ANNUAL REPORT
2020

Wah Nobel Chemicals Limited

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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. Bilal Akbar,HI(M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Maj Gen Azhar Naveed Hayat Khan,HI(M)	:	Director
Mr. Muhammad Arshad	:	Director
Mr. Tariq M. Rangoonwala	:	Director
Mr. Shafiq Ahmed Siddiqi	:	Director (N.I.T. Nominee)
Mr. Usman Ali Bhatti	:	Director

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

AUDIT COMMITTEE

Mr Tariq M. Rangoonwala	:	Chairman
Mr. Muhammad Arshad	:	Member
Mr. Usman Ali Bhatti	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Muhammad Arshad	:	Chairman
Mr. Tariq M. Rangoonwala	:	Member
Brig (R) Shiraz Ullah Choudhry	:	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, 2nd 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
Meezan 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
FAX	:	(051) 4545241, (051) 4535862
E.MAIL	:	ce@wahnobel.com
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, unparallel 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

Formaldehyde	80,000 M. Tons per annum.
Urea/Phenol Formaldehyde	19,000 M. Tons per annum.
Urea Formaldehyde Moulding Compound	7000 M. Tons per annum.

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 37th 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 Thursday, November 26, 2020 at 1100 hours to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 28 , 2019.
.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and the Auditors' Reports thereon.

3. To approve the payment of cash dividend @ Rs 4.00 per share i.e. 40 % as recommended by the Directors.

4. To appoint the Auditors of the Company for the year 2020-21 and to fix their remuneration. The retiring Auditors have completed the period of five years, therefore, Board has recommended, as suggested by the Audit Committee, appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants , as statutory auditors of the company in place of retiring auditors.

SPECIAL BUSINESS

5. To consider and if deemed fit, approve and adopt the amendment in the Clause 103 of the Articles of Association of the Company and to pass the following 'Special Resolution' with or without modification(s):

"RESOLVED THAT the existing Clause 103 of Articles of Association ("Articles") of the Company be and is hereby substituted to read as follows:

The remuneration of the Directors shall time to time be determined by the Board. The Directors shall be entitled to a fee for attending meeting(s) of the Board and Committees of the Board and in addition may be reimbursed all such reasonable expenses as he/her may incur in attending the meetings of the Board or its Committees or which he/her may otherwise incur in or about the business of the Company , as set and approved by the Board."

Further Resolved that the Chief Executive Officer and / or Company Secretary be and are hereby authorized either singly or jointly, to take all steps necessary, ancillary and incidental for registering and amending the Articles of Association of the Company as stated above, including but not limited to filing of all the requisite statutory forms and all other documents as may be required to be filed with the Companies Registration Office, Securities and Exchange

Commission of Pakistan and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the amendment in the Articles of Association."

OTHER BUSINESS

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

A statement of material facts as required under Section 134(3) of the Companies Act, 2017, pertaining the above mentioned special business is annexed with this notice of annual general meeting.

By Order of the Board

(TANVEER ELAHI)
COMPANY SECRETARY

Wah Cantt.
November 04, 2020

NOTES:

1. The share transfer books of the Company will remain closed from November 19, 2020 to November 26, 2020 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on November 18, 2020 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. Due to current COVID-19 situation, the AGM proceedings can also be attended via video link facility. The shareholders who are interested in attending AGM through video link are requested to email their Name, Folio Number, Cell Number, CNIC Number and Number of shares held in their name with subject "Registration for Wah Nobel Chemicals Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at agm2020@wahnobel.com.

   Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM(i.e. before11.00 a.m. on November 24, 2020).

   Shareholders can also provide their comments and questions for the agenda items of the AGM at the email.

5. Shareholders are requested to notify to the Shares registrar M/s Ilyas Saeed Associates (Pvt) Limited, the change of address, if any, immediately.

6. Shareholders are once again requested to submit a copy of their valid CNIC (if not already provided) to the Company's Share Registrar, without any delay. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the

Company shall withhold the Dividend under the provisions of Section 243(2)(a) of the Companies Act 2017 which will be released by the Company only upon compliance.

7. As per Income Tax Ordinance, 2001, following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the company:
   (a) For persons appearing in Active Tax Payer List (ATL): 15%
   (b) For persons not appearing in Active Tax Payer List (ATL): 30%

   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.

8. 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.

9. 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.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESS

This statement sets forth the material facts pertaining to the special business (Item No. 5 of the Notice – Amendment in Clause 103 of the Articles of Association ("Articles) of the Company) to be transacted at the 37th Annual General Meeting of the Company to be held on November 26, 2020.

The Board in order to compensate the Directors appropriately for their expertise, experience, efforts and time involved in the Board meetings reviewed its policy effective from April 2020 with respect to payment of remuneration to the Board members of the Company. The Board has proposed amendment in Clause 103 of the Articles in order to align it with Section 170 of the Companies Act, 2017 and to authorize the Board to determine fee payable to Directors for attending meeting(s) of the Board and Committees of the Board. The increase in fee for attending meetings is recommended to bring their remuneration in terms with practice in other corporate entities.

Comparison of Clause 103 of the Articles before and after the proposed change is as follows:

Existing	Proposed
The remuneration of the Directors shall time to time be determined by the Company in General Meeting but the remuneration of a Director for attending meeting(s) of the Board shall not exceed Rs500 or such increased amount permitted by Law for each meeting attended by him. The Directors may reimburse to any Director all such reasonable expenses as he may incur in attending the meetings of the Directors or Committee of Directors or which he may otherwise incur in or about the business of the Company ."	The remuneration of the Directors shall time to time be determined by the Board. The Directors shall be entitled to a fee for attending meeting(s) of the Board and Committees of the Board and in addition may be reimbursed all such reasonable expenses as he/her may incur in attending the meetings of the Board or its Committees or which he/her may otherwise incur in or about the business of the Company , as set and approved by the Board."

Directors other than nominee(s) of Wah Nobel (Private) Limited are interested in the Special Business to the extent of the proposed remuneration payable for attending meetings.as stipulated in the remuneration policy . Other than that the Directors have no interest in the Special Business.

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, 2020. During the year despite adverse economic factors and lock down owing to COVID-19 pandemic Company performed reasonably well and achieved net sales and profit after tax of Rs.1,950 million and Rs.130 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.495 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 ensuring 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 consumers for their continuous support and guidance. I am confident that the Company will be successful in meeting the future challenges and targets.

Lt Gen
Bilal Akbar, HI(M)
Chairman

Wah Cantt.
October 07, 2020

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, 2020 together with the Auditors' Report thereon.

OPERATING PERFORMANCE

The Company during the Financial Year 2019-20 achieved net sales of Rs 1,950 million witnessed negative growth of 14% over last year's net sales of Rs 2,263 million. In fact up till nine months of Financial Year Company achieved growth in turnover, however lock down in the country on account of COVID-19 has affected the sales growth trend / profitability in last quarter. The gross profit stood at Rs 326 million compared with Rs 355 million last year.

Administrative expenses reduced to Rs 12 million as compared to the administrative expenses of last year of Rs 15 million. Selling and distribution expenses reduced by 4%.

Allowance for expected credit loss significantly increased from Rs 17 million of previous year to Rs 36 million during the year under review due to delay in payments by customers on account of COVID-19 lock down.

Financial charges increased by 58% and stood at Rs 77 million during the year against Rs 49 million of previous year mainly due to higher interest rates and excess utilision of short term borrowing.

Company earned After Tax Profit of Rs 130 million during the year under review against last year's After Tax Profit of Rs.176 million. Net Profit decreased by Rs.46 million, however net profit ratio decreased from 8% to 7%.

The decline in net profit is attributed to slowdown of economy due to Government policies, COVID-19 pandemic, higher interest rates, increase in price of basic raw material and other input costs due to 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:

	2019-20	2018-19
	Rupees (in thousands)	
Net Sales	1,950,049	2,262,829
Gross Profit	325,993	354,874
Operating Profit	304,012	329,880
Profit before taxation	182,946	249,605
Profit after taxation	130,307	176,492

NET EARNING PER SHARE

Earnings per share for the year ended June 30,2020 was Rs. 14.48 as against Rs 19.61 of preceding year.

SUBSEQUENT APPROPRIATIONS

The directors have recommended /approved following appropriations for the year ended June 30,2020 which will be reflected in the subsequent financial statements of the company:

- 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.

- General Reserve

  The directors also proposed / approved transfer of Rs 100 million from un-appropriated profits to general reserve.

OUTLOOK FOR 2020-21

The pandemic COVID-19 trajectory getting stable, business activities resumed. The market sentiment during the first quarter of the current financial year remained cool, however, it is expected that routine activities would resume from Oct 2020 onward unless Pakistan is hit by the 2nd wave of Pandemic COVID-19. The recent incentives announced by the government for the construction industry are also be positive for future growth.

In line with company's strategy to expand in value added products the Board has approved installation of additional Urea Formaldehyde Moulding Compound plant of 6,000 MT per annum capacity. Overall capacity will be increased to 13,000 MT per annum which will help to strengthen profitability of the Company.

In the realm of diversification company is planning to launch Disinfectant / Cleaner products in the market by January 2021.

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, Management is taking all possible measures to combat these challenges and are hopeful to achieve growth and increase in profitability during the financial year 2020-21.

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 reasonably good 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 and lock down due to re-emergence of COVID-19 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 Pemit 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 Corporate Governance as given in the Listed Companies (Code of Corporate Governance) Regulations, 2019 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, 2020 were as follows:

Fund	Rupees
Provident Fund	57,484,137
Gratuity Fund	27,359,343
Pension Fund	16,110,901

BOARD OF DIRECTORS

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

Male	Eight (08)
Female	None

- The composition of board is as follows:

Independent Directors	One (01)
Other Nonexecutive Directors	Six (06)
Executive Directors	One (01)

During the year following changes took place in the Board:

- Consequent upon retirement of Lt Gen Sadiq Ali, HI(M), Ex-Chairman, from service Lt Gen Bilal Akbar, HI(M) appointed as Director / Chairman in his place effective October 24,2019.
- Mr. Munaf Ibrahim resigned from the Directorship of the company and Mr Usman Ali Bhatti has been appointed as Director in his place effective February 03, 2020.
- On April 29,2020 Maj. Gen Azhar Naveed Hayat Khan , HI(M), has been appointed as Director on the Board of the Company to represent Wah Nobel (Private) Limited (WNPL) in place of Mr. Muhammad Arshad.

Subsequent to the year end effective from July 15 2020 Mr. Muhammad Arshad has been re-appointed as Director on the Board of the Company to represent WNPL in place of Mr. Abdul Aziz.

The Board of Directors placed on record its appreciation for the valuable contributions rendered by the outgoing Directors / Chairman and warmly welcomed the new Directors / Chairman 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 Bilal Akbar,HI(M), (Chairman)	02	Appointed on October 24,2019
2	Lt Gen Sadiq Ali , HI(M), (Ex-Chairman)	01	Retired on October 24,2019
3	Mr. Torbjorn Saxmo	05	
4	Maj. Gen Azhar Naveed Hayat Khan,HI(M)	01	Appointed on April 29,2020
5	Mr. Abdul Aziz	05	
6	Mr. Muhammad Arshad	-	Resigned on April 29,2020
7	Mr. Usman Ali Bhatti	02	Appointed on February 03,2020
8	Mr. Tariq M. Rangoonwala	02	
9	Mr. Shafique Ahmed Siddiqi	05	
10	Mr. Munaf Ibrahim	02	Resigned on February 03,2020
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. Tariq M. Rangoonwala	-	
2	Mr. Abdul Aziz	04	
3	Mr. Muhammad Arshad	02	Resigned on February 03,2020
4	Mr. Usman Ali Bhatti	02	Appointed on February 03,2020

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. Tariq M. Rangoonwala	-	
3..	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. The Board has approved the remuneration of a Director for attending the Board meeting for Non-Executive Directors, excluding nominee(s) of Wah Nobel (Private) Limited. However, no remuneration shall be paid for attending Committee(s) of the Board meetings and for attending General Meeting(s) or any other business meeting(s) of the company. Company will pay / reimburse to all the directors travelling, hotel and other expenses incurred for attending the meetings of the company.

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 your 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 Panels 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 2019-20 company has contributed over Rs 495 million (2019 : Rs.621 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

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 37th annual general meeting of the Company.

They have completed the period of five years, therefore, Board of Directors on the recommendation of Board's Audit Committee proposed appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants , who have indicated their consent to act as Auditors, as statutory auditors of the company for the year ending June 30,2021 at the prevailing fees of retiring auditors , for shareholders consideration and approval at the forthcoming annual general meeting

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2020 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.

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

Usman Ali Bhatti ,Director

Brig Shiraz Ullah Choudhry (R)
Chief Executive

Wah Cantt
October 07, 2020

SIX YEARS AT A GLANCE

		2015	2016	2017	2018	2019	2020
				(Rupees in Thousands)			
(A)	Operating Results:						
i)	Net Sales Revenue	1,209,911	1,181,518	1,250,740	1,680,925	2,262,829	1,950,049
ii)	Gross Profit	128,054	236,346	270,452	317,150	354,874	325,994
iii)	Operating Profit	50,701	150,533	208,168	293,891	329,880	304,012
iv)	Profit Before Tax	26,484	120,085	189,060	249,456	249,605	182,946
v)	Profit After Tax	12,263	78,469	131,105	174,102	176,492	130,307
(B)	Financial Position						
i)	Paid-up Capital	90,000	90,000	90,000	90,000	90,000	90,000
ii)	Shareholders Equity	492,460	561,764	658,611	778,380	887,645	983,632
iii)	General Reserve	360,000	375,000	425,000	505,000	635,000	750,000
iv)	Property, Plants and Equipment (Net)	159,030	148,722	170,642	307,614	332,755	297,682
v)	Current Assets	677,275	701,975	835,027	1,020,092	1,526,567	1,499,436
(C)	Key Performance Indicators						
i)	Gross Profit %	10.58%	20.00%	21.62%	18.87%	15.68%	16.72%
ii)	Net Profit %	1.01%	6.64%	10.48%	10.36%	7.80%	6.68%
iii)	Earning Per Share Rs.	1.36	8.72	14.57	19.34	19.61	14.48
iv)	Cash Dividend %	10%	40%	60%	50%	40%	40% (Proposed)
vi)	Break-up Value Per Share Rs.	54.72	62.42	73.18	86.49	98.63	109.29
vii)	Current Ratio	1.86:1	2.29:1	2.40:1	2.22:1	1.68:1	1.93:1

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2020

No of shareholders	Shareholding	Total shares held
167	shareholding from 1 to 100 shares	7,104
387	shareholding from 101 to 500 shares	100,643
114	shareholding from 501 to 1,000 shares	91,293
110	shareholding from 1001 to 5,000 shares	284,352
22	shareholding from 5,001 to 10,000 shares	162,700
13	shareholding from 10,001 to 20,000 shares	205,590
11	shareholding from 20,001 to 30,000 shares	312,614
3	shareholding from 30,001 to 50,000 shares	111,202
6	shareholding from 50,001 to 100,000 shares	500,203
5	shareholding from 100,001 to 1,000,000 shares	2,253,904
1	shareholding from 1,000,001 to 5,000,000 shares	4,970,395
839	Total	9,000,000

CATEGORIES OF SHAREHOLDERS
AS AT 30 JUNE 2020

S.#	Categories	No. of Shareholders	Shares held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	6	505	0.01
1.1	Lt. Gen. Bilal Akbar, (HI(M)	1*	1	0.00
1.2	Mr. Torbjorn Sexmo	1*	1	0.00
1.3	Mr. Abdul Aziz	1*	1	0.00
1.4	Maj.Gen.Azhar Naveed Hayat Khan HI(M)	1*	1	0.00
1.5	Mr. Usman Ali Bhatti	1*	1	0.00
1.6	Mr.Tariq M. Rangoonwala	1	500	0.01
2	Associated Companies, undertakings and related parties	3	5,102,497	56.69
2.1	Wah Nobel (Pvt) Ltd	1	4,970,395	55.23
2.2	WNPL Employees Provident Fund	1	99,000	1.10
2.3	WNCL Employees Provident Fund	1	33,102	0.36
3	NIT/ICP	2	576,749	6.41
3.1	CDC - Trustee National Investment (Unit) Trust	1	576,124	6.40
3.2	Investment Corportation of Pakistan	1	625	0.01
4	Banks Development Financial Institutions, Non Banking Financial Institutions	2	1478	0.02
4.1	National Bank of Pakistan	1	358	0.01
4.2	National Ind. CO-OP. Finance Corp.	1	1,120	0.01
5	Insurance Companies	2	863,080	9.59
5.1	State Life Insurance Corporation of Pakistan	1		9,58
5.2	Reliance Insurance Company Ltd	1	1,000	0.01
6	Modarabas and Mutual Funds	-	-	0.00
7	Shareholders holding 10%	-	-	0.00
8	General Public	814	2,366,425	26.29
	a. Local	814	*2,366,425*	*26.29*
	b. Foreign	-	-	*0.00*
9	Others (to be specified)	10	89,266	0.99
9.1	Takaful Companies	3	25,500	0.28
9.2	Trust / Cooperative Society	1	900	0.01
9.3	Benevolent / Pension Fund	2	60,245	0.67
9.4	Joint Stock Coys.	3	2,521	0.03
9.5	Stock Exchange.	1	100	0.00
	Total:	839	9,000,000	100.00

* Directors mentioned at Sr 1.1 to 1.5 held these shares (1 share each) as nominee of Wah Nobel (Pvt) Ltd (WNPL). The ultimate ownership remains with WNPL.

No trade in the shares of the company was carried out by the Director, CEO, CFO, Company Secretary, Executives and theirspouses and minor Children the during thefinancial year ended June 30,2020.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2020

Wah Nobel Chemicals Limited ('the company') has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 ('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

The composition of Board is as follows:

Category	Names
Independent Director	1. Mr. Tariq M. Rangoonwala
Non-executive Directors	1. Lt. Gen Bilal Akbar, HI(M) 2. Mr. Torbjorn Saxmo 3. Maj Gen Azhar Naveed Hayat, HI(M) 4. Mr. Abdul Aziz 5. Mr. Usman Ali Bhatti 6. Mr. Shafique Ahmed Siddiqi
Executive Director	1. Brig (R) Shiraz Ullah Choudhry, SI(M)

3. The directors have confirmed that none of them is serving as a director on more than seven 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. The Board has ensured that complete record of particulars of the significant policies alongwith their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act,2017 (the Act) 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act 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 and remaining directors are to be trained within specified time. However, all the directors are experienced and qualified;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer 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 (Chairman)
Mr. Abdul Aziz	Mr. Tariq M. Rangoonwala
Mr. Usman Ali Bhatti	Brig (R) Shiraz Ullah Choudhry, SI(M)

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 Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, 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 requirements of regulations 3, 8, 27, 32, 33 and 36 of the Regulations have been complied with. However requirements of regulations 6 and 7 will be fully complied within permissible limit i.e :
    i) For regulation 6 ----- not later than expiry of Board's current term.
    ii) For regulation 7 ----- upon reconstitution after the expiry of Board's current term.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

    a) As required under clause 10 (3) (v), the Board of the Company shall ensure that, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. The Board is in process of formation and implementation of effective mechanism for evaluation of Board and of its committees.

    b) As required under clause 10 (5), the Chairman of the Board shall, at the beginning of term of each director, issue letters to directors setting out their role, obligation, powers and responsibilities in accordance with Companies Act, 2017 (the Act) and the Company's Article of Association. The Chairman is in process to issue letters to all the directors who were appointed during the year.

    c) As required under clause 24, the same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company. The position of company secretary and chief financial officer has been held by the same person; however, duties of both positions are distinct and clearly spelled out. The management is of the view, that the current CFO and Company Secretary who is performing both these positions since long is suitably qualified and professionally capable to act and fulfil the duties and responsibilities of both the roles. In addition, it is also a cost-effective measure that is in the better interest of the shareholders of the Company.

    d) As required under clause 31 (2), the performance appraisal of head of internal audit shall be done jointly by the Chairman of the audit committee and the chief executive officer. Appraisal of Head of Internal Audit was done jointly by the Chairman of the Audit Committee and the Chief Executive Officer through verbal consultation. However, going forward company will formalize the process.

USMAN ALI BHATTI
DIRECTOR

BRIG SHIRAZ ULLAH CHOUDHRY (R)
CHIEF EXECUTIVE OFFICER

Wah Cantt: October 07, 2020

INDEPENDENT AUDITORS' 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Wah Nobel Chemicals Limited for the year ended 30 June 2020 in accordance with the requirements of regulation 36 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 a 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. 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.

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 2020.

Further, we highlight below instances of non - compliance with the requirements of the Regulations as reflected in the paragraph 1, 2, 12, 18, 19(a), 19(b), 19(c) and 19(d) where these are stated in the Statement of Compliance:

	Reference	Description
i-	Paragraph 1	As disclosed in para 1 of the Statement of Compliance, there is no female director on the Board.
ii-	Paragraph 2	As disclosed in para 2 of the Statement of Compliance, the independent directors are less than one third of the total members of the Board.
iii-	Paragraph 12	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-	Paragraph 19(a)	As disclosed in para 19(a) of the Statement of Compliance, the Board is in process of formation and implementation of effective mechanism for evaluation of Board and of its committees.
v-	Paragraph 19(b)	As Disclosed in para 19(b) of the statement of Compliance, the Chairman is in process to issue letters to the directors who were appointed during the year.
vi-	Paragraph 19(c)	As disclosed in para 19(c) of the Statement of Compliance, the position of company secretary and chief financial officer has been held by the same person; however, duties of both positions are distinct and clearly spelled out. The management is of the view, that the current CFO and Company Secretary who is performing both these positions since long is suitably qualified and professionally capable to act and fulfil the duties and responsibilities of both the roles. In addition, it is also a cost-effective measure that is in the better interest of the shareholders of the Company.
vii-	Paragraph 19(d)	As disclosed in para 19(d) of the statement of Compliance, appraisal of Head of Internal Audit was done jointly by the Chairman of the Audit Committee and the Chief Executive Officer through verbal consultation. However, going forward company will formalize the process.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Date: November 04, 2020

INDEPENDENT AUDITORS' 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 2020, 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 according to the explanations given to us, 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 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 2020 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	Revenue recognition Refer note 3.12 and 21 to the financial statements. The Company recognized revenue from the sale of Urea Formaldehyde Moulding Compound, Formaldehyde, Formaldehyde based liquid resins and sanitizers of Rs. 2.3 billion for the year ended 30 June 2020. 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.	Our audit procedures, amongst others, included the following: ● 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 documentation; ● 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.

S. No.	Key audit matters	How the matter was addressed in our audit
2	Expected credit losses on trade debts Refer note 3.7.1 and 8 to the financial statements. Determination of expected credit losses (ECL) on trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the allowance for ECL as a key audit matter due to significance of estimates and judgments in this regard.	Our audit procedures, amongst others, included the following: ● Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to recording of ECL; ● 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Inam Ullah Kakra.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: November 04, 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Property, plant and equipment	4	297,682,203	332,754,853
Deferred tax asset	5	10,299,322	-
Non-current assets		307,981,525	332,754,853
Stores, spares and loose tools	6	52,368,690	50,771,164
Stock in trade	7	306,618,215	377,656,323
Trade debts	8	845,019,571	819,312,359
Advances, deposits, prepayments and other receivables	9	32,805,001	28,646,464
Short-term investment	10	2,818,979	2,678,133
Advance tax - net	11	235,197,154	226,841,607
Cash and bank balances	12	24,608,858	20,660,594
Current assets		1,499,436,468	1,526,566,644
Total assets		1,807,417,993	1,859,321,497
EQUITY			
Share capital	13	90,000,000	90,000,000
Capital reserves		944,404	944,404
Revenue reserves		892,687,402	796,700,771
Total equity		983,631,806	887,645,175
LIABILITIES			
Long term financing	14	40,036,569	54,857,143
Deferred liabilities	15	7,001,857	8,317,212
Non-current liabilities		47,038,426	63,174,355
Trade and other payables	16	156,817,788	263,446,193
Due to parent company	17	73,945	967,119
Unclaimed dividends		6,332,195	5,979,053
Current portion of long term financing	14	34,038,974	30,046,542
Loan from parent company	18	308,346,639	308,324,631
Short-term borrowings	19	271,138,220	299,738,429
Current liabilities		776,747,761	908,501,967
Total liabilities		823,786,187	971,676,322
Total equity and liabilities		1,807,417,993	1,859,321,497
Contingencies and commitments	20		

The annexed notes from 1 to 43 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 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
Revenue - net	21	1,950,049,489	2,262,829,003
Cost of sales	22	(1,624,055,817)	(1,907,954,654)
Gross profit		325,993,672	354,874,349
Administrative and general expenses	23	(12,119,827)	(14,728,173)
Selling and distribution expenses	24	(9,861,794)	(10,265,806)
Operating profit		304,012,051	329,880,370
Finance cost	25	(77,191,614)	(48,691,364)
Other expenses	26	(13,785,268)	(18,959,183)
Allowance for expected credit losses		(35,507,023)	(17,221,154)
Other income	27	5,417,448	4,596,249
Profit before taxation		182,945,594	249,604,918
Income tax expense	28	(52,638,246)	(73,112,461)
Profit for the year		130,307,348	176,492,457
Other comprehensive income for the year			
- Items that will not be classified to profit or loss			
- Gain / (loss) on remeasurement of defined benefit plan	16.2.4	2,365,187	(1,063,534)
- Related tax	5.1	(685,904)	308,425
Other comprehensive income / (loss) for the year, net of tax		1,679,283	(755,109)
Total comprehensive income for the year		131,986,631	175,737,348
Earnings per share - basic and diluted	29	14.48	19.61

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		182,945,594	249,604,918
Adjustments	30	91,491,963	72,579,959
Changes in:			
Stores, spares and loose tools		(1,597,526)	(895,762)
Stock in trade		71,038,108	(96,398,517)
Trade debts		(61,214,235)	(424,244,005)
Advances, deposits, prepayments and other receivables		(4,158,537)	36,644,245
Due to parent company		(893,174)	(321,791)
Trade and other payables		(93,794,936)	32,026,355
		(90,620,300)	(453,189,475)
Cash generated from operations		183,817,257	(131,004,598)
Payment for workers' profit participation fund	16.3	(11,497,565)	(12,616,428)
Gratuity paid	16.2.2	(4,000,000)	(1,000,000)
Accumulated compensated absences paid	15.1	(2,453,985)	(1,539,751)
Payments to provident fund	16.5	(6,234,632)	(5,337,202)
Payments to pension fund	16.6	(1,233,785)	(1,211,610)
Tax paid	11	(83,896,858)	(130,652,609)
		(109,316,825)	(152,357,600)
Net cash from / (used in) operating activities		74,500,432	(283,362,198)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		-	(50,180,705)
Interest on term deposit receipts		170,757	1,383
Proceeds from disposal of fixed asset		4,407,000	-
Net cash from / (used in) investing activities		4,577,757	(50,179,322)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans repaid		(10,882,858)	(11,298,047)
Proceeds from parent company		-	308,324,631
Dividends paid		(35,646,858)	(43,727,654)
Net cash (used in) / from financing activities		(46,529,716)	253,298,930
Net increase / (decrease)in cash and cash equivalents		32,548,473	(80,242,590)
Cash and cash equivalents at the beginning of the year		(279,077,835)	(198,835,245)
Cash and cash equivalents at the end of the year	31	(246,529,362)	(279,077,835)

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE　　　DIRECTOR　　　CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Capital reserves	Revenue reserves			Total
			General reserves	Un-appropriated profit	Sub-total	
	Rupees					
Balance at 01 July 2018 - as previously reported	90,000,000	944,404	505,000,000	182,435,629	687,435,629	778,380,033
Impact of adoption of IFRS - 9				(21,472,206)	(21,472,206)	(21,472,206)
Adjusted balance at 01 July 2018	90,000,000	944,404	505,000,000	160,963,423	665,963,423	756,907,827
Total comprehensive income for the year	-	-	-	175,737,348	175,737,348	175,737,348
Transactions with owners of the Company						
Distributions						
Dividend @ Rs. 5.00 per share	-	-	-	(45,000,000)	(45,000,000)	(45,000,000)
Total transactions with owners of the Company	-	-	-	(45,000,000)	(45,000,000)	(45,000,000)
Others						
Transfer to general reserves	-	-	130,000,000	(130,000,000)	-	-
Balance at 30 June 2019	90,000,000	944,404	635,000,000	161,700,771	796,700,771	887,645,175
Balance at 01 July 2019	90,000,000	944,404	635,000,000	161,700,771	796,700,771	887,645,175
Total comprehensive income for the year	-	-	-	131,986,631	131,986,631	131,986,631
Transactions with owners of the Company						
Distributions						
Dividend @ Rs. 4.00 per share	-	-	-	(36,000,000)	(36,000,000)	(36,000,000)
Total transactions with owners of the Company	-	-	-	(36,000,000)	(36,000,000)	(36,000,000)
Others						
Transfer to general reserves	-	-	115,000,000	(115,000,000)	-	-
Balance at 30 June 2020	90,000,000	944,404	750,000,000	142,687,402	892,687,402	983,631,806

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. THE COMPANY AND ITS OPERATIONS

Wah Nobel Chemicals Limited ("the Company") was incorporated in Pakistan on 31 May 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 Limited. The parent company of the Company is Wah Nobel (Private) Limited and the ultimate parent 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), the area of which 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.

Details of the Company's significant accounting policies are stated in note 3.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for the liabilities related to defined benefit, gratuity and compensated leave absences which are stated at present value of the defined benefit liability, determined through actuarial valuation.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements of the Company are presented in Pak Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest Rupee, unless otherwise indicated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.6.1 useful lives, residual values and depreciation method of property, plant and equipment;
- Note 3.6.2 - Leases;
- Note 3.8 and 3.9 Provision for inventory obsolescence;
- Note 3.2 recognition of deferred tax liabilities and assets and estimation of income tax provisions;
- Note 3.1.2 measurement of defined benefit obligations: key actuarial assumptions;
- Note 3.4 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3.7.1 measurement of expected credit allowance for trade debts;
- Note 3.7.2 impairment loss on non-financial assets other than inventories; and
- Note 3.15 – Financial instruments – fair values.

2.4.1 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 01 July 2020:

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 1 January 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 1 January 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 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS - 16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

there is no substantive change to the other terms and conditions of the lease.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

2.6 Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2020.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to have an impact on the Company's financial statements.

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 16 'Leases'

The Company has initially applied IFRS - 16 'Leases' from 01 July 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The adoption of the IFRS 16 has not resulted in a significant change to the financial statements. The detail of changes in accounting policies are disclosed below.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Relevant accounting policy notes on adoption of the new standard have been explained in note 3.6.2.

Based on management's assessment, the application of IFRS 16 "Leases" does not have a material impact on the financial statements as a lessor or as a lessee and hence, the Company has not made any adjustments in this regard.

3.1 Staff retirement benefits

The Company has the following plans for its employees:

3.1.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.1.2 Defined benefit plans

The Company operates the following defined benefit plans:

a) Gratuity

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.

b) 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 15.1.

Gratuity and compensated absences are provided for employees of the Company. The gratuity 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.

3.1.3 Defined contributory plan

The Company operates the following defined benefit plans:

a) Defined contributory provident fund

The Company operates a recognized contributory provident fund scheme and converts all confirmed employees to this scheme on their option. Equal monthly contributions are made both by the Company and employees at the rate of ten percent of the basic salary to the fund. The Company's contribution to the scheme is charged to profit or loss.

b) 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.

3.2 Taxation

Income tax expense comprises current and deferred tax. It is recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

3.2.1 Current taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria is met.

3.2.2 Deferred taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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.

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 and contingencies

A provision is recognized in statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognized as finance cost.

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognised in the financial statements.

Provisions are reviewed at each reporting date and adjusted to reflect the 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

Recognition and measurement

Items included in property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except leasehold land and capital work in progress. Leasehold land and capital work in progress is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are recognised in the statement of profit or loss during the financial period in which they are incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals of property, plant and equipment are recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6.2 Leased assets

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right to use assets

The Company recognises right-of-use assets at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right to use assets is subsequently depreciated using the reducing balance method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right of use asset reflect that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below Rs 100,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable before 01 July 2019

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 recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowance at an amount equal to lifetime ECLs.

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 amortised 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 amortised 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.

3.7.2 Non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

3.8 **Stores, spares and loose tools**

Stores, spare parts and loose tools are valued at lower of weighted average cost and net realizable value less impairment, if any. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts 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 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.

The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade.

3.10 Trade debts, other receivables and other financial assets

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.7.1.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried in the statement of financial position at amortized cost.

3.12 Revenue recognition

3.12.1 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; and

(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.

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.

3.12.3 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.

3.12.4 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 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 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".

3.14 Transactions with related parties

All transactions with related parties are approved by the Board.

3.15 Financial instruments

i) Recognition and initial measurement

The Company initially recognises financial assets on the date when they are originated. Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debt without a significant financing component) or financial liability is initially measured at fair value, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets

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.

a) 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.

b) 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.

c) 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.

iii) Subsequent measurement

a) Financial assets at amortized cost
These assets are subsequently 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.

b) Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

c) 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.

d) 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.

Financial liabilities - classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iv) De-recognition

Financial asset
The Company derecognises 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 of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

v) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

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.

3.18 Share capital

Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.20 Finance income and finance costs

The Company's finance income and cost includes interest income, bank charges, interest on WPPF and markup on loans.
Interest income and expense is recognized using effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset
- the amortised cost of the financial liability

'In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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FOR THE YEAR ENDED 30 JUNE 2020

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Operating fixed assets

	Buildings on leasehold land			Plant and machinery	Furniture and fixture	Equipment		Computer installations	Motor vehicles	Total owned assets	Leasehold land	Total
	Office	Factory	Tube well			Office	Tools and workshop					
	Rupees											
Cost												
Balance at 1 July 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
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 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
Balance at 1 July 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
Additions	-	-	-	-	-		-		-	-	-	-
Disposals	-	-	-	(7,365,925)	-	-	-	-	(1,444,451)	(8,810,376)	-	(8,810,376)
Balance at 30 June 2020	2,406,019	89,399,936	547,920	452,786,685	1,693,910	1,014,008	3,774,398	2,325,058	2,474,044	556,421,978	1,701,971	558,123,949
Accumulated depreciation												
Balance at 1 July 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
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 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
Balance at 1 July 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
Depreciation	41,137	8,785,249	1,693	24,190,951	55,069	22,848	77,761	49,650	67,678	33,292,036	-	33,292,036
Disposals	-	-	-	(5,616,407)	-	-	-	-	(1,413,355)	(7,029,762)	-	(7,029,762)
Balance at 30 June 2020	1,624,414	36,887,146	532,679	210,378,688	1,198,444	807,708	2,949,941	2,127,154	2,238,262	258,744,436	1,697,310	260,441,746
Carrying amounts												
At 30 June 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
At 30 June 2020	781,605	52,512,790	15,241	242,407,997	495,466	206,300	824,457	197,904	235,782	297,677,542	4,661	297,682,203
Rates of depreciation per annum	5%	10%	10%	10%	10%	10%	10%	20%	20%			

4.1.1Net book value of disposal is amounts to Rs. 1,780,614 (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		Note	2020 Rupees	2019 Rupees
4.1.2	Depreciation charge for the year has been - allocated as follows:			
	Cost of sales	22.1	33,123,328	24,848,524
	Administrative and general expenses	23	168,708	191,389
			33,292,036	25,039,913
4.2	Capital work in progress			
	Balance at 01 July		-	143,369,703
	Additions during the year		-	45,137,767
	Transferred to operating fixed assets		-	(188,507,470)
	Balance at 30 June		-	-
5	DEFERRED TAX - NET			
	Deferred tax asset / (liabilities)	5.1	10,299,322	(1,253,160)
5.1	The movement of deferred tax asset / (liability) is as follows.			
	Balance at 01 July as previously reported		(1,253,160)	(422,533)
	Impact of adoption of IFRS 9		-	8,770,337
	Adjusted balance at 01 July		(1,253,160)	8,347,804
	Tax credit / (charge) recognized in profit or loss		12,238,386	(9,909,389)
	Tax (charge) / credit recognized in other comprehensive income		(685,904)	308,425
	Balance at 30 June		10,299,322	(1,253,160)
5.2	Deferred tax asset / (liability) comprises of the following:			
	Deferred tax liability on Taxable temporary differences			
	Property, plant and equipment		(38,528,369)	(40,756,410)
	Gratuity		(685,904)	-
	Deferred tax asset on Deductible temporary differences			
	Trade debts		47,319,603	37,022,565
	Gratuity and accumulated compensated absences		2,193,992	2,048,574
	Gratuity		-	432,111
			10,299,322	(1,253,160)
6	STORES, SPARES AND LOOSE TOOLS			
	Stores		14,779,011	14,517,362
	Spares		37,061,471	35,744,925
	Loose tools		528,208	508,877
			52,368,690	50,771,164

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		Note	2020 Rupees	2019 Rupees
7	**STOCK IN TRADE**			
	Raw material		150,539,081	235,901,231
	Work in process		412,267	1,189,740
	Finished goods		48,488,602	58,904,221
	Goods in transit	7.1	107,178,265	81,661,131
			306,618,215	377,656,323

7.1 Goods in transit represents in-bonded raw material.

		Note	2020 Rupees	2019 Rupees
8	**TRADE DEBTS**			
	Trade debts	8.1	1,008,190,616	946,976,381
	Less: Allowance for expected credit losses	8.2	(163,171,045)	(127,664,022)
			845,019,571	819,312,359

8.1 Trade debts include amount of Rs. 43,741,318 (2019: Rs. 124,075,972) secured against letter of credit.

8.2 Movement in allowance for expected credit losses

	2020 Rupees	2019 Rupees
Balance at 01 July as previously reported	127,664,022	80,200,325
Impact of adoption of IFRS - 9		30,242,543
Adjusted balance at 01 July	127,664,022	110,442,868
Charge for the year	35,507,023	17,221,154
Balance at 30 June	163,171,045	127,664,022

		Note	2020 Rupees	2019 Rupees
9	**ADVANCES, DEPOSITS, PREPAYMENTS AND - OTHER RECEIVABLES**			
	Advances	9.1	12,486,991	2,886,979
	Deposits		273,410	73,410
	Prepayments		707,356	-
	Other receivables	9.2	19,337,244	25,686,075
			32,805,001	28,646,464

9.1 Advances - unsecured, considered good

	2020 Rupees	2019 Rupees
To suppliers - non interest bearing	10,467,477	1,908,712
To employees - non interest bearing	2,019,514	978,267
	12,486,991	2,886,979

9.2 Other receivables

	Note	2020 Rupees	2019 Rupees
Sales tax refundable		1,473,328	10,131,397
Collateral placed against bank guarantee	9.2.1	15,000,000	15,000,000
Others		2,863,916	554,678
		19,337,244	25,686,075

9.2.1 This represents amount placed in bank account as collateral against bank guarantee (refer note 20.1.8) issued by the bank on behalf of the Company and carries profit rate of 7% (2019: 7.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		Note	2020 Rupees	2019 Rupees
10	**SHORT-TERM INVESTMENT**			
	Term deposit receipt	10.1	2,582,666	2,582,666
	Accrued interest		236,313	95,467
			2,818,979	2,678,133

10.1 This carries average profit rate of 12.2% per annum (2019: 6.55%) having maturity period of nine months..This Term deposit receipt is under lien against facilities of letter of credit and letter of guarantee issued by MCB Bank Limited (Also refer note 19.4.3).

		Note	2020 Rupees	2019 Rupees
11	**ADVANCE TAX - NET**			
	Balance at 01 July		226,841,607	159,392,070
	Income tax expense for the year		(64,876,632)	(63,203,072)
	Income tax paid / withheld during the year		83,896,858	130,652,609
	Adjustment of Workers' welfare fund		(10,664,679)	-
	Balance at 30 June	11.1	235,197,154	226,841,607

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

		Note	2020 Rupees	2019 Rupees
12	**CASH AND BANK BALANCES**			
	Cash in hand		108,581	135,925
	Cash at banks - current accounts		24,500,277	20,524,669
			24,608,858	20,660,594

13 **SHARE CAPITAL**

13.1 Authorized share capital

This represents 20,000,000 (2019: 20,000,000) ordinary shares of Rs. 10 each amounting to Rs. 200,000,000 (2019: Rs.200,000,000).

13.2 Issued, subscribed and paid up capital

2020 Number	2019 Number		2020 Rupees	2019 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13.3 Wah Nobel (Private) Limited (the Parent Company) held 4,970,395 (2019: 4,970,396) ordinary shares of Rs. 10 each at reporting date. Further 132,102 (2019: 132,102) and 505 (2019: 402,904) shares were held by associated undertakings and directors respectively at the year end.

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

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

		Note	2020 Rupees	2019 Rupees
14	**LONG TERM FINANCING**			
	Bank Al Habib	14.1	56,674,079	84,903,685
	State Bank of Pakistan	14.2	17,401,464	-
			74,075,543	84,903,685
	Current portion of long term financing		(34,038,974)	(30,046,542)
			40,036,569	54,857,143
14.1	Loan from Bank Al Habib			
	Term finance facility - secured	14.1.1	54,857,143	82,285,714
	Accrued markup		1,816,936	2,617,971
			56,674,079	84,903,685
	Current portion of long term financing		(29,245,508)	(30,046,542)
			27,428,571	54,857,143

14.1.1 This represents the outstanding balance of term finance facility of Rs. 96,000,000 (2019: Rs. 96,000,000) from Bank Al Habib. The facility is repayable in 14 equal quarterly instalments from March 2019. Mark-up is payable on quarterly basis at the rate of 3-month KIBOR plus 0.75% (2019: 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	2020 Rupees	2019 Rupees
14.2	Loan from State Bank of Pakistan			
	Term finance facility - secured	14.2.1	17,346,748	-
	Accrued markup		54,716	-
			17,401,464	-
	Less: Current portion of long term financing		(4,793,466)	-
			12,607,998	-

14.2.1 This represents utilized amount of long term finance facility under SBP's refinance scheme for payment of salaries and wages with cumulative sanctioned limit of Rs. 45 million (2019: Rs. Nil). The facility carries mark-up at the rate of SBP subsidized rate of 0.75% of the utilized amount. The tenor of the facility is 2.5 years repayable in 08 equal quarterly instalments starting from January 2021. The facility is secured by way of first pari passu hypothecation charge on all present and future fixed assets and current assets of the Company with 25% margin.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
15 DEFERRED LIABILITIES			
Accumulated compensated absences	15.1	7,001,857	7,064,052
Deferred tax - net	5	-	1,253,160
		7,001,857	8,317,212

15.1 Movement in liability recognised in - statement of financial position:

	Note	2020 Rupees	2019 Rupees
Balance at 01 July		7,064,052	6,080,463
Charge for the year	15.1.1	2,391,790	2,523,340
Benefits paid during the year		(2,453,985)	(1,539,751)
Balance at 30 June		7,001,857	7,064,052

15.1.1 The amounts recognized in the statement of profit or loss is as follows:

	2020 Rupees	2019 Rupees
Current service cost	1,782,652	1,584,730
Interest cost	831,781	477,953
Actuarial (gain) / loss from changes in financial assumptions	(222,643)	460,657
	2,391,790	2,523,340

15.1.2 Actuarial assumptions

Actuarial valuation of these plans was carried out at 30 June 2020 using Projected Unit Credit Method. Significant actuarial assumptions used were as follows:

	2020	2019
Discount rate for interest cost	14.25%	9.00%
Discount rate for year end obligation	8.50%	14.25%
Expected rate of increase in salary	7.50%	13.25%
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

15.1.3 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

	2020	
	Effect of 1% increase Rupees	Effect of 1% decrease Rupees
Discount rate	6,306,161	7,823,700
Future salary growth	7,813,051	6,303,656

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2019	
	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

15.1.4 Risk associated with the scheme

(a) Final Salary Risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

(b) Demographic Risks

(i) Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

(ii) Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

15.1.5 The average duration of defined benefit obligation is 10.8 years.

		Note	2020 Rupees	2019 Rupees
16	TRADE AND OTHER PAYABLES			
	Trade creditors	16.1	62,943,344	173,749,381
	Contract liability		8,485,221	7,125,951
	Accrued liabilities		12,514,758	5,605,147
	Bonus payable		17,518,890	17,512,737
	Sales tax payable		21,550,560	11,396,769
	Payable to employees gratuity fund	16.2	563,632	4,565,095
	Workers' profit participation fund	16.3	1,339,565	3,405,205
	Workers' welfare fund	16.4	26,296,456	33,115,432
	Payable to employees' provident fund	16.5	512,502	500,579
	Payable to employees' pension fund	16.6	1,274,472	1,233,785
	Other liabilities		3,818,388	5,236,112
			156,817,788	263,446,193

16.1 Trade creditors includes payable to Nobel Energy Limited (an associated company) amounting to Rs. Nil (2019: Rs. 2,575,508).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
16.2 Gratuity - reconciliation of the liability - the statement of financial position			
Present value of defined benefit obligation	16.2.1	27,380,827	28,694,452
Fair value of plan assets	16.2.2	(26,817,195)	(24,129,357)
		563,632	4,565,095
16.2.1 Movement in the present value of - defined benefit obligations is as follows:			
Balance at 01 July		28,694,452	26,819,639
Current service cost	16.2.3	1,998,198	1,825,968
Interest cost	16.2.3	3,793,699	2,358,342
Actuarial (gain) /loss from changes in financial assumption	16.2.4	(280,914)	244,379
Experience adjustment	16.2.4	(2,680,600)	(1,322,200)
Benefits paid / adjustments	16.2.2	(4,144,008)	(1,231,676)
Balance at 30 June		27,380,827	28,694,452
16.2.2 Movement in the fair value of plan assets is as follows:			
Balance at 01 July		24,129,357	24,323,682
Interest income on plan assets	16.2.3	3,428,173	2,178,706
Return on plan asset, excluding interest income	16.2.4	(596,327)	(2,141,355)
Contributions		4,000,000	1,000,000
Benefits paid		(4,144,008)	(1,231,676)
Balance at 30 June		26,817,195	24,129,357
16.2.3 Amount recognised in profit or loss is as follows:			
Current service cost		1,998,198	1,825,968
Interest cost		3,793,699	2,358,342
Interest income on plan assets		(3,428,173)	(2,178,706)
		2,363,724	2,005,604
16.2.4 Amount recognised in other comprehensive income:			
Actuarial (gain) / loss from change in demographic assumptions		(280,914)	244,379
Experience adjustment		(2,680,600)	(1,322,200)
Return on plan asset, excluding interest income		596,327	2,141,355
Remeasurement (gain) / loss recognized in OCI		(2,365,187)	1,063,534
16.2.5 Movement in liability recognised in - statement of financial position:			
Balance at 01 July		4,565,095	2,495,957
Amount recognised in profit or loss is as follows:	16.2.3	2,363,724	2,005,604
Amount recognised in other comprehensive income	16.2.4	(2,365,187)	1,063,534
Contributions during the year	16.2.2	(4,000,000)	(1,000,000)
Balance at 30 June		563,632	4,565,095

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	Note	2020 Rupees	2019 Rupees
16.2.6 Contributions expected to be paid to the plan during next year		759,745	2,577,474

	2020 Percentage	2019 Percentage
16.2.7 Plan assets comprise of:		
Bond	79.80%	76.90%
Equity	19.30%	20.70%
Cash / deposits and other	0.90%	2.40%
	100%	100%

16.2.8 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.

16.2.9 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2020	2019
Discount rate used for interest cost in profit or loss charge	14.25%	9.00%
Discount rate used for year end obligation	8.50%	14.25%
Salary increase 2021 onward	7.50%	13.25%
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)	1,783,397	2,577,474

16.2.10 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.

	2020	
	Effect of 1% increase (Rupees)	Effect of 1% decrease (Rupees)
Discount rate	25,072,968	30,044,970
Salary increase	30,073,841	25,006,961

	2019	
	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

NOTES TO THE FINANCIAL STATEMENTS
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16.2.11 The average duration of the defined benefit obligation is 9 years (2019: 8 years).

16.2.12 The Company contributes to the gratuity fund 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.

16.2.13 Risk associated with defined benefit plan

(a) Final salary risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

(b) Demographic risks

(i) Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

(ii) Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

(c) Investment risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

	Note	2020 Rupees	2019 Rupees
16.3 Workers' profit participation fund			
Balance at 01 July		3,405,205	2,397,229
Charge for the year	26	9,339,565	13,405,205
Interest for the year on funds utilized by the Company	25	92,360	219,199
Payments during the year		(11,497,565)	(12,616,428)
Balance at 30 June		1,339,565	3,405,205
16.4 Workers' welfare fund			
Balance at 01 July		33,115,432	28,021,454
Adjustment during the year		(10,664,679)	-
Expense for the year	26	3,845,703	5,093,978
Balance at 30 June		26,296,456	33,115,432

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16.5 Payable to employees' provident fund

Balance at 01 July	500,579	-
Contribution	6,246,555	5,837,781
Payments during the year	(6,234,632)	(5,337,202)
Balance at 30 June	512,502	500,579

16.6 Payable to employees' pension fund

Balance at 01 July	1,233,785	1,211,610
Contribution	1,274,472	1,233,785
Payments during the year	(1,233,785)	(1,211,610)
Balance at 30 June	1,274,472	1,233,785

17 DUE TO PARENT COMPANY

The amount represents payable in respect of expenses incurred by the parent company on behalf of the Company. This is unsecured and payable on demand.

	Note	2020 Rupees	2019 Rupees
18 LOAN FROM PARENT COMPANY			
Running finance facility from Wah Nobel (Private) Limited.	18.1	300,000,000	300,000,000
Accrued markup		8,346,639	8,324,631
		308,346,639	308,324,631

18.1 This represents aggregate borrowing from the Parent Company to meet the working capital requirements. This is unsecured and carries markup at 3 month KIBOR per annum and payable within one year.

	Note	2020 Rupees	2019 Rupees
19 SHORT-TERM BORROWINGS - SECURED			
Running finance availed from:			
- Bank Al-Habib Limited		86,721,900	69,407,423
- Allied Bank Limited		77,682,724	97,583,467
- MCB Bank Limited		-	33,245,555
- Askari Bank Limited		100,494,143	92,334,238
Accrued markup		6,239,453	7,167,746
		271,138,220	299,738,429

19.1 Facilities related to short term borrowings - secured

The Company has the following running finance facilities aggregating to Rs. 590,000,000 (2019: Rs. 490,000,000) out of which amount aggregating to Rs. 325,101,233 (2019: Rs. 197,429,317) remained unutilized at the year end.

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Banks	Markup	Draw down limit 2020	Draw down limit 2019
		Rupees	
Bank Al-Habib Limited	1 month average KIBOR plus	250,000,000	250,000,000
Allied Bank Limited	1 month KIBOR plus 0.4%	100,000,000	100,000,000
MCB Bank Limited	3 month KIBOR plus 0.35%	40,000,000	40,000,000
Askari Bank Limited	3 month KIBOR plus 0.35%	200,000,000	100,000,000

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

19.3 Facilities secured against:

Bank	Security description
Bank Al Habib Limited	First 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	First pari passu hypothecation charge on all present and future current and fixed assets of the Company, with 25% margin.
MCB Bank Limited	First pari passu charge of Rs. 146,000,000 over stock and first floating charge of Rs. 146,000,000 over book debts and receivables of the Company.
Askari Bank Limited	First pari passu charge amounting to Rs. 266,667,000 on present and future current assets of the Company.

19.4 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:

Bank	Note	Letter of guarantee 2020	Letter of guarantee 2019	Letter of credit 2020	Letter of credit 2019
		Rupees			
Bank Al Habib Limited	19.4.1	20,000,000	20,000,000	250,000,000	250,000,000
Allied Bank limited	19.4.2	-	-	100,000,000	100,000,000
MCB Bank Limited	19.4.3	10,000,000	10,000,000	240,000,000	240,000,000
Askari Bank Limited	19.4.4	100,000,000	100,000,000	100,000,000	100,000,000

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

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

19.4.3 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 (Also refer note 10.1).

NOTES TO THE FINANCIAL STATEMENTS

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19.4.4 These are secured by ranking charge amounting to Rs. 110,000,000 on current assets of the Company and lien on import documents / accepted drafts.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Tax assessments up to and including tax year 2019 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.

20.1.2 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 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 (2019: Rs. 8,707,220) for transport of 7,200 tons of Methanol outside Sindh.

On 12 August 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 07 September 2004 against the said judgment which is pending adjudication by the Supreme Court.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.

20.1.3 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 12 June 2001 by the Sindh High Court, but Sindh Government moved an appeal in the Supreme Court against the decision of the Sindh High Court.

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 26 March 2003, Sindh High Court again decided the matter in favour of the Company and other manufacturers. Excise Department filed leave to appeal in the Supreme Court on 12 June 2003.

During the year, on 10 December 2019, the Honorable Supreme Court of Pakistan on the request of Provincial Government of Sindh (appellant) has dismissed the appeals as not pressed against those respondents who have settled the matter with the appellant. Under the settlement, appellant has surrendered the amount secured by Indemnity Bonds from the respondents for the period 1990 up to 30 October 2002 and in return respondents consented to waive the amount of vend fee and permit fee already deposited by them. Since, the Company has not yet consented, its case is still pending.
Currently, all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash which 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. 1,177,000,000 (2019 : Rs. 1,132,000,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

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20.1.4 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.

20.1.5 The Assistant Commissioner Inland Revenue of Income Tax (Audit II) 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.

20.1.6 The Assistant / Deputy Commissioner Inland Revenue of Income Tax, Unit-X, Range-IV, Zone-II has amended the assessment under Section 121 of the Income Tax Ordinance, 2001 for the tax year 2017. Whereby, further tax of Rs. 17,258,047 was determined to be payable by the Company. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) ZONE:I, which is 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.

20.1.7 The Additional Commissioner, PRA Sales Tax, Rawalpindi has issued the demand of Rs. 7,142,274 under Section 52 (2) of the Punjab Sales Tax Services Act 2012 for the tax year 2018. Being aggrieved, the Company filed an appeal before the Commissioner (Appeals) Punjab Revenue, Lahore which is 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.

		Note	2020 Rupees	2019 Rupees
20.1.8	Guarantee issued by banks on behalf of the	9.2.1	15,000,000	15,000,000
20.2	Commitments in respect of:			
20.2.1	Letters of credit for purchase of stocks		98,031,862	281,917,592
20.2.2	Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house.		11,444,662	17,250,240
21	**REVENUE - NET**			
	Revenue		2,307,168,731	2,676,247,492
	Less: Sales tax		(357,119,242)	(413,418,489)
			1,950,049,489	2,262,829,003
21.1	Disaggregation of revenue based on product categories:			
	Formaldehyde and Formalin solvent		601,804,713	824,448,514
	Urea / Phenol Formaldehyde		545,025,537	756,257,779
	Urea Formaldehyde Moulding compound		729,251,257	666,842,494
	Others		73,967,982	15,280,216
			1,950,049,489	2,262,829,003

NOTES TO THE FINANCIAL STATEMENTS
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21.2 Revenue amounting to Rs. 7,125,951 included in the opening contract liability balance has been recognized during the year.

		Note	2020 Rupees	2019 Rupees
22	**COST OF SALES**			
	Cost of goods manufactured	22.1	1,580,874,616	1,860,929,258
	Packing material consumed		7,543,561	8,830,460
	Transit insurance		1,086,151	1,550,182
	Carriage		24,135,870	29,214,523
			1,613,640,198	1,900,524,423
	Opening stock of finished goods	7	58,904,221	66,334,452
	Closing stock of finished goods	7	(48,488,602)	(58,904,221)
			1,624,055,817	1,907,954,654
22.1	Cost of goods manufactured			
	Raw material consumed	22.2	1,365,535,021	1,636,405,544
	Stores spares and loose tools consumed		37,646,249	32,630,068
	Salaries, wages and other benefits	24.1	101,971,582	101,830,500
	Fuel and power		32,332,470	54,291,112
	Rent, rates and taxes		508,703	767,515
	Insurance		1,015,811	897,690
	Repairs and maintenance		509,682	931,656
	Outside security charges		1,824,000	1,482,129
	Miscellaneous expenses		5,630,297	7,122,605
	Depreciation	4.1.2	33,123,328	24,848,524
	Manufacturing cost		1,580,097,143	1,861,207,343
	Opening stock of work in process	7	1,189,740	911,655
	Closing stock of work in process	7	(412,267)	(1,189,740)
			1,580,874,616	1,860,929,258
22.2	Raw material consumed			
	Opening stock	7	235,901,231	93,797,235
	Purchases during the year		1,280,172,871	1,778,509,540
			1,516,074,102	1,872,306,775
	Closing stock	7	(150,539,081)	(235,901,231)
			1,365,535,021	1,636,405,544

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2020 Rupees	2019 Rupees
23	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries, wages and other benefits	24.1	7,018,483	6,842,544
	Corporate service fee		-	900,000
	Office rent		71,665	78,180
	Postage, telephone and telex		382,182	378,938
	Printing and stationery		340,283	455,724
	Travelling and conveyance		964,939	1,283,083
	Entertainment		36,450	178,397
	Legal and professional charges		1,468,354	2,146,619
	Fees and subscription		925,286	750,140
	Advertisement and publicity		189,900	470,520
	Maintenance expenses		122,559	196,800
	Miscellaneous expenses		431,018	855,839
	Depreciation	4.1.2	168,708	191,389
			12,119,827	14,728,173
24	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and other benefits	24.1	6,830,774	7,007,070
	Postage, telephone and telex		36,585	166,568
	Printing and stationery		50,435	51,575
	Travelling and conveyance		1,048,962	1,118,087
	UFMC sales commission		931,225	-
	Vehicle running expenses		857,916	1,377,596
	Entertainment		1,230	16,130
	Miscellaneous expenses		104,667	528,780
			9,861,794	10,265,806

24.1 Other benefits include contribution towards pension fund of Rs. 1,274,472 (2019: Rs. 1,233,785), provident fund of Rs. 2,159,470 (2019: Rs. 2,067,825), expense for accumulating compensated leaves absences of Rs. 2,391,790 (2019: Rs. 2,523,340), gratuity Rs. of 2,363,724 (2019: Rs.2,005,604) and provision for bonus to employees of Rs. 17,518,890 (2019: Rs. 17,512,737).

		Note	2020 Rupees	2019 Rupees
25	**FINANCE COST**			
	Mark up on short term borrowings		28,308,418	20,737,814
	Markup on loan from parent Company		38,748,955	18,013,891
	Mark up on long term financing		9,795,993	9,313,882
	Interest on workers' profit participation fund	16.3	92,360	219,199
	Bank charges		245,888	406,578
			77,191,614	48,691,364

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26 OTHER EXPENSES

	Note	2020 Rupees	2019 Rupees
Workers' profit participation fund	16.3	9,339,565	13,405,205
Workers' welfare fund	16.4	3,845,703	5,093,978
Auditors' remuneration	26.1	600,000	460,000
		13,785,268	18,959,183

26.1 Auditors' remuneration

Annual audit fee		490,000	350,000
Half yearly review		110,000	110,000
		600,000	460,000

27 OTHER INCOME

Income from financial assets	27.1	1,781,908	1,211,649
Income from non-financial assets	27.2	3,635,540	3,384,600
		5,417,448	4,596,249

27.1 Income from financial assets

Interest on term deposit receipts		311,603	129,307
Interest on collateral placed against bank guarantee		1,470,305	1,082,342
		1,781,908	1,211,649

27.2 Income from non-financial assets

Gain on sale of property, plant and equipment		2,626,386	-
Bad debts recovered		-	1,500,000
Sale of scrap		1,009,154	1,884,600
		3,635,540	3,384,600

28 INCOME TAX EXPENSE

Current tax expense		64,876,632	63,203,072
Deferred tax (income) / expense	5.1	(12,238,386)	9,909,389
		52,638,246	73,112,461

28.1 Reconciliation of tax expense for the year

Accounting profit		182,945,594	249,604,918
Tax rate @ 29% (2019 : 29%)			
Tax on accounting profit		53,054,222	72,385,426
Difference due to lower tax rate		-	727,035
Others		(415,976)	-
		52,638,246	73,112,461

29 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the year- Rupees		130,307,348	176,492,457
Number of ordinary shares outstanding during the year		9,000,000	9,000,000
Earnings per share - basic and diluted in rupees		14.48	19.61

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30 ADJUSTMENTS	Note	2020 Rupees	2019 Rupees
Depreciation	4.1.2	33,292,036	25,039,913
Interest on workers' profit participation fund	25	92,360	219,199
Interest on term deposit receipts	27.1	(311,603)	-
Gain on disposal of property, plant and equipment	27.2	(2,626,386)	-
Provision for gratuity fund	16.2.5	2,363,724	2,005,604
Workers' profit participation fund (WPPF)	26	9,339,565	13,405,205
Workers' welfare fund (WWF)	26	3,845,703	5,093,978
Provision for accumulated compensated absences	15.1.1	2,391,790	2,523,340
Provision of provident fund	16.5	6,246,555	5,837,781
Provision in respect of pension fund	16.6	1,274,472	1,233,785
Markup on loan from parent company		22,008	-
Markup on loan from State Bank of Pakistan	14.2	54,716	-
Allowance for expected credit losses	8.2	35,507,023	17,221,154
		91,491,963	72,579,959

31 CASH AND CASH EQUIVALENTS	Note	2020 Rupees	2019 Rupees
Cash and bank balances	12	24,608,858	20,660,594
Short term borrowings - secured	19	(271,138,220)	(299,738,429)
		(246,529,362)	(279,077,835)

32 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 an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition fair value is the presumption that the Company is a going concern without any intention requirement to curtail materially the scale of its operations or to undertake a transaction on adverse

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 regarded as quoted in an active market if quoted prices are readily and regularly available from 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 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).

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32.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount				Fair value			
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Rupees							
30 June 2020								
Financial assets measured at fair value								
Short term deposit	-	273,410	-	273,410	-	-	273,410	273,410
	-	273,410	-	273,410	-	-	273,410	273,410
Financial assets not measured at fair value								
Trade debts	845,019,571	-	-	845,019,571	-	-	-	-
Short-term investment	2,818,979	-	-	2,818,979	-	-	-	-
Bank balances	24,500,277	-	-	24,500,277	-	-	-	-
Other receivables	15,000,000	-	-	15,000,000	-	-	-	-
	887,338,827	-	-	887,338,827	-	-	-	-
	887,338,827	273,410	-	887,612,237	-	-	273,410	273,410
Financial liabilities not measured at fair value								
Long term financing	-	-	74,075,543	74,075,543	-	-	-	-
Trade and other payables	-	-	96,795,380	96,795,380	-	-	-	-
Due to parent company	-		73,945	73,945	-	-	-	-
Unclaimed dividends	-	-	6,332,195	6,332,195	-	-	-	-
Short-term borrowings	-	-	271,138,220	271,138,220	-	-	-	-
Loan from parent company	-	-	308,346,639	308,346,639	-	-	-	-
	-	-	756,761,922	756,761,922	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Carrying amount				Fair value			
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Rupees							
30 June 2019								
Financial assets measured at fair value								
Short term deposit	-	73,410	-	73,410	-	-	73,410	73,410
	-	73,410	-	73,410	-	-	73,410	73,410
Financial assets not measured at fair value								
Trade debts	819,312,359	-	-	819,312,359	-	-	-	-
Short-term investment	2,678,133	-	-	2,678,133	-	-	-	-
Bank balances	20,524,669	-	-	20,524,669	-	-	-	-
Other receivables	15,000,000	-	-	15,000,000	-	-	-	-
	857,515,161	-	-	857,515,161	-	-	-	-
	857,515,161	73,410	-	857,588,571	-	-	73,410	73,410
Financial liabilities not measured at fair value								
Long term financing	-	-	84,903,685	84,903,685	-	-	-	-
Trade and other payables	-	-	202,103,377	202,103,377	-	-	-	-
Due to parent Company	-	-	967,119	967,119	-	-	-	-
Unclaimed dividends	-	-	5,979,053	5,979,053	-	-	-	-
Short-term borrowings	-	-	299,738,429	299,738,429	-	-	-	-
Loan from parent company	-	-	308,324,631	308,324,631	-	-	-	-
	-	-	902,016,294	902,016,294	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

32.2 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.

32.3 The Company has exposure to the credit risk, liquidity risk and market 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.

32.4 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 the Company's trade debts

The carrying amount of financial assets represent the maximum credit exposure.

Expected credit losses on financial assets are recognised in statement of profit or loss are as follows.

	2020 Rupees	2019 Rupees
Allowance for expected credit loss on trade debts	35,507,023	17,221,154
	35,507,023	17,221,154

i) Trade debts

The Company's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and are reviewed regularly. Any sales exceeding those limits require approval from the Chief Executive Officer of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Majority of the Company's customers have been transacting with the Company for many years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographical location, industry, trading history with the Company and existence of previous financial difficulties.

The Company has no collateral in respect of financial assets exposed to credit risk.

A summary of the Company's exposure to credit risk for trade debts is as follows:

	2020 Rupees	2019 Rupees
Customers without external credit rating	1,008,190,616	946,976,381
Gross carrying amount	1,008,190,616	946,976,381
Allowance for expected credit losses	(163,171,045)	(127,664,022)
	845,019,571	819,312,359

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

	2020 Rupees	2019 Rupees
Current	188,993,054	186,676,054
31 - 60 Days	44,694,737	176,944,464
61-90 Days	20,558,146	165,079,180
91-180 Days	396,953,713	259,198,482
181 - 365 Days	235,050,142	75,972,611
Over 365 Days	121,940,824	83,105,590
	1,008,190,616	946,976,381
Allowance for expected credit losses	(163,171,045)	(127,664,022)
	845,019,571	819,312,359

Expected credit loss assessment for customers as at 01 July 2019 and 30 June 2020

The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the loss (including but not limited to external ratings, audited financial statements, management accounts, cash flow projection and available press information about customers) and applying experienced credit judgment. Credit risk are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definition from agencies (Rating agencies Pakistan Credit Rating Agency (PACRA) and JCR - VIS.

Exposure within each credit risk is segmented by geographical region and an expected credit loss (ECL) rate is calculated for each segment based on delinquency status and actual credit loss experience over the three years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts.

The Company uses an allowance matrix to measure the ECLs of trade debts.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics - geographic region and age of customer relationship.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The following table provides information about the exposure to credit risk and ECL for trade debts at 30 June 2020:

	Weighted average loss rate	Gross carrying amount	Allowance for expected credit losses	Credit impaired
	Percentage	Rupees		
Current	5.39%	188,993,054	10,194,620	No
31 - 60 Days	6.03%	44,694,737	2,693,928	No
61-90 Days	8.28%	20,558,146	1,701,670	No
91-180 Days	9.38%	396,953,713	37,239,061	No
181 - 365 Days	34.85%	235,050,142	81,925,342	No
Over 365 Days	37.62%	78,199,506	29,416,424	No
Unsecured trade debts		964,449,298	163,171,045	
Secured by letter of credit		43,741,318	-	
Total		1,008,190,616	163,171,045	

Movement in the allowance for expected credit losses in respect of trade debts

The movement in the allowance for expected credit losses in respect of trade debts during the year was as follows:

	2020 Rupees	2019 Rupees
Balance at 01 July	127,664,022	110,442,868
Remeasurement of loss allowance	35,507,023	17,221,154
Balance as at 30 June	163,171,045	127,664,022

ii) Short term investments

The Company holds short term investments amounting to Rs. 2,818,979 (2019: Rs. 2,678,133) with the Bank. The credit ratings of the counterparty as per JCR-VIS and PCRA are A1+ (short term) and AAA (long

Impairment on short term investments has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term investments have low credit risk based on external credit rating of the counterparty.

iii) Other receivables

The Company holds other receivables in the form of collateral against bank guarantee amounting to Rs. 15,000,000 (2019: Rs. 15,000,000) with the Bank. The credit ratings of the counterparty as per JCR-VIS and PCRA are A1+ (short term) and AA+ (long term).

Impairment on other receivables has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term investments have low credit risk based on external credit rating of the counterparty.

iv) Bank Balances

The Company holds cash at various banks, which are rated A1+ (short term rating) as per JCR-VIS and PACRA rating.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Impairment on cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its cash at bank have low credit risk based on external credit rating of the counterparties.The credit ratings of the banks as per JCR-VIS and PACRA are as follows.

	Short term rating	Long term Rating	2020 Rupees	2019 Rupees
Bank Al Habib Limited	A1+	AA+	5,461,335	11,488,214
National Bank of Pakistan	A1+	AAA	704,125	1,299,832
Askari Bank Limited	A1+	AA+	14,958	14,958
Meezan Bank Limited	A1+	AA+	5,827,687	67,126
Bank Al Falah Limited	A1+	AA+	6,412,743	7,170,370
MCB Bank Limited	A1+	AAA	6,079,429	484,169
			24,500,277	20,524,669

v) Short term deposit

The Company holds short term deposits of Rs. 273,410 at 30 June 2020 (2019: Rs. 73,410). These deposits are recoverable from Q Tech enterprises and Lady Reading hospital.

Impairment on short term deposits has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term deposits have low credit risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

32.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. 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 following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years	Maturity after five years
	Rupees				
30 June 2020					
Long term financing	74,075,543	79,337,260	34,038,974	45,298,286	-
Trade and other payables	96,795,380	96,795,380	96,795,380	-	-
Due to parent company	73,945	73,945	73,945	-	-
Unclaimed dividends	6,332,195	6,332,195	6,332,195	-	-
Short-term borrowings	271,138,220	271,138,220	271,138,220	-	-
Loan from parent company	308,346,639	308,346,639	308,346,639	-	-
	756,761,922	762,023,639	716,725,353	45,298,286	-
30 June 2019					
Long term financing	84,903,685	119,189,399	30,046,542	89,142,857	-
Trade and other payables	202,103,377	202,103,377	202,103,377	-	-
Due to parent company	967,119	967,119	967,119	-	-
Unclaimed dividends	5,979,053	5,979,053	5,979,053	-	-
Short-term borrowings	299,738,429	299,738,429	299,738,429	-	-
Loan from parent company	308,324,631	308,324,631	308,324,631	-	-
	902,016,294	936,302,008	847,159,151	89,142,857	-

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 term financing and short term borrowings have been determined on the basis of expected mark up rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

32.6 Market risk

Market risk is the risk that changes in market prices e.g. foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market price management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

32.6.1 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.

32.6.2 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 long term loan, short term investments and short term borowings. At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments is:

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2020 %	2019 %	2020 Rupees	2019 Rupees
Fixed rate instrument				
- Financial assets				
Short-term investment - TDRs	12.20%	6.55%	2,818,979	2,678,133
- Financial liabilities				
Loan from State Bank of Pakistan	0.75%	0%	17,401,464	-
Variable rate instrument				
- Financial liabilities				
Long term financing	3 month k+0.75%	3 month k+0.75%	56,674,079	84,903,685
Short-term borrowings	Refer note 19	Refer note 19	271,138,220	299,738,429
Loan from parent company	Refer note 18	Refer note 18	308,346,639	308,324,631

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. 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. 6,645,628 (2019: Rs. 474,798).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

32.6.3 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.

32.6.4 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:

i) 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.

ii) 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. This fair value is determined for disclosure purposes.

iii) 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.

33 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.

34 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.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

No fee or remuneration was paid by the Company to Chief Executive and Directors except for the lump sum amount of Rs. Nil (2019: Rs. 900,000) charged by Wah Nobel (Private) Limited, as corporate service fee as disclosed in note 23.

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 30 JUNE 2020

36 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			
	Loan from parent company	Long term loan	Unclaimed dividend	Total
	Rupees			
Balance at 01 July 2019	308,324,631	84,903,685	5,979,053	399,207,369
Changes from financing cash flows				
Receipt of loan	-	17,346,748	-	17,346,748
Repayment of long term loan	-	(28,229,606)	-	(28,229,606)
Dividend paid	-	-	(35,646,858)	(35,646,858)
Other changes:				
Dividend announced	-	-	36,000,000	36,000,000
Interest accrued	22,008	54,716	-	76,724
Balance at 30 June 2020	308,346,639	74,075,543	6,332,195	388,754,377

	Liabilities			
	Loan from parent company	Long term loan	Unclaimed dividend	Total
	Rupees			
Balance at 01 July 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 30 June 2019	308,324,631	84,903,685	5,979,053	399,207,369

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

37 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a subsidiary of Wah Nobel (Private) Limited, therefore all subsidiaries and associated undertakings of the parent are related parties of the Company. Other related parties comprise of directors, executives, key management personnel, entities with common directorships and entities over which the directors and trustees are able to exercise influence. Balances and transactions with related parties are shown in notes 13, 16, 17, 18, 22, 23 and 35.

37.1 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.	Parent Company	4,970,395	55.23%
WNPL Employees Provident Fund	Staff retirement fund	99,000	1.10%
WNCL Employees Provident Fund	Staff retirement fund	33,102	0.37%
Wah Nobel Acetates Limited	Associated Company	-	0.00%
Nobel Energy Limited	Associated Company	-	0.00%
Lt. Gen. Bilal Akbar	Chairman	1	0.00%
Mr. Torbjorn Sexmo	Director	1	0.00%
Mr. Abdul Aziz	Director	1	0.00%
Maj. Gen.Azhar Naveed Hayat	Director	1	0.00%
Mr. Usman Ali Bhatti	Director	1	0.00%
Mr.Tariq Rangoonwala	Director	500	0.01%

37.2 Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

	Note	2020 Rupees	2019 Rupees
Transactions and balances with related parties			
- Transactions:			
Expenses incurred on behalf of the group companies net		(893,175)	(1,221,790)
Corporate service fee charged by parent company	23	-	900,000
Purchase of electricity from associated company		18,243,458	18,830,014
Purchase of raw material from associated company		17,819,100	9,076,275
Payment to employees' provident fund	16.5	6,234,632	5,337,202
Payment to employees' pension fund	16.6	1,233,785	1,211,610
Payment to employees' gratuity fund	16.2.2	4,000,000	1,000,000
Dividend paid to parent company		19,881,580	24,852,000
Interest expense incurred on loan from parent company	25	38,748,955	18,013,891
Interest paid to parent company		38,726,947	9,689,260
- Balances:			
Due to Parent Company	17	73,945	967,119
Loan from Parent Company	18	308,346,639	308,324,631
Due to Nobel Energy Limited	16.1	-	2,575,508
Payable to employees' gratuity fund	16.2	563,632	4,565,095
Payable to employees' provident fund	16.5	512,502	500,579
Payable to employees' pension fund	16.6	1,274,472	1,233,785

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

38 CAPACITY AND PRODUCTION

	Designed annual capacity		Actual production	
	2020	2019	2020	2019
	Metric tones			
Formaldehyde and Formalin solvent	80,000	80,000	23,201	30,748
Urea / Phenol Formaldehyde	19,000	19,000	13,441	17,807
Urea Formaldehyde Moulding compound	7,000	7,000	5,982	5,475

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

39 NUMBER OF PERSONS EMPLOYED

	2020 Numbers	2019 Numbers
Total employees of the Company at year end	148	138
Average employees of the Company during the year	143	140

40 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:

	2020 Rupees	2019 Rupees
Loans / advances obtained as per Islamic mode	8,485,221	7,125,951
Shariah compliant bank deposits/bank balances	24,500,277	20,524,669
Profit earned from shariah compliant bank deposits / bank balances	-	-
Revenue earned from a shariah compliant business segment	1,950,049,489	2,262,829,003
Gain/loss or dividend earned from shariah compliant investments	-	-
Exchange gain earned	-	-
Mark up paid on Islamic mode of financing	-	-
Profits earned on any conventional investment	1,781,908	1,211,649
Interest paid on any conventional loan or advance	70,181,375	31,683,731

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

41 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While events and conditions related to COVID-19 have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that although there were temporary implications of COVID-19 on the operations of the Company, however, no adverse implications are expected in the long term. Further, COVID-19 has no material impact on the presented amounts and disclosures in

42 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

42.1 The Board of directors at the meeting held on 07 October 2020 have proposed for the year ended 30 June 2020 cash dividend of Rs 4 per share (2019: Rs. 4 per share), amounting to Rs. 36,000,000 (2019: Rs. 36,000,000) subject to approval of members at the annual general meeting.

42.2 The Board of directors at the meeting held on 07 October, 2020 have approved to transfer Rs. 100,000,000 to general reserves.

43 General

43.1 Figures have been rounded off to the nearest rupee.

43.2 Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of better presentation and comparison.

43.3 These financial statements were authorized for issue by the Board of Directors of the Company on 07 October 2020.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

چیئرمین کی طرف سے جائزہ کی رپورٹ

میں بمسرت آپ کو واہ نوبل کیمیکلز کمپنی کے 30 جون 2020ء کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کر رہا ہوں۔20-2019 کے منفی معاشی عوامل اور کووڈ-19 وبائی مرض کی وجہ سے لاک ڈاؤن کے باوجود سال کے دوران کمپنی نے 1950 ملین کی خالص فروخت اور 130 ملین بعد از ٹیکس منافع 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 495 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 نقطۂ 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 کارپوریٹ 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 وضوابط 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۔

چیئرمین کی حیثیت سے میں آپ کو پورے وثوق سے یقین دلاتا ہوں کہ کمپنی تمام متعلقہ کوڈز اور قواعد وضوابط 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، وینڈرز 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 بلال اکبر، ہلالِ امتیاز (ملٹری)

چیئرمین

واہ کینٹ: 07 اکتوبر 2020ء

ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز بمسرت 30 جون 2020ء کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ معہ کمپنی کے آڈٹ شدہ گوشوارے اور آڈٹ رپورٹ پیش کرتے ہیں۔

مالیاتی کارکردگی کا جائزہ

کمپنی نے رواں مالی سال 20-2019 کے دوران 1,950 ملین روپے خالص آمدنی حاصل کی نتیجتاً گزشتہ سال کے مقابلے میں 14 فیصد منفی نمو مشاہدے میں آئی۔ جبکہ پچھلے سال کی خالص آمدنی 2,263 ملین روپے تھی۔ درحقیقت مالی سال کے پہلے نو ماہ تک کاروبار میں قدرے بڑھوتی کا رجحان رہا تاہم بوجہ کووڈ-19 وباء میں ملک میں ہونے والے لاک ڈاؤن کی وجہ سے سال کی آخری سہہ ماہی میں فروخت میں اضافے کا رجحان/منافع کی شرح متاثر ہوئی۔ یوں گزشتہ سال کے 355 ملین روپے کے مقابلے میں مجموعی منافع 326 ملین روپے رہا۔

گزشتہ سال کے 15 ملین روپے کے انتظامی اخراجات کے مقابلے میں اس سال 12 ملین روپے رہے۔ فروخت اور تقسیم کے اخراجات میں 4 فیصد کمی واقع ہوئی۔ بوجہ کووڈ-19 لاک ڈاؤن صارفین کی طرف سے ادائیگیوں میں تاخیر کی وجہ سے زیرِ جائزہ سال کے دوران متوقع کریڈٹ خسارہ گزشتہ سال 17 ملین روپے سے بڑھ کر 36 ملین روپے ہو گیا۔

زیادہ شرح سود اور قلیل مدتی قرض کی وجہ سے فنانشل چارجز میں 58 فیصد اضافہ ہوا جو کہ گزشتہ سال کے 49 ملین روپے کے مدِ مقابل 77 ملین روپے رہا۔ دورانِ زیرِ جائزہ سال کمپنی نے گزشتہ سال کے بعد از ٹیکس منافع مبلغ 176 ملین روپے کے مقابلے میں مبلغ 130 ملین روپے کمایا۔ خالص منافع میں مبلغ 46 ملین روپے کی کمی آئی۔ تاہم خالص منافع کا تناسب 8 فیصد سے کم ہو کر 7 فیصد رہ گیا۔

خالص منافع کے تناسب میں کمی کو بوجہ معیشت کی سست روی، حکومتی پالیسیاں، کووڈ-19 وباء، شرح سود میں گوناں گوں اضافہ، بنیادی خام مال کی قیمتوں میں اضافے اور امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی وجہ قرار دیا گیا ہے۔ تاہم مارکیٹ میں شدید مقابلے کی وجہ سے مصنوعات کی فروخت کی قیمتوں کو مناسب طور پر بڑھایا نہیں جا سکا۔

مالیاتی نتائج

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

	2019-20	2018-19
	روپے ہزاروں میں	
خالص فروخت (Net Sales)	1,950,049	2,262,829
کل منافع (Gross Profit)	325,993	354,874
آپریٹنگ منافع (Operating Profit)	304,012	329,880
قبل از ٹیکس منافع (Profit before Taxation)	182,946	249,605
بعد از ٹیکس منافع (Profit after Taxation)	130,307	176,492

مجموعی آمدنی فی شیئر

برائے سال مختتمہ 30 جون 2020ء فی شیئر آمدن 14.48 روپے جبکہ گزشتہ سال فی شیئر آمدن 19.61 روپے تھی۔

بعد کے تصرفات

ڈائریکٹرز کی جانب سے 30 جون 2020ء کو ختم ہونے والے سال کے لئے مندرجہ ذیل تصرفات کی شفارش/منصوری دی ہے۔ جن کی تفصیل کمپنی کے بعد میں آنے والے مالی گوشواروں میں دی جائے گی۔

☆ ڈیویڈنڈ

ڈائریکٹرز کی جانب سے نقد ڈیویڈنڈ @4.00 روپے فی شیئر (یعنی 40 فیصد) کی ادائیگی کی سفارش کی ہے۔ جو کہ آئندہ ہونے والے سالانہ اجلاسِ عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

☆ مجموعی ذخائر

ڈائریکٹرز نے مختص شدہ منافع میں سے 100 ملین روپے مجموعی ذخائر میں منتقلی کی بھی تجویز/منظوری دی۔

مستقبل پر ایک نظر (2020-21)

کووڈ-19 وباء کی رفتار میں استحکام پیدا ہو رہا ہے۔ اور کاروباری سرگرمیاں دوبارہ بحال ہو رہی ہیں۔ رواں مالی سال کی پہلی سہ ماہی کے دوران مارکیٹ کا رویہ سرد رہا تاہم یہ توقع کی جا رہی ہے کہ معمول کی سرگرمیاں اکتوبر 2020ء سے دوبارہ بحال ہو جائیں گی بشرطیکہ پاکستان کو کووڈ-19 وباء کی دوسری لہر کا سامنا نہ کرنا پڑے۔

حکومت کا حالیہ تعمیراتی صنعت کے لئے ترغیبی اعلان بھی مستقبل میں ترقی کے لئے مثبت عمل ہے۔

کمپنی کی ویلیو ایڈڈ مصنوعات میں توسیع کی حکمت عملی کے پیش نظر بورڈ نے سالانہ 6,000 میٹرک ٹن اضافی یوریا فارمیلڈی ہائیڈ مولڈنگ کمپاؤنڈ پلانٹ (UFMC Plant) کی تنصیب کی منظوری دے دی ہے۔ مجموعی طور پر گنجائش کو بڑھا کر 13,000 میٹرک ٹن سالانہ پیداوار کیا جائے گا جو کمپنی کے منافع کو بڑھانے میں معاون ثابت ہوگا۔

کمپنی میں تنوع کے پیش نظر جنوری 2021ء تک مارکیٹ میں Disinfectant / Toilet Cleaners جیسی مصنوعات لانچ کرنے کا منصوبہ بنایا گیا ہے۔

کمپنی موجودہ اور نئے آنے والے مدِ مقابل صنعت کاروں کی وجہ سے مارجن پر دباؤ، روپے کی قدر میں مسلسل کمی اور افراط زر کی شرح میں اضافے کی وجہ سے اِن پٹ لاگت میں اضافے کی توقع رکھتی ہے۔ تاہم مینجمنٹ مالی سال 21-2020ء کے دوران ترقی کے حصول اور منافع میں اضافہ کے لئے پر امید ہے اور ان چیلنجوں کا مقابلہ کرنے کے لئے ہر ممکن اقدامات کر رہی 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 کنٹرول کا تسلسل سے معیاری بنیادوں پر جائزہ لیا جاتا ہے۔ تا کہ تصدیق کی جا سکے کہ آیا یہ مؤثر ہے۔ ان کو تبدیلی کے قوانین اور قواعد وضوابط کے تحت تبدیل کیا جاتا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ اندرونی کنٹرول پر عملدرآمد کی نگرانی کرتا ہے۔ اندرونی اور بیرونی آڈیٹر کیساتھ بات چیت کے ذریعے اس بات کی تصدیق ہوتی ہے۔ کہ کمپنی کی جانب سے مناسب کنٹرول لاگو کئے گئے ہیں۔

درپیش خطرات اور غیر یقینی کی صورتِ حال

اس حقیقت کے باوجود کہ گزشتہ تین سالوں کے دوران کمپنی کی مالی کارکردگی کافی حد تک اچھی رہی۔ اب بھی کمپنی چند فطری منفی خطرات اور غیر یقینی کی صورت حال جیسے مقابلہ، وینڈ اینڈ پرمٹ فیس کیس پر سپریم کورٹ کا ناموافق فیصلہ، شرح تبادلہ میں اتار چڑھاؤ، منفی شرح سود، متضاد حکومتی قواعد، ٹیکسز (Taxes)، پالیسیاں، کووڈ-19 وباء کے دوبارہ وجود کی وجہ سے لگنے والے لاک ڈاؤن جیسی صورت وغیرہ، کمپنی کے مستقبل کے مالی گوشواروں پر اثر انداز ہو سکتے ہیں۔ انتظامیہ معیادی بنیادوں پر کاروبار کو لاحق بڑے مالیاتی اور آپریٹنگ خطرات کا جائزہ لیتی رہتی 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 کمٹمنٹ رکھتی ہے۔جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے ڈائریکٹرز مندرجہ ذیل رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں:۔

☆ کمپنی مینجمنٹ کے تیارکردہ 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 کررکھے ہیں۔

☆ مناب 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 2017ء کی شکوں 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 مؤثر 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 ویلنڈ اور پرمٹ فیس کیس کا کوئی منفی فیصلہ نہیں آجاتا (یہ تمام انڈسٹری میں برابر کا رائج ہے)۔

☆ یہاں کوئی بھی قابل ذکر چیز کارپوریٹ گورننس سے ہٹ کر نہیں کی گئی جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن،2019ء 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 وشمار 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 بنک ڈیپازٹس 30 جون 2020ء کو درج ذیل ہیں:

فنڈ	روپے
پراویڈنٹ فنڈ	57,484,137
گریجویٹی فنڈ	27,359,343
پنشن فنڈ	16,110,901

بورڈ آف ڈائریکٹرز

درج ذیل تفصیل کے مطابق ڈائریکٹرز (بشمول چیف ایگزیکٹو) کی کل تعداد آٹھ (8) ہے:

مرد	آٹھ (08)
خواتین	کوئی نہیں

بورڈ کی ساخت درج ذیل طریقے پر ہے:

i۔	آزاد ڈائریکٹرز	ایک (01)
ii۔	دیگر نان ایگزیکٹو ڈائریکٹرز	چھ (06)
iii۔	ایگزیکٹو ڈائریکٹرز	ایک (01)

دوران سال بورڈ میں ذرج ذیل تبدیلیاں رونما ہوئیں:

☆ سابقہ چیئرمین لیفٹیننٹ جنرل صادق علی، ہلال امتیاز (ملٹری) کے سروس سے ریٹائر ہونے پر لیفٹیننٹ جنرل بلال اکبر، ہلال امتیاز (ملٹری) کو 24 اکتوبر 2019ء سے انکی جگہ ڈائریکٹر / چیئرمین مقرر کیا گیا۔

☆ مورخہ 3 فروری 2020ء سے جناب معاف ابراہیم کے کمپنی ڈائریکٹرشپ سے مستعفی ہونے پر جناب عثمان علی بھٹی کو بطور ڈائریکٹر مقرر کردیا گیا۔

☆ 29 اپریل 2020ء کو جناب محمد ارشد کی جگہ WNPL کی نمائندگی کرنے کے لئے میجر جنرل اظہر نوید حیات خان، ہلال امتیاز (ملٹری) کو کمپنی کا ڈائریکٹر مقرر کیا گیا۔

مالی سال کے اختتام کے بعد 15 جولائی 2020ء سے جناب محمد ارشد کو واہ نوبل پرائیویٹ لمیٹڈ WNPL کی نمائندگی کے لئے جناب عبدالعزیز کی جگہ دوبارہ ڈائریکٹر مقرر کیا گیا۔

بورڈ نے سبکدوش ہونے والے ڈائریکٹرز / چیئرمین کی کمپنی کی خاطر کی جانے والی قابل قدر شراکتوں کے لئے تعریفی کلمات کو ریکارڈ کرلیا اور کمپنی کے بورڈ میں نئے ڈائریکٹرز / چیئرمین کا پرتپاک خیر مقدم کیا۔

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

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریمارکس
1۔	لیفٹیننٹ جنرل بلال اکبر، ہلال امتیاز (ملٹری) (چیئرمین)	02	24 اکتوبر 2019ء کو نامزد ہوئے
2۔	لیفٹیننٹ جنرل صادق علی، ہلال امتیاز (ملٹری) (سابق چیئرمین)	01	24 اکتوبر 2019ء کو ریٹائر ہوئے
3۔	جناب توربجورن سیکسمو	05	
4۔	میجر جنرل اظہر نوید حیات خان، ہلال امتیاز (ملٹری)	01	29 اپریل 2020ء کو نامزد ہوئے
5۔	جناب عبدالعزیز	05	
6۔	جناب محمد ارشد		29 اپریل 2020ء کو مستعفی ہوئے
7۔	جناب عثمان علی بھٹی	02	3 فروری 202 0ء کو نامزد ہوئے
8۔	جناب طارق ایم۔ رنگون والا	02	
9۔	جناب شفیق احمد صدیقی	05	

10۔	جناب معناف ابراہیم	02	3فروری 2020ءکو مستعفی ہوئے
11۔	بریگیڈیئر (ر) شیراز اللہ چوہدری	05	

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

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریمارکس
1۔	جناب طارق ایم۔ رنگون والا	-	
2۔	جناب عبدالعزیز	04	
3۔	جناب محمد ارشد	02	3فروری 2020ءکو مستعفی ہوئے
4۔	جناب عثمان علی بھٹی	02	3فروری 2020ءکو نامزد ہوئے

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

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریمارکس
1۔	جناب عبدالعزیز	01	
2۔	جناب طارق ایم۔ رنگون والا	-	
3۔	بریگیڈیئر (ر) شیراز اللہ چوہدری	01	

بورڈ کے ارکان جو میٹنگز میں شرکت نہیں کر سکے اُن کو غیر حاضری کی رخصت دی گئی۔

ڈائریکٹر کے معاوضے کی پالیسی

بورڈ ڈائریکٹرز کے میٹنگز میں شرکت کے لئے معاوضے/فیس کے تعین کرنے کا مجاز ہے۔ واہ نوبل کے نامزد امیدواروں کے علاوہ بورڈ نے نان ایگزیکٹو ڈائریکٹر کے بورڈ اجلاس میں شرکت کرنے کے لئے ڈائریکٹر کے معاوضے کی منظوری دے دی ہے۔ تاہم بورڈ اجلاس میں شامل ہونے والی کمیٹی (کمیٹیوں) میں شرکت کرنے پر اور کمپنی کے عمومی اجلاس (اجلاسوں) میں شرکت کرنے پر یا کمپنی کی کسی اور کاروباری میٹنگ (میٹنگز) میں شرکت پر کوئی معاوضہ ادا نہیں کیا جائے گا۔ کمپنی تمام ڈائریکٹرز کو میٹنگ میں شرکت کے لئے کئے جانے والے سفر، ہوٹل اور دیگر ہونے والے اخراجات کا معاوضہ ادا کرے 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 کے لئے پرعزم ہے۔ کمپنی اخلاقی طور پر کارکنان، اُن 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 کیئے 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 مصروفِ عمل رہتی ہے۔اوران 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 کررہی ہے۔اس سلسلے میں وہ ملازمین جو کمپنی کے ساتھ دس سال مدت ملازمت مکمل کرچکے 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 وتحفظ کمپنی کی اولین ترجیحات میں شامل ہے۔کمپنی صحت وحفاظت کے اصولوں اور کام کے دوران محفوظ ماحول، ملازمین کو حادثہ، بیماری سے محفوظ رکھنے کے لئے کوشاں رہتی ہے۔اور اِس مقصد کو حاصل کرنے کے لئے عملی طور پر صحت وحفاظت 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 وضوابط کے مطابق سرانجام دینے کے لئے پر عزم ہے۔

کمپنی ملازمتوں کی بھرتی، ملازمین کو تربیت/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 مصروفِ عمل ہے۔کمپنی ملازمین کے درمیان ٹیم ورک کے کلچر، تخلیقی صلاحیتوں، جدت، اخلاص اور وفاداری، نظم وضبط، رواداری، باہمی احترام کی ثقافت کو فروغ دیتی ہے۔کمپنی پیشہ وارانہ اور تکنیکی (Technical) مہارت کو فروغ دینے کے لئے افراد کو مستقل بنیاد پر ٹریننگ (Apprenticship Training) کی سہولت فراہم کرتی رہتی ہے۔

کمپنی کارپوریٹ ٹیکس، عمومی سیلز ٹیکس، ایکسائز ڈیوٹی، وینڈ/پرمٹ فیس (Vend/Permit Fee) کی مد سے قومی خزانے میں ایک نمایاں رقم دے کر حصہ ڈال رہی ہے۔سال 20-2019 کے دوران کمپنی نے مبلغ 495 ملین روپے سے زیادہ کی رقم قومی خزانے میں جمع کروائی۔(2019ء میں 621 ملین روپے جمع کروائے گئے تھے)۔

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

ویڈ فیس اور پرمٹ فیس کا معاملہ

ویڈ فیس اور پرمٹ 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 زیرِ التوا ہے۔ جب تک کہ کوئی منفی فیصلہ نہیں آجاتا کمپنی کو جاری وساری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں۔سندھ ہائی کورٹ کے موافق فیصلے کی رُو 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 ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 37ویں سالانہ اجلاسِ عام کے اختتام پر ریٹائر ہونے والے ہیں۔

چونکہ ریٹائر ہونے والے آڈیٹر نے پانچ سال مکمل کر لئے ہیں اس لئے بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارش پر آئندہ سالانہ (حصص یافتگان) اجلاس میں میسرز گرانٹ تھورنٹن، چارٹرڈ اکاؤنٹنٹس، جنہوں نے کمپنی کے قانونی آڈیٹر کی حیثیت سے 30 جون 2021ء کو اختتام پذیر ہونے والے سال کے لئے، ریٹائر ہونے والے آڈیٹرز کی موجودہ فیس پر کمپنی کے آڈیٹر کی حیثیت سے کام کرنے پر رضامندی ظاہر کی ہے، پر غور کرنے اور منظوری دینے کی سفارش کی ہے۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2020ء کے مطابق شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی اضافی معلومات جن کو کوڈ آف کارپوریٹ گورننس کے تحت ضروری سمجھا جاتا ہے کو شامل کیا گیا ہے۔

اس سال کے دوران کسی ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری، چیف فنانشل آفیسر، ایگزیکٹو اور اُنکی 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 کے لئے کی گئی سخت محنت، عزم اور کمپنی کی خاطر اپنے آپ کو وقف کرنے کے جذبے کو مخلصانہ طور پر سراہتے ہیں۔

ڈائریکٹرز اپنے قابلِ قدر شیئر ہولڈرز، گاہکوں، سپلائرز اور بینکرز کی مسلسل حمایت کے لئے شکریہ کا اظہار کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

جناب عثمان علی بھٹی
ڈائریکٹر

بریگیڈیئر (ر) شیراز اللہ چوہدری
چیف ایگزیکٹو

واہ کینٹ 07 اکتوبر 2020ء

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 37th Annual General Meeting of the Company to be held on Thursday, November 26, 2020 at 1100 hrs and /or any adjournment thereof.

Signed this ______ day of November, 2020.

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

Witness 1	Witness 2
Signature ____________________	Signature ____________________
Name ____________________	Name ____________________
CNIC No.____________________	CNIC No.____________________
Address ____________________	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)

37ویں سالانہ اجلاسِ عام

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 وہ نوبل کیمیکلز لمیٹڈ کے ممبر بھی ہے، میری غیر موجودگی کی صورت میں بطور میرے نائب کے 37ویں سالانہ اجلاسِ عامہ میں شرکت کرنے اور حق رائے دہی استعمال کر سکتے ہیں۔ جس کا انعقاد بروز جمعرات 26 نومبر 2020 کو 11 بجے دن یا اس کے ملتوی شدہ اجلاس میں۔

دستخط/مہر اور کی طرف سے بھیج دیا گیا: ______________________________ مورخہ ________ نومبر 2020

ا۔ نام گواہ: ______________________________

دستخط: ______________________________

شناختی کارڈ نمبر: ______________________________

پتہ: ______________________________

____

۲۔ نام گواہ: ______________________________

دستخط: ______________________________

شناختی کارڈ نمبر: ______________________________

پتہ: ______________________________

____

____

فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر

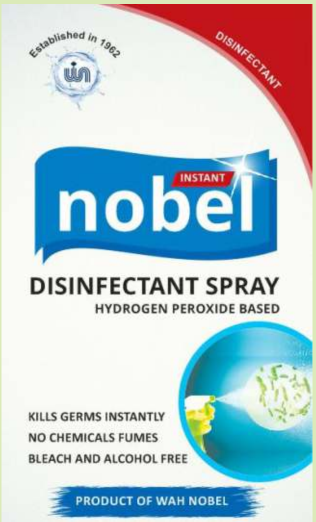
ہدایات:

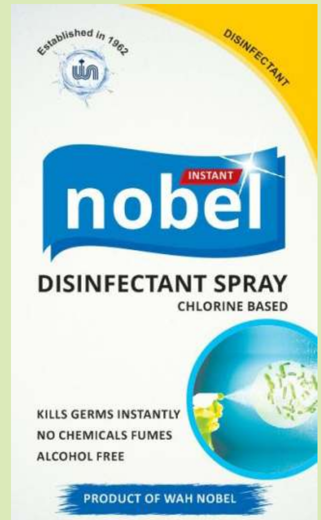
ا۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

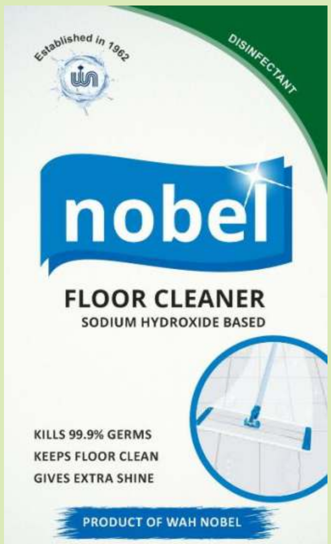
۲۔ ممبر (رکن) کے دستخط، نمونہ شدہ دستخط/اندراج شدہ سے مماثلت ہونا ضروری ہے۔

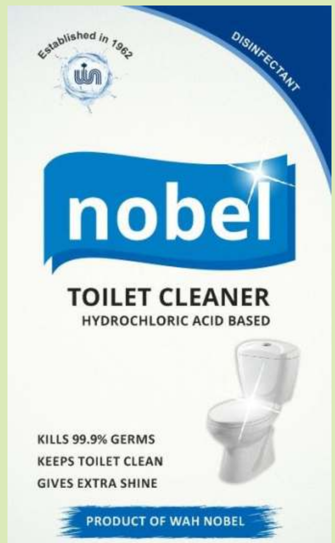
۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناخت کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

۴۔ مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔









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