

# Quarterly Report

## 2019

September (Unaudited)



## COMPANY INFORMATION

### Board of Directors

Mr. M. Saeed-uz-Zaman	- Chairman
Mr. Zafar Mahmood	- Chief Executive Officer
Mr. Khalid Mumtaz Qazi	
Mr. Umar Iqbal	
Mr. Javed Saleem Arif	
Mr. Tariq Ahmad Khan	
Ms. Parveen Akhter Malik	
Mr. Muhammad Iqbal	
Mr. Abdul Jaleel Shaikh	
(Nominee - Pak Brunei Investment Company Limited)	

### 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

Syed Sajid Nasim

### Company Secretary

Mr. Muhammad Inam-ur-Rahim

### Head of Internal Audit

Mr. Nabeel Ahmad Khan

### Audit Committee

Mr. Javed Saleem Arif	- Chairman
Mr. Tariq Ahmad Khan	- Member
Mr. Abdul Jaleel Shaikh	- Member

### Human Resource & Remuneration Committee

Ms. Parveen Akhter Malik	- Chairperson
Mr. M. Saeed-uz-Zaman	- Member
Mr. Zafar Mahmood	- Member

### External Auditors

EY Ford Rhodes  
Chartered Accountants

### Legal Advisor

Cornelius, Lane & Mufti  
Advocates & Solicitors

### Shares' Registrar

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

### Bankers

The Bank of Punjab  
Habib Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Samba Bank Limited  
Pak Brunei Investment Company Limited  
Soneri Bank Limited  
Askari Bank Limited  
National Bank of Pakistan  
MCB Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited

Al Baraka Bank (Pakistan) Limited  
Meezan Bank Limited

### Registered Office / Factory

14.8 km., Sheikhpura-Faisalabad Road,  
Bhikhi, District Sheikhpura, Pakistan.  
Tel: +92 56 3883001-7  
Fax: +92 56 3883010  
Cell: +92 301-8221151, 301-8483950

### Lahore Office

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

### Karachi Office

Office No. 05, 18th Floor,  
Muhammadi Trade Tower,  
Opposite Haji Adam Chamber, New Chali Karachi.  
Tel: +92 21 32626905, Cell: +92 322 2456905

### Web Site

www.nimir.com.pk

# DIRECTORS' REPORT

The directors are pleased to present their review report together with the unaudited financial statements of the Company for the first quarter ended September 30, 2019.

An analysis of the financial results for first quarter ended September 30, 2019 is as under:

	<b>September 30, 2019</b>	<b>September 30, 2018</b>	<b>Increase / (Decrease)</b>
	<b>Rupees in million</b>		<b>% age</b>
Sales Revenue	3,799	4,122	(8%)
Gross Profit	591	496	19%
Pre-Tax Profit	352	309	14%
Profit after Taxation	232	206	13%
Earnings per share (Rs.)	2.10	1.86	13%

Businesses across Pakistan are facing serious challenges on account of economic downturn and decline in demand. This is reflected in our financial results of the current quarter, where our sale turnover has reduced by 8% as compared to corresponding period last year. Pre-empting the prevailing economic situation, the management took timely decisions to avoid hit on the bottom line. As a result, the net profit of the company was not affected by the reduction in sales; rather it showed a little growth over the last year.

The management is confident and is striving its best to minimize the effect of the current economic slowdown and demand cut on overall results of the Company, Insha Allah.

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

  
**Khalid Mumtaz Qazi**  
Director

  
**Zafar Mahmood**  
Chief Executive Officer

**Lahore**  
**October 26, 2019**

## ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالی معلومات پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

30 ستمبر 2019ء کو ختم ہونے والی پہلی سہ ماہی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

(کمی)/بیشی فی صد	30 ستمبر 2018ء	30 ستمبر 2019ء	
			روپے بلین میں
(8%)	4,122	3,799	فروخت کی آمدنی
19%	496	591	مجموعی منافع
14%	309	352	ٹیکس سے پہلے منافع
13%	206	232	ٹیکس کے بعد منافع
13%	1.86	2.1	فی شیئر آمدنی (روپے)

اقتصادی سست روی اور طلب میں کمی کے باعث پورے پاکستان کے کاروبار شدید مشکلات کا سامنا کر رہے ہیں۔ اس کی عکاسی موجودہ سہ ماہی کے ہمارے مالی نتائج سے ہوتی ہے، جہاں ہماری فروخت آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد تک کم ہو گئی۔ موجودہ معاشی حالت کے خلاء سے قبل، انتظامیہ نے زیریں خط کو چھونے سے بچنے کے لئے بروقت فیصلے کئے۔ جس کے نتیجے میں، کمپنی کا خالص منافع فروخت میں کمی سے متاثر نہیں ہوا، اگرچہ اس نے گزشتہ سال سے کم نمودار کیا ہے۔

انتظامیہ کمپنی کے مجموعی نتائج پر موجودہ اقتصادی سست روی اور کم طلب کے اثرات کو کم کرنے کے لئے اپنی بہترین کوششیں کر رہی ہے اور متوقع نتائج حاصل ہونے پر پختہ یقین رکھتی ہے، انشاء اللہ۔

منجانب بورڈ



خالد ممتاز قاضی  
ڈائریکٹر



ظفر محمود  
چیف ایگزیکٹو آفیسر

لاہور

26 اکتوبر 2019ء

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	Unaudited September 2019 Rs '000'	Audited June 2019 Rs '000'
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	3,157,765	3,122,888
Intangibles		113	283
Investment in subsidiary	6	281,852	281,852
Long term deposits		33,985	33,125
		3,473,715	3,438,148
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		225,295	203,644
Stock in trade		2,129,766	2,466,536
Trade debts		1,867,925	1,757,640
Loans and advances		171,919	71,135
Trade deposits and short term prepayments		44,711	3,489
Short term investment		8,200	8,200
Other receivables		12,803	15,955
Tax refunds due from the Government		661,456	518,522
Cash and bank balances		51,837	30,759
		5,173,912	5,075,880
		8,647,627	8,514,028
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized Share Capital</b>			
145,000,000 ( June 30, 2019: 145,000,000 )			
Ordinary Shares of Rs. 10/- each		1,450,000	1,450,000
<b>Issued, subscribed and paid up capital</b>			
110,590,546 ( June 30, 2019: 110,590,546 )			
Ordinary Shares of Rs. 10/- each		1,105,905	1,105,905
Unappropriated profit		1,995,465	1,928,979
		3,101,370	3,034,884
<b>NON CURRENT LIABILITIES</b>			
Long term loans	7	506,720	532,344
Liabilities against assets subject to finance lease		56,057	59,336
Deferred tax liability		310,912	321,621
		873,689	913,301
<b>CURRENT LIABILITIES</b>			
Trade and other payables		964,125	914,307
Contract Liabilities		65,113	33,546
Net defined benefit liability-funded gratuity		79,287	75,287
Mark up accrued		87,242	81,771
Unclaimed dividend		7,449	7,467
Dividend payable		165,886	-
Short term borrowings		2,579,230	2,849,881
Current maturity of long term loans	7	231,564	242,303
Current maturity of liabilities against assets subject to finance lease		23,959	22,970
Provision for taxation		468,713	338,311
		4,672,568	4,565,843
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>			
		8,647,627	8,514,028

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 2019 Rs '000'	September 2018 Rs '000'
<b>Revenue from contracts with Customers - net</b>	9	3,799,087	4,121,943
Cost of sales	10	(3,207,870)	(3,625,772)
<b>Gross profit</b>		591,217	496,171
Distribution costs		(57,950)	(41,248)
Administrative expenses		(55,574)	(45,994)
<b>Operating profit</b>		477,693	408,929
Other expenses		(26,093)	(22,897)
Other income		3,834	2,488
Foreign exchange gain / (loss)		17,505	(6,102)
Finance cost		(120,876)	(73,475)
<b>Profit before taxation</b>		352,063	308,943
<b>Taxation:</b>			
Current		(130,402)	(99,288)
Deferred		10,710	(3,513)
		(119,692)	(102,801)
<b>Profit after taxation</b>		232,371	206,142
Earnings per ordinary share - Basic and diluted Rs.		2.10	1.86

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019 Rs '000'	September 2018 Rs '000'
<b>Profit after taxation</b>	232,371	206,142
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	232,371	206,142

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Issued subscribed and paid up Capital	Unappropriated Profit	Total
	Rs '000'	Rs '000'	Rs '000'
Balance as on June 30, 2018 - as previously reported	1,105,905	1,508,959	2,614,864
Effect of application of change in accounting policy resulting from adoption of IFRS 9	-	(103)	(103)
Balance as on July 1, 2018 (Restated)	1,105,905	1,508,856	2,614,761
Final dividend for 2018 @ Rs. 2 per share	-	(221,181)	(221,181)
Total comprehensive income for the period (Jul-Sep 2018)	-	206,142	206,142
Balance as on September 30, 2018 (unaudited) (Restated)	1,105,905	1,493,817	2,599,722
Total comprehensive income for the period (Oct 2018 to Jun 2019)	-	601,048	601,048
Interim dividend for 2019 @ Rs. 1.50 per share	-	(165,886)	(165,886)
Balance as on June 30, 2019 (audited)	1,105,905	1,928,979	3,034,884
Final dividend for 2019 @ Rs. 1.50 per share	-	(165,885)	(165,885)
Total comprehensive income for the period (Jul-Sep 2019)	-	232,371	232,371
<b>Balance as on September 30, 2019 (unaudited)</b>	<b>1,105,905</b>	<b>1,995,465</b>	<b>3,101,370</b>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019	September 2018
	Rs '000'	Rs '000' (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	352,063	308,943
<b>Adjustment for :</b>		
Depreciation	89,783	60,422
Amortization	170	170
Gain on disposal of property, plant and equipment	(2,493)	(830)
Mark-up expense	119,919	69,541
Foreign exchange (gain)/loss	(17,505)	6,102
Workers profit participation fund provision	18,908	16,592
Workers welfare fund provision	7,185	6,305
Provision for gratuity fund	6,000	3,600
	221,967	161,902
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	574,030	470,845
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(21,651)	(7,113)
Stock in trade	336,770	453,254
Trade debts	(110,285)	(434,299)
Loans and advances	(100,784)	19,998
Trade deposits and short term prepayments	(41,222)	4,871
Other receivables	3,152	10,201
Tax refunds due from the Government	(27,569)	(15,698)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	41,232	(165,610)
Contract liabilities	31,567	20,845
	111,210	(113,551)
<b>CASH GENERATED FROM OPERATIONS</b>	685,240	357,294
Contribution to gratuity fund	(2,000)	-
Markup paid	(114,448)	(59,586)
Tax paid	(115,365)	(54,118)
Long term deposits	(860)	(6,002)
	(232,673)	(119,706)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	452,568	237,588
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment - net	(598)	(1,423)
Additions in capital work in progress	(124,374)	(188,910)
Sale proceeds from disposal of property, plant and equipment	2,805	830
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(122,167)	(189,503)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans obtained	19,484	56,348
Long term loans repaid	(55,847)	(46,471)
New leases acquired during the period	3,183	-
Repayment of liabilities against assets subject to finance lease	(5,473)	(9,886)
Dividend paid	(18)	(451)
Short term borrowings - net	(270,652)	(32,023)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(309,323)	(32,483)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	21,078	15,602
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	30,759	6,446
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	51,837	22,048

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

## 1 THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited ('the Company') was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Company is engaged in manufacturing and sales of chemical products. In previous year, the Company was a 56.74% subsidiary of Nimir Resources (Private) Limited ('NRPL'). As a result of voluntary winding up of NRPL, shares held by NRPL have been transferred to its sponsors, who have made a consortium through an agreement to control the Company. Following are the business units of the Company along with their respective locations:

## 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 comprises of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the Internal Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2019.

2.3 The financial statements have been prepared under the historical cost convention. The financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand of Rupee, unless otherwise stated.

## 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the interim condensed financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2019.

## 4 TAXATION

Provision for taxation is calculated on prevailing rates and these are subject to final adjustments in the annual audited financial statements.

## 5 PROPERTY, PLANT AND EQUIPMENT

	<b>Period ended September 2019 (Un-audited) Rs '000'</b>	<b>Year ended June 2019 (Audited) Rs '000'</b>
Operating fixed assets	3,013,389	3,094,530
Capital work in progress	144,376	28,358
	<u>3,157,765</u>	<u>3,122,888</u>

## 6 INVESTMENT IN SUBSIDIARY

In 2016, the Company formed a wholly owned subsidiary under the name of Nimir Holding (Private) Limited. The investment had been made in accordance with the requirements of then applicable Companies Ordinance, 1984. NHPL formed a sub-subsidiary: Nimir Management (Private) Limited, which acquired the majority shareholding of Nimir Resins Limited, a listed company engaged in the business of industrial chemicals. The effective shareholding of the Company in Nimir Resins Limited is 37.64%. The Company has determined that Nimir Resins Limited is a subsidiary in accordance with IFRS 10 Consolidated Financial Statements. Subsequent to the year end, NHPL has initiated a process of voluntary-winding up.

	Note	Unaudited	Audited
		September 2019	June 2019
		Rs '000'	Rs '000'
<b>7 LONG TERM LOANS</b>			
Term finance - Secured I	7.1	29,166	40,105
Term finance - Secured II	7.2	14,063	18,750
Term finance - Secured III	7.3	135,055	149,026
Term finance - Secured IV	7.4	97,500	105,000
Term finance - Secured V	7.5	262,500	281,250
Term finance - Secured VI	7.6	200,000	180,516
		738,284	774,647
		(231,564)	(242,303)
		<u>506,720</u>	<u>532,344</u>

Less:- Current maturity shown under current liabilities

- 7.1** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.
- 7.2** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.
- 7.3** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from February 2017 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.
- 7.4** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 equal monthly instalments starting from December 2017 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.
- 7.5** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from March 2018 with grace period of one year. This facility is secured against first pari passu charge over present and future fixed assets of the Company.
- 7.6** This represents long term finance facility amounting to Rs. 200 million from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 16 equal quarterly instalments starting from March 2019 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

## 8 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There is no material change in the status of contingencies as on September 30, 2019 from that reported in annual financial statements of the Company for the year ended June 30, 2019.

### COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee are as follows:

	Unaudited September 2019	Audited June 2019
Letters of credit established for the import of raw materials, spare parts and machinery	1,372 million	499 million
Letter of guarantee - SNGPL	96 million	96 million
Letter of guarantee - PSO	27 million	27 million
Letter of guarantee - TOTAL PARCO	5 million	3 million

	<b>September 2019</b>	<b>September 2018</b>
	<b>Rs '000'</b>	<b>Rs '000'</b>
<b>9 Revenue from contracts with Customers - net</b>		
Gross Sales	4,444,168	4,823,202
Discounts	-	(18)
Sales tax	(645,081)	(701,241)
	(645,081)	(701,259)
Net Sales	<u>3,799,087</u>	<u>4,121,943</u>
<b>10 COST OF SALES</b>		
Opening stock of finished goods	548,817	471,688
Cost of goods manufactured	3,489,439	3,549,420
	4,038,256	4,021,108
Closing stock of finished goods	(830,386)	(395,336)
Cost of goods sold	<u>3,207,870</u>	<u>3,625,772</u>

#### 11 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent Company, related group companies, directors and key management personnel. Transactions with related parties are as follows.

Name of Related Party	Relationship	Nature of transaction	<b>September 2019</b>	<b>September 2018</b>
			<b>Rs '000'</b>	<b>Rs '000'</b>
Nimir Resins Limited	Subsidiary Company	Sale of goods	43,973	44,920
		Purchase of goods	470	-
		Services provided	977	977
		Services acquired	732	732
		Expenses paid	131	3
Nimir Chemicals * Pakistan Limited	Associated Company	Sale of goods	-	3,221
<b>Key Management Personnel</b>				
		Remuneration	37,629	27,146
		Other Benefits	10,712	7,476

\* Effective from December 29, 2018, Nimir Chemicals Pakistan Limited ceased to be considered a related party after retirement of the common Directors.

#### 12 GENERAL

**12.1** Corresponding figures have been reclassified in cash flow statement for better and fair presentation.

**12.2** This interim condensed financial information was authorized for issue on Saturday, October 26, 2019 by the Board of Directors of the Company.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

NIMIR INDUSTRIAL CHEMICALS LIMITED AND ITS SUBSIDIARIES  
**FINANCIAL STATEMENTS - CONSOLIDATED**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	Unaudited September 2019 Rs '000'	Audited June 2019 Rs '000'
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 145,000,000 (June 30, 2019: 145,000,000) Ordinary shares of Rs.10 each		1,450,000	1,450,000
Issued, subscribed and paid up capital		1,105,905	1,105,905
Unappropriated profit		2,200,155	2,123,150
Non-controlling interest		626,404	612,553
		3,932,464	3,841,608
<b>NON CURRENT LIABILITIES</b>			
Long term loans	7	615,653	641,447
Liabilities against assets subject to finance lease		56,057	59,336
Diminishing musharaka finance		2,987	3,253
Deferred tax liability		305,274	317,500
		979,971	1,021,536
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,274,690	1,168,244
Contract Liabilities		65,113	42,387
Net defined benefit liability - funded gratuity		92,399	86,240
Mark up accrued		133,860	116,608
Unclaimed dividend		7,742	7,760
Dividend payable		165,886	-
Short term borrowings		4,026,904	4,334,710
Current maturity of long term loans	7	232,246	242,985
Current maturity of liabilities against assets subject to finance lease		23,959	22,970
Current maturity of diminishing musharaka finance		1,567	1,575
Provision for taxation		547,029	399,380
		6,571,395	6,422,859
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		11,483,830	11,286,003
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	3,640,372	3,607,503
Intangibles		694	946
Long term deposits		44,495	42,460
		3,685,561	3,650,909
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		242,224	219,602
Stock in trade		3,139,570	3,320,280
Trade debts		2,730,211	2,750,670
Loans and advances		261,857	104,200
Trade deposits and short term prepayments		50,931	3,816
Interest accrued		396	396
Short term investment		116,500	54,900
Other receivables		14,112	28,527
Tax refunds due from the Government		1,108,433	1,024,970
Cash and bank balances		134,035	127,733
		7,798,269	7,635,094
<b>TOTAL ASSETS</b>		11,483,830	11,286,003

The annexed notes from 1 to 13 form an integral part of these financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 2019 Rs '000'	September 2018 Rs '000'
<b>Revenue from contracts with customers - net</b>	9	4,864,608	5,064,491
Cost of sales	10	(4,145,325)	(4,489,432)
<b>Gross profit</b>		719,283	575,059
Distribution costs		(73,478)	(55,497)
Administrative expenses		(70,124)	(55,338)
<b>Operating profit</b>		575,681	464,224
Other expenses		(29,047)	(23,997)
Other income		7,780	3,653
Foreign exchange gain / (loss)		17,505	(7,699)
Finance cost		(179,755)	(108,807)
<b>Profit before taxation</b>		392,164	327,374
Taxation		(135,422)	(108,457)
<b>Profit after taxation</b>		256,742	218,917
<b>Attributable to:</b>			
Equity holders of the parent		242,891	212,435
Non-controlling interest		13,851	6,482
		256,742	218,917
<b>Earnings per share - basic and diluted</b>		2.20	1.92

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019 Rs '000'	September 2018 Rs '000'
<b>Profit after taxation</b>	256,742	218,917
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	256,742	218,917
<b>Attributable to:</b>		
Equity holders of the parent	242,891	212,435
Non-controlling interest	13,851	6,482
	256,742	218,917

The annexed notes from 1 to 13 form an integral part of these financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid up share capital	Unappropriated profit	Non-controlling interest	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Balance as on June 30, 2018 (audited) - as previously reported	1,105,905	1,642,848	516,162	3,264,915
Effect of application of change in accounting policy resulting from adoption of IFRS 9	-	(103)	-	(103)
Balance as on July 1, 2018 (Restated)	1,105,905	1,642,745	516,162	3,264,812
Final dividend for 2018 @ Rs. 2 per share	-	(221,181)	-	(221,181)
Total comprehensive income for the period (Jul-Sep 2018)	-	212,435	6,482	218,917
Balance as on September 30, 2018 (unaudited) (Restated)	1,105,905	1,633,999	522,644	3,262,548
Interim dividend for 2019 @ Rs. 1.5 per share	-	(165,886)	-	(165,886)
Total comprehensive income for the period (Oct 18 to June 19)	-	655,037	89,909	744,946
Balance as on June 30, 2019 (audited)	1,105,905	2,123,150	612,553	3,841,608
Final dividend for 2019 @ Rs. 1.5 per share	-	(165,886)	-	(165,886)
Total comprehensive income for the period (Jul-Sep 2019)	-	242,891	13,851	256,742
<b>Balance as on September 30, 2019 (unaudited)</b>	<b>1,105,905</b>	<b>2,200,155</b>	<b>626,404</b>	<b>3,932,464</b>

The annexed notes from 1 to 13 form an integral part of these financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 2019	September 2018
		Rs '000'	Rs '000' (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		392,164	327,374
<b>Adjustment for:</b>			
Depreciation		99,485	69,814
Amortization		252	254
Mark-up expense		178,798	104,873
Interest on term deposit receipt		(2,088)	-
Provision for gratuity fund		8,159	5,400
Gain on disposal of property, plant and equipment		(2,493)	(830)
Exchange (gain) / loss - unrealized		(17,200)	7,699
Workers' profit participation fund provision		20,799	17,378
Workers' welfare fund provision		7,941	6,619
		293,653	211,207
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		685,817	538,581
<b>(Increase) / Decrease in current assets</b>			
Stores, spares parts and loose tools		(22,622)	(7,106)
Stock in trade		180,710	310,089
Trade debts		20,459	(404,776)
Loans and advances		(157,657)	4,053
Trade deposits and short term prepayments		(47,115)	5,472
Other receivables		14,415	(14,973)
Tax refunds due from the Government		(20,376)	(44,888)
		(32,186)	(152,129)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		94,906	(327,307)
Contract liabilities		22,726	18,064
		85,446	(461,372)
<b>CASH GENERATED FROM OPERATIONS</b>		771,263	77,209
Contribution to gratuity fund		(2,000)	-
Mark-up paid		(161,050)	(82,861)
Tax paid		(124,686)	(73,272)
Long term deposits		(2,035)	(6,002)
		(289,771)	(162,135)
<b>Net cash generated from / (used in) operating activities</b>		481,492	(84,926)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment - net		(2,170)	(2,829)
Additions in capital work in progress - net		(130,496)	(190,161)
Sale proceeds from disposal of property, plant and equipment		2,805	830
Interest received		2,088	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(127,773)	(192,160)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan obtained		19,484	59,645
Long term loan repaid		(56,017)	(46,471)
Dividend paid		(18)	(450)
Repayment of liabilities against assets subject to finance lease		(5,473)	(9,885)
Repayment of liabilities against diminishing musharaka finance		(770)	(523)
New leases acquired		3,183	-
Short term borrowings - net		(307,806)	268,020
<b>Net cash (used) in / generated from financing activities</b>		(347,417)	270,336
Net increase / (decrease) in cash and cash equivalents		6,302	(6,750)
Cash and cash equivalents at the beginning of the period		127,733	115,127
<b>Cash and cash equivalents at the end of the period</b>		134,035	108,377

The annexed notes from 1 to 13 form an integral part of these financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

## 1 THE GROUP AND ITS OPERATIONS

Nimir Industrial Chemicals Limited ("NICTL") is part of Nimir Group ("The Group") which consist of:

### Parent (Holding) Company

Nimir Industrial Chemicals Limited ("NICTL")

### Subsidiary Companies

Nimir Holding (Private) Limited ("NHPL")

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL")

The shareholding of the Nimir Group is as follows:

Holding of NICTL in NHPL	100%
Holding of NHPL in NMPL	51%
Holding of NMPL in NRL	51%
Holding of NHPL in NRL	11.63%
Effective shareholding of NICTL in NRL	37.64%

Nimir Industrial Chemicals Limited (the Holding Company) was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Holding Company is engaged in manufacturing and sales of chemical products. In previous year, the Holding Company was a 56.74% subsidiary of Nimir Resources (Private) Limited (NRPL). As a result of voluntary winding up of NRPL, shares held by NRPL have been transferred to its sponsors, who have made a consortium through an agreement to control the Holding Company.

Nimir Holding (Private) Limited (NHPL) and Nimir Management (Private) Limited (NMPL) were incorporated in Pakistan as private limited companies on September 28, 2015 and December 4, 2015 respectively for the purpose of investment in Nimir Resins Limited. During the period, NHPL has initiated a process of voluntary-winding up after which the assets of NHPL (primarily the investment in NMPL) shall be transferred to NICTL. The registered office of NHPL and NMPL is Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

Nimir Resins Limited 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 1, 2010 when the company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Upon acquisition by Nimir Group, the name of the company changed to Nimir Resins Limited as per the approval of Securities and Exchange Commission of Pakistan dated April 18, 2016. The shares of Nimir Resins Limited are quoted on Pakistan Stock Exchange Limited. The principal activity of the company is to manufacture surface coating resins for paint industry, polyesters, and optical brightener for paper and textile industries and textile auxiliaries for 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 comprises of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The condensed interim consolidated financial statement does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended June 30, 2019.

2.3 The condensed interim consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements are prepared in Pak Rupees, which is the functional currency of the group. Figures have been rounded off to the nearest thousand of Rupee, unless otherwise stated.

## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The accounting estimates and associated assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2019.

#### 4 TAXATION

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

#### 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published consolidated financial statements of the Group for the year ended June 30, 2019.

	Note	(Un-audited) September 2019 Rs '000'	(Audited) June 2019 Rs '000'
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	3,478,926	3,563,282
Capital work in progress	6.3	161,446	44,221
		<u>3,640,372</u>	<u>3,607,503</u>
<b>6.1 Operating fixed assets</b>			
Opening net book value		3,563,282	2,719,291
Additions		2,170	205,162
Transfers from capital work in progress	6.3	13,271	982,894
Total additions	6.2	15,441	1,188,056
Disposals at net book value (NBV)		(312)	(14,200)
Written off		-	(1,747)
Depreciation charge		(99,485)	(328,118)
Closing net book value		<u>3,478,926</u>	<u>3,563,282</u>
<b>6.2 Additions in operating fixed assets</b>			
Freehold land		-	178,877
Building on freehold land		1,008	190,648
Plant and machinery		8,361	703,770
Furniture and fittings		78	1,179
Office and factory equipment		5,994	62,368
Vehicles - owned		-	16,940
Vehicles - leased/diminishing musharika		-	34,274
		<u>15,441</u>	<u>1,188,056</u>
<b>6.3 Capital work in progress</b>			
Opening balance		44,221	301,156
Additions		130,496	725,959
Transfers to operating fixed assets		(13,271)	(982,894)
Closing balance		<u>161,446</u>	<u>44,221</u>
<b>7 LONG TERM LOANS</b>			
Term finance - Secured I	7.1	29,166	40,104
Term finance - Secured II	7.2	14,063	18,750
Term finance - Secured III	7.3	135,055	149,026
Term finance - Secured IV	7.4	97,500	105,000
Term finance - Secured V	7.5	262,500	281,250
Term finance - Secured VI	7.6	200,000	180,516
Term finance - Secured VII	7.7	2,615	2,786
Loan from directors / sponsors	7.8	107,000	107,000
		847,899	884,432
Current maturity shown under current liabilities		(232,246)	(242,985)
		<u>615,653</u>	<u>641,447</u>

**7.1** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

**7.2** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 equal monthly instalments starting from December 2015 with grace period

of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.

- 7.3** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from February 2017 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 7.4** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 equal monthly instalments starting from December 2017 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 7.5** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 equal monthly instalments starting from March 2018 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 7.6** This represents long term finance facility amounting to Rs. 200 million from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 16 equal quarterly instalments starting from March 2019 with grace period of one year. As of period end, Rs.200 million has been availed out. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 7.7** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 150 bps per annum repayable in 60 equal monthly instalments starting from August 2018. This facility is secured against first joint pari passu charge over a vehicle of the subsidiary company for which loan facility is obtained.
- 7.8** This represents loan obtained from ex-director / sponsors of Nimir Resins Limited. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 CONTINGENCIES

#### Holding Company/Subsidiary Company

There is no material changes in the contingencies since the last audited financial statements for the year ended June 30, 2019

### 8.2 COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee are as follows:

	<b>Unaudited September 2019</b>	<b>Audited June 2019</b>
Letters of credit established for the import of raw materials, spare parts and machinery	1,544 million	866 million
Letter of guarantee given to SNGPL	99 million	99 million
Letter of guarantee given to PSO	30 million	30 million
Letter of guarantee given to Total PARCO	12 million	10 million

## 9 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	<b>Unaudited September 2019 Rs '000'</b>	<b>Unaudited September 2018 Rs '000'</b>
Gross revenue	5,706,005	5,883,189
Sales Tax	(841,397)	(818,680)
Discounts	-	(18)
	<u>(841,397)</u>	<u>(818,698)</u>
Net revenue	<u>4,864,608</u>	<u>5,064,491</u>

## 10 COST OF SALES

Opening stock of finished goods	752,570	651,809
Cost of goods manufactured	4,473,296	4,414,028
	<u>5,225,866</u>	<u>5,065,837</u>
Closing stock of finished goods	(1,080,541)	(576,405)
	<u>4,145,325</u>	<u>4,489,432</u>

11 OPERATING SEGMENT INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	-----Rupees '000'-----									
Revenue from contracts with customers - net	3,799,087	4,121,943	1,109,964	987,468	-	-	(44,443)	(44,920)	4,864,608	5,064,491
Cost of sales	(3,207,870)	(3,625,772)	(982,835)	(911,141)	-	-	45,380	47,481	(4,145,325)	(4,489,432)
Gross profit	591,217	496,171	127,129	76,327	-	-	937	2,561	719,283	575,059
Distribution cost	(57,950)	(41,248)	(15,528)	(14,249)	-	-	-	-	(73,478)	(55,497)
Administrative expenses	(55,574)	(45,994)	(14,626)	(9,535)	(114)	-	190	191	(70,124)	(55,338)
Operating profit	477,693	408,929	96,975	52,543	(114)	-	1,127	2,752	575,681	464,224
Other expenses	(26,093)	(22,897)	(2,954)	(1,100)	-	-	-	-	(29,047)	(23,997)
Other income	3,834	2,488	2,228	1,536	2,088	-	(370)	(371)	7,780	3,653
Foreign exchange gain / (loss)	17,505	(6,102)	-	(1,597)	-	-	-	-	17,505	(7,699)
Finance cost	(120,876)	(73,475)	(58,879)	(35,332)	-	-	-	-	(179,755)	(108,807)
Profit before taxation	352,063	308,943	37,370	16,050	1,974	-	757	2,381	392,164	327,374
Taxation	(119,692)	(102,801)	(15,158)	(5,656)	(572)	-	-	-	(135,422)	(108,457)
Profit after taxation	232,371	206,142	22,212	10,394	1,402	-	757	2,381	256,742	218,917
	-----									
	Sep. 30 2019	June 30, 2019	Sep. 30 2019	June 30, 2019	Sep. 30 2019	June 30, 2019	Sep. 30 2019	June 30, 2019	Sep. 30 2019	June 30, 2019
Segment assets	8,647,627	8,514,028	3,106,804	3,048,865	585,532	584,558	(856,133)	(861,448)	11,483,830	11,286,003
Segment liabilities	5,546,257	5,479,144	1,918,721	1,882,992	95,794	96,221	(9,406)	(13,962)	7,551,366	7,444,395

11.1 Inter segment sales, purchases and balances have been eliminated.

## 12 TRANSACTIONS WITH RELATED PARTIES

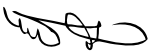
The related parties and associated undertakings comprise related group companies, directors and key management personnel. Transactions with related parties are as follows.

Relationship	Nature of transaction	(Unaudited)	(Unaudited)
		September 2019	September 2018
		Rs '000'	Rs '000'
Associated Company *	Sale of goods	-	3,221
Staff retirement benefits	Company's contribution to Gratuity fund.	2,000	-
Key Management Personal			
Remuneration		45,975	34,809
Other Benefits		13,025	9,823

\*Effective December 29, 2018, Nimir Chemicals Pakistan Limited ceased to be considered a related party after retirement of the common directors.

## 13 GENERAL

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Group on Saturday, October 26, 2019.



Chief Executive Officer



Director



Chief Financial Officer



**NIMIR INDUSTRIAL CHEMICALS LTD.**

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