

NIMIR



Half Yearly Report
December (Unaudited)

NIMIR RESINS LTD.

2021

Better Life Through Chemistry

COMPANY INFORMATION

Board of Directors

Sheikh Amar Hameed - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Muhammad Yahya Khan
Mr. Abdul Jalil Jamil
Mr. Osman Hameed
Mr. Pervaiz Ahmad Khan
Mrs. Nazia Qureshi

Chief Financial Officer

Syed Sajid Nasim

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit

Mr. Nabeel Ahmad Khan

Auditors

Crowe 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

Mrs. Nazia Qureshi - Chairperson
Sheikh Amar Hameed - Member
Mr. Zafar Mahmood - Member

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

Legal Advisors

M/s Hassan & Hassan
Advocates

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Pak Brunei Investment Company Limited
Soneri Bank Limited
The Bank of Punjab

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
+92 42 35947700-04

Karachi Office

607, Progressive Centre, Block - 6,
PECHS, Shahrah-e-Faisal, Karachi.
Tel : +92 21 34327661 - 62

Web Site

www.nimir.com.pk

DIRECTORS' REVIEW REPORT

We are pleased to present our review report together with unaudited financial statements of Nimir Resins Limited for the half year ended December 31, 2021.

During the period under review, the company showed all round performance and posted record growth in sales revenue and gross profit of 37% and 47% respectively. The gross sales turnover stood at Rs. 4.5 billion with EPS increasing to 1.24 per share. The company achieved bottom line of PKR 176 million against PKR 122 million earned in the corresponding period last year.

The country's balance of payment is still under pressure despite relief from IMF and is putting continuous pressure on Pak Rupee. Furthermore, the increasing inflation is forcing the State Bank of Pakistan to increase the discount rate. Your management, however, is committed to continue endeavouring improvement in the financial results in the remaining half of the year, InSha' Allah.

On behalf of the board, we would like to thank all of its stakeholders for their continued trust and support. .

Lahore
February 17, 2022



Muhammed Yahya Khan
Director

For and on the behalf of the Board



Zafar Mahmood
Chief Executive Officer

ہمیں 31 دسمبر 2021 کو ختم ہونے والے ششماہی کے لیے نمبر ریزز نزل میٹنڈ کے غیر آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

زیر جائزہ مدت کے دوران، کمپنی نے مجموعی کارکردگی کا مظاہرہ کیا اور فروخت آمدنی اور مجموعی منافع میں بالترتیب %37 اور %47 نمو درج کرائی۔ مجموعی فروخت ٹرن اور 4.5 بلین روپے رہا جس سے EPS بڑھ کر 1.24 روپے فی حصص ہو گئی۔ کمپنی نے گزشتہ سال کی اسی مدت میں 122 بلین روپے کمائی کے مقابلے 176 بلین روپے کی زیریں لائن حاصل کی۔

آئی ایم ایف سے ری لیف ملنے کے باوجود ملک ادائیگی کا بیلنس دباؤ کا شکار ہے اور پاکستانی روپیہ پر مسلسل دباؤ ڈال رہا ہے۔ مزید برآں، بڑھتی ہوئی مہنگائی اسٹیٹ بینک آف پاکستان کو ڈسکاؤنٹ شرح بڑھانے پر مجبور کر رہی ہے۔ تاہم، آپ کی انتظامیہ سال کی دوسری ششماہی میں مالیاتی نتائج میں بہتری کی کوششیں جاری رکھنے کے لیے پرعزم ہے، انشاء اللہ۔

بورڈ کی جانب سے، ہم اپنے تمام اسٹیک ہولڈرز کے مسلسل اعتماد اور تعاون کے لیے ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ



محمد یحییٰ خان
ڈائریکٹر



ظفر محمود
چیف ایگزیکٹو آفیسر

لاہور

17 فروری 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **NIMIR RESINS LIMITED** ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

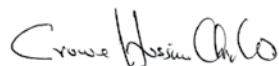
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the audit resulting in this independent auditor's review report is Muhammad Nasir Muneer.

Lahore
February 18, 2022
UDIN : RR202110169upjmoNTdq



ROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


AS AT December 31, 2021 (UNAUDITED)

	Note	December 31 2021 (Un-audited) (Rs. '000')	June 30 2020 (Audited) (Rs. '000')
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
150,000,000 (June 30, 2021: 300,000,000) Ordinary shares of Rs. 10 each (June 30, 2021: Rs.5 each)		1,500,000	1,500,000
Issued, subscribed and paid up share capital		1,413,211	1,413,211
Share deposit money		11,391	11,391
Sponsors' interest free loans		107,000	107,000
Reserves		221,971	43,333
Surplus on revaluation of property, plant and equipment		491,805	494,832
		2,245,378	2,069,767
Non Current Liabilities			
Diminishing musharaka finance	5	-	209
Long term financing	6	179,083	90,254
Deferred income – Government grant	7	-	1,552
Lease liabilities	8	27,057	29,588
Post employment benefits obligation		29,066	24,147
Deferred tax liability		45,211	56,167
		280,417	201,917
Current Liabilities			
Trade and other payables		403,014	769,711
Unclaimed dividends		293	293
Accrued mark up		27,026	16,373
Short term borrowings		2,023,795	1,060,307
Current portion of diminishing musharaka finance		716	1,405
Current portion of long term financing		99,930	70,757
Current portion of deferred income – Government grant		2,656	1,830
Current portion of lease liabilities		4,837	4,624
Provision for taxation		77,570	106,348
		2,639,837	2,031,648
Contingencies and Commitments			
Total Equity and Liabilities	10	-	-
		5,165,632	4,303,332
ASSETS			
Non Current Assets			
Property, plant and equipment	11	1,088,379	1,100,275
Right-of-use assets		35,210	5,979
Long term deposits		23,640	21,905
		1,147,229	1,128,159
Current Assets			
Stores and spares		19,381	20,443
Stock in trade		1,778,167	1,468,165
Trade debts		1,917,298	1,364,442
Loans and advances		67,057	36,199
Short term prepayments		8,854	1,385
Other receivables		16,447	1,409
Tax refunds due from government		196,282	255,372
Cash and bank balances		14,917	27,758
		4,018,403	3,175,173
Total Assets		5,165,632	4,303,332

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF **PROFIT OR LOSS**
(UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
Note	(Rs. '000')	(Rs. '000')	(Rs. '000')	(Rs. '000')
Revenue from sales	4,485,194	3,274,630	2,661,996	1,816,531
Less:				
- Sales tax	(680,196)	(496,718)	(403,240)	(275,370)
- Commission	(300)	(601)	(300)	(287)
Net sales	3,804,698	2,777,311	2,258,456	1,540,874
Cost of sales	12 (3,355,994)	(2,471,813)	(1,953,391)	(1,353,571)
Gross Profit	448,704	305,498	305,065	187,303
Operating expenses:				
- Distribution costs	(42,968)	(34,351)	(24,382)	(18,337)
- Administrative expenses	(39,279)	(31,990)	(21,252)	(13,956)
	(82,247)	(66,341)	(45,634)	(32,293)
Operating Profit	366,457	239,157	259,431	155,010
Other operating expenses	(70,400)	(17,798)	(56,787)	(14,006)
Finance cost	(63,757)	(56,779)	(36,838)	(25,135)
Other income	12,614	8,766	10,270	6,311
	(121,543)	(65,811)	(83,355)	(32,830)
Profit before Taxation	244,914	173,346	176,076	122,180
Taxation	13			
- Current	(80,260)	(55,161)	(57,208)	(36,419)
- Deferred	10,957	4,074	7,954	1,109
	(69,303)	(51,087)	(49,254)	(35,310)
Net profit for the Period	175,611	122,259	126,822	86,870
Earnings per Share - Basic and Diluted(Restated)	1.24	0.87	0.90	0.61

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF **COMPREHENSIVE INCOME**
(UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	(Rs. '000')	(Rs. '000')	(Rs. '000')	(Rs. '000')
Net Profit for the Period	175,611	122,259	126,822	86,870
Other comprehensive income				
Items that will not be re-classified to profit or loss	-	-	-	-
Items that may be re-classified to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	175,611	122,259	126,822	86,870

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Particulars	Share Capital	Share Deposit Money	Sponsors' Interest Free Loans	Capital Reserves		Revenue Reserves	Surplus on Revaluation of Property, Plant and Equipment	Total
				Share Premium Reserve	Unappropriated (Loss) / Profit			
----- Rs. '000' -----								
Balance as at June 30, 2020	1,413,211	11,391	107,000	1,281	(322,337)	501,576	1,712,122	
Total comprehensive income for the half year ended December 31, 2020	-	-	-	-	122,259	-	122,259	
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	3,372	(3,372)	-	
Balance as at December 31, 2020	1,413,211	11,391	107,000	1,281	(196,706)	498,204	1,834,381	
Balance as at June 30, 2021	1,413,211	11,391	107,000	1,281	42,052	494,832	2,069,767	
Total comprehensive income for the half year ended December 31, 2021	-	-	-	-	175,611	-	175,611	
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	3,037	(3,037)	-	
Balance as at December 31, 2021	1,413,211	11,391	107,000	1,281	220,690	491,805	2,245,378	

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF **CASH FLOW** (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half Yearly Ended December 31,	
	2021 (Rs. '000')	2020 (Rs. '000')
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	244,914	173,346
Adjustments:		
– Depreciation	32,660	26,091
– Amortization of intangible asset	-	166
– Provision for gratuity	4,920	4,320
– Provision for obsolescence of stock	4,352	-
– Expected credit losses on trade debts	9,996	4,391
– Workers' (profit) participation fund	13,171	9,338
– Workers' welfare fund	5,350	4,069
– Exchange loss - net	37,531	(2,362)
– Finance cost	62,510	56,089
	170,490	102,102
Operating profit before working capital changes	415,404	275,448
(Increase) / decrease in current assets:		
– Stores and spares	1,062	(1,836)
– Stock in trade	(314,354)	49,609
– Trade debts	(562,852)	(360,210)
– Loans and advances	(30,858)	(35,816)
– Trade deposits and short term prepayments	(7,469)	(5,133)
– Other receivables	(15,038)	(4,051)
– Sales tax refundable - Net	29,576	21,822
Increase / (decrease) in current liabilities:		
– Trade and other payables	(385,704)	(150,235)
	(1,285,637)	(485,850)
Cash Used in Operations	(870,233)	(210,402)
Finance cost paid	(50,573)	(57,773)
Income tax refunded	-	54,659
Income tax paid	(79,523)	(40,977)
Gratuity paid	-	(273)
Workers' welfare fund paid	(10,044)	(4,289)
Workers' (profit) participation fund paid	(27,001)	(10,083)
Net Cash Used in Operating Activities	(1,037,374)	(269,138)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(2,135)	(3,069)
Capital work in progress - property, plant and equipment	(47,861)	(63,549)
Long term deposits	(1,735)	(2,796)
Net Cash Used In Investing Activities	(51,731)	(69,414)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing obtained	150,000	181,203
Long term financing repaid	(32,722)	(7,370)
Diminishing musharaka finance	(899)	(842)
Lease liabilities	(3,603)	-
Short term borrowings - net	963,488	181,017
Net Cash Generated from Financing Activities	1,076,264	354,008
Net (Decrease) / Increase in Cash and Cash Equivalents	(12,841)	15,456
Cash and cash equivalents at the beginning of the period	27,758	14,453
Cash and Cash Equivalents at the End of the Period	14,917	29,909

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED December 31, 2021

1 The Company and its Operations

- 1.1 Nimir Resins Limited (the Company) was 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.
- 1.2 The Company is a subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is the ultimate parent company of Nimir Resins Limited.
- 1.3 "The principal activity of the Company is to manufacture coating resins, composite resins (UPR), optical brightener, textile auxiliaries and paper surface sizing agents."
- 1.4 The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is domiciled in Pakistan and its registered office is situated at 14.5 KM, Lahore-Sheikhupura Road, Lahore.

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

2 Basis of Preparation

- 2.1 These condensed interim financial statements has 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:

- International Accounting Standard (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 provisions of 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 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the external auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2020 and 2021 presented in the condensed financial statements have not been reviewed by the external auditors.
- 2.3 These condensed interim financial statements are 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. These condensed financial statements do 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, 2021.

3 Significant Accounting Policies

The accounting policies and methods of presentation of these condensed interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2021.

4 Accounting Estimates and Judgment

The accounting estimates and associated assumptions used in the preparation of these interim financial statements are consistent with those applied in the preparation of annual financial statements of the Company for the immediately preceding year ended June 30, 2021.

5 Diminishing Musharika Arrangements

	Note	December 31, 2021	June 30, 2021
		(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Diminishing musharika facility	51	716	1,614
Less: Current portion		(716)	(1,405)
		-	209

- 5.1 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 opening value. The effective rate of rent per unit is three months KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2021: 8.55% - 8.66%).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM **FINANCIAL INFORMATION** (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

6 Long Term Financing	Note	December 31, 2021	June 30, 2021
		(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Soneri Bank Limited	6.1	1,193	1,535
Bank of Punjab	6.2	64,285	78,571
Bank Alfalah Limited	6.3	40,000	45,000
MCB Bank Limited	6.4	150,000	-
Refinance for salaries	6.5	26,191	39,287
Less: deferred income - Government grant		(2,656)	(3,382)
Borrowings / finance against trust receipts		23,535	35,905
		279,013	161,011
Less: current portion of loans		(99,930)	(70,757)
		179,083	90,254
6.1	This represents the balance payable on account of loan of Rs. 3.411 million obtained by the Company from Soneri Bank Limited for purchase of a vehicle. This loan is repayable in 60 equal monthly installments starting from August 01, 2018. Markup is charged at the rate of three months KIBOR plus 1.5% p.a payable monthly in arrears. The vehicle is comprehensively insured in bank's favour with bank mortgage clause.		
6.2	This represents the balance payable on account of loan of Rs. 100 million from Bank of Punjab to facilitate capital expenditure requirements pertaining to procurement, installation and augmentation of new and existing machinery, equipment related auxiliaries and civil works. This loan is repayable in 14 equal quarterly instalments payable in arrears starting from September 30, 2020. Markup-up is charged at the rate 3 months KIBOR plus 1.5%. This facility is secured against exclusive charge registered with SECP over fixed assets of the Company amounting to Rs 134 million.		
6.3	This represents the balance payable on account of loan of Rs. 50 million from Bank Alfalah Limited for Solar Energy unit of 450KW. This loan is repayable in 20 equal installments payable quarterly in arrears starting from March 31, 2021. Markup is charged at 3 Months Kibor plus 2% p.a payable quarterly in arrears till the approval from the State Bank of Pakistan (SBP) and as soon as SBP gives approval, mark up will be charged at SBP rate plus 2% p.a payable quarterly in arrears. This loan is secured against joint pari passu charge of Rs. 67 million over fixed assets of the Company.		
6.4	This represents loan of Rs. 150 million obtained from MCB Bank Limited to facilitate capital expenditure requirements pertaining to enhance the capacity of resins, emulsions and additives for the coating unit along with increase in capacity for speciality chemicals for pre-treatment and finishing of textile industry. This loan is repayable in 20 equal quarterly installments starting from March 28, 2022. Markup is charged at 3 Months Kibor plus 0.75% p.a payable quarterly in arrears. This loan is secured against first pari passu charge of Rs. 200 million over entire fixed assets of the Company.		
6.5	This represents the balance payable on account of loan of Rs. 52.382 million obtained from Bank of Punjab for disbursement of salaries of employees under the State Bank of Pakistan Refinance Scheme for payment of wages and salaries. This loan is repayable in 8 equal quarterly installments payable in arrears starting from January 01, 2021. Markup is charged at the rate of SBP rate plus 1% - 1.5% p.a payable quarterly in arrears. This facility is secured against exclusive charge over fixed assets of the Company amounting to Rs 70.06 million registered with SECP.		
7 Deferred income – Government grant		December 31, 2021	June 30, 2021
		(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Deferred income - Government grant		2,656	3,382
Less: current portion		(2,656)	(1,830)
		-	1,552
7.1	The Company has recorded deferred income for government grants in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" for the treatment of loan received under Refinance Scheme for Payment of Wages and Salaries as mentioned in Note 6.4. The standard requires that any benefit of a government loan accruing to the entity owing to a below-market rate of interest should be treated as a government grant. The loan is initially recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The Company is treating it as per income approach and, therefore, grant's benefit shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises the related expense.		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM **FINANCIAL INFORMATION** (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

8 Lease Liabilities	December 31, 2021	June 30, 2021
	(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Opening balance	34,212	-
Add: Additions during the year	-	34,667
Add: Interest expense	1,285	189
Less: Payments made	(3,603)	(643)
Gross liability	31,894	34,212
Less: Current portion	(4,837)	(4,624)
Closing balance	27,057	29,588

8.1 The Company acquired vehicles from different banks under the Finance lease arrangements, for a period of 60 months. Present value of minimum lease payments has been discounted using interest rate ranging from 3 months to 1 year KIBOR +1% to 2% (to be revised annually). Rentals are paid in equal monthly instalments. Taxes, repairs and insurance costs are borne by the Company. In case of earlier termination, the Company will be required to pay entire principal portion of the rentals for unexpired period of lease agreement. These vehicles are registered exclusively in the name of respective banks.

8.2 There are no variable lease payments in the lease contracts. There are no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

9 Short Term Borrowings	December 31, 2021	June 30, 2021
	(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Banking companies - Secured		
Running finance	456,539	302,035
Borrowings / FATRs	1,567,256	758,272
	2,023,795	1,060,307

9.1 Terms and conditions of borrowings

Purpose

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 3,762 million (June 30, 2021: Rs. 3,562 million) including running finance facilities amounting to Rs. 897 million (June 30, 2021: Rs. 847 million), to meet 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+ spread of up to 1.25% (June 30, 2021: 1 to 6 Months KIBOR+ spread of up to 1.25%) per annum. Mark up is payable on monthly / quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Furthermore, some limits carry commission against foreign and local LCs at 0.05% to 0.10% (June 30, 2021: 0.05% to 0.10%) per quarter.

Securities

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

10 Contingencies and Commitments

10.1 Contingencies

There are no material contingencies outstanding as at reporting date.

10.2 Guarantees

10.2 Guarantees	December 31, 2021	June 30, 2021
	(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Sui Northern Gas Pipelines Limited	3,090	3,090
Pakistan State Oil Company Limited	3,000	3,000
Total Parco Pakistan Limited	8,000	8,000
	14,090	14,090

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM **FINANCIAL INFORMATION** (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

10.3 Commitments	Note	December 31, 2021	June 30, 2021
		(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Letters of credit		456,404	463,629
11 Property, Plant and Equipment		December 31, 2021	June 30, 2021
		(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Operating fixed assets	11.1	1,065,815	967,940
Capital work in progress	11.2	22,564	132,335
		1,088,379	1,100,275
11.1 Operating fixed assets			
Opening written down value		967,940	940,281
Additions during the period / year		129,394	82,499
Disposals during the year		-	(170)
		1,097,334	1,022,610
Depreciation charge for the period / year		(31,519)	(54,732)
Disposals during the year		-	62
		(31,519)	(54,670)
		1,065,815	967,940
11.2 Capital Work in Progress			
Opening balance		132,335	43,662
Additions during the period / year		47,861	159,357
		180,196	203,019
Transferred to property, plant and equipment		(157,632)	(70,684)
		22,564	132,335

12 Cost of Sales	Half Year Ended December 31,		Quarter Ended December 31,	
	2021 (Rs. '000')	2020 (Rs. '000')	2021 (Rs. '000')	2020 (Rs. '000')
	(Un-audited)			
Opening stock of finished goods	170,800	311,476	227,254	266,268
Cost of goods manufactured	3,469,909	2,455,299	2,010,852	1,382,265
	3,640,709	2,766,775	2,238,106	1,648,533
Closing stock of finished goods	(284,715)	(294,962)	(284,715)	(294,962)
Cost of goods sold	3,355,994	2,471,813	1,953,391	1,353,571

13 Taxation	Half Year Ended December 31,		Quarter Ended December 31,	
	2021 (Rs. '000')	2020 (Rs. '000')	2021 (Rs. '000')	2020 (Rs. '000')
	(Un-audited)			
Current tax:				
- Current period	77,570	55,118	77,570	36,376
- Adjustment for prior years	2,690	43	2,690	43
	80,260	55,161	57,208	36,419
Deferred tax	(10,957)	(4,074)	(7,954)	(1,109)
	69,303	51,087	49,254	35,310

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM **FINANCIAL INFORMATION** (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

14 Transactions with Related Parties

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

Related Party	Relationship	Nature of Transaction	Half Year Ended December 31,	
			Dec. 2021	June 2021
			(Un-audited) (Rs. '000')	(Audited) (Rs. '000')
Nimir Industrial Chemicals Limited	Ultimate parent Company	Purchase of goods	78,163	101,226
		Sales of goods	1,676	22
		Services provided	2,326	2,115
		Services received/acquired	3,002	2,729
		Other expenses reimbursed	676	434
Nimir Chemcoats Limited	Associated Company	Purchase of goods	497	-
		Sale of goods	36,859	-
		Services provided	936	-
		Other expenses reimbursed	32	-
Contribution to staff retirement benefits				
		Contribution to gratuity fund	4,920	4,320
Key Management Personal				
		Remuneration	26,597	18,534
		Other benefits	6,864	4,048

15 Segment Reporting

15.1 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 two operating segments:

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

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

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

15.2 Segment analysis	Coating, Emulsion and Blending	Textile, Paper and others	Total
	(Rs. '000')		
Segment Results for the Period ended December 31, 2021 (Un-audited)			
Revenue	2,014,093	1,790,605	3,804,698
Segment results	186,970	179,487	366,457
Other operating expenses			(70,400)
Finance cost			(63,757)
Other income			12,614
Profit before taxation			244,914

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM **FINANCIAL INFORMATION** (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Coating, Emulsion and Blending	Textile, Paper and others	Total
	(Rs. '000')		
Segment Results for the Period ended December 31, 2020 (Un-audited)			
Revenue	1,776,655	1,000,656	2,777,311
Segment results	120,281	118,876	239,157
Other operating expenses			(17,798)
Finance cost			(56,779)
Other income			8,766
Profit before taxation			173,346

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

- **Information about major customers**

One customer of the Company accounts for 8.46% (2020: 8.41%) of total sales for the period. Revenue from such customer was Rs. 321.735 million (2020: Rs. 233.476 million).

- **Information about geographical areas**

- All non-current assets of the Company are located in Pakistan as at the reporting date.
- Revenue from export sale is 5,995 million (2020: 2,088 million).

16 Authorization of Financial Statements

These condensed interim financial statements (un-audited) are approved and authorized for issuance on Thursday, February 17, 2022 by the Board of Directors of the Company.

17 General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these condensed interim financial statements (un-audited) except for the earnings per share. Earnings per share for prior periods have been adjusted for event of reverse share split as required by para 26 of IAS 33 Earnings per share.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



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