,000,000) ordinary shares of Rs.5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital		997,789	997,789
Share Deposit Money		283,000	283,000
Equity portion of Sponsor's interest free loans		9,689	7,751
Reserves		(732,739)	(751,332)
		557,739	537,208
Surplus on Revaluation of Property, Plant and Equipment	4	46,889	46,941
<b>Non Current Liabilities</b>			
Long term financing	5	97,311	99,249
Deferred tax liabilities		31,357	30,701
		128,668	129,950
<b>Current Liabilities</b>			
Trade and other payables		212,043	179,668
Accrued mark up		14,384	9,807
Short term borrowings		814,175	771,366
Current portion of long term financing		-	-
Provision for taxation		23,509	17,998
		1,064,111	978,839
<b>Contingencies and Commitments</b>	6	-	-
		1,797,407	1,692,938
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	7	467,060	474,447
Intangible assets		1,631	1,659
Long term deposits		7,650	7,650
Retirement benefit asset - prepayments		1,372	1,384
		477,713	485,140
<b>Current Assets</b>			
Stores and spares		11,659	11,112
Stock in trade		517,218	489,992
Trade debts		500,296	404,115
Loans and advances		59,032	48,469
Trade deposits and short term prepayments		1,234	12,459
Other Receivables		20,180	19,871
Tax refund from Government		177,121	150,815
Bank balances		32,954	70,965
		1,319,694	1,207,798
		1,797,407	1,692,938

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Note	Quarter Ended	
		September 30, 2016 Rupees '000'	September 30, 2015 Rupees '000'
<b>Sales - net</b>		550,576	394,768
Cost of sales	8	(488,776)	(347,195)
<b>Gross Profit</b>		61,800	47,573
Operating expenses:			
Distribution and selling expenses		(9,644)	(12,178)
Administrative expenses		(10,129)	(10,448)
		(19,773)	(22,626)
<b>Operating Profit</b>		42,027	24,947
Finance cost		(16,210)	(14,819)
Other operating expenses		(1,833)	(1,388)
Other income		712	2,003
		(17,331)	(14,204)
<b>Profit before taxation</b>		24,696	10,743
<b>Taxation</b>			
Current		(5,498)	(3,961)
Deferred		(656)	-
		(6,154)	(3,961)
<b>Profit after taxation</b>		18,542	6,782
<b>Profit per share - basic and diluted (Rupees)</b>		0.09	0.03

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

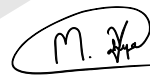
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	<b>Quarter Ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	<b>Rupees '000'</b>	<b>Rupees '000'</b>
<b>Profit after taxation for the period</b>	18,542	6,782
<b>Other comprehensive income</b>		
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged	52	34
<b>Total comprehensive profit for the period</b>	<u>18,594</u>	<u>6,816</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**CONDENSED INTERIM CASH FLOW STATEMENT**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Quarter Ended	
	September 30, 2016	September 30, 2015
	Rupees '000'	Rupees '000'
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	24,696	10,743
Adjustments:		
Depreciation	8,679	6,731
Amortization of intangible asset	28	1,155
Provision for gratuity	12	48
Provision for doubtful debt	-	1,126
Provision for obsolete stock	-	3,500
Exchange (gain) / loss	253	11
Finance cost	16,210	14,819
	25,182	27,390
<b>Operating profit before working capital changes</b>	49,878	38,133
(Increase) / decrease in current assets:		
Stores and spares	(547)	676
Stock in trade	(27,226)	4,667
Trade debts	(96,181)	(1,815)
Loans and advances	(10,563)	7,248
Trade deposits and short term prepayments	11,225	(4,819)
Other Receivables	(309)	-
Tax refund from Govt. department	(26,306)	(12,430)
Increase / (decrease) in current liabilities:		
Trade and other payables	32,375	(40,219)
	(117,532)	(46,692)
<b>Cash used in operations</b>	(67,654)	(8,559)
Finance cost paid	(11,886)	(17,023)
Income tax received / (paid)	12	(9,522)
<b>Net cash used in operating activities</b>	(79,528)	(35,104)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,293)	(83)
<b>Net cash used in investing activities</b>	(1,293)	(83)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	-	(3,667)
Short term borrowings	42,809	43,415
<b>Net cash generated from financing activities</b>	42,809	39,748
<b>Net (decrease) / increase in cash and cash equivalents</b>	(38,012)	4,561
Cash and cash equivalents at the beginning of the period	70,966	1,947
<b>Cash and cash equivalents at the end of the period</b>	32,954	6,508

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Share Capital	Share Deposit Money	Equity Portion of Sponsor's Loan	Share Premium	Revaluation Reserve	Accumulated Loss	Total
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
<b>Balance as on July 1, 2015</b>	997,789	-	-	1,281	928	(806,228)	193,770
Net Profit for the period	-	-	-	-	-	6,782	6,782
Other comprehensive income for the period	-	-	-	-	-	-	-
Incremental depreciation for the period on surplus on revaluation of fixed assets	-	-	-	-	-	6,782	6,782
<b>Balance as at September 30, 2015</b>	997,789	-	-	1,281	962	(799,446)	200,586
<b>Balance as on July 1, 2016</b>	997,789	283,000	7,751	1,281	1,137	(753,750)	537,208
Net Profit for the period	-	-	-	-	-	18,542	18,542
Other comprehensive income for the period	-	-	-	-	-	-	-
Equity portion to sponsors' loan	-	-	1,938	-	-	18,542	18,542
Incremental depreciation for the period on surplus on revaluation of fixed assets	-	-	-	-	52	-	52
<b>Balance as at September 30, 2016</b>	997,789	283,000	9,689	1,281	1,189	(735,209)	557,739

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

## 1. The Company and its Operations

Nimir Resins Limited (the "Company") (Formerly Descon Chemicals Limited) was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was converted into public limited company on August 19, 1991 with the name of Nimir Resins Limited. The name of the Company was changed to Descon Chemicals Limited on April 01, 2010 when the Company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited.

Last year on December 31, 2015, sponsoring directors of Descon Chemicals Limited and their related persons disposed off 69.48% shareholding in the Company. Consequently, all the directors resigned and new directors were elected on January 05, 2016. The new management changed the name of the Company to Nimir Resins Limited as per the approval of Securities and Exchange Commission of Pakistan dated April 18, 2016.

The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company 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.

## 2. Basis of Preparation

This condensed interim financial information has been submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. This condensed interim 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 for the year ended June 30, 2016.

## 3. Significant Accounting Policies

During the quarter under review, the Company has changed the depreciation policy as per the accounting standard IAS-8 (Change in accounting estimates).

After adopting this policy, the Company has changed the remaining life of its assets after consulting the PBA (Pakistan Banking Association) approved consultant.

Now the assets are depreciated on straight line basis as it was previously charged by reducing balance method. If there had been no change in accounting estimates, the profit for the quarter ended September 30, 2016 would have been increased by Rs. 1.615 mio.

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited financial statements of the company for the year ended June 30, 2016. except change in the depreciation method as stated above.

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

	<b>September 30, 2016 Unaudited Rupees '000'</b>	<b>June 30, 2016 Audited Rupees '000'</b>
Land	43,088	43,088
Building	3,853	4,061
Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the period / year	(52)	(208)
	<u>46,889</u>	<u>46,941</u>

## 5 Long term financing from sponsors

	<b>September 30, 2016</b>	<b>June 30, 2016</b>
	<b>Unaudited Rupees '000'</b>	<b>Audited Rupees '000'</b>
Opening balance - at amortized cost	31,611	31,611
Interest free loans received from director	82,000	82,000
Reinstatement adjustment for change in loan terms	8,389	8,389
	<u>122,000</u>	<u>122,000</u>
Loan waived off by lenders	(15,000)	(15,000)
Less: Present value adjustment at reporting date	(9,689)	(7,751)
Closing balance of sponsors' loans - at amortized cost	<u>97,311</u>	<u>99,249</u>

## 6. Contingencies and Commitments

### 6.1 Contingencies

**6.1.1** The Customs Department passed an order under Section 25 of the Customs Act in the case of Ravi Resins Limited (previous name of the Company) creating a demand of Rs. 1.02 million (2015: Rs. 1.02 million). The Tribunal has dismissed the appeal filed against this order and the management has filed an appeal in the Lahore High Court that is pending adjudication. The Company has also filed an application before Alternate Dispute Resolution Committee for the resolution of this pending issue.

**6.1.2** The return for Tax Year 2011 and 2014 have been selected for audit u/s 177 of the Income Tax Ordinance, 2001; proceedings in this respect have been initiated by the Income Tax Department that have not been completed yet. The Company has filed a writ petition before the Honorable Lahore High Court against the selection of Company's tax return for tax year 2014.

**6.1.3** The Company have filed suits against material supplier and certain customers for the recovery of advance and trade debts amounting to Rs. 35.653 million. The Company expects a favourable outcome of these suits; therefore, no provision has been made in these financial statements.

### 6.2 Guarantees

	<b>Note</b>	<b>September 30, 2016</b>	<b>June 30, 2016</b>
		<b>Unaudited Rupees '000'</b>	<b>Audited Rupees '000'</b>
Sui Northern Gas Pipelines Limited		8,090	8,090

### 6.3 Commitments

Irrevocable letters of credit		150,801	123,324
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## 7. Property, Plant and Equipment

Operating fixed assets	7.1	461,286	469,965
Capital work in progress		5,774	4,482
		<u>467,060</u>	<u>474,447</u>

**7.1 Operating fixed assets**

	<b>September 30, 2016</b>	<b>June 30, 2016</b>
	<b>Unaudited Rupees '000'</b>	<b>Audited Rupees '000'</b>
Opening written down value	469,965	486,003
Additions during the period / year	-	13,698
Deletion during the period / year	-	(8,730)
	<u>469,965</u>	<u>490,971</u>
Depreciation charge for the period / year	(8,679)	(21,006)
Closing written down value	<u>461,286</u>	<u>469,965</u>

**8. Cost of Sales**

	<b>Quarter Ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	<b>Rupees '000'</b>	<b>Rupees '000'</b>
Opening Stock of finished Goods	113,364	121,799
Cost of goods manufactured	<u>480,402</u>	<u>315,105</u>
	593,766	436,904
Closing stock of finished goods	(104,990)	(89,709)
Cost of goods sold	<u>488,776</u>	<u>347,195</u>

**9. Transactions with Related Parties**

The related parties and associated undertaking comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

		<b>Quarter Ended</b>	
		<b>September 30, 2016</b>	<b>September 30, 2015</b>
		<b>Rupees '000'</b>	<b>Rupees '000'</b>
<b>Relationship with the Company</b>	<b>Nature of Transaction</b>		
i. Holding Company	Purchase of goods	27,114	-
	Managerial services and expenses charged - net	1,302	-
ii. Post employment benefit plans	Company's contribution to Employees' Provident Fund Trust	556	872
	Gratuity fund charge	12	48

**10. Segment Analysis**

	Coating & Emulsion	Textile & Paper	Other	Total
	Rupees '000'			
<b>Segment results for the period ended Sep 30, 2016</b>				
Revenue	294,080	84,919	171,577	550,576
Operating profit	23,585	14,908	3,534	42,027
Other operating expenses				(1,833)
Finance costs				(16,210)
Other income				712
Net Profit before tax				24,696
<b>Segment results for the period ended Sep 30, 2015</b>				
Revenue	248,116	100,792	45,860	394,768
Operating profit	10,982	16,575	(2,611)	24,947
Other operating expenses				(1,388)
Finance costs				(14,819)
Other income				2,003
Net Profit before tax				10,743
<b>Segment asset and liabilities as at Sep 30, 2016</b>				
Segment assets	732,284	282,744	247,655	1,262,683
Segment liabilities	107,241	25,639	35,277	168,157
<b>Segment asset and liabilities as at June 30, 2016</b>				
Segment assets	665,961	257,136	225,224	1,148,321
Segment liabilities	92,698	22,163	30,493	145,354

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

	September 30, 2016	June 30, 2016
	Rupees '000'	
Segment assets for reportable segments	1,262,683	1,148,321
Corporate assets unallocated	308,842	308,322
Cash and bank balances	32,954	70,965
Others	192,928	165,329
Total assets as per the balance sheet	1,797,407	1,692,937

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

Segment liabilities for reportable segments	168,157	145,354
Corporate liabilities unallocated	911,486	870,615
Other payables	99,316	82,573
Taxation - net	23,509	17,998
Total liabilities as per the balance sheet	1,202,468	1,116,540

**11. Date of Authorization for Issue**

This condensed interim financial information was authorized for issue on Thursday, October 27, 2016 by the Board of Directors of the Company.

**12. Corresponding Figures**

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

**13. General**

The figures have been rounded off to the nearest thousand rupee.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**NIMIR RESINS LIMITED**  
(Formerly Descon Chemicals Ltd.)

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

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