



Wah Nobel Chemicals Limited

ANNUAL REPORT 2019





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VISION STATEMENT

The Company's vision is to be the market leader and serve the needs of customers with total dedication, supply them the current and anticipate their future needs, create value for customers, shareholders, employees and the community.



CORPORATE MISSION

- To meet the current needs of its customers and anticipate their future needs.
- To maintain close and direct contacts with the customers to ensure their complete satisfaction.
- Constantly improve the quality of all our activities through operational excellence.

Corporate Information

BOARD OF DIRECTORS

| | | |
|----------------------------|---|---------------------------|
| Lt. Gen. Sadiq Ali, HI (M) | : | Chairman |
| Mr. Torbjorn Saxmo | : | Vice Chairman |
| Mr. Abdul Aziz | : | Director |
| Mr. Muhammad Arshad | : | Director |
| Mr. Tariq M. Rangoonwala | : | Director (Independent) |
| Mr. Shafiq Ahmed Siddiqi | : | Director (N.I.T. Nominee) |
| Mr. Munaf Ibrahim | : | Director (Independent) |

| | | |
|-----------------|---|--|
| CHIEF EXECUTIVE | : | Brig (R) Shiraz Ullah Choudhry, SI (M) |
|-----------------|---|--|

AUDIT COMMITTEE

| | | |
|--------------------------|---|----------|
| Mr. Tariq M. Rangoonwala | : | Chairman |
| Mr. Abdul Aziz | : | Member |
| Mr. Muhammad Arshad | : | Member |

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

| | | |
|--|---|----------|
| Mr. Abdul Aziz | : | Chairman |
| Mr. Tariq M. Rangoonwala | : | Member |
| Brig (R) Shiraz Ullah Choudhry, SI (M) | : | Member |

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

| | |
|---|------------------------|
| : | Mr. Tanveer Elahi, FCA |
|---|------------------------|

AUDITORS

| | |
|---|--|
| : | KPMG Taseer Hadi & Co Chartered Accountants |
|---|--|

LEGAL ADVISORS

| | |
|---|-------------------------------|
| : | The Law Firm of Basit Musheer |
|---|-------------------------------|

SHARES REGISTRAR

| | |
|---|--|
| : | Ilyas Saeed Associates (Pvt.) Ltd., Management Consultants, Office # 26, 2 nd Floor, Rose Plaza, I-8 Markaz, Islamabad. Tel: 051-4938026-7, Fax: 051-4102628 Email: iilyas@hotmail.com |
|---|--|

BANKERS

| | |
|---|---|
| : | MCB Bank Limited Allied Bank of Pakistan Limited Bank Al-Habib Limited Askari Bank Limited |
|---|---|

REGISTERED OFFICE

| | |
|---|-----------------------|
| : | G.T. Road, Wah Cantt. |
|---|-----------------------|

FACTORY

| | |
|---|------------|
| : | Wah Cantt. |
|---|------------|

PHONES

| | |
|---|--|
| : | (051) 5568760, 4545243-6 (4 Lines) (051) 9314101-21 (21 Lines) Ext. 22236 (051) 4545241, (051) 4535862 |
|---|--|

FAX

| | |
|---|-----------------|
| : | ce@wahnobel.com |
|---|-----------------|

E.MAIL

WEBSITE

| | |
|---|--|
| : | www.wahnobel.com |
|---|--|

Company Profile

Wah Nobel Chemicals Limited is a Pakistan's leading manufacturer of Formaldehyde, Urea Formaldehyde Glue, Phenol Formaldehyde Glue, Resins and Urea Formaldehyde Moulding Compound. Since its inception Wah Nobel Chemicals Limited has stood as a symbol of quality, safety, reliability, unparalleled after sale service and commitment. Its products enjoy the highest reputation throughout Pakistan. This has been achieved through innovation, expertise, state of the art technology and a vision for the future.

PRODUCTION PREMISES

| | | |
|---|--------------------------------|---------------|
| ● | Total Area | 45,100 Sqr. M |
| ● | Process Area | 22,000 Sqr. M |
| ● | Auxiliary Building | 1,000 Sqr. M |
| ● | Green Area | 11,730 Sqr. M |
| ● | Open Plot For Future Expansion | 10,370 Sqr. M |

PRODUCT RANGE

| | | |
|---|-------------------------------------|-------------------------|
| ● | Formaldehyde | 37 TO 50% Concentration |
| ● | Urea Formaldehyde Glue | Various Grades |
| ● | Phenol Formaldehyde Glue | Various Grades |
| ● | Special Resins | Various Grades |
| ● | UFC 85 | |
| ● | Urea Formaldehyde Moulding Compound | Various Grades |

INSTALLED CAPACITY (M. Tons per Annum)

| | |
|-------------------------------------|--------|
| Formaldehyde | 80,000 |
| Urea/Phenol Formaldehyde | 19,000 |
| Urea Formaldehyde Moulding Compound | 7000 |

QUALITY LEADERSHIP

Quality is an integral part of our business environment and culture. The certification of ISO 9001:2015 affirms our commitment to the adherence of international quality standards. Further, our Company has also been awarded two other Certificates namely Environmental Management System ISO 14001:2015 and Health & Safety Management System OHSAS 18001:2007. All these certifications add to the confidence of our customers in our ability to provide them with the best products and services at most competitive prices.

Notice of Annual General Meeting

NOTICE is hereby given that the 36th Annual General Meeting of the shareholders of WAH NOBEL CHEMICALS LIMITED will be held at the Registered Office of the Company, G.T. Road, Wah Cantt on Monday, October 28, 2019 at 1200 hours to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on May 23, 2019.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2019 together with the Directors' and the Auditors' Reports thereon.
3. To approve the payment of cash dividend @ Rs 4/- per share i.e. 40% as recommended by the Directors.
4. To appoint the Auditors of the Company for the year 2019-20 and to fix their remuneration.

OTHER BUSINESS

5. To transact any other business with the permission of the Chair.

By Order of the Board

Wah Cantt.
October 07, 2019

(TANVEER ELAHI)
COMPANY SECRETARY

NOTES:

1. The share transfer books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on October 21, 2019 will be treated in time for the entitlement of payment of dividend.
2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time appointed for the meeting and must be duly stamped, signed and witnessed.
3. CDC Account Holders are advised to bring their original National Identity Cards to authenticate their identity along with CDC account numbers at the meeting. However, if any proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the National Identity Card of the grantor, and the signature on the proxy form has to be the same as appearing on the National Identity Card.
4. Shareholders are requested to notify to the Shares registrar the change of address, if any, immediately.
5. Pursuant to the directives of the Securities & Exchange Commission of Pakistan (SECP), the dividends of Shareholders whose CNIC or NTN (in case of corporate entities) are not available with the Share Registrar could be withheld. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN (if not already provided) to the Company's Share Registrar, M/s Ilyas Saeed Associates (Pvt) Limited, without any delay. In the absence of a member's valid CNIC or NTN, the Company will be constrained to withhold dispatch of dividend warrants to such members, in terms of Section 243(2)(a) of the Companies Act, 2017 which will be released by the Company only upon compliance with the aforesaid directive.
6. Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2019, effective July 1, 2019, withholding of tax on dividend based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being

appeared on the Active Taxpayers List.

Further, according to clarification provided by the FBR, with-holding tax will be determined separately on 'Active or Non-Active' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

7. As per Section 242 of Companies Act, 2017, it is mandatory for the listed company to pay cash dividend to its shareholders only through electronic mode, directly into bank account designated by the entitled shareholders. Therefore, those Shareholders who have not yet provided details of their bank mandate are hereby advised to submit these details specifying: (i) title of account, (ii) bank account number, (iii) International Bank Account (IBAN) number (iv) bank name (v) branch name, code and address to Company's Share Registrar. Shareholders who hold shares with Participants /Central Depository Company of Pakistan (CDC) are advised to provide their bank mandate information to the concerned Broker/CDC. Please note that as per Section 243(3) of the Companies Act, 2017, company will be constrained to withhold payment of dividend, if necessary information is not provided by shareholders.
8. SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent to the company.
9. Pursuant to the provisions of Section 244 of Companies Act, 2017, any shares issued or dividend declared by the Company, which have remained unclaimed or unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with SECP for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. Company after having completed the stipulated procedure, if no claim is lodged by the shareholders the Company shall proceed to deposit the unclaimed / unpaid amount to the credit of the Federal Government and in case of shares, shall be delivered to the SECP.

Review Report by the Chairman

I am pleased to present to you the review on Annual Report of Wah Nobel Chemicals Limited ("the Company") for the year ended June 30, 2019. The Financial Year 2018-19 has been another year of high performance and growth for the Company. Company achieved its highest net sales and profit after tax of Rs. 2,263 million and Rs. 176 million respectively. Based on the financial performance, the Board has recommended a final cash dividend of 40% i.e. Rs. 4/- per share. Company contributed Rs. 621 million towards the National Exchequer on account of various government levies, taxes and import duties during the year under review.

I am pleased to report that Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in its strategic affairs. The Board, being responsible for the management of the company, formulates all significant policies and strategies. The Board also played a key role in monitoring of management performance and focus on major risk areas. The Board was fully involved in strategic planning process and enhancing the vision of the Company. All Directors fully participated and contributed in decision making process of the Board.

The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework and is committed to good Corporate Governance. The Board of Directors of the Company complies with all relevant rules and regulations. During the year under review, quarterly, half yearly and annual financial results were thoroughly reviewed and Board extended its guidance to the management on regular basis. Board members also reviewed and approved the Company's financial budget and capital expenditures requirement.

As Chairman, I will remain firmly committed to ensure that Company complies with all relevant codes and regulations.

On behalf of the Board, I wish to acknowledge and appreciate the contributions of all associates and management staff of all cadres of the Company in the success of the Company. I would like to thank Board of Directors, shareholders, bankers, vendors and valued customers for their continuous support and guidance. I am confident that the Company will be successful in meeting the future challenges and targets.

Lt. Gen Sadiq Ali , HI (M)
Chairman

Wah Cantt:
October 03, 2019

Directors' Report

The Directors of the Company are pleased to present Annual Report and the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Auditors' Report thereon.

OPERATING PERFORMANCE

During the financial year 2018-19, the Company achieved its highest ever net sales of Rs. 2.263 billion registered a growth of 35% over last year's net sales of Rs. 1.681 billion. The Gross Profit of the Company increased from last year's Rs. 317.150 million to Rs. 354.874 million on account of higher sales as well as production efficiencies.

During the year under review finance cost of the Company has increased to Rs. 48.691 million from Rs. 6.980 million of last year, due to increase in Policy rates by State Bank of Pakistan almost doubled from 6.50% last year to 13.25%. Besides that utilization of short term borrowing also remained higher during the year.

Company earned After Tax Profit of Rs. 176.492 million during the year under review against last year's After Tax Profit of Rs. 174.102 million. Net Profit slightly increased by Rs. 2.390 million, however net profit ratio decreased from 10.36% to 7.80%.

The decline in net profit ratio is attributed to increase in KIBOR, increase in price of basic raw material and other input costs due to drastic Pak Rupee devaluation against US Dollar. However, due to fierce competition in the market, the selling prices of the products could not be increased proportionately.

FINANCIAL RESULTS

The summary of the operating results of the Company for the year under review along-with the comparatives for the last year are as under:

| | 2018-19 | 2017-18 |
|------------------------|-----------------------|-----------|
| | Rupees (in thousands) | |
| Net Sales | 2,262,829 | 1,680,925 |
| Gross Profit | 354,874 | 317,150 |
| Operating Profit | 329,880 | 293,891 |
| Profit before taxation | 249,605 | 249,456 |
| Provision for taxation | 73,112 | 75,354 |
| Profit after taxation | 176,492 | 174,102 |

NET EARNING PER SHARE

Earnings per share for the year ended June 30, 2019 was Rs. 19.61 as against Rs 19.34 of preceding year.

SUBSEQUENT APPROPRIATIONS

The directors have recommended /approved following appropriations for the year ended June 30, 2019 which would be reflected in the subsequent financial statements of the company:

- i) **DIVIDEND**
The directors have recommended a payment of cash dividend @ Rs. 4.00 per share (i.e. 40%), subject to the approval of Shareholders at the forthcoming Annual General Meeting.
- ii) **GENERAL RESERVE**
The directors also proposed / approved transfer of Rs. 115 million from un-appropriated profits to general reserve.

OUTLOOK FOR 2019-20

The Company operates in a highly competitive industry, where excess capacity exists. The Company anticipates pressure on margins due to intense competition from existing players and new entrants in the industry, increasing input costs due to continued devaluation of rupee and rising inflation rate. However, the Management is taking all possible measures to combat these challenges and is hopeful to maintain growth momentum to continue in 2019-20.

INTERNAL FINANCIAL CONTROLS

The company maintains a system of internal control and procedures designed to ensure reliable and transparent financial reporting and disclosures. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with changing laws and regulations. Internal Audit department monitors the compliance of internal controls. Through discussions with auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Despite the fact that the Company's financial performance was consistently exceptional

during the last three years, still Company is exposed to certain inherent risks and uncertainties like competition, adverse decision of Supreme Court of Pakistan on Vend and Permit Fee case, fluctuation in exchange rate, adverse interest rate, inconsistent Government regulations, taxes , policies etc that may have an impact on the future financial statements of the Company.

The Management periodically reviews major financial and operating risks faced by the business Company works with internal and external stakeholders to mitigate / reduce to acceptable level the likely impacts of aforesaid risks.

RELATED PARTY TRANSACTIONS

All transactions with related parties have been carried out in normal course of business at arm's length and have been disclosed in the financial statements under relevant notes.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company is committed to good corporate governance. As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017, have been followed in the preparation of financial statements and any departure thereof has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern unless there is an adverse decision in the Vend and Permit Fee case currently pending with Supreme Court of Pakistan. (Applicable to all similar industry)
- There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations of the stock exchange except for the instances of non-compliance disclosed in the Statement of Compliance.
- Summary of key operating and financial data for the last six financial years is annexed with the report.

- The un-audited value of investments, including bank deposits, of retirement benefits funds as of June 30, 2019 were as follows:

RUPEES

| | |
|------------------|------------|
| ● Provident Fund | 59,515,126 |
| ● Gratuity Fund | 23,680,990 |
| ● Pension Fund | 15,945,620 |

BOARD OF DIRECTORS

- The total number of directors (including Chief Executive) are eight (8) as per the following:

| | | |
|-----------|---|------------|
| a. Male | : | Eight (08) |
| b. Female | : | None |

- The composition of board is as follows:

| | | |
|------------------------------------|---|-----------|
| (i) Independent Directors | : | Two (02) |
| (ii) Other Non-executive Directors | : | Five (05) |
| (iii) Executive Directors | : | One (01) |

Seven directors were elected unopposed as Directors of the Company for next term of three years commencing from June 01, 2019 in the Extra Ordinary General Meeting held on May 23, 2019. The newly elected Board of Directors is as follows:-

1. Lt. Gen. Sadiq Ali
2. Mr. Torbjorn Saxmo
3. Mr. Abdul Aziz
4. Mr. Muhammad Arshad
5. Mr. Tariq M. Rangoonwala
6. Mr. Shafiq Ahmed Siddiqi
7. Mr. Munaf Ibrahim

The Board placed on record its appreciation for valuable contributions rendered by the outgoing Directors to the Company and warmly welcome the new Directors on the Board of the Company.

During the year under review, five Board meetings were held. The number of meetings attended by each Director is given hereunder:

| S.# | Names of Directors | Meeting Attended | Remarks |
|-----|---------------------------------|------------------|--------------------------|
| 1 | Lt. Gen Sadiq Ali (Chairman) | 04 | |
| 2 | Mr. Torbjorn Saxmo | 05 | |
| 3 | Mr. Muhammad Nawaz Tishna | 01 | Retired on May 31, 2019 |
| 4 | Mr. Muhammad Afzal | 02 | Retired on May 31, 2019 |
| 5 | Mr. Abdul Aziz | 05 | |
| 6 | Mr. Hashmat Hussain | 04 | Retired on May 31, 2019 |
| 7 | Mr. Muhammad Arshad | - | Elected on June 01, 2019 |
| 8 | Mr. Tariq M. Rangoonwala | - | Elected on June 01, 2019 |
| 9 | Mr. Shafiq Ahmed Siddiqi | - | Elected on June 01, 2019 |
| 10 | Mr. Munaf Ibrahim | - | Elected on June 01, 2019 |
| 11 | Brig (R.) Shiraz Ullah Choudhry | 05 | |

During the year, Audit Committee held four (4) meetings and were attended by each member as follows:

| S.# | Names of Directors | Meeting Attended | Remarks |
|-----|--------------------------|------------------|--------------------------------------|
| 1 | Mr. Muhammad Afzal | - | Retired on May 31, 2019 |
| 2 | Mr. Abdul Aziz | 04 | |
| 3 | Mr. Hashmat Hussain | 04 | Retired on May 31, 2019 |
| 4 | Mr. Tariq M. Rangoonwala | | Appointed / Elected on June 01, 2019 |
| 5 | Mr. Muhammad Arshad | | Appointed / Elected on June 01, 2019 |

During the year, HR and Remuneration Committee held one (1) meeting and was attended by each member as follows:

| S.# | Names of Directors | Meeting Attended | Remarks |
|-----|---------------------------------|------------------|--------------------------------------|
| 1 | Mr. Abdul Aziz | 01 | |
| 2 | Mr. Hashmat Hussain | 01 | Retired on May 31, 2019 |
| 3 | Mr. Muhammad Arshad | | Appointed / Elected on June 01, 2019 |
| 4 | Mr. Tariq M. Rangoonwala | | Appointed / Elected on June 01, 2019 |
| 5 | Brig (R.) Shiraz Ullah Choudhry | 01 | |

Leave of absence was granted to the members of the Board / Committee who were unable to attend the meeting.

DIRECTORS' REMUNERATION POLICY

The Board is authorized to determine the remuneration / fee of its Directors for attending meetings of the Board. No remuneration shall be paid for attending meetings of the Board, Committee(s) of the Board and for attending General Meeting(s) or any other business meeting(s) of the company. However travelling, hotel and other expenses incurred for attending the meetings are to be paid only.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being socially responsible corporate entity we are committed to our communities as we are to our customers, shareholders and employees. Company is committed to act ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local communities and society at large. The Company practices active corporate citizenship through energy conservation, industrial relations, employment of special persons, occupational safety & health, business ethics, contributing to national exchequer. Energy conservation has drawn focus in recent years in this regard the Company has taken various steps to conserve energy like restricted use of all air conditioners and heaters and replacement of electric bulbs & tubes with energy savers and LED's. Our Parent Company has installed Solar Energy Plant in main office of Wah Nobel for energy conservation & to reduce the electricity burden.

The Company is committed to provide quality products at competitive price to our customers. We also provide free advisory services to them.

The Company enjoys a good relationship between its management and employees. The Company also has a good relationship with vendors and suppliers.

The Company is running UMRAH scheme for its employees. The employees who have completed ten years of service with the Company are eligible for the Scheme. The Company sends every year 01 employee for performing UMRAH at the Company's expense.

Occupational health & safety continues to be among the Company's top priorities. The Company is committed to health and safety practices and work environments that enable our employees to work free of injury and illness. To achieve this, we ensure that operations comply with applicable occupational health and safety regulations.

Business ethics are an integral part of our policies and procedures. The Company is committed to conduct all of its business activities according to the highest principles of business ethics and in full compliance with the laws and regulations of the state.

As a general obligation of the Company, it does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees. The Company is committed to provide a safe, healthy, learning and environment friendly atmosphere to all its employees. The Company promotes culture of team work, sense of urgency, innovation, sincerity & loyalty, discipline, tolerance and mutual respect among the employees which helps in transforming their creativities into professional excellence. Company offers apprenticeship on regular basis to elevate professional and technical skills of the individuals.

The company is contributing significant amount towards the national exchequer on account of corporate tax, general sales tax, excise duty, custom duty and vend / permit fee. During the year 2018-19 company has contributed over Rs. 621 million (2018: Rs. 450 million) to the national exchequer.

WEBSITE

Company's periodic financial statements for the current financial year including annual / periodic reports for the last five years are available on the Company's website for information of the shareholders and others.

www.wahnobel.com/wnc.htm

VEND FEE AND PERMIT FEE

As regards vend fee and permit fee case, Sindh High Court has already pronounced favourable judgment. Presently the case is pending with the Honorable Supreme Court of Pakistan. There are no significant doubts upon the Company's ability to continue as a going concern, unless there is an adverse decision. In view of the merits of the case and favourable decision of the Sindh High Court, the management expects a favourable decision from the apex court and is making necessary efforts to continue as a going concern.

AUDITORS

The present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants are due to retire at the conclusion of the 36th annual general meeting of the Company, being eligible, offer themselves for re-appointment.

On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment as auditors of the Company for the year ending June 30, 2020 for shareholders consideration and approval at the forthcoming annual general meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2019 and additional information thereabout required under the Code of Corporate Governance is included in this report.

No trade in the shares of the Company was carried out by the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Executives and their spouses and minor children during the year except Mr. M.Tariq Rangoonwala Director who purchased 500 shares of the Company before his election.

ACKNOWLEDGMENT

The Directors wish to place on record their sincere appreciation for the commitment, hard work and dedication shown by all the Management and Employees of the Company towards the progress of the company. The Directors also express their gratitude to our valued shareholders, customers, suppliers and bankers for their continued patronage and support.

On behalf of Board of Directors

Abdul Aziz
Director

Brig Shiraz Ullah Choudhry (R)
Chief Executive

Wah Cantt:
October 03, 2019

Six Year at a Glance

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|------------|
| (Rupees in Thousands) | | | | | | |
| (A) Operating Results: | | | | | | |
| i) Net Sales Revenue | 1,303,980 | 1,209,911 | 1,181,518 | 1,250,740 | 1,680,925 | 2,262,829 |
| ii) Gross Profit | 193,842 | 128,054 | 236,346 | 270,452 | 317,150 | 354,874 |
| iii) Operating Profit | 116,548 | 50,701 | 150,533 | 208,168 | 293,891 | 329,880 |
| iv) Profit Before Tax | 104,625 | 26,484 | 120,085 | 189,060 | 249,456 | 249,605 |
| v) Profit After Tax | 66,775 | 12,263 | 78,469 | 131,105 | 174,102 | 176,492 |
| (B) Financial Position | | | | | | |
| i) Paid-up Capital | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| ii) Shareholders Equity | 515,158 | 492,460 | 561,764 | 658,611 | 778,380 | 887,645 |
| iii) General Reserve | 325,000 | 360,000 | 375,000 | 425,000 | 505,000 | 635,000 |
| iv) Property, Plants and Equipment (Net) | 167,015 | 159,030 | 148,722 | 170,642 | 307,614 | 332,755 |
| v) Current Assets | 704,236 | 677,275 | 701,975 | 835,027 | 1,020,092 | 1,526,567 |
| (C) Key Performance Indicators | | | | | | |
| i) Gross Profit % | 14.86% | 10.58% | 20.00% | 21.62% | 18.87% | 15.68% |
| ii) Net Profit % | 5.12% | 1.01% | 6.64% | 10.48% | 10.36% | 7.80% |
| iii) Earning Per Share Rs. | 7.42 | 1.36 | 8.72 | 14.57 | 19.34 | 19.61 |
| iv) Cash Dividend % | 40% | 10% | 40% | 60% | 50% | 40% |
| | | | | | | (Proposed) |
| vi) Break-up Value Per Share Rs. | 57.24 | 54.72 | 62.42 | 73.18 | 86.49 | 98.63 |
| vii) Current Ratio | 1.86:1 | 1.86:1 | 2.29:1 | 2.40:1 | 2.22:1 | 1.68:1 |

Pattern of Shareholding

as at June 30, 2019

| No of shareholders | Shareholding | | Total shares held |
|-----------------------|--------------|-----------|----------------------|
| | From | To | |
| 166 | 1 | 100 | 6,641 |
| 372 | 101 | 500 | 96,630 |
| 121 | 501 | 1,000 | 95,918 |
| 107 | 1,001 | 5,000 | 280,102 |
| 23 | 5,001 | 10,000 | 168,000 |
| 12 | 10,001 | 20,000 | 189,190 |
| 12 | 20,001 | 30,000 | 335,214 |
| 3 | 30,001 | 50,000 | 114,302 |
| 6 | 50,001 | 100,000 | 499,703 |
| 5 | 100,001 | 1,000,000 | 2,243,904 |
| 1 | 1,000,001 | 5,000,000 | 4,970,396 |
| 828 | Total | | 9,000,000 |

| Categories of shareholders | No. of Shareholders | Shares held | Percentage |
|---|------------------------|------------------|---------------|
| • Directors, Chief Executive Officer, and their spouse and minor children. | 6 | 402,904 | 4.48 |
| • Associated Companies, undertakings and related parties. | 3 | 5,102,498 | 56.69 |
| • NIT/ICP | 2 | 576,749 | 6.41 |
| • Banks Development Financial Institutions, Non Banking Financial Institutions. | 2 | 1,478 | 0.02 |
| • Insurance Companies | 2 | 863,080 | 9.59 |
| • Modarabas and Mutual Funds | | | 0.00 |
| • Shareholders holding 10% | - | - | - |
| • General Public | | | |
| a. Local | 803 | 1,963,325 | 21.81 |
| b. Foreign | - | - | - |
| • Others (to be specified) | | | |
| Takaful Companies | 3 | 27,000 | 0.30 |
| Benevolent / Pension Fund | 2 | 60,245 | 0.67 |
| Joint Stock Coys. | 4 | 2,621 | 0.03 |
| Stock Exchange. | 1 | 100 | 0.00 |
| Total | 828 | 9,000,000 | 100.00 |

Details of Pattern of Shareholding as per requirements of Code of Corporate Governance

| Categories of Shareholders | | Number of Shares held |
|--|--|-----------------------|
| I) Associated Companies, undertakings and related parties. | | |
| 1 | Wah Nobel (Pvt) Ltd | 4,970,396 |
| 2 | WNPL Employees Provident Fund | 99,000 |
| 3 | WNCL Employees Provident Fund | 33,102 |
| | | 5,102,498 |
| II) Mutual Funds | | |
| 1 | CDC - Trustee National Investment (UNIT) Trust | 576,124 |
| 2 | Investment Corporation of Pakistan, (ICP) | 625 |
| | | 576,749 |
| III) Directors and their spouse(s) and minor children. | | |
| 1 | Lt. Gen. Saqdi Ali, Chairman/Director* | 1 |
| 2 | Mr. Torbjorn Sexmo, Director* | 1 |
| 3 | Mr. Abdul Aziz, Director* | 1 |
| 4 | Mr. Muhammad Arshad, Director* | 1 |
| 5 | Mr. Munaf Ibrahim, Director | 402,400 |
| 6 | Mr. Tariq Rangoonwala | 500 |
| | | 402,904 |
| IV) Executives | | Nil |
| V) Public Sector Companies and Corporations | | |
| 1 | State Life Insurance Corporation Of Pakistan | 862,080 |
| VI) Banks Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds | | 951,803 |
| VII) Shareholders holding five percent or more voting rights / Interests | | |
| 1 | Wah Nobel (Pvt) Ltd | 4,970,396 |
| 2 | CDC - Trustee National Investment (UNIT) Trust | 576,124 |
| 3 | State Life Insurance Corporation Of Pakistan | 862,080 |
| | | 6,408,600 |

* Directors mentioned at Sr III (1-4) held these shares (1 share each) as nominee of Wah Nobel (Pvt) Ltd . The ultimate ownership remains with Wah Nobel (Pvt) Ltd

Some of the share holders are reflected in more than one category

Details of trading in the shares by the CEO, Directors, Chief Financial Officer Company Secretary and their spouses and minor children.

No trade in the shares of the company was carried out by the Director, CEO, CFO, Company Secretary, Executives and their spouses and minor Children the during the financial year ended June 30, 2019 except Mr. Tariq Rangoonwala, Director who purchased 500 shares of the Company before his election

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors (including Chief Executive) are eight (8) as per the following:
 - a. Male: Eight (08)
 - b. Female: None

2. The composition of board is as follows:

| Category | Names |
|-------------------------------|---|
| Independent Directors | 1. Mr. Tariq M. Rangoonwala 2. Mr. Munaf Ibrahim |
| Other Non-Executive Directors | 1. Lt. Gen Sadiq Ali 2. Mr. Torbjorn Saxmo 3. Mr. Abdul Aziz 4. Mr. Muhammad Arshad 5. Mr. Shafiq Ahmed Siddiqi |
| Executive Directors | 1. Brig (R) Shiraz Ullah Choudhry |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
9. One director of the company has already acquired the Certification under directors' training program from an institute duly approved by the Securities and Exchange Commission of Pakistan. One Director of the company has the prescribed qualification and experience required for exemption from the directors training program as mentioned in Regulation #. 20 and remaining directors are to be trained within specified time. None of the directors have attended any training program during the year.
10. The position of Company Secretary was held by the Chief Financial Officer (CFO) during the year. Pursuant to the amendments introduced in the Regulations in December 2018 which clarify that an individual shall not simultaneously hold position of Company Secretary and Chief Financial Officer, the Company has not separated these functions yet.

The board has approved appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

| Audit Committee | HR and Remuneration Committee |
|--|---|
| Mr. Tariq M. Rangoonwala (Chairman) Mr. Abdul Aziz Mr. Muhammad Arshad | Mr. Abdul Aziz (Chairman) Mr. Tariq M. Rangoonwala Brig (R) Shiraz Ullah Choudhry |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee : Four quarterly meetings
 - b) HR and Remuneration Committee : One annual meeting.
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of Board of Directors

Abdul Aziz
Director

Brig Shiraz Ullah Choudhry (R)
Chief Executive

Wah Cantt:
October 03, 2019

Independent Auditor's Review Report

to the members of Wah Nobel Chemicals Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Wah Nobel Chemicals Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlighted below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

- i) As disclosed in para 1 of the Statement of Compliance, currently, there is no female director on the Board.
- ii) As disclosed in para 2 of the Statement of Compliance, currently, independent directors are less than one third of the total members of the Board.
- iii) As disclosed in para 12 of the Statement of Compliance, Chairman of Human Resource and Remuneration (HR&R) Committee is not an independent director.
- iv) As disclosed in para 10 of the Statement of Compliance, currently, position of Company Secretary is held by the Chief Financial Officer.

KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

07 October 2019

Independent Auditor's Report

to the members of Wah Nobel Chemicals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Wah Nobel Chemicals Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

| S. No. | Key audit matters | How the matter was addressed in our audit |
|--------|--|--|
| 1 | <p>Revenue recognition</p> <p>Refer notes 3.12 and 20 to the financial statements.</p> <p>The Company recognized revenue from the sale of Urea Formaldehyde Moulding Compound, Formaldehyde and Formaldehyde based liquid resins of Rs. 2.26 billion for the year ended 30 June 2019.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of sales transactions recorded during the year with sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of sales transactions recorded before and after the reporting date with the sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; and • Comparing non-routine journal entries posted to revenue accounts during the year, if any, with the relevant underlying documentation. |
| 2 | <p>Valuation of trade debts in accordance with IFRS 9 – Financial Instruments</p> <p>Refer notes 3 & 7 to the financial statements.</p> <p>The Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires, among other matters, the Company to recognize impairment loss for financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company under IAS 39.</p> <p>Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of ECL requirements as a key audit matter due to significance of estimates and judgments in this regard.</p> | <p>Our audit procedures to evaluate the determination of ECL on trade debts in accordance with IFRS 9 – Financial Instruments included the following:</p> <ul style="list-style-type: none"> • Assessing the methodology developed and applied by the Company to estimate the ECL in relation to trade debts; • Assessing and evaluating the assumptions used in applying the ECL methodology and the integrity and quality of the data used for ECL computation; • Checking the mathematical accuracy of the ECL model by performing recalculation on test basis; and • Assessing the adequacy of disclosures related to ECL as required under applicable financial reporting standards. |

| S. No. | Key audit matters | How the matter was addressed in our audit |
|--------|--|---|
| 3 | <p>Advance tax</p> <p>Refer note 10 to the financial statements.</p> <p>As at 30 June 2019, the Company has net income tax refundable from tax authorities amounting to Rs. 227 million. The tax refundable has arisen mainly due to excess of deduction.</p> <p>We considered the matter as key audit matter due to significant amounts involved and significant judgements made by management in relation to the recoverability of advance tax.</p> | <p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • Consulting our internal tax specialist to assess the reasonableness of management's conclusions on recoverability of income tax refundable; • Obtaining and reviewing details of significant pending tax matters and discussed the same with Company's management; • Comparing refund applications filed for refund for advance tax relating to preceding years with the amounts recorded in the financial statements; • Reviewing correspondence with tax authorities to identify any pending taxation matters relating to the years to which the refund relates; and • Testing, on a sample basis, whether advance tax paid is in accordance with the Income Tax Ordinance, 2001 and amounts recorded in the books of account are supported by underlying documentations. |

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal

control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Atif Zamurad Malik.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
07 October 2019

Statement of Financial Position

as at June 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|------|----------------|----------------|
| ASSETS | | | |
| Property, plant and equipment | 4 | 332,754,853 | 307,614,061 |
| Non-current assets | | 332,754,853 | 307,614,061 |
| Stores, spares and loose tools | 5 | 50,771,164 | 49,875,402 |
| Stock in trade | 6 | 377,656,323 | 281,257,806 |
| Trade debts | 7 | 819,312,359 | 442,532,051 |
| Advances, deposits, prepayments and other receivables | 8 | 28,646,464 | 65,290,709 |
| Short-term investment | 9 | 2,678,133 | 2,679,516 |
| Advance tax - net | 10 | 226,841,607 | 159,392,070 |
| Cash and bank balances | 11 | 20,660,594 | 19,063,993 |
| Current assets | | 1,526,566,644 | 1,020,091,547 |
| Total assets | | 1,859,321,497 | 1,327,705,608 |
| EQUITY | | | |
| Share capital | 12 | 90,000,000 | 90,000,000 |
| Capital reserves | | 944,404 | 944,404 |
| Revenue reserves | | 796,700,771 | 687,435,629 |
| Total equity | | 887,645,175 | 778,380,033 |
| LIABILITIES | | | |
| Long term financing | 13 | 54,857,143 | 82,285,714 |
| Deferred liabilities | 14 | 8,317,212 | 6,502,996 |
| Non-current liabilities | | 63,174,355 | 88,788,710 |
| Trade and other payables | 15 | 263,446,193 | 222,725,992 |
| Due to holding company | 16 | 967,119 | 1,288,910 |
| Unclaimed dividends | | 5,979,053 | 4,706,707 |
| Current portion of long term financing | 13 | 30,046,542 | 13,916,018 |
| Loan from holding company - unsecured | 17 | 308,324,631 | - |
| Short-term borrowings | 18 | 299,738,429 | 217,899,238 |
| Current liabilities | | 908,501,967 | 460,536,865 |
| Total liabilities | | 971,676,322 | 549,325,575 |
| Total equity and liabilities | | 1,859,321,497 | 1,327,705,608 |
| Contingencies and commitments | 19 | | |

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Profit or Loss and Other Comprehensive Income

for the year ended June 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|--------|--------------------|-----------------|
| Revenue - net | 20 | 2,262,829,003 | 1,680,925,403 |
| Cost of sales | 21 | (1,907,954,654) | (1,363,774,994) |
| Gross profit | | 354,874,349 | 317,150,409 |
| Administrative and general expenses | 22 | (14,728,173) | (15,270,841) |
| Selling and distribution expenses | 23 | (10,265,806) | (7,988,461) |
| Operating profit | | 329,880,370 | 293,891,107 |
| Finance cost | 24 | (48,691,364) | (6,980,403) |
| Other expenses | 25 | (18,959,183) | (18,948,176) |
| Allowance for expected credit losses / Provision for doubtful debts | | (17,221,154) | (21,125,412) |
| Other income | 26 | 4,596,249 | 2,619,285 |
| Profit before taxation | | 249,604,918 | 249,456,401 |
| Taxation | 27 | (73,112,461) | (75,354,487) |
| Profit for the year | | 176,492,457 | 174,101,914 |
| Other comprehensive income for the year | | | |
| <i>- Items that will not be classified to profit or loss</i> | | | |
| - Loss on remeasurement of staff retirement benefit plan | 15.2.4 | (1,063,534) | (443,548) |
| - Related deferred tax | 14.2 | 308,425 | 110,887 |
| Other comprehensive income for the year - loss | | (755,109) | (332,661) |
| Total comprehensive income for the year | | 175,737,348 | 173,769,253 |
| Earnings per share - basic and diluted | 28 | 19.61 | 19.34 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Cash Flows

for the year ended June 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|--------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 249,604,918 | 249,456,401 |
| Adjustment for non cash items | 29 | 72,579,959 | 27,124,633 |
| Changes in: | | | |
| Stores, spares and loose tools | | (895,762) | (5,358,435) |
| Stock in trade | | (96,398,517) | (94,030,053) |
| Trade debts | | (424,244,005) | (871,232) |
| Advances, deposits, prepayments and other receivables | | 36,644,245 | (22,154,814) |
| Due to holding company | | (321,791) | - |
| Trade and other payables | | 32,026,355 | 89,652,046 |
| | | (453,189,475) | (32,762,488) |
| Cash generated from operating activities | | (131,004,598) | 243,818,546 |
| Payments for | | | |
| Workers' profit participation fund | 15.3 | (12,616,428) | (11,244,111) |
| Gratuity fund | 15.2.2 | (1,000,000) | (500,000) |
| Accumulated compensated absences | 14.1 | (1,539,751) | (2,176,388) |
| Provident fund | 15.5 | (5,337,202) | (6,033,531) |
| Pension fund | 15.6 | (1,211,610) | - |
| Tax | 10 | (130,652,609) | (98,639,658) |
| | | (152,357,600) | (118,593,688) |
| Net cash (used in) / generated from operating activities | | (283,362,198) | 125,224,858 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for capital expenditure | | (50,180,705) | (152,888,447) |
| Proceeds from disposal of fixed asset | | - | 484,308 |
| Interest on term deposit receipts | | 1,383 | 11,272 |
| Net cash used in investing activities | | (50,179,322) | (152,392,867) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term loans (repaid) / received during the year | | (11,298,047) | 96,000,000 |
| Short term loan obtained during the year | | 308,324,631 | - |
| Dividends paid | | (43,727,654) | (53,333,112) |
| Net cash from financing activities | | 253,298,930 | 42,666,888 |
| Net (decrease) / increase in cash and cash equivalents | | (80,242,590) | 15,498,879 |
| Cash and cash equivalents at the beginning of the year | | (198,835,245) | (214,334,124) |
| Cash and cash equivalents at the end of the year | 30 | (279,077,835) | (198,835,245) |

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

| | Revenue reserves | | | | Total |
|--|------------------|------------------|------------------|------------------------|--------------|
| | Share capital | Capital reserves | General reserves | Un-appropriated profit | |
| Rupees | | | | | |
| Balance at July 01, 2017 | 90,000,000 | 944,404 | 425,000,000 | 142,666,376 | 658,610,780 |
| Total comprehensive income for the year | - | - | - | 173,769,253 | 173,769,253 |
| Transactions with owners recorded directly in equity | | | | | |
| Dividend @ Rs. 6.00 per share | - | - | - | (54,000,000) | (54,000,000) |
| Others | | | | | |
| Transfer to general reserves | - | - | 80,000,000 | (80,000,000) | - |
| Balance at June 30, 2018 | 90,000,000 | 944,404 | 505,000,000 | 182,435,629 | 778,380,033 |
| Balance at July 01, 2018 - as previously reported | 90,000,000 | 944,404 | 505,000,000 | 182,435,629 | 778,380,033 |
| Impact of adoption of IFRS - 9 | - | - | - | (21,472,206) | (21,472,206) |
| Adjusted balance | 90,000,000 | 944,404 | 505,000,000 | 160,963,423 | 756,907,827 |
| Total comprehensive income for the year | - | - | - | 175,737,348 | 175,737,348 |
| Transactions with owners recorded directly in equity | | | | | |
| Dividend @ Rs. 5.00 per share | - | - | - | (45,000,000) | (45,000,000) |
| Others | | | | | |
| Transfer to general reserves | - | - | 130,000,000 | (130,000,000) | - |
| Balance at June 30, 2019 | 90,000,000 | 944,404 | 635,000,000 | 161,700,771 | 887,645,175 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

for the year ended June 30, 2019

1 Legal status and operations

Wah Nobel Chemicals Limited ("the Company") was incorporated in Pakistan on May 31, 1983 as a public limited Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan stock exchange. The holding company of the Company is Wah Nobel (Private) Limited and the ultimate holding company is Wah Industries Limited. The principal activity of the Company is to manufacture Urea Formaldehyde Moulding Compound, Formaldehyde and Formaldehyde based liquid resins for use as bonding agent in the chip board, plywood and flush door manufacturing industries.

1.1 The geographical location and address of the Company's business units, including plant is as under:

- The Company's registered office is situated at Wah Nobel Group of Companies building, GT Road, Wah Cantt.
- The Company's manufacturing facilities are located at Wah Cantt, Tehsil Taxila in district Rawalpindi.
- The Company's manufacturing facilities are on lease hold land (Lease from Cantonment Board Wah Cantt) whose area is ten acres.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, except for obligations under certain employee benefits have been measured at value determined by actuary.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee ("rupee"), which is the Company's functional currency. All financial information presented in rupee has been rounded off to the nearest of rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Financial Statements

for the year ended June 30, 2019

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews the residual values and useful lives of property, plant and equipment on regular basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

2.4.2 Provision for inventory obsolescence

The Company reviews the carrying value of stores, spare parts and loose tools and stock in trade for possible impairment on an annual basis. Any change in estimate in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock in trade with a corresponding effect on the provision. Net realizable value is determined with reference to estimated selling price less estimated cost of completion and estimated expenditure to make the sales.

2.4.3 Taxation

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.4 Provisions and contingencies

A provision is recognized, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

2.4.5 Employee benefit costs

Defined benefit plan and compensated absences are provided for employees of the Company. The plan is structured as separate legal entity managed by trustees, however for compensated absences liability is recognized in the Company's financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions which includes discount rate, expected rate of return on plan assets, expected rate of salary increase and mortality rates. The actuarial valuations are conducted by independent actuaries on annual basis. Calculations are sensitive to change in underlying assumptions.

Notes to the Financial Statements

for the year ended June 30, 2019

2.4.6 Impairment

2.4.6.1 Impairment of financial assets

The Company regularly reviews the recoverability of its financial assets to assess amount of provision / allowance , if any , using expected credit loss model.

2.4.6.2 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact on the Company's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. At present, the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after January 01, 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Company's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 01, 2019). The

Notes to the Financial Statements

for the year ended June 30, 2019

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 01, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the Company's financial statements.

The above amendments are effective from annual period beginning on or after January 01, 2019 and are not likely to have an impact on the Company's financial statements.

Notes to the Financial Statements

for the year ended June 30, 2019

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as indicated below:

- IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of July 01, 2018. IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

As a result of application of IFRS 15, carriage outward expenses and transit insurance previously presented as selling and distribution expenses has now been presented under cost of sales.

The change in accounting policy as a result of application of IFRS 15 has been applied retrospectively and comparative figures in the statement of profit or loss have been reclassified. The following table summarises the impact of adopting IFRS 15 on the comparative figures as presented in the statement of profit or loss and other comprehensive income for each of the line items effected.

| | Cost of sales | Selling and distribution expenses |
|---------------------------------------|------------------------|-----------------------------------|
| | Rupees | |
| As previously reported | (1,344,699,337) | (27,064,118) |
| Effect of change in accounting policy | (19,075,657) | 19,075,657 |
| Reclassified amount | <u>(1,363,774,994)</u> | <u>(7,988,461)</u> |

There was no impact on the comparative figures presented in the statement of financial position, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount of unappropriated profit as at July 01, 2017. Relevant accounting policy notes on adoption of the new standard have been explained in note 3.12.

- IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Notes to the Financial Statements

for the year ended June 30, 2019

The Company has adopted IFRS 9 by taking cumulative effect of initially applying IFRS 9 'Financial Instruments' to the opening unappropriated profit at the beginning of the annual reporting period i.e. July 01, 2018. In choosing the transition method for IFRS 9, the Company has taken advantage of the exemption allowed in IFRS 9 from restating prior periods in respect of IFRS 9's classification and measurement (including impairment) requirements.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in administrative and general expenses.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments as well.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of unappropriated profit.

| | Impact of adopting IFRS 9 on opening balance Rupees |
|--|---|
| Un - appropriated profit | |
| Recognition of expected credit losses under IFRS 9 | 30,242,543 |
| Related deferred tax | (8,770,337) |
| Impact at July 01, 2018 | <u>21,472,206</u> |

- Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities.

The Company has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' with the exception of short term deposits which are classified as FVTPL as these do not meet "solely payments of principal and interest (SPPI)" test criteria while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, refer note 3.15.

Notes to the Financial Statements

for the year ended June 30, 2019

The effect on adopting IFRS 9 on the classification of financial assets and liabilities is as follows:

Accrued interest

Owing to the presentational changes been made upon transition to IFRS 9 'Financial Instruments' from IAS 39 'Financial Instruments: recognition and measurement', accrued interest has been represented as "short term investment".

Accrued markup

Owing to the presentational changes been made upon transition to IFRS 9 'Financial Instruments' from IAS 39 'Financial Instruments: recognition and measurement', accrued markup has been represented as "current portion of long term financing" and "short term borrowings".

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at July 01, 2018 results in an additional allowance for impairment which is detailed in note 7.1.

3.1 *Staff retirement benefits*

The Company has the following plans for its employees:

3.1.1 *Defined benefit gratuity scheme*

The Company maintains an unfunded gratuity scheme for all its eligible employees. The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the projected unit credit method. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

3.1.2 *Defined contributory pension scheme*

The Company operates an approved pension scheme for its permanent employees eligible under Employees Pension Fund Rules. The Company's liability is fixed to 17% of basic salary per annum which is charged to the profit or loss of related year.

3.1.3 *Defined contributory provident fund*

The Company also operates an approved defined contributory provident fund for all eligible employees for which contributions are charged to the profit or loss.

3.1.4 *Accumulated compensated absences*

The Company provides a facility to its employees for accumulating their annual earned leaves. Accumulated compensated absences are encashable on cessation of service. Provision is made for the additional amount that the Company expects to pay as a result of unused entitlement that has accumulated at the reporting date and related expense thereof is charged to the profit or loss. The provision and related cost is recognized on the basis of actuarial valuation which is summarized in note 14.1.

Notes to the Financial Statements

for the year ended June 30, 2019

3.2 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

3.2.1 Current taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates, exemptions available and charge or reversal due to prior year, if any.

3.2.2 Deferred taxation

Deferred tax liability is accounted for using the financial position method on all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liability are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

3.3 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

3.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.5 Dividend and appropriation to reserves

Dividends and appropriations to the reserves are recognized in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to these financial statements.

3.6 Property, plant and equipment

3.6.1 Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Notes to the Financial Statements

for the year ended June 30, 2019

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for use.

Depreciation is provided on a reducing balance method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 4.1. Depreciation is charged from the month asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

Gain/loss on disposal of property, plant and equipment is taken to profit or loss in the year of disposal.

3.6.2 Leased assets

Assets held under finance leases are initially recorded at the lower of the present value of the minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future periods are shown as liability and classified as current and long term depending upon the timing of payment.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Amortization on the lease assets is charged to the profit or loss applying the rate and method used for similar owned assets so as to write off the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease.

3.7 Impairment

3.7.1 Financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECL) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For other financial assets, the Company applies general approach for calculating ECL. The Company evaluates credit quality of the financial assets under general approach for evaluation of associated credit risk.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For recognition of impairment on financial assets due from the Government of Pakistan entities, the Company continues to apply the accounting policy as stated below.

Notes to the Financial Statements

for the year ended June 30, 2019

3.7.2 Impairment of financial assets – accounting policy applied before July 01, 2018

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in statement of profit or loss. An impairment loss is reversed in the statement of profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.7.3 Non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8 Stores, spares and loose tools

These are valued at lower of cost and net realizable value (NRV) less allowance for obsolete and slow moving items. Cost is determined using the weighted average method and comprise cost of purchase and other costs incurred in bringing the inventories to their present location and condition. NRV signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. The Company reviews the carrying amount of stores, spares and loose tools on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

3.9 Stock in trade

Stock of raw material, work in process and finished goods are valued at the lower of weighted average cost and net realizable value (NRV). Cost of raw materials comprises the invoice value plus other

Notes to the Financial Statements

for the year ended June 30, 2019

charges paid thereon. Cost of work in process and finished goods include cost of direct materials, labor and appropriation of manufacturing overhead. NRV signifies selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

Goods in transit are stated at cost comprising invoice value plus other charges paid thereon.

3.10 Trade debts, other receivables and other financial assets

Trade debts and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value and bank overdrafts. In Statement of Financial Position overdrafts are shown in current liabilities while favorable balance is shown in cash and bank.

3.12 Revenue recognition

Revenue from sale of goods

The Company is in the business of sale of goods. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts, if any. Revenue from sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Company also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates).

The nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies are as follows:

(i) Ex-Site - The Company's performance obligation is to deliver the goods to the customers' premises i.e., the Company bears the related freight and insurance expense for transportation and the control of the goods is transferred to the customer at the point in time where goods are delivered to customers' premises, which is the point in time where performance obligation of the contract is met.

(ii) Ex-Factory - The Company's performance obligation is ex - factory i.e., the customer bears the related freight and insurance expense for transportation and the control of the goods is transferred to the customer at the point in time where goods are loaded in customers' transportation vessel at the Company's factory premises which the point in time where performance obligation of the contract is met.

The normal credit term is generally 60 days under both of the above selling terms of the contract.

Notes to the Financial Statements

for the year ended June 30, 2019

Transaction price allocated to remaining performance obligations

The Company applies the practical expedient as per paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

Contract assets

The contract assets primarily relate to the Company's rights to consideration for sale of goods provided these are not yet billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Contract cost

(i) Costs to obtain a contract – Incremental costs of obtaining a contract i.e., sales commission paid to third parties are accounted for as contract costs and are transferred to profit or loss account based on the systematic pattern of revenue. The Company capitalizes such costs if revenue relating to such contract has not been recognized and the Company expects to recover such costs.

(ii) Costs to full fill a contract – Costs that relate directly to a contract and are specifically identified, generate or enhance resources of the entity and are expected to be recovered i.e., direct transportation and insurance costs are accounted for as contract costs and are transferred to profit or loss account based on the systematic pattern of revenue. The Company capitalizes such costs if revenue relating to such contract has not been recognized.

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction and production of qualifying asset are capitalized as part of cost of that asset up to the date of its commissioning. All other borrowing costs are charged to the profit or loss in the year when incurred as "finance cost".

Borrowing costs that are directly attributable to the acquisition, construction and production of qualifying asset are capitalized as part of cost of that asset up to the date of its commissioning. All other borrowing costs are charged to the profit or loss in the year when incurred as "finance cost".

3.14 Transactions with related parties

All transactions with related parties are approved by the Board.

3.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

If the Company neither transfers nor returns substantially all the risks and rewards of ownership of the financial asset, the principal assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset and financial liability is derecognized at the time when the obligation specified in the contract is discharged or cancelled or expired. Any gain or loss on

Notes to the Financial Statements

for the year ended June 30, 2019

derecognizing of the financial assets and financial liabilities is taken to the profit or loss currently. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received, respectively, and subsequently carried at fair value, amortized cost or cost, as the case may be.

3.15.1 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortized cost

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial assets at FVTPL

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Notes to the Financial Statements

for the year ended June 30, 2019

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3.15.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

3.15.3 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.15.4 Financial instruments – accounting policy applied before July 01, 2018

The Company classified financial assets into loans and receivables.

Subsequent to initial recognition, Loans and receivables were subsequently measured at amortized cost using the effective interest method.

All financial liabilities were initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost and are classified into other financial liabilities category.

3.16 Foreign currency transactions and translations

Foreign currency transactions are recorded at the exchange rates approximately those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated in rupee at the exchange rates ruling at the reporting date. Exchange differences are recognized in the profit or loss.

Notes to the Financial Statements

for the year ended June 30, 2019

3.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

| | | 2019 | 2018 |
|--|-------------|--------------------|--------------------|
| | Note | Rupees | Rupees |
| 4 Property, plant and equipment | | | |
| Operating fixed assets | 4.1 | 332,754,853 | 164,244,358 |
| Capital work in progress | 4.2 | - | 143,369,703 |
| | | 332,754,853 | 307,614,061 |

Notes to the Financial Statements

for the year ended at June 30, 2019

4.1 Operating fixed assets

| | Buildings on leasehold land | | | | Equipment | | | Computer installations | Motor vehicles | Total owned assets | Leasehold land | Total |
|---------------------------------|-----------------------------|------------|-----------|---------------------|-----------------------|-----------|--------------------|------------------------|----------------|--------------------|----------------|-------------|
| | Office | Factory | Tube well | Plant and machinery | Furniture and fixture | Office | Tools and workshop | | | | | |
| | | | | | Rupees | | | | | | | |
| Cost | | | | | | | | | | | | |
| Balance at July 01, 2017 | 2,406,019 | 48,044,389 | 547,920 | 270,127,753 | 1,669,910 | 925,008 | 3,774,398 | 2,278,985 | 4,754,375 | 334,528,757 | 1,701,971 | 336,230,728 |
| Additions | - | 4,705,645 | - | - | - | 89,000 | - | 46,073 | - | 4,840,718 | - | 4,840,718 |
| Transfers from CWIP | - | - | - | 33,148,351 | - | - | - | - | - | 33,148,351 | - | 33,148,351 |
| Disposals | - | - | - | - | - | - | - | - | (835,880) | (835,880) | - | (835,880) |
| Balance at June 30, 2018 | 2,406,019 | 52,750,034 | 547,920 | 303,276,104 | 1,669,910 | 1,014,008 | 3,774,398 | 2,325,058 | 3,918,495 | 371,681,946 | 1,701,971 | 373,383,917 |
| Balance at July 01, 2018 | | | | | | | | | | | | |
| Balance at July 01, 2018 | 2,406,019 | 52,750,034 | 547,920 | 303,276,104 | 1,669,910 | 1,014,008 | 3,774,398 | 2,325,058 | 3,918,495 | 371,681,946 | 1,701,971 | 373,383,917 |
| Additions | - | 1,237,690 | - | 3,781,248 | 24,000 | - | - | - | - | 5,042,938 | - | 5,042,938 |
| Transfers from CWIP | - | 35,412,212 | - | 153,095,258 | - | - | - | - | - | 188,507,470 | - | 188,507,470 |
| Balance at June 30, 2019 | 2,406,019 | 89,399,936 | 547,920 | 460,152,610 | 1,693,910 | 1,014,008 | 3,774,398 | 2,325,058 | 3,918,495 | 565,232,354 | 1,701,971 | 566,934,325 |
| Accumulated depreciation | | | | | | | | | | | | |
| Balance at July 01, 2017 | 1,494,399 | 21,106,749 | 527,017 | 158,639,867 | 1,017,487 | 738,684 | 2,689,778 | 1,940,742 | 4,206,809 | 192,361,532 | 1,697,310 | 194,058,842 |
| Depreciation | 45,576 | 2,487,153 | 2,088 | 12,996,623 | 65,256 | 20,790 | 96,000 | 74,699 | 109,512 | 15,897,697 | - | 15,897,697 |
| Disposals | - | - | - | - | - | - | - | - | (816,980) | (816,980) | - | (816,980) |
| Balance at June 30, 2018 | 1,539,975 | 23,593,902 | 529,105 | 171,636,490 | 1,082,743 | 759,474 | 2,785,778 | 2,015,441 | 3,499,341 | 207,442,249 | 1,697,310 | 209,139,559 |
| Balance at July 01, 2018 | | | | | | | | | | | | |
| Balance at July 01, 2018 | 1,539,975 | 23,593,902 | 529,105 | 171,636,490 | 1,082,743 | 759,474 | 2,785,778 | 2,015,441 | 3,499,341 | 207,442,249 | 1,697,310 | 209,139,559 |
| Depreciation | 43,302 | 4,507,995 | 1,881 | 20,167,654 | 60,632 | 25,386 | 86,402 | 62,063 | 84,598 | 25,039,913 | - | 25,039,913 |
| Balance at June 30, 2019 | 1,583,277 | 28,101,897 | 530,986 | 191,804,144 | 1,143,375 | 784,860 | 2,872,180 | 2,077,504 | 3,583,939 | 232,482,162 | 1,697,310 | 234,179,472 |
| Carrying amounts | | | | | | | | | | | | |
| At June 30, 2018 | 866,044 | 29,156,132 | 18,815 | 131,639,614 | 587,167 | 254,534 | 988,620 | 309,617 | 419,154 | 164,239,697 | 4,661 | 164,244,358 |
| At June 30, 2019 | 822,742 | 61,298,039 | 16,934 | 268,348,466 | 550,535 | 229,148 | 902,218 | 247,554 | 334,556 | 332,750,192 | 4,661 | 332,754,853 |
| Rates of depreciation per annum | 5% | 10% | 10% | 10% | 10% | 10% | 10% | 20% | 20% | 20% | 3% | |

4.1.1 Net book value of disposal is amounting to Rs. Nil (2018: 18,900).

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Notes to the Financial Statements

for the year ended June 30, 2019

9.1 Term deposit receipts (TDRs) having maturity up to 1 year and average profit rate 6.55% per annum (2018: 5%).

| | Note | 2019 Rupees | 2018 Rupees |
|--|--------------------------|----------------|----------------|
| 10 | Advance tax - net | | |
| Balance at July 01 | | 159,392,070 | 129,614,958 |
| Provision for the year | | (63,203,072) | (68,862,546) |
| Income tax paid / withheld during the year | | 130,652,609 | 98,639,658 |
| Balance at June 30 | 10.1 | 226,841,607 | 159,392,070 |

10.1 The tax refundable has arisen mainly due to excess of deduction of withholding tax over the Company's tax liability.

| | 2019 Rupees | 2018 Rupees |
|-------------------------------------|-------------------------------|----------------|
| 11 | Cash and bank balances | |
| Cash in hand | 135,925 | 72,650 |
| Cash with banks in current accounts | 20,524,669 | 18,991,343 |
| | 20,660,594 | 19,063,993 |

12 Share capital

12.1 Authorized share capital

This represents 20,000,000 (2018: 20,000,000) ordinary shares of Rs. 10 each.

12.2 Issued, subscribed and paid up capital

| 2019 Number | 2018 Number | | 2019 Rupees | 2018 Rupees |
|----------------|----------------|--|----------------|----------------|
| 6,750,000 | 6,750,000 | Ordinary shares of Rs. 10 each fully paid in cash | 67,500,000 | 67,500,000 |
| 2,250,000 | 2,250,000 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | 22,500,000 | 22,500,000 |
| 9,000,000 | 9,000,000 | | 90,000,000 | 90,000,000 |

12.3 Wah Nobel (Private) Limited (the Holding Company) held 4,970,396 (2018: 4,970,395) ordinary shares of Rs. 10 each at reporting date. Further 132,102 (2018: 132,102) and 4 (2018: 5) shares were held by associated undertakings and directors respectively at the year end. Directors held these shares as nominee(s) of Wah Nobel (Private) Limited. The ultimate ownership remains with Wah Nobel (Private) Limited.

12.4 The Company has no reserved or potential ordinary shares for issuance under options and sales contract.

12.5 All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.

| | Note | 2019 Rupees | 2018 Rupees |
|--|----------------------------|----------------|----------------|
| 13 | Long term financing | | |
| Term finance facility - secured | 13.1 | 82,285,714 | 96,000,000 |
| Accrued markup | | 2,617,971 | 201,732 |
| | | 84,903,685 | 96,201,732 |
| Less: Current portion of long term financing | | (30,046,542) | (13,916,018) |
| | | 54,857,143 | 82,285,714 |

Notes to the Financial Statements

for the year ended June 30, 2019

- 13.1** This represents the outstanding balance of term finance facility of Rs.82,285,714 (2018: Rs. 96,000,000) from Bank Al Habib. The facility is repayable in 14 equal quarterly instalments started from March 2019. Mark-up is payable on quarterly basis at the rate of 3-month KIBOR plus 0.75% per annum. The facility is secured by way of creation of exclusive charge on new Formaldehyde Plant amounting to Rs. 115,000,000.

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|------------------|------------------|
| 14 Deferred liabilities | | | |
| Provision for accumulated compensated absences | 14.1 | 7,064,052 | 6,080,463 |
| Deferred tax liability | 14.2 | 1,253,160 | 422,533 |
| | | 8,317,212 | 6,502,996 |

**14.1 Movement in liability recognised in
- statement of financial position:**

| | | | |
|-------------------------------|--------|------------------|------------------|
| Balance at July 01 | | 6,080,463 | 5,444,971 |
| Charge for the year | 14.1.1 | 2,523,340 | 2,811,880 |
| Benefits paid during the year | | (1,539,751) | (2,176,388) |
| Balance at June 30 | | 7,064,052 | 6,080,463 |

**14.1.1 The amounts recognized in the statement of profit or loss
- and other comprehensive income are as follows:**

| | | |
|---|------------------|------------------|
| Current service cost | 1,584,730 | 1,515,074 |
| Interest cost | 477,953 | 337,650 |
| Actuarial loss on present value of defined benefit obligation | 460,657 | 959,156 |
| | 2,523,340 | 2,811,880 |

14.1.2 Principal actuarial assumptions used were as follows:

| | | |
|---|--------|--------|
| Discount rate | 9.00% | 7.75% |
| Expected rate of increase in salary | 13.25% | 8.00% |
| Average number of leaves accumulated per annum - officers | 9 days | 9 days |
| Average number of leaves accumulated per annum - staff | 5 days | 5 days |
| Average number of leaves accumulated per annum - workers | 3 days | 3 days |

14.1.3 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

| | Effect of 1% increase Rupees | Effect of 1% decrease Rupees |
|----------------------|------------------------------------|------------------------------------|
| Discount rate | 6,457,987 | 5,524,972 |
| Future salary growth | 7,763,748 | 6,725,700 |

Notes to the Financial Statements

for the year ended June 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|--|----------------|----------------|
| 14.2 Deferred tax liability / (asset) | | | |
| Opening balance as previously reported | | 422,533 | (5,958,521) |
| Impact of adoption of IFRS 9 | | (8,770,337) | - |
| Adjusted opening balance | | (8,347,804) | (5,958,521) |
| Recognised in profit or loss | | 9,909,389 | 6,491,941 |
| Recognised in other comprehensive income | | (308,425) | (110,887) |
| Liability at June 30 | 14.2.1 | 1,253,160 | 422,533 |
| 14.2.1 Deferred tax liability / (asset) comprises of the following: | | | |
| Deferred tax liability on taxable temporary differences | | | |
| Accelerated tax depreciation | | 40,756,410 | 22,116,417 |
| Deferred tax asset on deductible temporary differences | | | |
| Allowance for expected credit losses / Provision for doubtful debts | | (37,022,565) | (20,050,081) |
| Provision for staff retirement and other benefits | | (2,048,574) | (1,520,117) |
| Provision for gratuity scheme | | | |
| - routed through other comprehensive income | | (432,111) | (123,686) |
| | | 1,253,160 | 422,533 |
| 15 Trade and other payables | | | |
| Trade creditors | 15.1 | 173,749,381 | 146,545,298 |
| Contract liability - advances from customers | | 7,125,951 | 5,913,443 |
| Accrued liabilities | | 5,605,147 | 6,310,810 |
| Bonus payable | | 17,512,737 | 19,280,824 |
| Sales tax payable | | 11,396,769 | 6,547,688 |
| Payable to employees gratuity fund | 15.2 | 4,565,095 | 2,495,957 |
| Workers' profit participation fund | 15.3 | 3,405,205 | 2,397,229 |
| Workers' welfare fund | 15.4 | 33,115,432 | 28,021,454 |
| Payable to employees' provident fund | 15.5 | 500,579 | - |
| Payable to employees' pension fund | 15.6 | 1,233,785 | 1,211,610 |
| Other liabilities | | 5,236,112 | 4,001,679 |
| | | 263,446,193 | 222,725,992 |
| 15.1 | Trade creditors includes payable to Nobel Energy Limited (an associated company) amounting to Rs. 2,575,508 (2018: Rs. 4,002,280). | | |
| | | 2019 Rupees | 2018 Rupees |
| 15.2 The amounts recognized in statement of - financial position are as follows: | | | |
| Present value of defined benefit obligation | 15.2.1 | 28,694,451 | 26,819,638 |
| Fair value of plan assets | 15.2.2 | (24,129,356) | (24,323,681) |
| | | 4,565,095 | 2,495,957 |

Notes to the Financial Statements

for the year ended June 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|--|----------------|----------------|
| 15.2.1 | Movement in the present value of - defined benefit obligations is as follows: | | |
| Balance at July 01 | | 26,819,638 | 27,626,099 |
| Current service cost | 15.2.3 | 1,825,968 | 1,772,185 |
| Interest cost | 15.2.3 | 2,358,342 | 1,985,975 |
| Actuarial loss from changes in demographic assumption | 15.2.4 | 244,379 | 58,636 |
| Experience adjustment | 15.2.4 | (1,322,200) | (622,020) |
| Benefits paid / adjustments | | (1,231,676) | (4,001,237) |
| Balance at June 30 | | 28,694,451 | 26,819,638 |
| 15.2.2 | Movement in the fair value of plan assets is as follows: | | |
| Balance at July 01 | | 24,323,681 | 26,884,012 |
| Interest income on plan assets | 15.2.3 | 2,178,706 | 1,947,838 |
| Return on plan asset, excluding interest income | 15.2.4 | (2,141,355) | (1,006,932) |
| Contributions | | 1,000,000 | 500,000 |
| Benefits paid | | (1,231,676) | (4,001,237) |
| Balance at June 30 | | 24,129,356 | 24,323,681 |
| 15.2.3 | Amount recognised in profit or loss is as follows: | | |
| Current service cost | | 1,825,968 | 1,772,185 |
| Interest cost | | 2,358,342 | 1,985,975 |
| Interest income on plan assets | | (2,178,706) | (1,947,838) |
| | | 2,005,604 | 1,810,322 |
| 15.2.4 | Amount recognised in other comprehensive income: | | |
| Actuarial loss from change in demographic assumptions | | (244,379) | (58,636) |
| Experience adjustment | | 1,322,200 | 622,020 |
| Return on plan asset, excluding interest income | | (2,141,355) | (1,006,932) |
| Remeasurement loss recognized in OCI | | (1,063,534) | (443,548) |
| 15.2.5 | Movement in liability recognised in - statement of financial position: | | |
| Balance at July 01 | | 2,495,957 | 742,087 |
| Amount recognised in profit or loss is as follows: | | 2,005,604 | 1,810,322 |
| Amount recognised in other comprehensive income | | 1,063,534 | 443,548 |
| Contributions during the year | | (1,000,000) | (500,000) |
| Balance at June 30 | | 4,565,095 | 2,495,957 |
| 15.2.6 | Contributions expected to be paid to the plan during next year | 2,577,474 | 2,028,105 |

Notes to the Financial Statements

for the year ended June 30, 2019

| | 2019 Rupees | 2018 Rupees |
|---------------------------------|----------------|----------------|
| 15.2.7 Plan assets comprise of: | | |
| Bond | 76.90% | 17.70% |
| Equity | 20.70% | 27.90% |
| Cash / deposits and other | 2.40% | 54.40% |
| | 100% | 100% |

15.2.8 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

| | 2019 | 2018 |
|---|-----------------------------------|-----------------------------------|
| 15.2.9 Principal actuarial assumptions used in the - actuarial valuation are as follows: | | |
| Discount rate used for interest cost in profit or loss charge | 9.00% | 7.75% |
| Discount rate used for year end obligation | 14.25% | 9.00% |
| Expected rate of salary growth: | | |
| Salary increase 2019 onward | 13.25% | 8.00% |
| Mortality rate | SLIC 2001-2005 set back 1 year | SLIC 2001-2005 set back 1 year |
| Withdrawal rate | age based (per appendix) | age based (per appendix) |
| Retirement assumption | Age 60 | Age 60 |
| Estimated charge to profit or loss for the next year (Rupees) | 2,577,474 | 2,028,105 |

15.2.10 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

| | Effect of 1% increase (Rupees) | Effect of 1% decrease (Rupees) |
|-----------------|--------------------------------------|--------------------------------------|
| Discount rate | 26,577,864 | 24,691,750 |
| Salary increase | 31,146,003 | 29,301,564 |

15.2.11 The average duration of the defined benefit obligation as at June 30, 2019 is 8 years (2018: 9 years).

15.2.12 The Company contributes to the gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday.

Notes to the Financial Statements

for the year ended June 30, 2019

| | | | 2019 Rupees | 2018 Rupees |
|---------------|--|--------|----------------|----------------|
| 15.3 | Workers' profit participation fund | | | |
| | Balance at July 01 | | 2,397,229 | 228,874 |
| | Charge for the year | 25 | 13,405,205 | 13,397,229 |
| | Interest for the year on funds utilized by the Company | 24 | 219,199 | 15,237 |
| | Payments during the year | | (12,616,428) | (11,244,111) |
| | Balance at June 30 | | 3,405,205 | 2,397,229 |
| 15.4 | Workers' welfare fund | | | |
| | Balance at July 01 | | 28,021,454 | 22,930,507 |
| | Expense for the year | 25 | 5,093,978 | 5,090,947 |
| | Balance at June 30 | 15.4.1 | 33,115,432 | 28,021,454 |
| 15.4.1 | On the basis of appellate decision on appeal of Holding Company, no payment is made in current year while provision is made on prudent basis, in case of any unfavourable decision on the appeal of department against the decision of appellate tribunal. | | | |
| | | | 2019 Rupees | 2018 Rupees |
| 15.5 | Payable to employees' provident fund | | | |
| | Balance at July 01 | | - | 473,871 |
| | Contribution / withheld during the year | | 5,837,781 | 5,559,660 |
| | Payments during the year | | (5,337,202) | (6,033,531) |
| | Balance at June 30 | | 500,579 | - |
| 15.6 | Payable to employees' pension fund | | | |
| | Balance at July 01 | | 1,211,610 | - |
| | Contribution / withheld during the year | | 1,233,785 | 1,211,610 |
| | Payments during the year | | (1,211,610) | - |
| | Balance at June 30 | | 1,233,785 | 1,211,610 |
| 16 | Due to Holding Company | | | |
| | The amount represents payable in respect of expenses incurred by the holding company on behalf of the Company. This is unsecured and payable on demand. | | | |
| 17 | Loan from holding Company - unsecured | | | |
| | Running finance facility from Wah Nobel (Private) Limited. | 17.1 | 300,000,000 | - |
| | Accrued Markup | | 8,324,631 | - |
| | | | 308,324,631 | - |
| 17.1 | This represents aggregate borrowing from the Holding Company to meet the working capital requirements. This is unsecured and carries markup at 3 month KIBOR per annum and payable within one year. | | | |

Notes to the Financial Statements

for the year ended June 30, 2019

| | 2019 Rupees | 2018 Rupees |
|---|--------------------|--------------------|
| 18 Short-term borrowings - secured | | |
| Running finance availed from: | | |
| - Bank Al-Habib | 69,407,423 | 96,651,929 |
| - Allied Bank Limited | 97,583,467 | - |
| - MCB Bank Limited | 33,245,555 | 37,274,849 |
| - Askari Bank Limited | 92,334,238 | 82,445,700 |
| - Accrued Markup | 7,167,746 | 1,526,760 |
| | 299,738,429 | 217,899,238 |

18.1 Facilities related to short term borrowings - secured

The Company has the following running finance facilities aggregating to Rs. 490,000,000 (2018: Rs. 360,000,000) out of which amount aggregating to Rs. 188,000,000 (2018: Rs. 143,630,000) remained unavailed at the year end.

| | | Draw down limit | |
|-----------------------|-----------------------------------|-----------------|-------------|
| | | 2019 | 2018 |
| Banks | Markup | Rupees | |
| Bank Al-Habib Limited | 1 months average KIBOR plus 0.35% | 250,000,000 | 120,000,000 |
| Allied Bank Limited | 1 month KIBOR plus 0.5% | 100,000,000 | 100,000,000 |
| MCB Bank Limited | 3 month KIBOR plus 0.35% | 40,000,000 | 40,000,000 |
| Askari Bank Ltd | 3 month KIBOR plus 0.35% | 100,000,000 | 100,000,000 |

18.2 The mark up on the facilities are without a floor or cap and are payable quarterly.

18.3 Facilities secured against:

| Bank | Security description |
|-----------------------|--|
| Bank Al Habib Limited | 1st pari passu charge on present and future, current and fixed assets of the Company for Rs. 210,000,000 and Rs. 150,000,000 respectively. |
| Allied Bank Limited | 1st pari passu hypothecation charge on all present and future current and fixed assets of the Company, with 25% margin. |
| MCB Bank Limited | 1st pari passu charge of Rs. 146,000,000 over stock and 1st floating charge of Rs. 146,000,000 over book debts and receivables of the Company. |
| Askari Bank Limited | 1st pari passu charge amounting to Rs. 133,000,000 on present and future current assets of the Company and Rs.110,000,000 ranking charges on current account for shipping guarantee. |

18.4 Facilities of letter of guarantee and letter of credit

Following banks have extended facilities of letter of guarantee and letter of credit to the Company:

Notes to the Financial Statements

for the year ended June 30, 2019

| Bank | Note | Letter of guarantee | | Letter of credit | |
|-----------------------|--------|---------------------|------------|------------------|-------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Rupees | | | | | |
| Bank Al Habib Limited | 18.4.1 | 20,000,000 | 20,000,000 | 250,000,000 | 250,000,000 |
| Allied Bank limited | 18.4.2 | - | - | 100,000,000 | 100,000,000 |
| MCB Bank Limited | 18.4.3 | 10,000,000 | 10,000,000 | 240,000,000 | 240,000,000 |
| Askari Bank Limited | 18.4.4 | 100,000,000 | 38,000,000 | 100,000,000 | 100,000,000 |

18.4.1 These are secured against master counter guarantee from the Company, lien on shipping documents, accepted drafts, cash margin and promissory note.

18.4.2 This is secured by 1st pari passu charge on all present and future current & fixed assets of the Company, with 25% margin and lien on valid import documents.

18.4.3 These are secured by lien over import documents covering the consignment of raw material, spare parts and chemicals, 100% cash margin in shape on lien over MCB's own term deposit receipt or partially cash or 100% cash margin for bank guarantees to be issued in favour of Excise and Taxation Department and 1st pari passu charge of Rs. 146,000,000 over fixed assets of the Company in shape of equitable mortgage of project land building and machinery.

18.4.4 These are secured by 1st pari pasu charge amounting to Rs. 133,000,000 on present and future current assets of the Company and lien on import documents / accepted drafts.

19 Contingencies and commitments

19.1 Contingencies

19.1.1 In 1990, the Government of Sindh levied excise duty at Rs. 4 per bulk gallon on transport of imported Methanol outside the province of Sindh under the Sindh Abkari Act, 1878. The Company filed a Constitutional Petition No. D - 123/91 in the Sindh High Court that the duty was ultra vires of article 151 of the Constitution. The Court granted interim relief by permitting the Company to remove Methanol by submitting bank guarantees in lieu of payment of excise duty. Accordingly, the Company has submitted bank guarantees of Rs. 8,707,220 (2018: Rs. 8,707,220) for transport of 7,200 tons of Methanol outside Sindh.

On August 12, 2004 the Sindh High Court decided the case in favour of the Company. Excise Department Sindh has filed a leave to appeal in the Supreme Court on September 07, 2004 against the said judgment which is pending adjudication by the Supreme Court.

19.1.2 In 1996, the Government of Sindh raised a demand of Rs. 67,294,724 in respect of vend fee and permit fee for the years 1990-91 to 1995-96, under the Sindh Abkari Act, 1878. The Company filed Constitutional Petition No. D-1412 of 1996 dated 20 August 1996 in the Sindh High Court challenging the legality of the levy on the grounds that provincial taxation, under the Sindh Abkari Act, 1878 on imported Methanol temporarily stored in Karachi but meant for consumption outside the province of Sindh, was unlawful and ultravires of the Constitution, relying on the judgment of the Sindh High Court in the case of Crescent Board Limited. The case was decided in the favour of the Company on June 12, 2001 by the Sindh High Court, but Sindh Government moved an appeal in the Supreme Court against the decision of the Sindh High Court.

Notes to the Financial Statements

for the year ended June 30, 2019

After hearing the appeal of Excise Department Sindh against the Company and other Formaldehyde manufacturers, the Supreme Court remanded the case of levy of vend fee and permit fee to the Sindh High Court for adjudication on all points of law and fact. Vide its judgment dated March 26, 2003, Sindh High Court again decided the matter in favour of the Company and other manufacturers. Excise Department filed a leave to appeal in the Supreme Court on June 12, 2003. The Court has admitted the appeal for regular hearing.

During the year, during regular hearing, the Supreme Court vide its short order dated May 08, 2019, observed that the Government of Sindh is ready to surrender the indemnity bonds but not to return the amount of vend fee and permit fee already deposited by the respondents with it as a condition for not pressing the present appeal. However, the respondents did not accept the position, accordingly, the case is still pending adjudication.

Currently, all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash which is being expensed out and submission of guarantee @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the Supreme Court, the Company is exposed to an aggregate obligation of Rs. 1,132,000,000 (2018 : Rs. 1,053,000,000) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the reporting date. However, keeping in view the facts, previous decisions which had been in the favour of the Company, developments during the year and the advice of the legal advisor of the Company, the management believes that there is almost 'nil' chance of decision against the Company. Therefore, no provision for this has been made in these financial statements.

19.1.3 Under the Punjab Excise Act, 1914, Excise Commissioner / Director General, Excise and Taxation Department, Punjab has issued a notification dated 30 June 2003 by which the department has levied fees on the import, possession, industrial use and sale of Methanol. The Company and other manufacturers, importers and vendors of Methanol have filed writ petitions in the Lahore High Court and obtained stay order against these levies. The case is pending adjudication by the Lahore High Court.

19.1.4 The Assistant Commissioner Inland Revenue of Income Tax (AuditII) has amended the assessment under Section 122 (1) of the Income Tax Ordinance, 2001 for the tax year 2008. Whereby, further tax of Rs. 7,520,068 was determined to be payable by the Company. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals-I), which was decided in favour of the Company. Consequently, the Department has filed appeal against the order of the Commissioner Inland Revenue (Appeals-I), Islamabad, which is still pending. The Company is confident that the case will be decided in its favor and therefore, no provision for any liability has been made in these financial statements.

| | 2019 Rupees | 2018 Rupees |
|---|--------------------|----------------|
| 19.1.5 Guarantee issued by banks on behalf of the Company | 15,000,000 | 15,000,000 |
| 19.2 Commitments in respect of: | | |
| 19.2.1 Letters of credit for purchase of stocks | 281,917,592 | 240,135,740 |
| 19.2.2 Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house. | 17,250,240 | 8,473,132 |

Notes to the Financial Statements

for the year ended June 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|--|----------------------|----------------------|
| 21.2 Raw material consumed | | | |
| Opening stock | 6 | 93,797,235 | 84,583,965 |
| Purchases during the year | | 1,778,509,540 | 1,144,189,601 |
| | | <u>1,872,306,775</u> | <u>1,228,773,566</u> |
| Closing stock | 6 | (235,901,231) | (93,797,235) |
| | | <u>1,636,405,544</u> | <u>1,134,976,331</u> |
| 22 Administrative and general expenses | | | |
| Salaries, wages and other benefits | 23.1 | 6,842,544 | 8,009,759 |
| Corporate service fee | | 900,000 | 900,000 |
| Office rent | | 78,180 | 78,180 |
| Postage, telephone and telex | | 378,938 | 445,032 |
| Printing and stationery | | 455,724 | 411,965 |
| Traveling and conveyance | | 1,283,083 | 1,159,335 |
| Entertainment | | 178,397 | 435,640 |
| Legal and professional charges | | 2,146,619 | 1,060,083 |
| Fees and subscription | | 750,140 | 489,087 |
| Advertisement and publicity | | 470,520 | 205,860 |
| Maintenance expenses | | 196,800 | 818,121 |
| Miscellaneous expenses | | 855,839 | 1,051,451 |
| Depreciation | 4.1.2 | 191,389 | 206,328 |
| | | <u>14,728,173</u> | <u>15,270,841</u> |
| 23 Selling and distribution expenses | | | |
| Salaries, wages and other benefits | 23.1 | 7,007,070 | 5,730,919 |
| Postage, telephone and telex | | 166,568 | 184,362 |
| Printing and stationery | | 51,575 | 13,429 |
| Traveling and conveyance | | 1,118,087 | 740,737 |
| Vehicle running expenses | | 1,377,596 | 593,227 |
| Entertainment | | 16,130 | 12,070 |
| Miscellaneous expenses | | 528,780 | 713,717 |
| | | <u>10,265,806</u> | <u>7,988,461</u> |
| 23.1 | Other benefits include contribution towards pension fund of Rs. 1,233,785 (2018: Rs. 1,211,610), provident fund of Rs. 2,067,825 (2018: Rs. 1,972,151), expense for accumulating compensated leaves absences of Rs. 2,523,340 (2018: Rs. 2,811,880), gratuity of Rs. 2,005,604 (2018: Rs.1,810,322) and provision for bonus to employees of Rs. 17,512,737 (2018: Rs. 19,280,824). | | |

Notes to the Financial Statements

for the year ended June 30, 2019

| | | | 2019 Rupees | 2018 Rupees |
|-------------|--|------|-------------------|-------------------|
| 24 | Finance cost | | | |
| | Mark up on short term borrowings | | 38,751,705 | 6,702,119 |
| | Mark up on long term financing | | 9,313,882 | - |
| | Interest on workers' profit participation fund | 15.3 | 219,199 | 15,237 |
| | Bank charges | | 406,578 | 263,047 |
| | | | <u>48,691,364</u> | <u>6,980,403</u> |
| 25 | Other expenses | | | |
| | Workers' profit participation fund | 15.3 | 13,405,205 | 13,397,229 |
| | Workers' welfare fund | 15.4 | 5,093,978 | 5,090,947 |
| | Auditors' remuneration | 25.1 | 460,000 | 460,000 |
| | | | <u>18,959,183</u> | <u>18,948,176</u> |
| 25.1 | Auditors' remuneration | | | |
| | Annual audit fee | | 350,000 | 350,000 |
| | Half yearly review | | 110,000 | 110,000 |
| | | | <u>460,000</u> | <u>460,000</u> |
| 26 | Other income | | | |
| | Income from financial assets | 26.1 | 1,211,649 | 747,160 |
| | Income from non-financial assets | 26.2 | 3,384,600 | 1,872,125 |
| | | | <u>4,596,249</u> | <u>2,619,285</u> |
| 26.1 | Income from financial assets | | | |
| | Interest on term deposit receipts | | 129,307 | 555,656 |
| | Interest on collateral placed against bank guarantee | | 1,082,342 | 191,504 |
| | | | <u>1,211,649</u> | <u>747,160</u> |
| 26.2 | Income from non-financial assets | | | |
| | Gain on sale of property, plant and equipment | | - | 465,408 |
| | Bad debts recovered | | 1,500,000 | - |
| | Sale of scrap | | 1,884,600 | 1,406,717 |
| | | | <u>3,384,600</u> | <u>1,872,125</u> |
| 27 | Taxation | | | |
| | Current tax | | | |
| | - Charge for the year | | 63,203,072 | 68,862,546 |
| | Deferred tax | | | |
| | - Charge for the year | 14.2 | 9,909,389 | 6,491,941 |
| | | | <u>73,112,461</u> | <u>75,354,487</u> |

| | 2019 | 2018 |
|---|--------------------|-------------|
| 28 Earnings per share - basic and diluted | | |
| Profit for the year - Rupees | 176,492,457 | 174,101,914 |
| Number of ordinary shares outstanding during the year | 9,000,000 | 9,000,000 |
| Earnings per share - basic and diluted in rupees | 19.61 | 19.34 |

The following non-cash and other items have been adjusted in profit before taxation for the year to arrive at operating cash flows:

Notes to the Financial Statements

for the year ended June 30, 2019

31 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Financial Statements

for the year ended at June 30, 2019

31.1 The following table shows the carrying amounts and financial liabilities, including their levels in the fair value hierarchy.

| | | Carrying amount | | Fair value | | | | |
|--|-------------|-----------------------------------|---|-------------|---------|---------|---------|--------|
| | | Fair value through profit or loss | Financial liabilities at amortized cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Rupees | | | | | | | | |
| | | | | | | | | |
| | - | 73,410 | - | 73,410 | - | - | 73,410 | 73,410 |
| Financial assets measured at fair value | | | | | | | | |
| Short term deposit | | | | | | | | |
| Trade debts - net of provision | 819,312,359 | - | - | 819,312,359 | - | - | - | - |
| Short-term investment | 2,678,133 | - | - | 2,678,133 | - | - | - | - |
| Cash and bank balances | 20,660,594 | - | - | 20,660,594 | - | - | - | - |
| Advances to employees | 978,267 | - | - | 978,267 | - | - | - | - |
| Other receivables | 15,554,678 | - | - | 15,554,678 | - | - | - | - |
| | 859,184,031 | 73,410 | - | 859,257,441 | - | - | 73,410 | 73,410 |
| Financial liabilities not measured at fair value | | | | | | | | |
| Long term financing | | | | | | | | |
| Trade and other payables | - | - | 54,857,143 | 54,857,143 | - | - | - | - |
| Due to Holding company | - | - | 244,923,473 | 244,923,473 | - | - | - | - |
| Unclaimed dividends | - | - | 967,119 | 967,119 | - | - | - | - |
| Current portion of long term financing | - | - | 5,979,053 | 5,979,053 | - | - | - | - |
| Short-term borrowings | - | - | 30,046,542 | 30,046,542 | - | - | - | - |
| Loan from holding company | - | - | 299,738,429 | 299,738,429 | - | - | - | - |
| | - | - | 308,324,631 | 308,324,631 | - | - | - | - |
| | - | - | 944,836,390 | 944,836,390 | - | - | - | - |

June 30, 2019

Financial assets measured at fair value

Short term deposit

Financial assets not measured at fair value

Trade debts - net of provision

Short-term investment

Cash and bank balances

Advances to employees

Other receivables

Financial liabilities not measured at fair value

Long term financing

Trade and other payables

Due to Holding company

Unclaimed dividends

Current portion of long term financing

Short-term borrowings

Loan from holding company

Notes to the Financial Statements

for the year ended at June 30, 2019

June 30, 2018

Financial assets not measured at fair value

| | Carrying amount | | Fair value | | | | | |
|---------------------------------|-----------------------|-----------------------------------|-----------------------------|-------------|---------|---------|---------|-------|
| | Loans and receivables | Fair value through profit or loss | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| Trade debits - net of provision | 442,532,051 | - | - | 442,532,051 | - | - | - | - |
| Short-term investment | 2,679,516 | - | - | 2,679,516 | - | - | - | - |
| Cash and bank balances | 19,063,993 | - | - | 19,063,993 | - | - | - | - |
| Advances to employees | 4,339,894 | - | - | 4,339,894 | - | - | - | - |
| Short term deposit | 42,410 | - | - | 42,410 | - | - | - | - |
| Other receivables | 15,180,900 | - | - | 15,180,900 | - | - | - | - |
| | 483,838,764 | - | - | 483,838,764 | - | - | - | - |

Financial liabilities not measured at fair value

| | Loans and receivables | Fair value through profit or loss | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------------|-----------------------------------|-----------------------------|-------------|---------|---------|---------|-------|
| Long term financing | - | - | 82,285,714 | 82,285,714 | - | - | - | - |
| Trade and other payables | - | - | 207,768,900 | 207,768,900 | - | - | - | - |
| Due to Holding Company | - | - | 1,288,910 | 1,288,910 | - | - | - | - |
| Unclaimed dividends | - | - | 4,706,707 | 4,706,707 | - | - | - | - |
| Current portion of long term financing | - | - | 13,916,018 | 13,916,018 | - | - | - | - |
| Short-term borrowings | - | - | 217,899,238 | 217,899,238 | - | - | - | - |
| | - | - | 527,865,487 | 527,865,487 | - | - | - | - |

Notes to the Financial Statements

for the year ended June 30, 2019

31.2 The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or reprised periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

31.3 The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances to employees, other receivables, short term investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

The credit quality of the Company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations. The Company's credit risk exposures and its credit quality are categorized under the following headings:

| | | 2019 Rupees | 2018 Rupees |
|---|-------------------|--------------------|--------------------|
| Counterparties without external credit ratings | | | |
| Trade debts | | 819,312,359 | 442,532,051 |
| Advances to employees | | 978,267 | 4,339,894 |
| Other receivables | | 554,678 | 180,900 |
| | | 820,845,304 | 447,052,845 |
| | | 2019 Rupees | 2018 Rupees |
| Counterparties with external - credit ratings | | | |
| Bank balances | A 2 / A 1+ / A-1+ | 20,524,669 | 18,991,343 |
| Other receivables | A1+ / AA+ | 15,000,000 | 15,000,000 |
| Short-term investment | A1+ / AAA | 2,678,133 | 2,679,516 |
| | | 38,202,802 | 36,670,859 |

Notes to the Financial Statements

for the year ended June 30, 2019

The ageing of trade debts at June 30 is as follows:

| | 2019 Rupees | 2018 Rupees |
|--------------------------------------|----------------|----------------|
| - not yet due | 362,740,519 | 201,906,262 |
| - within 90 days | 165,079,180 | 111,020,642 |
| - from 91 to 180 days | 259,198,482 | 84,123,985 |
| - over 180 days | 159,958,200 | 125,681,487 |
| | 946,976,381 | 522,732,376 |
| Allowance for expected credit losses | (127,664,022) | (80,200,325) |
| | 819,312,359 | 442,532,051 |

Based on past experience, the management believes that no further impairment allowance is necessary in respect of carrying amount of trade debts.

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

31.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintain lines of credit as mentioned in note 13 and 18 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

Notes to the Financial Statements

for the year ended June 30, 2019

| | Carrying amount | Contractual cash flows | Less than one year | One to two years | Two to five years |
|---------------------------|--------------------|---------------------------|-----------------------|---------------------|----------------------|
| | Rupees | | | | |
| <i>June 30, 2019</i> | | | | | |
| Long term financing | 54,857,143 | 89,142,857 | - | 54,860,143 | 34,282,714 |
| Trade and other payables | 244,923,473 | 244,923,473 | 244,923,473 | - | - |
| Due to Holding Company | 967,119 | 967,119 | 967,119 | - | - |
| Unclaimed dividends | 5,979,053 | 5,979,053 | 5,979,053 | - | - |
| Current portion of | | | | | |
| - long term financing | 30,046,542 | 30,046,542 | 30,046,542 | - | - |
| Short-term borrowings | 299,738,429 | 299,738,429 | 299,738,429 | - | - |
| Loan from holding company | 308,324,631 | 308,324,631 | 308,324,631 | - | - |
| - unsecured | <u>944,836,390</u> | <u>979,122,104</u> | <u>889,979,247</u> | <u>54,860,143</u> | <u>34,282,714</u> |
| <i>June 30, 2018</i> | | | | | |
| Long term financing | 82,285,714 | 109,071,779 | - | 41,868,020 | 67,203,759 |
| Trade and other payables | 207,768,900 | 207,768,900 | 207,768,900 | - | - |
| Due to holding company | 1,288,910 | 1,288,910 | 1,288,910 | - | - |
| Unclaimed dividends | 4,706,707 | 4,706,707 | 4,706,707 | - | - |
| Current portion of | | | | | |
| - long term financing | 13,916,018 | 13,916,018 | 13,916,018 | - | - |
| Short-term borrowings | <u>217,899,238</u> | <u>217,899,238</u> | <u>217,899,238</u> | <u>-</u> | <u>-</u> |
| | <u>527,865,487</u> | <u>554,651,552</u> | <u>445,579,773</u> | <u>41,868,020</u> | <u>67,203,759</u> |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in notes 13 and 18 to the financial statements.

31.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

31.6.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk.

Notes to the Financial Statements

for the year ended June 30, 2019

31.6.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings, long term borrowings and short term investments. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

| | 2019 % | 2018 % | 2019 Rupees | 2018 Rupees |
|--|-------------------|-------------------|----------------|----------------|
| Fixed rate instrument | | | | |
| - Financial assets | | | | |
| Short-term investment - TDRs | 6.55% | 5% | 2,678,133 | 2,679,516 |
| Variable rate instrument | | | | |
| - Financial liabilities | | | | |
| Long term financing | 3 month k+.75% | 3 month k+.75% | 54,857,143 | 82,285,714 |
| Current portion of long term financing | | | 30,046,542 | 13,916,018 |
| Short-term borrowings | Refer note 18 | Refer note 18 | 299,738,429 | 217,899,238 |
| Loan from holding company - unsecured | Refer note 17 | N/A | 308,324,631 | - |

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased / decreased profit or loss by Rs. 474,798 (2018: Rs. 985,606).

31.6.3 Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to price risk.

31.6.4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Investment in fair value through profit or loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Notes to the Financial Statements

for the year ended June 30, 2019

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

However the fair value approximates to their carrying values.

32 Capital risk management

The company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

33 Employees contributory funds

All the investments out of pension fund and provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 (previously the Companies Ordinance, 1984) and the rules formulated for this purpose.

34 Remuneration of Chief Executive Officer, Directors and Executives

No fee or remuneration was paid by the Company to Chief Executive Officer and Directors except for the lump sum amount of Rs. 900,000 (2018: Rs. 900,000) charged by Wah Nobel (Private) Limited, as corporate service fee as disclosed in note 22.

No employee of the Company falls under the criteria of the executives as defined by the Companies Act, 2017.

Notes to the Financial Statements

for the year ended June 30, 2019

35 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | <i>Liabilities</i> | | | |
|--|----------------------------------|-----------------------|---------------------------|--------------------|
| | <i>Loan from holding company</i> | <i>Long term loan</i> | <i>Unclaimed dividend</i> | <i>Total</i> |
| | <i>Rupees</i> | | | |
| Balance at July 01, 2018 | - | 96,201,732 | 4,706,707 | 100,908,439 |
| Changes from financing cash flows | | | | |
| Receipt of loan | 308,324,631 | - | - | 308,324,631 |
| Repayment of long term loan | - | (11,298,047) | - | (11,298,047) |
| Dividend paid | - | - | (43,727,654) | (43,727,654) |
| Other changes: | | | | |
| Dividend announced | - | - | 45,000,000 | 45,000,000 |
| Balance at June 30, 2019 | 308,324,631 | 84,903,685 | 5,979,053 | 399,207,369 |

| | <i>Liabilities</i> | | | |
|-----------------------------------|----------------------------------|-----------------------|---------------------------|--------------------|
| | <i>Loan from holding company</i> | <i>Long term loan</i> | <i>Unclaimed dividend</i> | <i>Total</i> |
| | <i>Rupees</i> | | | |
| Balance at July 01, 2017 | - | - | 4,039,819 | 4,039,819 |
| Changes from financing cash flows | | - | - | - |
| Receipt of loan | - | 96,000,000 | - | 96,000,000 |
| Dividend paid | - | - | (53,333,112) | (53,333,112) |
| Other changes: | | | | |
| Accrued markup | - | 201,732 | - | 201,732 |
| Dividend announced | - | - | 54,000,000 | 54,000,000 |
| Balance at June 30, 2018 | - | 96,201,732 | 4,706,707 | 100,908,439 |

Notes to the Financial Statements

for the year ended June 30, 2019

36 Related party transactions and balances

Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

| Associated company | Nature of relationship | Number of shares held in the Company | Aggregate %age shareholding in the Company |
|--------------------------|-----------------------------------|--------------------------------------|--|
| Wah Nobel (Private) Ltd. | Holding Company | 4,970,396 | 55% |
| Wah Nobel Acetate Ltd. | Subsidiary of the Holding Company | Nil | Nil |
| Nobel Energy Limited | Subsidiary of the Holding Company | Nil | Nil |

| Related party | Nature of relationship | Number of shares held in the Company | Aggregate %age shareholding in the Company |
|--------------------------|-----------------------------|--------------------------------------|--|
| Employees Provident Fund | Contributory Provident Fund | 33,102 | 0.37% |
| Employees Pension Fund | Contributory Pension Fund | Nil | Nil |
| Employees Gratuity Fund | Defined Gratuity Fund | Nil | Nil |

| | Note | 2019 Rupees | 2018 Rupees |
|--|--------|----------------|----------------|
| Transactions and balances with related parties | | | |
| - Transactions: | | | |
| Expenses incurred on behalf of the group companies net | | (1,221,790) | (4,237,923) |
| Corporate service fee charged by holding company | 22 | 900,000 | 900,000 |
| Purchase of electricity from associated company | 21 | 18,830,014 | 16,968,169 |
| Purchase of raw material from associated company | 21 | 9,076,275 | 33,023,250 |
| Payment to Employees' Provident Fund | 15.5 | 5,337,202 | 6,033,531 |
| Payment to Employees' Pension Fund | 15.6 | 1,211,610 | - |
| Payment to Employees' Gratuity Fund | 15.2.5 | 1,000,000 | 500,000 |
| Dividend paid to parent company | | 24,852,000 | 29,822,400 |
| - Balances: | | | |
| Due to Holding Company | 16 | 967,119 | 1,288,910 |
| Due to Wah Nobel Energy Limited | 15.1 | 2,575,508 | 4,002,280 |
| Payable to Employees' Gratuity Fund | 15.2 | 4,565,095 | 2,495,957 |
| Payable to Employees' Provident fund | 15.5 | 500,579 | - |
| Payable to Employees' Pension fund | 15.6 | 1,233,785 | 1,211,610 |

Notes to the Financial Statements

for the year ended June 30, 2019

37 Capacity and production

| | Designed annual capacity | | Actual production | |
|-------------------------------------|--------------------------|--------|-------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| | Metric tones | | | |
| Formaldehyde and Formalin solvent | 80,000 | 30,000 | 30,748 | 25,443 |
| Urea / Phenol Formaldehyde | 19,000 | 19,000 | 17,807 | 9,800 |
| Urea Formaldehyde Moulding compound | 7,000 | 7,000 | 5,475 | 6,306 |

The shortfall in production of certain products is due to the gap between market demand and the available capacity.

38 Number of persons employed

| | 2019 Numbers | 2018 Numbers |
|--|-----------------|-----------------|
| Total employees of the Company at year end | 138 | 141 |
| Average employees of the Company during the year | 140 | 137 |

39 Disclosure requirements for Shariah Compliant Companies

Following information has been disclosed as required under Para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017:

| | 2019 Rupees | 2018 Rupees |
|---|----------------|----------------|
| Profits earned on any conventional investment | 1,211,649 | 191,504 |
| Interest paid on any conventional loan or advance | 31,683,731 | 6,188,257 |

For profits earned on conventional investments and finance cost on conventional short-term borrowings, refer notes 26 and 24 respectively.

Disclosures other than above are not applicable to the Company.

40 General

40.1 The Board of directors at the meeting held on October 03, 2019 have proposed for the year ended June 30, 2019 cash dividend of Rs. 4 per share (2018: Rs. 5 per share), amounting to Rs.36,000,000 (2018: Rs. 45,000,000) subject to approval of members at the annual general meeting.

40.2 These financial statements were authorized for issue by the Board of Directors of the Company on October 03, 2019.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

چیرمین کی طرف سے جائزہ کی رپورٹ

میں بمسرت آپ کو واہ نوبل کیمیکلز لمیٹیڈ کمپنی کے 30 جون 2019 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کر رہا ہوں۔ سال 2018-19 کمپنی کے لئے ایک اور اعلیٰ کارکردگی اور ترقی کا سال تھا۔ کمپنی نے اپنا سب سے زیادہ خالص آمدنی اور بعد از ٹیکس منافع بالترتیب 2.263 ملین روپے اور 176 ملین روپے حاصل کیا۔ مالیاتی کارکردگی کی بدولت بورڈ نے حتمی نقد ڈیویڈنڈ 40 فیصد جو کہ فی شیئر 4/- روپے ادا کرنے کی سفارش کی ہے۔ کمپنی نے حکومتی محصولات، ٹیکسوں اور درآمدی ڈیوٹی کی مد میں 621 ملین روپے قومی خزانے میں جمع کروائے ہیں۔

مجھے خوشی ہے کہ بورڈ نے اپنے فرائض اور ذمہ داریاں تندہی سے انجام دیں اور مؤثر انداز میں کمپنی کو اس کی حکمت عملی کی بابت رہنمائی کی۔ بورڈ کمپنی کی مینجمنٹ کی ذمہ داری لیتے ہوئے کمپنی کی تمام اہم پالیسیوں اور حکمت عملیوں کو تشکیل دیتا ہے۔ بورڈ کمپنی کی انتظامی کارکردگی کی نگرانی اور بڑے خطرات پر توجہ مرکوز رکھنے میں اہم کردار ادا کرتا ہے۔ بورڈ کمپنی کی حکمت عملی کی تشکیل اور نقطہ نظر میں وسعت کے عمل میں مکمل طور پر شامل رہا۔ تمام ڈائریکٹرز نے مکمل طور پر شرکت کر کے فیصلہ سازی کے عمل میں حصہ لیا۔

بورڈ کا رپورٹ اور فنانشل رپورٹنگ فریم ورک کے سلسلے میں اپنی ذمہ داری قبول کرتا ہے اور اچھی کارپوریٹ گورننس کے لئے پرعزم ہے۔ کمپنی کے متعلقہ قوانین اور قواعد و ضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے ایماء پر تیار کئے جاتے ہیں۔ موجودہ زیر جائزہ سال کے دوران، سہ ماہی، نصف سالانہ اور سالانہ مالیاتی نتائج کا بغور جائزہ لیا گیا ہے اور بورڈ نے مستقبل بنیادوں پر انتظامیہ کی رہنمائی کو وسیع کر دیا ہے۔ بورڈ ممبرز نے کمپنی کے مالیاتی بجٹ اور کیپٹل اخراجات جیسی ضروریات کا بھی جائزہ لیا اور منظور کیا۔

چیرمین کی حیثیت سے میں آپ کو پورے وثوق سے یقین دلاتا ہوں کہ کمپنی تمام متعلقہ کوڈز اور قواعد و ضوابط پر عمل پیرا ہے۔

بورڈ کی جانب سے میں کمپنی کے تمام ساتھی اداروں اور مینجمنٹ کے عملے کی کمپنی کی کامیابی میں شراکت کا اقرار کرتا ہوں اور سراہتا ہوں کمپنی کے لئے ان کی مسلسل حمایت اور رہنمائی کے لئے بورڈ آف ڈائریکٹرز، حصص داروں، بینکرز، ویڈرز اور معزز صارفین کا شکریہ ادا کرتا ہوں مجھے یقین ہے کہ کمپنی مستقبل کے چیلنجوں اور اہداف کو پورا کرنے میں کامیاب ہوگی۔

لیفٹیننٹ جنرل صادق علی، ہلال امتیاز (ملٹری)

چیرمین

واہ کینٹ: 03 اکتوبر 2019

ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز بمسرت 30 جون 2019 کو ختم ہونے والے سال کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ گوشوارے اور آڈٹ رپورٹ پیش کرتے ہیں۔

مالیاتی کارکردگی کا جائزہ

کمپنی نے رواں مالی سال 2018-19 کے دوران 2.263 بلین روپے خالص آمدنی حاصل کی نتیجتاً کمپنی کی خالص آمدنی میں 35 فیصد اضافہ ہوا۔ خاطر خواہ سیلز اور پیداواری صلاحیتوں کی بدولت کمپنی کا مجموعی منافع 354.874 ملین روپے ہوا جبکہ گزشتہ سال خالص منافع 317.150 ملین روپے رہا۔

روان زیر جائزہ سال کے دوران کمپنی کی فنانس لاگت گزشتہ سال کی 6.980 ملین سے بڑھ کر 48.691 ملین روپے ہو گئی کیونکہ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹس 6.50 سے بڑھ کر 13.25 فیصد ہونے کی وجہ سے ہوا۔ علاوہ ازیں سال کے دوران مختصر مدت کے قرضے کا استعمال بھی زیادہ رہا۔

دوران زیر جائزہ سال کمپنی نے گزشتہ سال کے بعد از ٹیکس منافع مبلغ 174.102 ملین روپے کے مقابلے میں مبلغ 176.492 ملین روپے کمایا۔ خالص منافع میں مبلغ 2.390 ملین روپے کا قدرے اضافہ ہوا، تاہم خالص منافع کا تناسب 10.36 فیصد سے کم ہو کر 7.80 فیصد رہ گیا۔

خالص منافع کے تناسب میں کمی کو KIBOR میں اضافہ، بنیادی خام مال کی قیمتوں میں اضافہ، اور امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی کو وجہ قرار دیا گیا ہے۔ جبکہ مارکیٹ میں سخت مقابلہ کی وجہ سے مصنوعات کی فروخت کی قیمتوں میں تناسب اضافہ نہیں کیا جاسکا۔

مالیاتی نتائج

گزشتہ سال کے موازنے اور موجودہ سال کے جائزے کے تحت کمپنی کے آپریٹنگ نتائج کا خلاصہ درج ذیل ہے:-

| 2017-18 | 2018-19 | |
|-----------|-----------|--|
| | | (روپے ہزاروں میں) |
| 1,680,925 | 2,262,829 | خالص فروخت (Net Sales) |
| 317,150 | 354,874 | کل منافع (Gross Profit) |
| 293,891 | 329,880 | آپریٹنگ منافع (Operating Profit) |
| 249,456 | 249,605 | قبل از ٹیکس منافع (Profit before Taxation) |
| 75,354 | 73,112 | ٹیکس (Provision for Tax) |
| 174,102 | 176,492 | بعد از ٹیکس منافع (Profit after Taxation) |

مجموعی آمدنی فی شیئر

برائے سال ختمہ 30 جون 2019 شیئر آمدن 19.61 روپے جبکہ گزشتہ سال فی شیئر آمدن 19.34 روپے تھی۔

بعد کے تصرفات

ڈائریکٹر کی جانب سے 30 جون 2019 کو ختم ہونے والے سال کے لئے مندرجہ ذیل تصرفات کی سفارش منظوری دی ہے جن کی تفصیل کمپنی کے بعد میں آنے والے مالی گوشواروں میں دی جائے گی۔

i۔ ڈیویڈنڈ

ڈائریکٹر کی جانب سے نقد ڈیویڈنڈ @ -4/ روپے فی شیئر (یعنی 40 فیصد) کی سفارش کی ہے۔ جو کہ آئندہ ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

ii۔ مجموعی ذخائر

ڈائریکٹر نے مختص شدہ منافع میں سے 115 ملین روپے کی مجموعی ذخائر میں منتقلی کی بھی تجویز۔ منظوری دی ہے۔

مستقبل پر ایک نظر (2019-20)

کمپنی ایک انتہائی مسابقتی صنعت ہے، جو بہت زیادہ صلاحیت کی حامل ہے، موجودہ مارکیٹ میں بہت زیادہ مقابلے اور نئی کمپنیوں کی آمد کے باعث کمپنی کے ان پٹ اخراجات میں مسلسل اضافہ، روپے کی قدر میں کمی اور روز افزوں بڑھتی مہنگائی کی وجہ سے کمپنی کے مارجنز پر دباؤ متوقع ہے۔ تاہم مینجمنٹ ان چیلنجز سے نبرد آزما ہونے کے لئے تمام ممکنہ اقدامات کر رہی ہے۔ اور سال 2019-20 میں ترقی کی رفتار کو برقرار رکھتے ہوئے پُر امید ہے۔

اندرونی مالیاتی کنٹرول

کمپنی ایک قابل اعتماد اور شفاف مالیاتی رپورٹنگ اور اس کی تشہیر کو یقینی بنانے کے لئے اندرونی کنٹرول اور اس کے طریقہ کار کا ایک نظام برقرار رکھتی ہے۔ اندرونی مالیاتی کنٹرولز کا تسلسل سے معیاری بنیادوں پر جائزہ لیا جاتا ہے۔ تاکہ تصدیق کی جاسکے کہ آیا یہ مؤثر ہے، ان کو تبدیلی کے قوانین اور قواعد و ضوابط کے تحت تبدیل کیا گیا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ اندرونی کنٹرول پر عملدرآمد کی نگرانی کرتا ہے۔ اندرونی اور بیرونی آڈیٹرز کے ساتھ بات چیت کے ذریعے اس بات کی تصدیق ہوتی ہے کہ کمپنی کی جانب سے مناسب کنٹرولز لاگو کئے گئے ہیں۔

درپیش خطرات اور غیر یقینی کی صورتحال

اس حقیقت کے باوجود کہ گزشتہ تین سالوں کے دوران کمپنی کی مالی کارکردگی مسلسل غیر معمولی طور پر اچھی تھی۔ اب بھی کمپنی چند فطری منفی خطرات اور غیر یقینی کی صورتحال جیسے مقابلہ، وینڈ اور پرمٹ فیس کیس پر سپریم کورٹ آف پاکستان کا ناموافق فیصلہ، ایکسچینج ریٹ میں اتار چڑھاؤ، منفی شرح سود، متضاد حکومتی قواعد، ٹیکسز (Taxes)، پالیسیاں وغیرہ کمپنی کے مستقبل کے مالی گوشواروں پر اثر انداز ہو سکتے ہیں۔

انتظامیہ معیاری بنیادوں پر کاروبار کو لاحق بڑے مالیاتی اور آپریٹنگ خطرات کا جائزہ لیتی ہے۔ بیان کئے گئے خطرات کے ممکنہ اثرات کو کم کرنے کے لئے کمپنی اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ کام کرتی ہے۔

متعلقہ جماعت کے ساتھ لین دین

متعلقہ جماعتوں کے ساتھ تمام لین دین عمومی کاروباری نوعیت غیر متعلقہ بنیاد پر کی گئیں۔ جیسے مالیاتی گوشواروں پر متعلقہ نوٹ میں ظاہر کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ۔ فریم ورک

- کمپنی اچھی کارپوریٹ گورننس کی مکٹمنٹ رکھتی ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے ڈائریکٹرز مندرجہ ذیل رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں:-
- کمپنی مینجمنٹ کے تیار کردہ مالیاتی گوشوارے اس کے موجودہ شفاف معاملات، آپشنز، نقد بہاؤ، ایکویٹی میں تبدیلی کی تفصیل مرتب کی گئی ہے۔
- کمپنی نے باقاعدہ درست کھاتہ جات مرتب کر رکھے ہیں۔
- مناسب اکاؤنٹنگ پالیسیوں کو مسلسل مالیاتی گوشواروں کی تیاری میں لاگو کیا گیا ہے۔ اور اکاؤنٹنگ کے تخمینے (Estimates) مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیار اور کمپنیز ایکٹ 2017 کی شکلوں جو کہ پاکستان میں قابل عمل ہیں کا اطلاق کیا جاتا ہے۔ اور کسی بھی نئی چیز کی مناسب طریقے سے وضاحت کی جاتی ہے۔
- مضبوط اندرونی کنٹرول کا نظام موثر انداز سے لاگو کیا گیا ہے۔
- کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ یا شبہ کی گنجائش نہیں تا آنکہ سپریم کورٹ میں ہمارے زیر التوا وینڈ اور پرمٹ فیس کیس کا کوئی منفی فیصلہ نہیں آ جاتا (یہ تمام انڈسٹری میں برابر کا رائج ہے)۔
- یہاں کوئی بھی قابل ذکر چیز کوڈ آف کارپوریٹ گورننس سے ہٹ کر نہیں کی گئی جیسا کہ اسٹاک ایکسچینج کی لسٹنگ ریگولیشن میں بتایا گیا ہے سوائے اس کے جن کا ذکر اسٹیٹمنٹ آف کمپلائنس میں کیا گیا ہے۔
- گزشتہ 6 مالی سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

- سٹاف ریٹائرمنٹ فنڈ کی طرف سے کی جانے والی سرمایہ کاری کی غیر آڈٹ شدہ مالیت بشمول بینک ڈیپازٹس 30 جون 2019 کو درج ذیل ہیں:-
- | | | |
|--------------|---|-----------------|
| پراویڈنٹ فنڈ | ○ | 59,515,126 روپے |
| گریجویٹ فنڈ | ○ | 23,680,990 روپے |
| پنشن فنڈ | ○ | 15,945,620 روپے |

بورڈ آف ڈائریکٹرز

- درج ذیل تفصیل کے مطابق ڈائریکٹرز (بشمول چیف ایگزیکٹو) کی کل تعداد آٹھ (8) ہے۔
- | | | |
|------|--------|-----------|
| الف۔ | مرد | (08) آٹھ |
| ب۔ | خواتین | کوئی نہیں |

- بورڈ کی ساخت درج ذیل طریقے پر ہے۔
- | | | |
|-------|-----------------------------|-----------|
| (i) | آزاد ڈائریکٹرز | دو (02) |
| (ii) | دیگر نان ایگزیکٹو ڈائریکٹرز | پانچ (05) |
| (iii) | ایگزیکٹو ڈائریکٹرز | ایک (01) |

23 مئی 2019 میں غیر معمولی اجلاس میں مندرجہ ذیل سات ڈائریکٹرز بلا متقابلہ اگلی تین سالہ مدت جو کہ یکم جون 2019 سے شروع ہو رہی ہے کیلئے منتخب ہوئے۔

- 1- لیفٹیننٹ جنرل صادق علی
- 2- مسٹر تور بچورن سکسمو (Torbjorn Saxmo)
- 3- جناب عبدالعزیز
- 4- جناب محمد ارشد
- 5- جناب طارق ایم رنگون والا
- 6- جناب شفیق احمد صدیقی
- 7- جناب مناف ابراہیم

بورڈ نے سبکدوش ہونے والے ڈائریکٹرز کی کمپنی کیلئے کی جانے والی قابل قدر شراکتوں کے لئے تعریفی کلمات کو ریکارڈ کر لیا اور کمپنی کے بورڈ میں نئے ڈائریکٹرز کا پُر تپاک خیر مقدم کیا۔

زیر جائزہ سال کے دوران پانچ بورڈ میٹنگز منعقد کی گئیں ہر ڈائریکٹر کی میٹنگز میں شرکت کی تعداد درج ذیل ہے:-

| سیریل نمبر | ڈائریکٹر کے نام | میٹنگز میں شرکت کی تعداد | ریٹائرڈ |
|------------|----------------------------------|--------------------------|----------------------------|
| 1- | لیفٹیننٹ جنرل صادق علی (چیئرمین) | 04 | |
| 2- | جناب تور بچورن سکیمو | 05 | |
| 3- | جناب محمد نواز تشنہ | 01 | 31 مئی 2019 کو ریٹائر ہوئے |
| 4- | جناب محمد افضل | 02 | 31 مئی 2019 کو ریٹائر ہوئے |
| 5- | جناب عبدالعزیز | 05 | |
| 6- | جناب حشمت حسین | 04 | 31 مئی 2019 کو ریٹائر ہوئے |
| 7- | جناب محمد ارشد | -- | یکم جون 2019 کو منتخب ہوئے |
| 8- | جناب طارق ایم رنگون والا | -- | یکم جون 2019 کو منتخب ہوئے |
| 9- | جناب شفیق احمد صدیقی | -- | یکم جون 2019 کو منتخب ہوئے |
| 10- | جناب مناف ابراہیم | -- | یکم جون 2019 کو منتخب ہوئے |
| 11- | برگیدر (ر) شیراز اللہ چوہدری | 05 | |

دوران سال آڈٹ کمپنی نے چار میٹنگز منعقد کیں۔ اور ہر ممبر نے مندرجہ ذیل تعداد میں میٹنگز میں شرکت فرمائی۔

| سیریل نمبر | ڈائریکٹر کے نام | میٹنگز میں شرکت کی تعداد | ریٹائرڈ |
|------------|--------------------------|--------------------------|---------------------------------|
| 1- | جناب محمد افضل | - | 31 مئی 2019 کو ریٹائر ہوئے |
| 2- | جناب عبدالعزیز | 04 | |
| 3- | جناب حشمت حسین | 04 | 31 مئی 2019 کو ریٹائر ہوئے |
| 4- | جناب طارق ایم رنگون والا | -- | یکم جون 2019 کو مقرر منتخب ہوئے |
| 5- | جناب محمد ارشد | -- | یکم جون 2019 کو مقرر منتخب ہوئے |

دوران سال ایچ آر اور Remuneration (معاوضہ ادائیگی کمیٹی) نے ایک مینٹگ منعقد کی اور اس میں ہر ممبر نے مندرجہ ذیل تعداد میں مینٹگز میں شرکت فرمائی۔

| سیریل نمبر | ڈائریکٹرز کے نام | مینٹگز میں شرکت کی تعداد | ریمارکس |
|------------|------------------------------|--------------------------|---------------------------------|
| 1 - | جناب عبدالعزیز | 01 | |
| 2 - | جناب حشمت حسین | 01 | مئی 2019 کو ریٹائر ہوئے |
| 3 - | جناب محمد ارشد | -- | یکم جون 2019 کو مقرر منتخب ہوئے |
| 4 - | جناب طارق ایم رنگون والا | -- | یکم جون 2019 کو مقرر منتخب ہوئے |
| 5 - | برگڈیز (ر) شیراز اللہ چوہدری | 01 | |

بورڈ کمیٹی کے ارکان جو مینٹگز میں شرکت نہیں کر سکے ان کو غیر حاضری کی رخصت دی گئی۔

ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ ڈائریکٹرز کے بورڈ میں شرکت کے لئے معاوضے فیس کا تعین کرنے کا مجاز ہے۔ بورڈ، بورڈ (کمیٹی) کی مینٹگز، جنرل مینٹگز یا کسی کاروباری اجلاس میں شرکت کے عوض کوئی معاوضہ ادائیگی نہیں کیا جائے گا تاہم مینٹگز میں شرکت کے لئے سفر ہٹل اور دیگر اخراجات کی ادائیگی کی جائے گی۔

کارپوریٹ۔ سماجی ذمہ داری (CSR)

سماجی طور پر ذمہ دار کارپوریٹ ادارہ ہونے کی حیثیت سے کمپنی اپنی کمیونٹی، کسٹمرز، شیئر ہولڈرز اور ملازمین کیلئے پُر عزم ہے۔ کمپنی اخلاقی طور پر کارکنان، ان کے خاندانوں، مقامی کمیونٹی اور معاشرتی زندگی کو بہتر بنانے کے لئے معاشی ترقی میں حصہ لینے، کمپنی کی توانائیوں کے تحفظ، صنعتی تعلقات، خصوصی افراد کے لئے روزگار اور کاروباری اخلاقیات کے ذریعے فعال کارپوریٹ شہریت کی حامل ہے۔

توانائی کا تحفظ حالیہ برسوں میں توجہ کا مرکز رہا اس سلسلے میں توانائی کو بچانے کے لئے مختلف اقدامات کیے گئے۔ جیسے تمام ایئر کنڈیشنروں اور ہیٹروں کا محدود استعمال اور برقی بلب اور ٹیوب لائٹ کی جگہ انرجی سیورز اور LED لائٹس کا استعمال ہماری مدر کمپنی (Parent company) نے توانائی کی بچت اور بجلی کے بوجھ کو کم کرنے کے لئے واہ نوبل کے مرکزی دفتر میں شمسی توانائی کے پینلز (Solar Pannels) نصب کئے ہیں۔

کمپنی نے اپنے صارفین کو مسابقتی (Competitive) قیمتوں پر معیاری مصنوعات فراہم کرنے کے لئے مصروف عمل رہتی ہے۔ اور ان کو مفت مشاورتی خدمات بھی فراہم کی جاتی ہیں۔ کمپنی انتظامیہ اور ملازمین کے درمیان اچھے تعلقات استوار ہیں۔ کمپنی اپنے گاہکوں (Customers) اور سپلائرز کے ساتھ بھی مثالی تعلقات رکھتی ہے۔

کمپنی اپنے ملازمین کو ہر سال عمرہ کی سعادت سے ہمکنار کر رہی ہے۔ اس سلسلے میں وہ ملازمین جو کمپنی کے ساتھ دس سال مدت ملازمت مکمل کر چکے ہوں وہ اس سکیم کے اہل ہوتے ہیں۔ کمپنی ہر سال ایک ملازم کو کمپنی کے اخراجات پر عمرہ انجام دینے کے لئے روانہ کرتی ہے۔

ملازمین کی صحت و تحفظ کمپنی کی اولین ترجیحات میں شامل ہے۔ کمپنی صحت و حفاظت کے اصولوں اور کام کے دوران محفوظ ماحول، ملازمین کو حادثہ، بیماری سے محفوظ رکھنے کے لئے کوشاں رہتی ہے۔ اور اس مقصد کو حاصل کرنے کے لئے عملی طور پر صحت و حفاظت اور ماحولیات کے اصولوں پر عمل کیا جاتا ہے۔

کاروباری اخلاقیات ہماری پالیسیوں اور طریقہ کار کا ایک لازمی جز ہے۔ کمپنی اپنی تمام کاروباری سرگرمیوں کو کاروباری اخلاقیات کے سب سے اعلیٰ اصولوں کے مطابق اور ملکی قوانین اور قواعد و ضوابط کے مطابق سرانجام دینے کے لئے پُر عزم ہے۔

کمپنی ملازمتوں کی بھرتی، ملازمین کو تربیت و ترقی میں جنس، مذہب، معذوری یا خاندانی حیثیت کی بنیاد پر ملازمین میں فرق نہیں رکھتی۔ کمپنی اپنے تمام ملازمین کو ایک محفوظ، صحت افزا کام سیکھنے کے لئے سازگار ماحول فراہم کرنے کے لئے مصروف عمل ہے۔ کمپنی ملازمین کے درمیان ٹیم ورک کے کلچر، تخلیقی صلاحیتوں، جدت، اخلاص اور وفاداری، نظم و ضبط، رواداری، باہمی احترام کی ثقافت کو فروغ دیتی ہے۔ کمپنی پیشہ ورانہ اور تکنیکی (Technical) مہارت کو فروغ دینے کے لئے افراد کو مستقل بنیاد پر ٹریننگ (Apprenticeship Training) کی سہولت فراہم کرتی رہتی ہے۔

کمپنی کارپوریٹ ٹیکس، عمومی سیز ٹیکس، ایکسائز ڈیوٹی، وینڈر پر مٹ فیس (Vend/Permit fee) کی مدد سے قومی خزانے میں ایک نمایاں رقم دے کر حصہ ڈال رہی ہے۔ سال 2018-19 کے دوران کمپنی نے مبلغ 621 ملین روپے سے زیادہ کی رقم قومی خزانے میں جمع کروائی۔

ویب سائٹ

کمپنی کی موجودہ مالی سال کی سالانہ رپورٹ مع سہ ماہی رپورٹس بشمول گزشتہ پانچ سالوں کی سالانہ رپورٹس شیئر ہولڈرز اور دیگر افراد کی معلومات کے لئے ویب سائٹ پر دستیاب ہیں۔

www.wahnobel.com/wnc.htm

وینڈ فیس اور پر مٹ فیس کا معاملہ

وینڈ فیس اور پر مٹ فیس کیس کے حوالے سے سندھ ہائی کورٹ نے پہلے ہی موافق فیصلہ کمپنی کے حق میں دے رکھا ہے۔ اس وقت یہ کیس سپریم کورٹ آف پاکستان کے پاس زیر التوا ہے۔ جب تک کہ کوئی منفی فیصلہ نہیں آ جاتا کمپنی کو جاری و ساری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں۔ سندھ ہائی کورٹ کے موافق فیصلے کی رو سے انتظامیہ سپریم کورٹ سے مثبت فیصلے کی توقع رکھتی ہے۔ اور یوں کمپنی اپنی موجودہ حیثیت کے مطابق کام جاری رکھ سکے گی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر بادی اینڈ کمپنی / چارٹرڈ اکاؤنٹنٹس 36 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری

کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمپنی نے بھی سال 2019-20 کیلئے ان کی دوبارہ تقرری کی سفارش کی ہے۔ جس کی بورڈ کی طرف سے تائید کی گئی ہے۔ جو کہ آئندہ ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2019 کے مطابق شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشان دہی کرنے والی اسٹیٹمنٹس جن کو کوڈ آف کارپوریٹ گورنس کے تحت ضروری سمجھا جاتا ہے کو شامل کیا گیا ہے۔

اس سال کے دوران ماسوائے جناب طارق ایم رنگون والا، ڈائریکٹر جنہوں نے اس الیکشن سے قبل کمپنی کے 500 شیئرز خریدے کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری، چیف فنانشل آفیسر، ایگزیکٹوز اور ان کی بیویوں، نابالغ بچوں کی طرف سے کمپنی کے شیئرز کی کوئی تجارت نہیں کی گئی۔

اعتراف

ڈائریکٹرز کمپنی کی مینجمنٹ اور ملازمین کی کمپنی کی ترقی کیلئے کی گئی سخت محنت، عزم اور کمپنی کی خاطر اپنے آپ کو وقف کرنے کے جذبے کو مخلصانہ طور پر سراہتے ہیں۔ ڈائریکٹرز اپنے قابل قدر شیئر ہولڈرز، گاہکوں، سپلائرز اور بینکرز کی مسلسل حمایت کے لئے شکریہ کا اظہار کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

برگیدئیر (ر) شیراز اللہ چوہدری
چیف ایگزیکٹو

عبدالعزیز
ڈائریکٹر

واہ کینٹ۔ 03 اکتوبر 2019

Proxy Form

I/We _____
of _____ being a member(s) of
Wah Nobel Chemicals Limited hereby appoint _____
of _____ or failing him/her
_____ of _____ as my/our proxy in
my/our absence to attend and vote for me/us and on my/our behalf at the 36th Annual General
Meeting of the Company to be held on Monday, October 28, 2019 at 1200 hrs and /or any
adjournment thereof.

Signed this _____ day of October, 2019.

| Folio No | CDC Participant ID No | CDC Account / Sub-Account No | No.of Shares held | Signature on Five Rupees Revenue Stamp |
|----------|--------------------------|---------------------------------|----------------------|--|
| | | | | |

Witness 1

Signature _____
Name _____
CNIC No. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC No. _____
Address _____

Note:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, G. T. Road, Wah Cantt not less than 48 hours before the time of holding the meeting.
2. The Proxy must be a member of the Company.
3. Signature(s) should agree with the specimen signature/s registered with the Company.
4. For CDC Account Holders/Corporate Entities
In addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - (ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (iii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).

مختار نامہ (پراکسی فارم)

36 ویں سالانہ اجلاس عامہ

میں / ہم _____ ساکن _____ بحیثیت رکن واہ نوبل کیمیکلز لمیٹڈ
اور حامل _____ حصص مقرر کرتا ہوں بطور نائب _____ محترم / محترمہ
برائے _____ یا ان کی عدم موجودگی کی صورت میں _____ محترم / محترمہ
برائے _____، جو واہ نوبل کیمیکلز لمیٹڈ کے ممبر بھی ہے، میری غیر موجودگی کی صورت میں بطور میرے نائب کے 36 ویں
سالانہ اجلاس عامہ میں شرکت کرنے اور حق رائے دہی استعمال کر سکتے ہیں۔ جس کا انعقاد بروز سوموار 28 اکتوبر 2019 کو 12 بجے دن یا اس کے ملتوی شدہ اجلاس میں۔
دستخط / مہر اور کی طرف سے بھیج دیا گیا: _____ مورخہ _____ اکتوبر 2019

| | |
|-------------------------|-------------------------|
| ۱۔ نام گواہ: _____ | ۲۔ نام گواہ: _____ |
| دستخط: _____ | دستخط: _____ |
| شناختی کارڈ نمبر: _____ | شناختی کارڈ نمبر: _____ |
| پتہ: _____ | پتہ: _____ |
| _____ | _____ |

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر

ہدایات:








- ۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲۔ ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ سے مماثلت ہونا ضروری ہے۔
- ۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناخت کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴۔ مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرنا ضروری ہے۔










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