



**Wah Nobel Chemicals Limited**

**ANNUAL REPORT  
2021**





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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.



A hand is shown interacting with a series of interlocking gears. The gears are arranged in a vertical line, and the hand is positioned as if it is about to turn one of them. The background is a blurred image of a person in a suit, suggesting a business or corporate context. The overall color scheme is blue and white, with a glowing effect around the gears.

# INNOVATION

# MISSION

# PLAN

# RESEARCH

## 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. Ali Amir Awan, HI(M)	:	Chairman
Mr. Mats-Olof Rydberg	:	Director
Maj Gen Azhar Naveed Hayat Khan, HI(M)	:	Director
Mrs. Kishwar Ahsan	:	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)
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## AUDIT COMMITTEE

Mr. Tariq M. Rangoonwala	:	Chairman
Mrs. Kishwar Ahsan	:	Member
Mr. Usman Ali Bhatti	:	Member

## HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Tariq M. Rangoonwala	:	Chairman
Mrs. Kishwar Ahsan	:	Member
Brig (R) Shiraz Ullah Choudhry, SI (M)	:	Member

## COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

:	Mr. Tanveer Elahi, FCA
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## AUDITORS

:	Grant Thornton Anjum Rahman Chartered Accountants
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## LEGAL ADVISORS

:	The Law Firm of Basit Musheer
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## SHARES REGISTRAR

:	Ilyas Saeed Associates (Pvt.) Ltd., Management Consultants, Office # 26, 2 <sup>nd</sup> Floor, Rose Plaza, I-8 Markaz, Islamabad. Tel: 051-4938026-7, Fax: 051-4102628 Email: <a href="mailto:iilyas@hotmail.com">iilyas@hotmail.com</a>
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## BANKERS

:	MCB Bank Limited Allied Bank of Pakistan Limited Bank Al-Habib Limited Askari Bank Limited Meezan Bank Limited
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## REGISTERED OFFICE

:	G.T. Road, Wah Cantt.
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## FACTORY

:	Wah Cantt.
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## PHONES

:	(051) 4545243-6 (4 Lines) (051) 905525204
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## FAX

:	(051) 4545241, (051) 4535862
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## E.MAIL

:	<a href="mailto:ce@wahnobel.com">ce@wahnobel.com</a>
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## WEBSITE

:	<a href="http://www.wahnobel.com">www.wahnobel.com</a>
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## Company Profile

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

### PRODUCTION PREMISES

● Total Area	45,100 Sqr. M
● Process Area	24,000 Sqr. M
● Auxiliary Building	1,000 Sqr. M
● Green Area	11,730 Sqr. M
● Open Plot For Future Expansion	8,370 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 & Colors

### INSTALLED CAPACITY (M. Tons per Annum)

Formaldehyde	80,000 M. Tons per annum.
Urea/Phenol Formaldehyde	19,000 M. Tons per annum.
Urea Formaldehyde Moulding Compound	7,000 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 38th 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, October 28, 2021 at 1100 hours to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on November 26, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Directors' and the Auditors' Reports thereon.
3. To approve and declare the final cash dividend @ Rs 10.00 per share i.e. 100% as recommended by the Directors.
4. To appoint auditors of the Company for the year 2021-22 and to fix their remuneration. The Board of Directors, on the recommendation of the Audit Committee of the Company, has proposed re-appointment of Messer Grant Thornton Anjum Rahman, Chartered Accountants as auditors of the company.

### OTHER BUSINESS

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

By Order of the Board

(TANVEER ELAHI)  
Company Secretary

Wah Cantt:  
September 30, 2021



**Notes:**

1. The share transfer books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on October 21, 2021 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 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 [agmwahn@wahnobel.com](mailto:agmwahn@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. before 11.00 a.m. on October 26, 2021).

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.
10. As per section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. SECP through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

In light of above, shareholders having physical share certificates are requested to comply with the provisions of the Act by opening CDC sub-accounts with any of the brokers or Investor Accounts directly with CDC to convert their physical shares into scrip less form

11. Shareholders, whose dividends still remain unclaimed and /or undelivered share certificates are hereby requested to contact the Company or our Shares Registrar M/s Ilyas Saeed Associates (Pvt) Limited to claim their outstanding dividend amounts and/or undelivered share certificates.



## Review Report by the Chairman

I am pleased to present to you the review on Annual Report of Wah Nobel Chemicals Limited ("the Company") highlighting the Company's commendable performance for the year ended June 30, 2021. Despite challenging business environment, the current financial year was the most successful year as the Company was able to achieve its highest ever sales figure and reported the net sales of Rs. 2,724 million as compared to Rs. 1,950 million during last year. Further, profit after tax increased from Rs. 130 million to Rs. 334 million, up by 157% and it translated into Earnings per Share (EPS) of Rs. 37.16 as against Rs. 14.48 last year.

Based on the financial performance, the Board has recommended a final cash dividend of 100% i.e. Rs. 10 per share.

Company contributed Rs.669 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, has contributed effectively in guiding the Company in its strategic affairs and in enhancing the vision of the Company. The Board, being responsible for the management of the company, formulates all significant policies and strategies to ensure continued growth. The Board also played a key role in overseeing management's performance and focus on major risk areas. All Directors fully participated and contributed to the decision making process of the Board.

The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework and is committed to ensure high standards of Corporate Governance to preserve stakeholders' value. The Board has fulfilled all its mandatory responsibilities including ensuring compliance with all relevant legal and regulatory requirements for the Company. During the year under review, quarterly, half yearly and annual financial results were thoroughly reviewed by the Board and extended its guidance to the management on regular basis to ensure strong governance. Board also reviewed and approved the Company's financial budget and capital expenditures requirement.

The board and the management are fully conscious of the challenges ahead and are well prepared to tackle them with the required vision, knowledge, and experience

As Chairman, I will remain firmly committed to ensuring that Company complies with all relevant laws, codes and regulations. I hope and pray that the Company may maintain the momentum of growth in the future years.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all the stakeholders for their continued support and guidance. I acknowledge with thanks our employees' dedication and hard work at all levels and look forward to their continued support next year. I would also like to appreciate the commendable efforts and dedication of our Board Members and CEO in providing strategic leadership to the Company.

**Lt. Gen  
Ali Amir Awan, HI(M)**  
Chairman

Wah Cantt :  
September 30, 2021



## 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, 2021 together with the Auditors' Report thereon.

### OPERATING PERFORMANCE

During the Financial Year 2020-21 Company posted highest ever net sales of Rs. 2,724 million witnessed growth of 40% over last year's net sales of Rs1,950 million. The higher sales , cost control and production efficiencies translated into higher gross profit which has increased by 71% to Rs. 559 million from Rs. 326 million of previous year.

During the year under review administrative expenses have slightly increased from Rs. 12 million of previous year to Rs. 13 million ,whereas , selling and distribution expenses were Rs. 11 million as compared to Rs. 10 million of last year.

Finance cost for the year has significantly decreased by 148% i.e from Rs. 77 million to Rs. 31 million mainly due to efficient utilization of resources and reduction in policy rate.

Company earned record after tax profit of Rs. 334 million during the year under review against last year's after tax profit of Rs. 130 million. Net Profit increased by 157 % i.e Rs. 204 million.

The increase in after tax profit is attributable to increase in volume, price rationalization, better sales mix, optimal capacity utilization , efficient working capital management and savings in fixed costs.

### 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:

	2020 - 21	2019 - 20	Change
	Rupees (in thousands)		Percentage
Net Sales	2,723,823	1,950,049	40
Gross Profit	558,803	325,993	71
Operating Profit	534,393	304,012	76
Profit Before Taxation	470,853	182,946	157
Profit After Taxation	334,409	130,307	157
Earnings Per Share (Rupees)	37.16	14.48	157



## SUBSEQUENT APPROPRIATIONS

The directors have recommended /approved following appropriations for the year ended June 30,2021 which will be reflected in the subsequent financial statements of the company:

- **DIVIDEND**  
The directors have recommended a payment of cash dividend @ Rs. 10 per share (i.e 100% ), subject to the approval of Shareholders at the forthcoming Annual General Meeting.
- **GENERAL RESERVE**  
The directors also proposed / approved transfer of Rs. 250 million from un-appropriated profits to general reserve.

## OUTLOOK FOR 2021-22

Uncertainty around the COVID-19 situation continues as Pakistan is now experiencing its fourth wave. Further, situation in Afghanistan has badly affected the business of our major customers who exports MDF / HDF to Afghanistan in large quantities , resultantly decline in company's sales is expected.

Company operates in a highly competitive environment and foresee intense competition from existing competitors and new entrants in the Industry. The Company anticipates pressure on margins due to stiff competition, increase in prices of basic raw materials, utilities, wages, and continued devaluation of Pak Rupee if the corresponding increase in the selling prices is not absorbed by the market . 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 2021-22

Installation of new Urea Formaldehyde Moulding Compound (UFMC) having annual capacity of 6,000 M.T is in progress and commercial production is expected to commence in 2nd Quarter of FY 2021-22. Company has already commenced production / marketing of Disinfectant / Cleaner products. Company expects that expansion of UFMC and launch of Disinfectant / Cleaner products will generate additional revenue / profit for the company.

## 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. The Board is confident that the system of

internal control is sound in design and has been effectively implemented and monitored.

## PRINCIPAL RISKS AND UNCERTAINTIES

Despite the fact that the Company's financial performance was consistently good during the recent 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, increase in input cost due to rising inflation, fluctuation in exchange rate, adverse interest rate, and inconsistent Government regulations / taxes / policies etc that may have an impact on the future financial statements of the Company.

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

## RELATED PARTY TRANSACTIONS

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

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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



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.

- There is nothing outstanding against the Company on account of taxes, duties, levies, and other charges except for those which are being made in the normal course of business and disclosed in the financial statements
- 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, 2021 were as follows:

FUND		RUPEES
•	Provident Fund	62,482,623
•	Gratuity Fund	28,342,850
•	Pension Fund	19,093,227

## BOARD OF DIRECTORS

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

a. Male	:	Seven (07)
b. Female	:	One (01)

- The composition of board is as follows:

Independent Directors	:	One (01)
Other Non-Executive Directors	:	Six (06)
Executive Directors	:	One (01)

### During the year following changes took place in the Board:

- On July 15, 2020 Mr. Muhammad Arshad, has been re-appointed as Director on the Board of the Company to represent Wah Nobel (Private) Limited (WNPL) in place of Mr. Abdul Aziz.
- Consequent upon retirement of Lt Gen Bilal Akbar, HI(M), Ex-Chairman, from service Lt Gen Ali Amir Awan, HI(M) appointed as Director / Chairman in his place effective January 13, 2021.
- Mr. Torbjorn Saxmo resigned from the Directorship of the company and Mr Mats Olof Rydbergi has been appointed as Director in his place effective April 29, 2021.
- On June 21, 2021 Mrs. Kishwar Ahsan, has been appointed as Director on the Board of the Company to represent Wah Nobel (Private) Limited (WNPL) in place of Mr. Muhammad Arshad.

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 Ali Amir Awan, HI(M), (Chairman)	01	Appointed on January 13, 2021
2	Lt Gen Bilal Akbar, HI(M), (Ex-Chairman)	02	Resigned on January 13, 2021
3	Mr. Torbjorn Saxmo	04	Resigned on April 29, 2021
4	Mr. Mats-Olof Rydberg	01	Appointed on April 29, 2021
5	Maj. Gen Azhar Naveed Hayat Khan, HI(M)	02	
6	Mr. Abdul Aziz	-	Resigned on July 15, 2020
7	Mr. Muhammad Arshad	02	Appointed on July 15, 2020 Resigned on June 21, 2021
8	Mr. Usman Ali Bhatti	04	
9	Mr. Tariq M. Rangoonwala	04	
10	Mr. Shafique Siddiqi	04	
11	Mrs. Kishwar Ahsan	-	Appointed on June 21, 2021
12	Brig (R) Shiraz Ullah Choudhry, SI(M)	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	03	
2	Mr. Abdul Aziz	-	Resigned on July 15, 2020
3	Mr. Muhammad Arshad	03	Appointed on July 15, 2020 Resigned on June 21, 2021
4	Mr. Usman Ali Bhatti	02	
5	Mrs. Kishwar Ahsan	-	Appointed on June 21, 2021



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. Tariq M. Rangoonwala	-	
2	Mr. Abdul Aziz	-	Resigned on July 15, 2020
3	Mr. Muhammad Arshad	01	Appointed on July 15, 2020 Resigned on June 21, 2021
4	Mrs. Kishwar Ahsan	-	Appointed on June 21, 2021
5	Brig (R.) Shiraz Ullah Choudhry, SI(M)	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.

As COVID-19 has been a big health and safety issue during the year, the management took various measures to mitigate the risk. These included awareness sessions, provision of hand sanitizers, temperature monitoring, regular disinfection of the premises, Vaccination, requirement of masks and social distancing.

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.

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 contributed significant amount of Rs. 669 million (2020 : Rs.495 million) towards the national exchequer on account of corporate tax, general sales tax, excise duty, custom duty and vend / permit fee etc during the year under review.

## 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](http://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.

## SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of Director's Report.

## AUDITORS

The present auditors, Messrs. Grant Thornton Anjum Rahman., Chartered Accountants, are due to retire at the conclusion of the 38th Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the year 2021-22. The Audit Committee of the Board has recommended the reappointment of the retiring auditors for the year ending June 30, 2022 to the Board. The Board has recommended the same for the approval of the shareholders in the forthcoming Annual General meeting

## PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company and additional information thereabout as at June 30, 2021 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

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**Usman Ali Bhatti**  
Director

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**Brig (R) Shiraz Ullah Choudhry, SI(M)**  
Chief Executive

Wah Cantt:  
September 30, 2021

## Six Year at a Glance

	2016	2017	2018	2019	2020	2021
(Rupees in Thousands)						
(A) Operating Results:						
i) Net Sales Revenue	1,181,518	1,250,740	1,680,925	2,262,829	1,950,049	2,723,823
ii) Gross Profit	236,346	270,452	317,150	354,874	325,994	558,803
iii) Operating Profit	150,533	208,168	272,766	312,659	304,012	534,393
iv) Profit Before Tax	120,085	189,060	249,456	249,605	182,946	470,853
v) Profit After Tax	78,469	131,105	174,102	176,492	130,307	334,409
(B) Financial Position						
i) Paid-up Capital	90,000	90,000	90,000	90,000	90,000	90,000
ii) Shareholders Equity	561,764	658,611	778,380	887,645	983,632	1,282,449
iii) General Reserve	375,000	425,000	505,000	635,000	750,000	850,000
iv) Property, Plants and Equipment (Net)	148,722	170,642	307,614	332,755	297,682	384,394
v) Current Assets	701,975	835,027	1,020,092	1,526,567	1,499,436	1,845,251
(C) Key Performance Indicators						
i) Gross Profit %	20.00%	21.62%	18.87%	15.68%	16.72%	20.52%
ii) Net Profit %	6.64%	10.48%	10.36%	7.80%	6.68%	12.28%
iii) Earning Per Share Rs.	8.72	14.57	19.34	19.61	14.48	37.16
iv) Cash Dividend %	40%	60%	50%	40%	40%	100%
v) Break-up Value Per Share Rs.	62.42	73.18	86.49	98.63	109.29	142.49
vi) Current Ratio	2.29:1	2.40:1	2.22:1	1.68:1	1.93:1	2.11:1



## Pattern of Shareholding

as at June 30, 2021

No of shareholders	Shareholding	Total shares held
167	Share Holding from 1 to 100 shares	6,640
383	Share Holding from 101 to 500 shares	99,830
111	Share Holding from 501 to 1,000 shares	87,143
117	Share Holding from 1,001 to 5,000 shares	310,279
23	Share Holding from 5,001 to 10,000 shares	176,300
10	Share Holding from 10,001 to 20,000 shares	163,890
8	Share Holding from 20,001 to 30,000 shares	223,214
2	Share Holding from 30,001 to 50,000 shares	65,702
6	Share Holding from 50,001 to 100,000 shares	479,803
5	Share Holding from 100,001 to 1,000,000 shares	2,416,804
1	Share Holding from 1,000,001 to 10,000,000 shares	4,970,395
<b>833</b>	<b>Total</b>	<b>9,000,000</b>

## Categories of Shareholders

As at June 30, 2021

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. Ali Amir Awan, HI(M)	1*	1	0.00
1.2	Mr. Mats Olof Rydberg	1*	1	0.00
1.3	Maj. Gen. Azhar Naveed Hayat Khan HI(M)	1*	1	0.00
1.4	Mrs. Kishwar Ahsan	1*	1	0.00
1.5	Mr. Usman Ali Bhatti*	1*	1	0.00
1.6	Mr. Tariq 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 Corporation of Pakistan	1	625	0.01
4	Banks Development Financial Institutions, Non Banking Financial	2	1,478	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	1	862,080	9.58
5.1	State Life Insurance Corporation of Pakistan	1	862,080	9.58
6	Modarabas and Mutual Funds	-	-	0.00
7	Shareholders holding 10%	-	-	0.00
8	General Public	806	2,385,325	26.50
	a. Local	806	2,385,325	26.50
	b. Foreign	-	-	0.00
9	Others (to be specified)	13	71,366	0.79
9.1	NCC-Pre Settlement Delivery Account	1	4,000	0.04
9.2	Trust / Cooperative Society	1	900	0.01
9.3	Benevolent / Pension Fund	2	60,245	0.67
9.4	Joint Stock Coys.	8	6,121	0.07
9.5	Stock Exchange.	1	100	0.00
Total:		833	9,000,000	100.00

Shareholders holding 5% or more

	Shares held	Percentage
Wah Nobel (Pvt) Ltd	4,970,395	55.23
State Life Insurance Corporation of Pakistan	862,080	9.58
Mr. Munaf Ibrahim	618,600	6.87
CDC - Trustee National Investment (Unit) Trust	576,124	6.40

\* 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 their spouses and minor Children the during the financial year ended June 30,2021.



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2021

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: Seven (07)
  - b. Female: One (01)
2. The composition of Board is as follows:

Category	Name
Independent Director	Mr. Tariq M. Rangoonwala
Non-Executive Directors	Lt. Gen Ali Amir Awan, HI(M) Mr. Mats-Olof Rydberg Maj Gen Azhar Naveed Hayat Khan, HI(M) Mr. Shafiq Ahmed Siddiqi Mr. Usman Ali Bhatti
Executive Director	Brig (R) Shiraz Ullah Choudhry, SI(M)
Female Non-Executive Director	Mrs. Kishwar Ahsan

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 along with 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. During the year following four Directors' of the Company have acquired the certification under directors' training program (DTP) from the institutions duly approved by the Securities and Exchange Commission of Pakistan, and the remaining Directors, will undertake DTP within the time specified in the Regulations;
  - Lt. Gen Ali Amir Awan, HI(M)
  - Maj Gen Azhar Naveed Hayat Khan, HI(M)
  - Mrs. Kishwar Ahsan
  - Mr Usman Ali Bhatti;
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) Mrs Kishwar Ahsan (Member) Mr. Usman Ali Bhatti (Member)	Mr. Tariq M. Rangoonwala (Chairman) Mrs Kishwar Ahsan (Member) Brig (R) Shiraz Ullah Choudhry, SI(M) (Member)

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 convened during the year were as per following:
 

a) Audit Committee	:	Four meetings
b) HR and Remuneration Committee	:	One meeting

Due to delay in finalization of the annual financial statements for the year ended June 30, 2020, Audit Committee meeting could not be held in the first quarter of the year 2020-21. Audit Committee meeting to approve these statements was held on October 07, 2020.

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 3,7,8,27{(excluding 2(i)}, 32,33 and 36 of the Regulations have been complied with. However, requirements of regulations 6 will be fully complied upon reconstitution of the Board in next election. The noncompliance of 27 (2)(i) has already been discussed above in paragraph 14.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Non-Mandatory Requirements	Reg. No.	Explanation
1	<b>Evaluation of the Board and its members:</b> 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.	10(3)(v)	The Board is in process of formation and implementation of effective mechanism for evaluation of Board and of its committees.
2	<b>Qualification of company secretary:</b> The same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	24	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 fulfill 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.
3	<b>Appraisal of head of internal Audit:</b> The performance appraisal of head of internal audit shall be done jointly by the Chairman of the audit committee and the chief executive officer.	31(2)	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 (R) Shiraz Ullah Choudhry SI(M)**  
Chief Executive

Wah Cantt:  
September 30, 2021

## **Review Report to the Members on** Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by Board of Directors of Wah Nobel Chemicals Limited (the Company) for the year ended 30 June 2021 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 provision 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 controls, the Company's corporate governance procedures and risks.

The Regulation 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 the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the requirement contained in the Regulations as applicable to the company for the year ended 30 June 2021.

Further, we highlight below instances of non - compliance with the requirements of the Regulations as reflected in the paragraph 2, 14, 19(1), 19(2) and 19(3) where these are stated in the Statement of Compliance:



i- 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.
ii- Paragraph 14	As disclosed in para 14 of the Statement of Compliance, Audit Committee meeting could not be held in the first quarter of the year 2020-21.
iii- Paragraph 19(1)	As disclosed in para 19(1) 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.
iv- Paragraph 19(2)	As disclosed in para 19(2) 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.
v- Paragraph 19(3)	As disclosed in para 19(3) 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.

Grant Thornton Anjum Rahman  
Chartered Accountants  
Islamabad  
30 September 2021

## **Independent Auditor's Report**

to the members of Wah Nobel Chemicals Limited  
Report on the Audit of the Financial Statements

### **Opinion**

We have audited the annexed financial statements of Wah Nobel Chemicals Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 June 30, 2021 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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



Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue Recognition</b></p> <p><b>(Refer note 3.12 and 21 to annexed financial statements)</b></p> <p>Revenue is recognized when control of the underlying products has been transferred to the customers. The Company recognized revenue from the sale of Urea Formaldehyde Moulding Compound, Formaldehyde, Formaldehyde based liquid resins and sanitizers of Rs. 3.2 billion for the year ended 30 June 2021.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, large number of revenue transactions with a large number of customers, inherent risk of material misstatement and significant increase in revenue from last year despite the lockdown due to COVID-19 during the year.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of business processes relating to recognition of revenue and understanding of relevant internal control over the Company's system which governs revenue recognition;</li> <li>• Evaluated the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards</li> <li>• Performed testing of revenue transactions on sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>• Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;</li> <li>• Checked that the presentation and disclosures related to revenue are in accordance with applicable accounting and reporting standards.</li> </ul>

### Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,



- forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash

flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

### **Other Matter**

The financial statements of the Company for the year ended June 30, 2020 were audited by another auditor who have issued an unmodified opinion dated November 4, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Waris.

### **Grant Thornton Anjum Rahman**

Chartered Accountants  
Islamabad

30 September 2021



## Statement of Financial Position

as at June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
Property, plant and equipment	4	384,394,104	297,682,203
Deferred tax asset	5	5,461,369	10,299,322
Non-current assets		389,855,473	307,981,525
Stores, spares and loose tools	6	68,171,278	52,368,690
Stock in trade	7	469,771,405	306,618,215
Trade debts	8	1,051,120,290	845,019,571
Advances, deposits, prepayments and other receivables	9	53,144,597	32,805,001
Short-term investment	10	2,681,453	2,818,979
Advance tax - net	11	174,789,372	235,197,154
Cash and bank balances	12	25,572,596	24,608,858
Current assets		1,845,250,991	1,499,436,468
Total assets		2,235,106,464	1,807,417,993
<b>EQUITY</b>			
Share capital	13	90,000,000	90,000,000
Capital reserves		944,404	944,404
Revenue reserves		1,191,504,784	892,687,402
Total equity		1,282,449,188	983,631,806
<b>LIABILITIES</b>			
Long term financing	14	72,353,176	40,036,569
Deferred liabilities	15	7,750,216	7,001,857
Non-current liabilities		80,103,392	47,038,426
Trade and other payables	16	404,792,047	156,817,788
Due to parent company	17	26,326	73,945
Unclaimed dividends		6,690,819	6,332,195
Current portion of long term financing	14	-	34,038,974
Loan from parent company	18	305,669,425	308,346,639
Short-term borrowings	19	155,375,267	271,138,220
Current liabilities		872,553,884	776,747,761
Total liabilities		952,657,276	823,786,187
Total equity and liabilities		2,235,106,464	1,807,417,993
Contingencies and commitments	20		

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

## Statement of Profit or Loss and Other Comprehensive Income

for the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue - net	21	2,723,823,247	1,950,049,489
Cost of sales	22	(2,165,020,375)	(1,624,055,817)
<b>Gross profit</b>		<b>558,802,872</b>	325,993,672
Administrative and general expenses	23	(13,209,633)	(12,119,827)
Selling and distribution expenses	24	(11,200,533)	(9,861,794)
<b>Operating profit</b>		<b>534,392,706</b>	304,012,051
Finance cost	25	(31,020,325)	(77,191,614)
Other expenses	26	(36,040,573)	(13,785,268)
Allowance for expected credit losses / bad debts written off	8.3	(4,516,395)	(35,507,023)
Other income	27	8,037,923	5,417,448
<b>Profit before taxation</b>		<b>470,853,336</b>	182,945,594
Taxation	28	(136,444,208)	(52,638,246)
<b>Profit for the year</b>		<b>334,409,128</b>	130,307,348
<b>Other comprehensive income for the year</b>			
<b>- Items that will not be classified to profit or loss</b>			
- Gain on remeasurement of defined benefit plan	16.2.4	575,006	2,365,187
- Related tax impact	5.1	(166,752)	(685,904)
<b>Other comprehensive income for the year - net of tax</b>		<b>408,254</b>	1,679,283
<b>Total comprehensive income for the year</b>		<b>334,817,382</b>	131,986,631
<b>Earnings per share - basic and diluted</b>	29	<b>37.16</b>	14.48

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



## Cash Flow Statement

for the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		470,853,336	182,945,594
<b>Adjustments</b>	30	80,532,133	91,491,963
Changes in:			
Stores, spares and loose tools		(15,802,588)	(1,597,526)
Stock in trade		(163,153,190)	71,038,108
Trade debts		(210,617,114)	(61,214,235)
Advances, deposits, prepayments and other receivables		(20,339,596)	(4,158,537)
Due to parent company		(47,619)	(893,174)
Trade and other payables		233,634,157	(93,794,936)
		(176,325,950)	(90,620,300)
<b>Cash generated from operations</b>		375,059,519	183,817,257
Payment for workers' profit participation fund	16.3	(21,454,070)	(11,497,565)
Gratuity paid	16.2.2	-	(4,000,000)
Accumulated compensated absences paid	15.1	(1,516,706)	(2,453,985)
Payments to provident fund	16.5	(7,003,992)	(6,234,632)
Payments to pension fund	16.6	(2,480,866)	(1,233,785)
Tax paid	11	(71,365,225)	(83,896,858)
		(103,820,859)	(109,316,825)
<b>Net cash generated from operating activities</b>		271,238,660	74,500,432
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		(126,778,919)	-
Interest on term deposit receipts		236,314	170,757
Proceeds from disposal of fixed assets		555,555	4,407,000
<b>Net cash (used in)/ generated from investing activities</b>		(125,987,050)	4,577,757
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loans repaid		(74,075,543)	(10,882,858)
Proceed from long term loan		81,192,000	-
Dividends paid		(35,641,376)	(35,646,858)
<b>Net cash (used in) financing activities</b>		(28,524,919)	(46,529,716)
<b>Net increase in cash and cash equivalents</b>		116,726,691	32,548,473
<b>Cash and cash equivalents at the beginning of the year</b>		(246,529,362)	(279,077,835)
<b>Cash and cash equivalents at the end of the year</b>	31	(129,802,671)	(246,529,362)

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

## Statement of Changes in Equity

for the year ended June 30, 2021

	Share capital	Capital reserves	Revenue reserves			Total
			General reserves	Un-appropriated profit	Sub-total	
			Rupees			
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
Balance at 01 July 2020	90,000,000	944,404	750,000,000	142,687,402	892,687,402	983,631,806
Total comprehensive income for the year	-	-	-	334,817,382	334,817,382	334,817,382
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	-	-	100,000,000	(100,000,000)	-	-
Balance at 30 June 2021	90,000,000	944,404	850,000,000	341,504,784	1,191,504,784	1,282,449,188

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

# Notes to the Financial Statements

for the year ended June 30, 2021

## 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 Pakistan Ordinance Factory. 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.

### 2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for the liabilities related to defined benefits, 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.

## Notes to the Financial Statements

### for the year ended June 30, 2021

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).



## Notes to the Financial Statements

### for the year ended June 30, 2021

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 Changes in accounting standards and interpretation

##### 2.5.1 Accounting standards, interpretations and amendments applicable during the year

There are certain amendments to standards that are mandatory for accounting periods beginning July 01, 2020 and are considered not relevant or have any significant effect on the IHH's financial statements and are therefore not detailed here.

##### 2.5.2 Standards, interpretations and amendments to existing standards 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 from the dates mentioned below:

Standards, Interpretations or Amendments		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities and Amendments regarding the disclosure of accounting policies	January 1, 2023
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates	January 1, 2023
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include then assessing whether a contract is onerous	January 1, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021
IFRS 3	<i>Business Combinations</i> - Amendments updating a reference to the <i>Conceptual Framework</i>	January 1, 2022
IFRS 7	<i>Financial Instruments: Disclosures</i> - Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021

## Notes to the Financial Statements

for the year ended June 30, 2021

IFRS 9	<i>Financial Instruments</i> - Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021
IFRS 9	<i>Financial Instruments</i> - Amendments resulting from <i>Annual Improvements to IFRS Standards 2018–2020</i> (fees in the '10 per cent' test for derecognition of financial liabilities)	January 1, 2022
IFRS 16	Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Following standard and interpretation has been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First time Adoption of International Financial Reporting Standards

The following interpretation issued by IASB have been waived of by SECP:

IFRIC 12 Service concessions arrangements

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

#### 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.



## Notes to the Financial Statements

### for the year ended June 30, 2021

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;

## Notes to the Financial Statements

for the year ended June 30, 2021

- 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.



## Notes to the Financial Statements

### for the year ended June 30, 2021

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.

## Notes to the Financial Statements

### for the year ended June 30, 2021

#### 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.

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



## Notes to the Financial Statements

### for the year ended June 30, 2021

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.

#### 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

## Notes to the Financial Statements

### for the year ended June 30, 2021

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.

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:



## Notes to the Financial Statements

### for the year ended June 30, 2021

(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.

#### 3.12.2 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".

## Notes to the Financial Statements

for the year ended June 30, 2021

### 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.



## Notes to the Financial Statements

### for the year ended June 30, 2021

(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.

## Notes to the Financial Statements

for the year ended June 30, 2021

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



## Notes to the Financial Statements

### for the year ended June 30, 2021

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.

## 4 PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rupees	2020 Rupees
Operating fixed assets	4.1	277,580,113	297,682,203
Capital work in progress	4.2	106,813,991	-
		<u>384,394,104</u>	<u>297,682,203</u>

# Notes to the Financial Statements

for the year ended June 30, 2021

## 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														
<b>Cost</b>														
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	
<b>Balance at 1 July 2020</b>	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	
Additions	-	4,014,826	-	5,896,650	81,556	276,243	-	-	96,500	66,349	10,432,124	-	10,432,124	
Disposals	-	-	-	(1,812,978)	-	-	-	-	-	-	(1,812,978)	-	(1,812,978)	
Balance at 30 June 2021	<b>2,406,019</b>	<b>93,414,762</b>	<b>547,920</b>	<b>456,870,357</b>	<b>1,775,466</b>	<b>1,290,251</b>		<b>3,774,398</b>	<b>2,421,558</b>	<b>2,540,393</b>	<b>565,041,124</b>	<b>1,701,971</b>	<b>566,743,095</b>	
<b>Accumulated depreciation</b>														
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	
<b>Balance at 1 July 2020</b>	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	
Depreciation	39,080	5,567,297	1,524	24,627,842	51,408	23,509		83,147	45,354	53,452	30,492,613	-	30,492,613	
Disposals	-	-	-	(1,771,377)	-	-	-	-	-	-	(1,771,377)	-	(1,771,377)	
Balance at 30 June 2021	<b>1,663,494</b>	<b>42,454,443</b>	<b>534,203</b>	<b>233,235,153</b>	<b>1,249,852</b>	<b>831,217</b>		<b>3,033,088</b>	<b>2,172,508</b>	<b>2,291,714</b>	<b>287,465,672</b>	<b>1,697,310</b>	<b>289,162,982</b>	
<b>Carrying amounts</b>														
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	
<b>At 30 June 2021</b>	<b>742,525</b>	<b>50,960,319</b>	<b>13,717</b>	<b>223,635,204</b>	<b>525,614</b>	<b>459,034</b>		<b>741,310</b>	<b>249,050</b>	<b>248,679</b>	<b>277,575,452</b>	<b>4,661</b>	<b>277,580,113</b>	
Rates of depreciation per annum	5%	10%	10%	10%	10%	10%		10%	20%	20%	20%			

4.1.1 Net book value of disposal is Rs. 41,601 (2020: Rs. 1,780,614).

## Notes to the Financial Statements

for the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
4.1.2 Depreciation charge for the year has been - allocated as follows:			
Cost of sales	22.1	30,333,271	33,123,328
Administrative and general expenses	23	159,342	168,708
		<u>30,492,613</u>	<u>33,292,036</u>
4.2 Capital work in progress			
Balance at 01 July		-	-
Additions during the year		116,346,795	-
Related government grant	14.2	(9,532,804)	-
Transferred to operating fixed assets		-	-
Balance at 30 June	4.2.1	<u>106,813,991</u>	<u>-</u>
4.2.1 Capital work in progress comprise of Urea Formaldehyde Molding Compound Plant (UFMC), civil work for industrial building for UFMC Plant and related stores and spares utilized for construction of building.			
<b>5 DEFERRED TAX - NET</b>			
Deferred tax asset / (liabilities)	5.1	<u>5,461,369</u>	<u>10,299,322</u>
5.1 The movement of deferred tax asset is as follows.			
Balance at 1 July		10,299,322	(1,253,160)
Tax (charge)/ credit recognized in profit or loss		(4,671,201)	12,238,386
Tax credit recognized in other comprehensive income		(166,752)	(685,904)
Balance at 30 June		<u>5,461,369</u>	<u>10,299,322</u>
5.2 Deferred tax asset / (liability) comprises of the following:			
Deferred tax liability on taxable temporary differences			
Property, plant and equipment		(37,532,964)	(38,528,369)
Deferred tax asset on deductible temporary differences			
Trade debts		40,183,584	47,319,603
Accumulated compensated absences		2,247,563	2,193,992
Provision for gratuity scheme		563,186	(685,904)
		<u>5,461,369</u>	<u>10,299,322</u>
<b>6 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		21,327,983	14,779,011
Spares		46,334,556	37,061,471
Loose tools		508,739	528,208
		<u>68,171,278</u>	<u>52,368,690</u>
<b>7 STOCK IN TRADE</b>			
Raw material		195,741,521	150,539,081
Work in process		-	412,267
Finished goods		51,265,379	48,488,602
Goods in transit	7.1	<u>222,764,505</u>	<u>107,178,265</u>
		<u>469,771,405</u>	<u>306,618,215</u>
7.1 Goods in transit includes in-bonded raw material.			

## Notes to the Financial Statements

for the year ended June 30, 2021

8	TRADE DEBTS	Note	2021 Rupees	2020 Rupees
	Trade debts		1,189,684,373	1,008,190,616
	Less: Allowance for expected credit losses	8.3	(138,564,083)	(163,171,045)
			<u>1,051,120,290</u>	<u>845,019,571</u>
8.1	Trade debts include amount of Rs. Nil (2020: Rs. 43,741,318) secured against letter of credit.			
8.2	Trade debts include receivable from parent company Rs. 1,070,600 (2020: Rs. Nil). It also represent aggregating amount at any time during the year and outstanding for less than three months.			
8.3	Movement in allowance for expected credit losses		2021 Rupees	2020 Rupees
	Balance at 01 July		163,171,045	127,664,022
	Charge for the year		4,516,395	35,507,023
	Bade debts written off		(29,123,357)	-
	Balance at 30 June		<u>138,564,083</u>	<u>163,171,045</u>
9	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances	9.1	27,110,353	12,486,991
	Deposits		712,910	273,410
	Prepayments		-	707,356
	Other receivables	9.2	25,321,334	19,337,244
			<u>53,144,597</u>	<u>32,805,001</u>
9.1	Advances - unsecured, considered good			
	To suppliers - non interest bearing		25,316,988	10,467,477
	To employees - non interest bearing		1,793,365	2,019,514
			<u>27,110,353</u>	<u>12,486,991</u>
9.2	Other receivables			
	Sales tax refundable		10,140,434	1,473,328
	Collateral placed against bank guarantee	9.2.1	15,000,000	15,000,000
	Others		180,900	2,863,916
			<u>25,321,334</u>	<u>19,337,244</u>
9.2.1	This represents amount placed in bank account as collateral against bank guarantee (refer note 20.2.1) issued by the bank on behalf of the Company and carries profit rate of 5.5% (2020: 7%) per annum.			
10	SHORT-TERM INVESTMENT		2021 Rupees	2020 Rupees
	Term deposit receipt	10.1	2,582,666	2,582,666
	Accrued interest		98,787	236,313
			<u>2,681,453</u>	<u>2,818,979</u>



## Notes to the Financial Statements

for the year ended June 30, 2021

- 10.1 This carries profit rate of 5.1% per annum (2020: 12.2%) 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).

11	ADVANCE TAX - NET	Note	2021 Rupees	2020 Rupees
	Balance at 01 July		235,197,154	226,841,607
	Income tax expense for the year	28	(131,773,007)	(64,876,632)
	Income tax paid / withheld during the year		71,365,225	83,896,858
	Adjustment of Workers' welfare fund		-	(10,664,679)
	Balance at 30 June	11.1	174,789,372	235,197,154

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

12	CASH AND BANK BALANCES	2021 Rupees	2020 Rupees
	Cash in hand	47,021	108,581
	Cash at banks - local currency current accounts	25,525,575	24,500,277
		25,572,596	24,608,858

### 13 SHARE CAPITAL

#### 13.1 Authorized share capital

This represents 20,000,000 (2020: 20,000,000) ordinary shares of Rs. 10 each amounting to Rs. 200,000,000 (2020: Rs.200,000,000).

#### 13.2 Issued, subscribed and paid up capital

2021 Number	2020 Number		2021 Rupees	2020 Rupees
6,750,000	6,750,000	Ordinary shares of Rs. 10 each fully	67,500,000	67,500,000
2,250,000	2,250,000	Ordinary shares of Rs. 10 each issued	22,500,000	22,500,000
9,000,000	9,000,000		90,000,000	90,000,000

- 13.3 Wah Nobel (Private) Limited (the Parent Company) held 4,970,395 (2020: 4,970,395) ordinary shares of Rs. 10 each at reporting date. Further 132,102 (2020: 132,102) and 505 (2020: 505) 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.

## Notes to the Financial Statements

for the year ended June 30, 2021

14	LONG TERM FINANCING	Note	2021 Rupees	2020 Rupees
	Bank Al Habib	14.1	-	56,674,079
	State Bank of Pakistan	14.2	<b>72,353,176</b>	17,401,464
			<b>72,353,176</b>	74,075,543
	Current portion of long term financing		-	(34,038,974)
			<b>72,353,176</b>	<b>40,036,569</b>
14.1	Bank Al Habib			
	Term finance facility - secured	14.1.1	-	54,857,143
	Accrued markup		-	1,816,936
			-	56,674,079
	Current portion of long term financing		-	(29,245,508)
			-	<b>27,428,571</b>
14.1.1	Term finance facility obtained in prior year has been settled early during the year. The facility of Rs. 96,000,000 was obtained from of from Bank Al Habib. The facility was 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% (2020: 3-month KIBOR plus 0.75%) per annum. The facility was secured by way of creation of exclusive charge on new Formaldehyde Plant amounting to Rs. 115,000,000.			
14.2	State Bank of Pakistan		2021 Rupees	2020 Rupees
	Term finance facility - secured	14.2.1	<b>81,192,000</b>	17,346,748
	Government grant		<b>(9,532,804)</b>	-
	Accrued markup		<b>693,980</b>	54,716
			<b>72,353,176</b>	17,401,464
	Less: Current portion of long term financing		-	(4,793,466)
			<b>72,353,176</b>	<b>12,607,998</b>
14.2.1	Current year loan represents utilized amount of long term finance facility under State Bank of Pakistan (SBP) temporary economic refinance facility for payment of capital asset procurement with cumulative sanctioned limit of Rs. 84 million. The facility carries fixed mark-up of 4% of the utilized amount. The tenor of the facility is 5 years repayable in 16 equal quarterly instalments. The facility is secured by registration of specific charge on fixed assets of the Company for 112 M. Last year loan 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. The facility carried mark-up at the rate of SBP subsidized rate of 0.75% of the utilized amount. The tenor of the facility was 2.5 years repayable in 08 equal quarterly instalments starting from January 2021, however facility has been settled early during the year. The facility was 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 June 30, 2021

15	DEFERRED LIABILITIES	Note	2021 Rupees	2020 Rupees
	Accumulated compensated absences	15.1	7,750,216	7,001,857
15.1	Movement in liability recognised in - statement of financial position:			
	Balance at 01 July		7,001,857	7,064,052
	Charge for the year	15.1.1	2,265,065	2,391,790
	Benefits paid during the year		(1,516,706)	(2,453,985)
	Balance at 30 June		7,750,216	7,001,857
15.1.1	The amounts recognized in the statement of profit or loss is as follows:			
	Current service cost		1,803,526	1,782,652
	Interest cost		530,698	831,781
	Actuarial (gain) from changes in financial assumptions		(69,159)	(222,643)
			2,265,065	2,391,790

#### 15.1.2 Actuarial assumptions

Actuarial valuation of these plans was carried out at 30 June 2021 using Projected Unit Credit Method. Significant actuarial assumptions used were as follows:

	2021	2020
Discount rate for interest cost	8.50%	14.25%
Discount rate for year end obligation	10.00%	8.50%
Expected rate of increase in salary	9.00%	7.50%
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 assumptions by one percent.

	2021		2020	
	Effect of 1% increase Rupees	Effect of 1% decrease Rupees	Effect of 1% increase Rupees	Effect of 1% decrease Rupees
Discount rate	7,005,102	8,628,270	6,306,161	7,823,700
Future salary growth	8,616,946	7,002,523	7,813,051	6,303,656

#### 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.

## Notes to the Financial Statements

for the year ended June 30, 2021

(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 10.4 years.

16	TRADE AND OTHER PAYABLES	Note	2021 Rupees	2020 Rupees
	Trade creditors	16.1	251,120,201	62,943,344
	Contract liability		15,702,475	8,485,221
	Accrued liabilities		60,505,699	12,514,758
	Bonus payable		23,555,748	17,518,890
	Sales tax payable		5,454,451	21,550,560
	Payable to employees gratuity fund	16.2	1,942,022	563,632
	Workers' profit participation fund	16.3	5,314,695	1,339,565
	Workers' welfare fund	16.4	36,422,334	26,296,456
	Payable to employees' provident fund	16.5	647,678	512,502
	Payable to employees' pension fund	16.6	-	1,274,472
	Other liabilities	16.7	4,126,744	3,818,388
			<b>404,792,047</b>	<b>156,817,788</b>
16.1	Trade creditors includes payable to Nobel Energy Limited (an associated company) amounting to Rs. 2,215,091 (2020: Rs. Nil).			
16.2	Gratuity - reconciliation of the liability - the statement of financial position		2021 Rupees	2020 Rupees
	Present value of defined benefit obligation	16.2.1	30,284,872	27,380,827
	Fair value of plan assets	16.2.2	(28,342,850)	(26,817,195)
			<b>1,942,022</b>	<b>563,632</b>
16.2.1	Movement in the present value of - defined benefit obligations is as follows:			
	Balance at 01 July		27,380,827	28,694,452
	Current service cost	16.2.3	1,905,488	1,998,198
	Interest cost	16.2.3	2,304,783	3,793,699
	Actuarial loss / (gain) from changes in financial assumption	16.2.4	79,089	(280,914)
	Experience adjustment	16.2.4	(853,857)	(2,680,600)
	Benefits paid / adjustments	16.2.2	(531,458)	(4,144,008)
	Balance at 30 June		<b>30,284,872</b>	<b>27,380,827</b>



## Notes to the Financial Statements

for the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
16.2.2	Movement in the fair value of plan assets is as follows:		
Balance at 01 July		26,817,195	24,129,357
Interest income on plan assets	16.2.3	2,256,875	3,428,173
Return on plan asset, excluding interest income	16.2.4	(199,762)	(596,327)
Contributions		-	4,000,000
Benefits paid		(531,458)	(4,144,008)
Balance at 30 June		28,342,850	26,817,195
16.2.3	Amount recognised in profit or loss is as follows:		
Current service cost		1,905,488	1,998,198
Interest cost		2,304,783	3,793,699
Interest income on plan assets		(2,256,875)	(3,428,173)
		1,953,396	2,363,724
16.2.4	Amount recognised in other comprehensive income:		
Actuarial loss / (gain) from change in demographic assumptions		79,089	(280,914)
Experience adjustment		(853,857)	(2,680,600)
Return on plan asset, excluding interest income		199,762	596,327
		(575,006)	(2,365,187)
16.2.5	Movement in liability recognised in - statement of financial position:		
Balance at 01 July		563,632	4,565,095
Amount recognised in profit or loss is as follows:	16.2.3	1,953,396	2,363,724
Amount recognised in other comprehensive income	16.2.4	(575,006)	(2,365,187)
Contributions during the year	16.2.2	-	(4,000,000)
Balance at 30 June		1,942,022	563,632
16.2.6	Contributions expected to be paid to the plan during next year	827,608	2,577,474
16.2.7	Plan assets comprise of:	Percentage	Percentage
Bond		43.40%	79.80%
Equity		0.65%	19.30%
Cash / deposits and other		55.95%	0.90%
		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.		

## Notes to the Financial Statements

### for the year ended June 30, 2021

#### 16.2.9 Actuarial assumptions

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

	2021	2020
Discount rate used for interest cost in profit or loss charge	8.50%	14.25%
Discount rate used for year end obligation	10.00%	8.50%
Salary increase 2021 onward	9.00%	7.50%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rate	Age based (per appendix)	Age based (per appendix)
Retirement assumption	Age 60	Age 60
Estimated charge to profit or loss for the next year (Rupees)	2,385,216	1,783,397

#### 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.

	2021	
	Effect of 1% increase (Rupees)	Effect of 1% decrease (Rupees)
Discount rate	27,850,016	33,087,881
Salary increase	33,118,023	27,781,140
	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

16.2.11 The average duration of the defined benefit obligation is 9 years (2020: 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.



## Notes to the Financial Statements

for the year ended June 30, 2021

(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.

	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>16.3 Workers' profit participation fund</b>			
Balance at 01 July		1,339,565	3,405,205
Charge for the year	26	25,314,695	9,339,565
Interest for the year on funds utilized by the Company	25	114,505	92,360
Payments during the year		(21,454,070)	(11,497,565)
Balance at 30 June		5,314,695	1,339,565
<b>16.4 Workers' welfare fund</b>			
Balance at 01 July		26,296,456	33,115,432
Adjustment during the year		-	(10,664,679)
Expense for the year	26	10,125,878	3,845,703
Balance at 30 June		36,422,334	26,296,456
<b>16.5 Payable to employees' provident fund</b>			
Balance at 01 July		512,502	500,579
Contribution		7,139,168	6,246,555
Payments during the year		(7,003,992)	(6,234,632)
Balance at 30 June		647,678	512,502
<b>16.6 Payable to employees' pension fund</b>			
Balance at 01 July		1,274,472	1,233,785
Contribution		1,206,394	1,274,472
Payments during the year		(2,480,866)	(1,233,785)
Balance at 30 June		-	1,274,472
<b>16.7</b>	This includes securities deposits of Rs. 2,550,720 (2020: Rs. 2,854,220) received from transporters.		

**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.

## Notes to the Financial Statements

for the year ended June 30, 2021

18	LOAN FROM PARENT COMPANY	Note	2021 Rupees	2020 Rupees
	Running finance facility from Wah Nobel (Private) Limited.	18.1	300,000,000	300,000,000
	Accrued markup		5,669,425	8,346,639
			<b>305,669,425</b>	<b>308,346,639</b>

- 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.

19	SHORT-TERM BORROWINGS - SECURED	2021 Rupees	2020 Rupees
	Running finance availed from:		
	- Bank Al-Habib Limited	27,790,479	86,721,900
	- Allied Bank Limited	8,229,609	77,682,724
	- Askari Bank Limited	118,353,242	100,494,143
	Accrued markup	1,001,937	6,239,453
		<b>155,375,267</b>	<b>271,138,220</b>

- 19.1 Facilities related to short term borrowings - secured  
The Company has the following running finance facilities aggregating to Rs. 690,000,000 (2020: Rs. 590,000,000) out of which amount aggregating to Rs. 535,626,670 (2020: Rs. 325,101,233) remained unutilized at the year end.

Banks	Markup	Draw down limit	
		2021	2020
		Rupees	
Bank Al-Habib Limited	1 month KIBOR plus 0.35%	250,000,000	250,000,000
Allied Bank Limited	1 month KIBOR plus 0.35%	200,000,000	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	200,000,000
		<b>690,000,000</b>	<b>590,000,000</b>

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



# Notes to the Financial Statements

for the year ended June 30, 2021

## 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	Facility upto Rs. 100 million is secured against first pari passu hypothecation charge on all present and future current and fixed assets of the Company with 25% margin. Balance amount of Rs. 100 million is presently secured against ranking charge on all present and future current and fixed assets of the Company with 25% margin. Ranking charge will be up-graded to first pari passu charge on receipt of no objection certificate from other banks.
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 for letter of guarantee and letter of credit

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

Bank	Note	Letter of guarantee		Letter of credit	
		2021	2020	2021	2020
		Rupees (000)			
Bank Al Habib Limited	19.4.1	20,000	20,000	370,000	250,000
Allied Bank limited	19.4.2	-	-	275,000	100,000
MCB Bank Limited	19.4.3	10,000	10,000	240,000	240,000
Askari Bank Limited	19.4.4	100,000	100,000	200,000	100,000

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 Facility upto Rs. 100 million is secured against first pari passu hypothecation charge on all present and future current and fixed assets of the Company with 25% margin. Balance amount of Rs. 100 million is presently secured against ranking charge on all present and future current and fixed assets of the Company with 25% margin. Ranking charge will be up-graded to first pari passu charge on receipt of no objection certificate from other banks. Constructive equitable mortgage over property and lien on valid import documents/ accepted bills of exchange.

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).

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.

## Notes to the Financial Statements

for the year ended June 30, 2021

### 20 CONTINGENCIES AND COMMITMENTS

#### 20.1 Contingencies

20.1.1 Tax assessments up to and including tax year 2020 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 a Constitutional Petition No. D - 123/91 in the Sindh High Court that the duty was ultra vires of article 151 of the Constitution. The Court granted interim relief by permitting the Company to remove Methanol by submitting bank guarantees in lieu of payment of excise duty. Accordingly, the Company has submitted bank guarantees of Rs. 8,707,220 (2020: 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 a leave to appeal in the Supreme Court on 12 June 2003.

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 is being expensed out and submission of guarantee @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the



## Notes to the Financial Statements

for the year ended June 30, 2021

Supreme Court, the Company is exposed to an aggregate obligation of Rs. 1,261,000,000 (2020: Rs. 1,177,000,000) 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 last 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.

- 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 / 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 "CIR(A)", against the impugned order. The CIR (A) whilst adjudicating the appeal, annulled the order on legal stance taken by the Company.
- 20.1.6** 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.

### 20.2 Commitments in respect of:

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>20.2.1</b>	Guarantee issued by banks on behalf of the	<b>15,000,000</b>	15,000,000
<b>20.2.2</b>	Letters of credit for purchase of stocks	<b>354,293,290</b>	98,031,862
<b>20.2.3</b>	Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded	<b>25,723,023</b>	11,444,662
<b>20.2.4</b>	Capital expenditures against civil work services from Wah Construction (Pvt) Limited	<b>22,102,223</b>	-

## Notes to the Financial Statements

for the year ended June 30, 2021

21	REVENUE - NET	Note	2021	2020
			Rupees	Rupees
	Local sales		3,214,452,100	2,307,168,731
	Export		2,718,029	-
			3,217,170,129	2,307,168,731
	Less: sales tax		(484,646,892)	(357,119,242)
	Discount		(8,699,990)	-
			2,723,823,247	1,950,049,489
21.1	Disaggregation of revenue based on product categories:			
	Formaldehyde and Formalin solvent		862,961,921	601,804,713
	Urea / Phenol Formaldehyde		771,000,769	545,025,537
	Urea Formaldehyde Moulding compound		991,726,280	729,251,257
	Others		98,134,277	73,967,982
			2,723,823,247	1,950,049,489
21.2	Revenue amounting to Rs. 8,485,221 included in the opening contract liability balance has been recognized during the year.			
22	COST OF SALES		2021	2020
			Rupees	Rupees
	Cost of goods manufactured	22.1	2,111,323,473	1,580,874,616
	Packing material consumed		15,372,402	7,543,561
	Transit insurance		1,320,317	1,086,151
	Carriage		39,780,960	24,135,870
			2,167,797,152	1,613,640,198
	Opening stock of finished goods	7	48,488,602	58,904,221
	Closing stock of finished goods	7	(51,265,379)	(48,488,602)
			2,165,020,375	1,624,055,817
22.1	Cost of goods manufactured			
	Raw material consumed	22.2	1,865,166,177	1,365,535,021
	Stores spares and loose tools consumed		46,370,020	37,646,249
	Salaries, wages and other benefits	24.1	115,881,701	101,971,582
	Fuel and power		39,049,214	32,332,470
	Rent, rates and taxes		654,280	508,703
	Insurance		707,356	1,015,811
	Repairs and maintenance		1,138,119	509,682
	Outside security charges		1,896,691	1,824,000
	Miscellaneous expenses		9,714,377	5,630,297
	Depreciation	4.1.2	30,333,271	33,123,328
	Manufacturing cost		2,110,911,206	1,580,097,143
	Opening stock of work in process	7	412,267	1,189,740
	Closing stock of work in process	7	-	(412,267)
			2,111,323,473	1,580,874,616



# Notes to the Financial Statements

for the year ended June 30, 2021

		2021 Rupees	2020 Rupees
22.2	Raw material consumed		
	Opening stock	150,539,081	235,901,231
	Purchases during the year	1,910,368,617	1,280,172,871
		2,060,907,698	1,516,074,102
	Closing stock	(195,741,521)	(150,539,081)
		1,865,166,177	1,365,535,021
23	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
	Salaries, wages and other benefits	8,347,327	7,018,483
	Office rent	78,180	71,665
	Postage, telephone and telex	409,695	382,182
	Printing and stationery	515,390	340,283
	Travelling and conveyance	304,015	964,939
	Entertainment	51,165	36,450
	Legal and professional charges	966,512	1,468,354
	Fees and subscription	901,633	925,286
	Advertisement and publicity	274,340	189,900
	Director fee	500,000	-
	Maintenance	211,134	122,559
	Miscellaneous	490,900	431,018
	Depreciation	159,342	168,708
		13,209,633	12,119,827
24	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
	Salaries, wages and other benefits	7,875,740	6,830,774
	Postage, telephone and telex	35,099	36,585
	Printing and stationery	139,640	50,435
	Travelling and conveyance	1,140,300	1,048,962
	UFMC sales commission	-	931,225
	Vehicle running expenses	1,196,424	857,916
	Entertainment	56,624	1,230
	Miscellaneous	756,706	104,667
		11,200,533	9,861,794
24.1	Other benefits include contribution towards pension fund of Rs. 1,206,394 (2020: Rs. 1,274,472), provident fund of Rs. 2,280,384 (2020: Rs. 2,159,470), expense for accumulating compensated leaves absences of Rs. 2,265,065 (2020: Rs. 2,391,790), gratuity of Rs. 1,953,396 (2020: Rs. 2,363,724) and provision for bonus to employees of Rs. 23,555,748 (2020: Rs. 17,518,890).		
25	<b>FINANCE COST</b>		
	Mark up on short term borrowings	6,066,853	28,308,418
	Markup on loan from parent company	21,867,451	38,748,955
	Mark up on long term financing	2,437,678	9,795,993
	Interest on workers' profit participation fund	114,505	92,360
	Bank charges	533,838	245,888
		31,020,325	77,191,614

# Notes to the Financial Statements

for the year ended June 30, 2021

			2021 Rupees	2020 Rupees
<b>26</b>	<b>OTHER EXPENSES</b>	<b>Note</b>		
	Workers' profit participation fund	16.3	25,314,695	9,339,565
	Workers' welfare fund	16.4	10,125,878	3,845,703
	Auditors' remuneration	26.1	600,000	600,000
			<b>36,040,573</b>	<b>13,785,268</b>
<b>26.1</b>	<b>Auditors' remuneration</b>			
	Annual audit fee		490,000	490,000
	Half yearly review		110,000	110,000
			<b>600,000</b>	<b>600,000</b>
<b>27</b>	<b>OTHER INCOME</b>			
	Income from financial assets	27.1	3,429,025	1,781,908
	Income from non-financial assets	27.2	4,608,898	3,635,540
			<b>8,037,923</b>	<b>5,417,448</b>
<b>27.1</b>	<b>Income from financial assets</b>			
	Interest on term deposit receipts		98,787	311,603
	Interest on collateral placed against bank guarantee		3,330,238	1,470,305
			<b>3,429,025</b>	<b>1,781,908</b>
<b>27.2</b>	<b>Income from non-financial assets</b>			
	Gain on sale of property, plant and equipment		513,955	2,626,386
	Bad debt recovered		800,000	-
	Sale of scrap		3,294,943	1,009,154
			<b>4,608,898</b>	<b>3,635,540</b>
<b>28</b>	<b>INCOME TAX EXPENSE</b>			
	Current tax expense		131,773,007	64,876,632
	Deferred tax expense / (income)	5.1	4,671,201	(12,238,386)
			<b>136,444,208</b>	<b>52,638,246</b>
<b>28.1</b>	<b>Reconciliation of tax expense for the year</b>			
	Accounting profit		470,853,336	182,945,594
	Tax rate @ 29% (2020 : 29%)			
	Tax on accounting profit		136,547,467	53,054,222
	Others		(103,259)	(415,976)
			<b>136,444,208</b>	<b>52,638,246</b>
<b>29</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>			
	Profit for the year		334,409,128	130,307,348
	Number of ordinary shares outstanding during the year		9,000,000	9,000,000
	Earnings per share - basic and diluted in rupees		<b>37.16</b>	<b>14.48</b>



## Notes to the Financial Statements

for the year ended June 30, 2021

30	ADJUSTMENTS	Note	2021	2020
			Rupees	Rupees
	Depreciation	4.1.2	30,492,613	33,292,036
	Interest on workers' profit participation fund	25	114,505	92,360
	Interest on term deposit receipts	27.1	(98,787)	(311,603)
	Gain on disposal of property, plant and equipment	27.2	(513,955)	(2,626,386)
	Provision for gratuity fund	16.2.5	1,953,396	2,363,724
	Workers' profit participation fund (WPPF)	26	25,314,695	9,339,565
	Workers' welfare fund (WWF)	26	10,125,878	3,845,703
	Provision for accumulated compensated absences	15.1.1	2,265,065	2,391,790
	Provision of provident fund	16.5	7,139,168	6,246,555
	Provision in respect of pension fund	16.6	1,206,394	1,274,472
	Markup on loan from parent company -net		(2,677,214)	22,008
	Markup on loan from State Bank of Pakistan	14.2	693,980	54,716
	Allowance for expected credit losses and bad debts	8.3	4,516,395	35,507,023
			<u>80,532,133</u>	<u>91,491,963</u>
31	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	12	25,572,596	24,608,858
	Short term borrowings - secured	19	(155,375,267)	(271,138,220)
			<u>(129,802,671)</u>	<u>(246,529,362)</u>

# Notes to the Financial Statements

for the year ended June 30, 2021

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

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

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

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

32.1 The following table shows the carrying amounts of financial assets and financial liabilities by categories:

	2021 Rupees	2020 Rupees
<b>Financial assets - amortized cost</b>		
Trade debts	1,051,120,290	845,019,571
Deposits	712,910	273,410
Other receivables	15,180,900	17,863,916
Short-term investment	2,681,453	2,818,979
Cash and bank balances	25,572,596	24,608,858
	<b>1,095,268,149</b>	<b>890,584,734</b>
<b>Financial liabilities - amortized cost</b>		
Long term financing	72,353,176	40,036,569
Trade and other payables	339,308,392	96,795,380
Due to parent company	26,326	73,945
Unclaimed dividends	6,690,819	6,332,195
Current portion of long term financing	-	34,038,974
Loan from parent company	305,669,425	308,346,639
Short-term borrowings	155,375,267	271,138,220
	<b>879,423,405</b>	<b>756,761,922</b>



## Notes to the Financial Statements

### for the year ended June 30, 2021

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 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 from customers.

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.

	2021 Rupees	2020 Rupees
Allowance for expected credit loss on trade debts	(138,564,083)	(163,171,045)

#### 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 June 30, 2021

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:

	<b>2021</b> <b>Rupees</b>	2020 Rupees
Customers without external credit rating	<b>1,189,684,373</b>	1,008,190,616
Gross carrying amount	<b>1,189,684,373</b>	1,008,190,616
Allowance for expected credit losses	<b>(138,564,083)</b>	(163,171,045)
	<b>1,051,120,290</b>	845,019,571
The ageing of trade debts at June 30 is as follows:		
Current	<b>306,412,455</b>	188,993,054
31 - 60 Days	<b>133,716,438</b>	44,694,737
61-90 Days	<b>233,833,234</b>	20,558,146
91-180 Days	<b>427,168,633</b>	396,953,713
181 - 365 Days	<b>36,301,992</b>	235,050,142
Over 365 Days	<b>52,251,621</b>	121,940,824
	<b>1,189,684,373</b>	1,008,190,616
Allowance for expected credit losses	<b>(138,564,083)</b>	(163,171,045)
	<b>1,051,120,290</b>	845,019,571

#### Expected credit loss assessment for customers as at 01 July 2020 and 30 June 2021

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.



## Notes to the Financial Statements

### for the year ended June 30, 2021

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.

The following table provides information about the exposure to credit risk and ECL for trade debts at 30 June 2021:

	Weightage average loss rate	Gross carrying amount	Allowance for expected credit losses	Credit impaired
			Rupees	
Current	5.39%	306,412,455	16,528,430	No
31 - 60 Days	6.03%	133,716,438	8,059,616	No
61-90 Days	8.28%	233,833,234	19,355,198	No
91-180 Days	9.38%	427,168,633	40,073,586	No
181 - 365 Days	34.85%	36,301,992	12,652,846	No
Over 365 Days	37.62%	16,602,664	6,245,450	No
Over 365 Days	100%	35,648,957	35,648,957	Yes
Unsecured trade debts		<u>1,189,684,373</u>	<u>138,564,083</u>	

#### ii) Short term investments

The Company holds short term investments amounting to 2,681,453 (2020: Rs. 2,818,979) with the Bank. The credit ratings of the counterparty as per JCR-VIS and PCRA are A1+ (short term) and AAA (long term).

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 other receivables mainly includes collateral against bank guarantee amounting to Rs. 15,000,000 (2020: 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.

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.

## Notes to the Financial Statements

### for the year ended June 30, 2021

	Short term rating	Long term Rating	2021 Rupees	2020 Rupees
Bank Al Habib Limited	A1+	AAA	164,540	5,461,335
National Bank of Pakistan	A1+	AAA	1,020,725	704,125
Askari Bank Limited	A1+	AA+	14,959	14,958
Meezan Bank Limited	A1+	AA+	9,672,005	5,827,687
Bank Al Falah Limited	A1+	AA+	7,902,743	6,412,743
MCB Bank Limited	A1+	AAA	6,750,603	6,079,429
			<b>25,525,575</b>	<b>24,500,277</b>

#### v) Short term deposit

The Company holds short term deposits of Rs. 712,910 at 30 June 2020 (2020: Rs. 273,410). These deposits are recoverable from Q Tech enterprises, Lady Reading hospital, PTCL, Sheikh Zayed Hospital and JB & RSC.

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.

#### 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. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintain lines of credit as mentioned in note 19 to the financial statements.

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

30-Jun-21	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years	Maturity after five years
	Rupees				
Long term financing	72,353,176	90,529,080	3,247,680	87,281,400	-
Trade and other payables	339,308,392	339,308,392	339,308,392	-	-
Due to parent company	26,326	26,326	26,326	-	-
Unclaimed dividends	6,690,819	6,690,819	6,690,819	-	-
Short-term borrowings	155,375,267	155,375,267	155,375,267	-	-
Loan from parent company	305,669,425	305,669,425	305,669,425	-	-
	<b>879,423,405</b>	<b>897,599,309</b>	<b>810,317,909</b>	<b>87,281,400</b>	<b>-</b>



## Notes to the Financial Statements

### for the year ended June 30, 2021

30-Jun-20	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years	Maturity after five years
	(Rupees)				
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	-	-
	<u>756,761,922</u>	<u>762,023,639</u>	<u>716,725,353</u>	<u>45,298,286</u>	<u>-</u>

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

The contractual cash flow relating to long term financing and short term borrowings have been determined on the basis of expected mark up rates.

#### 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 optimizing 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 has minimal exposure 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 borrowings. At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments is:

## Notes to the Financial Statements

### for the year ended June 30, 2021

#### Profile

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

	2021 %	2020 %	2021 Rupees	2020 Rupees
<b>Fixed rate instrument</b>				
- Financial assets				
Short-term investment - TDRs	5.10%	12.20%	2,681,453	2,818,979
- Financial liabilities				
Loan from State Bank of Pakistan	4.00%	0.75%	72,353,176	17,401,464
<b>Variable rate instrument</b>				
- Financial				
Long term financing	N/A	Refer note 14	-	56,674,079
Short-term borrowings	Refer note 19	Refer note 19	155,375,267	271,138,220
Loan from parent company	Refer note 18	Refer note 18	305,669,425	308,346,639

#### 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. 279,343 (2020: Rs. 6,645,628).

#### 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.



## Notes to the Financial Statements

### for the year ended June 30, 2021

#### 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

#### 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 meeting fee of Rs 500,000 (2020: Nil) paid to two non-executive directors.

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

#### 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			
<b>Balance at 01 July 2020</b>	308,346,639	74,075,543	6,332,195	388,754,377
<b>Changes from financing cash flows</b>				
Receipt of loan	-	81,192,000	-	81,192,000
Repayment of long term loan	-	(74,075,543)	-	(74,075,543)
Dividend paid	-	-	(35,641,376)	(35,641,376)
<b>Other changes:</b>				
Dividend announced	-	-	36,000,000	36,000,000
Interest paid	(24,544,665)	-	-	(24,544,665)
Interest charged and accrued	21,867,451	693,980	-	22,561,431
Government grant impact	-	(9,532,804)	-	(9,532,804)
<b>Balance at 30 June 2021</b>	<b>305,669,425</b>	<b>72,353,176</b>	<b>6,690,819</b>	<b>384,713,420</b>

## Notes to the Financial Statements

for the year ended June 30, 2021

	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
<b>Changes from financing cash flows</b>				
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)
<b>Other changes:</b>				
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

### 37 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a subsidiary of Wah Nobel (Private) Limited, so all subsidiaries, holding companies and associated undertakings of the parent are related parties of the Company. Other related parties comprise of directors, 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 relevant notes to the financial statements.

- 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 (WNAL)	Associated company	-	0.00%
Nobel Energy Limited (WNEL)	Associated company	-	0.00%
Wah Construction (Pvt) Limited	Associated company	-	0.00%
Mr. Tariq Rangoonwala	Director	500	0.01%
Mr. Shafiq Ahmed Siddiqi	Director	-	0.00%



## Notes to the Financial Statements

### for the year ended June 30, 2021

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

	2021 Rupees	2020 Rupees
<b>Transactions and balances with related parties</b>		
Expenses incurred on behalf or by parent company - net	12,652,381	8,006,825
Payment to/ by parent company against expenses - net	12,700,000	8,900,000
Purchase of electricity from WNEL	19,546,137	18,243,458
Purchase of raw material from WNAL	13,037,310	17,819,100
Payment to employees' provident fund	7,003,992	6,234,632
Payment to employees' pension fund	2,480,866	1,233,785
Payment to employees' gratuity fund	-	4,000,000
Dividend paid to parent company	19,881,600	19,881,600
Dividend paid to WNCL Employees Provident Fund	132,408	132,408
Dividend paid to WNPL Employees Provident Fund	396,000	396,000
Interest expense incurred on loan from parent company	21,867,451	38,748,955
Interest paid to parent company	24,544,665	38,726,947
Civil work services from Wah Construction (Pvt) Limited	23,797,777	-
Securities services obtained from Wah Industries Limited (intermediary parent)	1,824,000	1,824,000
Sales to parent company	1,070,600	-
Purchase of electricity from Pakistan Ordinance Factory (ultimate parent)	19,503,077	14,089,012

### 38 CAPACITY AND PRODUCTION

	Designed annual capacity		Actual production	
	2021	2020	2021	2020
	Metric tones			
Formaldehyde and Formalin solvent	80,000	80,000	33,851	23,201
Urea / Phenol Formaldehyde	19,000	19,000	18,866	13,441
Urea Formaldehyde Moulding compound	7,000	7,000	8,095	5,982

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

### 39 NUMBER OF PERSONS EMPLOYED

	2021 Numbers	2020 Numbers
Total employees of the Company at year end	174	148
Average employees of the Company during the year	161	143

## Notes to the Financial Statements

### for the year ended June 30, 2021

#### 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:

	<b>2021</b>	2020
	<b>Rupees</b>	Rupees
Loans/ advances obtained as per Islamic mode	<b>15,702,475</b>	8,485,221
Shariah compliant bank deposits/bank balances	<b>25,525,575</b>	24,500,700
Profit earned from shariah compliant bank deposits / bank balances	-	-
Revenue earned from a shariah compliant business segment	<b>2,723,823,247</b>	1,950,049,489
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	<b>3,429,025</b>	1,781,908
Interest paid on any conventional loan or advance	<b>66,832,246</b>	70,181,375

#### 41 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

- 41.1 The Board of directors at the meeting held on 30 September 2021 have proposed for the year ended 30 June 2021 cash dividend of Rs10 per share (2020: Rs. 4 per share), amounting to Rs. 90,000,000 (2020: Rs. 36,000,000) subject to approval of members at the annual general meeting.
- 41.2 The Board of directors at the meeting held on 30 September 2021 have approved to transfer Rs. 250,000,000, (2020: Rs. 100,000,000) to general reserves.

#### 42 GENERAL

- 42.1 Figures have been rounded off to the nearest rupee.
- 42.2 These financial statements were authorized for issue by the Board of Directors of the Company on 30 September 2021.

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**CHIEF EXECUTIVE**


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**DIRECTOR**


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**CHIEF FINANCIAL OFFICER**


## چیئر مین کی طرف سے جائزہ رپورٹ

میں آپ کو واہ نوبل کیمیکلز لیمیٹڈ کمپنی کی سالانہ رپورٹ پیش کرنے میں خوشی محسوس کر رہا ہوں۔ موجودہ چیلنجنگ کاروباری ماحول کے باوجود موجودہ مالی سال کامیاب ترین سال رہا۔ کمپنی اپنی اب تک کی سب سے زیادہ فروخت کے اعداد و شمار کو حاصل کرنے میں کامیاب رہی اور خالص قیمت فروخت مبلغ 2,724 ملین روپے جبکہ گزشتہ سال کے دوران یہ 1,950 ملین روپے رہی۔ مزید یہ کہ بعد از ٹیکس منافع 130 ملین روپے سے بڑھ کر 334 ملین روپے ہو گیا۔ جو کہ 157 فیصد تک کا اضافہ ہے۔ گزشتہ سال کے 14.48 روپے کے مقابلے میں اس سال فی حصص آمدنی (EPS) 37.16 روپے ہوئی۔

مالیاتی کارکردگی کی بنیاد پر بورڈ نے 100 فیصد حتمی (final) نقد ڈیویڈنڈ جو کہ 10 روپے فی شیئر بنتا ہے اس کے ادا کرنے کی سفارش کی ہے۔ کمپنی نے زیر نظر سال کے دوران مختلف سرکاری محصولات، ٹیکسوں اور درآمدی ڈیویڈنڈوں کی مدد میں 669 ملین روپے قومی خزانے میں جمع کروائے ہیں۔ مجھے خوشی ہے کہ بورڈ نے اپنے فرائض اور ذمہ داریاں تندہی سے انجام دیں اور کمپنی کو اس کی حکمت عملی کی بابت اور وژن کو بڑھانے میں مؤثر کردار ادا کیا ہے۔ بورڈ کمپنی کی مینجمنٹ کی ذمہ داری لیتے ہوئے کمپنی کی مسلسل ترقی کو یقینی بنانے کیلئے کمپنی کا تمام اہم پالیسیوں اور حکمت عملیوں کو تشکیل دیتا ہے۔ بورڈ نے کمپنی کی انتظامی کارکردگی کی نگرانی اور بڑے خطرات پر توجہ مرکوز رکھنے میں بھی کلیدی کردار ادا کیا ہے۔ تمام ڈائریکٹر مکمل طور پر فیصلہ سازی کے عمل میں شامل رہے۔

بورڈ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری کو تسلیم کرتا ہے اور اسٹیک ہولڈرز کی قدر کو محفوظ رکھنے کے لئے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کے لئے پُر عزم ہے۔ بورڈ نے اپنی تمام ضروری ذمہ داریاں پوری کیں جن میں کمپنی کے لئے تمام متعلقہ قانونی اور ریگولیٹری تقاضوں کی تعمیل کو یقینی بنانا شامل ہے۔ زیر نظر سال کے دوران سہ ماہی، ششماہی اور سالانہ مالیاتی نتائج کا بورڈ نے مکمل جائزہ لیا اور مضبوط گورننس کو یقینی بنانے کے لئے مینجمنٹ کی اس سلسلے میں رہنمائی کی بورڈ نے کمپنی کے مالی بجٹ اور سرمائے کے اخراجات کی ضروریات کا بھی جائزہ لیا اور منظوری دی۔

بورڈ اور انتظامیہ آنے والے چیلنجز سے بخوبی باخبر ہیں اور ان سے مطلوبہ وژن، علم اور تجربے سے نمٹنے کے لئے اچھی طرح تیار ہیں۔ بحیثیت چیئر مین میں اس بات کو یقینی بنانے کے لئے پُر عزم رہوں گا کہ کمپنی تمام متعلقہ قوانین، ضابطوں اور قواعد و ضوابط کی تعمیل کرتی رہے گی۔ میں اُمید کرتا ہوں اور دُعا گو ہوں کہ کمپنی آئندہ سالوں میں ترقی کی رفتار کو برقرار رکھے گی۔

آخر میں بورڈ کی جانب سے میں تمام اسٹیک ہولڈرز کی مسلسل حمایت اور رہنمائی کے لئے ان کا تہہ دل سے شکریہ ادا کرنا چاہتا ہوں۔ میں شکر ادا کرتا ہوں کہ ہمارے ملازمین کی لگن اور ہر سطح پر محنت اور اگلے سال بھی ان کی مسلسل محنت کے لئے پُر اُمید ہوں۔ میں کمپنی کو اسٹریٹجک لیڈر شپ فراہم کرنے میں بورڈ ممبران اور سی ای او (CEO) کی قابل تحسین کوششوں اور لگن کی بھی تعریف کرنا چاہوں گا۔

لیفٹیننٹ جنرل

علی عامر اعوان، ہلال امتیاز (ملٹری)

چیئر مین

واہ کینٹ، 30 ستمبر 2021

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز بمسرت 30 جون 2021 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ گوشوارے اور آڈٹ رپورٹ پیش کرتے ہیں۔

### مالیاتی کارکردگی کا جائزہ

مالی سال 2020-21 کے دوران کمپنی نے اب تک کی سب سے زیادہ خالص فروخت 2,724 ملین روپے کی جبکہ گزشتہ سال 1,950 ملین روپے کی خالص فروخت کے مقابلے میں 40% اضافہ دیکھا گیا۔ زیادہ فروخت، لاگت کنٹرول اور پیداواری استعداد کار کو زیادہ مجموعی منافع میں تبدیل کیا گیا جو پچھلے سال کے 326 ملین روپے سے 71% سے بڑھ کر 559 ملین روپے ہو گیا ہے۔

زیر جائزہ سال کے دوران انتظامی اخراجات پچھلے سال کے 12 ملین روپے سے تھوڑا سا بڑھ کر 13 ملین روپے ہو گئے۔ جبکہ فروخت اور تقسیم کے اخراجات پچھلے سال کے 10 ملین روپے کے مقابلے میں 11 ملین روپے ہو گئے۔

اس سال مالیاتی لاگت میں نمایاں طور پر 148% کمی واقع ہوئی ہے یعنی 77 ملین روپے سے کم ہو کر 31 ملین روپے ہو گئے ہیں جس کی بنیادی وجہ وسائل کے موثر استعمال اور پالیسی ریٹ میں کمی ہے۔

کمپنی نے گزشتہ سال کے 130 ملین روپے بعد از ٹیکس منافع کے مقابلے میں زیر جائزہ سال کے دوران 334 ملین روپے کاریکارڈ بعد از ٹیکس منافع کمایا۔ خالص منافع 157% بڑھا یعنی 204 ملین روپے کا اضافہ ہوا۔

بعد از ٹیکس منافع میں اضافہ اصل میں حجم میں اضافہ، قیمتوں کی معقولیت، بہتر فروخت مکس، بہترین صلاحیت کا استعمال، موثر ورکنگ کیپٹل مینجمنٹ اور مقررہ اخراجات میں بچت کی بدولت ہے۔

### مالی نتائج

گزشتہ سال کے مقابلے کے ساتھ ساتھ زیر جائزہ سال کے لیے کمپنی کے آپریٹنگ نتائج کا خلاصہ درج ذیل ہے:

تبدیلی فیصد	2019 - 20	2020 - 21		
	(روپے ہزاروں میں)			
40	1,950,049	2,723,823	Net Sales	خالص فروخت
71	325,993	558,803	Gross Profit	کل منافع
76	304,012	534,393	Operating Profit	آپریٹنگ منافع
157	182,946	470,853	Profit Before Taxation	قبل از ٹیکس منافع
157	130,307	334,409	Profit After Taxation	بعد از ٹیکس منافع
157	14.48	37.16	Earnings Per Share (Rs.)	فی شیئر آمدن (روپے)

## بعد کے تصرفات

ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لئے مندرجہ ذیل تصرفات کی سفارش منظوری دی ہے جو کمپنی کے بعد کے مالی بیانات میں ظاہر ہوگی۔

## ڈیویڈنڈ

ڈائریکٹرز کی جانب سے نقد ڈیویڈنڈ 10.00@ روپے فی شیئر (یعنی 100%) کی ادائیگی کی سفارش کی ہے۔ جو کہ آئندہ ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

## مجموعی ذخائر

ڈائریکٹرز نے 250 ملین روپے غیر مختص منافع سے عام ریزرو میں منتقل کرنے کی تجویز منظوری بھی دی ہے۔

## مستقبل پر ایک نظر (2021-22)

کووڈ 19 صورتحال کے بارے میں غیر یقینی صورتحال جاری ہے پاکستان اب اس کی چوتھی لہر کا سامنا کر رہا ہے۔ مزید یہ کہ افغانستان کی صورتحال نے ہمارے بڑے بڑے گاہکوں کے کاروبار جو افغانستان کو بڑی مقدار میں HDF/MDF برآمد کرتے ہیں کے کاروبار کو بڑی طرح متاثر کیا ہے۔ نتیجتاً کمپنی کی فروخت میں کمی متوقع ہے۔ کمپنی ایک انتہائی مسابقتی ماحول میں کام کرتی ہے اور موجودہ حریفوں اور انڈسٹری میں نئے آنے والوں سے شدید مقابلہ کی پیش گوئی کرتی ہے۔ سخت مقابلہ بنیادی خام مال کی قیمتوں میں اضافے، افادیت، اجرت، روپے کی قدر میں مسلسل کمی کے باعث اور فروخت کی قیمتوں میں اسی طرح کے اضافے کو مارکیٹ نے جذب نہ کیا تو کمپنی مارجن پر دباؤ کی توقع رکھتی ہے۔ تاہم انتظامیہ ان چیلنجوں سے نمٹنے کے لئے تمام ممکنہ اقدامات کر رہی ہے اور مالی سال 2021-22 کے دوران ترقی اور منافع میں اضافے کے لئے پُر امید ہے۔ نئے یوریا فائبر میلڈی ہائیڈرولڈنگ کمپاؤنڈ (UFMC) سالانہ گنجائش 6,000 میٹرک ٹن کی تنصیب کی جارہی اور تجارتی پیداوار مالی سال 2021-22 کی دوسری سہ ماہی میں شروع ہونے کی توقع ہے۔ کمپنی نے پہلے ہی جراثیم کش کلیز جیسی مصنوعات کی پروڈکشن مارکیٹنگ کا اجراء کیا ہے۔ کمپنی اُمید کرتی ہے کہ UFMC کی توسیع اور جراثیم کش کلیز مصنوعات کے اجراء سے کمپنی کے لئے اضافی آمدنی و منافع پیدا کرے گا۔

## اندرونی مالیاتی کنٹرول

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

اس حقیقت کے باوجود کہ حالیہ برسوں کے دوران کمپنی کی مالی کارکردگی مستقل طور پر اچھی رہی۔ اب بھی کمپنی چند فطری منفی خطرات اور غیر یقینی کی صورتحال جیسے مقابلہ، وینڈ اور پرمٹ فیس کیس پر سپریم کورٹ آف پاکستان کا ناموافق فیصلہ، شرح تبادلہ میں اُتار چڑھاؤ، منفی شرح سود، متضاد حکومتی قواعد، ٹیکسز (Taxes)، پالیسیاں وغیرہ جو کمپنی کے مستقبل کے مالی بیانات پر اثر انداز ہو سکتی ہیں۔

مئنجمنٹ وقتاً فوقتاً کاروباری کمپنی کو درپیش بڑے مالیاتی اور آپرٹنگ خطرات کا جائزہ لیتی رہتی ہے۔ جو کہ اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ مل کر مذکورہ خطرات کے ممکنہ اثرات کو قابل قبول سطح پر کم کرنے کے لئے کام کرتی ہے۔

## متعلقہ جماعت کے ساتھ لین دین

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

## کارپوریٹ اور مالیاتی رپورٹنگ - فریم ورک

کمپنی اچھی کارپوریٹ گورننس کی کمٹنٹ رکھتی ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے ڈائریکٹرز مندرجہ ذیل رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں:

- ☆ کمپنی مئنجمنٹ کے تیار کردہ مالیاتی گوشوارے اس کے موجودہ شفاف معاملات، آپشنز، نقد بہاؤ، ایکویٹی میں تبدیلی کی تفصیل مرتب کی گئی ہے۔
- ☆ کمپنی نے باقاعدہ درست کھاتہ جات مرتب کر رکھے ہیں۔
- ☆ مناسب اکاؤنٹنگ پالیسیوں کو مسلسل مالیاتی گوشواروں کی تیاری میں لاگو کیا گیا ہے۔ اور اکاؤنٹنگ کے تخمینے (Estimates) مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیار اور کمپنیز ایکٹ 2017 کی شکلوں جو کہ پاکستان میں قابل عمل ہیں کا اطلاق کیا جاتا ہے۔ اور کسی بھی نئی چیز کی مناسب طریقے سے وضاحت کی جاتی ہے۔
- ☆ مضبوط اندرونی کنٹرول کا نظام 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 وینڈ اینڈ پرمٹ فیس کیس کا کوئی منفی فیصلہ نہیں آ جاتا۔ (یہ تمام فارمیڈی ہائیں مینوفیکچررز کے لئے قابل اطلاق ہے)۔
- ☆ یہاں کوئی بھی قابل ذکر چیز کارپوریٹ گورننس سے ہٹ کر نہیں کی گئی جیسا کہ لٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 میں بتایا گیا ہے سوائے اس کے جن کا ڈکرائیٹمنٹ آف کمپلائنس میں کیا گیا ہے۔
- ☆ ٹیکسوں، ڈیویڈنڈوں، لیویز کی مد میں کمپنی کی طرف کچھ بھی بقایا جات باقی نہیں سوائے ان کے جو کاروبار کے معمول کے مطابق ہیں اور فنانشل

اسٹیٹمنٹس (Financial Statements) میں ظاہر کئے گئے ہیں۔

☆ گزشتہ 6 مالی سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

☆ سٹاف ریٹائرمنٹ فنڈ کی طرف سے کی جانے والی سرمایہ کاری کی غیر آڈٹ شدہ مالیت بشمول بینک ڈیپازٹس 30 جون 2021 کو درج ذیل ہیں:

فنڈز	روپے
پراویڈنٹ فنڈ	62,482,623
گریجویٹ فنڈ	28,342,850
پنشن فنڈ	19,093,227

### بورڈ آف ڈائریکٹرز

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

مرد	سات (07)
خواتین	ایک (01)

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)

زیر نظر سال کے دوران بورڈ میں درج ذیل تبدیلیاں ہوئیں:

☆ 15 جولائی 2020 کو جناب محمد ارشد کو کمپنی کے بورڈ میں ڈائریکٹر کے طور پر جناب عبدالعزیز کی جگہ دوبارہ مقرر کیا گیا ہے۔

☆ سابق چیئرمین لیفٹیننٹ جنرل بلال اکبر، ہلال امتیاز (ملٹری) کے سروس سے ریٹائرمنٹ پر لیفٹیننٹ جنرل علی عامر اعوان، ہلال امتیاز (ملٹری) کو

13 جنوری 2021 بطور ڈائریکٹر چیئرمین تعینات کیا گیا۔

☆ جناب تور بجورن سیکسمو کے کمپنی کی ڈائریکٹر شپ سے استعفیٰ دینے پر جناب میٹس اولوف ریڈ برگ کو 29 اپریل 2021 سے ان کی جگہ ڈائریکٹر مقرر کیا گیا۔

☆ 21 جون 2021 مسز کشور احسان کو کمپنی کے بورڈ میں ڈائریکٹر کے طور پر مقرر کیا گیا تا کہ جناب محمد ارشد کی جگہ واہنوبل (پرائیویٹ) لمیٹڈ کی نمائندگی کی جاسکے۔

- ☆ بورڈ نے سبکدوش ہونے والے ڈائریکٹرز چیئرمین کی کمپنی کیلئے کی جانے والی قابل قدر شراکتوں کے لئے تعریفی کلمات کو ریکارڈ کر لیا اور کمپنی کے بورڈ میں نئے ڈائریکٹرز کا پُر تپاک خیر مقدم کیا۔
- ☆ زیر جائزہ سال کے دوران پانچ بورڈ میٹنگز منعقد کی گئیں ہر ڈائریکٹر کی میٹنگز میں شرکت کی تعداد درج ذیل رہی:-

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریٹائرمنٹ
1-	لیفٹیننٹ جنرل علی عامر اعوان، ہلال امتیاز (ملٹری)، چیئرمین	01	13 جنوری 2021 کو مقرر کیا گیا
2-	لیفٹیننٹ جنرل ہلال اکبر، ہلال امتیاز (ملٹری)، چیئرمین	02	13 جنوری 2021 کو مستعفی ہوئے
3-	جناب تورہجورن سکسمو (Mr. Torbjorn Saxmo)	04	29 اپریل 2021 کو مستعفی ہوئے
4-	جناب میٹس اولوف ریڈ برگ (Mr. Mats-Olof Rydberg)	01	29 اپریل 2021 کو مقرر کیا گیا
5-	میجر جنرل اظہر نوید حیات خان، ہلال امتیاز (ملٹری)	02	
6-	جناب عبدالعزیز	--	15 جولائی 2020 کو مستعفی ہوئے
7-	جناب محمد ارشد	02	15 جولائی 2020 کو مقرر کیا گیا
			21 جون 2021 کو مستعفی ہوئے
8-	جناب عثمان علی بھٹی	04	
9-	جناب طارق ایم رنگون والا	04	
10-	جناب شفیق صدیقی	04	
11-	مسز کشور احسن	--	21 جون 2021 کو مقرر کیا گیا
12-	بریگیڈیئر (ر) شیراز اللہ چوہدری، ستارہ امتیاز (ملٹری)	05	

سال کے دوران آڈٹ کمیٹی نے چار (04) میٹنگز کیں اور ہر ممبر نے درج ذیل مرتبہ شرکت کی۔

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریٹائرمنٹ
1-	جناب طارق ایم رنگون والا	03	
2-	جناب عبدالعزیز	--	15 جولائی 2020 کو مستعفی ہوئے
3-	جناب محمد ارشد	03	15 جولائی 2020 کو مقرر کیا گیا
			21 جون 2021 کو مستعفی ہوئے
4-	جناب عثمان علی بھٹی	02	
5-	مسز کشور احسن	--	21 جون 2021 کو مقرر کیا گیا

سال کے دوران ایچ آر اور Remuneration (معاوضہ ادائیگی کمیٹی) نے ایک (01) اجلاس منعقد کیا اور ہر ممبر نے درج ذیل مرتبہ شرکت کی۔

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریٹائرمنٹ
1-	جناب طارق ایم رنگون والا	--	
2-	جناب عبدالعزیز	--	15 جولائی 2020 کو مستعفی ہوئے
3-	جناب محمد ارشد	01	15 جولائی 2020 کو مقرر کیا گیا
			21 جون 2021 کو مستعفی ہوئے
4-	مسٹر کشور احسن	--	21 جون 2021 کو مقرر کیا گیا
5-	بریگیڈیئر (ر) شیراز اللہ چوہدری، ستارہ امتیاز (ملٹری)	01	

غیر حاضری کی چھٹی بورڈ کمیٹی کے ممبران کو دی گئی جو اجلاس میں شرکت سے قاصر رہے۔

### ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ ڈائریکٹرز کے میٹنگز میں شرکت کے لئے معاوضے رئیس کا تعین کرنے کا مجاز ہے۔ واہ نوبل کے نامزد امیدواروں کے علاوہ بورڈ نے نان ایگزیکٹو ڈائریکٹرز کے بورڈ اجلاس میں شرکت کرنے کے لئے ڈائریکٹرز کے معاوضے کی منظوری دے دی ہے۔ تمام 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 کیلئے پُر عزم 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 کو توانائیوں کے تحفظ، صنعتی تعلقات، خصوصی افراد کے لئے روزگار اور کاروباری اخلاقیات کے ذریعے فعال کارپوریٹ شہریت کی حامل ہے۔ چونکہ وباء کو 19 سال کے دوران صحت اور حفاظت کے لئے ایک بڑا مسئلہ بنی رہی۔ انتظامیہ نے خطرے کو کم کرنے کے لئے مختلف اقدامات کئے۔ ان میں آگاہی پروگرامز، ہینڈ سینٹائزر کی فراہمی، ملازمین کے ہاؤس ٹیمپلنگ کی نگرانی، احاطے کی باقاعدگی سے جراثیم کشی، ویکسینیشن، ماسک کی فراہمی اور سماجی فاصلے کی یقین دہانی شامل ہیں۔

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

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

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

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

کمپنی نے زیر نظر سال 2020-21 کے دوران کارپوریٹ ٹیکس، جنرل سیلز ٹیکس، ایکسائز ڈیوٹی، کسٹم ڈیوٹی اور وینڈر پر مٹ فیس وغیرہ کی مد میں قومی خزانے میں 669 ملین روپے جبکہ گزشتہ سال 495 ملین روپے جیسی خطیر رقم کا حصہ ڈالا۔

## 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](http://www.wahnobel.com/wnc.htm)

## وینڈرفیس اور پر مٹ فیس کا معاملہ

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

## ذیلی تقریبات

مالی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تکمیل کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے (Commitments) نہیں ہوئے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس 38 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہونے والے ہیں۔ اہل ہونے کے ناطے انہوں نے اپنے آپ کو سال 2021-22 کے لئے دوبارہ تقرری کے لئے پیش کیا۔ بورڈ کی آڈٹ کمپنی نے 30 جون 2022 کو ختم ہونے والے سال کے لئے ریٹائر ہونے والے آڈیٹرز کی دوبارہ تقرری کی سفارش بورڈ کو کی ہے۔ بورڈ نے آئندہ سالانہ عام اجلاس میں حصص یافتگان کی منظوری کے لئے اس کی سفارش کی ہے۔

## پیٹرن آف شیئر ہولڈنگ

کمپنی کی شیئر ہولڈنگ کا نمونہ اور اس کے بارے میں 30 جون 2021 تک کی اضافی معلومات اس رپورٹ میں شامل ہیں۔ کمپنی کے حصص کی کوئی تجارت ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکریٹری، چیف فنانشل آفیسر، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران نہیں کی۔

## اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

برگیدئیر (ر) شیراز اللہ چوہدری، ستارہ امتیاز (ملٹری)  
چیف ایگزیکٹو

جناب عثمان علی بھٹی  
ڈائریکٹر

واہ کینٹ:

ستمبر 30، 2021

## Notes

[illegible]

# 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 38th Annual General  
Meeting of the Company to be held on Thursday, October 28, 2021 at 1100 hrs and /or any  
adjournment thereof.

Signed this \_\_\_\_\_ day of October, 2021.

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

Witness 1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Witness 2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Note:

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

# مختار نامہ (پراکسی فارم)

38 ویں سالانہ اجلاس عامہ

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت رکن واہ نوبل کیمیکلز لمیٹڈ  
اور حامل \_\_\_\_\_ حصص مقرر کرتا ہوں بطور نائب \_\_\_\_\_ محترم / محترمہ  
برائے \_\_\_\_\_ یا ان کی عدم موجودگی کی صورت میں \_\_\_\_\_ محترم / محترمہ  
برائے \_\_\_\_\_، جو واہ نوبل کیمیکلز لمیٹڈ کے ممبر بھی ہے، میری غیر موجودگی کی صورت میں بطور میرے نائب کے 38 ویں  
سالانہ اجلاس عامہ میں شرکت کرنے اور حق رائے دہی استعمال کر سکتے ہیں۔ جس کا انعقاد بروز جمعرات 28 اکتوبر 2021 کو 11 بجے دن یا اس کے ملتی شددہ اجلاس میں۔

دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_ اکتوبر 2021

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

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر

ہدایات:

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



# WAH NOBEL CHEMICALS

FAST MOVING CONSUMER GOODS (FMCG) - HYGIENE PRODUCTS

HAND SANITIZER



DISINFECTANT  
SPRAY



TOILET CLEANER

FLOOR CLEANER

PHENYL



Wah Nobel Chemicals Limited, G.T Road, Wah Cantt, Pakistan.

(051) 4545243-6 (4 Lines), Ext. 226 (0300) 5538509 (Mob) | [fmcg@wahnobel.com](mailto:fmcg@wahnobel.com) | [www.wahnobel.com](http://www.wahnobel.com)



Wah Nobel Chemicals Limited  
A Company of Wah Nobel Group

## Wah Nobel Group

A Joint Venture of Pakistan Ordnance Factories,  
SAAB-AB, Sweden & Almisehal Co., Saudi Arabia