



ISO 9001:2008, 14001:2004 &
OHSAS 18001:2007 Certified

WAH NOBEL CHEMICALS LTD

Third Quarterly
Financial Statements
(Unaudited)
March 31, 2020

VISION STATEMENT

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

CORPORATE MISSION

- To meet the current needs of its customers and anticipate their future needs.
- To maintain close and direct contacts with the customers to ensure their complete satisfaction.
- Constantly improve the quality of all our activities through operational excellence.
- To give fullest regard to the safety and health of employees and customers.
- To promote professionalism at all levels through constant education, training and development of human resources.
- To safeguard the environment and the community from pollution.
- To create a conducive work environment and inspire people to perform to their fullest potential and to reward talent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

Mr. Tariq M. Rangoonwala	:	Chairman
Mr. Abdul Aziz	:	Member
Mr. Usman Ali Bhatti	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

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

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

: Mr. Tanveer Elahi, FCA

AUDITORS

: KPMG Taseer Hadi & Co
Chartered Accountants

LEGAL ADVISORS

: The Law Firm of Basit Musheer

SHARES REGISTRAR

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

BANKERS

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

REGISTERED OFFICE

: G.T. Road, Wah Cantt.

PHONES

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

FAX

: (051) 4545241, (051) 4535862

E.MAIL

: ce@wahnobel.com

WEBSITE

: www.wahnobel.com

FACTORY

: Wah Cantt.

WAH NOBEL CHEMICAL LTD

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of the company are pleased to present reviewed Condensed Interim Financial Information (unaudited) for the 3rd Quarter ended March 31, 2020.

The performance of the Company during the period under review is good as it achieved Gross Sales Revenue of Rs 1993 million vis-à-vis Rs 1981 million as compared to previous year's corresponding period (increased by 0.61%).

Despite volatile economic / financial situation and retarded business activity during the nine months of FY 2019-20, the Company earned After Tax Profit of Rs 127 million vis-à-vis Rs 127 million as compared to previous year's corresponding period. The profit levels have been affected due to increase in financial cost and lock down due to COVID-19.

The management has a positive outlook and geared up, to ensure continued growth, operational efficiency and optimum results for the company and its stakeholders. The lock down status due to covid-19 will affect the sales / profitability in the last quarter of Financial Year 2019-20.

In vend fee and permit fee case, on December 10, 2019 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 October 30,2002 and in return respondents consented to waive the amount of vend fee and permit fee already deposited by them. Since company has not yet consented its case is still pending. Nexus to merits of the case and previous favourable decisions of the Sindh High Court, the management is expecting a favourable decision from the Apex Court.

The Directors are pleased to place on record their deep appreciation for the earnest efforts and dedication to the cause, by all employees of the company for achieving good results despite volatile economic situation in the country and pay vivid gratitude to all its customers for their continued patronage, support and trust.



**ABDUL AZIZ
DIRECTOR**

On behalf of the Board



**BIRG SHIRAZ ULLAH CHOUDHRY ®
CHIEF EXECUTIVE**

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز بمسرت یہ رپورٹ غیر آڈٹ شدہ مالی نتائج بابت تیسری سہ ماہی و نو ماہ ختمہ 31 مارچ 2020 پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی کارکردگی اچھی رہی ہے۔ اس دوران کمپنی کی خالص آمدنی 1993 ملین روپے ہے۔ جبکہ گزشتہ سال یہ 1981 ملین روپے تھی (اضافہ 0.61%)۔

کاروبار کی غیر مستحکم اقتصادی ر مالی صورتحال کے باوجود سال نو ماہ کے دوران 2019-20 کمپنی نے 127 ملین روپے بعد از ٹیکس منافع حاصل کیا گزشتہ سال اسی مدت کے دوران بھی کمپنی نے 127 ملین روپے بعد از ٹیکس منافع حاصل کیا۔ منافع کی سطح مالیاتی اخراجات میں اضافے اور COVID-19 لاک ڈاؤن کی وجہ سے متاثر ہوئی ہے۔

انتظامیہ کمپنی اور اسکے کرم فرمائوں کیلئے مثبت نقطہ نظر رکھتی ہے اور مستعد ہے۔ مسلسل بڑھتی آپریشنل کارکردگی اور زیادہ سے زیادہ بہتر نتائج کے لیے سرگرم عمل ہے۔ بوجہ COVID-19 لاگ ڈاؤن کی صورت حال مالیاتی سال 2019-20 کی آخری سہ ماہی میں فروخت منافع کو متاثر منافع کو متاثر کرے گی۔

مورخہ 10 دسمبر 2019 کو معزز سپریم کورٹ آف پاکستان نے صوبائی حکومت سندھ (اپیل کنندہ) کی درخواست پر ان اپیلوں کو خارج کر دیا ہے جو اپیل کنندہ کے ساتھ معاملات طے کرنے والے ان مدعا علیہان کے خلاف تھیں جنہوں نے اپیل کنندہ کی تجویز پر اپنی رضامندی ظاہر کر دی ہیں۔۔ تصفیہ (Sttlement) میں اپیل کنندہ نے 30 اکتوبر 2002 تک مدعا علیہان حاصل کردہ Indemnity Bonds سے سرنڈر کر دیا جائے گا۔ اور اس کے بدلے مدعا علیہان نے پہلے سے جمع کروائی جانے والی Vend Fee and Permit Fee معاف کرنے پر اتفاق کیا۔ کمپنی نے چونکہ ابھی تک اس پر اتفاق نہیں کیا اس لئے کمپنی کا کیس ابھی زیر التوا ہے۔ کیس کی قانونی مضبوطی اور سندھ ہائی کورٹ کے موافق فیصلوں کی بدولت انتظامیہ اعلیٰ عدالت سے سازگار فیصلے کی توقع ہے۔

ملک میں غیر مستحکم اقتصادی صورت حال کے باوجود کمپنی کے ملازمین کے بہتر نتائج کے حصول پر ڈائریکٹرز دل کی اتھاہ گہرائیوں سے ملازمین کی انتھک کوششوں اور مقصد کے حصول کیلئے کی گئی لگن کو سراہتے ہیں اور تمام گاہکوں جو کہ کمپنی کی مسلسل سرپرستی حمایت اور اعتماد رکھتے ہیں کے شکر گزار ہیں۔

ڈائریکٹرز بورڈ کی طرف سے

بریگیڈیر (ر) شیراز اللہ چودھری
چیف ایگزیکٹو

عبدالعزیز
ڈائریکٹر

واہ کینٹ۔

مورخہ: 29 اپریل 2020ء

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at March 31, 2020

		March 31	June 30
		2020	2019
	Note	(Rupees in '000')	
		(Un-audited)	(Audited)
Assets			
Property, plant and equipment	4	307,786	332,755
Deferred tax		68	-
Non-current assets		307,854	332,755
Stores, spares and loose tools		51,992	50,771
Stock in trade		289,082	377,656
Trade debts	5	891,391	819,312
Advances, deposits, prepayments and other receivables		40,865	28,646
Short-term investment		3,096	2,678
Taxation - net		234,478	226,842
Cash and bank balances		14,921	20,661
Current assets		1,525,825	1,526,566
Total assets		1,833,679	1,859,321
Equity and Liabilities			
Share capital		90,000	90,000
Capital reserve		944	944
Revenue reserves		888,073	796,701
Total equity		979,017	887,645
Long term financing	6	34,286	54,857
Deferred liabilities	7	6,501	8,317
Non-current liabilities		40,787	63,174
Trade and other payables		318,119	263,446
Due to holding company		82	967
Unclaimed dividend		6,445	5,979
Current portion of long term financing		29,854	30,047
Loan from holding company - unsecured		310,114	308,325
Short term borrowings		149,261	299,738
Current liabilities		813,875	908,502
Total liabilities		854,662	971,676
Total equity and liabilities		1,833,679	1,859,321
Contingencies and commitments	8		

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For nine months period ended March 31, 2020

	Nine months ended		Three months ended	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019
	(Rupees in '000')			
Gross sales	1,992,808	1,980,969	668,745	756,566
Sales tax	(309,598)	(304,404)	(104,626)	(115,194)
Net sales	1,683,210	1,676,565	564,119	641,372
Cost of sales	(1,415,243)	(1,435,191)	(471,572)	(546,687)
Gross profit	267,967	241,374	92,547	94,685
Administrative expenses	(9,914)	(10,934)	(2,508)	(2,565)
Distribution expenses	(7,464)	(7,984)	(2,751)	(3,476)
Operating profit	250,589	222,456	87,288	88,644
Finance cost	(60,845)	(30,267)	(18,946)	(19,621)
Other expenses	(13,933)	(13,686)	(5,173)	(4,877)
Other income	6,114	1,139	4,603	477
Profit before taxation	181,925	179,642	67,772	64,623
Taxation	(54,553)	(52,607)	(20,658)	(17,551)
Profit for the period	127,372	127,035	47,114	47,072
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	127,372	127,035	47,114	47,072
Earnings per share - basic and diluted	14.15	14.12	5.23	5.23

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER






CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For nine months period ended March 31, 2020

	March 31 2020	March 31 2019
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	181,925	179,642
Adjustment for non cash items:		
Depreciation	24,969	16,115
Interest on term deposit receipts	-	(224)
Interest on workers' profit participation fund	92	
Gain on disposal of fixed asset	(1,602)	
Provision for gratuity fund	2,400	2,400
Workers' profit participation fund (WPPF)	9,770	9,648
Workers' welfare fund (WWF)	3,713	3,666
Provision for accumulated compensated absences	1,800	1,800
Provision in respect provident fund	4,688	-
	45,831	33,405
Changes in:		
Stores, spares and loose tools	(1,221)	(443)
Stock in trade	88,574	(61,769)
Trade debts	(72,078)	(375,737)
Advances, deposits, prepayments and other receivables	(12,219)	42,465
Due to holding company	(885)	(89)
Trade and other payables	47,411	(7,768)
	49,582	(403,340)
Cash generated from / (used in) operating activities	277,338	(190,293)
Payment for:		
Workers' profit participation fund	(3,498)	(2,397)
Gratuity fund	(4,000)	-
Accumulated Compensated absences	(2,363)	(1,522)
Provident fund	(4,671)	-
Pension fund	(1,234)	-
Taxation	(63,510)	(95,599)
	(79,276)	(99,518)
Net cash generated from / (used in) operating activities	198,062	(289,811)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for capital expenditure	-	(48,107)
Interest on term deposit receipts	(418)	140
Proceed from sale of fixed assets	1,602	-
Net cash generated from / (used in) investing activities	1,184	(47,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans repaid	(20,764)	(6,857)
Short term loan from holding company	1,790	307,110
Dividends paid	(35,534)	(43,477)
Net cash generated from / (used in) financing activities	(54,508)	256,776
Net increase/(decrease) in cash and cash equivalents	144,738	(81,002)
Cash and cash equivalents at beginning of the period	(279,078)	(199,037)
Cash and cash equivalents at end of the period	9	(280,039)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For nine months period ended March 31, 2020

	Share Capital	Capital reserves	Revenue reserves		Sub-total	Total
			General reserve	Unappropriated profit		
(Rupees in '000')						
Balance as at July 01, 2018	90,000	944	505,000	182,436	687,436	778,380
<i>Total comprehensive income</i>				127,035	127,035	127,035
Transactions with owners recorded directly in equity						
<i>Final dividend @ Rs. 5.00 per share</i>				(45,000)	(45,000)	(45,000)
Others						
<i>Transfer to general reserve</i>			130,000	(130,000)	-	-
Balance as at March 31, 2019	90,000	944	635,000	134,471	769,471	860,415
Balance as at 01 July 2019	90,000	944	635,000	161,701	796,701	887,645
<i>Total comprehensive income</i>				127,372	127,372	127,372
Transactions with owners recorded directly in equity						
<i>Final dividend @ Rs. 4.00 per share</i>				(36,000)	(36,000)	(36,000)
Others						
<i>Transfer to general reserve</i>			115,000	(115,000)	-	-
Balance as at March 31, 2020	90,000	944	750,000	138,073	888,073	979,017

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For nine months period ended March 31, 2020

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

The disclosures in these condensed interim financial statements do not include the information that was reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of June 30, 2019, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial statements for nine months period ended March 31, 2019.

These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3 ACCOUNTING POLICIES

- 3.1** The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended June 30, 2019 except for the change as indicated in 3.2 below:

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For nine months period ended March 31, 2020

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

(a) IFRS 16 'LEASES'

IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right of use of underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is to be recognised in unappropriated profit at July 01, 2019 and therefore the comparative information has not been restated and continue to be reported under IAS - 17.

The Company's leased assets have low value, therefore the adoption of IFRS 16 does not have any impact on these condensed interim financial statements.

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.

The Company applied a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset. For lease term less than 1 year and lease containing low value assets the Company has applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(b) IFRIC 23 'UNCERTAINTY OVER INCOME TAX TREATMENTS'

The Company has adopted IFRIC 23 'Uncertainty over income tax treatments' with a date of initial application of July 01, 2019. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. However, it has no significant impact on the Company's condensed interim financial statements.

WAH NOBEL CHEMICALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For nine months period ended March 31, 2020

3.3 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2020:

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the condensed interim financial statements of the Company.

WAH NOBEL CHEMICALS LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)****For nine months period ended March 31, 2020**

IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after July 01, 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on the Company’s condensed interim financial statements.

The amendments are effective from annual period beginning on or after January 01,2020 and are not likely to have an impact on the Company’s condensed interim financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

During the nine months period ended March 31, 2020, the Company made additions to property, plant and equipment aggregating to Rs. Nil (March 31, 2019: Rs. 48,107 thousand). Property, plant and equipment with carrying amounts Rs. Nil were disposed off during the nine months period ended March 31, 2020 (March 31, 2019 : nil) resulting in a gain on disposal of Rs. 1,602 thousand (March 31, 2019 : Rs. nil). Depreciation charge for the period amounts to Rs. 24,969 thousand (March 31, 2019: Rs. 16,114 thousand).

	March 31 2020	June 30 2019
	(Rupees in '000')	
	(Un-Audited)	(Audited)
5 TRADE DEBTS		
Considered good	891,391	819,312
Considered doubtful	127,664	127,664
	1,019,055	946,976
Less: Allowance for expected credit losses	(127,664)	(127,664)
	891,391	819,312
6 LONG TERM FINANCING		
Term finance facility-secured	64,140	84,904
Less: Current portion shown under current liabilities	(29,854)	(30,047)
	34,286	54,857
7 DEFERRED LIABILITIES		
Provision for accumulated compensated absences	6,501	7,064
Deferred tax liability	-	1,253
	6,501	8,317

WAH NOBEL CHEMICALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For nine months period ended March 31, 2020

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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

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

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

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

During the period, the Supreme Court vide its order dated December 10, 2019, observed that the Government of Sindh does not press the instant and connected appeals and that a fresh demand shall be raised for the amount payable by the respondents following the Notification dated February 14, 2002 and Sindh (Aendment) Abkari Ordinance, 2002 notified on October 30, 2002. Insofar as demand secured by indemnity bonds for the period 1990 upto October 30, 2002 is concerned, the same is surrendered by the Provincial Governmnet.

WAH NOBEL CHEMICALS LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)****For nine months period ended March 31, 2020**

Currently, all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash which is being expensed out and submission of guarantee @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the Supreme Court, the Company is exposed to an aggregate obligation of Rs. 1,176,000,000 (June 2019 : Rs. 1,132,000,000) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the reporting date. The respondents have settled the matter with the Government of Sindh. Under the settlement Government of Sindh has decided to surrender the indemnity bonds but not to return the amount of vend fee and permit fee already deposited by the respondents with it as a condition for not pressing the present appeal. The Order passed by Supreme Court does not mention appeals filed by the Company. The Company is in process of seeking further clarification on this decision. However, keeping in view the facts, previous decisions which had been in the favour of the Company, developments during the period 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.

8.1.3 Other than the litigation as disclosed in note 8.1.2 above, there are no significant changes in the status of litigations as disclosed in the last annual audited financial statements.

	March 31 2020	June 30 2019
	(Rupees in '000')	
	(Un-Audited)	(Audited)
8.2 Commitments		
8.2.1 Letters of credit for purchase of stocks	142,104	281,918
8.2.2 Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded warehouse.	21,293	17,250
8.2.3 Letter of guarantee issued by bank on behalf of the Company	15,000	15,000
	March 31 2020	March 31 2019
	(Rupees in '000')	
	(Un-Audited)	(Un-Audited)
9 CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,921	9,952
Short term running finance - secured	(149,261)	(289,991)
	(134,340)	(280,039)

WAH NOBEL CHEMICALS LIMITED
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For nine months period ended March 31, 2020

	March 31	March 31
	2020	2019
	(Rupees in '000')	
	(Un-audited)	(Un-audited)
10 RELATED PARTY TRANSACTIONS		
Significant transactions with related parties during the period were as follows:		
Expenses incurred (on behalf of) / by the group companies - net	(1,560)	(703)
Corporate service fee charged by holding company	675	675
Purchase of electricity from associated company	11,082	12,517
Purchase of raw material from associated company	4,800	9,075
Dividend paid to the holding company	19,882	24,852
Interest paid to the holding company	20,288	2,579
Contribution to:		
- Employee provident fund trust	1,638	1,542
- Workers' profit participation fund	3,405	2,397
Balances with related parties were as follows:		
Loan from holding company - unsecured	310,114	307,110
Payable to associated companies	7,267	2,262
Due to holding company	82	1,200

11 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

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

	March 31	March 31
	2020	2019
	(Rupees in '000')	
	(Un-audited)	(Un-audited)
Profits earned on any conventional investment	1,431	873
Interest paid on any conventional loan or advance	51,416	15,451

11.2 All revenue is earned from shariah compliant business segment.

11.3 Disclosures other than above are not applicable to the Company.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For nine months period ended March 31, 2020

12 FINANCIAL INSTRUMENTS

The following table shows the classification of financial assets and financial liabilities by categories.

	March 31, 2020			June 30, 2019				
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	(Un-audited)			(Audited)				
	(Rupees '000')							
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	891,391	-	-	891,391	819,312	-	-	819,312
Trade deposits	100	-	-	100	73	-	-	73
Other receivables	15,560	-	-	15,560	15,555	-	-	15,555
Short-term investment	3,096	-	-	3,096	2,678	-	-	2,678
Cash and bank balances	14,921	-	-	14,921	20,661	-	-	20,661
	<u>925,068</u>	<u>-</u>	<u>-</u>	<u>925,068</u>	<u>858,279</u>	<u>-</u>	<u>-</u>	<u>858,279</u>
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term financing (including current portion)	64,140	-	-	64,140	84,904	-	-	84,904
Trade and other payables	276,100	-	-	276,100	244,293	-	-	244,293
Due to holding company	82	-	-	82	967	-	-	967
Unclaimed dividends	6,445	-	-	6,445	5,979	-	-	5,979
Loan from holding company	310,114	-	-	310,114	308,325	-	-	308,325
Short term borrowings	149,261	-	-	149,261	299,738	-	-	299,738
	<u>806,142</u>	<u>-</u>	<u>-</u>	<u>806,142</u>	<u>944,206</u>	<u>-</u>	<u>-</u>	<u>944,206</u>

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13 FAIR VALUES

13.1 The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values.

13.2 Determination of fair values

A number of the Company's accounting policies and disclosures require determination of fair values, 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:

Financial assets

Fair values of non-derivative financial assets are estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. These fair values are determined for disclosure purposes.

Financial liabilities

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

14 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on April 29, 2020 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest thousand of rupees.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER