

PARTNERS IN
PROGRESS



ANNUAL REPORT 2021



Descon Oxychem Limited

The background of the slide features a collection of laboratory glassware, including Erlenmeyer flasks, graduated cylinders, and test tubes, some containing colored liquids. A molecular model with red and grey spheres is also visible. The entire scene is overlaid with a light blue grid pattern.

Vision

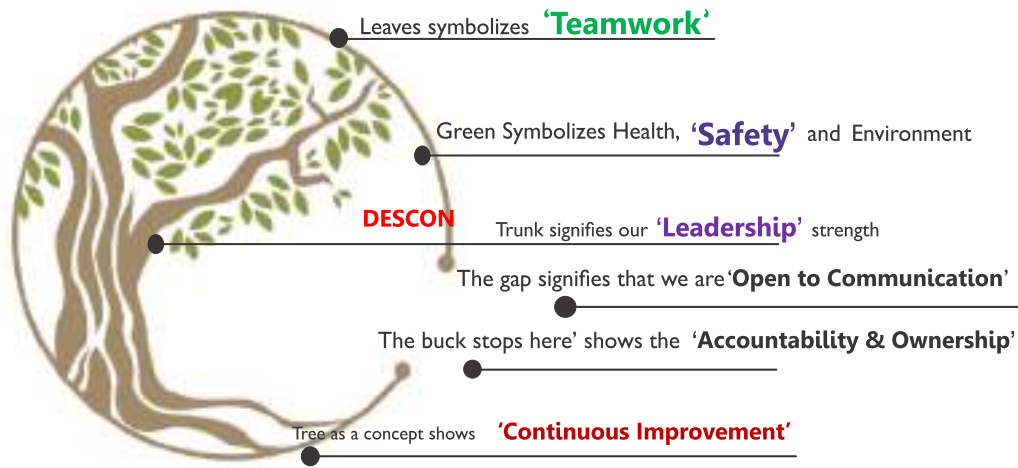
Winning together with our customers, our ambition is to enhance local and regional footprint while delivering sustainable value to all stakeholders.

We are determined to:

- Strengthen our domestic market leadership position
- Establish a footprint in new segments & regional markets
- Achieve success through winning together with our customers driven by best cost propositions, motivated people and effective teamwork

Mission

Our Core Values



Continuous Improvement

"We believe excellence is a commitment to improve everything we do all the time."



Leadership

"We believe leaders inspire others to learn and achieve more."



Accountability and Ownership

"We believe in taking responsibility for our decisions, actions and their results."



Team Work

"We believe in the strength of the individual, yet we accomplish more by working together."



Open Communication

"We believe open communication is the foundation of trust."



Safety

"We believe HSE is of utmost importance and we attach the highest value to the safety of our employees and stakeholders."

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Company Information

Board of Directors

Taimur Dawood	Chairman
Asif Qadir	Independent Director
Farooq Nazir	
Mehreen Dawood	
Faisal Dawood	
Ali Asrar Hossain Aga	Independent Director
Haroon Waheed	Independent Director
M. Mohsin Zia	Chief Executive Officer

Muhammad Rizwan Qaiser

Chief Financial Officer

Abdul Sohail

Company Secretary

Auditors

M/s A. F. Ferguson & Co.
Chartered Accountants

Internal Auditors

M/s KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

M/s Hassan & Hassan Advocates

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Share Registrar

M/s Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial Area,
Model Town, Lahore-53000
Tel: +92 42 35887262, 35839182
Fax: +92 42 35869037

Registered Office

Descon Headquarter
18-KM Ferozpur Road
Lahore-53000 Pakistan.
Tel: +92 42 35923721-9

Plant Site

18-KM Lahore - Sheikhpura Road,
Lahore, Pakistan.
Tel: +92 42 37971822-24
Fax: +92 42 3797 1834

Web Presence

Updated Company's Information
together with the latest Annual Report
can be accessed at Descon's website,
www.desconoxychem.com

Board and Management Committees

Audit Committee

Audit committee has been constituted by the Board in compliance with the Listing Regulations. The committee oversees the Internal Audit function, and also reviews internal audit plans and reports. The committee conducts its meetings as and when required. The committee apprises the Board about the significant discussion and decisions at its meetings and recommendations in respect of company's operation and financial results. The committee comprises of three members, all are non-executive directors, including the Chairman of the committee. This committee is constituted of the following members:

Ali Asrar Hossain Aga	Chairman
Farooq Nazir	Member
Faisal Dawood	Member

Enterprise Risk Management Committee

Enterprise Risk Management Committee was constituted to assist Audit Committee of the Board of Directors in overseeing and reviewing information regarding the enterprise risk management framework, including the significant policies, procedures and practices employed to manage all risks affecting the Company. The committee at minimum meets on a quarterly basis or as frequently as necessary. The committee is constituted of the following members:

M. Mohsin Zia	Chairman
Mushfiq Hussain	Member
M. Rizwan Qaiser	Member
Amir Javed	Member

Human Resource & Remuneration Committee

The Committee has been constituted by the Board to recommend human resource management policies to the board and fulfill the requirements of the listed companies (Code of corporate Governance) Regulations, 2019. It comprises of four members, of whom two are non-executive directors, the Chairman of the committee is an independent director:

Haroon Waheed	Chairman
Ali Asrar Hossain Aga	Member
Farooq Nazir	Member
Faisal Dawood	Member

Compliance Committee

Compliance Committee was constituted to oversee Company's compliance with applicable legal and regulatory requirements, industry standards, and the Company's Code of Ethics and Business Conduct. The committee is constituted of the following members:

M. Mohsin Zia	Chairman
Mushfiq Hussain	Member
M. Rizwan Qaiser	Member
Amir Javed	Member

Principal Markets & Application Areas



Mining

Descon's DOLOX 50 brand is the leadership brand for Pakistan's mining industry. It is extensively used by its customers as an oxidant, such as bleaching, concentrate preparation and effluent treatment. This application is known as Peroxide Assisted Bleach and effluent treatment. The treatment of dissolved oxygen is a crucial factor for overall bleaching efficiency. HP ensures that the necessary dissolved oxygen concentration is in the system, leading to significant increases in bleaching efficiency. Downstream, HP is often used for the removal of cyanide oxidation in a single step, without the formation of toxic intermediates.



Textiles

The company's TEXTOX 50 is the flagship brand, which is most extensively used by the textile market for bleaching of natural and animal-bers derived from cellulose such as cotton, linen and bast-bers. The textile-bers are used as lose stock, yarn or knitted woven fabrics. This product has inherent design strengths and the right chemistry to be used in a wide range of processing technologies. These include Rier, Winch, Jig, J-Box and Steamer with and without storage. The oxidizing bleaching agents, where HP provides a high bleaching impact at extremely competitive cost, especially if modern short-term bleaching are used.



Food & Beverages

Descon's ASEPTOX 35 & SANIDOL are among the top brands used by the food and beverage customers. HP is used in beverages, milk, dairy products, sauces and soups. These products are packaged aseptically in cartons, tubes, bottles and foils. These storage-stable products maintain the required shelf-life and high product quality standards. To create a sterile environment in aseptic packing units, several treatment approaches for materials sterilization and internal machine surfaces are used.

CHAIRMAN'S STATEMENT

The Company's Management has performed well despite pandemic related disruptions and lock downs imposed by the government. The Management tactically implemented an effective strategy to partially mitigate the adverse impacts which helped the Company compensate for decline in the prices due to international lockdowns. The timely and within cost completion of our capacity expansion project was an important milestone, which resulted in increasing the production capacity by 25%. We are very confident that expansion project will bear fruit for the company in future. The completion of expansion has further strengthened the company's position as the least cost producer and market leader.

The Board has been playing a pivotal role in directing the company through regular reviews of the business and its performance. The Directors have set high standard of corporate governance and compliance, which are reflected through the engagement of a strong outsourced internal audit function.

The Board performed its role and responsibilities for setting standards, policies, strategic aims, ensure resources are in place to meet our objectives, monitor and review material strategic issues, financial performance and risk management. In 2020-21, your Company has achieved an EPS of (PKR 1.59 / Share) primarily reduced due to non-cash expansion related depreciation expense. The Board of Directors has recommended 10% cash dividend for its valuable shareholders, signifying the strong and healthy cash flow position of the Company.

It's important to highlight the key role played by the Committees (Audit Committee, Human Resource and Remuneration Committee, Risk Management Committee and Compliance Committee) in underscoring and directing management towards areas of improvements.

Your Company has made significant inroads in diverse domestic market segments in order to profitably absorb the additional production capability which came online during the year. In addition to domestic market the company has also expanded its international reach by exporting to multiple markets and segments in order to mitigate any future domestic price declines. Despite the fluid business landscape, the Company is prepared to respond to the rapidly changing scenario.

On behalf of the Board of Directors, I would like to express my gratitude to all our stakeholders for their continued support and encouragement and place on record the appreciation of the valuable services rendered by the management of the Company. I also acknowledge the commitment and diligence of my fellow directors and the management during the year under review.

Lahore
September 07, 2021



Taimur Dawood
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended June 30, 2021

The Directors of the Company are pleased to present the Annual Report along with the Audited Financial Statements for the year ended June 30, 2021.

Economic Review

The COVID-19 pandemic led to lockdowns and affected the businesses across the world including ours. Despite significant disruptions and area specific lockdowns imposed by the government, the government's efforts to stimulate the economy through aggressive lending and reduced interest rates led to enhanced demand in the domestic economy towards the end of the year. The production capability enhancement implemented during the year is expected to bear fruit for the Company in the upcoming years based on expected increased economic demand.

Business Results

Your Company continuously strives to sustain its consistent performance despite adverse movement in the pricing environment, higher utility and packing material costs further aggravated by the ongoing pandemic situation. The results below show the management's focus on efficient production, profitability and market development while leveraging its strength as the biggest player in hydrogen per oxide marketing the country. The summarized financial performance appears below.

	2021	2020
	Rupees in thousands	
Sales	2,804,903	2,641,615
Gross profit	612,941	861,258
Profit from operations	452,636	670,282
Finance cost	(64,691)	(81,420)
Profit before tax	387,945	588,862
Profit after tax	278,703	418,423
Earnings per share – Basic	1.59	2.85
Sales– MT	38,736	35,558

The Company has been able to improve its sales volume as compared to last year despite pandemic situation and challenging business environment. The topline of the Company has improved due to increased sales volume in spite of decrease in overall pricing due to COVID-19. Gross profit percentage has gone down to 22% from 33% last year primarily due to increase in depreciation expense of PKR 120 million due to capacity expansion, increased utility prices and shut down expense of PKR 34 million. Finance cost has gone down from PKR 81 million to PKR 65 million based on efficient working capital management and improved cost of debt.

Profit after tax has reduced to PKR 279 million from PKR 418 million predominantly due to price decrease and increased depreciation expense. The management has tried to control fixed cost despite expansion of capacity leading to efficient deployment of resources to manage the business. The company expects the pricing situation to improve in the upcoming year leading to significant improvement in the overall financial performance.

Cash Flow Management

Your Company has generated cash of PKR 678 million from operations as compared to PKR 875 million last year largely due to reduced pricing and increased cost. Furthermore, owing to expansion the management had to add additional working capital of PKR 79 million in order to support higher sales volume. Through enhanced ERP support the management is targeting to improve working capital management in the upcoming years.

In addition to above there is significant outflow in terms of Capital expenditures during the year relating to the capacity expansion project of the company.

Safety & Manufacturing

Health, safety, environment and security of our employees/contractors have a principal focus in the company, and it is an integral part of Descon's core values. At the close of FY21, the business had operated eleven consecutive years without a single lost time injury (LTI), achieving 7.91 million man-hours without a lost time injury. Total reportable injuries rate (TRIR) is still zero, same as last year.

The company remained fully compliant with all global accreditation requirements for ISO 9001, OHSAS 18001 and ISO 14001. The business consistently complied with national liquid and gaseous emissions standards. The entire workforce is trained, supported and regularly assessed, which enables them to perform their jobs with minimal risk. During the year, the Company invested lot of training hours in capacity and capability development. Further, it continues to take measures that build institutional memory.

This year the Company has safely & successfully executed the expansion project thereby increasing production capacity to 42 KT from 34 KT. The project was closed within time and allocated budget. Special focus was given to manufacturing excellence program to bring in efficiencies at plant operations and other processes. Multiple energy conservation programs are also being run to bring in savings for the company.

Sales & Marketing

The Company continues to be the market leader, preferred supplier and provider of consistent quality product to the customer. While the textile sector is seeing a significant upswing in the post covid scenario enhancing the demand from our core textile customers the Company also wishes to diversify risks by developing international sales along with new segments.

The Company is expecting significant improvement in profitable market share based on stronger push and market intelligence-based approach.

Entity Credit Rating

By the Pakistan Credit Rating Agency Limited as on June 30, 2021.

Rating Type	Rating
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Long-term	A (Single A)
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Short-term	A1 (A One).
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The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of Descon Oxychem Limited (DOL) at "A" (Single A) and "A1" (A one), respectively. These ratings suggest a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Future Outlook

Post expansion the company expects to maintain its position as least cost producer while making significant inroads into diversified market segments creating opportunities to improve its margin despite ongoing challenges. Your company is consistently working on strategies to mitigate risks while capitalizing on opportunities to maximize shareholder's value.



The Business expects the prices to improve as we move forward on the back of upswing in demand based on aggressive government initiatives to support economic growth. In parallel significant efforts are in place for exploring profitable export markets outside the South Asian region creating a mitigant against future adverse price moments.

In line with the Government's vision to increase exports, your Company is perfectly aligned with high growth/export focused textile sector. The Business wishes to sustain its best-in-class position in safety, production efficiency and market intelligence through investment in continuous improvement and data driven decision making.

Corporate Governance

The Company's Directors and the Management are fully acquainted with their responsibilities as required by provisions of the Companies Act, 2017 (the "Act"). The Board has adopted best practices of Corporate Governance by ensuring a strong sense of business principles and high standards for compliance in conduct of business. The same have been summarised in the enclosed Statement of Compliance with the listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") duly reviewed by the external auditors.

The Directors are pleased to report the following:

- a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cashflows and changes in equity.
- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts on the Company's ability to continue as a going concern.
- g. All the directors on the Board are fully conversant with their duties and responsibilities as directors of a corporate body.
- h. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- i. The key operating and financial data of last six years is attached to the report.

Composition of the Board of Directors

The total numbers of directors are eight (8) including Chief Executive (Deemed Director) as per the following:

Male	7 (including Chief Executive)
Female	1

The composition of the board is as follows:

Sr. No.	Category	Name
1	Independent Director	Mr. Ali Asrar Hossain Aga
2		Mr. Asif Qadir
3		Mr. Haroon Waheed
4	Non-Executive Directors	Mr. Taimur Dawood
5		Mr. Farooq Nazir
6		Mr. Faisal Dawood
7		Ms. Mehreen Dawood
8	Executive Director	Mr. Muhammad Mohsin Zia

Changes to the Board

During the financial year under review, the Chief Executive of the Company Mr. Imran Qureshi had resigned. In his place, Mr. Muhammad Mohsin Zia was appointed as the new Chief Executive Officer of the Company on 21 April 2021.

Meetings of the Board

The Board is legally required to meet at least once in every quarter to monitor the Company's performance aimed at effective and timely accountability of its management. The decisions made by the Board during the meetings were minuted and were duly circulated to all the Directors within the timeline as determined by the Act for endorsement and were approved in the following Board meetings.

All meetings of the Board were held in compliance with required quorum prescribed by the Act and the Regulations. Agenda of each meeting was circulated in a timely manner. The Chief Financial Officer and Company Secretary also attended all the Board meetings.

During the year under review, five (05) meetings of the Board of Directors were held and the attendance of Directors was as follows:

Name of Director	Remarks	Attended Remarks
Taimur Dawood	4	Leave of absence was granted in one meeting
Asif Qadir	5	–
Farooq Nazir	5	–
Mehreen Dawood	3	Leave of absence was granted in two meetings
Faisal Dawood	5	–
Ali Asrar Hossain Aga	5	–
Haroon Waheed	5	–
Imran Qureshi	4	Resigned from the Board
Muhammad Mohsin Zia	1	New appointment

Directors' Training

Six out of eight directors of the Company have been certified as qualified directors under director's training program as prescribed in the Regulations.

Internal Audit and Control

The Board of Directors has set up an independent audit function outsourced to M/s. KPMG Taseer Hadi & Co. Chartered Accountants who are qualified and experienced for the purpose. Upon recommendation by the Audit Committee, the annual plan of the internal audit function was duly approved by the Board, which involves review of operational, financial and administrative controls.

Adequacy of Internal Financial Controls

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of the Company's assets, compliance with applicable laws and regulations and reliable financial reporting.

Directors' Remuneration

The remuneration of Board members is decided by the Board itself. The Board seeks to ensure that there is a transparent and fair mechanism in place for determining the remuneration of directors for participation in the meetings of the Board and its committees. For this purpose, a policy for determining remuneration of directors has been approved and implemented. The Company does not pay remuneration to its non-executive Directors. Only meeting participation fee is being paid to independent directors. Aggregate amount of fee paid to independent Directors has been disclosed in Note 37 of these financial statements.

Evaluation of Performance of the Board

As prescribed under the Regulations, Board has conducted evaluation of its own performance, its members and of its committees through Pakistan Institute of Corporate Governance. No significant departure from the Act, the Regulations and the policies & procedures was found in the said evaluation report. Chairman of Board, in consultation with the Board members has developed an evaluation plan for the Board and its Committees to ensure that the Board and its committees are fully conversant with their roles and responsibilities. The Board reviews its own performance, and performance of its members and committees on a regular basis.

Committees of the Board

To assist the smooth operations of the Board and support in sound decision making, the Board has established four committees out of which two committees are chaired by independent directors.

Audit Committee

The committee supports the Board in fulfilling its oversight responsibilities while primarily reviewing financial or non-financial information to the shareholders in compliance with prevailing regulations and accounting standards. The audit committee also ensures that sound systems of internal controls are in place to safeguard Company's assets. The Terms of Reference of the Committee have been defined in light of the guidelines of the Regulations.

The Audit Committee comprises of three (3) members, as follows:

Mr. Ali Asrar Hossain Aga (Independent Director) – Chairman
Mr. Farooq Nazir (Non-executive Director) - Member
Mr. Faisal Dawood (Non-executive Director) - Member

The committee met 4 times during the year and the attendance was as follows:

Name of Member	Meetings Attended
Mr. Ali Asrar Hossain Aga	4
Mr. Farooq Nazir	4
Mr. Faisal Dawood	4

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee has been established to review and recommend to the Board all elements of compensation and policies and procedures required to be adopted for an effective human resource function. The Committee comprises of three members one of whom is an independent director.

The Human Resource & Remuneration Committee comprises of four (4) members as follows:

Mr. Haroon Waheed (Independent Director) – Chairman
Mr. Farooq Nazir (Non-executive Director)
Mr. Ali Asrar Hossain Aga (Independent Director)
Mr. Faisal Dawood (Non-executive Director)

The Committee had four meetings during the year and the attendance of the meetings is as follows:

Name of Member	Meetings Attended
Mr. Haroon Waheed	4
Mr. Farooq Nazir	4
Mr. Ali Asrar Hossain Aga	4
Mr. Faisal Dawood	4

Enterprise Risk Management Committee

Enterprise Risk Management Committee was constituted to assist Audit Committee of the Board of Directors in overseeing and reviewing information regarding the enterprise risk management framework, practices employed to manage all risks affecting the Company. The committee at minimum meets on a quarterly basis or as frequently as necessary. The committee is constituted of the following members:

Muhammad Mohsin Zia	Chairman
Muhammad Rizwan Qaiser	Member
Mushfiq Hussain	Member
Amir Javed	Member

Compliance Committee

Compliance Committee was constituted to oversee Company's compliance with applicable legal and regulatory requirements, industry standards, and the Company's Code of Ethics and Business Conduct. The committee is constituted of the following

Muhammad Mohsin Zia	Chairman
Muhammad Rizwan Qaiser	Member
Mushfiq Hussain	Member
Amir Javed	Member

Related Party Transactions

The Audit Committee reviewed and recommended the related party transactions to the Board and the Board approved them. All related party transactions were carried out in the normal course of business and on an arm's length basis. The Company maintains a complete record of all the related party transactions. The Company has made detailed disclosure of the related party transactions in the financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule of the Act and applicable International Financial Reporting Standards.

Social Investment

The Company continues to focus on Corporate Social Responsibilities. The Company recognizes the importance of being a good corporate citizen in conducting its business as well as delivering its obligations in social welfare of its staff and community in general.

Pattern of Shareholding

In accordance with section 227(2)(f) of the Act, the pattern of shareholding as at June 30, 2021, along with disclosures as required under the Regulations is annexed to the Annual Report.

Cash Dividends

The Board of Directors has recommended final cash dividend @ 10 % (Rs.1/- per ordinary share) to the shareholders out of the profits of the Company for the year ended on June 30th 2021. It will be paid subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

Auditors

The financial statements of the Company for the current year 2020-21 were audited by M/s. A. F. Ferguson & Company, Chartered Accounts. The auditors will retire at the end of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. As recommended by the Audit Committee, the Board has approved the appointment of M/s. A. F. Ferguson & Co. Chartered Accountants as auditors of the Company for the year ending June 30, 2022, subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

Acknowledgements

We would like to thank all stakeholders for their contributions and accomplishments in the past year despite difficulties due to pandemic. It is our stakeholder's support that makes all the company's achievements possible while helping us create a sustainable business.

we look forward to a promising and strong performance in future.

For and on behalf of the Board

Lahore
September 07, 2021


CHIEF EXECUTIVE


DIRECTOR

متعلقہ فریقین سے لین دین

آڈٹ کمیٹی نے بورڈ کو متعلقہ فریقین سے لین دین کی سفارش کی ہے اور بورڈ نے ان کی منظوری دی ہے۔ تمام متعلقہ فریقین سے لین دین کاروبار کے عمومی عمل کے دوران عمل میں لایا گیا ہے۔ کمپنی نے متعلقہ فریقین سے لین دین کی تفصیلات کا باقاعدگی سے اندراج کر رکھا ہے۔ کمپنی نے سالانہ رپورٹ کے ساتھ متعلقہ فریقین سے لین دین کی تفصیلات منسلک کی ہیں۔ یہ اظہار ایکٹ کے چوتھے شیڈول اور لاگو بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز کے عین مطابق ہے۔

سماجی سرمایہ کاری

کمپنی کاروباری و سماجی ذمہ داریوں پر بھرپور توجہ دیتی ہے۔ کمپنی اپنا کاروبار چلانے اور اپنے عملہ اور معاشرے کی سماجی بہبود میں اپنے فرائض کی انجام دہی میں اچھا کاروباری شہری بننے کی اہمیت کو تسلیم کرتا ہے۔

شیئر ہولڈنگ کی وضع

ایکٹ کے سیکشن 227(2)(f) کے تحت 30 جون 2021ء کو اختتام پذیر سال کے لئے شیئر ہولڈنگ کی وضع اور ضوابط کے تحت اس کا اظہار سالانہ رپورٹ کے ساتھ منسلک ہے۔

نقد منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کے منافع سے 10 فی صد (-/1 روپیہ فی عمومی حصص) کی شرح سے حتمی نقد منافع منقسمہ تجویز کیا ہے۔ آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری کی شرط پر یہ ادائیگی کی جائے گی۔

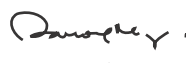
آڈیٹرز

رواں مالیاتی سال 2020-21 کے لئے کمپنی کی مالیاتی اسٹیٹمنٹس کا آڈٹ میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے کیا ہے۔ سالانہ اجلاس عام کے اختتام پر آڈیٹرز ریٹائر ہو جائیں گے۔ اہلیت کی بنا پر انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے 30 جون 2022ء کو اختتام پذیر سال کے لئے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کمپنی کا آڈیٹر مقرر کرنے کی منظوری دی ہے۔ یہ تقرری آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری سے مشروط ہے۔

اعترافات

ہم عالمگیر وبا کے باوجود گذشتہ برس میں بھرپور تعاون اور کامیابیوں کے لئے اپنے تمام سٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں۔ اپنے سٹیک ہولڈرز کی مدد سے ہی کمپنی مستحکم کاروبار کے قیام کے قابل ہوئی ہے۔ ہم مستقبل میں نمایاں اور ٹھوس کارکردگی کے لئے پرامید ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز


ڈائریکٹر


چیف ایگزیکٹو

07 ستمبر 2021

سال بھر میں کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ اراکین کی حاضری حسب ذیل ہے:

نام رکن	اجلاس میں حاضری
مسٹر علی اسرار حسین آغا	4
مسٹر فاروق نذیر	4
مسٹر فیصل داؤد	4

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

ہیومن ریسورس اینڈ ریمونریشن کمیٹی بورڈ کو معاوضہ/مشاہیرہ کے تمام پہلوؤں اور موثر ہیومن ریسورس فنکشن کے لئے اپنائی گئی پالیسیوں اور طریقہ ہائے کار پر سفارش دینے کے لئے تشکیل دی گئی ہے۔ کمیٹی تین اراکین پر مشتمل ہے جس میں ایک خود مختار ڈائریکٹر ہوتا ہے۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی چار (4) مندرجہ ذیل چار اراکین پر مشتمل ہے:

مسٹر ہارون وحید (خود مختار ڈائریکٹر) - چیئر مین
 مسٹر فاروق نذیر (نان-ایگزیکٹو ڈائریکٹر) - رکن
 مسٹر علی اسرار حسین آغا (خود مختار ڈائریکٹر) - رکن
 مسٹر فیصل داؤد ((نان-ایگزیکٹو ڈائریکٹر) - رکن

سال بھر میں کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ اجلاس میں اراکین کی حاضری کی تفصیلات مندرجہ ذیل ہیں:

نام رکن	اجلاس میں حاضری
مسٹر ہارون وحید	4
مسٹر فاروق نذیر	4
مسٹر علی اسرار حسین آغا	4
مسٹر فیصل داؤد	4

اینٹرپرائز رسک مینجمنٹ کمیٹی

اینٹرپرائز رسک مینجمنٹ کمیٹی اینٹرپرائز رسک مینجمنٹ اور کمپنی پر اثر انداز ہونے والے خطرات کو کنٹرول کرنے کے اصولوں سے متعلق معلومات کے جائزہ میں بورڈ آڈائریکٹر کی آڈٹ کمیٹی کی معاونت کے لئے تشکیل دی گئی ہے۔ کمیٹی سہ ماہی بنیادوں پر یا بوقت ضرورت اجلاس منعقد کرتی ہے۔ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے:

محمد حسن ضیا
 محمد رضوان قیصر
 مشفق حسین
 عامر جاوید
 چیئر مین
 رکن
 رکن
 رکن

کمپلائنس کمیٹی

قانونی معیارات، صنعتی معیارات اور کمپنی کے ضابطہ اخلاق اور کاروباری اخلاقیات پر عمل درآمد پر نگرانی کے لئے کمپلائنس کمیٹی تشکیل دی گئی ہے۔ کمیٹی مندرجہ ذیل پر مشتمل ہے:

محمد حسن ضیا
 محمد رضوان قیصر
 مشفق حسین
 عامر جاوید
 چیئر مین
 رکن
 رکن
 رکن

ڈائریکٹرز کی ٹریننگ

کمپنی کے 8 ڈائریکٹرز میں 6 ضوابط میں بیان کردہ ڈائریکٹر کے ٹریننگ پروگرام کے سند یافتہ ہیں۔

اندرونی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے میسرز KPMG تاثیر، ہادی اینڈ کو چارٹرڈ اکاؤنٹنٹس کو خود مختار آڈٹ فنکشن آؤٹ سورس کیا ہے۔ جو اس شعبہ میں انتہائی قابل اور تجربہ کار ہیں۔ آڈٹ کمیٹی کی سفارش پر انٹرئل آڈٹ فنکشن کا سالانہ منصوبہ بورڈ نے منظور کیا ہے جس میں فعالی، مالیاتی اور انتظامی کنٹرولز پر نظر ثانی شامل ہیں۔

اندرونی مالیاتی کنٹرولز کی موزونیت

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی کنٹرولز کا ایک عمدہ سسٹم تشکیل دیا ہے۔ تاکہ آپریشنز پر موثر اور بہترین عمل درآمد، کمپنی کے اثاثہ جات کے تحفظ، مروجہ قوانین و ضوابط کی تعمیل اور معقول مالیاتی رپورٹنگ کو یقینی بنایا جاسکے۔

ڈائریکٹرز کا مشاہیرہ

بورڈ از خود اپنے اراکین کا معاوضہ طے کرتا ہے۔ بورڈ یہ یقینی بناتا ہے کہ بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کی غرض سے ڈائریکٹرز کا معاوضہ تعین کرنے کے لئے ایک شفاف اور معقول نظام موجود ہو۔ اس مقصد کے لئے ڈائریکٹرز کے معاوضہ کا تعین کرنے کے لئے ایک پالیسی منظور اور نافذ کی گئی ہے۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتا۔ صرف خود مختار ڈائریکٹرز کو یہی اجلاس میں شرکت کی فیس ادا کی جاتی ہے۔ خود مختار ڈائریکٹرز کو ادا کی جانے والی فیس کی اوسط رقم ان مالیاتی اسٹیٹمنٹس کے نوٹ 37 میں درج کی گئی ہے۔

بورڈ کی کارکردگی کا جائزہ

ضوابط کے تحت پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کے ذریعے بورڈ اپنی، اپنی کمیٹیوں اور اس کے اراکین کی کارکردگی کا جائزہ لیتا ہے۔ مذکورہ تجزیاتی رپورٹ میں ایکٹ، ضوابط اور پالیسیوں اور طریقہ ہائے کار سے کوئی نمایاں انحراف نہیں پایا گیا ہے۔ بورڈ چیئرمین نے بورڈ اراکین کی مشاورت سے بورڈ اور اس کی کمیٹیوں کے لئے ایک تجزیاتی منصوبہ مرتب کیا ہے تاکہ یقینی بنایا جاسکے کہ بورڈ اور اس کی کمیٹیاں اپنے فرائض و ذمہ داریوں سے بخوبی واقف ہو جائیں۔ بورڈ باقاعدگی سے اپنی، اپنی کمیٹیوں اور اراکین کی کارکردگی کا از خود جائزہ لیتا ہے۔

بورڈ کمیٹیاں

بورڈ کے متوازن آپریشنز میں معاونت اور مربوط فیصلہ سازی میں مدد کے لئے بورڈ نے دو کمیٹیاں تشکیل دی ہیں جن کی سرپرستی خود مختار ڈائریکٹرز کرتے ہیں۔ کمیٹیوں کی تفصیل مندرجہ ذیل ہے:

آڈٹ کمیٹی

یہ کمیٹی مروجہ ضوابط اور اکاؤنٹنگ معیارات کی تعمیل میں حصص داران کو جاری مالیاتی و غیر مالیاتی معلومات پر نظر ثانی جیسی ذمہ داریوں پر عمل درآمد کے لئے بورڈ کی معاونت کرتی ہے۔ آڈٹ کمیٹی یہ یقینی بناتی ہے کہ کمپنی کے اثاثہ جات کے تحفظ کے لئے انٹرئل کنٹرول کے مربوط نظام کو برقرار رکھا جائے۔ کمیٹی کی شرائط و ضوابط ریگولیشنز کی ہدایت کی روشنی میں ترتیب دی گئی ہیں۔

آڈٹ کمیٹی مندرجہ ذیل تین (3) اراکین پر مشتمل ہے:

مسٹر علی اسرار آغا (خود مختار ڈائریکٹر) - چیئرمین

مسٹر فاروق نذیر (نان-ایگزیکٹو ڈائریکٹر) - رکن

مسٹر فیصل داؤد (نان-ایگزیکٹو ڈائریکٹر) - رکن

بورڈ کی ترکیب حسب ذیل ہے:

نمبر شمار	درجہ	نام
1	خود مختار ڈائریکٹر	مسٹر علی اسرار حسین آغا
2		مسٹر آصف قدیر
3		مسٹر ہارون وحید
4	نان ایگزیکٹو ڈائریکٹرز	مسٹر تیمور داؤد
5		مسٹر فاروق نذیر
6		مسٹر فیصل داؤد
7		مس مہرین داؤد
8	ایگزیکٹو ڈائریکٹر	مسٹر محمد محسن ضیا

بورڈ میں تبدیلیاں

زیر جائزہ سال کے دوران کمپنی کے چیف ایگزیکٹو جناب عمران قریشی مستعفی ہو گئے۔ اُن کی جگہ پر مسٹر محمد محسن ضیا کو کمپنی کا نیا چیف ایگزیکٹو مقرر کیا گیا۔ ان کی تاریخ تقرری 21 اپریل 2021ء ہے۔

بورڈ کے اجلاس

انتظامیہ کے مربوط اور بروقت احتساب کے ذریعے کمپنی کی کارکردگی کا جائزہ لینے کے لئے ہر سہ ماہی میں ایک مرتبہ کمپنی کا اجلاس بلانا لازمی ہے۔ اجلاس کے دوران بورڈ کے فیصلوں کو تحریر کیا جاتا ہے اور نظر ثانی کے لئے ایکٹ کے مطابق طے شدہ دورانیہ میں تمام ڈائریکٹرز کو انہیں بھیجا جاتا ہے اور اگلے بورڈ اجلاس میں انہیں منظور کیا جاتا ہے۔

بورڈ کے تمام اجلاس ایکٹ کے تحت طے شدہ کورم کے مطابق منعقد کئے جاتے ہیں۔ ہر اجلاس کی ایجنڈا بروقت تقسیم کیا جاتا ہے۔ چیف فنانسنگل آفیسر اور کمپنی سیکریٹری نے بھی بورڈ اجلاسوں میں شرکت کی۔

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	اجلاس میں حاضری	ریمارکس
تیمور داؤد	4	ایک اجلاس کے لئے غیر حاضری کی رخصت عنایت کی گئی
آصف قدیر	5	-
فاروق نذیر	5	-
مہرین داؤد	3	دو اجلاسوں کے لئے غیر حاضری کی رخصت عنایت کی گئی۔
فیصل داؤد	5	-
علی اسرار حسین آغا	5	-
ہارون وحید	5	-
عمران قریشی	4	بورڈ سے مستعفی ہو گئے
محمد محسن ضیا	1	نئی تقرری

اور A1 (اے ون) برقرار رکھی ہے۔ یہ درجہ بندی مالیاتی اداروں کو قرض کی بروقت ادائیگی کی صلاحیت کی وجہ سے کریڈٹ رسک میں کمی کی توقعات کی عکاسی کرتی ہے۔

مستقبل کا منظر نامہ

بعد از توسیع کمپنی کم از کم لاگت کے حامل پروڈیوسر کی پوزیشن کو برقرار رکھنے کی توقع رکھتی ہے جب کہ کمپنی مارکیٹ کے متنوع شعبوں میں جاری مشکلات کے باوجود منافع کے مارجن کو بہتر کرنے کے لئے نئے مواقع پیدا کر رہی ہے۔ آپ کی کمپنی خطرات کے تدارک کے لئے ایسی حکمت عملی پر عمل پیرا ہے جس کے تحت حصص داران کے منافع میں اضافہ کے لئے مواقع کو بروئے کار لایا جاسکے۔

اقتصادی نمو میں بہتری کے لئے مربوط حکومتی اقدامات کے پیش نظر طلب میں اضافہ کے باعث کمپنی اپنے کاروبار میں قیمتوں میں بہتری کے لئے پرامید ہے۔ جنوبی ایشیائی علاقہ سے باہر برآمدی منڈیوں میں منافع حاصل کرنے کے لئے متوازی کاوشوں پر کام جاری ہے تاکہ مستقبل میں قیمتوں میں اضافہ کے بحران پر قابو پایا جاسکے۔

برآمدات میں اضافہ کے لئے حکومتی ویژن کو مدنظر رکھتے ہوئے آپ کی کمپنی زیادہ نمو/ برآمد پر توجہ دینے والے ٹیکسٹائل سیکٹر کے ساتھ مسلسل رابطہ میں ہے۔ آپ کا کاروبار مسلسل ترقی کے لئے سرمایہ داری اور اعداد و شمار کے مطابق فیصلہ سازی کے ذریعے تحفظ، پیداواری کارکردگی اور مارکیٹ رجحانات میں بہتری کے لئے کوشاں ہے۔

کارپوریٹ گورننس

کمپنی کے ڈائریکٹرز اور انتظامیہ کمپنیز ایکٹ 2017ء ("ایکٹ") کے قواعد کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ بورڈ کارپوریٹ گورننس کی بہترین عمل داری کو اپنائے ہوئے ہیں تاکہ کاروبار چلانے میں کاروباری اصولوں کی سمجھ بوجھ اور تعمیل کے اعلیٰ معیار کو یقینی بنایا جاسکے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء (ضوابط) کے تعمیلی بیانی میں اس کا خلاصہ کیا گیا ہے جن پر بیرونی آڈیٹرز نے باضابطہ نظر ثانی کی ہے۔

ڈائریکٹرز مندرجہ ذیل ازراہ مسرت رپورٹ کرتے ہیں:

- کمپنی کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس نصفت میں تبدیلی، کیش فلو، آپریشنز اور کاروباری امور کی بہترین عکاسی کرتی ہیں۔
- کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں موافق اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز (IFRS) کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے سقم کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔
- داخلی نظم و ضبط ایک مربوط نظام موجود ہے اور اس کو موثر انداز میں لاگو اور مانٹر کیا جاتا ہے۔
- کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی ابہام موجود نہ ہے۔
- بورڈ کے تمام ڈائریکٹرز بطور ڈائریکٹرز کارپوریٹ باڈی اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔
- لسٹڈ ضوابط میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی سقم موجود نہ ہے۔
- گذشتہ چھ سال کے اہم فعالی و مالیاتی اعداد و شمار رپورٹ کے ساتھ لف ہیں۔

بورڈ آف ڈائریکٹرز کی ترکیب

ڈائریکٹرز کی کل تعداد آٹھ (8) حسب ذیل ہے جس میں چیف ایگزیکٹو (مجوزہ ڈائریکٹر) بھی شامل ہے۔

7 (بشمول چیف ایگزیکٹو)

مرد

1

خاتون

آیا۔ انتظامیہ نے توسیعی منصوبہ کے باوجود مستقل لاگت کو کنٹرول کرنے کی بھرپور کوشش کی تاکہ کار بار کو چلانے کے لئے وسائل کو بہتر انداز میں استعمال میں لایا جاسکے۔ کمپنی آئندہ برسوں میں قیمتوں کی صورت حال میں بہتری کی توقع رکھتی ہے جو مجموعی مالیاتی کارکردگی میں نمایاں بہتری لائے گی۔

کیش فلو مینجمنٹ

آپ کی کمپنی نے کم قیمتوں اور لاگت میں اضافہ کے باعث گزشتہ برس میں 875 ملین روپے کے مقابلہ میں آپریشنز سے 678 ملین روپے آمدنی حاصل کی۔ مزید برآں، توسیع کے تناظر میں فروخت کے بہتر حجم کو سہارا دینے کے لئے انتظامیہ نے 79 ملین روپے کا اضافی سرمایہ لگایا۔ ERP سسٹم میں اضافی کنٹرولز کے ذریعے انتظامیہ آئندہ برسوں میں ورکنگ کیپٹل مینجمنٹ میں بہتری کی طرف توجہ دے رہی ہے۔ مذکورہ بالا کے علاوہ سال بھر میں کیپٹل اخراجات کی مد میں توسیعی منصوبہ کے لئے کمپنی نے خاطر خواہ خرچ کیا۔

سیفٹی اور مینوفیکچرنگ

صحت، حفاظت، ماحولیات اور ملازمین/کنٹریکٹرز کی سیکیورٹی کمپنی کے ترجیحی امور میں شامل ہے اور ڈیسکون کی بنیادی اقدار کا لازمی جزو ہے۔ مالیاتی سال 2021ء کے اختتام پر کمپنی نے بغیر کسی ضرر اور حادثہ کے مسلسل 11 سال مکمل کیے اور 7.91 ملین گھنٹے کام کیا ہے۔ قابل غور ضرر چوٹ کی شرح (TRIR) گزشتہ برس کی طرح تاحال صفر ہے۔

کمپنی ISO 9001، OHSAS 18001 اور ISO 14001 کے تمام عالمی معیارات کی کلی طور پر تعمیل کرتی ہے۔ کمپنی قومی مانع و گیس اخراج کے معیارات پر بھی عمل پیرا ہے۔ تمام ملازمین تربیت یافتہ اور محفوظ ہیں اور ان کی باقاعدگی سے نگرانی کی جاتی ہے تاکہ وہ کم ترین خطرہ کے ساتھ اپنے فرائض سرانجام دے سکیں۔ سال بھر میں، کمپنی نے صلاحیت اور قابلیت میں بہتری کے لئے تربیت میں بہت زیادہ وقت صرف کیا۔ مزید یہ کہ کمپنی ادارہ جاتی تعمیر و ترقی کے لئے بھی مسلسل اقدامات اٹھا رہی ہے۔

رواں برس کمپنی نے کامیابی اور حفاظت سے توسیعی منصوبہ مکمل کیا ہے جس کے باعث پیداواری صلاحیت میں 34 کلوٹن سے 42 کلوٹن تک اضافہ ہوا۔ پروجیکٹ بروقت اور مختص کردہ بجٹ میں مکمل کیا گیا۔ کمپنی پلانٹ آپریشنز اور دیگر امور میں بہتر کارکردگی لانے کی غرض سے معیاری پیداوار کے لئے مینوفیکچرنگ عہد کی پروگرام پر خصوصی توجہ دے رہی ہے۔ کمپنی کی بچت میں اضافہ کے لئے توانائی کی بچت کے کئی پروگراموں پر بھی عمل ہو رہا ہے۔

سیلز اور مارکیٹنگ

کمپنی مارکیٹ میں عروج کو برقرار رکھے ہوئے ہے اور صارفین کو مستقل بنیادوں پر معیاری مصنوعات کی فراہمی اور سپلائی کے لئے کوشاں ہے۔ کرونا وائرس کے بعد ٹیکسٹائل کے شعبہ میں نمایاں ترقی کے باعث ہمارے ٹیکسٹائل کسٹمرز کی طلب میں بھی اضافہ ہوا ہے۔ کمپنی بین الاقوامی سطح پر فروخت اور نئے شعبہ پیدا کرنے کے لئے خطرات پر قابو پانے پر بھی خصوصی توجہ دے رہی ہے۔

کمپنی مربوط سرمایہ کاری اور مارکیٹ کے رجحانات کو مد نظر رکھتے ہوئے مارکیٹ میں منافع بخش مقام حاصل کرنے کے لئے نمایاں ترقی کی بھی توقع کر رہی ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے 30 جون 2021ء تک ادارہ کی کریڈٹ ریٹنگ مندرجہ ذیل ہے۔

قسم درجہ بندی

طویل مدتی A (سنگل A)

قلیل مدتی A1 (اے ون)

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے ڈیسکون آکسی کیم لمیٹڈ (DOL) کی طویل اور قلیل مدتی کریڈٹ ریٹنگ بالترتیب A (سنگل A)

ڈائریکٹر ز رپورٹ برائے حصص داران

برائے اختتام پذیر سال 30 جون 2021ء

کمپنی کے ڈائریکٹر 30 جون 2021ء کو اختتام پذیر سال کی سالانہ رپورٹ اور پڑتال شدہ مالیاتی اسٹیٹمنٹس پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

معاشی جائزہ

کرونا وائرس کی وبا کے باعث عائد کی گئی پابندیوں سے نہ صرف پاکستانی بلکہ دنیا بھر میں کاروباری شعبہ شدید متاثر ہوا۔ نمایاں بندشوں اور مخصوص علاقوں میں سرکاری سطح پر عائد لاک ڈاؤن کے باوجود قرض کی سہولت فراہمی اور شرح سود میں کمی کے ذریعے معیشت کو متحرک رکھنے کی حکومتی کوششیں رنگ لائیں اور سال کے اختتام پر ملکی معیشت نے اڑان بھری۔ سال بھر میں پیداواری صلاحیت میں اضافہ کی وجہ سے آئندہ برسوں میں معاشی طلب میں اضافہ کے باعث کمپنی کی آمدنی بڑھنے کے روشن امکانات ہیں۔

کاروباری نتائج

آپ کی کمپنی قیمتوں میں اضافہ کے بڑھتے ہوئے بدترین رجحان کے باوجود اپنی کارکردگی کے تسلسل کو برقرار رکھنے کے لئے کوشاں ہے۔ سہولیات اور پیکنگ میٹرل کی قیمتوں کو بھی جاری عالمگیر وبائی مزید بڑھا ہے۔ مندرجہ ذیل نتائج ملک میں ہائیڈروجن پر آکسائیڈ کی مارکیٹ میں نمایاں مقام حاصل کرنے کے ہدف کو مد نظر رکھتے ہوئے پیداوار، آمدنی اور مارکیٹ میں ترقی پر انتظامیہ کی بھرپور توجہ کی عکاسی کرتے ہیں۔

2020ء	2021ء	
ہزار روپوں میں		
2,641,615	2,804,903	فروخت
861,258	612,941	مجموعی منافع
670,282	452,636	آپریٹنگ منافع
(81,420)	(64,691)	قرضوں پر لاگت
588,862	387,945	نفع بمعہ ٹیکس
418,423	278,703	نفع علاوہ ٹیکس
2.85	1.59	فی حصص آمدنی - بنیادی
35,558	38,736	فروخت - میٹرک ٹن

کمپنی عالمگیر وبا اور مشکل کاروباری حالات کے باوجود گزشتہ برس کے مقابلہ میں فروخت کے حجم میں بہتری کے قابل ہوئی ہے۔ کرونا وائرس کے باعث اجتماعی سطح پر قیمتوں میں کمی کے باوجود کمپنی کے فروخت کے حجم میں نمایاں بہتری دیکھی گئی۔ پلانٹ کی توسیع کے باعث 120 ملین روپے کی فرسودگی، سہولیات کے بل اور 34 ملین کے پلانٹ کی بندش کے اخراجات میں اضافہ کی وجہ سے کمپنی کا مجموعی منافع گزشتہ برس میں 33 فیصد کے مقابلہ میں 22 فی صد درج ہوا۔ مربوط ورکنگ کیپٹل مینجمنٹ اور قرضوں کی بہتر قیمت کی وجہ سے قرضوں پر لاگت 81 ملین روپے کے مقابلہ میں 65 ملین روپے رہی۔ نفع علاوہ ٹیکس 418 ملین روپے کے مقابلہ میں 279 ملین روپے رہا جو قیمتوں میں کمی اور فرسودگی کے اخراجات میں اضافہ کے باعث سامنے

Key Operating and Financial Data

Particular	2021	2020	2019	2018	2017	2016	2015
	(Rs '000)						
Summary of Profit and Loss							
Sales	2,804,903	2,641,615	2,704,957	2,088,225	1,961,005	1,581,547	1,409,082
Cost of Goods Sold	(2,191,962)	(1,780,357)	(1,874,206)	(1,471,864)	(1,454,383)	(1,238,213)	(1,140,866)
Gross Profit	612,941	861,258	830,751	616,361	506,622	343,334	268,216
Operating profit	452,636	670,282	657,655	459,191	345,273	210,240	132,257
Finance Cost	(64,691)	(81,420)	(79,181)	(5,373)	(11,739)	(76,564)	(212,188)
Profit / (loss) before tax	387,945	588,862	578,474	453,818	333,534	133,676	(79,931)
Profit / (loss) after tax	278,703	418,423	394,269	322,279	204,925	44,989	(118,849)
EBITDA	767,359	865,738	835,263	632,862	528,810	381,911	298,563
Financial Position							
Share Capital - Ordinary	1,750,311	1,508,889	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Share Capital - Preference	-	-	-	1,100,000	1,100,000	1,100,000	-
Reserves including unappropriated profit	309,796	181,982	(236,441)	(344,272)	(402,551)	(607,476)	(642,587)
Long term borrowings - Current & Non Current Portion	1,131,689	223,131	877,631	-	-	111,822	1,455,350
Property, plant and equipment	2,439,580	2,031,207	1,483,894	1,392,836	1,518,988	1,655,483	1,771,052
Net Current Assets	598,336	295,749	263,173	320,986	92,560	(211,114)	241,023
Investor Information							
Gross profit margin (%)	21.85	32.60	30.71	29.52	25.83	21.71	19.03
EBITDA margin to sales (%)	27.36	32.77	30.88	30.31	26.97	24.15	21.19
Pre tax margin (%)	13.83	22.29	21.39	21.73	17.01	8.45	(5.67)
Net profit margin (%)	9.94	15.84	14.58	15.43	10.45	2.84	(8.43)
Return on equity (%)	13.51	21.62	50.32	18.15	11.93	2.97	(31.49)
Return on capital employed (%)	13.91	28.35	36.65	25.86	20.10	12.94	5.86
Current Ratio	2.22	1.60	1.58	2.22	1.21	0.77	1.61
Quick Ratio	1.44	0.55	0.82	1.32	0.64	0.51	0.84
Debtors turnover (days)	9	8	11	7	13	12	23
Inventory turnover (days)	26	38	14	7	12	10	33
Creditors turnover (days)	59	84	61	52	53	48	52
Operating cycle (no. of days)	(24)	(39)	(36)	(38)	(28)	(26)	4
Debt: Equity (Ratio)	35:65	10:90	53:47	0:100	0:100	7:93	83:17
Interest cover (Times)	7.00	8.23	8.31	85.46	29.41	2.75	0.62
Earnings / (loss) per share (pre tax) (Rupees)	2.22	4.80	5.67	4.45	3.27	1.31	(0.78)
Earnings / (loss) per share (after tax) (Rupees) - Basic	1.59	2.85	3.87	3.16	2.01	0.44	(1.17)
Earnings / (loss) per share (after tax) (Rupees) - Dilluted	1.59	2.85	2.70	1.52	0.97	0.21	(1.17)
Share Price	26.84	29.85	16.05	19.30	18.35	6.03	4.72
Price Earnings Ratio	16.88	10.47	4.15	6.11	9.13	13.67	(4.05)
Breakup Value Per Share (Rupees)	11.79	12.83	7.68	6.62	6.05	4.04	3.70
Hydrogen Peroxide Production (MTs)	32,816	31,814	30,836	33,293	34,697	32,234	32,098
Hydrogen Peroxide Sales (MTs)	34,898	31,412	30,823	34,012	34,295	32,340	31,785
Trading General Sales (MTs)	3,838	4,146	6,343	4,696	4,966	1,504	-

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DESCON OXYCHEM LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

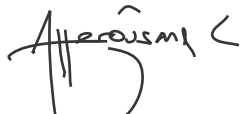
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Descon Oxychem Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.



A.F. Ferguson & Co.
Chartered Accountants
Lahore
September 27, 2021

*A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulber-V, P.O.Box 39, Lahore-54660, Pakistan
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Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: Descon Oxychem Limited
Year ending: June 30, 2021

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") in the following manner:

1. The total numbers of directors are 8 (including the Chief Executive Officer) as per the following:
 - a) Male: 7
 - b) Female: 1

The Composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Ali Asrar Hossain Aga
	Mr. Asif Qadir
	Mr. Haroon Waheed
Other Non-executive Directors	Mr. Taimur Dawood
	Mr. Faisal Dawood
	Mr. Farooq Nazir
	Ms. Mehreen Dawood
Executive Director	Mr. Muhammad Mohsin Zia (CEO)*

*Mr. Imran Qureshi resigned from the position of CEO on April 21, 2021.

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the Meetings of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with Act and these Regulations;
9. During the year Mr. Haroon Waheed and Mr. Farooq Nazir have obtained certificates of Directors' Training program. Therefore, now six directors have obtained certificates of Directors' Training program.

10. The Board has approved appointment of Chief Financial Officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The board has formed three committees comprising of the members given below:

a) Audit Committee

- i. Mr. Ali Asrar Hossain Aga (Independent Director) - Chairman
- ii. Mr. Farooq Nazir (Non-executive Director)
- iii. Mr. Faisal Dawood (Non-executive Director)

b) Human Resource and Remuneration Committee

- i. Mr. Haroon Waheed (Independent Director) – Chairman
- ii. Mr. Ali Asrar Hossain Aga (Independent Director)
- iii. Mr. Farooq Nazir (Non-executive Director)
- iv. Mr. Faisal Dawood (Non-executive Director)

c) Risk Management Committee

- i. Mr. Muhammad Mohsin Zia (Executive Director) – Chairman
- ii. Mr. Muhammad Rizwan Qaiser (Chief Financial Officer) – appointed as a member on June 15, 2021
- iii. Mr. Mushfiq Hussain (Works Manager)
- iv. Mr. Amir Javed (Manager Shared Services)

* Mr. Imran Qureshi, Mr. Muhammad Saqib Abbas and Mr. Muhammad Farooq were members of the Risk Management Committee upto April 21, 2021, June 15, 2021 and August 09, 2020 respectively.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee:
Four quarterly meetings were held during the financial year ended June 30, 2021.
 - b) Human Resource and Remuneration Committee:
Four quarterly meetings of Human Resource and Remuneration Committee were held during the financial year ended June 30, 2021.
 - c) Risk Management Committee:
Three quarterly meetings of Risk Management Committee were held during the financial year ended June 30, 2021.
15. The Board has outsourced the internal audit function to M/s. KPMG TaseerHadi and Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. There was no non-compliance with requirements of the Regulations, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36.

Lahore
September 07, 2021


Taimur Dawood
Chairman

INDEPENDENT AUDITOR'S REPORT

To the members of Descon Oxychem Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key audit matter:

Sr No.	Key Audit Matter	How the matter is addressed in our audit
	<p>Capital expenditure</p> <p>(Refer note 16 to the financial statements)</p> <p>The Company undertook capacity enhancement project in the financial year 2019 based on which the Company expected an increase of approximately 25% in its production capacity upon</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> – assessed the design, implementation and operative effectiveness of relevant internal controls over the purchase, capitalisation and accounting of the assets; – tested costs capitalised with the relevant underlying documentation;

Sr No.	Key Audit Matter	How the matter is addressed in our audit
	<p>completion. During the current year, the Company incurred a significant amount of capital expenditure on technical fees, plant and machinery and borrowing costs and transferred an aggregate amount of Rs 1,268 million from capital work in progress to the operating assets in relation to the project.</p> <p>The recognition of capital expenditure involves determination of cost whether it meets the recognition criteria under the accounting and reporting standards. The installation of the project and commencement of its operations is a significant transaction during the year and involved management's judgement relating to capitalisation of costs as well as estimation of the useful lives of the amounts transferred to the operating assets. The matter is, therefore, considered as a key audit matter.</p>	<ul style="list-style-type: none"> – assessed the nature of capitalised costs to ensure whether they meet the recognition criteria set out in International Accounting Standard - 16, "Property, plant and Equipment"; – recalculated the capitalisation of borrowing costs based on the relevant criteria set out in International Accounting Standard – 23, "Borrowing costs"; – considered whether capitalisation of costs ceased when the assets are in location and condition necessary for them to be capable of operating in the manner intended by the management; – challenged the useful lives and residual lives assigned with reference to the Company's historical experience, assessment by the technical team, our understanding of the future utilisation of assets by the Company and by reference to the depreciation policies applied by third parties operating similar assets; – validated the existence of capitalised assets through physical verification on a sample basis; and – assessed the adequacy and appropriateness of the related disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

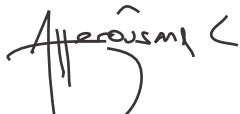
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Asad Aleem Mirza.



A.F. Ferguson & Co.
Chartered Accountants
Lahore
September 27, 2021

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STATEMENT OF FINANCIAL POSITION

as at June 30, 2021

	Note	2021 (Rupees in thousand)	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 220,000,000 (2020: 220,000,000) ordinary shares of Rs 10 each		2,200,000	2,200,000
Issued, subscribed and paid up capital 175,031,084 (2020: 150,888,866) ordinary shares of Rs 10 each	5	1,750,311	1,508,889
Share premium	6	3,022	244,444
Accumulated profit		309,796	181,982
		2,063,129	1,935,315
NON CURRENT LIABILITIES			
Long term finances - secured	7	929,178	215,923
Lease liabilities	8	8,513	24,054
Deferred taxation	9	229,202	189,328
Deferred grant	10	24,041	-
		1,190,934	429,305
CURRENT LIABILITIES			
Current portion of non current liabilities	11	193,993	22,431
Finances under mark up arrangements - secured	12	57,500	32,283
Current portion of deferred grant	11	7,918	-
Trade and other payables	13	356,112	409,043
Dividend payable		2,222	1,528
Accrued finance costs	14	20,863	6,780
		638,608	472,065
CONTINGENCIES AND COMMITMENTS			
	15	-	-
		3,892,671	2,836,685

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



	Note	2021 (Rupees in thousand)	2020
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	2,439,580	2,031,207
Intangible assets	17	20,123	27,318
Long term deposits	18	17,554	17,554
		<u>2,477,257</u>	<u>2,076,079</u>
CURRENT ASSETS			
Stores and spares	19	339,041	319,793
Stock in trade	20	154,557	183,058
Trade debts	21	72,448	54,940
Advances, deposits, prepayments and other receivables	22	134,587	121,529
Income tax recoverable		96,853	74,341
Short term investments	23	560,622	-
Bank balances	24	57,306	6,945
		<u>1,415,414</u>	<u>760,606</u>
		<u>3,892,671</u>	<u>2,836,685</u>


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF PROFIT OR LOSS FOR THE YEAR

for the Year Ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
Sales	25	2,804,903	2,641,615
Cost of sales	26	(2,191,962)	(1,780,357)
Gross profit		612,941	861,258
Administrative expenses	27	(99,382)	(102,785)
Distribution and selling costs	28	(56,626)	(50,719)
Other income	29	26,406	10,754
Other operating expenses	30	(30,703)	(48,226)
		(160,305)	(190,976)
Profit from operations		452,636	670,282
Finance costs	31	(64,691)	(81,420)
Profit before taxation		387,945	588,862
Taxation	32	(109,242)	(170,439)
Profit for the year		278,703	418,423
Earnings per share			(Restated)
- Basic and diluted	33	1.59	2.85

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended June 30, 2021

	2021 (Rupees in thousand)	2020
Profit for the year	278,703	418,423
Other comprehensive income		
- Items that may be reclassified subsequently to profit or loss	-	-
- Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	278,703	418,423

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CHANGES IN EQUITY

for the Year Ended June 30, 2021

	(Rupees in thousand)			
	Share capital	Capital reserve	Revenue reserve	Capital and reserves
	Ordinary share capital	Share premium	Accumulated (loss) / profit	Total
Balance as on June 30, 2019	1,020,000	-	(236,441)	783,559
Profit for the year	-	-	418,423	418,423
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	418,423	418,423
Transactions with owners, recognised directly in equity				
Issuance of 48,888,866 ordinary shares of Rs 10 each at a premium of Rs 5 per share	488,889	244,444	-	733,333
	488,889	244,444	-	733,333
Balance as on June 30, 2020	1,508,889	244,444	181,982	1,935,315
Profit for the year	-	-	278,703	278,703
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	278,703	278,703
Transactions with owners, recognised directly in equity				
Final dividend for the year ended June 30, 2020 @ 10% (Re 1 per share) - note 5.2	-	-	(150,889)	(150,889)
Issuance of 24,142,218 ordinary shares of Rs 10 each as bonus shares - note 5.2	241,422	(241,422)	-	-
	241,422	(241,422)	(150,889)	(150,889)
Balance as on June 30, 2021	1,750,311	3,022	309,796	2,063,129

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CASH FLOWS

for the Year Ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
Cash flow from operating activities			
Cash generated from operations	34.1	678,462	874,650
Finance cost paid		(48,462)	(112,646)
Profit on deposits received		3,919	5,335
Taxes paid		(91,880)	(98,648)
Net cash generated from operating activities		542,039	668,691
Cash flow from investing activities			
Fixed capital expenditure		(712,710)	(666,797)
Purchase of intangible assets		(453)	(4,569)
Proceeds from disposal of property, plant and equipment		-	46
Short term investments purchased		(559,816)	-
Dividend received		11,548	-
Net cash used in investing activities		(1,261,431)	(671,320)
Cash flow from financing activities			
Net proceeds from long term finances - secured		929,525	78,833
Repayment of long term finances - secured		(15,666)	-
Principal element of lease payments		(19,128)	(7,350)
Preference dividend paid		-	(4)
Ordinary dividend paid		(150,195)	(864)
Net cash generated from financing activities		744,536	70,615
Net increase in cash and cash equivalents		25,144	67,986
Cash and cash equivalents at the beginning of year		(25,338)	(93,324)
Cash and cash equivalents at the end of year	35	(194)	(25,338)

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year Ended June 30, 2021

1. Legal status and nature of business

The Company was incorporated in Pakistan as a private limited Company on November 12, 2004 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into a public limited company with effect from February 28, 2008 as approved by the Securities and Exchange Commission of Pakistan (SECP) vide letter no. ARL 16222 dated March 14, 2008. Subsequently, on September 15, 2008, it was listed on Pakistan Stock Exchange. The registered office of the Company is situated at 18-KM Ferozepur Road, Lahore and the Company's business unit and factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore. The Company is principally engaged in manufacture, procurement and sale of hydrogen peroxide and allied products. The Company commenced its trial production on December 1, 2008 and commercial production on March 1, 2009.

2. Statement of compliance

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

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.1.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

**Standards or Interpretation****Effective date (annual periods beginning on or after)**

Amendments to IFRS 9 'Financial Instruments interest rate benchmarks' January 01, 2021

Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs to include when assessing whether a contract is onerous January 01, 2022

Annual Improvements 2018-2020 January 01, 2022

Narrow scope amendments to IFRS 3 January 01, 2022

Classification of liabilities as current or non-current (Amendments to IAS 1). January 01, 2023

Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' January 01, 2023

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 – First Time Adoption of International Financial Reporting Standards
IFRS 17 – Insurance Contracts

The Company's is yet to assess the impact of above standards, amendments and interpretations on its financial statements.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention unless otherwise specifically stated. Figures have been rounded off to nearest thousand of rupees unless otherwise stated.

3.2 The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(i) **Estimated useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment on a regular basis. Any change in estimate in future years might effect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

(ii) **Provision for taxation**

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

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and tax credits to the extent that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The recoverability of deferred tax assets are analysed at each reporting period end and adjusted if considered necessary with a corresponding effect on deferred tax charge/income for the period.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Employees retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) Defined contribution scheme

A recognized voluntary contributory provident fund scheme is in operation covering all permanent employees. Equal monthly contributions are made by the Company and employees in accordance with the rules of the scheme at 6.3% of the gross pay.

(b) Accumulating compensated absences

The Company provides for accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. Under the Company's policy, permanent management employees are entitled to 10 days sick leaves and 21 days annual leaves per calendar year. Sick leaves can be accumulated up to a maximum number of 30 days, while unutilized annual leaves lapse and can only be encashed in case of death and not upon termination, resignation or retirement. The contractual employees are not entitled to carry forward sick or annual leaves.

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to the statement of profit or loss.

4.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to certain property, plant and equipment comprises historical cost and borrowing costs referred to in note 4.15.

Depreciation on all property, plant and equipment except land is charged to profit on the straight line basis so as to write off the historical cost of an asset over its estimated useful life at the rates given in note 16.1 without taking into account any residual value, which is considered insignificant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2021 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Initial fill of catalysts is capitalized with plant and machinery whereas costs of subsequent replacements of such catalysts are included in property, plant and equipment and depreciated on straight line basis over their estimated useful lives.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The Company assesses at each statement of financial position date whether there is any indication that property, plant and equipment including major spare parts, catalysts and standby equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work in progress is stated at cost less any identified impairment loss.

Major spare parts, catalyst and standby equipment qualify as property, plant and equipment when entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

Right-of-use asset is measured as per note 4.5.1.

4.4 Intangible asset


Expenditure incurred to acquire intangible assets is stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over its estimated useful lives at the rates given in note 17. Amortization is charged to statement of profit or loss.

Amortization is charged from the month the asset is acquired or capitalized while no amortization is charged in the month of disposal.

The Company assesses at each statement of financial position date whether there is any indication that an intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:



- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or

- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

4.5.1 Lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The Company has elected to apply the practical expedient and not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

4.5.2 Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

4.6 Stores and spares

Stores and spares, except for the 'working solution' are valued at lower of moving average cost and net realizable value. Provision in stores and spares is made for slow moving and obsolete items. Items considered as unusable are written off against the provision. Items in transit are valued at cost comprising invoice value plus other directly attributable charges incurred thereon. Working solution is valued at lower of weighted average cost determined on a yearly basis and net realizable value.

4.7 Stock in trade

Stock of raw materials, packing materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of work-in-process and finished goods comprises cost of direct materials, salaries of production staff and appropriate manufacturing overheads.


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

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's estimate. Items considered as unusable are written off against the provision.

4.8 Financial instruments

4.8.1 Financial assets

a) Amortised cost



Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments is recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

4.8.2 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

4.8.3 Off-setting of financial assets and liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.9 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.10 Trade debts

Trade debts are amounts due from customers for sales made during the ordinary course of business. Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method less expected credit losses. Bad debt are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.12 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

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

4.13 Contract balances

Contract liabilities are recognized for consideration received in respect of unsatisfied performance obligations. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.14 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognised in the statement of profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.15 Borrowing costs

Mark up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to the statement of profit or loss.

4.16 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by the transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. The control is transferred upon shipment or delivery depending upon the terms of trade. The goods are primarily sold on cash. The Company has a range of credit terms which are typically short term, in line with market practice and without any financing component. The Company does not generally accept sales returns. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and other considerations payable to customers.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.17 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

5. Issued, subscribed and paid up capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
102,000,000	102,000,000	Ordinary shares of Rs 10 each fully paid in cash	1,020,000	1,020,000
		Ordinary shares of Rs 10 each issued as		
		fully paid for consideration other than		
48,888,866	48,888,866	cash - note 5.1	488,889	488,889
24,142,218	-	fully paid as bonus shares - 5.2	241,422	-
<u>175,031,084</u>	<u>150,888,866</u>		<u>1,750,311</u>	<u>1,508,889</u>

5.1 The shareholders of the Company, vide an Extraordinary General Meeting, on November 27, 2019, approved the increase in paid up share capital of the Company from Rs 1,020,000,000 divided into 102,000,000 ordinary shares of Rs 10 each to Rs 1,508,888,660 divided into 150,888,866 ordinary shares of Rs 10 each, by the issuance of additional 48,888,866 ordinary shares of face value of Rs 10 each, by way of otherwise than right shares of at a price of Rs 15 each including Rs 5 as premium per share, against the outstanding loan of Descon Engineering Limited ('DEL') of Rs 733.33 million.

The Securities and Exchange Commission of Pakistan, vide its order dated January 10, 2020, on the basis of special resolution passed by members on November 27, 2019, allowed the Company to issue 48,888,866 ordinary shares of Rs 10 per share at a premium of Rs 5 per share to DEL by way of other than right under clause (b) of sub-section(1) of Section 83 of the Companies Act, 2017. The Company issued 48,888,866 ordinary shares of Rs. 10 per share at a premium of Rs 5 per share to DEL on January 29, 2020, against long term loan of Rs 733.33 million from DEL.

5.2 Along with the final dividend of Rs 1 per share (@ 10% per share), bonus shares in the ratio of sixteen bonus shares for every hundred shares held by the shareholders was proposed in the Board of Directors meeting held on September 2, 2020. The approval of the members for the final dividend and issuance of bonus shares was obtained in the Annual General Meeting held on October 21, 2020. As a result, the Company paid the final dividend aggregating to Rs 150.889 million and issued 24,142,218 shares of Rs 10 each against the share premium during the year.

5.3 Ordinary shares of the Company held by related parties as at year end are as follows:

	2021	2020
	(Number of shares)	
DEL Chemicals (Private) Limited	60,358,918	52,033,550
Descon Engineering Limited	56,711,084	48,888,866
Descon Corporation (Private) Limited	10,051,697	8,725,250
Descon Holdings (Private) Limited	-	1,249,300
Interworld Travels (Private) Limited	-	92,054
	<u>127,121,699</u>	<u>110,989,020</u>

5.4 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

6. Share premium

During the year, the Company issued 24,142,218 ordinary shares of Rs 10 as bonus shares as referred to in note 5.2 against share premium of Rs 241.422 million in terms of section 81 of the Companies Act, 2017. Outstanding amount can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

7. Long term finances - secured

	Note	2021 (Rupees in thousand)	2020
Opening balance		223,131	877,631
Receipts during the year		929,525	78,833
Recognition of deferred grant	10	(36,090)	-
		1,116,566	956,464
Accretion of interest		6,748	-
Conversion into ordinary shares	5.1	-	(733,333)
Repayment during the year		(15,666)	-
		1,107,648	223,131
Less : Current portion shown under current liabilities	11	(178,470)	(7,208)
		929,178	215,923

7.1 Long term finances consist of the following:

Syndicate term finance facility (STFF)	7.1.1	816,883	194,298
Long term finance facility (LTFF)	7.1.2	12,433	21,625
Temporary economic refinance facility (TERF)	7.1.3	99,862	-
		929,178	215,923

7.1.1 Syndicate term finance (STFF)

This represent outstanding balance against aggregate facility of Rs 1,100 million from syndicate of financial institutions (Allied Bank Limited and Pak China Investment Company Limited) to finance the capacity expansion project. During the current year, the Company utilised the entire amount against the facility. Portion of STFF of Rs 129.61 million from the Allied Bank Limited was converted into Temporary economic refinance facility (TERF) as referred to in note 7.1.3.

Terms of mark-up

The facility carries mark-up at 3 month KIBOR plus 0.9% per annum (2020: three month KIBOR plus 0.9% per annum). The effective mark-up charged during the year ranges from 7.82% to 11.97% per annum (2020: 11.97% to 14.75% per annum). Mark-up is payable quarterly in arrears.

Terms of repayment

It is repayable in thirteen equal bi-annual instalments commencing from October 08, 2021.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Security

Along with the TERF, it is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Company with 25% margin aggregating to Rs 1,466.67 million and corporate guarantee from shareholder of the Company.

7.1.2 Long term finance facility (LTFF)

This represent disbursement against aggregate facility of Rs 58.36 million from Allied Bank Limited to pay salaries and wages under State Bank of Pakistan's ('SBP') Refinance Scheme for payment of Wages and Salaries.

Terms of markup

Post approval by the SBP during the year, the facility carries markup at SBP rate plus 1% per annum (2020: three month KIBOR plus 0.5% per annum). The mark-up has been accrued during the year at effective rates ranging from 7.74% to 7.80%% (2020: 7.76% to 8.64% per annum). Mark-up is payable quarterly in arrears.

Terms of repayment

The balance is repayable in six equal quarterly installments ending on November 17, 2022.

Security

It is secured by first pari passu charge over all present and future current assets of the Company with 25% margin. It is also secured by an aggregate sum of Rs 80 million by a ranking charge over all present and future plant and machinery of the Company.

7.1.3 Temporary Economic Refinance Facility (TERF)

This represents the amount converted from the portion of STFF obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility. Out of the available limit of Rs 129.61 million as at June 30, 2021, the Company has utilised Rs 129.61 million (2020: Nil).

Terms of markup

The facility carries markup at 2.00% per annum. The mark-up has been accrued at effective rates ranging from 8.30% to 8.49% per annum. Mark-up is payable quarterly in arrears.

Terms of repayment

It is repayable in twenty six equal quarterly installments commencing from September 23, 2022.

Security

Along with the STFF, it is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Company with 25% margin aggregating to Rs 1,466.67 million and corporate guarantee from shareholder of the Company.

	Note	2021 (Rupees in thousand)	2020
8. Lease liabilities			
Opening balance		39,277	
Recognised during the year		-	44,078
Interest accrued	31	3,887	2,549
Rentals paid during the year		(19,128)	(7,350)
Present value of lease payments		24,036	39,277
Current portion shown under current liabilities	11	(15,523)	(15,223)
		8,513	24,054

8.1 These represents lease liabilities in respect of generators and have an estimated remaining lease term of 1.5 years as at June 30, 2021. These are discounted using the incremental borrowing rate of the Company of 13% per annum.

8.2 The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

	Up to one year	From one to five years	Over five years	Total 2021	Total 2020
	(Rupees in thousand)				
Minimum lease payments	17,622	8,820	-	26,442	45,570
Finance cost allocated to future periods	(2,099)	(307)	-	(2,406)	(6,293)
Present value of minimum lease payments	15,523	8,513	-	24,036	39,277

9. Deferred taxation

	Balance as at June 30, 2020	(Reversal) / charge during the year	Balance as at June 30, 2021
	(Rupees in thousand)		
Taxable temporary difference			
Accelerated tax depreciation	192,368	43,000	235,368
Deductible temporary differences			
Tax credits	-	(1,917)	(1,917)
Loss allowance against doubtful debts and provision against inventory	(3,040)	(1,210)	(4,250)
	(3,040)	(3,127)	(6,167)
	189,328	39,873	229,202

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Balance as at June 30, 2019	(Reversal) / charge during the year	Balance as at June 30, 2020
	(Rupees in thousand)		
Taxable temporary difference			
Accelerated tax depreciation	222,985	(30,617)	192,368
Deductible temporary differences			
Tax credits	(81,334)	81,334	-
Loss allowance against doubtful debts and provision against inventory	(6,172)	3,132	(3,040)
Unused tax losses	(2,225)	2,225	-
	(89,731)	86,691	(3,040)
	133,254	56,074	189,328

10. Deferred grant

	Note	2021 (Rupees in thousand)	2020
Recognition during the year	7	36,090	-
Transfer to profit or loss	31.1	(4,131)	-
		31,959	-
Represented by:			
Non-current portion		24,041	-
Current portion		7,918	-
		31,959	-

Deferred grant has been recognized as the difference between the fair value and proceeds received under LTFF and TERF as referred to in note 7 in accordance with the accounting policy as referred to in note 4.18. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date. The grant will be amortized in line with the tenure of the LTFF and TERF.

11. Current portion of non current liabilities

	Note	2021 (Rupees in thousand)	2020
Current portion of long term finances - secured	7	178,470	7,208
Current portion of lease liabilities	8	15,523	15,223
		193,993	22,431

12. Finances under mark up arrangements - secured

These represent the outstanding balance against short term running finance facilities aggregating to Rs 450 million (2020: Rs 450 million) under markup arrangements from various banks to meet the working capital requirements of the Company. These carry markup of three months KIBOR plus 0.75% (2020: three months KIBOR plus 0.75% per annum). These are secured by first pari passu charge over present and future current assets of the Company and are also secured by way of first pari passu charge over all present and future fixed assets (excluding land and building) of the Company aggregating to Rs 150 million, collectively with the lenders of STFF, LTFF and TERF as referred to in note 7.

Aggregate facilities available for opening of letters of credit for import of machinery, raw materials and stores and letter of guarantees from various banks as at June 30, 2021 are Rs 280.32 million (2020: Rs 325 million) out of which the amount utilized as at June 30, 2021 is Rs 149.41 million (2020: Rs 105.86 million).

	Note	2021	2020
		(Rupees in thousand)	
13. Trade and other payables			
Trade creditors	13.1	118,804	200,213
Bills payable		96,684	32,836
Associated undertakings	13.2	4,663	465
Contract liability	13.3	31,864	43,628
Accrued liabilities		73,938	83,696
Worker's profit participation fund	13.4	20,374	31,716
Worker's welfare fund	13.5	8,342	13,555
Other liabilities		1,443	2,934
		356,112	409,043
13.1	Trade creditors includes interest free amounts due to related parties in the normal course of business as follows:		
	Inspectest (Private) Limited	706	-
	Popular Travels and Tours	54	15
	Descon Engineering Limited	29,087	17,970
		29,847	17,985
13.2	These are interest free and represent expenses incurred by related parties on behalf of the Company:		
	Descon Corporation (Private) Limited	1,850	-
	Descon Engineering Limited	2,542	-
	Inspectest (Private) Limited	271	465
		4,663	465

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

- 13.3** This primarily represent advances received from customers against which sales were made in the subsequent period. Its movement for the year is as follows:

	2021 (Rupees in thousand)	2020
Opening balance	43,628	43,628
Receipts during the year	2,454,931	1,959,848
Recognised in sales during the year	(2,466,695)	(1,959,848)
Balance as at June 30	31,864	43,628

- 13.3.1** Contract liability includes advance received from related parties in the normal course of business as follows:

Descon Engineering Limited	11	362
Descon Power Solutions	3	69
	14	431

13.4 Workers' profit participation fund

Opening balance	31,716	30,791
Provision for the year	20,374	31,716
Payments during the year	(31,716)	(30,791)
Closing balance	20,374	31,716

13.5 Worker's welfare fund

Opening balance	13,555	13,555
Provision for the year	7,709	13,751
Payments during the year	(12,922)	(13,751)
Closing balance	8,342	13,555

14. Accrued finance costs

Long term finances - secured	19,149	5,615
Finances under mark up arrangements - secured	1,714	1,165
	20,863	6,780

15. Contingencies and commitments

15.1 Contingencies

- i)** Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract of Rs 50 million (2020: Rs 48.64 million).
- ii)** Guarantee issued to Pakistan State Oil against the performance of a contract of Rs 3.5 million (2020: Rs 3.50 million).

- iii) The Honorable Supreme Court of Pakistan ('SCP') in its decision dated August 13, 2020 held that Gas Infrastructure Development Cess ('GIDC'), as initially levied through Gas Infrastructure Development Cess Act, 2011 and modified via different notifications issued from time to time and thereafter re-levied through the Gas Infrastructure Development Cess Ordinance, 2014, stands payable to SNGPL in twenty four (24) equal monthly installments with immediate effect.

Pursuant to the order of the SCP, Sui Northern Gas Pipelines Limited raised a demand for the collection of the GIDC arrears. The company filed a writ petition under article 199 of the Constitution of Islamic Republic of Pakistan, 1973 in the Honorable Lahore High Court ('HLHC') against the demand raised, pleading that demanding arrears of GIDC are illegal, unlawful and ultra vires to the first proviso to section 8 (2) of the Gas Infrastructure Development Cess Act, 2015. The writ petition was decided in favor of the Company by HLHC vide its order dated June 17, 2021.

The Company's legal advisor is of the opinion that the judgement of the Honorable Supreme Court of Pakistan does not apply to arrears under the Gas Infrastructure Development Cess Act, 2011 and Gas Infrastructure Development Ordinance 2014 that are, in terms of first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first proviso of section 8 (2) is subject to the determination by High Level Committee ('Committee') of Sui Northern Gas Pipelines Limited. The decision has not been made by the Committee on the applicability of arrears to the Company until the decision of the Committee, the Company has provided guarantee of Rs 55.321 million to SNGPL. The Company is hopeful of a favourable outcome. Accordingly, the Company has not recognised the provision of Rs 55.321 million in these financial statements.

15.2 Commitments

The Company has the following commitments in respect of:

- i) Letters of credit for capital expenditure amounting to Rs 21.66 million (2020: Rs 75.57 million).
- ii) Letters of credit other than capital expenditure amounting to Rs 92.81 million (2020: Rs 32.36 million).
- iii) Post dated cheques issued in favour of National Tariff Commission of Pakistan and Collector of customs aggregating to Rs 2.38 million (2020: Nil).

16. Property, plant and equipment

	Note	2021 (Rupees in thousand)	2020
Operating assets			
- owned assets	16.1	2,168,190	1,109,058
- right of use assets	16.2	22,039	36,732
Capital work-in-progress [including in transit of Rs 3.44 million (2020: Rs 167.42 million)]	16.3	144,842	823,346
Major spare parts, catalysts and standby equipment	16.4	104,509	62,071
		2,439,580	2,031,207

16.1 Owned assets

	Freehold land	Buildings on freehold land	Plant, machinery and equipment	Plant, machinery and equipment - catalyst	Laboratory equipment	Material handling	Tools and equipment	Computer equipment	Electrical equipment	Office equipment	Furniture and fixture	Vehicles	Total
(Rupees in thousand)													
Net carrying value basis													
Year Ended June 30, 2021													
Opening Net Book Value	101,316	145,419	831,854	3,646	6,313	413	12,005	3,133	514	2,751	752	942	1,109,058
Additions	-	18,561	1,327,545	-	291	-	1,435	1,779	-	1,414	2,117	-	1,353,142
Disposals / write offs (NBV)	-	-	(1,628)	-	-	-	-	-	-	-	-	-	(1,628)
Depreciation for the year	-	(16,599)	(266,604)	(1,946)	(1,218)	(30)	(2,334)	(2,148)	(243)	(442)	(471)	(347)	(292,382)
Closing net book value	101,316	147,381	1,891,167	1,700	5,386	383	11,106	2,764	271	3,723	2,398	595	2,168,190
Gross carrying value basis													
As at June 30, 2021													
Cost	101,316	328,223	3,790,415	22,897	17,180	3,347	18,865	13,062	1,990	9,994	9,784	4,454	4,321,527
Accumulated depreciation and impairment	-	(180,842)	(1,899,248)	(21,197)	(11,794)	(2,964)	(7,759)	(10,298)	(1,719)	(6,271)	(7,386)	(3,859)	(2,153,337)
Net book value	101,316	147,381	1,891,167	1,700	5,386	383	11,106	2,764	271	3,723	2,398	595	2,168,190
Depreciation rate % per annum	-	5 - 10	6.25 - 33	10 - 50	6.25 - 20	20	6.25 - 33	33.33	20	20	10 - 20	20	
Net carrying value basis													
Year Ended June 30, 2020													
Opening Net Book Value	101,316	155,601	925,406	5,593	6,719	474	7,509	3,289	853	2,845	1,011	1,698	1,212,314
Additions	-	5,649	63,759	-	754	-	6,127	1,740	-	509	32	-	78,570
Disposals / write offs (NBV)	-	-	(677)	-	-	-	-	(13)	-	-	-	-	(690)
Depreciation for the year	-	(15,831)	(156,634)	(1,947)	(1,160)	(61)	(1,631)	(1,883)	(339)	(603)	(291)	(756)	(181,136)
Closing net book value	101,316	145,419	831,854	3,646	6,313	413	12,005	3,133	514	2,751	752	942	1,109,058
Gross carrying value basis													
As at June 30, 2020													
Cost	101,316	309,663	2,467,096	22,896	16,889	3,347	17,430	11,360	1,989	8,580	7,668	4,456	2,972,690
Accumulated depreciation and impairment	-	(164,244)	(1,635,242)	(19,250)	(10,576)	(2,934)	(5,425)	(8,227)	(1,475)	(5,829)	(6,916)	(3,514)	(1,863,632)
Net book value	101,316	145,419	831,854	3,646	6,313	413	12,005	3,133	514	2,751	752	942	1,109,058
Depreciation rate % per annum	-	5 - 10	6.25 - 33	10 - 50	6.25 - 20	20	6.25 - 33	33.33	20	20	10 - 20	20	

16.1.1 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs 48.70 million (2020: Rs 39.28 million).

	Note	2021 (Rupees in thousand)	2020
16.1.2 The depreciation charge has been allocated as follows:			
Cost of sales	26	291,169	179,741
Administrative expenses	27	1,030	1,275
Distribution and selling costs	28	183	120
		292,382	181,136

16.1.3 Immovable fixed assets of the Company are situated at plant, 18 KM Lahore-Sheikhupura Road, Lahore. Freehold land represents 224 Kanal of land situated at 18 KM Lahore-Sheikhupura Road, Lahore out of which approximately 104 Kanal represents covered area.

16.1.4 All assets are in name of the Company and in Company's possession and control.

	Note	2021 (Rupees in thousand)	2020
16.2 Right of use assets			
Opening		36,732	-
Additions during the year		-	44,078
Depreciation charged during the year	16.2.1	(14,693)	(7,346)
Net book value at end of the year		22,039	36,732

16.2.1 Depreciation expense relating to the right of use assets has been recognised in cost of sales.

	Note	2021 (Rupees in thousand)	2020
16.3 Capital work-in-progress			
Technical fee		-	323,615
Plant and machinery		118,705	387,716
Civil works		5,851	4,620
Others		17,235	28,591
Advances to suppliers and contractors	16.3.3	3,051	78,804
		144,842	823,346

16.3.1 The capacity expansion project to increase the production capacity by 25%, undertaken in 2019, was completed during the current year and the Company transferred the aggregate expenditure of Rs 1,268 million on the capacity expansion project from capital work in progress to the operating assets. Capital work-in-progress as at June 30, 2021 primarily represents expenditure incurred by the Company on steam boiler, fire and gas detection system and storage tank. The reconciliation of the carrying amount is as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	2021					Balance as at June 30, 2021
	Balance as at June 30, 2020	Expenditure incurred during the year	Borrowing cost capitalized during the year	Inter classification	Transfers to operating assets	
	(Rupees in thousand)					
Technical fee	323,615	109,237	-	(432,852)	-	-
Plant and machinery	387,716	463,234	-	595,311	(1,327,556)	118,705
Advances to suppliers and contractors	78,804	39,666	-	(115,419)	-	3,051
Civil works	4,620	18,917	-	-	(17,686)	5,851
Others	28,591	40,452	4,358	(47,040)	(9,126)	17,235
	823,346	671,506	4,358	-	(1,354,368)	144,842
	2020					
	Balance as at June 30, 2019	Expenditure incurred during the year	Borrowing cost capitalized during the year	Inter classification	Transfers to operating assets	Balance as at June 30, 2020
	(Rupees in thousand)					
Technical fee	144,490	179,125	-	-	-	323,615
Plant and machinery	43,654	354,821	-	(10,759)	-	387,716
Advances to suppliers and contractors	22,264	87,434	-	(30,894)	-	78,804
Civil works	-	10,269	-	-	(5,649)	4,620
Others	2,980	3,110	25,612	-	(3,111)	28,591
	213,388	634,759	25,612	(41,653)	(8,760)	823,346

16.3.2 Expenditure incurred during the year includes Rs 437.31 million (2020: Rs 281.33 million) charged by Descon Engineering Limited in connection with the Company's expansion project.

16.3.3 Advances to suppliers and contractors include advance of Nil (2020: Rs 21.45 million) given to Descon Engineering Limited, a related party, in the normal course of business.

16.4 Major spare parts, catalysts and standby equipment

The reconciliation of the carrying amount is as follows:

	2021 (Rupees in thousand)	2020
Balance at the beginning of the year	62,071	58,192
Additions during the year	57,452	31,528
Transfers made during the year	(15,014)	(27,649)
Balance at the end of the year	104,509	62,071

17. Intangible assets

Net carrying value basis

	Note	2021 (Rupees in thousand)	2020
Opening net book value (NBV)		27,318	29,723
Additions (at cost)	17.1	453	4,569
Amortization charge	17.2	(7,648)	(6,974)
Closing net book value	17.3	20,123	27,318

Gross carrying value basis

Cost		44,511	44,058
Accumulated amortization		(24,388)	(16,740)
Net book value		20,123	27,318

Amortization rate % per annum		10% - 33.33%	10% - 33.33%
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17.1 This represents expenditure incurred by the Company on the implementation of Oracle Enterprise Asset Management Module and includes Rs 0.45 million (2020: Rs 4.17 million) charged by the statutory auditors for providing assistance during its implementation.

17.2 Amortization charge for the year has been allocated as follows:

Cost of sales	26	7,648	6,873
Administrative expenses	27	-	101
		7,648	6,974

17.3 Carrying value of Distributed Control System is Rs 15.72 million (2020: Rs 22.29 million) as at June 30, 2021. Its remaining useful life is 2.4 years as at June 30, 2021.

18 Long term deposits

These are in the normal course of business and are interest free.

19. Stores and spares

General stores and spares [including in transit of Rs 0.32 million (2020: Rs 3.21 million)]	19.1	174,540	187,039
Working solution		171,159	139,786
Provision for obsolescence		(6,658)	(7,032)
		339,041	319,793

19.1 General stores and spares include raw material for working solution of Rs 31.10 million (2020: Rs 52.27 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Note	2021 (Rupees in thousand)	2020
20. Stock in trade			
Raw materials [including in transit of Rs 40.01 million (2020: Rs 13.66 million)]		104,762	67,377
Work-in-process	20.1	13,942	8,702
Finished goods			
- purchased for resale		639	7,107
- own manufactured [including in transit Nil (2020: Rs 5.88 million)]	20.2	35,214	99,872
		154,557	183,058

20.1 Work-in-process include unused packing material of Rs 13.94 million (2020: Rs 8.72 million).

20.2 Finished goods include provision for obsolete stock of Rs 0.2 million (2020: Rs 1.7 million). During the year, the company has written off the inventory of Rs 1.7 million against the provision.

	Note	2021 (Rupees in thousand)	2020
21. Trade debts			
Considered good	21.1 & 21.2	72,448	54,940
Considered doubtful		6,971	877
		79,419	55,817
Loss allowance	21.3	(6,971)	(877)
		72,448	54,940

21.1 These include Nil (2020: Rs 2.52 million) receivable from Hayleys Fabrics PLC, Sri Lanka against export sales made by the Company. During the year, the Company made export sales amounting to Rs 1.29 million (2020: Rs 9.61 million) to Hayleys Fabrics PLC through letter of credit.

21.2 These include Rs 53.28 million (2020: Rs 48.97 million) secured by way of inland letter of credit.

	Note	2021 (Rupees in thousand)	2020
21.3 Loss allowance			
Balance as at July 1		877	877
Recognition of loss allowance		6,094	-
Balance as at June 30		6,971	877

	Note	2021 (Rupees in thousand)	2020
22. Advances, deposits, prepayments and other receivables			
Advances to suppliers			
- Considered good	22.1	11,038	9,819
- Considered doubtful		275	275
Sales tax recoverable - considered good		85,821	90,795
Advances to employees and short term loans to employees - considered good		783	857
Security deposits		9,515	1,500
Prepayments		1,889	14,011
Contract asset	22.2	25,541	4,493
Other receivables - considered good		-	54
		134,862	121,804
Loss allowance for doubtful advances	22.3	(275)	(275)
		134,587	121,529

22.1 Advances to suppliers include advance given to a Descon Engineering Services and Technology (Private) Limited, a related party, of Nil (2020: Nil). The maximum aggregate advance given to related party at the end of any month during the year was Nil (2020: Rs 0.35 million).

	Note	2021 (Rupees in thousand)	2020
22.2 Movement of contract asset against contract with customers is as follows:			
Opening balance		4,493	12,515
Sales during the year		626,422	662,823
Receipts during the year		(605,374)	(670,845)
Balance as at June 30	22.2.1	25,541	4,493
22.2.1 These are secured by way of inland letter of credit.			
22.3 Movement of loss allowance for doubtful advances is as follows:			
Opening balance		275	11,318
Written off against advances		-	(11,043)
Balance as at June 30		275	275

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

23. Short term investments	2021	2020	2021 (Rupees in thousand)	2020
	Units in '000	Units in '000	Value	Value
NBP Money Market Fund	28,314	-	280,264	-
NBP Financial Sector Income Fund	26,596	-	280,358	-
	54,910	-	560,622	-

	2021 (Rupees in thousand)	2020
23.1 Movement of short term investments, designated as investment at fair value through profit or loss, is as follows:		
Investments during the year	550,000	-
Dividends received re-invested	9,816	-
Unrealised gain on remeasurement	806	-
	560,622	-

23.2 Fair value as at year end has been determined based on quoted prices (level 1 inputs).

24. Bank balances		2021 (Rupees in thousand)	2020
At banks on:			
- Current accounts		43,365	3,269
- Saving accounts	24.1	13,941	3,676
		57,306	6,945

24.1 These carry mark up at the rate of 5.5% to 6.5% (2020: 6.5% to 11.5%) per annum.

25. Sales		2021 (Rupees in thousand)	2020
Gross sales			
- Local		3,300,148	3,111,307
- Export		34,967	22,231
	25.1	3,335,115	3,133,538
Commission on sales		(59,526)	(56,196)
Sales tax		(470,686)	(435,727)
		2,804,903	2,641,615
25.1 Gross sales include following recognised at a point in time:			
Hydrogen peroxide			
- Own manufactured		2,975,575	2,789,943
- Purchase for resale		303,501	296,073
Freight recovered		56,039	47,522
		3,335,115	3,133,538

	Note	2021 (Rupees in thousand)	2020
26. Cost of sales			
Raw material consumed		855,824	789,401
Packing materials		5,941	4,226
Salaries, wages and other benefits	26.1	129,420	121,687
Repair and maintenance		89,812	69,609
Shut down expenses		33,703	-
Fuel and power		316,261	289,548
Quality assurance		2,016	1,175
Services through contractors		48,035	53,252
Traveling		1,718	3,268
Communication		1,038	917
Rent and rates	26.2	9,508	20,081
Depreciation on property, plant and equipment:			
- owned assets	16.1.2	291,169	179,741
- right of use assets	16.2.1	14,693	7,346
Amortization of intangible assets	17.2	7,648	6,873
Insurance		14,175	13,117
Safety items consumed		1,753	2,329
Miscellaneous	26.3	9,171	8,382
		1,831,885	1,570,952
Opening work in process		8,702	4,218
Closing work in process		(13,942)	(8,702)
		(5,240)	(4,484)
Cost of goods produced		1,826,645	1,566,468
Opening finished goods		99,872	18,649
Closing finished goods		(35,214)	(99,872)
		64,658	(81,223)
Cost of goods sold - own manufactured		1,891,303	1,485,245
Cost of goods purchased for resale		255,828	257,094
Cost of services		44,831	38,018
		2,191,962	1,780,357

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

- 26.1** Salaries, wages and other benefits include Rs 4.33 million (2020: Rs 4.01 million) in respect of provident fund contribution by the Company.
- 26.2** These primarily represent expenses incurred in respect of short term leases not recognised as a lease liability and variable lease payments not included in the measurement of lease liabilities.
- 26.3** This includes Nil (2020: Rs 0.6 million) charged by the statutory auditors for support services post implementation of Oracle Enterprise Asset Management Module.

	Note	2021 (Rupees in thousand)	2020
27. Administrative expenses			
Salaries, allowances and other benefits	27.1	50,260	52,978
Vehicle running and maintenance		1,618	1,762
Entertainment		298	549
Communication		2,005	1,167
Printing and stationery		2,753	3,439
Traveling and conveyance		1,947	4,031
Repair and maintenance		1,981	1,981
Insurance		31	65
Fees and subscriptions		18,604	21,333
Depreciation on property, plant and equipment	16.1.2	1,030	1,275
Amortization of intangible assets	17.2	-	101
Legal and professional fee	27.2	13,227	9,869
Others		5,628	4,235
		99,382	102,785

- 27.1** Salaries, wages and other benefits include Rs 1.53 million (2020: Rs 1.68 million) in respect of provident fund contribution by the Company.

27.2 Legal and professional fee

The charges for legal and professional services include the following in respect of auditors services for (excluding sales tax):

	Note	2021 (Rupees in thousand)	2020
Statutory audit		2,153	1,794
Half yearly review		741	674
Certification charges		751	1,308
Out of pocket expenses		245	181
		3,890	3,957



		2021 (Rupees in thousand)	2020
28. Distribution and selling costs	Note		
Salaries, allowances and other benefits	28.1	11,084	13,166
Communication		447	255
Traveling and conveyance		4,166	3,881
Advertisement		107	2,180
Insurance		-	519
Freight and forwarding		15,897	20,564
Depreciation on property, plant and equipment	16.1.2	183	120
Fees and subscriptions		2,337	7,806
Royalty	28.2	13,978	-
Loss allowance for doubtful debts	21.3	6,094	-
Others		2,333	2,228
		56,626	50,719

28.1 Salaries, wages and other benefits include Rs 0.44 million (2020: Rs 0.31 million) in respect of provident fund contribution by the Company.

28.2 This represents royalty charged by Descon (Private) Limited, a related party due to common directorship, located at Descon Headquarters, 18-Km, Ferozepur Road, Lahore. During the current year, the Company paid royalty of Rs 10.59 million to Descon (Private) Limited.

	Note	2021 (Rupees in thousand)	2020
29. Other income			
Income from financial assets			
Interest on bank deposits		3,919	5,335
Dividend income from short term investments		11,548	-
Unrealised gain on investments			
- carried at fair value through profit or loss		806	-
Income from non-financial assets			
Gain on sale of fixed assets		-	46
Net gain on insurance claim of assets written off		113	23
Exchange gain		3,375	-
Scrap sales		4,855	5,350
Others		1,790	-
		10,133	5,419
		26,406	10,754

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
30. Other operating expenses			
Fixed assets written off		-	690
Worker's profit participation fund	13.4	20,374	31,716
Worker's welfare fund	13.5	7,709	13,751
Loss on disposal of assets		1,620	-
Exchange loss		-	2,069
Donations	30.1	1,000	-
		30,703	48,226

30.1 This represents donation to Pakistan Chemical Manufacturers Association ('PCMA') for development activities. The Chief Executive Officer of the company is a member of PCMA.

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
31. Finance costs			
Interest and mark-up on:			
- long term finances - secured	31.1	56,782	89,693
- finances under markup arrangements - secured		4,991	10,548
- lease liabilities	8	3,887	2,549
		65,660	102,790
Amount capitalised	16.3 & 31.2	(4,358)	(25,610)
		61,302	77,180
Bank charges		3,389	4,240
		64,691	81,420

31.1 Includes interest of Nil (2020: Rs 63.98 million) on long term finance from Descon Engineering Limited, a related party. Amortisation of deferred grant of Rs 4.13 million (2020: Nil) has been netted off against the markup on long term finances.

31.2 The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the average interest rate applicable to the entity's borrowings during the year, in this case 8.03% (2020: 13.81%).

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
32. Taxation		
Current tax:		
- Current year	64,704	113,075
- Prior year	4,665	1,290
	69,369	114,365
Deferred tax	39,873	56,074
	109,242	170,439

32.1 The provision for current taxation represents tax under 'Final Tax Regime', and 'Normal Tax Regime' under section 4, 'Income taxable as separate block of income' under section 5 and Alternative Corporate Tax (ACT) under section 113C of the Income Tax Ordinance, 2001.

32.2 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate

	2021 %	2020 %
Applicable tax rate	29.00	29.00
Effect of prior period charge	0.64	0.22
Effect of tax credits and losses	(0.61)	-
Tax effect under income charged at lower rates	(0.42)	-
Tax effect under presumptive tax regime and others	(0.45)	(0.28)
	(0.84)	(0.06)
Average effective tax rate charged to statement of profit or loss	28.16	28.94

33. Earnings per share

33.1 Basic earnings per share

		2021	2020 (Restated)
Profit for the year	Rupees in thousand	278,703	418,423
Weighted average number of ordinary shares	Number in thousand	175,031	146,580
Earnings per share	Rupees	1.59	2.85

33.2 Effect of 24.142 million bonus shares have been incorporated from the earliest period presented and earnings per share of the prior year has been restated.

Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020, which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

		2021 (Rupees in thousand)	2020
34. Cash flow information	Note		
34.1 Cash flow from operating activities			
Profit before taxation		387,945	588,862
Adjustment for:			
- Depreciation on property, plant and equipment:			
- owned assets	16.1.2	292,382	181,136
- right of use assets	16.2	14,693	7,346
- Amortization of intangible assets	17	7,648	6,974
- Net (reversal) / provision for obsolete stock in trade	20.2	(1,500)	1,700
- Loss allowance for doubtful debts	28	6,094	-
- Gain on disposal of fixed assets	29	-	(46)
- Interest on bank deposits	29	(3,919)	(5,335)
- Dividend income	29	(11,548)	-
- Unrealised gain on investment	30	(806)	-
- Loss on fixed assets	30	1,620	690
- Net exchange loss	30	-	2,069
- Finance costs	31	64,691	81,420
Profit before working capital changes		757,300	864,816
Effect on cash flow due to working capital changes:			
(Increase)/ decrease in current assets			
- Stores and spares		(19,248)	(48,631)
- Stock in trade		30,001	(112,304)
- Trade debts		(23,602)	25,802
- Advances, deposits, prepayments and other receivables		(13,058)	50,078
Increase/ (decrease) in current liabilities			
- Trade and other payables		(52,931)	94,889
		(78,838)	9,834
Cash generated from operations		678,462	874,650
35. Cash and cash equivalents			
Finances under mark up arrangements - secured	12	(57,500)	(32,283)
Bank balances	24	57,306	6,945
		(194)	(25,338)

36. Transactions with related parties

36.1 The related parties comprise associated companies, key management personnel, post-employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties are carried out on mutually agreed terms and conditions. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 37. Significant related party transactions have been disclosed in respective notes in these financial statements, other than the following:

Name of the related party	Relationship with the Company	Transactions during the year	2021 (Rupees in thousand)	2020
DEL Chemicals (Private) Limited	Holding Company	Payment of ordinary dividend Issuance of bonus shares of Rs 10 each	37,905 71,350	-
DEL Chemicals (Private) Limited	Significant influence over the Company	Payment of ordinary dividend Issuance of bonus shares of Rs 10 each	6,324 11,904	- -
Descon Engineering Limited	Significant influence over the Company	Purchase of goods and services Services rendered by the related party for capacity enhancement project Sale of goods Share of common expenses charged by the related party Share of common expenses charged to the related party Markup expense against loan obtained from the related party Payment of ordinary dividend Issuance of ordinary shares against long term loan (notes 5.1) Issuance of bonus shares of Rs 10 each	84,791 437,308 1,402 8,410 2,522 - 41,556 - 78,222	- 281,326 562 8,986 139 63,977 - 733,333 -
Descon Corporation (Private) Limited	Common directorship	Share of common expenses charged by the related party Share of common expenses charged to the related party Purchase of goods and services Payment of ordinary dividend Issuance of bonus shares of Rs 10 each	18,341 3,745 13,537 7,417 13,960	16,147 2,922 2,317 - -
Interworld Travels (Private) Limited	Common directorship	Purchase of goods and services Payment of ordinary dividend Issuance of bonus shares of Rs 10 each	1,000 78 147	2,225 - -
Popular Travel & Tours	Common directorship	Purchase of goods and services	492	1,454
Inspectest (Private) Limited	Common directorship	Purchase of goods and services Share of common expenses charged by the related party Transport services provided to the related party	15,005 400 75	13,178 212 -
Descon Holdings (Private) Limited	Common directorship	Payment of ordinary dividend Issuance of bonus shares of Rs 10 each	1,062 1,999	- -
Descon Engineering Services and Technology (Private) Limited	Common directorship	Purchase of goods and services	-	1,732
Descon Oxychem Limited - Employees Provident Fund Trust	Provident Fund Trust	Expense charged in respect of provident fund	6,161	6,001
Descon Power Solutions	Common directorship	Sale of goods Transport services provided to the related party	67 75	80 -
Descon (Private) Limited	Common directorship	Royalty charged to the company	13,978	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

37. Remuneration of Chief Executive, Directors and Executives

		Chief Executive		Non-Executive Directors		Executives	
	Note	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
(Rupees in thousand)							
Remuneration		18,790	19,470	3,038	2,775	24,633	21,739
Fee	37.1	-	-	4,048	2,073	-	-
Contribution to provident fund		1,067	1,254	132	175	1,481	1,213
Car allowance		873	822	-	-	3,137	1,890
Medical facility		334	128	-	-	270	245
Bonus		4,627	3,581	-	-	4,566	3,998
Reimbursable expenses		926	2,464	-	-	2,071	572
		26,617	27,719	7,218	5,023	36,158	29,657
No. of persons		1	1	5	5	7	5

37.1 This includes an aggregate amount of Rs 1.75 million (2020: Rs 1.44 million) in respect of fee to 3 independent directors (2020: 3 independent directors).

38. Capacity and Production

		Production Capacity		Actual production	
		2021	2020	2021	2020
Production of hydrogen peroxide (on 100% concentration and based on 355 working days)	Metric tonnes	21,000	16,800	16,408	15,908
Production of packing material (based on 355 working days)	Number	1,080,000	1,080,000	781,290	847,545

39. Financial risk management objectives

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board).

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is exposed to foreign currency exchange risk in respect of commitments against letters of credit in foreign currency. The management does not view hedging as being financially feasible.

The Company is exposed to currency risk arising only with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Company's exposure to currency risk is as follows:

	2021	2020
	(Rupees in thousand)	
Trade debts - US Dollars	-	16
Trade creditors - US Dollars	506	32
The following significant exchange rates were applicable during the year:		
Rupees per USD		
Average rate	159.85	158.78
Reporting date rate	158.35	168.05

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax and equity. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange Rate	Effect on Profit before tax	Effect on Equity
	(Rupees in thousand)		
2021	10%	(8,013)	(5,689)
	-10%	8,013	5,689
2020	10%	(269)	(191)
	-10%	269	191

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as it does not have any exposure in equity securities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

At the statement of financial position date, the interest rate profile of the Company's interest bearing financial instruments was:

	2021 (Rupees in thousand)	2020
Financial assets		
Fixed rate instruments		
Saving accounts	13,941	3,676
Financial liabilities		
Fixed rate instruments		
Lease liabilities	24,036	39,277
Floating rate instruments		
Long term finances - secured	1,107,648	223,131
Finances under mark up arrangements - secured	57,500	32,283
	1,165,148	255,414
	1,189,184	294,691

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company. The impact of changes in average effective interest rate for the year is given below:

Interest rate sensitivity analysis

		Increase/ decrease in rate	Effect on profit before tax	Effect on Equity
			(Rupees in thousand)	
Financial assets				
	2021	1%	139	99
		-1%	(139)	(99)
	2020	1%	37	26
		-1%	(37)	(26)
Financial liabilities				
	2021	1%	(11,892)	(8,443)
		-1%	11,892	8,443
	2020	1%	(2,947)	(2,092)
		-1%	2,947	2,092

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its trade debts, advances and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021 (Rupees in thousand)	2020
Trade debts	72,448	54,940
Advances, deposits, prepayments and other receivables	46,094	15,866
Short term investments	560,622	-
Bank balances	57,306	6,945
	736,470	77,751
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	68,163	27,274
Past due but not impaired:		
- 1 to 30 days	3,330	4,652
- 31 to 60 days	955	2,023
- 61 to 120 days	-	10,305
- above 120 days	-	10,686
	72,448	54,940

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings. The Company also holds collateral against credit customers.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Bank balances					
Habib Metropolitan Bank	A1+	AA+	PACRA	17,157	4,881
Allied Bank Limited	A1+	AAA	PACRA	-	-
Bank Alfalah	A1+	AA+	PACRA	13,253	-
Bank Al-Habib Limited	A1+	AAA	PACRA	26,896	2,064
				57,306	6,945
Short term investments					
NBP Money Market Fund	Not applicable	AA	PACRA	280,264	-
NBP Financial Sector Income Fund	Not applicable	A+	PACRA	280,358	-
				560,622	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

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 counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balances and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2021 the Company had borrowing limits available from financial institutions aggregating to Rs 1,100 million (2020: Rs 1,100 million) for long term loans, Rs 450 million (2020: Rs 550 million) for short term borrowings, Rs 561 million (2020: Nil) under short term investments and Rs 57.31 million (2020: Rs 6.95 million) in bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

All of the following financial liabilities are exposed to profit / mark-up rate risk except trade and other payables, dividend payable and accrued finance cost.

(Rupees in thousand)					
At June 30, 2021	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Long term finances - secured	1,107,648	1,143,768	178,470	690,550	274,748
Lease liabilities	24,036	26,442	17,622	8,820	-
Finances under mark up arrangements - secured	57,500	57,500	57,500	-	-
Trade and other payables	324,248	324,248	324,248	-	-
Dividend payable	2,222	2,222	2,222	-	-
Accrued finance costs	20,863	20,863	20,863	-	-
	1,536,517	1,575,043	600,925	699,370	274,748
At June 30, 2020	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Long term finances - secured	223,131	228,833	7,208	175,471	46,154
Lease Liabilities	39,277	45,570	19,110	26,460	-
Finances under mark up arrangements - secured	32,283	32,283	32,283	-	-
Trade and other payables	365,415	365,415	365,415	-	-
Dividend payable	1,528	1,528	1,528	-	-
Accrued finance costs	6,780	6,780	6,780	-	-
	668,414	680,409	432,324	201,931	46,154

39.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

39.3 Financial instruments by categories

	Financial assets at amortised cost	
	2021	2020
	(Rupees in thousand)	
Long term deposits	17,554	17,554
Trade debts	72,448	54,940
Advances, deposits, prepayments and other receivables	46,094	15,866
Bank balances	57,306	6,945
	193,402	95,305
	Financial assets at fair value through profit or loss	
	2021	2020
	(Rupees in thousand)	
Short term investments	560,622	-
	Financial liabilities at amortised cost	
	2021	2020
	(Rupees in thousand)	
Long term finances - secured	1,107,648	223,131
Lease liabilities	24,036	39,277
Finances under mark up arrangements - secured	57,500	32,283
Trade and other payables	324,248	365,415
Dividend payable	2,222	1,528
Accrued finance costs	20,863	6,780
	1,536,517	668,414

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

39.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

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

39.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings including current and non current borrowings, as disclosed in note 7 and 11 respectively. Total capital is calculated as 'equity' shown in the statement of financial position plus debt. The gearing ratio as at year ended June 30, 2021 and June 30, 2020 are as follows:

	2021	2020
	(Rupees in thousand)	
Debt	1,107,648	223,131
Total equity	2,063,129	1,935,315
Total capital	3,170,777	2,158,446
Gearing Ratio	Percentage	
	34.9%	10.3%

39.6 Compliance with debt covenants

The Company is subject to the compliance of certain financial covenants as per the long term financing agreements with financial institutions referred to in note 7 and the Company is in compliance with the requirements throughout the reporting period.

40. Number of Employees

Total number of employees as at year end (including contractual)

Average number of employees during the year (including contractual)

2021	2020
101	104
101	102

41. Provident Fund

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

42. Impact of COVID-19 (Corona virus)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. The Company's operations were not affected as it fell under the exemption provided by the Government of Punjab to providers of essential services. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

43. Subsequent events

- The Company has disposed its short term investments and early repaid an amount of Rs 500 million against outstanding balance of syndicate term finance facility.

- The Board of Directors of the Company have proposed a final cash dividend of Rs 1 per share (2020: Re. 1 per share) and bonus shares of Nil (2020: 16% bonus shares) for the year ended June 30, 2021 at their meeting held on September 07, 2021 for approval of members at the Annual General Meeting to be held on October 25, 2021. These financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

44. Date of authorization for issue

These financial statements were authorised for issue on September 07, 2021 by the Board of Directors of the Company.

45. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

PATTERN OF SHAREHOLDING

As on June 30, 2021

-----Shareholdings-----			
No. of Shareholders	From	To	Total Shares Held
270	1	100	8,634
508	101	500	221,807
2,031	501	1,000	1,345,171
1,647	1,001	5,000	4,186,709
471	5,001	10,000	3,538,269
205	10,001	15,000	2,600,495
87	15,001	20,000	1,585,616
63	20,001	25,000	1,445,782
49	25,001	30,000	1,405,380
9	30,001	35,000	303,800
16	35,001	40,000	604,760
9	40,001	45,000	384,700
11	45,001	50,000	542,220
8	50,001	55,000	420,716
8	55,001	60,000	470,000
11	60,001	65,000	688,380
2	65,001	70,000	132,154
10	70,001	75,000	732,420
5	75,001	80,000	393,500
1	90,001	95,000	92,800
6	95,001	100,000	599,760
1	100,001	105,000	101,000
1	105,001	110,000	109,189
1	110,001	115,000	113,020
6	115,001	120,000	700,920
2	120,001	125,000	245,200
2	125,001	130,000	257,600
1	130,001	135,000	132,500
2	140,001	145,000	286,000
1	150,001	155,000	150,800
3	155,001	160,000	476,520
1	160,001	165,000	164,703
1	165,001	170,000	166,000
3	170,001	175,000	522,500
1	175,001	180,000	180,000
2	180,001	185,000	367,500
1	220,001	225,000	224,500
1	235,001	240,000	239,500
2	245,001	250,000	499,000
1	250,001	255,000	253,000
1	255,001	260,000	260,000
1	285,001	290,000	290,000
2	295,001	300,000	600,000

-----Shareholdings-----

No. of Shareholders	From	To	Total Shares Held
1	300,001	305,000	305,000
1	310,001	315,000	314,500
1	320,001	325,000	323,060
2	375,001	380,000	757,080
1	380,001	385,000	384,320
1	420,001	425,000	424,000
1	440,001	445,000	444,300
1	495,001	500,000	500,000
1	595,001	600,000	600,000
1	745,001	750,000	746,500
1	795,001	800,000	800,000
1	845,001	850,000	847,500
1	890,001	895,000	891,500
1	945,001	950,000	947,000
1	1,895,001	1,900,000	1,896,500
1	1,995,001	2,000,000	1,999,500
1	3,460,001	3,465,000	3,461,500
1	4,220,001	4,225,000	4,224,600
1	8,630,001	8,635,000	8,630,168
1	10,050,001	10,055,000	10,051,697
1	51,725,001	51,730,000	51,728,750
1	56,710,001	56,715,000	56,711,084
5,487			175,031,084

Categories of Shareholding required under Code of Corporate Governance (CCG)

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	4,060	0.0023%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	127,121,699	72.6281%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	894,500	0.5111%
2.3.5 Insurance Companies	162,414	0.0928%
2.3.6 Modarabas and Mutual Funds	2,731,540	1.5606%
2.3.7 Shareholders holding 10% or more	117,070,002	66.8853%
2.3.8 General Public		
a. Local	37,464,420	21.4044%
b. Foreign	14,141	0.0081%
2.3.9 Others (to be specified)		
1- Pension Funds	58,580	0.0335%
2- Joint Stock Companies	4,270,335	2.4398%
3- Foreign Companies	1,896,500	1.0835%
4- Others	431,395	0.2465%

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	DESCON CORPORATION (PVT.) LIMITED (CDC)	10,051,697	5.7428
2	DEL CHEMICALS (PRIVATE) LIMITED (CDC)	60,358,918	34.4847
3	DESCON ENGINEERING LIMITED (CDC)	56,711,084	32.4006
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE ABL STOCK FUND (CDC)	7,540	0.00431
2	CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND (CDC)	1,999,500	1.14237
3	CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND (CDC)	141,000	0.08056
4	CDC - TRUSTEE FAYSAL STOCK FUND (CDC)	305,000	0.17425
5	CDC - TREUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND (CDC)	260,000	0.14855
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. TAIMUR DAWOOD (CDC)	580	0.00033
2	MR. FAISAL DAWOOD (CDC)	580	0.00033
3	MR. FAROOQ NAZIR (CDC)	580	0.00033
4	MRS. MEHREEN DAWOOD (CDC)	580	0.00033
5	MR. ASIF QADIR	580	0.00033
6	MR. ALI ASRAR HOSSAIN AGA	580	0.00033
7	MR. HAROON WAHEED	580	0.00033
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		1,133,994	0.6479
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	DEL CHEMICALS (PRIVATE) LIMITED (CDC)	60,358,918	34.4847
2	DESCON ENGINEERING LIMITED	56,711,084	32.4006
3	DESCON CORPORATION (PVT.) LIMITED (CDC)	10,051,697	5.7428

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	Sale	Purchase	Bonus
1	MR. TAIMUR DAWOOD (CDC)	-	-	80
2	MR. FAISAL DAWOOD (CDC)	-	-	80
3	MR. FAROOQ NAZIR (CDC)	-	-	80
4	MRS. MEHREEN DAWOOD (CDC)	-	-	80
5	MR. ASIF QADIR	-	-	80
6	MR. ALI ASRAR HOSSAIN AGA	-	-	80
7	MR. HAROON WAHEED	-	-	80

Notice of Annual General Meeting

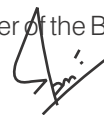
Notice is hereby given that the 17th Annual General Meeting ("AGM") of Descon Oxychem Limited (the 'Company') will be held on Monday, October 25, 2021 at 10:00 a.m. at the registered office of the Company at Descon Headquarters 18-Km Ferozepur Road Lahore:

To transact the following business:

Ordinary Business:

1. To confirm minutes of the last Annual General Meeting of the Company held on October 21, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2021 together with the reports of Directors' and Auditors' thereon.
3. To appoint the External Auditors of the Company for the ensuing year and fix their remuneration. (The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants, have retired and being eligible have offered themselves for re-appointment).
4. To approve, as recommended by the Board of Directors, the payment of Final Cash Dividend @ 10.00% (i.e. PKR 1.00 per ordinary share) for the year ended June 30, 2021.
5. To transact any other business with the permission of the Chair.

By order of the Board



Abdul Sohail
Company Secretary

Lahore
September 30, 2021

1. The Share Transfer Books of the Company will be closed from 18-10-2021 to 25-10-2021 (both days inclusive). Transfers received at the Corplink (Pvt.) Limited, 1-K, Commercial Model Town Lahore the close of business on 16 Oct, 2021 will be treated in time for the purpose of above entitlement of final cash dividend.

2. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the Company not later than 48 hours before the time of holding the said Meeting. A member cannot appoint more than one proxy. Proxy form is attached at the end of the Annual Report as well as on the official website of the Company i-e; www.desconoxychem.com.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney along with proxy form shall be shared to the Registered Office of the Company at least 48 hours before the AGM.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participant's I.D. Numbers to prove his/her identity, and in case of proxy it must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

5. Due to ongoing circumstances caused by COVID-19 pandemic, Securities & Exchange Commission of Pakistan has instructed listed companies to make arrangement for video link facility in case a member wishes to attend the Meeting online. Accordingly, the members of our Company may attend the Meeting virtually. To attend the Meeting virtually, a Member is required to send an email to shareholders@descon.com with email address, name, folio number, CNIC Number and number of shares held in his/her name with subject "Registration for 17th AGM of Descon Oxychem Limited". A video link to join the Meeting will be shared with Members whose emails, containing all the required particulars, are received not later than 48 (forty-eight) hours before the time of the Meeting. Members attending the Meeting in person will be required to comply with SoPs protocols/guidelines for their own and others safety.

6. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website www.desconoxychem.com and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company, Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's Broker/Participant/CDC Account Services.

7. The Government of Pakistan has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

For filers of income tax returns 15%

For non-filers of income tax returns 30%

8. To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @30% instead of 15%.

9. In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date:

Folio / CDC Account No.	Name of shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholders

10. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

11. A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.

12. Members having physical shares are requested to immediately notify the change in their addresses, if any to our Shares Registrar, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.

13. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their CNIC as per Listing Regulations, if not provided earlier.



Notes








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Form of Proxy

Descon Oxchem Limited

IMPORTANT

This form of proxy, in order to be effective, must be deposited duly completed, at the Company's Registered Office at Descon Headquarters, 18-KM, Ferozepur Road, Lahore not less than 48 hours before the time of holding the meeting. A Proxy must be member of the Company. Signature should agree with the specimen register with the Company. Please quote registered Folio / CDC Account numbers

I/We _____
of _____
being a member of Descon Oxchem Limited entitled to vote and holder of _____
ordinary shares, hereby appoint Mr./Mrs./Mst. _____
of _____

who is also a member of the Company, as my/our proxy in my / our absence to attend and vote for me / us on my / our behalf at the 17th Annual General Meeting of the Company to be held at Descon Headquarters, 18-Km, Ferozepur Road, Lahore on Monday October 25, 2021 at 10:00 am and at any adjournment thereof.

As witness my / Our hand this _____ day of _____ 2021.

Signed by the said _____ in the presence of _____

(Member's Signature)

Place _____

Date _____

(Witness's Signature)

Affix Rs. 50/-
Revenue Stamp which
must be cancelled
either by signature
over it or by some
other means

BOOK POST



Descon Oxychem Limited

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