



Wah Nobel Chemicals Limited

# ANNUAL REPORT 2018





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## VISION STATEMENT

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



## CORPORATE MISSION

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

# Company Information

## BOARD OF DIRECTORS

Lt. Gen. Sadiq Ali, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Muhammad Afzal	:	Director
Mr. Abdul Aziz	:	Director
Mr. Hashmat Hussain	:	Director
Brig (R) Shiraz Ullah Choudhry, SI (M)	:	Director & Chief Executive

## AUDIT COMMITTEE

Mr. Muhammad Afzal	:	Chairman
Mr. Abdul Aziz	:	Member
Mr. Hashmat Hussain	:	Member

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

Mr. Abdul Aziz	:	Chairman
Mr. Hashmat Hussain	:	Member
Brig (R) Shiraz Ullah Choudhry, SI (M)	:	Member

## COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

: Mr. Tanveer Elahi, FCA

## AUDITORS

: KPMG Taseer Hadi & Co  
Chartered Accountants

## LEGAL ADVISORS

: The Law Firm of Basit Musheer

## SHARES REGISTRAR

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

## BANKERS

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

## REGISTERED OFFICE

: G.T. Road, Wah Cantt.

## FACTORY

: Wah Cantt.

## PHONES

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

## FAX

: ce@wahnobel.com

## E.MAIL

## WEBSITE

: [www.wahnobel.com](http://www.wahnobel.com)



## Company Profile

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

### PRODUCTION PREMISES

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

### PRODUCT RANGE

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

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

Formaldehyde	80,000 (50,000 Installed subsequent to the year end)
Urea/Phenol Formaldehyde	19,000
Urea Formaldehyde Moulding Compound	7,000

### 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 35<sup>th</sup> 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 Friday, October 26, 2018 at 11.00 hours to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 30, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and the Auditors' Reports thereon.
3. To approve the payment of cash dividend @ Rs. 5.00 per share i.e. 50 % as recommended by the Directors.
4. To appoint Auditors for the ensuing year and to fix their remuneration. (M/s KPMG Taseer Hadi & Co Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment).

### 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 27, 2018

## NOTES:

1. The share transfer books of the Company will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on October 19, 2018 will be treated in time for the entitlement of payment of dividend.
2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time appointed for the meeting and must be duly stamped, signed and witnessed.
3. CDC Account Holders are advised to bring their original National Identity Cards to authenticate their identity along with CDC account numbers at the meeting. However, if any proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the National Identity Card of the grantor, and the signature on the proxy form has to be the same as appearing on the National Identity Card.
4. Shareholders are requested to notify to the Shares registrar the change of address, if any, immediately.
5. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP) contained in SRO No. 831(I) / 2012 dated July 05, 2012, Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s Ilyas Saeed Associates (Pvt) Limited, without any delay. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company will be constrained to withhold the Dividend Warrants in terms of Section 243(2)(a) of the Companies Act, 2017 which will be released by the Company only upon compliance with the aforesaid notification.
6. The rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:
  - a. For filers of income tax returns 15%
  - b. For non-filers of income tax returns 20%

Shareholders who are filers are advised to make sure that their names are entered into



latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%. Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Shares registrar. Further, according to clarification received from FBR, with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

## Review Report by the Chairman

I am pleased to present to you the review on Annual Report of Wah Nobel Chemicals Limited ("the Company") for the year ended June 30, 2018. The Financial Year 2017-18 has been another year of high performance and growth for the Company. Company achieved its highest net sales and profit after tax of Rs. 1.681 billion and Rs. 0.174 billion respectively. Based on the financial performance, the Board has recommended a final cash dividend of 50% i.e. Rs. 5/- per share. Company contributed Rs. 0.450 billion towards the National Exchequer on account of various government levies, taxes and import duties during the year under review.

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

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

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

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

**Lt. Gen Sadiq Ali , HI (M)**

Chairman

Wah Cantt: September 27, 2018

# 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, 2018 together with the Auditors' Report thereon.

## OPERATING PERFORMANCE

During the financial year 2017-18, the Company achieved its highest ever net sales of Rs. 1.681 billion showing a growth of 34.37% over last year's net sales of Rs. 1.251 billion. The Gross Profit of the Company increased from last year's Rs. 270.452 million to Rs.336.226 million on account of higher sales as well as production efficiencies.

Company managed its highest ever After Tax Profit for the year under review i.e Rs.174.102 million. Last year after tax profit stood at Rs.131.105 million. Net Profit increased by Rs.42.997 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:

	2017-18	2016-17
	(Rupees in thousands)	
Net Sales	1,680,925	1,250,740
Gross Profit	336,226	270,452
Operating Profit	272,766	208,168
Profit before taxation	249,456	189,060
Provision for taxation	75,354	57,955
Profit after taxation	174,102	131,105
Other comprehensive income / (loss)	(333)	1,742
Total comprehensive income for the year	173,769	132,847
Un-appropriated profit brought forward	142,666	95,819
Profit available for appropriation	316,435	228,666

## APPROPRIATIONS

Dividend Paid (9,000,000 shares @ Rs.6/- / Rs.4/- per share)	54,000	36,000
Transfer to general reserve	80,000	50,000
Un-appropriated profit carried forward	182,435	142,666

## NET EARNING PER SHARE

Earnings per share for the year ended June 30, 2018 was Rs. 19.34 as against Rs. 14.57 of preceding year.

## SUBSEQUENT APPROPRIATIONS

The directors have recommended /approved following appropriations for the year ended June 30, 2018 which would be reflected in the subsequent financial statements of the company:

- i) **DIVIDEND**  
The directors have recommended a payment of cash dividend @ Rs 5.00 per share (i.e 50% ), subject to the approval of Shareholders at the forthcoming Annual General Meeting.
- ii) **GENERAL RESERVE**  
The directors also proposed / approved transfer of Rs 130 million from un-appropriated profits to general reserve.

## OUTLOOK FOR 2018-19

The Company operates in a highly competitive industry, where excess capacity exists. The Company anticipates pressure on margins due to intense competition from existing players and new entrants in the industry, increasing input costs due to continued devaluation of rupee and rising inflation rate. However, the Management is taking all possible measures to combat these challenges and are hopeful to maintain growth momentum to continue in 2018-19.

New Formaldehyde Plant having annual capacity of 50,000 M.T has successfully been installed and commercial production is expected to commence in October, 2018. During the year capacity of Urea Formaldehyde Moulding Compound (UFMC) has already been enhanced from 4,800 M.T to 7,000 M.T. Company expects that these enhanced capacities (UFMC & Formaldehyde) will generate additional revenue/profit.

## INTERNAL FINANCIAL CONTROLS

The company maintains a system of internal control and procedures designed to ensure reliable and transparent financial reporting and disclosures. Internal Financial Controls are

periodically reviewed to ensure these remain effective and are updated with changing laws and regulations. Internal Audit department monitors the compliance of internal controls. Through discussions with auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

The Management periodically reviews major financial and operating risks faced by the business. Company works with internal and external stakeholders to mitigate 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

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, have been followed in the preparation of financial statements.
- 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 .
- 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, 2018 were as follows:

#### RUPEES

●	Provident Fund	41,800,832
●	Gratuity Fund	17,985,120
●	Pension Fund	13,395,807

#### BOARD OF DIRECTORS

- The total number of directors are seven (7) as per the following:
  - a. Male : Seven (07)
  - b. Female : None
- The composition of board is as follows:
  - (i) Independent Directors : None
  - (ii) Other Non executive Directors : Six(06)
  - (iii) Executive Directors : One (01)

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

- Mr. Abdul Aziz has been appointed as Director w.e.f August 18, 2017 in place of Mr. Tabassum Rahman on his retirement.
- On February 15 , 2018 Lt. Gen Sadiq Ali was appointed as Chairman / Director in place of Lt. Gen Umar Farooq Durrani .

The Board would like to thank the outgoing Chairman / Directors for their valuable contribution to the Company and warmly welcome the new Chairman / Directors on the Board of the company.



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

S.#	Names of Directors	Meeting Attended	Remarks
1	Lt. Gen Sadiq Ali (Chairman)	01	Appointed on February 15, 2018
2	Lt. Gen Umar Farooq Durrani (Ex-Chairman)	03	Resigned on February 15, 2018
3	Mr. Torbjorn Saxmo	05	
4	Mr. Tabassum Rahman	01	Resigned on August 18, 2017
5	Mr. Muhammad Nawaz Tishna	04	
6	Mr. Muhammad Afzal	03	
7	Mr. Abdul Aziz	04	Appointed on August 18, 2017
8	Mr. Hashmat Hussain	05	
9	Brig (R.) Shiraz Ullah Choudhry	05	

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

S.#	Names of Directors	Meeting Attended	Remarks
1	Mr. Tabassum Rahman	-	Resigned on August 18, 2017
2	Mr. Muhammad Afzal	02	
3	Mr. Abdul Aziz	03	Appointed on August 18, 2017
4	Mr. Hashmat Hussain	03	

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. Tabassum Rahman	-	Resigned on August 18, 2017
2	Mr. Abdul Aziz	01	Appointed on August 18, 2017
3	Mr. Hashmat Hussain	01	
4	Brig (R) Shiraz Ullah Choudhry	01	

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being socially responsible corporate entity we are committed to our communities as we are to our customers, shareholders and employees. Company is committed to act ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local communities and society at large. The Company practices active corporate citizenship through energy conservation, industrial relations, employment of special persons, occupational safety & health, business ethics, contributing to national exchequer.

Energy conservation has drawn focus in recent years in this regard your Company has taken various steps to conserve energy like restricted use of all air conditioners and heaters and replacement of electric bulbs & tubes with energy savers and LED's. Our Parent Company has installed Solar Energy Panels in main office of Wah Nobel for energy conservation & to reduce the electricity burden.

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

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

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

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

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

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

The company is contributing significant amount towards the national exchequer on account of corporate tax, general sales tax, excise duty, custom duty and vend / permit fee. During the year

2017-18 company has contributed over Rs. 450 million to the national exchequer.

#### WEBSITE

Company's periodic financial statements for the current financial year including annual/ periodic reports for the last five years are available on the Company's website for information of the shareholders and others. [www.wahnobel.com](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. In view of the merits of the case and favourable decision of the Sindh High Court, the management expects a favourable decision from the apex court and is making necessary efforts to continue as a going concern.

#### AUDITORS

The present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants are due to retire at the conclusion of the 35th annual general meeting of the Company, being eligible, offer themselves for re-appointment.

On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment as auditors of the Company for the year ending June 30, 2019 for shareholders consideration and approval at the forthcoming annual general meeting.

#### PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2018 and additional information thereabout required under the Code of Corporate Governance is included in this report.

#### 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

**Hashmat Hussain**  
**Director**

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

Wah Cantt: September 27, 2018

## Six Year at a Glance

	2013	2014	2015	2016	2017	2018
(Rupees in Thousands)						
<b>(A) Operating Results:</b>						
i) Net Sales Revenue	1,211,238	1,303,980	1,209,911	1,181,518	1,250,740	1,680,925
ii) Gross Profit	233,840	193,842	128,054	236,346	270,452	336,226
iii) Operating Profit	157,227	116,548	50,701	150,533	208,168	272,766
iv) Profit Before Tax	155,938	104,625	26,484	120,085	189,060	249,456
v) Profit After Tax	115,240	66,775	12,263	78,469	131,105	174,102
<b>(B) Financial Position</b>						
i) Paid-up Capital	90,000	90,000	90,000	90,000	90,000	90,000
ii) Shareholders Equity	499,112	515,158	492,460	561,764	658,611	778,380
iii) General Reserve	290,000	325,000	360,000	375,000	425,000	505,000
iv) Property, Plants and Equipment (Net)	109,571	167,015	159,030	148,722	170,642	307,614
v) Current Assets	544,733	704,236	677,275	701,975	835,027	1,020,092
<b>(C) Key Performance Indicators</b>						
i) Gross Profit %	19.31%	14.86%	10.58%	20.00%	21.62%	20.00%
ii) Net Profit %	9.51%	5.12%	1.01%	6.64%	10.48%	10.36%
iii) Earning Per Share Rs.	12.8	7.42	1.36	8.72	14.57	19.34
iv) Cash Dividend %	55%	40%	10%	40%	60%	50%
						(Proposed)
vi) Break-up Value Per Share Rs.	55.45	57.24	54.72	62.42	73.18	86.49
vii) Current Ratio	2.9 1:1	1.86:1	1.86:1	2.29:1	2.40:1	2.22:1

# Pattern of Shareholding

as at June 30, 2018

No of shareholders	Shareholding		Total shares held
	From	To	
201	1	100	9,594
449	101	500	121,165
142	501	1,000	114,486
141	1,001	5,000	369,147
38	5,001	10,000	269,300
17	10,001	20,000	251,490
12	20,001	30,000	332,214
4	30,001	50,000	148,702
6	50,001	100,000	465,303
1	100,001	1,000,000	1,948,204
1	1,000,001	5,000,000	4,970,395
<b>1016</b>	<b>Total</b>		<b>9,000,000</b>

Categories of shareholders	No. of Shareholders	Shares held	Percentage
• Directors, Chief Executive Officer, and their spouse and minor children.	5	5	0.00
• Associated Companies, undertakings and related parties.	4	5,102,497	56.69
• NIT/ICP	2	601,749	6.69
• Banks Development Financial Institutions, Non Banking Financial Institutions.	2	1,478	0.02
• Insurance Companies	6	901,280	10.01
• Modarabas and Mutual Funds	-	-	0.00
• Shareholders holding 10%	-	-	-
• General Public			
a. Local	987	2,323,925	25.82
b. Foreign	-	-	0.00
• Others (to be specified)			
Benevolent / Pension Fund	2	60,245	0.67
Joint Stock Coys.	7	8,721	0.10
Stock Exchange.	1	100	0.00
<b>Total</b>	<b>1016</b>	<b>9,000,000</b>	<b>100.00</b>

# Details of Pattern of Shareholding

## as per requirements of Code of Corporate Governance

Categories of Shareholders		Number of Shares held
I) Associated Companies, undertakings and related parties.		
1	Wah Nobel (Pvt) Ltd	4,970,395
2	WNPL Employees Provident Fund	87,000
3	WNCL Employees Provident Fund	33,102
4	WNPL Employees Provident Fund (WNDL)	12,000
		5,102,497
II) Mutual Funds		
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	601,124
2	Investment Corporation of Pakistan, (ICP)	625
		601,749
III) Directors and their spouse(s) and minor children.		
1	Lt. Gen. Sadiq Ali, Chairman/Director	1*
2	Mr. Torbjorn Sexmo, Director	1*
3	Mr. Muhammad Afzal, Director	1*
4	Mr. Abdul Aziz, Director	1*
5	Mr. Hashmat Hussain, Director	1*
		5
IV) Executives		Nil
V) Public Sector Companies and Corporations		
1	State Life Insurance Corporation Of Pakistan	862,080
VI) Banks Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		963,003
VII) Shareholders holding five percent or more voting rights / Interests		
1	Wah Nobel (Pvt) Ltd	4,970,395
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	601,124
3	State Life Insurance Corporation Of Pakistan	862,080
		6,433,599

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

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

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

None of the Director, CEO Chief Financial Officer, Company Secretary and their spouses and minor Children have traded in the shares of Wah Nobel Chemicals Ltd during the financial year ended June 30, 2018



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2018

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

1. The total number of directors are seven (7) as per the following:

- a. Male: Seven (07)
- b. Female: None

2. The composition of board is as follows:

Category	Name
Independent Directors	None
Other Non-Executive Directors	1. Lt. Gen Sadiq Ali 2. Mr. Torbjorn Saxmo 3. Mr. Muhammad Nawaz Tishna 4. Mr. Muhammad Afzal 5. Mr. Abdul Aziz 6. Mr. Hashmat Hussain
Executive Director	1. Brig (R) Shiraz Ullah Choudhry

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

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
9. During the year two directors of the company have acquired the Certification under directors' training program from an institute duly approved by the Securities and Exchange Commission of Pakistan. Previously one director of the company has already acquired the Certification. One Director of the company has the prescribed qualification and experience required for exemption from the directors training program as mentioned in regulation no. 20, sub-regulation 2 of the Regulations and remaining directors to be trained within specified time. The Directors on Board have adequate exposure of corporate matters and are well conversant with legal requirements and operational imperatives of the company, and as such fully aware of their duties and responsibilities.
10. The board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee	HR and Remuneration Committee
Mr. Muhammad Afzal (Chairman) Mr. Abdul Aziz Mr. Hashmat Hussain	Mr. Abdul Azizl (Chairman) Mr. Hashmat Hussain Brig (R) Shiraz Ullah Choudhry

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were asper following :
  - a) Audit Committee : Four quarterly meetings
  - b) HR and Remuneration Committee : One annual meeting.
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses

and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the 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 other requirements of the Regulations have been complied with.

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

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**Lt Gen Sadiq Ali, HI(M)**  
**Chairman**

Wah Cantt:  
September 27, 2018

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

To the members of Wah Nobel Chemical Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Wah Nobel Chemical Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlighted below instance of non-compliance with the requirement of the Code as reflected in the note references where this is stated in the Statement of Compliance.

- i) As disclosed in para 2 of the Statement of Compliance, currently, there is no independent director on the Board.

**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad

Date: 27 September 2018

# Independent Auditor's Report

## To the members of Wah Nobel Chemicals Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Wah Nobel Chemicals Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to Note 18.1.2 to the financial statements, which describes the uncertainty relating to the outcome of pending lawsuit relating to non-payment of vend and permit fee on methanol to the Excise and Taxation Department, Government of Sindh. Our opinion is not modified in respect of this matter.

#### 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>Refer notes 3.11 to the financial statements.</p> <p>The Company recognized revenue from the sale of Urea Formaldehyde Moulding Compound, Formaldehyde and Formaldehyde based liquid resins of Rs. 1.68 billion for the year ended 30 June 2018.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• Comparing a sample of sales transactions recorded during the year with sales invoices, delivery documents and other relevant underlying documents;</li> <li>• Comparing a sample of sales transactions recorded before and after the reporting date with the sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; and</li> <li>• Comparing non-routine journal entries posted to revenue accounts during the year, if any, with the relevant underlying documentation.</li> </ul>
2	<p><b>Recoverability of trade debts</b></p> <p>Refer notes 7 and 29.4 to the financial statements.</p> <p>As at 30 June 2018, the Company's gross trade debtors were Rs. 522.7 million against which allowances for doubtful debts of Rs. 80.2 million have been recorded.</p> <p>We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in determining the recoverable amount.</p>	<p>Our audit procedures to assess the valuation of trade debts included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts;</li> <li>• testing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentations;</li> <li>• testing the assumptions made by the management for the allowances for doubtful debts;</li> <li>• Comparing, on a sample basis, cash receipts from customers subsequent to the financial year end from trade debtor balances existing as at 30 June 2018 with bank statements and relevant remittance documentation; and</li> <li>• Assessing the historical accuracy of management's process for making allowances for doubtful debts by examining the utilization or release of allowances recorded in earlier periods and new allowances made in the current year in respect of trade debtors as at 30 June 2018.</li> </ul>



S. No.	Key audit matters	How the matter was addressed in our audit
3	<p><b>Advance tax</b></p> <p>Refer note 10 to the financial statements.</p> <p>As at 30 June 2018, the Company has net income tax refundable from tax authorities amounting to Rs. 159 million. The tax refundable has arisen mainly due to excess of deduction.</p> <p>We considered the matter as key audit matter due to significant amounts involved and significant judgements made by management in relation to the recoverability of advance tax.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> <li>Consulting our internal tax specialist to assess the reasonableness of management's conclusions on recoverability of income tax refundable;</li> <li>Obtaining and reviewing details of significant pending tax matters and discussed the same with Company's management;</li> <li>Comparing refund applications filed for refund for advance tax relating to preceding years with the amounts recorded in the financial statements;</li> <li>Reviewing correspondence with tax authorities to identify any pending taxation matters relating to the years to which the refund relates; and</li> <li>testing, on a sample basis, whether advance tax paid is in accordance with the Income Tax Ordinance, 2001 and amounts recorded in the books of account are supported by underlying documentations.</li> </ul>

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

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

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Islamabad  
Date: 27 September 2018

# Statement of Financial Position

## as at June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
Property, plant and equipment	4	307,614,061	170,642,211
Deferred tax asset		-	5,958,521
<b>Non-current assets</b>		<b>307,614,061</b>	<b>176,600,732</b>
Stores, spares and loose tools	5	49,875,402	44,516,967
Stock in trade	6	281,257,806	187,227,753
Trade debts	7	442,532,051	423,456,278
Advances, deposits, prepayments and other receivables	8	65,290,709	43,135,895
Short-term investment	9	2,679,516	2,690,788
Advance tax - net	10	159,392,070	129,614,957
Cash and bank balances	11	19,063,993	4,384,163
<b>Current assets</b>		<b>1,020,091,547</b>	<b>835,026,801</b>
<b>Total assets</b>		<b>1,327,705,608</b>	<b>1,011,627,533</b>
<b>EQUITY</b>			
Share capital	12	90,000,000	90,000,000
Capital reserves		944,404	944,404
Revenue reserves		687,435,629	567,666,376
<b>Total equity</b>		<b>778,380,033</b>	<b>658,610,780</b>
<b>LIABILITIES</b>			
Long term financing	13	82,285,714	-
Deferred liabilities	14	6,502,996	5,444,971
<b>Non-current liabilities</b>		<b>88,788,710</b>	<b>5,444,971</b>
Trade and other payables	15	222,725,992	119,985,111
Due to holding company	16	1,288,910	4,626,833
Unclaimed dividends		4,706,707	4,039,819
Current portion of long term financing	13	13,714,286	-
Short-term borrowings - secured	17	216,372,478	217,968,436
Accrued mark up		1,728,492	951,583
<b>Current liabilities</b>		<b>460,536,865</b>	<b>347,571,782</b>
<b>Total liabilities</b>		<b>549,325,575</b>	<b>353,016,753</b>
<b>Total equity and liabilities</b>		<b>1,327,705,608</b>	<b>1,011,627,533</b>
<b>Contingencies and commitments</b>	18		

The annexed notes from 1 to 39 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, 2018

	Note	2018 Rupees	2017 Rupees
Revenue		1,986,026,266	1,476,445,682
Sales tax		(305,100,863)	(225,705,393)
Revenue - net		1,680,925,403	1,250,740,289
Cost of sales	19	(1,344,699,337)	(980,288,459)
<b>Gross profit</b>		<b>336,226,066</b>	270,451,830
Administrative and general expenses	20	(36,396,253)	(31,497,018)
Selling and distribution expenses	21	(27,064,118)	(30,786,997)
<b>Operating profit</b>		<b>272,765,695</b>	208,167,815
Finance cost	22	(6,980,403)	(7,641,174)
Other expenses	23	(18,948,176)	(14,575,846)
Other income	24	2,619,285	4,510,831
Share in loss of associated company - net of tax		-	(1,401,980)
<b>Profit before taxation</b>		<b>249,456,401</b>	189,059,646
Taxation	25	(75,354,487)	(57,954,960)
<b>Profit for the year</b>		<b>174,101,914</b>	131,104,686
<b>Other comprehensive income for the year</b>			
<b>- Items that will not be classified to profit or loss</b>			
- (Loss) / gain on remeasurement of staff retirement benefit plan	15.2.4	(443,548)	2,489,133
- Related deferred tax	14.2	110,887	(746,740)
<b>Other comprehensive income for the year - net of tax</b>		<b>(332,661)</b>	1,742,393
<b>Total comprehensive income for the year</b>		<b>173,769,253</b>	132,847,079
<b>Earnings per share - basic and diluted</b>	26	<b>19.34</b>	14.57

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

# Statement of Cash Flows

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		249,456,401	189,059,646
Adjustment for non cash items	27	33,342,639	65,145,703
Changes in:			
Stores, spares and loose tools		(5,358,435)	(4,782,273)
Stock in trade		(94,030,053)	(74,513,833)
Trade debts		(871,232)	(46,220,149)
Advances, deposits, prepayments and other receivables		(22,154,814)	(31,770,280)
Trade and other payables		89,652,046	(21,179,980)
		(32,762,488)	(178,466,515)
Cash generated from operating activities		250,036,552	75,738,834
(Payments for) / Receipts of:			
Finance cost		(6,188,257)	(8,796,781)
Workers' profit participation fund	15.3	(11,244,111)	(12,088,622)
Gratuity fund	15.2.2	(500,000)	(4,000,000)
Accumulated compensated absences	14.1	(2,176,388)	(1,117,736)
Provident fund	15.5	(6,033,531)	(5,569,633)
Pension fund	15.6	-	(1,294,873)
Interest on collateral placed against bank guarantee	24.1	191,504	-
Tax	10	(98,639,658)	(64,077,280)
		(124,590,441)	(96,944,925)
Net cash from / (used in) operating activities		125,446,111	(21,206,091)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		(152,888,447)	(35,597,495)
Proceeds from disposal of shares		-	22,500,000
Proceeds from disposal of fixed asset		484,308	-
Interest on term deposit receipts		566,928	496,450
Net cash used in investing activities		(151,837,211)	(12,601,045)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loans received during the year	30	96,000,000	-
Dividends paid	30	(53,333,112)	(36,000,000)
Net cash from / (used in) financing activities		42,666,888	(36,000,000)
Net increase / (decrease) in cash and cash equivalents		16,275,788	(69,807,136)
Cash and cash equivalents at the beginning of the year		(213,584,273)	(143,777,137)
Cash and cash equivalents at the end of the year	28	(197,308,485)	(213,584,273)

The annexed notes from 1 to 39 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, 2018

	Share capital	Capital reserves	Revenue reserves			Total
			General reserves	Un-appropriated profit	Sub-total	
Rupees						
Balance at 01 July 2016	90,000,000	944,404	375,000,000	95,819,297	470,819,297	561,763,701
Total comprehensive income	-	-	-	132,847,079	132,847,079	132,847,079
Transactions with owners recorded directly in equity						
Dividend @ Rs. 4.00 per share	-	-	-	(36,000,000)	(36,000,000)	(36,000,000)
Others						
Transfer to general reserves	-	-	50,000,000	(50,000,000)	-	-
Balance at 30 June 2017	90,000,000	944,404	425,000,000	142,666,376	567,666,376	658,610,780
Balance at 01 July 2017	90,000,000	944,404	425,000,000	142,666,376	567,666,376	658,610,780
Total comprehensive income	-	-	-	173,769,253	173,769,253	173,769,253
Transactions with owners recorded directly in equity						
Dividend @ Rs. 6.00 per share	-	-	-	(54,000,000)	(54,000,000)	(54,000,000)
Others						
Transfer to general reserves	-	-	80,000,000	(80,000,000)	-	-
Balance at 30 June 2018	90,000,000	944,404	505,000,000	182,435,629	687,435,629	778,380,033

The annexed notes from 1 to 39 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, 2018

### 1 Legal status and operations

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

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

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

#### 1.2 Summary of significant events and transactions in the current reporting period:

- The Company enhanced its Urea Formaldehyde Moulding Compound Plant's capacity from 4,800 MT to 7,000 MT during the year.
- New Formaldehyde plant of 50,000 MT per annum capacity is likely to commence commercial production in October 2018.
- Declared dividend amounting to Rs. 54 million during the year.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been represented. (please refer to note 38).

### 2 Basis of preparation

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 2.4 Use of estimates and judgments

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

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

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

#### 2.4.1 Property, plant and equipment

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

#### 2.4.2 Provision for inventory obsolescence

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

#### 2.4.3 Provision for doubtful receivables and advances

The carrying amounts of trade and other receivables and advances are assessed on a regular basis and if there is any doubt about the realisability of these receivables and advances, appropriate provision is made.

#### 2.4.4 Taxation

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

#### 2.4.5 Provisions and contingencies

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

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

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 2.4.6 Employee benefit costs

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

### 2.4.7 Impairment

#### 2.4.7.1 Impairment of financial assets

In making an estimate of future cash flows of the Company's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

#### 2.4.7.2 Impairment of non-financial assets

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01 2018:

Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

# Notes to the Financial Statements

## for the year ended June 30, 2018

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The Company is currently assessing the impact of the IFRIC 22 on its financial statements, if any.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact of the IFRIC 23 on its financial statements, if any.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on Company's financial statements.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 1, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

# Notes to the Financial Statements

## for the year ended June 30, 2018

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after July 1, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 1, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The application of amendments is not likely to have an impact on Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement' - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company re-measures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 'Borrowing Costs' - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on Company's financial statements.

### 3 Summary of significant accounting policies

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

- Amendments to IAS 7 'Statement of Cash Flow' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Accordingly, these disclosures have been included in the note 30 to these financial statements.
- The Companies Act, 2017 specified certain disclosures to be included in the financial statements. The Company has presented the required disclosures in these financial statements and reclassified certain comparatives. However, there was no change in the reported amounts of profit and other comprehensive income and the amounts presented in the statement of financial position due to these reclassifications.

#### 3.1 Staff retirement benefits

The Company has the following plans for its employees:

##### 3.1.1 Defined benefit gratuity scheme

The Company maintains an unfunded gratuity scheme for all its eligible employees. The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the projected unit current 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.

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 3.1.2 *Defined contributory pension scheme*

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

### 3.1.3 *Defined contributory provident fund*

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

### 3.1.4 *Accumulated compensated absences*

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

## 3.2 **Taxation**

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

### 3.2.1 *Current taxation*

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

### 3.2.2 *Deferred taxation*

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

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

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

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

## 3.3 **Provisions**

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

## 3.4 **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.

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 3.5 Property, plant and equipment

#### 3.5.1 Owned assets

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

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

Depreciation is charged to profit or loss at rates given below applying the reducing balance method. The Company has a policy to depreciate the expansion in plant and machinery on written down value in proportion to utilized capacity till such time the expanded production capacity is fully utilized. Leasehold land is amortized over the period of the lease. Depreciation on additions during the year is calculated from the month of acquisition to the end of the financial year and depreciation on deletions is calculated up to the date of disposal.

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

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

#### 3.5.2 Leased assets

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

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

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

### 3.6 Impairment

The Company's assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "lost event") and that lost event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortized cost are recognized in profit or loss.

The Company assesses at each reporting date whether there is an indication that an asset or a group of asset is impaired. If any indication exists or when annual impairment testing for an asset is required the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell an appropriate valuation model is used.



# Notes to the Financial Statements

## for the year ended June 30, 2018

A previously recognized impairment loss is reversed only if there has been change in assumption used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount nor exceeds the carrying amount that would have been determined net of depreciation had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in profit or loss.

### 3.7 Stores, spares and loose tools

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

### 3.8 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, labour and appropriation of manufacturing overhead. NRV signifies selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

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

### 3.9 Trade debts, other receivables and other financial assets

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

### 3.10 Cash and cash equivalents

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

### 3.11 Revenue recognition

Sale is recorded on transfer of significant risks and rewards of products when the Company retains neither continuing managerial involvement to degree usually associated with ownership nor effective control, the amount of revenue can be measured reliably, it is probable that economic benefit associated with transactions will flow to the Company and cost incurred or to be incurred in respect of transaction can be measured reliably which occurs as on achievement of delivery of products to customers. Revenue from sale of products is measure at the fair value of consideration received or receivable.

Income on bank deposits is accounted for on time apportioned basis by reference to the principal outstanding and applicable rate of return. Income on investment is recorded on time proportion basis taking into account the effective yield of such securities. While dividend income is recognized when right to receive is established.

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 3.12 Borrowing costs

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

### 3.13 Transactions with related parties

All transactions with related parties are carried out on commercial terms as approved by the Board.

### 3.14 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company transfers substantially all the risks and rewards of ownership of the financial asset. If the Company neither transfers nor returns substantially all the risks and rewards of ownership of the financial asset, the principal assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset and financial liability is derecognized at the time when the obligation specified in the contract is discharged or cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the profit or loss currently. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received, respectively, and subsequently carried at fair value, amortized cost or cost, as the case may be.

#### 3.14.1 Financial assets

Financial assets of the Company include held-to-maturity investment and loan and receivables.

##### Investment held to maturity

Investments held-to-maturity are non-derivative financial assets which carry fixed or determinable payments and fixed maturities other than loan and receivables. Investments are classified as held to maturity if the Company has the positive intention and ability to hold to maturity. The Company currently holds Term Deposits Receipts designated into this category. Held to maturity investments are measured subsequently at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

##### Loan and receivables

Loan and receivables include trade debts, deposits and other receivables. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Trade and other receivables are assessed on regular basis for impairment and if there is any doubt about the recoverability of these receivables, appropriate amount to provision is made. Balances considered bad and irrecoverable are written off against the provision. Provision for doubtful debts is charged to profit or loss currently.

#### 3.14.2 Financial Liabilities

The Company financial liabilities include trade and other payables.

Trade and other payables include trade creditors and other payables. Subsequent to initial recognition trade and other payables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 3.15 Offsetting

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

### 3.16 Foreign currency transactions and translations

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

### 3.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised 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.

	Note	2018 Rupees	2017 Rupees
<b>4 Property, plant and equipment</b>			
Operating fixed assets	4.1	164,244,358	142,171,886
Capital work in progress	4.2	143,369,703	28,470,325
		<b>307,614,061</b>	<b>170,642,211</b>

# Notes to the Financial Statements

## for the year ended at June 30, 2018

### 4.1 Operating fixed assets

	Buildings on leasehold land				Plant and machinery	Equipment		Computer installations	Motor vehicles	Total owned assets	Leasehold land	Total
	Office	Factory	Tube well	Furniture and fixture		Office	Tools and workshop					
Rupees												
Cost												
Balance at July 1, 2016	2,406,019	48,044,389	547,920	263,019,484	1,669,910	925,008	3,774,398	2,260,085	4,754,375	327,401,588	1,701,971	329,103,559
Additions	-	-	-	7,108,269	-	-	-	18,900	-	7,127,169	-	7,127,169
Transfers from CWIP	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2017	2,406,019	48,044,389	547,920	270,127,753	1,669,910	925,008	3,774,398	2,278,985	4,754,375	334,528,757	1,701,971	336,230,728
Balance at July 1, 2017	2,406,019	48,044,389	547,920	270,127,753	1,669,910	925,008	3,774,398	2,278,985	4,754,375	334,528,757	1,701,971	336,230,728
Additions	-	4,705,645	-	-	-	89,000	-	46,073	-	4,840,718	-	4,840,718
Transfers from CWIP	-	-	-	33,148,351	-	-	-	-	-	33,148,351	-	33,148,351
Disposals	-	-	-	-	-	-	-	-	(835,880)	(835,880)	-	(835,880)
Balance at June 30, 2018	2,406,019	52,750,034	547,920	303,276,104	1,669,910	1,014,008	3,774,398	2,325,058	3,918,495	371,681,946	1,701,971	373,383,917
Accumulated depreciation												
Balance at July 1, 2016	1,446,420	18,441,505	524,691	148,113,447	944,981	718,056	2,567,231	1,858,369	4,069,916	178,684,616	1,697,310	180,381,926
Depreciation	47,979	2,665,244	2,326	10,526,420	72,506	20,628	122,547	82,373	136,893	13,676,916	-	13,676,916
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2017	1,494,399	21,106,749	527,017	158,639,867	1,017,487	738,684	2,689,778	1,940,742	4,206,809	192,361,532	1,697,310	194,058,842
Balance at July 1, 2017	1,494,399	21,106,749	527,017	158,639,867	1,017,487	738,684	2,689,778	1,940,742	4,206,809	192,361,532	1,697,310	194,058,842
Depreciation	45,576	2,487,153	2,088	12,996,623	65,256	20,790	96,000	74,699	109,512	15,897,697	-	15,897,697
Disposals	-	-	-	-	-	-	-	-	(816,980)	(816,980)	-	(816,980)
Balance at June 30, 2018	1,539,975	23,593,902	529,105	171,636,490	1,082,743	759,474	2,785,778	2,015,441	3,499,341	207,442,249	1,697,310	209,139,559
Carrying amounts												
At June 30, 2017	911,620	26,937,640	20,903	111,487,886	652,423	186,324	1,084,620	338,243	547,566	142,167,225	4,661	142,171,886
At June 30, 2018	866,044	29,156,132	18,815	131,639,614	587,167	254,534	988,620	309,617	419,154	164,239,697	4,661	164,244,358
Rates of depreciation per annum	5%	10%	10%	10%	10%	10%	10%	20%	20%	3%	3%	

4.1.1 Net book value of assets disposed of during the year amounts to Rs. 18,900 (2017: Rs. Nil) which is less than Rs. 500,000. Therefore, no disclosure is required under the Companies Act, 2017.

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
4.1.2 Depreciation charge for the year has been - allocated as follows:			
Cost of sales	19	15,691,369	13,451,862
Administrative and general expenses	20	206,328	225,054
		<u>15,897,697</u>	<u>13,676,916</u>
4.2 Capital work in progress			
Balance at July 01		28,470,325	-
Additions during the year	4.2.1	148,047,729	28,470,325
Transferred to operating fixed assets		(33,148,351)	-
Balance at June 30		<u>143,369,703</u>	<u>28,470,325</u>
4.2.1 Additions during the year includes capitalized borrowing cost amounting to Rs. 201,732 (2017: Rs. Nil) at the rate of 3-month KIBOR plus 0.75% (2017: Nil).			
5 Stores, spares and loose tools			
Stores		15,041,326	15,343,246
Spares		34,412,742	28,769,522
Loose tools		421,334	404,199
		<u>49,875,402</u>	<u>44,516,967</u>
6 Stock in trade			
Raw and packing material	19.2	93,797,235	84,583,965
Work in process	19.1	911,655	372,768
Finished goods	19	66,334,452	21,057,142
Goods in transit	6.1	120,214,464	81,213,878
		<u>281,257,806</u>	<u>187,227,753</u>
6.1 Goods in transit includes in-bonded raw material.			
7 Trade debts			
Considered good - unsecured		442,532,051	423,456,278
Considered doubtful - unsecured		80,200,325	98,404,866
		<u>522,732,376</u>	<u>521,861,144</u>
Less: Provision at June 30	7.1	(80,200,325)	(98,404,866)
		<u>442,532,051</u>	<u>423,456,278</u>

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>7.1</b>	<b>Movement in provision for doubtful debts</b>		
Balance at July 01		98,404,866	79,379,769
Charge for the year	20	21,125,412	19,036,166
		<u>119,530,278</u>	<u>98,415,935</u>
Debts written off		(39,329,953)	(11,069)
Balance at June 30		<u>80,200,325</u>	<u>98,404,866</u>
<b>8</b>	<b>Advances, deposits, prepayments and - other receivables</b>		
Advances	8.1	32,232,592	26,461,654
Deposits and prepayments		42,410	82,608
Other receivables	8.2	33,015,707	16,591,633
		<u>65,290,709</u>	<u>43,135,895</u>
<b>8.1</b>	<b>Advances</b>		
Advances - unsecured, considered good			
To suppliers - non interest bearing	8.1.1	27,892,698	25,643,706
To employees - non interest bearing		4,339,894	817,948
		<u>32,232,592</u>	<u>26,461,654</u>
<b>8.1.1</b>	This includes mobilization advance to Wah Construction Private Limited amounting to Rs. 1,103,450 (2017: Rs. Nil) for construction of building. The maximum aggregate amount of advances to key management personnel and related parties at the end of any month during the year was Rs. 2,206,900 (2017: Rs. Nil).		
<b>8.2</b>	<b>Other receivables</b>		
Sales tax refundable		17,834,807	1,101,142
Collateral placed against bank guarantee	8.2.1	15,000,000	15,000,000
Others		180,900	490,491
		<u>33,015,707</u>	<u>16,591,633</u>
<b>8.2.1</b>	This represents amount placed in bank account as collateral against bank guarantee issued by the bank on behalf of the Company.		
<b>9</b>	<b>Short-term investment</b>		
Term deposit receipts - held to maturity	9.1	2,582,666	2,582,666
Accrued interest		96,850	108,122
		<u>2,679,516</u>	<u>2,690,788</u>
<b>9.1</b>	Term deposit receipts (TDRs) having maturity up to 1 year and average profit rate 5% per annum (2017: 3.75%).		

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>10 Advance tax - net</b>			
Balance at July 01		129,614,958	131,398,647
Provision for the year		(68,862,546)	(65,860,970)
Income tax paid / withheld during the year		98,639,658	64,077,280
Balance at June 30	10.1	159,392,070	129,614,957
10.1 The tax refundable has arisen mainly due to excess of deduction of withholding tax over the Company's tax liability.			
<b>11 Cash and bank balances</b>			
Cash in hand		72,650	134,063
Cash with banks:			
- In current accounts		18,991,343	4,250,100
		19,063,993	4,384,163
<b>12 Share capital</b>			
12.1 Authorized share capital			
This represents 20,000,000 (2017: 20,000,000) ordinary shares of Rs. 10 each.			
12.2 Issued, subscribed and paid up capital			
		2018 Number	2017 Number
		6,750,000	6,750,000
		2,250,000	2,250,000
		9,000,000	9,000,000
		2018 Rupees	2017 Rupees
		67,500,000	67,500,000
		22,500,000	22,500,000
		90,000,000	90,000,000
12.3 Wah Nobel (Private) Limited (the holding Company) held 4,970,395 (2017: 4,970,395) ordinary shares of Rs. 10 each at reporting date. Further 132,102 (2017: 132,102) and 5 (2017: 5) shares were held by associated undertakings and directors respectively at the year end. Directors held these shares as nominee(s) of Wah Nobel (Private) Limited. The ultimate ownership remains with Wah Nobel (Private) Limited.			
12.4 The Company has no reserved or potential ordinary shares for issuance under options and sales contract.			
12.5 All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.			
<b>13 Long term financing</b>	Note	2018 Rupees	2017 Rupees
Term finance facility - secured	13.1	96,000,000	-
Less: Current portion shown under current liabilities		(13,714,286)	-
		82,285,714	-

# Notes to the Financial Statements

## for the year ended June 30, 2018

- 13.1** This represents the outstanding balance of term finance facility of Rs. 96 million (2017: Rs. Nil) from Bank Al Habib. The facility is repayable in 14 equal quarterly instalments started from March 2019. Mark-up is payable on quarterly basis at the rate of 3-month KIBOR plus 0.75% per annum. The facility is secured by way of creation of exclusive charge on new Formaldehyde Plant amounting to Rs. 115 million.

	Note	2018 Rupees	2017 Rupees
<b>14 Deferred liabilities</b>			
Provision for accumulated compensated absences	14.1	6,080,463	5,444,971
Deferred tax liability	14.2	422,533	-
		<b>6,502,996</b>	<b>5,444,971</b>
<b>14.1 Movement in liability recognised in - statement of financial position:</b>			
Balance at July 01		5,444,971	4,294,302
Charge for the year	14.1.1	2,811,880	2,268,406
Benefits paid during the year		(2,176,388)	(1,117,736)
Balance at June 30		<b>6,080,463</b>	<b>5,444,971</b>
<b>14.1.1 The amounts recognized in the statement of profit or loss - and other comprehensive income are as follows:</b>			
Current service cost		1,515,074	1,434,874
Interest cost		337,650	270,819
Actuarial loss on present value of defined benefit obligation		959,156	562,713
		<b>2,811,880</b>	<b>2,268,406</b>
<b>14.1.2 Principal actuarial assumptions used were as follows:</b>			
Discount rate		7.75%	7.25%
Expected rate of increase in salary		8.00%	6.75%
Average number of leaves accumulated per annum - officers		9 days	9 days
Average number of leaves accumulated per annum - staff		5 days	5 days
Average number of leaves accumulated per annum - workers		3 days	3 days

### 14.1.3 Sensitivity analysis

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

		Effect of 1% increase Rupees	Effect of 1% decrease Rupees
Discount rate		5,524,972	6,734,207
Future salary growth		6,725,700	5,523,019
		<b>2018 Rupees</b>	<b>2017 Rupees</b>
<b>14.2 Deferred tax liability / (asset)</b>	Note		
(Asset) / liability at July 01		(5,958,521)	1,200,749
Recognised in profit or loss		6,491,941	(7,906,010)
Recognised in other comprehensive income		(110,887)	746,740
Liability / (asset) at June 30	14.2.1	<b>422,533</b>	<b>(5,958,521)</b>



# Notes to the Financial Statements

## for the year ended June 30, 2018

### 14.2.1 Deferred tax liability / (asset) comprises of the following:

Deferred tax liability on taxable temporary differences

	Note	2018 Rupees	2017 Rupees
Accelerated tax depreciation		22,116,417	25,209,229
Deferred tax asset on deductible temporary differences			
Provision for doubtful debts		(20,050,081)	(29,521,460)
Provision for staff retirement and other benefits		(1,520,117)	(1,633,491)
Provision for gratuity scheme			
- routed through other comprehensive income		(123,686)	(12,799)
		<u>422,533</u>	<u>(5,958,521)</u>

### 15 Trade and other payables

Trade creditors	15.1	146,545,298	25,085,950
Advances from customers		5,913,443	6,270,470
Accrued liabilities		6,310,810	39,967,821
Bonus payable		19,280,824	19,236,465
Sales tax payable		6,547,688	2,450,488
Payable to employees gratuity fund	15.2	2,495,957	742,087
Workers' profit participation fund	15.3	2,397,229	228,874
Workers' welfare fund	15.4	28,021,454	22,930,507
Payable to employees' provident fund	15.5	-	473,871
Payable to employees' pension fund	15.6	1,211,610	-
Other liabilities		4,001,679	2,598,578
		<u>222,725,992</u>	<u>119,985,111</u>

15.1 Trade creditors includes payable to Nobel Energy Limited (an associated company) amounting to Rs. 4,002,280 (2017: Rs. 5,857,462)

### 15.2 The amounts recognized in statement of - financial position are as follows:

Present value of defined benefit obligation	15.2.1	26,819,638	27,626,099
Fair value of plan assets	15.2.2	(24,323,681)	(26,884,012)
		<u>2,495,957</u>	<u>742,087</u>

### 15.2.1 Movement in the present value of - defined benefit obligations is as follows:

Balance at July 01		27,626,099	24,503,107
Current service cost	15.2.3	1,772,185	1,664,650
Interest cost	15.2.3	1,985,975	1,776,475
Actuarial loss from changes in demographic assumption	15.2.4	58,636	22,424
Experience adjustment	15.2.4	(622,020)	(340,557)
Benefits paid / adjustments		(4,001,237)	-
Balance at June 30		<u>26,819,638</u>	<u>27,626,099</u>

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 15.2.2 Movement in the fair value of plan assets is as follows:

	Note	2018 Rupees	2017 Rupees
Balance at July 01		26,884,012	19,161,725
Interest income on plan assets	15.2.3	1,947,838	1,551,287
Return on plan asset, excluding interest income	15.2.4	(1,006,932)	2,171,000
Contributions		500,000	4,000,000
Benefits paid		(4,001,237)	-
Balance at June 30		24,323,681	26,884,012

### 15.2.3 Amount recognised in profit or loss is as follows:

Current service cost	1,772,185	1,664,650
Interest cost	1,985,975	1,776,475
Interest income on plan assets	(1,947,838)	(1,551,287)
	1,810,322	1,889,838

### 15.2.4 Amount recognised in other comprehensive income:

Actuarial loss from change in demographic assumptions	(58,636)	(22,424)
Experience adjustment	622,020	340,557
Return on plan asset, excluding interest income	(1,006,932)	2,171,000
Remeasurement (loss) / gain recognized in OCI	(443,548)	2,489,133

### 15.2.5 Movement in liability recognised in - statement of financial position:

Balance at July 01	742,087	5,341,383
Amount recognised in profit or loss is as follows:	1,810,322	1,889,838
Amount recognised in other comprehensive income	443,548	(2,489,133)
Contributions during the year	(500,000)	(4,000,000)
Balance at June 30	2,495,957	742,087

### 15.2.6 Contributions expected to be paid to the plan during next year

2,028,105	1,674,696
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### 15.2.7 Plan assets comprise of:

Bond	17.70%	70.95%
Equity	27.90%	2.38%
Cash / deposits and other	54.40%	26.67%
	100%	100%

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

# Notes to the Financial Statements

## for the year ended June 30, 2018

	2018	2017
15.2.9 Principal actuarial assumptions used in the - actuarial valuation are as follows:		
Discount rate used for interest cost in profit or loss charge	7.75%	7.25%
Discount rate used for year end obligation	9.00%	7.75%
Expected rate of salary growth:		
Salary increase	N/A	N/A
Salary increase 2018 onward	8.00%	6.25%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rate	age based (per appendix)	age based (per appendix)
Retirement assumption	Age 60	Age 60
Estimated charge to profit or loss for the next year (Rupees)	2,028,105	1,674,696

### 15.2.10 Sensitivity analysis

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

	Effect of 1% increase (Rupees)	Effect of 1% decrease (Rupees)
Discount rate	24,691,750	29,274,497
Salary increase	29,301,564	24,630,641

15.2.11 The average duration of the defined benefit obligation as at 30 June 2018 is 9 years (2017: 8 years).

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

	Note	2018 Rupees	2017 Rupees
15.3 Workers' profit participation fund			
Balance at July 01		228,874	1,882,803
Expense for the year	23	13,397,229	10,228,874
Interest for the year on funds utilized by the Company	22	15,237	205,819
Payments during the year		(11,244,111)	(12,088,622)
Balance at June 30		2,397,229	228,874

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 15.4 Workers' welfare fund

		2018 Rupees	2017 Rupees
Balance at July 01		22,930,507	19,043,535
Expense for the year	23	5,090,947	3,886,972
Balance at June 30	15.4.1	28,021,454	22,930,507

15.4.1 On the basis of appellate decision on appeal of parent company, no payment is made in current year while provision is made on prudent basis, in case of any unfavourable decision on the appeal of department against the decision of appellate tribunal.

### 15.5 Payable to employees' provident fund

Balance at July 01	473,871	470,277
Contribution / withheld during the year	5,559,660	5,573,227
Payments during the year	(6,033,531)	(5,569,633)
Balance at June 30	-	473,871

### 15.6 Payable to employees' pension fund

Balance at July 01	-	-
Contribution / withheld during the year	1,211,610	1,294,873
Payments during the year	-	(1,294,873)
Balance at June 30	1,211,610	-

### 16 Due to holding company

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

### 17 Short-term borrowings - secured

Running finance facility from Bank Al-Habib	96,651,929	95,150,491
Running finance facility from MCB Bank Limited	37,274,849	28,647,102
Running finance facility from Askari Bank Limited	82,445,700	94,170,843
	216,372,478	217,968,436

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 17.1 Facilities related to short term borrowings - secured

The Company has the following running finance facilities aggregating to Rs. 360 million (2017: Rs. 360 million) out of which amount aggregating to Rs. 143.63 million (2017: Rs. 143.39 million) remained unavailed at the year end.

Banks	Markup	Draw down limit	
		2018	2017
Rupees			
Bank Al-Habib Limited	1 months average KIBOR plus 0.35%	120,000,000	120,000,000
Allied Bank Limited	1 month KIBOR plus 0.5%	100,000,000	100,000,000
MCB Bank Limited	3 month KIBOR plus 0.5%	40,000,000	40,000,000
Askari Bank Ltd	3 month KIBOR plus 0.35%	100,000,000	100,000,000

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

### 17.3 Facilities secured against:

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

### 17.4 Facilities of letter of guarantee and letter of credit

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

Bank	Note	Letter of guarantee		Letter of credit	
		2018	2017	2018	2017
Rupees					
Bank Al Habib Limited	17.4.1	20,000,000	20,000,000	250,000,000	250,000,000
Allied Bank limited	17.4.2	-	-	100,000,000	100,000,000
MCB Bank Limited	17.4.3	10,000,000	10,000,000	240,000,000	240,000,000
Askari Bank Limited	17.4.4	38,000,000	38,000,000	100,000,000	100,000,000

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

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

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

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

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 18 Contingencies and commitments

#### 18.1 Contingencies

- 18.1.1 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 (2017: 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.

- 18.1.2 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. The Court has admitted the appeal for regular hearing. The case is now awaiting adjudication by the Supreme Court.

Currently all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash 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. 1,053 million (2017 : Rs. 986 million) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the balance sheet date. However, keeping in view the facts, previous decisions which has been in the favour of the company and on advise of the legal advisor of the Company the management is confident that no such exposure will arise to the Company, therefore, no provision for this has been made in these financial statements.

- 18.1.3 Under the Punjab Excise Act, 1914, Excise Commissioner / Director General, Excise and Taxation Department, Punjab has issued a notification dated June 30, 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.

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

	2018 Rupees	2017 Rupees
18.2 Commitments in respect of:		
18.2.1 Letters of credit for purchase of stocks	240,135,740	105,448,875
18.2.2 Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house.	8,473,132	31,595,742
18.2.3 Guarantee issued by banks on behalf of the Company	15,000,000	15,000,000

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>19 Cost of sales</b>			
Cost of goods manufactured	19.1	1,381,224,272	974,858,124
Packing material consumed		8,752,375	6,702,298
		<u>1,389,976,647</u>	<u>981,560,422</u>
Opening stock of finished goods	6	21,057,142	19,785,179
Closing stock of finished goods	6	(66,334,452)	(21,057,142)
		<u>1,344,699,337</u>	<u>980,288,459</u>
<b>19.1 Cost of goods manufactured</b>			
Raw material consumed	19.2	1,134,976,331	782,156,913
Stores and spares consumed		44,227,664	37,974,767
Salaries, wages and other benefits	21.1	95,420,301	85,039,095
Fuel and power		79,994,711	46,781,306
Rent, rates and taxes		625,472	546,129
Insurance		700,128	799,962
Repairs and maintenance		1,066,306	1,608,588
Outside security charges		1,392,000	1,481,120
Miscellaneous expenses		7,668,877	4,740,447
Depreciation	4.1.2	15,691,369	13,451,862
Manufacturing cost		<u>1,381,763,159</u>	<u>974,580,189</u>
Opening stock of work in process	6	372,768	650,703
Closing stock of work in process	6	(911,655)	(372,768)
		<u>1,381,224,272</u>	<u>974,858,124</u>
<b>19.2 Raw material consumed</b>			
Opening stock	6	84,583,965	74,843,965
Purchases during the year		1,144,189,601	791,896,913
		<u>1,228,773,566</u>	<u>866,740,878</u>
Closing stock	6	(93,797,235)	(84,583,965)
		<u>1,134,976,331</u>	<u>782,156,913</u>

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>20 Administrative and general expenses</b>			
Salaries, wages and other benefits	21.1	8,009,759	7,581,079
Corporate service fee		900,000	900,000
Office rent		78,180	162,811
Postage, telephone and telex		445,032	378,835
Printing and stationery		411,965	611,112
Traveling and conveyance		1,159,335	684,740
Entertainment		435,640	135,367
Legal and professional charges		1,060,083	514,998
Fees and subscription		489,087	386,602
Advertisement and publicity		205,860	108,120
Maintenance expenses		818,121	77,731
Provision for doubtful debts	7.1	21,125,412	19,036,166
Miscellaneous expenses		1,051,451	694,403
Depreciation	4.1.2	206,328	225,054
		<b>36,396,253</b>	<b>31,497,018</b>
<b>21 Selling and distribution expenses</b>			
Salaries, wages and other benefits	21.1	5,730,919	8,089,753
Postage, telephone and telex		184,362	86,654
Printing and stationery		13,429	77,380
Traveling and conveyance		740,737	723,253
Carriage		18,074,085	20,490,544
Vehicle running expenses		593,227	142,250
Transit insurance		1,001,572	739,980
Entertainment		12,070	65,355
Miscellaneous expenses		713,717	371,828
		<b>27,064,118</b>	<b>30,786,997</b>
<b>21.1</b>	Related amounts include contribution towards pension fund of Rs. 1,211,610 (2017: Rs. 1,294,873), provident fund of Rs. 1,972,151 (2017: Rs. 1,997,584), expense for accumulating absences of Rs. 2,811,880 (2017: Rs. 2,268,406), gratuity of Rs. 1,810,322 (2017: Rs.1,889,838) and provision for bonus to employees of Rs. 19,280,824 (2017: Rs. 19,236,465).		



# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>22 Finance cost</b>			
Mark up on short term borrowings		6,702,119	6,920,113
Interest on workers' profit participation fund	15.3	15,237	205,819
Bank charges		263,047	515,242
		<u>6,980,403</u>	<u>7,641,174</u>
<b>23 Other expenses</b>			
Workers' profit participation fund	15.3	13,397,229	10,228,874
Workers' welfare fund	15.4	5,090,947	3,886,972
Auditors' remuneration	23.1	460,000	460,000
		<u>18,948,176</u>	<u>14,575,846</u>
<b>23.1 Auditors' remuneration</b>			
Annual audit fee		350,000	350,000
Half yearly review		110,000	110,000
		<u>460,000</u>	<u>460,000</u>
<b>24 Other income</b>			
Income from financial assets	24.1	747,160	1,741,654
Income from non-financial assets	24.2	1,872,125	2,769,177
		<u>2,619,285</u>	<u>4,510,831</u>
<b>24.1 Income from financial assets</b>			
Interest on term deposit receipts		555,656	481,811
Interest on collateral placed against bank guarantee		191,504	-
Gain on sale of investment		-	1,259,843
		<u>747,160</u>	<u>1,741,654</u>
<b>24.2 Income from non-financial assets</b>			
Gain on sale of fixed asset		465,408	-
Sale of scrap		1,406,717	2,769,177
		<u>1,872,125</u>	<u>2,769,177</u>

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>25</b>	<b>Taxation</b>		
Current tax			
- Charge for the year		68,862,546	65,860,970
Deferred tax			
- Charge / (reversal) for the year	14.2	6,491,941	(7,906,010)
		<u>75,354,487</u>	<u>57,954,960</u>
<b>25.1</b>	<b>Tax charge reconciliation</b>		
Accounting profit		249,456,401	189,059,646
Tax rate		30%	31%
Tax on accounting profit at applicable rate		74,836,920	58,608,490
Permanent differences		517,567	(653,530)
		<u>75,354,487</u>	<u>57,954,960</u>
<b>25.2</b>	The provision for current tax represents tax on taxable income at the rate of 30%. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:		
		2017 Rupees	2016 Rupees
Income tax provision for the year			2015 Rupees
- as per financial statements		65,860,970	44,285,896
			12,099,110
Income tax as per tax assessment		65,748,065	41,275,421
			12,099,110
	Note	2018	2017
<b>26</b>	<b>Earnings per share - basic and diluted</b>		
Profit for the year - Rupees		174,101,914	131,104,686
Number of ordinary shares outstanding during the year	12	9,000,000	9,000,000
Earnings per share - basic and diluted in rupees		19.34	14.57

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 27 Adjustment for non-cash items

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

	Note	2018 Rupees	2017 Rupees
Adjustments			
Depreciation	4.1.2	15,897,697	13,676,916
Interest on term deposit receipts	24.1	(555,656)	(481,811)
Bank interest	24.1	(191,504)	-
Finance cost	22	6,965,166	7,435,355
Interest on workers' profit participation fund	22	15,237	205,819
Gain on disposal of shares		-	(1,259,843)
Gain on disposal of fixed assets	24.2	(465,408)	-
Share in profit of associate - net of tax		-	1,401,980
Provision for gratuity fund	15.2.3	1,810,322	1,889,838
Workers' profit participation fund (WPPF)	23	13,397,229	10,228,874
Workers' welfare fund (WWF)	23	5,090,947	3,886,972
Provision for accumulated compensated absences	14.1.1	2,811,880	2,268,406
Provident fund	15.5	5,559,660	5,573,227
Pension fund	15.6	1,211,610	1,294,873
Debts written off	7.1	(39,329,953)	(11,069)
Provision for doubtful debts	20	21,125,412	19,036,166
		<b>33,342,639</b>	<b>65,145,703</b>

### 28 Cash and cash equivalents

Cash and bank balances	11	19,063,993	4,384,163
Short term borrowings - secured	17	(216,372,478)	(217,968,436)
		<b>(197,308,485)</b>	<b>(213,584,273)</b>

# Notes to the Financial Statements

## for the year ended at June 30, 2018

### 29 Financial risk management

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

	Carrying amount			Fair value					
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
June 30, 2018									
Financial assets not measured at fair value									
Trade debts - net of provision	442,532,051	-	-	-	442,532,051	-	-	-	-
Short-term investment	2,679,516	-	-	-	2,679,516	-	-	-	-
Cash and bank balances	19,063,993	-	-	-	19,063,993	-	-	-	-
Advances to employees	4,339,894	-	-	-	4,339,894	-	-	-	-
Other receivables	15,180,900	-	-	-	15,180,900	-	-	-	-
	483,796,354	-	-	-	483,796,354	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing	-	-	-	82,285,714	82,285,714	-	-	-	-
Trade and other payables	-	-	-	207,768,900	207,768,900	-	-	-	-
Due to holding company	-	-	-	1,288,910	1,288,910	-	-	-	-
Unclaimed dividends	-	-	-	4,706,707	4,706,707	-	-	-	-
Current portion of long term financing	-	-	-	13,714,286	13,714,286	-	-	-	-
Short-term borrowings	-	-	-	216,372,478	216,372,478	-	-	-	-
Accrued mark up	-	-	-	1,728,492	1,728,492	-	-	-	-
	-	-	-	527,865,487	527,865,487	-	-	-	-
June 30, 2017									
Financial assets not measured at fair value									
Trade debts - net of provision	423,456,278	-	-	-	423,456,278	-	-	-	-
Short-term investment	2,690,788	-	-	-	2,690,788	-	-	-	-
Cash and bank balances	4,384,163	-	-	-	4,384,163	-	-	-	-
Advances to employees	817,948	-	-	-	817,948	-	-	-	-
Other receivables	15,490,491	-	-	-	15,490,491	-	-	-	-
	446,839,668	-	-	-	446,839,668	-	-	-	-
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	110,522,066	110,522,066	-	-	-	-
Due to holding company	-	-	-	4,626,833	4,626,833	-	-	-	-
Unclaimed dividends	-	-	-	4,039,819	4,039,819	-	-	-	-
Short-term borrowings	-	-	-	217,968,436	217,968,436	-	-	-	-
Accrued mark up	-	-	-	951,583	951,583	-	-	-	-
	-	-	-	338,108,737	338,108,737	-	-	-	-

# Notes to the Financial Statements

## for the year ended June 30, 2018

**29.2** 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.

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

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

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

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

### **29.4 Credit risk**

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

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

	<b>2018</b>	2017
	<b>Rupees</b>	Rupees
Counterparties without external credit ratings		
Trade debts - net of provision	<b>442,532,051</b>	423,456,278
Advances to employees	<b>4,339,894</b>	817,948
Other receivables	<b>180,900</b>	490,491
	<b>447,052,845</b>	424,764,717

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Rating	2018 Rupees	2017 Rupees
<b>Counterparties with external - credit ratings</b>			
Bank balances	A 2 / A 1+ / A-1+	18,991,343	4,250,100
Other receivables	A1+ / AA+	15,000,000	15,000,000
Short-term investment	A1+ / AAA	2,679,516	2,690,788
		<b>36,670,859</b>	<b>21,940,888</b>

  

	2018		2017	
	Gross	Impairment	Gross	Impairment
	Rupees		Rupees	
Not yet due	201,506,562	-	178,858,086	-
Less than 1 year	203,810,217	-	190,195,885	-
More than 1 year but less than 2 years	22,635,548	13,758,887	66,991,006	12,588,699
More than 2 years but less than 3 years	56,677,222	28,338,611	24,318,105	24,318,105
More than 3 years	38,102,827	38,102,827	61,498,062	61,498,062
	<b>522,732,376</b>	<b>80,200,325</b>	<b>521,861,144</b>	<b>98,404,866</b>

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

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

### 29.5 Liquidity risk

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

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

# Notes to the Financial Statements

## for the year ended June 30, 2018

	Carrying amount	Contractual cash flows	Less than one year	One to two years	Two to five years	Five years onwards
Rupees						
<b>June 30, 2018</b>						
Long term financing	82,285,714	109,071,779	-	41,868,020	67,203,759	-
Trade and other payables	207,768,900	207,768,900	207,768,900	-	-	-
Due to holding company	1,288,910	1,288,910	1,288,910	-	-	-
Unclaimed dividends	4,706,707	4,706,707	4,706,707	-	-	-
Current portion of						
- long term financing	13,714,286	-	13,714,286	-	-	-
Short-term borrowings	216,372,478	-	216,372,478	-	-	-
Mark up accrued	1,728,492	1,728,492	1,728,492	-	-	-
	<b>527,865,487</b>	<b>324,564,788</b>	<b>445,579,773</b>	<b>41,868,020</b>	<b>67,203,759</b>	<b>-</b>
<b>June 30, 2017</b>						
Trade and other payables	110,522,066	110,522,066	110,522,066	-	-	-
Due to holding company	4,626,833	4,626,833	4,626,833	-	-	-
Unclaimed dividends	4,039,819	4,039,819	4,039,819	-	-	-
Short-term borrowings	217,968,436	217,968,436	217,968,436	-	-	-
Mark up accrued	951,583	951,583	951,583	-	-	-
	<b>338,108,737</b>	<b>338,108,737</b>	<b>338,108,737</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in notes 13 and 17 to the financial statements.

### 29.6 Market risk

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

#### 29.6.1 Currency risk

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

The Company is not exposed to currency risk.

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 29.6.2 Interest rate risk

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

	2018 %	2017 %	2018 Rupees	2017 Rupees
<b>Fixed rate instrument</b>				
<b>- Financial assets</b>				
Short-term investment - TDRs	<b>Refer note 9</b>	Refer note 9	<b>2,679,516</b>	2,690,788
<b>Variable rate instrument</b>				
<b>- Financial liabilities</b>				
Long term financing	<b>Refer note 13</b>	Refer note 13	<b>82,285,714</b>	-
Current portion of long term financing	<b>Refer note 13</b>	Refer note 13	<b>13,714,286</b>	-
Short-term borrowings - secured	<b>Refer note 17</b>	Refer note 17	<b>216,372,478</b>	217,968,436

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased / decreased profit or loss by Rs. 985,606 (2017: Rs. 1,017,664).

### 29.6.3 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.



# Notes to the Financial Statements

## for the year ended June 30, 2018

### 29.6.4 Fair values

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: inputs other than quoted prices included within 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).

#### Determination of fair values

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

#### Non-derivative financial assets

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

#### Non-derivative financial liabilities

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

However the fair value approximates to their carrying values.

# Notes to the Financial Statements

## for the year ended at June 30, 2018

### 30 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities		Equity			
	Short term borrowings used for working capital management	Long term loan	Share capital	Reserves	Total	
	Rupees					
Balance at July 01, 2017	217,968,436	-	90,000,000	567,666,376	875,634,812	
Changes from financing cash flows						
Receipt of loan	-	96,000,000	-	-	96,000,000	
Dividend paid	-	-	-	(53,333,112)	(53,333,112)	
Total changes from financing cash flows	-	96,000,000	-	(53,333,112)	42,666,888	
Other changes						
Liability related						
Decrease in short-term borrowings	(1,595,958)	-	-	-	(1,595,958)	
Total liability related other changes	(1,595,958)	-	-	-	(1,595,958)	
Equity related						
Total comprehensive income for the year	-	-	-	173,769,253	173,769,253	
Change in unclaimed dividend	-	-	-	(666,888)	(666,888)	
Total equity related other changes	-	-	-	173,102,365	173,102,365	
Balance at June 30, 2018	216,372,478	96,000,000	90,000,000	687,435,629	1,089,808,107	

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 31 Employees contributory funds

Details of the Employees' Pension Fund and Employees' Provident Fund are as follows:

	<i>Pension fund</i>		<i>Provident fund</i>	
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>Rupees</b>	Rupees	<b>Rupees</b>	Rupees
Size of the fund - (total assets)	<b>13,561,940</b>	16,372,113	<b>55,924,045</b>	57,250,006
Cost of investments made	<b>13,395,807</b>	16,036,486	<b>41,800,832</b>	51,055,914
Fair value of investments	<b>13,395,807</b>	16,036,486	<b>55,778,216</b>	65,860,087
Percentage of investments made (%)	<b>99</b>	98	<b>75</b>	89
Breakup of investment - at cost:				
<i>Pension fund:</i>				
Particulars	<b>2018</b>		2017	
	<b>Rupees</b>	<b>%</b>	Rupees	<b>%</b>
Investment in Money Market - CIS	<b>2,000,000</b>	<b>15</b>	6,000,000	37
Investment in Debt - CIS	<b>9,350,000</b>	<b>70</b>	9,350,000	58
Bank balances	<b>2,045,807</b>	<b>15</b>	686,486	4
	<b>13,395,807</b>	<b>100</b>	16,036,486	100
<i>Provident fund:</i>				
Investment in Money Market - CIS	<b>7,000,000</b>	<b>17</b>	20,000,000	39
Investment in Equity - CIS	<b>1,291,611</b>	<b>3</b>	1,291,611	3
Investment in Debt - CIS	<b>26,950,000</b>	<b>64</b>	26,950,000	53
Investment in Listed Equity Securities	<b>331,020</b>	<b>1</b>	331,020	1
Bank balances	<b>6,228,201</b>	<b>15</b>	2,483,283	5
	<b>41,800,832</b>	<b>100</b>	51,055,914	100

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.

### 32 Remuneration of Chief Executive Officer, Directors and Executives

No fee or remuneration was paid by the Company to Chief Executive Officer and Directors except for the lump sum amount of Rs. 900,000 (2017: Rs. 900,000) charged by Wah Nobel (Private) Limited, as corporate service fee as disclosed in note 20.

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

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 33 Related party transactions and balances

The Company is a subsidiary of Wah Nobel (Private) Limited (the holding company) and the ultimate holding Company is Wah Industries Limited, therefore, all subsidiaries and associated undertakings of the holding company and ultimate holding company 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 are able to exercise influence.

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

Associated company	Nature of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Wah Nobel (Private) Ltd.	Holding company	4,970,395	55%
Wah Nobel Acetate Ltd.	Subsidiary of the holding company	Nil	Nil
Nobel Energy Limited	Subsidiary of the holding company	Nil	Nil

Related party	Nature of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Employees Provident Fund	Contributory Provident Fund	33,102	0.37%
Employees Pension Fund	Contributory Pension Fund	Nil	Nil
Employees Gratuity Fund	Defined Gratuity Fund	Nil	Nil
		<b>2018</b>	<b>2017</b>
		<b>Rupees</b>	<b>Rupees</b>

#### Transactions and balances with related parties

##### - Transactions:

Expenses incurred (on behalf of) / by the group companies net		<b>(4,237,923)</b>	1,954,533
Corporate service fee charged by holding company	20	<b>900,000</b>	900,000
Purchase of electricity from associated company	19	<b>16,968,169</b>	17,987,579
Purchase of raw material from associated company	19	<b>33,023,250</b>	-
Sales to associated company		-	33,289
Payment to Employees' Provident Fund	15.5	<b>6,033,531</b>	5,569,633
Payment to Employees' Pension Fund	15.6	-	(1,294,873)
Payment to Employees' Gratuity Fund	15.2.2	<b>500,000</b>	4,000,000

##### - Balances:

Due to holding company	16	<b>1,288,910</b>	4,626,833
Due to Wah Nobel Energy Limited	15.1	<b>4,002,280</b>	-
Payable to Employees' Gratuity Fund	15.2	<b>2,495,957</b>	742,087
Payable to Employees' Provident fund	15.5	-	473,871
Payable to Employees' Pension fund	15.6	<b>1,211,610</b>	-

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 34 Capacity and production

	Designed annual capacity		Actual production	
	2018	2017	2018	2017
	Metric tones			
Formaldehyde and Formalin solvent	30,000	30,000	25,443	23,973
Urea / Phenol Formaldehyde	19,000	19,000	9,800	11,207
UFMC	7,000	4,800	6,306	4,507

### 35 Number of persons employed

	2018	2017
	Numbers	Numbers
Total employees of the Company at year end	141	133
Average employees of the Company during the year	137	133
Employees working in the Company's factory at the year end	129	120
Average employees working in the Company's factory during the year	125	120

### 36 Non-adjusting event after balance sheet date

The Board of directors at the meeting held on September 27, 2018 have proposed for the year ended June 30, 2018 cash dividend of Rs. 5 per share (2017: Rs. 6 per share), amounting to Rs. 45 million (2017: Rs. 54 million) subject to approval of members at the annual general meeting.

### 37 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:

	2018	2017
	Rupees	Rupees
Profits earned on any conventional investment	191,504	-
Interest paid on any conventional loan or advance	6,188,257	8,796,781

For profits earned on conventional investments and finance cost on conventional short-term borrowings, refer notes 24 and 22 respectively.

Disclosures other than above are not applicable to the Company.

# Notes to the Financial Statements

## for the year ended June 30, 2018

### 38 Corresponding figures

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been represented, wherever considered necessary, to comply with the requirements of the Companies Act, 2017. Following major representations have been made during the year:

Description	Represented from	Represented to	2017 Rupees
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	4,039,819

### 39 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on September 27, 2018.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

## چیرمین کی طرف سے جائزہ کی رپورٹ

میں بمسرت آپ کو واہ نوبل کیمیکلز لمیٹڈ کمپنی کے 30 جون 2018 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کر رہا ہوں۔ سال 2017-18 کمپنی کے لئے ایک اور اعلیٰ کارکردگی اور ترقی کا سال تھا۔ کمپنی نے اپنا سب سے زیادہ خالص آمدنی اور بعد از ٹیکس منافع بالترتیب 1.681 بلین روپے اور 0.174 بلین روپے حاصل کیا۔ مالیاتی کارکردگی کی بدولت بورڈ نے حتمی نقد ڈیویڈنڈ 50 فیصد جو کہ فی شیئر 5 روپے ادا کرنے کی سفارش کی ہے۔ کمپنی نے حکومتی محصولات، ٹیکسوں اور درآمدی ڈیوٹی کی مد میں 0.450 بلین روپے قومی خزانے میں جمع کروائے ہیں۔

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

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

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

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

لیفٹیننٹ جنرل صادق علی، ہلال امتیاز (ملٹری)

چیرمین

واہ کینٹ: 27 ستمبر 2018

## ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز بمسرت 30 جون 2018 کو ختم ہونے والے سال کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ گوشوارے اور آڈٹ رپورٹ پیش کرتے ہیں۔

### مالیاتی کارکردگی کا جائزہ

کمپنی نے رواں مالی سال 2017-18 کے دوران 1.681 بلین روپے اور گزشتہ سال میں 1.25 بلین روپے خالص آمدنی حاصل کی نتیجتاً کمپنی کی خالص آمدنی میں 34.37% کا اضافہ ہوا۔ خاطر خواہ سیلز اور پیداواری صلاحیتوں کی بدولت کمپنی کا مجموعی منافع 333.226 بلین روپے ہوا جبکہ گزشتہ سال خالص منافع 270.452 بلین روپے تھا۔ کمپنی کے زیر جائزہ سال کے بلند ترین بعد از ٹیکس منافع 174.102 بلین روپے حاصل کرنے میں کامیابی حاصل کر چکی ہے۔ گزشتہ سال اسی مدت کے دوران بعد از ٹیکس منافع 131.105 بلین روپے رہا۔ یوں خالص منافع میں اضافہ 42.997 بلین روپے ہے۔ بعد از ٹیکس منافع میں اضافہ بزنس کے حجم میں اضافہ، قیمت کے توازن، بہتر سیلرکس، زیادہ سے زیادہ صلاحیت کے استعمال باصلاحیت مینجمنٹ اور فکسڈ اخراجات میں بچت میں اضافہ سے منسوب ہے۔

### مالیاتی نتائج

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

2016-17	2017-18		
		(روپے ہزاروں میں)	
1,250,740	1,680,925	(Net Sales)	خالص فروخت
270,452	336,226	(Gross Profit)	کل منافع
208,168	272,766	(Operating Profit)	آپریٹنگ منافع
189,060	249,456	(Profit before Taxation)	قبل از ٹیکس منافع
57,955	75,354	(Provision for Tax)	ٹیکس
131,105	174,102	(Profit after Taxation)	بعد از ٹیکس منافع
1,742	(333)	(Other Comprehensive income/loss)	دیگر جامع آمدنی نقصان
132,847	173,769	(Total Comprehensive Income)	سال کی کل جامع آمدنی
95,819	142,666	(Unappropriated Profit for year brought forward)	گزشتہ غیر مختص شدہ منافع
228,666	316,435	(Profit available for appropriation)	اختصاص کے لئے دستیاب منافع

### اختصاص

36,000	54,000	اداشدہ ڈیویڈنڈ (9,000,000 شیئرز @ -/6 روپے -/4 روپے فی شیئر)
50,000	80,000	مجموعی ریزرو (reserve) میں منتقلی
142,666	182,435	غیر مختص شدہ منافع



## مجموعی آمدنی فی شیئر

برائے سال ختمہ 30 جون 2018 فی شیئر آمدن 19.34 روپے جبکہ گزشتہ سال فی شیئر آمدن 14.57 روپے تھی۔

## بعد کے تصرفات

ڈائریکٹرز کی جانب سے 30 جون 2018 کو ختم ہونے والے سال کے لئے مندرجہ ذیل تصرفات کی سفارش منظوری دی گئی ہے۔ جن کی تفصیل کمپنی کے بعد میں آنے والے مالی گوشواروں میں دی جائے گی۔

### (i) ڈیویڈنڈ

ڈائریکٹرز کی جانب سے نقد ڈیویڈنڈ @ 5 روپے فی شیئر (یعنی 50 فیصد) کی سفارش کی ہے۔ جو کہ آئندہ ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

### (ii) عمومی ذخائر

ڈائریکٹرز نے مختص شدہ منافع میں سے 130 ملین روپے کی مجموعی ذخائر میں منتقلی کی بھی تجویز منظوری دی ہے۔

## مستقبل پر ایک نظر (2018-19)

کمپنی ایک انتہائی مسابقتی صنعت ہے، جو بہت زیادہ صلاحیت کی حامل ہے، موجودہ مارکیٹ میں بہت زیادہ مقابلے اور نئی کمپنیوں کی آمد کے باعث کمپنی کے ان پٹ اخراجات میں مسلسل اضافہ، روپے کی قدر میں کمی اور روز افزاں بڑھتی مہنگائی کی وجہ سے کمپنی کے مارجنز پر دباؤ متوقع ہے۔ تاہم مینجمنٹ ان چیلنجوں سے نمبر ڈال رہا ہونے کے لئے تمام ممکنہ اقدامات کر رہی ہے۔ اور سال 2018-19 میں ترقی کی رفتار کو برقرار رکھتے ہوئے پُر امید ہے۔

نیفا فارمیڈی ہائیڈ پلانٹ جو کہ سالانہ 50,000 میٹرک ٹن پیداواری صلاحیت رکھتا ہے کامیابی سے نصب کیا جا چکا ہے۔ اور دوران اکتوبر 2018 کمرشل پیداوار کا آغاز متوقع ہے۔ دوران سال یوریا فارمیڈی ہائیڈ مولڈنگ کمپائونڈ کی پیداواری صلاحیت میں 4,800 تا 7,000 میٹرک ٹن پیداوار میں پہلے ہی اضافہ ہو چکا ہے۔ توقع ہے کہ UPMC اور فارمیڈی ہائیڈ پلانٹ کی اس اضافی پیداوار سے کمپنی مزید آمدنی منافع حاصل کر سکے گی۔

## 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 معیاری (وقفہ وقفہ سے) بنیادوں پر جائزہ لیا جاتا ہے تاکہ تصدیق کی جاسکے کہ آیا یہ مؤثر ہے ان کو تبدیلی کے قوانین اور قواعد و ضوابط کے تحت تبدیل کیا گیا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ اندرونی کنٹرولز پر عملدرآمد کی نگرانی کرتا ہے۔ اندرونی اور بیرونی آڈیٹرز کے ساتھ بات چیت کے ذریعے اس بات کی تصدیق ہوتی ہے کہ کمپنی کی جانب سے مناسب کنٹرولز لاگو کئے گئے ہیں۔

## درپیش خطرات اور غیر یقینی صورتحال

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

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

### متعلقہ جماعت کے ساتھ لین دین

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

### کارپوریٹ اور مالیاتی رپورٹنگ - فریم ورک

- جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے۔ ڈائریکٹرز مندرجہ ذیل رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں:
- کمپنی مینجمنٹ کے تیار کردہ مالیاتی گوشوارے اس کے موجودہ شفاف معاملات، آپریشنز، 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 جو کہ پاکستان میں قابل عمل ہیں کا اطلاق کیا جاتا 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 اینڈ اینڈ پرمٹ فیس کیس کا کوئی منفی فیصلہ نہیں آ جاتا۔
- گذشتہ 6 مالی سالوں کا اہم آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- شاف ریٹائرمنٹ فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی غیر آڈٹ شدہ مالیت بشمول بینک ڈیپازٹس 30 جون 2018 کو درج ذیل رہے:

41,800,832	پراویڈنٹ فنڈ
17,985,120	گریجویٹ فنڈ
13,395,807	پنشن فنڈ

### بورڈ آف ڈائریکٹرز

- مندرجہ ذیل تفصیل کے مطابق بورڈ آف ڈائریکٹرز کی کل تعداد سات (7) ہے۔
- |      |        |           |
|------|--------|-----------|
| الف۔ | مرد    | سات (7)   |
| ب۔   | خواتین | کوئی نہیں |

• بورڈ کی ساخت درج ذیل طریقے پر ہے:

- |       |                               |           |
|-------|-------------------------------|-----------|
| (i)   | آزاد ڈائریکٹرز :              | کوئی نہیں |
| (ii)  | دیگر نان ایگزیکٹو ڈائریکٹرز : | چھ (6)    |
| (iii) | ایگزیکٹو ڈائریکٹرز :          | ایک (01)  |

دوران سال بورڈ میں مندرجہ ذیل تبدیلیاں رونما ہوئیں:

= جناب عبدالعزیز کو جناب تبسم رحمان کی جگہ ان کی ریٹائرمنٹ کے موقع پر 18 اگست 2017 سے ڈائریکٹر کے طور پر منتخب کیا گیا۔  
= مورخہ 15 فروری 2018 کو لیفٹیننٹ جنرل صادق علی کو لیفٹیننٹ جنرل عمر فاروق ڈرائی کی جگہ چیئر مین / ڈائریکٹر کے طور پر منتخب کیا گیا۔

بورڈ ریٹائر ہونے والے چیئر مین / ڈائریکٹر کی کمپنی میں قابل قدر شراکت (خدمات) کے لئے تہہ دل سے شکریہ ادا کرتا ہے۔ اور نئے چیئر مین / ڈائریکٹر کو گرم جوشی سے خوش آمدید کہتا ہے۔  
اس سال کے دوران پانچ (05) بورڈ میننگز منعقد کی گئیں۔ ہر ڈائریکٹر کی میننگز میں شرکت کی تعداد درج ذیل ہے۔

سیریل نمبر	ڈائریکٹر کے نام	میننگز میں شرکت کی تعداد	ریٹائرمنٹ
1-	لیفٹیننٹ جنرل صادق علی (چیئر مین)	01	15 فروری 2018 کو تعینات ہوئے
2-	لیفٹیننٹ جنرل عمر فاروق ڈرائی (سابق چیئر مین)	03	15 فروری 2018 کو مستعفی ہوئے
3-	جناب تور بجون سکسمو	05	
4-	جناب تبسم رحمان	01	18 اگست 2017 کو مستعفی ہوئے
5-	جناب محمد نواز تشنہ	04	
6-	جناب محمد افضل	03	
7-	جناب عبدالعزیز	04	18 اگست 2017 کو تعینات ہوئے
8-	جناب حشمت حسین	05	
9-	بریگیڈیئر (ر) شیراز اللہ چوہدری	05	

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

سیریل نمبر	ڈائریکٹر کے نام	میننگز میں شرکت کی تعداد	ریٹائرمنٹ
1-	جناب تبسم رحمان	0	18 اگست 2017 کو مستعفی ہوئے
2-	جناب محمد افضل	02	
3-	جناب عبدالعزیز	03	18 اگست 2017 کو تعینات ہوئے
4-	جناب حشمت حسین	03	

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

سیریل نمبر	ڈائریکٹر کے نام	میننگ میں شرکت کی تعداد	ریٹائرمنٹ
1-	جناب تبسم رحمان	-	18 اگست 2017 کو مستعفی ہوئے
2-	جناب عبدالعزیز	01	18 اگست 2017 کو تعینات ہوئے
3-	جناب حشمت حسین	01	
4-	بریگیڈیئر (ر) شیراز اللہ چوہدری	01	

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

## کارپوریٹ۔ سماجی ذمہ داری

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

توانائی کا تحفظ حالیہ برسوں میں توجہ کا مرکز رہا اس سلسلے میں توانائی کو بچانے کے لئے مختلف اقدامات کیے گئے۔ جیسے تمام اینرکنڈیشنروں اور ہیٹروں کا محدود استعمال اور برقی بلب اور ٹیوب لائٹس کی جگہ انرجی سیورز اور LED لائٹس کا استعمال ہماری مدر کمپنی (Parent Company) نے توانائی کی بچت اور بجلی کے بوجھ کو کم کرنے کے لئے واہ نوبل کے مرکزی دفتر میں سٹشی کے پنل (Panels) نصب کیے ہیں۔

کمپنی اپنے صارفین کو مسابقتی (Competitive) قیمتوں پر معیاری مصنوعات فراہم کرنے کے لئے مصروف عمل رہتی ہے۔ اور ان کو مفت مشاورتی خدمات بھی فراہم کی جاتی ہیں۔ کمپنی انتظامیہ اور ملازمین کے درمیان اچھے تعلقات استوار ہیں۔ کمپنی اپنے گاہکوں (Customers) اور سپلائرز کے ساتھ بھی مثالی تعلقات رکھتی ہے۔ کمپنی اپنے ملازمین کو ہر سال عمرہ کی سعادت سے ہمکنار کر رہی ہے۔ اس سلسلے میں وہ ملازمین جو کمپنی کے ساتھ دس سال مدت ملازمت مکمل کر چکے ہوں وہ اس سکیم کے اہل ہوتے ہیں۔ کمپنی ہر سال ایک ملازم کو کمپنی کے اخراجات پر عمرہ انجام دینے کے لئے روانہ کرتی ہے۔

ملازمین کی صحت و تحفظ کمپنی کی اولین ترجیحات میں شامل ہے۔ کمپنی صحت و حفاظت کے اصولوں اور کام کے دوران محفوظ ماحول، ملازمین کو حادثہ پر 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 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 کی جگہ کے لئے سازگار ماحول فراہم کرنے کے لئے مصروف عمل ہے۔ کمپنی ملازمین کے درمیان ٹیم ورک کے کلچر، تخلیقی صلاحیتوں، جدت، اخلاص اور وفاداری، نظم و ضبط، رواداری، باہمی احترام کی ثقافت کو فروغ دیتی ہے۔ کمپنی پیشہ ورانہ اور تکنیکی (Technical) مہارت کو فروغ دینے کے لئے افراد کو مستقل بنیاد پر ٹریننگ (Apprenticeship Training) کی سہولت فراہم کرتی رہتی ہے۔ کمپنی کارپوریٹ ٹیکس، عمومی سیلز ٹیکس، ایکسائز ڈیوٹی، وینڈر پرمٹ فیس (vend/permit fee) کی مدد سے قومی خزانے میں ایک نمایاں رقم دے کر حصہ ڈال رہی ہے۔ سال 2017-18 کے دوران کمپنی نے مبلغ 450 ملین روپے سے زیادہ کی رقم قومی خزانے میں جمع کروائی۔

## ویب سائٹ

کمپنی کی موجودہ مالی سال کی سالانہ رپورٹ مع سہ ماہی رپورٹس بشمول گزشتہ پانچ سالوں کی سالانہ رپورٹس، شیئرز ہولڈرز اور دیگر افراد کی معلومات کے لئے ویب سائٹ پر دستیاب ہیں۔ [www.wahnobel.com/wnc.htm](http://www.wahnobel.com/wnc.htm)

## وینڈ فیس اور پرمٹ فیس کا معاملہ

وینڈ فیس اور پرمٹ فیس کیس کے حوالے سے سندھ ہائی کورٹ نے پہلے ہی موافق فیصلہ کمپنی کے حق میں دے رکھا ہے۔ اس وقت یہ کیس سپریم کورٹ آف پاکستان کے پاس زیر التوا ہے سندھ ہائی کورٹ کے موافق فیصلے کی رو سے انتظامیہ سپریم کورٹ سے مثبت فیصلے کی توقع رکھتی ہے۔ اور کمپنی اپنی موجودہ حیثیت کے مطابق کام جاری رکھ سکیگی۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی رچارٹرڈ 35 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بوڑ کی آڈٹ کمیٹی نے بھی سال 2018-19 کیلئے ان کی دوبارہ تقرری کی سفارش کی ہے۔ جس کی بورڈ کی طرف سے تائید کی گئی ہے۔ جو کہ آئندہ ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

## پیٹرن آف شیئر ہولڈنگ

30 جون 2018 کے مطابق شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی اسٹیٹمنٹس (Statements) رپورٹ میں شامل ہیں۔

## اعتراف

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

ڈائریکٹرز بورڈ کی طرف سے

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

حشمت حسین  
ڈائریکٹر

واہ کینٹ: مورخہ 27 ستمبر 2018

# 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 35<sup>th</sup> Annual General  
Meeting of the Company to be held on Friday, October 26, 2018 at 1100 hrs and /or any  
adjournment thereof.

Signed this \_\_\_\_\_ day of October, 2018.

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)

35 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 34 ویں  
سالانہ اجلاس عامہ میں شرکت کرنے اور حق رائے دہی استعمال کر سکتے ہیں۔ جس کا انعقاد بروز جمعہ المبارک 26 اکتوبر 2018 کو 11 بجے دن یا اس کے ملتوی شدہ اجلاس میں۔  
دستخط / مہر اور کی طرف سے بھیج دیا گیا: \_\_\_\_\_ مورخہ \_\_\_\_\_ اکتوبر 2018

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

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر

ہدایات:

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

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Wah Nobel Chemicals Limited  
A Company of Wah Nobel Group

## Wah Nobel Group

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SAAB-AB, Sweden & Almisehal Co., Saudi Arabia