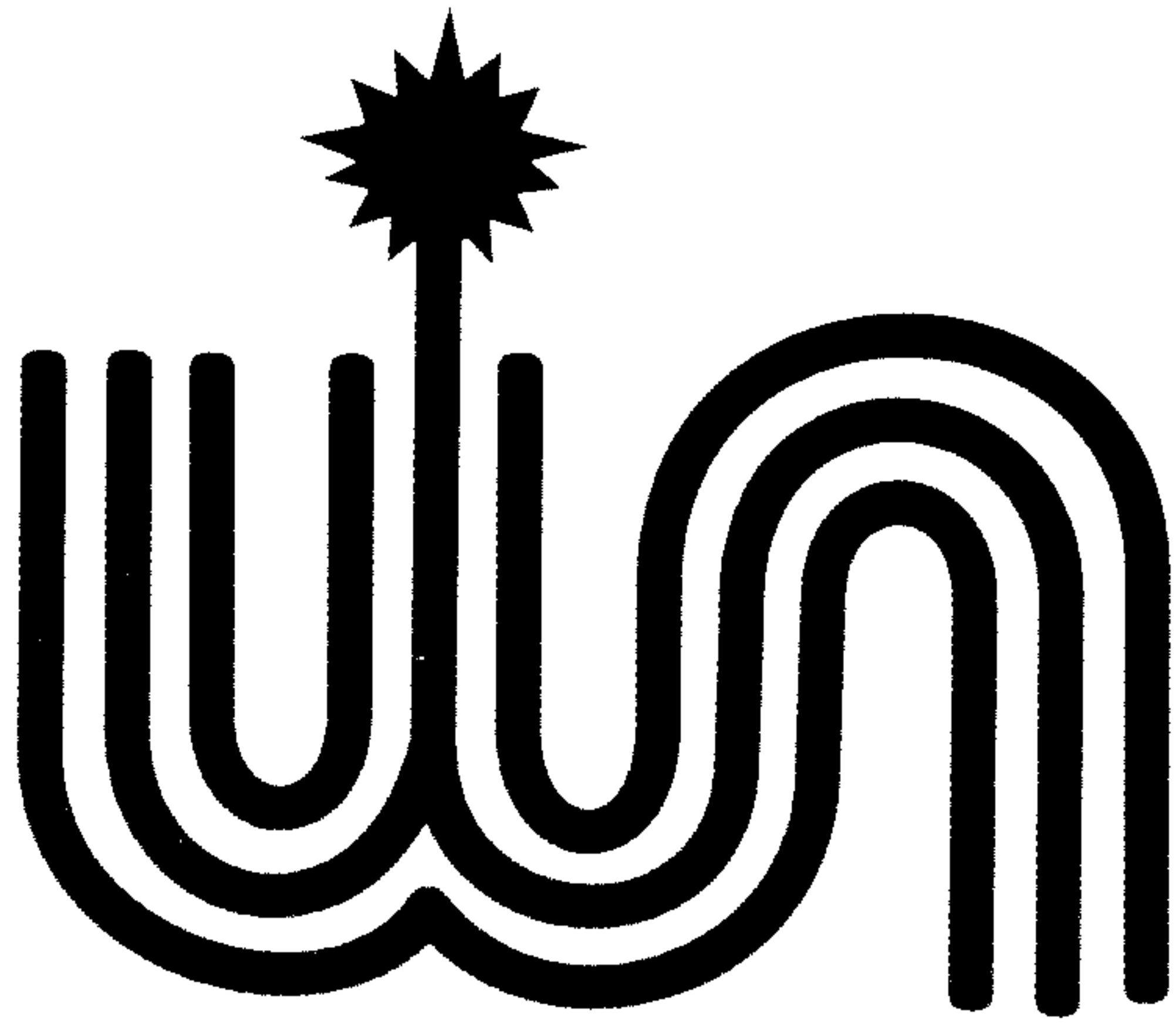




**ANNUAL REPORT  
2017**

Wah Nobel  
Chemicals Limited



**ANNUAL REPORT  
2017**

Wah Nobel  
Chemicals Limited



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# Corporate Information

## BOARD OF DIRECTORS

Lt. Gen. Umar Farooq Durrani, 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.

## PHONES

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

## FAX

: (051) 4545241, (051) 4535862

## E.MAIL

: [ce@wahnobel.com](mailto:ce@wahnobel.com)

## WEBSITE

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

## FACTORY

: Wah Cantt.

# Company Profile

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

## PRODUCTION PREMISES

● Total Area	45,100 Sqr. M
● Process Area	20,000 Sqr. M
● Auxiliary Building	1,000 Sqr. M
● Green Area	11,730 Sqr. M
● Open Plot For Future Expansion	12,270 Sqr. M

## PRODUCT RANGE

● Formaldehyde	37 TO 55% Concentration
● Urea Formaldehyde Glue	Various Grades
● Phenol Formaldehyde Glue	Various Grades
● Special Resins	Various Grades
● UFC 85	
● Urea Formaldehyde Moulding Compound	Various Grades

## INSTALLED CAPACITY

Formaldehyde	30,000 M. Tons per annum.
Urea/Phenol Formaldehyde	19,000 M. Tons per annum.
Urea Formaldehyde Moulding Compound	4,800 M. Tons per annum.

## QUALITY LEADERSHIP

Quality is an integral part of our business environment and culture. The certification of ISO 9001-2008 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 14001:2004 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 34th Annual General Meeting of the shareholders of WAH NOBEL CHEMICALS LIMITED will be held at the Registered Office of the Company, G.T. Road, Wah Cantt on Monday, October 30, 2017 at 1100 hours to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on November 30, 2016.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017 together with the Directors' and the Auditors' Reports thereon.
3. To approve the payment of cash dividend @ Rs 6.00 per share i.e. 60% 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.  
October 04, 2017

NOTES:

1. The share transfer books of the Company will remain closed from October 24, 2017 to October 30, 2017 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on October 23, 2017 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. Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised 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%.

**7. Payment of Cash Dividend through Electronic Mode:**

The Provisions of Section 242 of the companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Further SECP through Circular No. 18/2017 has provided relaxation till October 31, 2017 for the compliance of this section and required the listed companies to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 01, 2017 shall be paid through electronic mode only.

Therefore, all Shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s Ilyas Saeed Associate (Pvt) Limited, Islamabad. Shareholders who hold shares with Participants/Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker/CDC.

# 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, 2017 together with the Auditors' Report thereon.

## OPERATING PERFORMANCE

The Directors endorse profound appreciation on the Par Excellence performance, of the Company. The Financial Year under review closed as a best performing year in the history of the Company. It was a pleasure to note record Gross Profit, Pre / After Tax Profit and earnings per share. Indeed Company's performance in all spheres is commendable.

The Company achieved Net Sales Revenue of Rs 1.251 billion vis-à-vis Rs 1.182 billion of the previous year and resulted an increase of 5.84%. As a sequel Company's Gross Profit increased i.e. Rs 270.452 million as compared to Rs 236.346 million of the previous year and Gross Profit margin increased to 21.62% from 20%.

The Company accrued record Pre-tax Profit of Rs 189.060 million vis-à-vis Rs 120.085 million as compared to the previous year (increase – 57.44%) and accrued After Tax Profit of Rs 131.105 million during the period under review against Rs 78.469 million of the previous corresponding period (Increase – 67.08%).

The Operating Expenses decreased significantly from Rs 85.814 million to Rs 62.284 million during the period under review vis-à-vis the previous year which is appreciable by all standards. The decrease has been possible on account of saving in Freight Expenses, Commission on Sales.

The reduction in Financial Costs to Rs 7.641 million during the period under review from Rs 14.976 million of the previous year is commendable. This was primarily due to optimum utilization of working capital and decline in the interest rates.

## 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:

	<b>2016-17</b>	<b>2015-16</b>
	<b>Rupees (in thousands)</b>	
Net Sales	1,250,740	1,181,518
Gross Profit	270,452	236,346
Operating Profit	208,167	150,533
Profit before taxation	189,060	120,085
Provision for taxation	57,955	41,616
Profit after taxation	131,105	78,469
Other comprehensive income / (loss)	1,742	(166)
Total comprehensive income for the year	132,847	78,303
Un-appropriated profit brought forward	95,819	41,516
Profit available for appropriation	228,666	119,819
<b>APPROPRIATIONS</b>		
Dividend Paid (9,000,000 shares @ Rs.4/- / Rs.1/- per share)	36,000	9,000
Transfer to general reserve	50,000	15,000
Un-appropriated profit carried forward	142,666	95,819

## DIVIDEND

The Directors recommend a payment of cash dividend @ Rs 6.00 per share (i.e. 60 %) for the year 2016-17. The dividend recommended is subject to the approval of shareholders in the forthcoming Annual General Meeting.

## NET EARNING PER SHARE

Earnings per share for the year ended June 30, 2017 was Rs 14.57 as against Rs 8.72 of preceding year.

## OUTLOOK FOR 2017-18

The company is geared up to perform well during the Financial Year 2017-18. Nexus to Company's performance in previous years in the realm of Gross / Net Sales, Pre / After Tax Profit and controlled Operating Expenses. It is believed that Company would be able to achieve the enhanced budgetary targets.

The Company operates in highly competitive market, however, management has initiated all possible measure to combat the challenges, maintain the momentum of growth rather

increase the same on an accelerated pace.

After installation of UFMC 2nd Line in Aug, 2017 the production has almost been doubled. The increased sale of UFMC during the Financial Year 2017-18 would also contribute to enhance the profitability of the Company.

#### 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 Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- 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, 2017 were as follows:

#### **RUPEES**

---

● Provident Fund	51,055,915
● Gratuity Fund	26,232,133
● Pension Fund	16,036,487

#### BOARD OF DIRECTORS

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

On April 20, 2017 Lt. Gen Umar Farooq Durrani was appointed as Chairman/Director in place of Lt. Gen Omar Mahmood Hayat .

Consequent upon resignation of Mr. Rehan Waheed Khan, Mr. Hashmat Hussain appointed as Director in his place effective August 30, 2016.

Subsequent to the year end, Mr. Abdul Aziz has been appointed as Director from August 18, 2017 in place of Mr. Tabassum Rahman on his retirement.

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, four 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 Umar Farooq Durrani (Chairman)	-	Appointed on April 20, 2017
2	Lt. Gen Omar Mahmood Hayat (Ex-Chairman)	02	Resigned on April 20, 2017
3	Mr. Torbjorn Saxmo	02	
4	Mr. Tabassum Rahman	04	
5	Mr. Muhammad Nawaz Tishna	04	
6	Mr. Muhammad Afzal	03	
7	Mr. Rehan Waheed Khan	01	Resigned on August 30, 2016
8	Mr. Hashmat Hussain	01	Appointed on August 30, 21016
9	Brig (R.) Shiraz Ullah Choudhry	04	

During the year, Audit Committee held three (3) Meetings and were attended by each member as follows:

S.#	Names of Directors	Meeting Attended	Remarks
1	Mr. Tabassum Rahman	03	
2	Mr. Rehan Waheed Khan	-	Resigned on August 30, 2016
3	Mr. Muhammad Afzal	-	
4	Mr. Hashmat Hussain	03	Appointed on August 30, 2016

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

2016-17 company has contributed over Rs.322 million to the national exchequer.

#### WEBSITE

Company's periodic financial statements for the current financial year including annual / periodic reports for the last three 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 facts of the case, previous favourable decision of the Sindh High Court and on advise of the legal advisor of the company, the management expects a favourable decision from the apex court and is making necessary efforts to continue as a going concern.

#### EXTERNAL AUDITORS

The present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants are due to retire at the conclusion of the 34th annual general meeting of the Company, being eligible, offer themselves for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm fully comply with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

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, 2018 for shareholders consideration and approval at the forthcoming annual general meeting.

#### PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2017 and additional information thereabout required under the Code of Corporate Governance is included in this report.

#### ACKNOWLEDGMENT

The Directors are pleased to place on record their deep appreciation for the earnest efforts, dedication and devotion to the cause, by all the employees of the company, at all tiers and pay vivid gratitude to all its customers for their continued patronage, support and trust.

On behalf of Board of Directors

Wah Cantt:  
October 04, 2017



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

# ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹرز بمسرت 30 جون 2017 کو ختم ہونے والے سال کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں

مالیاتی کارکردگی کا جائزہ

ڈائریکٹرز کمپنی کی شاندار کارکردگی کی پُر زور تائید کرتے ہوئے زیر جائزہ مالی سال کو کمپنی کی تاریخ کا بہترین کارکردگی کا سال قرار دیتے ہیں کیونکہ کمپنی نے اس سال ریکارڈ مجموعی منافع قبل از ٹیکس / بعد از ٹیکس منافع، فی شیئر کمایا ہے۔

کمپنی نے رواں مالی سال 1.251 بلین روپے اور گزشتہ سال میں 1.182 بلین روپے خالص آمدنی حاصل کی نتیجتاً کمپنی کی خالص آمدنی میں 5.84 فیصد اضافہ ہوا۔ کمپنی کا مجموعی منافع 270.452 بلین روپے ہوا۔ جبکہ گزشتہ سال خالص منافع 236.346 بلین روپے تھا۔ مجموعی منافع کا مارجن گزشتہ سال کے 20% سے بڑھ کر 21.62% اضافہ ہو گیا۔

کمپنی نے رواں سال ریکارڈ قبل از ٹیکس منافع (Pre-Tax Profit) 189.060 بلین روپے حاصل کیا اس کے مقابلے میں گزشتہ سال میں 120.085 بلین روپے منافع ہوا (اضافہ 57.44 فیصد) زیر جائزہ مدت کے دوران کمپنی نے بعد از ٹیکس منافع (After Tax Profit) 131.105 بلین روپے اس کے مقابلے میں گزشتہ سال اسی مدت کے دوران 78.469 بلین روپے حاصل کیا (اضافہ 67.08 فیصد)۔

زیر جائزہ مدت کے دوران کمپنی نے آپریٹنگ اخراجات میں نمایاں طور پر کمی کی جو 85.814 بلین روپے سے کم ہو کر 62.284 بلین روپے ہو گئے جو ہر لحاظ سے قابل تعریف ہے۔ سیلز کمیشن اور فریٹ اخراجات میں بچت کی وجہ سے یہ کمی ممکن ہوئی۔

گزشتہ سال کے مالی اخراجات 14.976 بلین روپے کے مقابلے میں زیر جائزہ سال کے دوران کمپنی کے مالی اخراجات (Financial Cost) 7.641 بلین روپے رہے۔ ایسا بنیادی طور پر ورکنگ کپٹل (working capital) کے صحیح استعمال اور شرح سود میں کمی کی وجہ سے ہوا۔

مالیاتی نتائج

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

2015-16	2016-17		
			(روپے ہزاروں میں)
1,181,518	1,250,740	(Net Sales)	خالص فروخت
236,346	270,452	(Gross Profit)	کل منافع
150,533	208,168	(Operating Profit)	آپریٹنگ منافع
120,085	189,060	(Profit Before Taxation)	قبل از ٹیکس منافع
41,616	57,955	(Provision for Taxation)	ٹیکس
78,469	131,105	(Profit after Taxation)	بعد از ٹیکس منافع
(166)	1742	(Other Comprehensive Income/Loss)	دیگر جامع آمدنی / (نقصان)
78,303	132,847	(Total Comprehensive Income)	سال کی کل جامع آمدنی

41,516	95,819	(Unappropriated Profit for the year brought forward	گزشتہ غیر مختص شدہ منافع
119,819	228,666	(Profit available for appropriation	اختصاص کے لئے دستیاب منافع
			اختصاص
9,000	36,000	اداشدہ ڈیویڈنڈ (9,000,000 شیئرز @ 4/- روپے / 1/- روپیہ فی شیئر)	
15,000	50,000	عمومی ریزرو (Reserve) میں منتقلی	
95,819	142,666		غیر مختص شدہ منافع
		(Unappropriated Profit Carried Forward)	

ڈیویڈنڈ  
ڈائریکٹرز کی جانب سے نقد ڈیویڈنڈ @ 6% روپے فی شیئر (i.e 60%) برائے سال 2016-17 کی سفارش کی گئی ہے جو کہ آئندہ ہونے والی سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے

مجموعی آمدنی فی شیئر

برائے سال ختمہ 30 جون 2017 فی شیئر آمدن 14.57 روپے جبکہ گزشتہ سال فی شیئر آمدن 8.72 روپے تھی۔

مستقبل پر ایک نظر

کمپنی کو سال 2017-18 میں بہتر کارکردگی دکھانے کی خاطر ترقی کی راہ پر گامزن کر دیا گیا ہے۔ گزشتہ سالوں کی کارکردگی مثلاً کمپنی مجموعی انیٹ سیلز، قبل از ٹیکس منافع (Pre-Tax Profit) اور کنٹرول آپریٹنگ اخراجات کو مد نظر رکھتے ہوئے امید ہے کہ کمپنی اپنے اضافی اہداف حاصل کرے گی۔

کمپنی انتہائی مسابقتی حالات میں کام کرتی ہے۔ تاہم چیلنجوں کا مقابلہ کرنے کیلئے انتظامیہ تمام ممکنہ اقدام اٹھائے گی اور ترقی کی رفتار کو مزید تیز کرے گی۔

اگست 2017 میں یو ایف ایم سی سینڈ لائن (UFMC 2nd Line) کی تنصیب کے بعد پروڈکشن تقریباً ڈگنی کر دی گئی ہے۔ مالی سال 2017-18 کے دوران UFMC کی اضافی فروخت بھی کمپنی کے منافع کو بڑھانے میں اہم کردار ادا کرے گی۔

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، اسکے 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 کی 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 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 فیسکیس کا کوئی منفی فیصلہ نہیں آجاتا۔
- گزشتہ 6 مالی سالوں کا اہم آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- سٹاف ریٹائرمنٹ فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی غیر آڈٹ شدہ مالیت بشمول بینک ڈیپازٹس، 30 جون 2017 کو درج ذیل رہے:

51,055,915 روپے	پراویڈنٹ فنڈ
26,232,133 روپے	گریجویٹ فنڈ
16,036,487 روپے	پینشن فنڈ

#### بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ میں درج ذیل تبدیلیاں رونما ہوئیں:

20 اپریل 2017 کو لیفٹیننٹ جنرل عمر فاروق ڈرانی کو لیفٹیننٹ جنرل عمر محمود حیات کی جگہ چیئرمین ڈائریکٹرز کے طور پر مقرر کیا گیا تھا۔

جناب ریحان وحید خان کے استعفیے کے نتیجے میں جناب حشمت حسین کو 30 اگست 2016 کو ڈائریکٹرز کے عہدے پر مقرر کیا گیا۔

بعد از اختتام سال پر جناب عبدالعزیز کو 18 اگست 2017 کو جناب تبسم رحمان کی ریٹائرمنٹ پر ڈائریکٹرز مقرر کیا گیا۔

بورڈ ریٹائر ہونے والے چیئرمین ڈائریکٹرز کی کمپنی میں قابل قدر شراکت (خدمات) کے لئے تہہ دل سے شکریہ ادا کرتا ہے اور نئے چیئرمین ڈائریکٹرز کو گرم جوشی سے خوش آمدید کہتا ہے۔

اس سال کے دوران چار (04) بورڈ میٹنگز منعقد کی گئیں۔ ہر ڈائریکٹر کی میٹنگز میں شرکت کی تعداد درج ذیل ہے:

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریٹائرمنٹ
1-	لیفٹیننٹ جنرل عمر فاروق ڈرانی (چیئرمین)	-	20 اپریل 2017 کو تعینات ہوئے
2-	لیفٹیننٹ جنرل عمر محمود حیات (سابقہ چیئرمین)	02	20 اپریل 2017 کو مستعفی ہوئے
3-	جناب تور بجون سیکسمو	02	-
4-	جناب تبسم رحمان	04	-
5-	جناب محمد نواز تیشہ	04	-
6-	جناب محمد افضل	03	-
7-	جناب ریحان وحید خان	01	30 اگست 2016 کو استعفیٰ دیا
8-	جناب حشمت حسین	01	30 اگست 2016 کو تعینات ہوئے
9-	برگیدئیر (ر) شیراز اللہ چوہدری	04	-

سال کے دوران آڈٹ کمیٹی نے (03) تین میٹنگز منعقد کیں جن میں ہر رکن نے درج ذیل مرتبہ شرکت کی:

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگز میں شرکت کی تعداد	ریمارکس
1-	جناب تبسم رحمان	03	-
2-	جناب محمد افضل	-	-
3-	جناب ریحان وحید خان	-	30 اگست 2016 کو مستعفی ہوئے
4-	جناب حشمت حسین	30	30 اگست 2016 کو تعینات ہوئے

بورڈ / کمیٹی کے ارکان جو میٹنگز 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 ہیں۔ 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 کیلئے 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 ایرکنڈیشنروں اور ہیٹروں کا محدود استعمال اور برقی بلب اور ٹیوب لائٹس کی جگہ انرجی سیورز اور LED کا استعمال ہماری مدر کمپنی (Parent Company) نے توانائی کی بچت اور بجلی کے بوجھ کو کم کرنے کیلئے واہ نوبل کے مرکزی دفتر میں شمسی توانائی کے پنلز (panels) نصب کیے گئے ہیں۔

کمپنی اپنے صارفین کو مسابقتی (competitive) قیمتوں پر معیاری مصنوعات فراہم کرنے کیلئے 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 اور 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 عمر (Umrah) انجام دینے کے لئے روانہ کرتی ہے۔

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

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

کمپنی ملازمتوں کی بھرتی، ملازمین کی 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 افزاء، کام سیکھنے کے لئے سازگار ماحول فراہم کرنے کے لئے مصروف عمل ہے۔ کمپنی ملازمین کے درمیان ٹیم ورک کے کلچر، تخلیقی صلاحیتوں، جدت، اخلاص اور وفاداری، نظم و ضبط، رواداری اور باہمی احترام کی ثقافت کو فروغ دیتی ہے۔ کمپنی پیشہ ورانہ اور تکنیکی (Technical) مہارت کو فروغ دینے کیلئے افراد کو مستقل بنیاد پر ٹریننگ (Apprenticeship Training) کی سہولت فراہم کرتی رہی ہے۔

کمپنی کارپوریٹ ٹیکس، عمومی سیلز ٹیکس، ایکسائز ڈیوٹی، کسٹم ڈیوٹی، وینڈ/پرمت فیس (vend/permit fee) کی مدد سے قومی خزانے میں ایک نمایاں رقم دے کر حصہ ڈال رہی ہے۔ سال 2016-17 کے دوران کمپنی نے مبلغ 322 ملین روپے کی رقم کا حصہ قومی خزانے میں جمع کروایا۔

ویب سائٹ

کمپنی کی موجودہ مالی سال کی سالانہ رپورٹ مع سہ ماہی رپورٹس بشمول گزشتہ تین سالوں کی سالانہ رپورٹ مع سہ ماہی رپورٹس شیئر ہولڈرز اور دیگر افراد کی معلومات کیلئے ویب سائٹ پر دستیاب ہیں [www.wahnobel.com](http://www.wahnobel.com)

وینڈ فیس اور پرمت فیس کا معاملہ

وینڈ فیس اور پرمت 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 التواء ہے۔ سندھ ہائی کورٹ کے موافق فیصلے کی رو سے انتظامیہ معزز سپریم کورٹ سے مثبت فیصلے کی توقع رکھتی ہے۔ اور کمپنی اپنی موجودہ حیثیت کے مطابق کام جاری رکھ سکے گی

آڈیٹرز

آڈیٹرز، میسرز کے پی ایم جی، تاثیر ہادی ایند کمپنی / چارٹرڈ اکاؤنٹنٹس 34 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے بھی ان کی دوبارہ تقرری کی سفارش کی ہے جس کی بورڈ کی طرف سے تائید کی گئی ہے۔

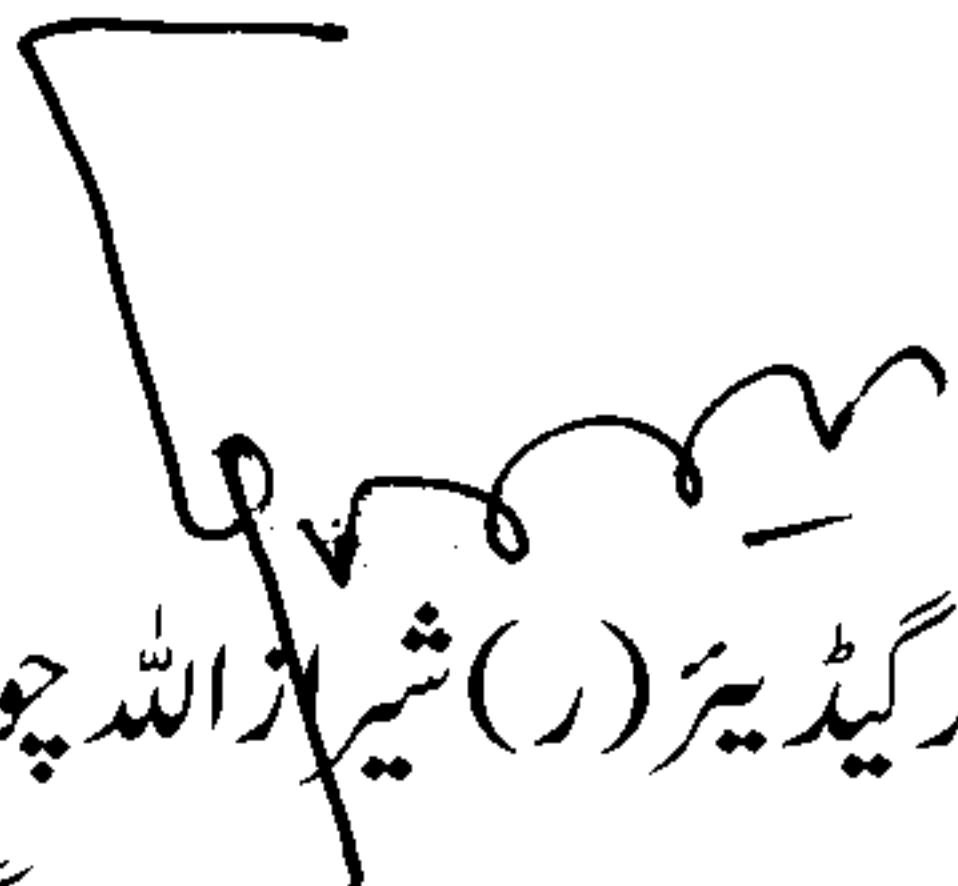
پیٹرن آف شیئر ہولڈنگ

30 جون 2017 کے مطابق شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی اسٹیٹمنٹس رپورٹ میں شامل ہیں۔

اعتراف

ڈائریکٹرز، کمپنی کے ملازمین کے عزم، سخت محنت اور کمپنی کی خاطر اپنے آپ کو وقف کرنے کے جذبے کو مخلصانہ طور پر سراہتے ہیں۔ ڈائریکٹرز اپنے گراں قدر گاہکوں کا ان کی مسلسل حمایت کیلئے شکریہ کا اظہار کرتے ہیں۔

ڈائریکٹرز بورڈ کی طرف سے



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

واہ کینٹ

مورخہ 04 اکتوبر 2017

# Six Year at a Glance

	2012	2013	2014	2015	2016	2017
	(Rupees in Thousands)					
(A) Operating Results:						
i) Net Sales Revenue	1,147,501	1,211,238	1,303,980	1,209,911	1,181,518	1,250,740
ii) Gross Profit	189,850	233,840	193,842	128,054	236,346	270,452
iii) Operating Profit	119,301	157,227	116,548	50,701	150,533	208,168
iv) Profit Before Tax	116,968	155,938	104,625	26,484	120,085	189,060
v) Profit After Tax	73,733	115,240	66,775	12,263	78,469	131,105
(B) Financial Position						
i) Paid-up Capital	90,000	90,000	90,000	90,000	90,000	90,000
ii) Shareholders Equity	430,145	499,112	515,158	492,460	561,764	658,611
iii) General Reserve	260,000	290,000	325,000	360,000	375,000	425,000
iv) Property, Plants and Equipment (Net)	92,989	109,571	167,015	159,030	148,722	170,642
v) Current Assets	491,637	544,733	704,236	677,275	701,975	835,027
(C) Key Performance Indicators						
i) Gross Profit %	16.54%	19.31%	14.86%	10.58%	20.00%	21.62%
ii) Net Profit %	6.43%	9.51%	5.12%	1.01%	6.64%	10.48%
iii) Earning Per Share Rs.	8.19	12.8	7.42	1.36	8.72	14.57
iv) Cash Dividend %	50%	55%	40%	10%	40%	60%
						(Proposed)
vi) Break-up Value Per Share Rs.	47.79	55.45	57.24	54.72	62.42	73.18
vii) Current Ratio	2.70:1	2.9 1:1	1.86:1	1.86:1	2.29:1	2.40:1

# Pattern of Shareholding

as at June 30, 2017

No of shareholders	Shareholding		Total shares held
	From	To	
190	1	100	8,722
424	101	500	114,619
148	501	1,000	120,105
142	1,001	5,000	360,496
35	5,001	10,000	252,750
22	10,001	20,000	326,390
11	20,001	30,000	306,314
4	30,001	50,000	142,802
7	50,001	100,000	579,303
4	100,001	1,000,000	1,818,104
1	1,000,001	5,000,000	4,970,395
<b>988</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	7	912,580	10.14
• Modarabas and Mutual Funds	1	200	0.00
• Shareholders holding 10%	-	-	-
• General Public			
a. Local	950	2,291,954	25.47
b. Foreign	1	1,000	0.01
• Others (to be specified)			
Investment Companies	-	-	-
Trust	-	-	0.00
Benevolent / Pension Fund	2	60,245	0.67
Joint Stock Coys.	13	28,192	0.31
Stock Exchange.	1	100	0.00
<b>Total</b>	<b>988</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. Umar Farooq Durrani	1*
2	Mr. Torbjorn Sexmo	1*
3	Mr. Tabassum Rahman	1*
4	Mr. Muhammad Afzal	1*
5	Mr. Hashmat Hussain	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	974,503
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, 2017

# Statement of Compliance with Code of Corporate Governance for the year ended June 30, 2017.

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of the listing regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. However, at present none of the directors on the board meets the criteria of independence specified under clause 5.19.1 (b) of the Code. The Company intends to take steps to remove this non compliance. At present the board includes:

Category	Name
Independent Directors	None
Executive Directors	1. Brig (R) Shiraz Ullah Choudhry
Non-Executive Directors	1. Lt. Gen Umer Farooq Durrani 2. Mr. Torbjorn Saxmo 3. Mr. Muhammad Nawaz Tishna 4. Mr. Tabassum Rahman 5. Mr. Muhammad Afzal 6. Mr Hashmat Hussain

2. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or being a member of stock exchange has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred on the Board on August 30, 2016 and April 20, 2017 were filled in by the board on the same day.
5. 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.
6. 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 date on which they were approved or amended has been maintained. The board is also in the process of developing a mechanism of its own evaluation of performance

which shall be effective in the forthcoming financial year.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board. No director or Chief Executive is being remunerated by the Company.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year one director of the company has 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 is exempt from the requirement of directors training program in accordance with the criteria specified in Clause 5.19.7 of the Code, 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. No new appointment of CFO, Head of Internal Audit or the Company Secretary was made during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The quarterly, six monthly and annual financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. However, no such

meeting was held in the first quarter of the year 2016-17 due to delay in finalization of the financial statements for the year ended June 30,2016 . The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. 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.
19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programmed of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any 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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

  
**Brig (R)**  
**Shiraz Ullah Choudhry**  
**Chief Executive**

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Wah Nobel Chemicals Limited ("the Company") for the year ended 30 June 2017 to comply with the requirements of Listing Regulation No 15.9 of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report and if it does not, to highlight any non-compliance with the requirements of the Code. 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 Code.

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

The Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 out any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Further, we highlighted below instances of non-compliance with the requirement of the Code as reflected in the note references where these are stated in the Statement of Compliance (the Statement).

- i) As disclosed in para 1 of the Statement, none of the Directors on the board meets the criteria of independence specified under clause 15.19.1 of the Code
- ii) As disclosed in para 16 of the Statement, meeting of the audit committee was not held in the first quarter of the year 2016-17 due to delay in the finalization of the financial statements for the year ended 30 June 2016.
- iii) As stated in para 6 of the Statement, the Board of Directors is in the process of developing a mechanism of its own evaluation of performance.

Date: 04 October 2017  
Islamabad

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Engagement Partner  
Atif Zamurrad Malik

# Auditors' Report to the Members

We have audited the annexed balance sheet of **Wah Nobel Chemicals Limited** ("the Company") as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- © in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to Note 24.1.2 to the financial statements, which describes that the uncertainty relating to the outcome of pending lawsuit alleging non-payment of vend and permit on methanol to the Excise and Taxation Department, Government of Sindh. Our opinion is not modified in respect of this matter.

Date: 04 October 2017  
Islamabad

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Engagement Partner  
Atif Zamurrad Malik

# Balance Sheet

as at June 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	170,642,211	148,721,633
Long term investment	5	-	22,642,137
Deferred tax assets	19	5,958,521	-
<b>Total non-current assets</b>		<b>176,600,732</b>	<b>171,363,770</b>
<b>Current assets</b>			
Stores, spares and loose tools	6	44,516,967	39,734,694
Stock in trade	7	187,227,753	112,713,920
Trade debts	8	423,456,278	396,261,226
Advances	9	26,461,654	2,550,711
Trade deposits		82,608	40,070
Accrued interest income	10	108,122	122,761
Other receivables	11	16,591,633	8,774,834
Short-term investment	12	2,582,666	2,582,666
Taxation - net	13	129,614,957	131,398,647
Cash and bank balances	14	4,384,163	7,795,339
<b>Total current assets</b>		<b>835,026,801</b>	<b>701,974,868</b>
<b>Total assets</b>		<b>1,011,627,533</b>	<b>873,338,638</b>
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital	15	90,000,000	90,000,000
Capital reserves	16	944,404	944,404
General reserves	17	425,000,000	375,000,000
Unappropriated profit		142,666,376	95,819,297
<b>Total share capital and reserves</b>		<b>658,610,780</b>	<b>561,763,701</b>
<b>Non-current liabilities</b>			
Provision for accumulated compensated absences	18	5,444,971	4,294,302
Deferred tax liabilities	19	-	1,200,749
<b>Total non-current liabilities</b>		<b>5,444,971</b>	<b>5,495,051</b>
<b>Current liabilities</b>			
Trade and other payables	20	124,024,930	150,422,100
Due to holding company	21	4,626,833	1,772,300
Accrued mark-up	22	951,583	2,313,009
Short term running finance - secured	23	217,968,436	151,572,477
<b>Total current liabilities</b>		<b>347,571,782</b>	<b>306,079,886</b>
<b>Total equity and liabilities</b>		<b>1,011,627,533</b>	<b>873,338,638</b>
Contingencies and commitments	24		

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
DIRECTOR

  
CHIEF EXECUTIVE

# Profit and Loss Account

for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Turnover-net	25	1,250,740,289	1,181,517,750
Cost of sales	26	(980,288,459)	(945,171,338)
<b>Gross profit</b>		<b>270,451,830</b>	<b>236,346,412</b>
<b>Operating Expenses</b>			
Administrative and general expenses	27	(31,497,018)	(34,104,858)
Selling and distribution expenses	28	(30,786,997)	(51,708,786)
<b>Operating profit</b>		<b>208,167,815</b>	<b>150,532,768</b>
Finance cost	29	(7,641,174)	(14,975,505)
Other operating expenses	30	(14,575,846)	(9,958,268)
Other income	31	4,510,831	2,558,788
Share in loss of associated company-net of tax	5.1	(1,401,980)	(8,072,984)
<b>Profit before taxation</b>		<b>189,059,646</b>	<b>120,084,799</b>
Provision for taxation	32	(57,954,960)	(41,615,541)
<b>Profit for the year</b>		<b>131,104,686</b>	<b>78,469,258</b>
<b>Other comprehensive income for the year</b>			
Loss on remeasurement of staff defined benefit plan		2,489,133	(236,632)
Deferred tax credit relating to remeasurement of staff defined benefit plan		(746,740)	70,989
		<b>1,742,393</b>	<b>(165,643)</b>
<b>Total comprehensive income for the year</b>		<b>132,847,079</b>	<b>78,303,615</b>
<b>Earnings per share - basic and diluted</b>	33	<b>14.57</b>	<b>8.72</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

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DIRECTOR

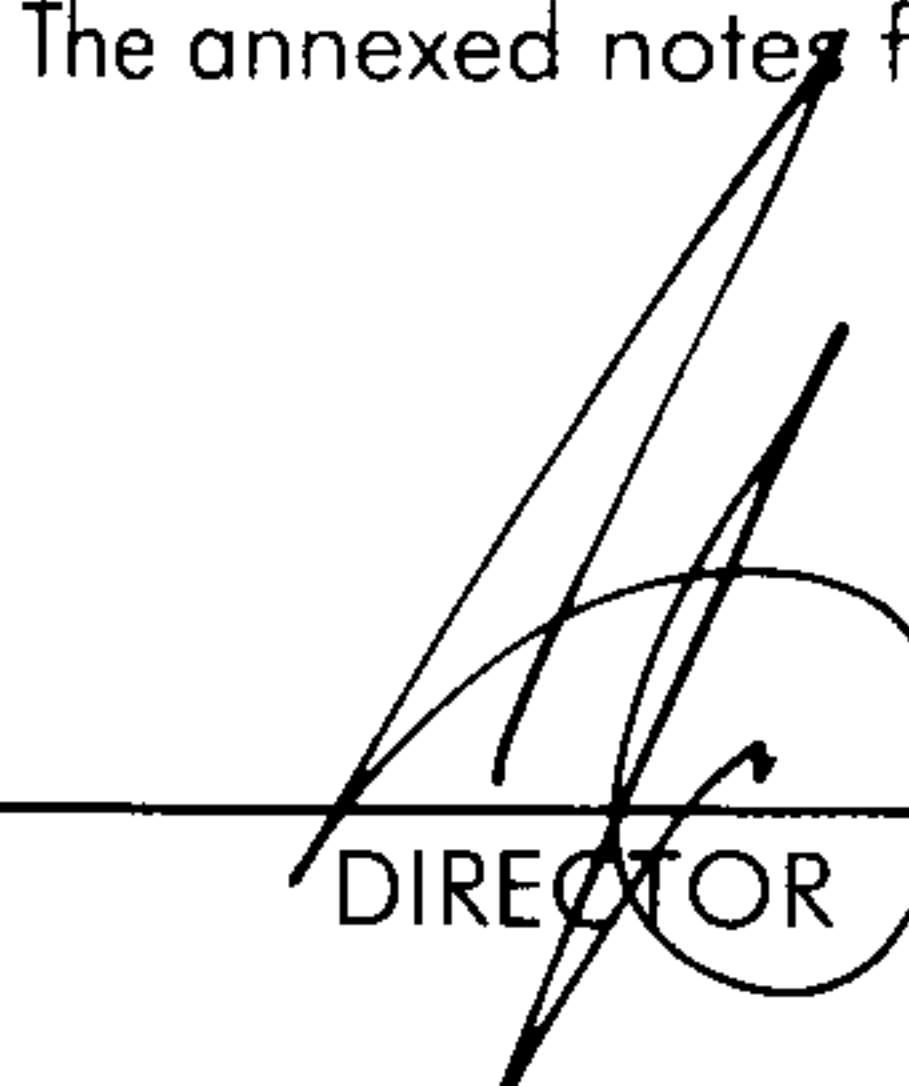
  
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CHIEF EXECUTIVE

# Cash Flow Statement

## for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>Cash flows from operating activities</b>			
Profit before taxation		189,059,646	120,084,799
Adjustment for non cash and other items	34	58,277,603	57,632,109
Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(4,782,273)	7,110,475
Stock in trade		(74,513,833)	(7,597,406)
Trade debts		(46,220,149)	(45,818,988)
Advances		(23,910,943)	18,234,490
Trade deposits		(42,538)	-
Short term investment		-	-
Other receivables		(7,816,799)	12,460,610
(Decrease) / increase in current liabilities:			
Trade and other payables		(21,176,386)	22,521,093
		(178,462,921)	6,910,274
<b>Cash generated from operations</b>		<b>68,874,328</b>	<b>184,627,182</b>
(Payments for) / Receipts of:			
Financial charges		(8,796,781)	(17,601,907)
Workers' profit participation fund	20.3	(12,088,622)	(6,370,393)
Gratuity	20.2.2	(4,000,000)	(5,000,000)
Accumulated compensated absences	18.1	(1,117,736)	(4,140,934)
Bank interest	31.1	-	81,211
Taxation	13	(64,077,280)	(58,140,116)
		(90,080,419)	(91,172,139)
<b>Net cash (used in) / generated from operating activities</b>		<b>(21,206,091)</b>	<b>93,455,043</b>
<b>Cash flows from investing activities</b>			
Payments for capital expenditure		(35,597,495)	(2,786,787)
Sales proceeds from disposal of shares		22,500,000	-
Interest on term deposit receipts		496,450	192,489
<b>Net cash generated / used in investing activities</b>		<b>(12,601,045)</b>	<b>(2,594,298)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(36,000,000)	(9,000,000)
<b>Net cash used in financing activities</b>		<b>(36,000,000)</b>	<b>(9,000,000)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(69,807,136)</b>	<b>81,860,745</b>
Cash and cash equivalents at beginning of the year		(143,777,137)	(225,637,882)
<b>Cash and cash equivalents at the end of the year</b>	35	<b>(213,584,273)</b>	<b>(143,777,137)</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
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 DIRECTOR

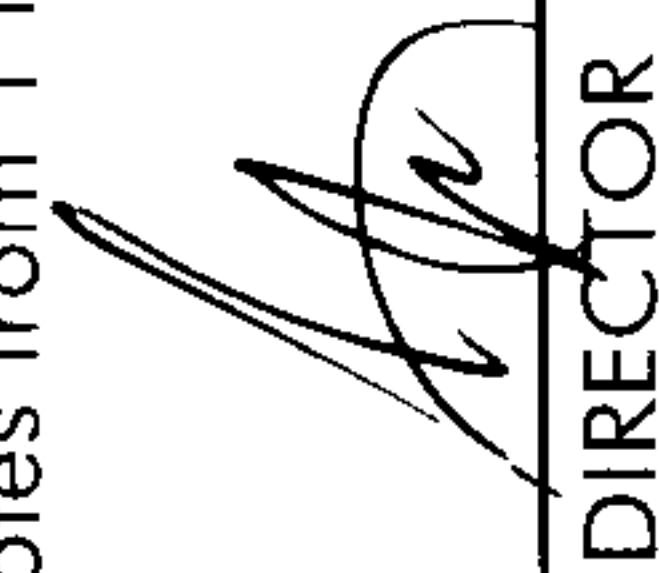
  
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 CHIEF EXECUTIVE

## Statement of Changes in Equity

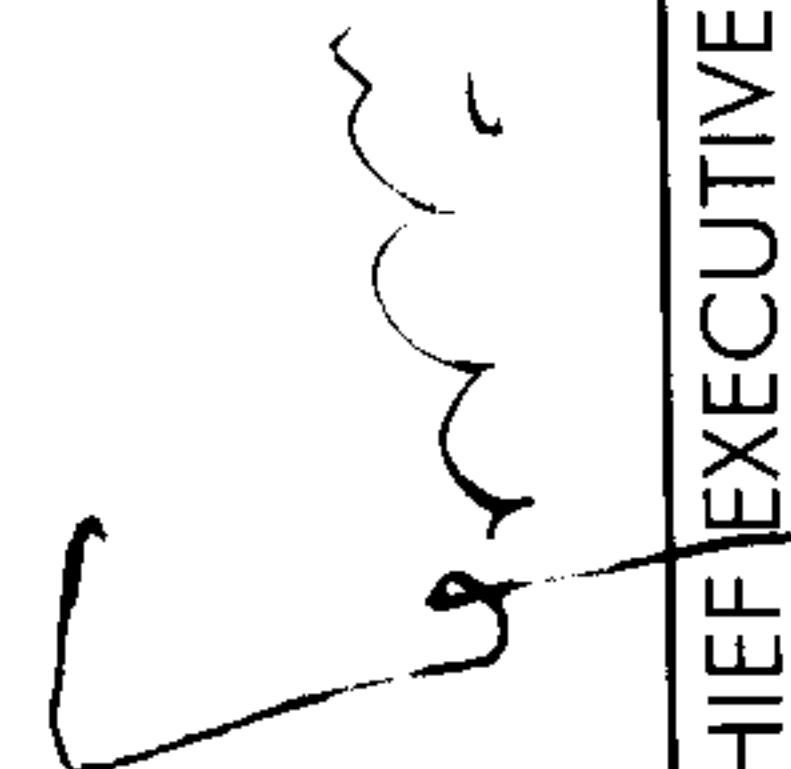
### for the year ended June 30, 2017

	Issued Subscribed and paid-up share capital	Capital reserve	Revenue reserves		Total
			General reserve	Un- appropriated profit	
Balance as at June 30, 2015	90,000,000	944,404	360,000,000	41,515,682	492,460,086
Total comprehensive income	-	-	-	78,303,615	78,303,615
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.00 per share	-	-	-	(9,000,000)	(9,000,000)
Others					
Transfer to general reserve	-	-	15,000,000	(15,000,000)	-
Balance as at June 30, 2016	90,000,000	944,404	375,000,000	95,819,297	561,763,701
Total comprehensive income	-	-	-	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)
Others					
Transfer to general reserve	-	-	50,000,000	(50,000,000)	-
Balance as at June 30, 2017	90,000,000	944,404	425,000,000	142,666,376	658,610,780

The annexed notes from 1 to 45 form an integral part of these financial statements.



DIRECTOR



CHIEF EXECUTIVE

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 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 Ordinance, 1984) 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 registered office and manufacturing facilities of the Company are situated in Wah Cantt, Pakistan.

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.

### 2 Basis of Preparation

#### 2.1 Basis of Measurement

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 17 of 2017 dated 20 July 2017 has advised the Companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

These financial statements have been prepared under the historical cost convention except for the following material items in the balance sheet:

Obligations under certain employee benefits have been measured at value determined by actuary.

These financial statements have been prepared under the accrual basis of accounting except cash flow statement.

#### 2.2 Functional and presentation currency

The financial statements are presented in Pakistani Rupees (PKR) which is the Company's functional currency. All the financial information presented in PKR has been rounded off to the nearest rupee.

#### 2.3 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance 1984. In case requirements differ, the provisions or directives of the Companies Ordinance 1984 shall prevail.

#### 2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

##### 2.4.1 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of future event cannot be predicted with certainty. The Company based on the availability of latest information estimates the value of contingent assets and liabilities which may differ on occurrence / non-occurrence of uncertain future events.

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 2.4.2 Provision for doubtful debts

The Company revises the recoverability of its trade debts on annual basis and provides for doubtful debts based on its experience. Trade debts considered irrecoverable are written off while no provision is made in respect of the active customers which are considered good.

### 2.4.3 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.

### 2.4.4 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on the reporting date. Any change in the 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 and impairment.

### 2.4.5 Taxation

In making the estimates for income taxes currently payable by the Company, management considers the current income tax laws and decisions of appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken of 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 accounts are shown as contingent liability / assets.

### 2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 Income Taxes are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 Statement of Cash Flows are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. 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.
- Amendments to IFRS 2 Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 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 recognised for new and outstanding awards. 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, 2017

- Transfers of Investment Property (Amendments to IAS 40 Investment Property-effective for annual periods beginning on or after 1 January 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 IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
  - a) Amendments to IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendments are not likely to have an impact on Company's financial statements.
  - b) Amendments to IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 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.
  - c) IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 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 recognised. 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 recognised. 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.
  - d) IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
  - e) IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are effective from period beginning after 01 July 2018. The Company is initiating a process for assessing the impact of these standards on these financial statements.

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 3 Summary of significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### 3.1 Staff retirement benefits

The Company has the following plans for its employees:

##### a) 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.

##### b) Defined contributory pension scheme

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

##### c) 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 and loss account.

##### d) 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 balance sheet date and related expense thereof is charged to the profit and loss account. The provision and related cost is recognized on the basis of actuarial valuation which is summarized in note 18.

#### 3.2 Taxation

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

##### 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 and exemptions available, if any.

##### 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 balance sheet 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 balance sheet 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.

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 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 balance sheet 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.

### 3.5 Property, plant and equipment

#### 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 income 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 and loss account in the year of disposal.

Applicable depreciation rates of the items are as under:

Office building	5%
Factory building	10%
Tube well	10%
Plant and machinery - old	10%
Plant and machinery - new	6.67%
UFMC Plant	10%
Furniture and fittings	10%
Office equipment	10%
Tools and workshop equipment	10%
Computer installations	20%
Motor vehicles	20%
Leasehold land	Period of lease: 30 Years

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 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 and loss account 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 and loss account.

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.

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 and loss account.

### 3.7 Investment in associates

Long term investment in an associated Company is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit and loss of the investee after the date of acquisition less any impairment in the value of investment. The Company's share of the profit and loss of investee is recognized in profit and loss account. Distribution received from the investee reduces the carrying amount of the investment.

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 3.8 Stores, spares and loose tools

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

### 3.9 Stock in trade

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

### 3.10 Cash and cash equivalents

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 balance sheet overdrafts are shown in current liabilities while favourable 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.

### 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 and loss account in the year when incurred as "finance cost".

### 3.13 Transactions with related parties

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

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 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 and loss account 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.

##### a) Investment held to maturity (HTM)

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 HTM if the Company has the positive intention and ability to hold to maturity. The Company currently holds Term Deposits Receipts designated into this category. HTM investments are measured subsequently at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

##### b) 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 and loss account currently.

#### 3.14.2 Financial Liabilities

The Company financial liabilities include trade and other payables.

- a) Trade and other payable include due to the joint venture operators, 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.

### 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 PKR at the exchange rates ruling at the balance sheet date. Exchange differences are recognized in the profit and loss account.

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 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	2017 Rupees	2016 Rupees
<b>4 Property, plant and equipment</b>			
Operating fixed assets	4.1	142,171,886	148,721,633
Capital work in progress - note 4.2	4.2	28,470,325	-
		<u>170,642,211</u>	<u>148,721,633</u>

# Notes to the Financial Statements

## for the year ended at June 30, 2017

### 4.1 OPERATING FIXED ASSETS

Gross carrying value basis:

Particulars	Buildings on leasehold land				Equipment				Leased assets		TOTAL		
	Office	Factory	Tube well		Plant and Machinery	Furniture and Fixture	Office	Tools and Workshop	Computer Installations	Motor Vehicles		Total Owned assets	Leasehold land
Carrying amount June 30, 2015	1,010,104	32,564,266	25,808		121,725,271	806,115	229,251	1,341,295	467,895	855,572	159,025,577	4,661	159,030,238
Gross carrying amount	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
Accumulated depreciation	(1,446,420)	(18,441,505)	(524,692)		(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)
Carrying amount June 30, 2016	959,599	29,602,884	23,228		114,906,038	724,929	206,952	1,207,167	401,716	684,459	148,716,972	4,661	148,721,633
Gross carrying amount	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
Accumulated depreciation	(1,494,399)	(21,106,749)	(527,018)		(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)
Carrying amount June 30, 2017	911,620	26,937,640	20,902		111,487,886	652,423	186,324	1,084,620	338,243	547,566	142,167,225	4,661	142,171,886

Net carrying value basis:

Particulars	Buildings on leasehold land				Equipment				Leased assets		TOTAL		
	Office	Factory	Tube well		Plant and Machinery	Furniture and Fixture	Office	Tools and Workshop	Computer Installations	Motor Vehicles		Total Owned assets	Leasehold land
Carrying amount June 30, 2015	1,010,104	29,613,817	25,808		124,675,720	806,115	229,251	1,341,295	467,895	855,572	159,025,577	4,661	159,030,238
Additions	-	-	-		2,754,887	-	-	-	31,900	-	2,786,787	-	2,786,787
Depreciation	(50,505)	(2,961,382)	(2,580)		(9,574,121)	(81,186)	(22,299)	(134,128)	(98,079)	(171,113)	(13,095,393)	-	(13,095,393)
Carrying amount June 30, 2016	959,599	26,652,435	23,228		117,856,487	724,929	206,952	1,207,167	401,716	684,459	148,716,972	4,661	148,721,633
Additions	-	-	-		7,108,269	-	-	-	18,900	-	7,127,169	-	7,127,169
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)
Carrying amount June 30, 2017	911,620	23,987,191	20,902		114,438,336	652,423	186,324	1,084,620	338,243	547,566	142,167,225	4,661	142,171,886

4.1.1 Leasehold land measuring 10 acres was acquired on August 01, 1983 from the Cantonment Board, Wah, for an initial period of 30 years and subsequently renewed for another 30 years. The lease is further renewable for a period of another 30 years.

# Notes to the Financial Statements

## for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
4.1.2	Depreciation charge for the year has been allocated as under:		
	Cost of sales	13,451,862	12,855,642
	Administrative expenses	225,054	239,750
		<u>13,676,916</u>	<u>13,095,392</u>
4.2	Capital work in progress		
	Carrying value at the beginning of the year	-	-
	Additions during the year	28,470,325	-
	Transferred to operating fixed assets	-	-
	Carrying value at the end of the year	<u>28,470,325</u>	<u>-</u>

This represent cost incurred to date on procurement of machinery in relation to the expansion of Urea Formaldehyde Plant.

5	Long term investment		
	Investments in related party: Wah Nobel Acetate Limited		
	Carrying amount of investment	5.1	<u>22,642,137</u>
5.1	2,500,000 shares of Rs. 10/- each. (equity held: 8.33%)	25,000,000	25,000,000
	Share of profit of prior periods	(2,357,863)	5,715,121
	Share of profit / (loss) of current period-net of tax	(1,401,980)	(8,072,984)
		<u>(3,759,843)</u>	<u>(2,357,863)</u>
		21,240,157	22,642,137
	Sales proceeds from disposal of shares	22,500,000	-
	Gain on disposal of shares	(1,259,843)	-
		<u>21,240,157</u>	<u>-</u>
	Net carrying value of investment	-	<u>22,642,137</u>

This investment has been sold to Wah Nobel (Private) Limited (the holding Company).

6	Store, spares and loose tools		
	Stores	15,343,246	10,997,549
	Spares	28,769,522	28,406,166
	Loose tools	404,199	330,979
		<u>44,516,967</u>	<u>39,734,694</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

		2017	2016
	Note	Rupees	Rupees
<b>7</b>	<b>Stock in trade</b>		
	Raw and packing material	84,583,965	74,843,965
	Work in process	372,768	650,703
	Finished goods	21,057,142	19,785,179
	Goods in transit	81,213,878	17,434,073
		<u>187,227,753</u>	<u>112,713,920</u>
7.1	Goods in transit includes in-bonded raw material.		
<b>8</b>	<b>Trade debts - unsecured</b>		
	Considered good	423,456,278	396,261,226
	Considered doubtful	98,404,866	79,379,769
		<u>521,861,144</u>	<u>475,640,995</u>
	Provision for doubtful debts	(98,404,866)	(79,379,770)
		<u>423,456,278</u>	<u>396,261,225</u>
8.1	<b>Reconciliation of provision for doubtful debts</b>		
	Opening provision	79,379,769	71,341,439
	Charge for the year	19,036,166	22,444,015
		<u>98,415,935</u>	<u>93,785,454</u>
	Debts written off	(11,069)	(14,405,685)
	Balance at the end of the year	<u>98,404,866</u>	<u>79,379,769</u>
<b>9</b>	<b>Advances</b>		
	Advances - unsecured, considered good to suppliers	25,643,706	1,967,862
	to employees for expenses	817,948	582,849
		<u>26,461,654</u>	<u>2,550,711</u>
9.1	The maximum aggregate amount of advances due from Chief Executive Officer, Directors, Executives and from associated undertakings at the end of any month during the year was Rs. Nil (2016 : Rs Nil).		
		2017	2016
	Note	Rupees	Rupees
<b>10</b>	<b>Accrued interest income</b>		
	Profit receivable on term deposit receipts	108,122	122,761
		<u>108,122</u>	<u>122,761</u>
<b>11</b>	<b>Other receivables</b>		
	Sales tax refundable	1,101,142	8,593,934
	Collateral placed against bank guarantee	15,000,000	-
	Others	490,491	180,900
		<u>16,591,633</u>	<u>8,774,834</u>
11.1	This represents amount placed in bank account as collateral against bank guarantee issued by the bank on behalf of the Company.		

# Notes to the Financial Statements

## for the year ended June 30, 2017

		2017 Rupees	2016 Rupees
12	<b>Short-term-investment</b>		
	Term deposit receipts with bank	<u>2,582,666</u>	<u>2,582,666</u>
		<u>2,582,666</u>	<u>2,582,666</u>
	Term deposit receipts (TDRs) having maturity up to 1 year and average profit rate 3.75% per annum (2016:5%).		
13	<b>Taxation</b>		
	Opening balance	(131,398,647)	(117,544,427)
	Current tax		
	- Current	65,860,970	44,285,896
	Income tax paid / withheld during the year	<u>(64,077,280)</u>	<u>(58,140,116)</u>
		<u>(129,614,957)</u>	<u>(131,398,647)</u>
14	<b>Cash and bank balances</b>		
	Cash in hand	134,063	80,756
	Cash with banks:		
	in current accounts	<u>4,250,100</u>	<u>7,714,583</u>
		<u>4,384,163</u>	<u>7,795,339</u>
15	<b>Share capital</b>		
	<u>2017</u> <u>2016</u>	2017	2016
	<u>Number</u>	Rupees	Rupees
	<b>Authorized</b>		
	<u>20,000,000</u> <u>20,000,000</u> Ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>
	Issued, subscribed and paid up capital		
	6,750,000      6,750,000      Ordinary shares of Rs. 10 each fully paid in cash	67,500,000	67,500,000
	2,250,000      2,250,000      Ordinary shares of Rs. 10 each issued as fully paid bonus shares	22,500,000	22,500,000
	<u>9,000,000</u> <u>9,000,000</u>	<u>90,000,000</u>	<u>90,000,000</u>
15.1	Wah Nobel (Private) Limited (the holding Company) held 4,970,395 (2016: 4,970,395) ordinary shares of Rs. 10 each at balance sheet date. Further 132,102 (2016: 132,102) and 5 (2016: 5) shares were held by associated companies and directors respectively at the year end. Directors held these shares as nominee(s) of Wah Nobel (Pvt) Ltd. The ultimate ownership remains with Wah Nobel (Pvt) Ltd.		
15.2	The Company has no reserved or potential ordinary shares for issuance under options and sales contract.		

# Notes to the Financial Statements

## for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
16			
Capital reserve			
Capital reserve	16.1	<u>944,404</u>	<u>944,404</u>
16.1	Represents exchange gain arising on the translation of foreign currency accounts held by the Company and interest thereon, up to the date of allotment of shares to the overseas Pakistani shareholders who, under an agreement, had subscribed in foreign currency at the rate of Rs. 13 /- per US Dollar.		
		2017 Rupees	2016 Rupees
17			
General reserve			
Balance at the beginning of the year		375,000,000	360,000,000
Transfer during the year		<u>50,000,000</u>	<u>15,000,000</u>
		<u>425,000,000</u>	<u>375,000,000</u>
18			
Provision for accumulated compensated absences			
Provision for accumulated compensated absences	18.1	<u>5,444,971</u>	<u>4,294,302</u>
		2017 Rupees	2016 Rupees
18.1	The amounts recognized in the balance sheet are determined as follows:		
Opening present value of defined benefit obligations		4,294,302	6,463,646
Charge for the year		2,268,406	1,971,590
Benefits paid during the year		<u>(1,117,736)</u>	<u>(4,140,934)</u>
		<u>5,444,971</u>	<u>4,294,302</u>
18.2	The amounts recognized in the profit and loss account are as follows:		
Current service cost		1,434,874	1,413,104
Interest cost		270,819	428,335
Actuarial loss on present value of defined benefit obligation		<u>562,713</u>	<u>130,148</u>
		<u>2,268,406</u>	<u>1,971,587</u>
18.3	The principal actuarial assumptions used were as follows:		
Discount rate		7.25%	7.25%
Expected rate of increase in salary		6.75%	6.25%
Average number of leaves accumulated per annum by the officers		9 days	9 days
Average number of leaves accumulated per annum by the staff		5 days	5 days
Average number of leaves accumulated per annum by the workers		<u>3 days</u>	<u>3 days</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

		2017 Rupees	2016 Rupees
19	Deferred taxation -net		
	Deferred tax liability - July 01,	(1,200,749)	(3,942,093)
	Credited to profit and loss for the year	7,906,010	2,670,355
	Credited to other comprehensive income	(746,740)	70,989
	Net deferred tax asset / (liability) - June 30,	<u>5,958,521</u>	<u>(1,200,749)</u>
19.1	The deferred tax liability comprises of the following:		
	Deferred tax liability on taxable temporary differences		
	Accelerated tax depreciation	(25,209,228)	(26,826,723)
	Share in profit from associates	-	(235,786)
	Deferred tax asset on deductible temporary differences		
	Provision for doubtful debts	29,521,460	23,813,931
	Provision for staff retirement and other benefits	1,633,491	1,288,291
	Provision for gratuity scheme - routed through other comprehensive income	12,799	759,539
		<u>5,958,521</u>	<u>(1,200,749)</u>
20	Trade and other payables		
	Trade creditors	25,085,950	38,125,691
	Advances from customers	6,270,470	3,505,814
	Accrued expenses	39,967,821	54,734,070
	Bonus payable	19,236,465	12,608,862
	Sales tax payable	2,450,488	7,895,992
	Unclaimed dividends	4,039,819	3,468,121
	Payable to employees gratuity fund	742,087	5,341,382
	Workers' profit participation fund	228,874	1,882,803
	Workers' welfare fund	22,930,507	19,043,535
	Payable to employees' provident fund	473,871	470,277
	Other liabilities	2,598,578	3,345,553
		<u>124,024,930</u>	<u>150,422,100</u>

Trade creditors includes payable to Nobel Energy (an associated company) amounting to Rs. 5,857,462 (2016:Nil)

	Note	2017 Rupees	2016 Rupees
20.2	The amounts recognized in the balance sheet are as follows:		
	Present value of defined benefit obligations	27,626,099	24,503,107
	Fair value of plan assets	(26,884,012)	(19,161,725)
	Balance at end of the year	<u>742,087</u>	<u>5,341,382</u>
20.2.1	Movement in the present value of funded obligation is as follows:		
	Present value of defined benefit obligation at beginning	24,503,107	29,891,036
	Current service cost	1,664,650	1,678,862
	Interest cost	1,776,475	2,447,827
	Experience adjustment	(340,557)	171,811
	Benefits paid / adjustments	22,424	(9,686,429)
	Present value of defined benefit obligation at end	<u>27,626,099</u>	<u>24,503,107</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

	2017	2016
	Rupees	Rupees
<b>20.2.2 Movement in the fair value of plan assets is as follows:</b>		
Fair value of plan assets at beginning	19,161,725	21,981,141
Interest income on plan assets	1,551,287	1,931,834
Return on plan assets excluding interest income	2,171,000	(181,004)
Contributions	4,000,000	5,000,000
Benefits paid	-	(9,570,246)
<b>Fair value of plan assets at end</b>	<b>26,884,012</b>	<b>19,161,725</b>
<b>20.2.3 Charge for the year is as follows:</b>		
Current service cost	1,664,650	1,678,862
Interest cost	1,776,475	2,447,827
Interest income on plan assets	(1,551,287)	(1,931,834)
<b>Charge for the year</b>	<b>1,889,838</b>	<b>2,194,854</b>
<b>20.2.4 Remeasurement chargeable in Other comprehensive income (OCI)</b>		
Actuarial (loss)/gain from change in financial assumptions	(22,424)	116,183
Experience adjustment	340,557	(171,811)
Return on plan assets, excluding interest income	2,171,000	(181,004)
<b>Remeasurement loss recognized in OCI</b>	<b>2,489,133</b>	<b>(236,632)</b>
<b>20.2.5 Movement in liability recognised in balance sheet</b>		
Balance at beginning of year	5,341,383	7,909,896
Cost for the year	1,889,838	2,194,854
Remeasurement recognized in OCI during the year	(2,489,133)	236,633
Contributions during the year	(4,000,000)	(5,000,000)
<b>Balance at end of year</b>	<b>742,087</b>	<b>5,341,383</b>
<b>20.2.6 Plan assets comprise of:</b>		
Bond	70.95%	22.17%
Equity	2.38%	30.89%
Cash/deposits and Other	26.67%	47.00%
	<b>100%</b>	<b>100%</b>

# Notes to the Financial Statements

## for the year ended June 30, 2017

20.2.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2017	2016
Discount rate used for interest cost in P&L Charge	7.25%	9.75%
Discount rate used for year end obligation	7.75%	7.25%
Expected rate of salary growth		
Salary increase	NA	6.25%
Salary increase FY 2017 onward	6.25%	6.25%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based	age based
Retirement assumption	Age 60	Age 63 for officers and 60 for staff and workers
Estimated charge to profit and loss account for the next year	1,674,696	1,666,243

20.2.8 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	Effect of 1% decrease
Discount rate	25,586,272	29,978,499
Future salary growth	30,004,244	25,527,443

20.2.9 The average duration of the defined benefit obligation as at June 30, 2017 is 8 years (2016: 9 years).

	Note	2017 Rupees	2016 Rupees
<b>20.3 Workers' profit participation fund</b>			
Balance at the beginning of the year		1,882,803	1,328,623
Interest for the period on fund utilized by the Company	29	205,819	41,770
Payments during the year		(12,088,622)	(6,370,393)
Allocation for the year	30	10,228,874	6,882,803
Balance at the end of the year		<u>228,874</u>	<u>1,882,803</u>
<b>20.4 Workers' welfare fund</b>			
Balance at the beginning of the year		19,043,535	16,428,070
Allocation for the year	30	3,886,972	2,615,465
Balance at the end of the year		<u>22,930,507</u>	<u>19,043,535</u>
<b>20.5 Payable to employees' provident fund</b>			
Opening payable		470,277	523,566
Contribution/withheld during the year		5,573,227	4,277,342
Payments during the year		(5,569,633)	(4,330,631)
Balance at the end of the year		<u>473,871</u>	<u>470,277</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
21	Due to holding company Wah Nobel (Private) Limited - holding company	4,626,833	1,772,300
22	Accrued mark up On short term running finance - secured	951,583	2,313,009
		<u>951,583</u>	<u>2,313,009</u>
23	SHORT TERM RUNNING FINANCE - SECURED		
	Bank Al-Habib	95,150,491	65,482,760
	Allied Bank Limited		25,753,129
	MCB Bank Limited	28,647,102	19,257,437
	Askari Bank Ltd	94,170,843	41,079,151
	Short term running finance - secured	<u>217,968,436</u>	<u>151,572,477</u>

### 23.1 Facilities related to short term running finance - secured

The Company has the following running finance facility aggregating to Rs. 360 million (2016: 360 million) out of which amount amount aggregating to Rs. 143.39 (2016: 238.05) remained unavailed at the year end.

Banks	Markup	Limits	
		2017	2016
Bank Al-Habib Limited	3 months average KIBOR plus 0.5%	120 million	120 million
Allied Bank Limited	1 month KIBOR plus 0.5%	100 million	100 million
MCB Bank Limited	1 month KIBOR plus 0.5%	40 million	40 million
Askari Bank Ltd	3 month KIBOR plus 0.35%	100 million	100 million

23.2 The mark up on the facilities are without a floor or cap, payable quarterly.

### 23.3 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 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. 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.
Askari Bank Limited	1st pari passu charge amounting to Rs.133 million on present and future current assets of the Company

### 23.4 Facilities of letter of guarantee and letter of credit

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

	Note	Letter of guarantee		Letter of credit	
		2017	2016	2017	2016
(Figures in Rupees)					
Bank Al Habib Limited	23.4.1	20,000,000	20,000,000	250,000,000	120,000,000
Allied Bank limited	23.4.2	-	-	100,000,000	100,000,000
MCB Bank Limited	23.4.3	10,000,000	10,000,000	240,000,000	100,000,000
Askari Bank Limited	23.4.4	38,000,000	-	100,000,000	100,000,000

# Notes to the Financial Statements

## for the year ended June 30, 2017

- 23.4.1 This is secured by 1st pari passu charge on present & future, current and fixed assets of the Company for Rs. 210 million and Rs. 150 million respectively. Further, letter of guarantee and letter of credit are secured against master counter guarantee from the Company, lien on shipping documents, accepted drafts, cash margin and promissory notes respectively.
- 23.4.2 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.
- 23.4.3 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 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.
- 23.4.4 These are secured by 1st pari passu charge amounting to Rs. 133 million on present and future current assets of the Company and lien on import documents/ accepted drafts.

### 24 Contingencies and commitments

#### 24.1 Contingencies

- 24.1.1 In 1990, the Government of Sindh levied excise duty @ 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 High Court of Sindh 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 (2016 : Rs. 8,707,220) for transport of 7200 tons of Methanol outside Sindh.

On August 12, 2004 the High Court Sindh 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.

- 24.1.2 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 High Court of Sindh 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 High Court of Sindh in the case of Crescent Board Limited. The case was decided in the favour of the Company on June 12, 2001 by the High Court, but Sindh Government moved an appeal in the Supreme Court against the decision of the High Court.

# Notes to the Financial Statements

## for the year ended June 30, 2017

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 High Court Sindh for adjudication on all points of law and fact. Vide its judgment dated March 26, 2003, High Court Sindh 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. 986 million (2016 : Rs. 926 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.

24.1.3 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 High Court, Lahore and obtained stay order against these levies. The case is pending adjudication by the High Court, Lahore.

24.1.4 The Assistant Commissioner inland Revenue of Income Tax (Audit VII) 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 is still pending. The Company is confident that the case will be decided in its favour and therefore, no provision for any liability has been made in these financial statements.

	2017 Rupees	2016 Rupees
24.2 Commitments in respect of:		
24.2.1 Letters of credit for purchase of stocks	<u>105,448,875</u>	<u>82,030,000</u>
24.2.2 Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house.	<u>31,595,742</u>	<u>20,401,111</u>
24.2.3 Guarantees issued by banks on behalf of the Company	<u>15,000,000</u>	<u>-</u>
25 Turnover		
Gross revenue - manufacturing	1,476,445,682	1,393,958,819
Sales tax	(225,705,393)	(212,441,069)
Net turnover	<u>1,250,740,289</u>	<u>1,181,517,750</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>26 Cost of sales</b>			
Cost of goods manufactured	26.1	974,858,124	945,534,955
Packing material consumed		6,702,298	6,300,806
		<u>981,560,422</u>	<u>951,835,761</u>
Opening stock of finished goods		19,785,179	13,120,756
Closing stock of finished goods	7	(21,057,142)	(19,785,179)
		<u>980,288,459</u>	<u>945,171,338</u>
<b>26.1 Cost of goods manufactured</b>			
Raw material consumed	26.2	782,156,913	761,540,212
Stores and spares consumed		37,974,767	38,922,986
Salaries, wages and other benefits	28.1	85,039,095	71,187,164
Fuel and power		46,781,306	49,634,451
Rent, rates and taxes		546,129	426,601
Insurance		799,962	821,409
Repairs and maintenance of vehicles		1,608,588	948,898
Outside security charges		1,481,120	2,349,179
Miscellaneous expenses		4,740,447	6,652,055
Depreciation	4.1.2	13,451,862	12,855,642
Manufacturing cost		<u>974,580,189</u>	<u>945,338,597</u>
Opening stock of work in process		650,703	847,061
Closing stock of work in process	7	(372,768)	(650,703)
		<u>974,858,124</u>	<u>945,534,955</u>
<b>26.2 Raw material consumed</b>			
Opening stock	7	74,843,965	48,173,811
Purchases during the year		791,896,913	788,210,366
		<u>866,740,878</u>	<u>836,384,177</u>
Closing stock	7	(84,583,965)	(74,843,965)
		<u>782,156,913</u>	<u>761,540,212</u>
<b>27 Administrative and general expenses</b>			
Salaries, wages and other benefits	28.1	7,581,079	5,728,271
Corporate service charges		900,000	900,000
Office rent		162,811	133,961
Postage, telephone and telex		378,835	366,999
Printing and stationery		611,112	362,173
Travelling and conveyance		684,740	785,900
Entertainment		135,367	142,004
Legal and professional charges		514,998	1,295,949
Fees and subscription		386,602	503,687
Advertisement and publicity		108,120	461,328
Maintenance expenses		77,731	164,841
Provision for doubtful debts	8.1	19,036,166	22,444,015
Miscellaneous expenses		694,403	575,980
Depreciation	4.1.2	225,054	239,750
		<u>31,497,018</u>	<u>34,104,858</u>



# Notes to the Financial Statements

## for the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
32	Taxation		
	Provision for the year		
	- Current for the year	65,860,970	44,285,896
	- Deferred	(7,906,010)	(2,670,355)
		<u>57,954,960</u>	<u>41,615,541</u>
32.1	Tax charge reconciliation		
	Accounting profit	189,059,646	120,084,799
	Tax rate	31 %	32%
	Tax on accounting profit at applicable rate	58,608,490	38,427,135
	Others - permanent differences	(653,530)	3,188,406
		<u>57,954,960</u>	<u>41,615,541</u>
33	Earnings per share - basic and diluted		
	Profit for the year	131,104,686	78,469,258
	Number of ordinary shares outstanding during the year	9,000,000	9,000,000
	Earnings per share-basic and diluted	14.57	8.72
34	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 flow:		
		2017 Rupees	2016 Rupees
	Adjustments		
	Depreciation	13,676,916	13,095,392
	Interest on term deposit receipts	(481,811)	(133,604)
	Bank interest	-	(81,211)
	Financial charges	7,435,355	14,933,735
	Interest on workers' profit participation fund	205,819	41,770
	Gain on disposal of shares	(1,259,843)	-
	Provision for gratuity fund	1,889,838	2,194,855
	Share in profit of associated company	1,401,980	8,072,984
	Workers' profit participation fund (WPPF)	10,228,874	6,882,803
	Workers' welfare fund (WWF)	3,886,972	2,615,465
	Provision for accumulated compensated absences	2,268,406	1,971,590
	Debts written off	(11,069)	(14,405,685)
	Provision for doubtful debts/write off	19,036,166	22,444,015
		<u>58,277,603</u>	<u>57,632,109</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

	2017 Rupees	2016 Rupees
<b>35 Cash and cash equivalent</b>		
Cash and bank balances	4,384,163	7,795,339
Short term running finance - secured	<u>(217,968,436)</u>	<u>(151,572,476)</u>
	<u>(213,584,273)</u>	<u>(143,777,137)</u>
<b>36 Staff provident fund</b>		
<b>36.1</b> The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:		
	<b>2017 (Unaudited) Rupees</b>	<b>2016 (Audited) Rupees</b>
Size of fund/trust	<u>57,958,016</u>	<u>49,695,030</u>
Cost of investment made	<u>51,055,915</u>	<u>44,204,540</u>
Percentage of investment (%)	<u>88.09%</u>	<u>88.95%</u>
Fair value of investment	<u>65,860,088</u>	<u>52,217,189</u>
<b>36.2</b> The break-up of fair value of investment is:		
Regular income certificates (RIC)	26,950,000	26,950,000
N.I.T units	9,619,047	7,483,650
Cash at Bank	2,483,284	15,631,909
Shares in Wah Nobel Chemicals Limited.	6,807,757	2,151,630
Investment -NRSP-MFB	20,000,000	-
	<u>65,860,088</u>	<u>52,217,189</u>
	<b>Percentage</b>	
<b>36.3</b> Percentage of investment made is:		
Regular income certificates (RIC)	41%	52%
N.I.T units	15%	14%
Cash at Bank	4%	30%
Shares in Wah Nobel Chemicals Limited.	10%	4%
Investment -NRSP-MFB	30%	0%
<b>37 Financial risk management objectives and policies</b>		

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The board of directors have the overall responsibility for to establishment and oversight of Company's risk management framework and policies. Audit committee 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 risks faced by the Company with the assistance of internal audit function.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies & processes for measuring and managing risks and the Company's management of capital. Further quantitative disclosure are presented through out these financial statements.

# Notes to the Financial Statements

## for the year ended June 30, 2017

a) **Market risks**

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risks' exposure within acceptable parameters, while optimizing the return on risk. At the year end the company does not holds any financial instruments denominated in foreign currency, therefore the company is not exposed to foreign currency risk.

i) **Interest rate risk**

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's running finance facilities with floating interest rates. The Company manages its interest rate risk by having investment in fixed interest bearing financial assets like term deposits receipts and deposits in savings accounts in the banks.

**Profile:**

At the reporting date the Company's interest bearing financial instruments are:

	Note	2017 Rupees	2016 Rupees
<b>Financial Assets</b>			
Short-term investment	12	<u>2,582,666</u>	<u>2,582,666</u>
		<u>2,582,666</u>	<u>2,582,666</u>
<b>Financial Liabilities</b>			
Short term running finance - secured	23	<u>217,968,436</u>	<u>151,572,477</u>
Net financial liabilities		<u>(215,385,770)</u>	<u>(148,989,811)</u>

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

**Markup rate sensitivity analysis**

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2017 would decrease / increase by Rs. 1,372,749 (2016: Rs. 742,673). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

b) **Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transaction. Out of the total financial assets of Rs. 430,613,837 (2016: Rs. 406,802,062), the financial assets that are subject to credit risk amounted to Rs. 430,970,265 (2016: Rs. 406,902,206).

# Notes to the Financial Statements

## for the year ended June 30, 2017

The maximum exposure to credit risk as at June 30, 2017, along with comparative is tabulated below:

	Note	2017 Rupees	2016 Rupees
<b>Financial Assets</b>			
Trade debts	8	423,456,278	396,261,226
Trade deposits		82,608	40,070
Other receivables		490,491	180,900
Accrued interest income	10	108,122	122,761
Short-term-investment		2,582,666	2,582,666
Bank balances		4,250,100	7,714,583
		<u>430,970,265</u>	<u>406,902,206</u>

The bank balances including short-term investments along with credit ratings are tabulated below:

	Rating agency	Rating		2017 Rupees
		Short term	Long term	
National Bank of Pakistan	JCR-VIS	A-1+	AAA	878,783
Askari Bank Limited	PACRA	A1+	AA+	14,959
Bank-Al Falah Limited	PACRA	A1+	AA+	1,960,607
MCB Bank Limited	PACRA	A1+	AAA	17,758,428
Bank-Al Habib Limited	PACRA	A1+	AA+	1,128,857
Habib Bank Limited	JCR-VIS	A-1+	AAA	3,039
Allied Bank Limited	PACRA	A1+	AA+	88,092
				<u>21,832,765</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Company.

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

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

	Note	2017 Rupees	2016 Rupees
Neither past due nor provided for		178,549,316	196,467,640
Past due but not provided for:			
- within 90 days		86,694,374	49,348,816
- within 91 to 180 days		83,952,252	41,866,458
- over 180 days		172,665,202	187,958,081
Total		<u>521,861,144</u>	<u>475,640,995</u>
Past dues provided for		(98,404,866)	(79,379,769)
Considered good	8	<u>423,456,278</u>	<u>396,261,226</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

### c) 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 manages its liquidity needs by monitoring cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and on the basis of a rolling 90-days projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified in 90 days projection.

The Company maintains cash to meet its liquidity requirements for up to 20-days periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities, dividend payout policy and additional equity injection by the sponsor of the Company.

As at June 30, 2017, The Company's financial liabilities have contractual/probable maturities which are summarized below:

June 30, 2017	Current	
	Within 6 months	6 to 12 months
Trade and other payables	88,979,423	-
Due to holding company	4,626,833	-
Accrued mark-up	951,583	-
Short term running finance - secured	217,968,436	-
	<u>312,526,275</u>	<u>-</u>

These financial liabilities are compared to the maturity of the Company's financial liabilities in the previous year as follow:

June 30, 2016	Current	
	Within 6 months	6 to 12 months
Trade and other payables	109,276,861	-
Due to holding company	1,772,300	-
Accrued mark-up	2,313,009	-
Short term running finance - secured	151,572,477	-
	<u>264,934,647</u>	<u>-</u>

# Notes to the Financial Statements

## for the year ended June 30, 2017

d) Fair value of financial instruments

i) 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)

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

ii) 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

**Non - derivative financial assets**

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

**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.

# Notes to the Financial Statements

## for the year ended June 30, 2017

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fairvalue.

June 30, 2017	Loans and receivables	Other financial liabilities	Total
<b>Financial assets not measured at fair value</b>			
Trade and other receivables *	423,456,278		423,456,278
Cash and cash equivalents*	4,384,163		4,384,163
Short term investments*	2,582,666		2,582,666
Accrued interest*	108,122		108,122
Deposit*	82,608		82,608
<b>Financial liabilities not measured at fair value</b>			
Trade and other payables*		(124,024,930)	(124,024,930)
Short term running finance - secured*		(217,968,436)	(217,968,436)
Accrued mark-up*		(951,583)	(951,583)
Due to holding company*		(4,626,833)	(4,626,833)
<b>June 30, 2016</b>			
<b>Financial assets not measured at fair value</b>			
Trade and other receivables *	396,261,226		396,261,226
Cash and cash equivalents*	7,795,339		7,795,339
Short term investments*	2,582,666		2,582,666
Accrued interest*	122,761		122,761
Deposit*	40,070		40,070
<b>Financial liabilities not measured at fair value</b>			
Trade and other payables*		(150,422,100)	(150,422,100)
Short term running finance - secured*		(151,572,477)	(151,572,477)
Accrued mark-up*		(2,313,009)	(2,313,009)
Due to holding company*		(1,772,300)	(1,772,300)

\*The Company has not disclosed the fair values 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.

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 38 Capital risk management

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

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

The aggregate amount charged in these financial statements in respect of remuneration and allowances, including all benefits, to chief executives and executives of the Company are given below:

	Executives	
	2017 Rupees	2016 Rupees
Managerial remuneration	6,500,136	8,176,082
Leave encashment	426,738	4,326,436
Retirement benefits	669,180	1,736,563
Bonus and incentives	1,171,052	1,220,120
	<u>8,767,106</u>	<u>15,459,201</u>
Number of persons	<u>6</u>	<u>8</u>

- 39.1 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/- (2016: Rs. 900,000/-) charged by Wah Nobel (Private) Limited, as corporate service fee as disclosed in note 27.

### 40 Capacity and production

	Designed annual capacity		Actual production	
	2017	2016	2017	2016
	Metric Tones			
Formaldehyde and Formalin solvent	30,000	30,000	23,973	22,849
Urea / Phenol Formaldehyde	19,000	19,000	11,207	16,175
UFMC	4,800	4,000	4,507	3,913

# Notes to the Financial Statements

## for the year ended June 30, 2017

### 41 Transaction with related parties

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.

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

	2017 Rupees	2016 Rupees
Expenses incurred (on behalf of) / by the group companies net	<u>1,954,533</u>	<u>841,278</u>
Corporate service fee charged by holding company	<u>900,000</u>	<u>900,000</u>
Purchase of Electricity from associate company	<u>17,987,579</u>	<u>8,932,948</u>
Sales to associate company	<u>33,289</u>	<u>3,833,552</u>
Dividend paid to the holding company	<u>19,881,600</u>	<u>4,970,400</u>
<b>Other related parties</b>		
<b>Payment to:</b>		
Employees' pension fund trust	-	1,464,573
Employees' provident fund trust	5,573,227	4,330,631
Workers' profit participation fund	12,088,622	6,924,573
Employees' gratuity fund	4,000,000	5,000,000

### 42 Number of employees

Total number of employees as at June 30, 2017 is 133 (2016 : 101) and average number of employees over the period were 133 (2016: 94)

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


The Board of directors at the meeting held on October 04, 2017 have proposed for the year ended June 30, 2017 cash dividend of Rs. 6.00 per share (2016: Rs. 4.00 per share), amounting to Rs 54 million subject to approval of members at the annual general meeting.

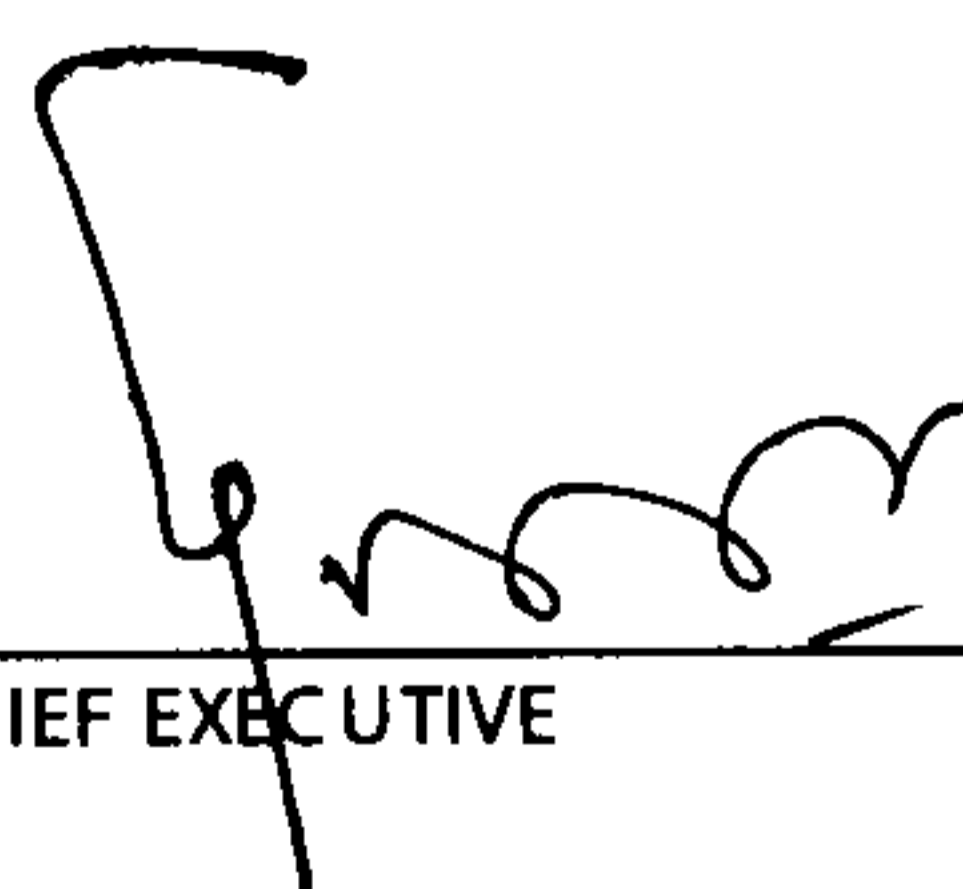
### 44 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on October 04, 2017.

### 45 General

Figures have been rounded off to the nearest rupee.

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
CHIEF EXECUTIVE

# 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 34<sup>th</sup> Annual General Meeting of the Company to be held on Monday, October 04, 2017 at 1100 hrs and /or any adjournment thereof.

Signed this \_\_\_\_\_ day of October, 2017.

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)

34 ویں سالانہ اجلاس عامہ

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت رکن واہ نوبل کیمیکلز لمیٹڈ  
اور حال \_\_\_\_\_ 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 سوموار 30 اکتوبر 2017 کو 11 بجے دن یا اس کے ملتوی شدہ اجلاس میں۔

دستخط / مہر اور کی طرف سے بھیج دیا گیا: \_\_\_\_\_ مورخہ \_\_\_\_\_ اکتوبر 2017

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

فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر

ہدایات:

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