

PARTNERS IN
PROGRESS



ANNUAL REPORT 2022

Descon Oxychem Limited



VISION

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



MISSION

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

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
Asif Qadir
Farooq Nazir
Mehreen Dawood
Faisal Dawood
Ali Asrar Hossain Aga
Haroon Waheed
M. Mohsin Zia

Chairman
Independent Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
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
The Bank of Punjab

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 Ferozepur 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 Oxychem Limited'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 leaching, concentrate preparation and effluent treatment. This application is known as Peroxide Assisted leach and effluent treatment. The treatment of dissolved oxygen is a crucial factor for overall leaching efficiency. HP ensures that the necessary dissolved oxygen concentration is in the system, leading to significant increases in leaching 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-fibers derived from cellulose such as cotton, linen and bast-fibers. The textile-fibers are used as loose 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

Our core customer segment, textile sector, has seen phenomenal growth during the past year as expected on the back of government's efforts to stimulate export growth post pandemic. Your company was well prepared to cater to the additional demand due to the timely expansion implemented in 2020. During the year the management tactically implemented an effective strategy to enhance margins and capture profitable market share despite cost pressures due to global supply chain disruptions and high energy costs. The additional volume also helped us to benefit from economies of scale while strengthening our position as the market leader in the local market.

The Board has been playing a pivotal role in providing stewardship to 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, ensuring resources are in place to meet our objectives, monitor and review material strategic issues, financial performance and risk management. In 2021-22, your Company has achieved an increased EPS of (PKR 2.69 / Share) due to additional sales volumes and improved product placement. The Board of Directors have recommended a 20% 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) in guiding the management towards areas of improvements.

Your Company has made significant inroads in profitable domestic market segments while strengthening its position as a regional player with exports to multiple markets earning precious foreign exchange for our exchequer. In addition to the textile sector your company has also made efforts to diversify into profitable product portfolios creating a hedge against any future depression in demand and prices. Despite the fluid business landscape, the Company is well prepared to respond to the rapidly changing external 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, 2022



Taimur Dawood
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended June 30, 2022

The Directors of the Company are pleased to present the Annual Report along with the Audited Financial Statements for the year ended June 30, 2022.

Economic Review

The year has been challenging for most of the global businesses with energy costs at all time high leading to double digital inflation resulting in sharp increase in production costs. This coupled with increased interest rate, further slowed down the global demand which had picked up post pandemic. Despite these challenges Pakistan's economy has shown robust growth on the back of government's efforts to stimulate economy. As expected, these initiatives have brought in promising results in the form of increased demand. The capacity expansion implemented by your company during the previous year has helped us to improve margins and handle increased demand during these uncertain times.

Business Results

Your Company continuously strives to sustain its consistent performance despite adverse movement in the gas, utility and packing material costs exacerbated by high interest rates. During the year the management focused on improving margins despite cost challenges through improved pricing and better product placements while capitalizing on economies of scale generated by previous year's capacity expansion. The expansion also provided the much-needed additional volume resulting in higher revenue. The results below show the management's focus on efficient production, improved profitability and market development while leveraging its strength as the major player in hydrogen peroxide market within the country. These efforts have led your company to achieve significantly improved profitability.

The summarized financial performance appears below:

	2022	2021
	Rupees in thousands	
Sales	4,250,493	2,804,903
Gross profit	1,101,805	612,941
Profit from operations	855,014	452,636
Finance cost	(52,568)	(64,691)
Profit before tax	802,446	387,945
Profit after tax	470,877	278,703
Earnings per share – Basic	2.69	1.59
ROE	20%	14%

The Company has been able to improve its sales value by 52% as compared to last year through higher production because of expansion implemented last year and better product placement. Gross profit percentage has gone to 26% from 22% last year. Borrowing cost has gone down from PKR 64 million to PKR 53 million based on efficient working capital management and long-term debt prepayment.

Profit after tax has increased to PKR 471 million from PKR 279 million despite impact of super tax in the current financial year. The management has kept a tight control on fixed costs leading to efficient deployment of resources to manage the business.

Cash Flow Management

Your Company has generated cashflow from operations of PKR 1.2 billion as compared to PKR 678 million owing to improved cash conversion cycle, improved production and better pricing. Despite significant increase in raw material costs, global supply chain disruptions and PKR devaluation the company has efficiently managed to keep the investment in working capital to a mere PKR 9 million.

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 FY22, the business had operated twelve consecutive years without a single lost time injury (LTI), achieving 8.70 million man-hours. 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 significant training hours in capacity and capability development. Further, it continues to take measures that build institutional memory.

The company took sustainability initiatives in line with United Nations Sustainability Development goals & good progress achieved against the set targets. Some of the key updates are:

- Reducing energy consumption
- Reducing water consumption
- Gender diversity – increasing population of female employees
- ISO-45001 certification

This year, the company has successfully installed the additional capacity. Plant turnaround was safely & successfully carried out where three major energy conservation projects of Recycle Hydrogen Compressor, Solvent Recovery Unit & Working Solution Economizers were completed, resulting in reduction of consumption factors.

Special focus was given to Manufacturing excellence program to bring in efficiencies in plant operations and other processes. Multiple initiatives in craft trainings, operating discipline and plant reliability were taken to bring in savings for the company. The drive has also resulted in reduction of controllable losses to 0.73% vs 1% industry benchmark.

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 experiencing upswing enhancing the demand from our core textile customers the Company has also diversified its customer portfolio by adding international customers, contributing foreign exchange to the exchequer.

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, 2022.

Rating Type	Rating
Long-term	A+ (A Plus)
Short-term	A1 (A One)

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term and the short-term entity ratings of Descon Oxychem Limited (DOL) at "A+" (A Plus) 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

The company plans to keep tight control on its fixed cost while making significant inroads into diversified market segments creating opportunities to further improve its margin despite ongoing cost challenges. Your company is consistently working on strategies to mitigate risks while capitalizing on opportunities to maximize shareholder's value.

The Business expects the textile demand to remain strong. In parallel significant efforts are in place for further exploring profitable export markets and business segments creating a mitigant against future adverse price moments.

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

Board of Directors of the Company and the Management are fully conversant with their key responsibilities as required by the 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 the business activities. 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 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 follows:

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 (CEO)

Changes to the Board

During the financial year under review, there were no changes to the Board of Directors of the Company.

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 formally 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 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	Meetings Attended	Remarks
Mr. Taimur Dawood	5	—
Mr. Faisal Dawood	5	—
Ms. Mehreen Dawood	5	—
Mr. Farooq Nazir	5	—
Mr. Ali Asrar Hossain Agha	5	—
Mr. Asif Qadir	4	Leave of absence was granted by the Board in one meeting
Mr. Haroon Waheed	1	Leave of absence was granted by the Board in four meetings.
Mr. Muhammad Mohsin Zia	5	—

Directors' Training

Six directors are certified by Pakistan Institute of Corporate Governance or Lahore University of Management Sciences and one director is exempted from the requirements of Directors' Training as per the Listed Companies (Code of Corporate Governance) Regulations, 2019. Directors' Training Program for the Chief Executive Officer has been planned in the ensuing year.

Internal Audit and Control

The Board of Directors have employed an effective system of operational and financial controls, promoting a culture of moral conduct and ethical obligation at all levels within the Company. The Audit Committee reviews the effectiveness of internal controls framework on a quarterly basis, whereas Internal Audit function provides independent and objective evaluations and reports to the Audit Committee on the effectiveness of governance, risk management and control processes.

In order to ensure transparency and independence of the Internal Audit function, the Head of Internal Audit and outsourced Internal audit service providers M/s. KPMG Taseer Hadi & Co. Chartered Accountants report directly to the Audit Committee. Risk based annual internal audit plan of the Company is also approved by the Audit Committee and its progress is reviewed on a quarterly basis. The Audit Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention, where required. Adequate remedial and mitigating measures are applied, where necessary.

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 committee of the Board. 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 an evaluation of its own performance, its members and of its committees through internal team of Corporate Affairs Department. 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 Human Resource & Remuneration Committee comprises of four (4) members as follows:

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

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

Name of Member	Meetings Attended
Mr. Haroon Waheed	2
Mr. Ali Asrar Hossain Aga	3
Mr. Farooq Nazir	3
Mr. Faisal Dawood	3

Enterprise Risk Management Committee

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:

Mr. Muhammad Mohsin Zia (Executive Director)	Chairman
Mr. Muhammad Rizwan Qaiser (Chief Financial Officer)	Member
Mr. Mushfiq Hussain (Works Manager)	Member
Mr. Amir Javed (Manager Shared Services)	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 Compliance Committee comprised of the following members:

Mr. Muhammad Mohsin Zia (Executive Director)	Chairman
Mr. Muhammad Rizwan Qaiser (Chief Financial Officer)	Member
Mr. Mushfiq Hussain (Works Manager)	Member
Mr. Amir Javed (Manager Shared Services)	Member

Related Party Transactions

The Audit Committee reviewed and recommended all 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 as prescribed in the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018. 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 and 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 of June 30, 2022, 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 @ 20% (Rs. 2/- per ordinary share) to the shareholders out of the profits of the Company for the year ended on June 30, 2022. It will be paid subject to the approval from the shareholders in the forthcoming Annual General Meeting.

Auditors

The financial statements of the Company for the year 2021-2022 were audited by M/s. A.F. Ferguson & Company, Chartered Accountants. 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, 2023, subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

Acknowledgements

We would like to thank all stakeholders for their contributions in the past year. 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, 2022


CHIEF EXECUTIVE


DIRECTOR

نقد منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے منافع میں سے حصص یافتگان کو 20% (-2/-) روپے فی عام شیئر) پر حتمی نقد منافع منقسمہ کی سفارش کی ہے۔ یہ آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز سے منظوری کے بعد ادا کیا جائے گا۔


آڈیٹرز

سال 2021-2022 کے لیے کمپنی کے مالی حسابات میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے نظر ثانی شدہ ہیں۔ آڈیٹرز سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر، بورڈ نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر، آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دے دی ہے۔

اظہار تشکر

ہم تمام اسٹیک ہولڈرز کا گزشتہ سال میں ان کے تعاون کا شکریہ ادا کرتے ہیں۔ یہ ہمارے اسٹیک ہولڈرز کا تعاون ہے جس نے کمپنی کی تمام کامیابیوں کو ممکن بنایا جبکہ ایک پائیدار کاروبار کرنے میں ہماری مدد کی ہے۔ ہم مستقبل میں بھی امید افزاء اور مستحکم کارکردگی کے خواہاں ہیں۔

برائے اور مخانب بورڈ آف ڈائریکٹرز


ڈائریکٹر


چیف ایگزیکٹو

07 ستمبر 2022

کمپنی کے سال کے دوران تین اجلاس ہوئے اور اجلاسوں کی حاضری حسب ذیل ہے۔

نام رکن	اجلاس میں حاضری
مسٹر ہارون وحید	2
مسٹر فاروق نذیر	3
مسٹر علی اسرار حسین آغا	3
مسٹر فیصل داؤد	3

انٹرپرائز رسک مینجمنٹ کمیٹی:

رسک مینجمنٹ کمیٹی کو انٹرپرائز رسک مینجمنٹ فریم ورک کے بارے میں معلومات کی نگرانی اور جائزہ لینے، کمپنی کو متاثر کرنے والے تمام خطرات کے انتظام کے لیے استعمال کیے جانے والے طریقوں میں بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کی مدد کرنے کے لیے تشکیل دیا گیا۔ کمیٹی کم از کم سرمایہ بنیادوں پر یا جتنی بار ضرورت ہو اجلاس کرتی ہے۔ کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

جناب محمد حسن ضیاء	(ایگزیکٹو ڈائریکٹر) - چیئر مین
جناب محمد رضوان قیصر	(چیف فنانشل آفیسر) - ممبر
جناب مشفق حسین	(ورکس مینیجر) - ممبر
جناب عامر جاوید	(مینیجر مشترکہ خدمات) - ممبر

کمپلائنس کمیٹی:

کمپلائنس کمیٹی قابل اطلاق قانونی اور ریگولیٹری تقاضوں، صنعت کے معیارات اور کمپنی کے اخلاقیات اور کاروباری طرز عمل کے ساتھ کمپنی کی تعمیل کی نگرانی کے لیے تشکیل دی گئی تھی۔ کمپلائنس کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے:

جناب محمد حسن ضیاء	(ایگزیکٹو ڈائریکٹر) - چیئر مین
جناب محمد رضوان قیصر	(چیف فنانشل آفیسر) - ممبر
جناب مشفق حسین	(ورکس مینیجر) - ممبر
جناب عامر جاوید	(مینیجر مشترکہ خدمات) - ممبر

متعلقہ پارٹی لین دین

آڈٹ کمیٹی نے بورڈ کو تمام متعلقہ پارٹی لین دین کا جائزہ اور سفارش پیش کی اور بورڈ نے ان کی منظوری دی۔ تمام متعلقہ پارٹی لین دین معمول کے کاروبار میں اور قابل رسائی کی بنیاد پر کیے گئے۔ کمپنی تمام متعلقہ پارٹی لین دین کا مکمل ریکارڈ برقرار رکھتی ہے جیسا کہ انیڈر (متعلقہ پارٹی ٹرانزیکشنز اور مینجمنٹس آف ریلیٹیوڈ ریکارڈز) ریگولیشنز 2018 میں بیان کیا گیا ہے۔ کمپنی نے اس سالانہ رپورٹ کے ساتھ منسلک مالی گوشواروں میں متعلقہ پارٹی لین دین کا تفصیلی انکشاف کیا ہے۔ اس طرح کا انکشاف ایکٹ کے 4th شیڈول اور قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کے تقاضوں کے مطابق ہے۔

سماجی سرمایہ کاری

کمپنی کارپوریٹ اور سماجی ذمہ داریوں پر توجہ مرکوز رکھے ہوئے ہے۔ کمپنی اپنے کاروبار کو چلانے کے ساتھ ساتھ عام طور پر اپنے عملے اور کمیونٹی کی سماجی بہبود میں اپنی ذمہ داریوں کو نبھانے میں ایک اچھے کارپوریٹ شہری ہونے کی اہمیت کو تسلیم کرتی ہے۔

شیئر ہولڈنگ کا نمونہ

ایکٹ کے سیکشن (f) 227(2) کے مطابق، 30 جون 2022 تک شیئر ہولڈنگ کا نمونہ، ضابطوں کے تحت مطلوبہ انکشافات کے ساتھ سالانہ رپورٹ سے منسلک ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ ممبران کے معاوضے کا فیصلہ بورڈ کی کمیٹی کرتی ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کے معاوضے کے تعین کے لیے ایک شفاف اور منصفانہ طریقہ کار موجود ہو۔ اس مقصد کے لیے ڈائریکٹرز کے معاوضے کے تعین کی پالیسی کی منظوری دی گئی اور اس پر عمل درآمد کیا گیا ہے۔ کمیٹی اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔ آزاد ڈائریکٹرز کو صرف اجلاس میں شرکت کی فیس ادا کی جارہی ہے۔ آزاد ڈائریکٹرز کو ادا کی گئی فیس کی مجموعی رقم کا انکشاف ان مالیاتی حسابات کے نوٹ [نوٹ 37] میں کیا گیا ہے۔

بورڈ کی کارکردگی کا جائزہ

جیسا کہ ضوابط کے تحت بیان کیا گیا ہے، بورڈ نے کارپوریٹ افیئر ڈیپارٹمنٹ کی اندرونی ٹیم کے ذریعے اپنی کارکردگی، اپنے اراکین اور اپنی کمیٹیوں کا جائزہ لیا ہے۔ مذکورہ تشخیصی رپورٹ میں ایکٹ، ضوابط اور پالیسیوں اور طریقہ کار سے کوئی انحراف نہیں پایا گیا۔ بورڈ کے چیئرمین نے بورڈ کے اراکین کی مشاورت سے بورڈ اور اس کی کمیٹیوں کے لیے ایک تشخیصی منصوبہ تیار کیا ہے تاکہ یہ یقینی بنایا جاسکے کہ بورڈ اور اس کی کمیٹیاں اپنے کردار اور ذمہ داریوں سے پوری طرح واقف ہوں۔ بورڈ مستقل بنیادوں پر اپنی کارکردگی، اور اپنے اراکین اور کمیٹیوں کی کارکردگی کا جائزہ لیتا ہے۔

بورڈ کی کمیٹیاں

بورڈ کی کارروائیوں اور درست فیصلہ سازی میں مدد کے لیے، بورڈ نے چار کمیٹیاں قائم کی ہیں جن میں سے دو کمیٹیوں کی صدارت آزاد ڈائریکٹرز کرتے ہیں۔

آڈٹ کمیٹی

کمیٹی بورڈ کو ان کی نگرانی کی ذمہ داریوں کو پورا کرنے میں معاونت کرتی ہے جبکہ بنیادی طور پر حصص یافتگان کو مربوط ضوابط اور اکاؤنٹنگ کے معیارات کے مطابق مالی یا غیر مالیاتی معلومات کا جائزہ لیتی ہے۔ آڈٹ کمیٹی اس بات کو بھی یقینی بناتی ہے کہ کمیٹی کے اثاثوں کی حفاظت کے لیے اندرونی کنٹرول کے مستحکم نظام موجود ہیں۔ ریگولیشنز کے رہنما اصولوں کی روشنی میں کمیٹی کے ٹرمز آف ریفرنس کی وضاحت کی گئی ہے۔

آڈٹ کمیٹی تین (3) ارکان پر مشتمل ہے، جو کہ درج ذیل ہے:

جناب علی اسرار حسین آغا (آزاد ڈائریکٹر) - چیئرمین

جناب فاروق نذیر (نان ایگزیکٹو ڈائریکٹر) - ممبر

جناب فیصل داؤد (نان ایگزیکٹو ڈائریکٹر) - ممبر

کمیٹی کا سال کے دوران 4 مرتبہ اجلاس ہوا اور حاضری حسب ذیل تھی۔

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

انسانی وسائل اور معاوضہ کمیٹی

ہیومن ریسورس اینڈ ریمنڈیشن کمیٹی قائم کی گئی ہے تاکہ وہ معاوضے کے تمام عناصر اور پالیسیوں اور طریقہ کار کا جائزہ لے کر بورڈ کو سفارش کرے جو انسانی وسائل کے مؤثر کام کے لیے اپنانے کی ضرورت ہے۔

انسانی وسائل اور معاوضہ کمیٹی مندرجہ ذیل چار (4) ارکان پر مشتمل ہے:

جناب ہارون وحید (آزاد ڈائریکٹر) - چیئرمین

جناب علی اسرار حسین آغا (آزاد ڈائریکٹر) - ممبر

جناب فاروق نذیر (نان ایگزیکٹو ڈائریکٹر) - ممبر

جناب فیصل داؤد (نان ایگزیکٹو ڈائریکٹر) - ممبر

بورڈ میں تبدیلیاں

زیر جائزہ مالی سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی۔

بورڈ کے اجلاس

بورڈ کو قانونی طور پر کمپنی کی کارکردگی کی نگرانی کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس کرنا چاہیے جس کا مقصد اس کی انتظامیہ کی موثر اور بروقت جوابدہی ہے۔ اجلاسوں کے دوران بورڈ کی طرف سے کیے گئے فیصلوں پر غور کیا گیا اور تمام ڈائریکٹرز کو ایکٹ کے مطابق توثیق کے لیے مقررہ وقت کے اندر باضابطہ طور پر ارسال اور بورڈ کے درج ذیل اجلاسوں میں باضابطہ طور پر منظوری دی گئی تھی۔

بورڈ کے تمام اجلاس ایکٹ اور ضوابط کے مقرر کردہ مطلوبہ کورم کے مطابق منعقد کئے گئے۔ ہر اجلاس کا ایجنڈا بروقت جاری کیا گیا۔ چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بھی بورڈ کے اجلاسوں میں شرکت کی۔

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (05) اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری حسب ذیل تھی:

نام ڈائریکٹر	اجلاس میں حاضری	ریمارکس
تیو رداؤد	5	-
آصف قدیر	4	- بورڈ نے ایک اجلاس میں غیر حاضری کی رخصت دی۔
فاروق نذیر	5	-
مہرین داؤد	5	-
فیصل داؤد	5	-
علی اسرار حسین آغا	5	-
ہارون وحید	1	- بورڈ نے چار اجلاسوں میں غیر حاضری کی رخصت دی۔
محمد محسن ضیا	5	-

ڈائریکٹرز کی تربیت

چھ ڈائریکٹرز پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس یا لاہور یونیورسٹی آف مینجمنٹ سائنسز سے سرٹیفائیڈ ہیں اور ایک ڈائریکٹر کولسلٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق ڈائریکٹرز کی تربیت کی ضروریات سے مستثنیٰ کیا گیا ہے۔ چیف ایگزیکٹو آفیسر کے لیے ڈائریکٹرز کا تربیتی پروگرام کی اگلے سال میں منصوبہ بندی کی گئی ہے۔

اندرونی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے کمپنی کے اندر تمام سطحوں پر اخلاقی طرز عمل اور اخلاقی ذمہ داری کے کلچر کو فروغ دیتے ہوئے آپریشنل اور مالیاتی کنٹرول کا ایک موثر نظام لاگو کیا ہے۔ آڈٹ کمیٹی سہ ماہی بنیادوں پر اندرونی کنٹرول کے فریم ورک کی موثرگی کا جائزہ لیتی ہے، جب کہ اندرونی آڈٹ کا فنکشن گورننس، رسک مینجمنٹ اور کنٹرول کے عمل کی موثرگی پر آڈٹ کمیٹی کو آزاد اور معروضی جائزہ اور رپورٹس فراہم کرتا ہے۔

اندرونی آڈٹ کے کام کی شفافیت اور آزادی کو یقینی بنانے کے لیے، ہیڈ آف انٹرل آڈٹ اور آڈٹ سروس اندرونی آڈٹ سروس فراہم کرنے والے میسرز KPMG تاخیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس براہ راست آڈٹ کمیٹی کو رپورٹ کرتے ہیں۔ کمپنی کا رسک میڈیٹا لاند انٹرل آڈٹ پلان بھی آڈٹ کمیٹی منظور کرتی ہے اور اس کی پیشرفت کا سہ ماہی بنیادوں پر جائزہ لیا جاتا ہے۔ آڈٹ کمیٹی نے داخلی آڈٹ کے مواد کا جائزہ لیا ہے، جہاں ضروری ہو وہاں مناسب اقدامات کئے جہاں ضرورت پڑی بورڈ کی توجہ میں معاملات لائے گئے ہیں۔ جہاں ضروری ہو، مناسب تدارک اور تخفیف کے اقدامات کا اطلاق کیا گیا ہے۔

کافی داخلی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے، تاکہ آپریشن کے موثر انعقاد، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ یقینی بنایا جاسکے۔

کاروبار کو توقع ہے کہ ٹیکسٹائل کی طلب مضبوط رہے گی۔ متوازی طور پر منافع بخش برآمدی منڈیوں اور کاروباری شعبوں کو مزید تلاش کرنے کے لیے اہم کوششیں کی جارہی ہیں جو مستقبل کے منفی قیمتوں کے لحاظ کے خلاف ایک تخفیف پیدا کرتی ہیں۔

کاروبار مسلسل بہتری اور ڈیٹا پر مبنی فیصلہ سازی میں سرمایہ کاری کے ذریعے حفاظت، پیداواری کارکردگی اور مارکیٹ انٹیلی جنس میں اپنی بہترین درجہ کی پوزیشن کو برقرار رکھنا چاہتا ہے۔

کارپوریٹ گورننس

کمپنی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ کمیٹی ایکٹ، 2017 ("ایکٹ") کی دفعات کے مطابق اپنی ذمہ داریوں سے پوری طرح واقف ہیں۔ بورڈ نے کاروباری سرگرمیوں میں تعمیل کے لیے کاروباری اصولوں اور اعلیٰ معیارات کے مضبوط احساس کو یقینی بناتے ہوئے کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا ہے۔ اس کا خلاصہ مندرجہ کمپنیوں کے ساتھ تعمیل (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ("ریگولیشنز") کے منسلک بیان میں کیا گیا ہے جس کا بیرونی آڈیٹرز کے ذریعے جائزہ لیا گیا ہے۔

ڈائریکٹرز مندرجہ ذیل بخوشی بیان کرتے ہیں:

- a • کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- b • کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- c • مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- d • مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے اور ان سے کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- e • اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- f • کمپنی کے گونگ کنٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- g • بورڈ کے تمام ڈائریکٹرز کارپوریٹ بوڈی کے ڈیکریٹ کے طور پر اپنے فرائز اور ذمہ داریوں سے پوری طرح واقف ہیں۔
- h • فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- i • گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹرز کی کل تعداد آٹھ (8) بشمول چیف ایگزیکٹو (ڈائریکٹر) مندرجہ ذیل ہیں:

(a) مرد 7 (بشمول چیف ایگزیکٹو)

(b) خاتون 1

بورڈ کی تشکیل 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 ڈائریکٹر	مسٹر تیمور داؤد
5		مسٹر فاروق نذیر
6		مسٹر فیصل داؤد
7		مس مہرین داؤد
8	ایگزیکٹو ڈائریکٹر	مسٹر محمد محسن ضیا (CEO)

حفاظت اور مینوفیکچرنگ

ہمارے ملازمین/ٹھیکیداروں کی صحت، حفاظت، ماحولیات اور تحفظ کمپنی میں بنیادی توجہ کی حامل ہے، اور یہ ڈیسکون کی بنیادی اقدار کا ایک لازمی حصہ ہے۔ مالی سال 22 کے اختتام پر، کاروبار نے مسلسل بارہ سال تک حادثہ میں ایک بھی لہجہ ضائع کئے (LTD) بغیر کام کیا، جس سے آدمیوں نے 8.70 ملین گھنٹے کام کیا۔ کل رپورٹ ایبل انجریز (TRIR) اب بھی، پچھلے سال کی طرح صفر ہے۔ کمپنی ISO 9001, OHSAS 18001 اور ISO 14001 کے لیے تمام عالمی منظوری کے تقاضوں کی پوری طرح تعمیل کرتی ہے۔ کاروبار نے مسلسل مانع اور گیس کے اخراج کے قومی معیارات کی تعمیل کی۔ پوری افرادی قوت کی تربیت یافتہ، تعاون یافتہ اور باقاعدگی سے جانچ کی جاتی ہے، جو انہیں کم سے کم خطرے کے ساتھ اپنے کام سرانجام دینے کے قابل بناتا ہے۔ سال کے دوران، کمپنی نے قابلیت اور اہلیت کی نشوونما میں اہم ترین اوقات صرف کئے ہیں۔ مزید یہ کہ ادارہ جاتی یادداشت کو بڑھانے والے اقدامات کرنا جاری رکھے ہوئے ہے۔

کمپنی نے اقوام متحدہ کے پائیدار ترقی کے اہداف اور مقررہ اہداف کے مقابلے میں اچھی پیش رفت کے مطابق پائیداری کے اقدامات کئے۔ کچھ اہم اپ ڈیٹس یہ ہیں،

- توانائی کی کھپت کو کم کرنا

- پانی کی کھپت کو کم کرنا

- صفی تنوع - خواتین ملازمین کی تعداد کو بڑھانا

- ISO-45001 سرٹیفیکیشن

اس سال، کمپنی نے کامیابی سے اضافی صلاحیت نصب کی ہے۔ پلانٹ کی تبدیلی کو محفوظ طریقے سے اور کامیابی کے ساتھ سرانجام دیا گیا جہاں ری سائیکل ہائیڈروجن کمپریسر، سالوینٹ ریکوری یونٹ اور ورکنگ سولیشن اکٹما رز کے توانائی کے تحفظ کے تین بڑے منصوبے مکمل کیے گئے، جس کے نتیجے میں کھپت کے عوامل میں کمی واقع ہوئی۔

مینوفیکچرنگ ایکسیلنس پروگرام پر خصوصی توجہ دی گئی تاکہ پلانٹ کے آپریشنز اور دیگر پراسیسز میں استعداد کار پیدا کی جاسکے۔ کمپنی کے لیے بچت لانے کے لیے دستکاری کی تربیت، آپریٹنگ ڈسپلن اور پلانٹ کی قابل اعتمادی میں متعدد اقدامات کیے گئے۔ اس مہم کے نتیجے میں قابل کنٹرول نقصانات کو 0.73% بمقابلہ 1% انڈسٹری شیج مارک تک کم کیا گیا ہے۔

سیلز اینڈ مارکیٹنگ

کمپنی بدستور مارکیٹ لیڈر، ترجیحی سپلائر، اور گاہک کو مستقل معیاری مصنوعات فراہم کرنے والی ہے۔ جب کہ ٹیکسٹائل کا شعبہ ہمارے بنیادی ٹیکسٹائل صارفین کی طلب میں اضافے کا سامنا کر رہا ہے، کمپنی نے بین الاقوامی صارفین کو شامل کر کے، خزانے میں زرمبادلہ کا حصہ ڈال کر اپنی کسٹمر پورٹ فولیو کو متنوع بنایا ہے۔

کمپنی مستحکم تعاون اور مارکیٹ انٹیلیجنس پر مبنی نقطہ نظر کی بنیاد پر منافع بخش مارکیٹ شیئر میں نمایاں بہتری کی توقع کر رہی ہے۔

ایسٹبلشمنٹ کریڈٹ ریٹنگ

30 جون 2022 کو پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی طرف سے دی گئی۔

ریٹنگ کی قسم

ریٹنگ

طویل مدتی A+(اے پلس)

قلیل مدتی A1(اے ون)

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے ڈیسکون آکسیکیم (DOL) کی طویل مدتی اور قلیل مدتی ادارہ کی درجہ بندی کو بالترتیب "A+" (اے پلس) اور "A1" (اے ون) "پراپ گریڈ کر دیا ہے۔ یہ درجہ بندی مالیاتی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت سے پیدا ہونے والے کریڈٹ رسک کی کم توقع کی نشاندہی کرتی ہے۔

مستقبل کا نقطہ نظر

کمپنی اپنی مقررہ لاگت پر سخت کنٹرول رکھنے کا ارادہ رکھتی ہے جبکہ مارکیٹ کے متنوع حصوں میں نمایاں رسائی حاصل کرتے ہوئے لاگت کے جاری چیلنجوں کے باوجود اپنے مارجن کو مزید بہتر بنانے کے مواقع پیدا کرتی ہے۔ آپ کی کمپنی تھیں یا فنگان کی قدر کو زیادہ سے زیادہ کرنے کے مواقع سے فائدہ اٹھاتے ہوئے خطرات کو کم کرنے کی حکمت عملیوں پر مسلسل کام کر رہی ہے۔

ڈائریکٹرز رپورٹ برائے حصص داران

برائے اختتمہ سال 30 جون 2022ء

کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے نظر ثانی شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

اقتصادی جائزہ

یہ سال پیشتر عالمی کاروباروں کے لیے مشکل رہا ہے کیونکہ توانائی کی لاگت بہت زیادہ بڑھ جانے کی وجہ سے افراط زردو گنا ہو گیا ہے جس کے نتیجے میں پیداواری لاگت میں تیزی سے اضافہ ہوا ہے۔ اس نے شرح سود میں اضافہ کے ساتھ عالمی مانگ کو مزید سست کر دیا جو بائی بیماری کے بعد بڑھ گئی تھی۔ ان چیلنجوں کے باوجود پاکستان کی معیشت نے معیشت کو متحرک کرنے کی حکومتی کوششوں کی پشت پر مضبوط نمو دکھائی ہے۔ توقعات کے مطابق، ان اقدامات سے طلب بڑھنے کی صورت میں امید افزا نتائج آئے ہیں۔ پچھلے سال کے دوران آپ کی کمپنی کی طرف سے کی گئی صلاحیت کی توسیع نے مارجن کو بہتر بنانے اور ان غیر یقینی اوقات میں زیادہ طلب کو سنبھالنے میں مدد کی ہے۔

کاروباری نتائج

آپ کی کمپنی گیس، یوٹیلیٹی اور پیکنگ میٹریل کی قیمتوں میں منفی محرکات کے باوجود اپنی کارکردگی کو برقرار رکھنے کی مسلسل کوشش کر رہی ہے۔ سال کے دوران انتظامیہ نے بہتر قیمتوں کے تعین اور بہتر پروڈکٹ پلیٹفم کے ذریعے لاگت کے چیلنجوں کے باوجود پچھلے سال کی صلاحیت میں توسیع سے بڑے پیمانے کی معیشتوں پر سرمایہ لگاتے ہوئے مارجن کو بہتر بنانے پر توجہ مرکوز کی ہے۔ توسیع نے انتہائی ضروری اضافی حجم بھی فراہم کیا جس کے نتیجے میں زیادہ آمدنی ہوئی۔ نیچے دیئے گئے نتائج ملک کے اندر ہائیڈروجن پر آکسائیڈ ماریٹ میں اہم کھلاڑی کے طور پر اپنی قوت کا فائدہ اٹھاتے ہوئے مؤثر پیداوار، بہتر منافع اور ماریٹ کی ترقی پر انتظامیہ کی توجہ کو ظاہر کر رہے ہیں۔ ان کوششوں نے آپ کی کمپنی کو نمایاں طور پر بہتر منافع مابی حاصل کرنے کی تلافی بنایا ہے۔ مالیاتی کارکردگی کا خلاصہ ذیل میں دیا گیا ہے۔

2021ء	2022ء	
ہزار روپوں میں		
2,804,903	4,250,493	فروخت
612,941	1,101,805	مجموعی منافع
452,636	855,014	آپریشنز سے منافع
(64,691)	(52,568)	قرضوں پر لاگت
387,945	802,446	نفع بمعہ ٹیکس
278,703	470,877	نفع علاوہ ٹیکس
1.59	2.69	فی حصص آمدنی - بنیادی
14%	20%	ROE

کمپنی پچھلے سال کی گئی توسیع اور بہتر پروڈکٹ پلیٹفم کی وجہ سے زیادہ پیداوار کے ذریعے پچھلے سال کے مقابلے میں اپنی فروخت قدر میں 52 فیصد اضافہ کرنے میں کامیاب رہی ہے۔ مجموعی منافع کا فیصد گزشتہ سال کے 22% سے بڑھ کر 26% ہو گیا ہے۔ مؤثر ورکنگ کپٹل مینجمنٹ اور طویل مدتی قرض کی قبل از ادائیگی کی بنیاد پر قرض لینے کی لاگت 64 ملین روپے سے کم ہو کر 53 ملین روپے رہ گئی ہے۔ موجودہ مالی سال میں سپر ٹیکس کے اثرات کے باوجود بعد از ٹیکس منافع 279 ملین روپے سے بڑھ کر 471 ملین روپے ہو گیا ہے۔ انتظامیہ نے مقررہ اخراجات پر سخت کنٹرول رکھا ہے جس کی وجہ سے کاروبار کو منظم کرنے کے لیے وسائل کو مؤثر استعمال کیا گیا ہے۔

نقدی بہاؤ کے انتظامات

آپ کی کمپنی نے بہتر کیش کورشن سائیکل، بہتر پیداوار، اور بہتر قیمتوں کی وجہ سے اپنے آپریشنز سے 678 ملین روپے کے مقابلے میں 1.2 بلین روپے کا نقدی بہاؤ پیدا کیا ہے۔ خام مال کی قیمتوں میں نمایاں اضافے، عالمی سپلائی چین میں رکاوٹوں اور پاکستانی روپیہ کی قدر میں کمی کے باوجود کمپنی نے کارآمد سرمائے میں سرمایہ کاری کو محض 9 ملین روپے تک رکھنے میں مؤثر طریقے سے کامیابی حاصل کی ہے۔

Key Operating and Financial Data

Particular	2022	2021	2020	2019	2018	2017	2016
	----- (Rs '000) -----						
Summary of Profit and Loss							
Sales	4,250,493	2,804,903	2,641,615	2,704,957	2,088,225	1,961,005	1,581,547
Cost of Goods Sold	(3,148,688)	(2,191,962)	(1,780,357)	(1,874,206)	(1,471,864)	(1,454,383)	(1,238,213)
Gross Profit	1,101,805	612,941	861,258	830,751	616,361	506,622	343,334
Operating profit	855,014	452,636	670,282	657,655	459,191	345,273	210,240
Finance Cost	(52,568)	(64,691)	(81,420)	(79,181)	(5,373)	(11,739)	(76,564)
Profit / (loss) before tax	802,446	387,945	588,862	578,474	453,818	333,534	133,676
Profit / (loss) after tax	470,877	278,703	418,423	394,269	322,279	204,925	44,989
EBITDA	1,208,320	767,359	865,738	835,263	632,862	528,810	381,911
Financial Position							
Share Capital - Ordinary	1,750,311	1,750,311	1,508,889	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	605,642	309,796	181,982	(236,441)	(344,272)	(402,551)	(607,476)
Long term borrowings - Current & Non Current Portion	357,824	1,131,689	223,131	877,631	-	-	111,822
Property, plant and equipment	2,489,830	2,439,580	2,031,207	1,483,894	1,392,836	1,518,988	1,655,483
Net Current Assets	345,629	598,336	295,749	263,173	320,986	92,560	(211,114)
Investor Information							
Gross profit margin (%)	25.92	21.85	32.60	30.71	29.52	25.83	21.71
EBITDA margin to sales (%)	28.43	27.36	32.77	30.88	30.31	26.97	24.15
Pre tax margin (%)	18.88	13.83	22.29	21.39	21.73	17.01	8.45
Net profit margin (%)	11.08	9.94	15.84	14.58	15.43	10.45	2.84
Return on equity (%)	19.96	13.51	21.62	50.32	18.15	11.93	2.97
Return on capital employed (%)	29.57	13.91	28.35	36.65	25.86	20.10	12.94
Current Ratio	1.34	2.22	1.60	1.58	2.22	1.21	0.77
Quick Ratio	0.59	1.44	0.55	0.82	1.32	0.64	0.51
Debtors turnover (days)	20	9	8	11	7	13	12
Inventory turnover (days)	29	26	38	14	7	12	10
Creditors turnover (days)	89	59	84	61	52	53	48
Operating cycle (no. of days)	(40)	(24)	(39)	(36)	(38)	(28)	(26)
Debt: Equity (Ratio)	13:87	35:65	10:90	53:47	0:100	0:100	7:93
Interest cover (Times)	16.26	7.00	8.23	8.31	85.46	29.41	2.75
Earnings / (loss) per share (pre tax) (Rupees)	4.58	2.22	4.80	5.67	4.45	3.27	1.31
Earnings / (loss) per share (after tax) (Rupees) - Basic	2.69	1.59	2.85	3.87	3.16	2.01	0.44
Earnings / (loss) per share (after tax) (Rupees) - Dilluted	2.69	1.59	2.85	2.70	1.52	0.97	0.21
Share Price	15.70	26.84	29.85	16.05	19.30	18.35	6.03
Price Earnings Ratio	5.84	16.88	10.47	4.15	6.11	9.13	13.67
Breakup Value Per Share (Rupees)	13.48	11.79	12.83	7.68	6.62	6.05	4.04
Hydrogen Peroxide Production (MTs)	40,550	32,816	31,814	30,836	33,293	34,697	32,234
Hydrogen Peroxide Sales (MTs)	42,363	34,898	31,412	30,823	34,012	34,295	32,340
Trading General Sales (MTs)	1,470	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

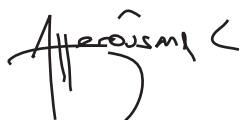
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Descon Oxychem Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the 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, 2022.



A.F. Ferguson & Co.
Chartered Accountants
Lahore

September 22, 2022

UDIN:CR202210128oXpLUdQkw

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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, 2022

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)

- 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. Seven directors have either obtained the certificates of Directors' Training Program or are exempted from the requirements of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- 10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.

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)
 - ii. 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)
 - iii. Mr. Mushfiq Hussain (Works Manager)
 - iv. Mr. Amir Javed (Manager Shared Services)
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, 2022.
 - b) Human Resource and Remuneration Committee:
Three meetings of Human Resource and Remuneration Committee were held during the financial year ended June 30, 2022.
 - c) Risk Management Committee:
Two meetings of Risk Management Committee were held during the financial year ended June 30, 2022.
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.
19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:
 - I. There is no Nomination Committee in place (required under non-mandatory provision of Regulations 29 & 30). The company is considering to form the Nomination Committee.
 - ii. Chief Executive Officer and female executive have not completed training under Directors' Training Program (required under non-mandatory provision of Regulation 19). However, their trainings are planned in the ensuing year.

Lahore
September 07, 2022



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, 2022, 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, 2022 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
	Revenue recognition (Refer notes 4.16 and 26 to the annexed financial statements)	Our audit procedures in relation to the matter amongst others, included the following: – Assessed the design, implementation and operating effectiveness of the relevant internal controls of the Company's system which govern revenue recognition;

Sr No.	Key Audit Matter	How the matter is addressed in our audit
	<p>Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of products and services to a customer. The Company is engaged in the manufacturing and selling of Hydrogen Peroxide locally as well as through exports. The Company recognized revenue from the sales of own manufactured goods, traded goods and freight recovered from its customers measured net of commission.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, inherent risk of material misstatement and significant increase in revenue from the last year.</p>	<ul style="list-style-type: none"> – Understood and evaluated the accounting policies with respect to revenue recognition and its compliance with IFRS 15: 'Revenue from Contracts with Customers'; – Inspected significant contracts to obtain an understanding of contract terms particularly relating to timing and customer's acceptance of the goods and services; – Performed testing of sample of revenue transactions with underlying documentation including sales invoices and dispatched documents; – Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; – Checked on a sample basis, approval of sales prices by the appropriate authority; – Performed audit procedures to analyze variation in the price and quantity sold during the year; and – Assessed the adequacy of disclosures made in the financial statements related to revenue.

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.

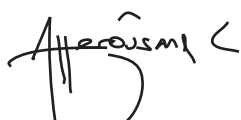
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 22, 2022
UDIN: AR202210128XIHrM17FN

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STATEMENT OF FINANCIAL POSITION

as at June 30, 2022

	Note	2022 (Rupees in thousand)	2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 220,000,000 (2021: 220,000,000) ordinary shares of Rs 10 each		2,200,000	2,200,000
Issued, subscribed and paid up capital 175,031,084 (2021: 175,031,084) ordinary shares of Rs 10 each	5	1,750,311	1,750,311
Share premium	6	3,022	3,022
Accumulated profits		605,642	309,796
		2,358,975	2,063,129
NON CURRENT LIABILITIES			
Long term finances - secured	7	257,865	929,178
Lease liabilities	8	10,482	8,513
Deferred taxation	9	240,370	229,202
Deferred grant	10	24,188	24,041
		532,905	1,190,934
CURRENT LIABILITIES			
Current portion of non current liabilities	11	83,325	193,993
Finances under mark up arrangements - secured	12	14,620	57,500
Current portion of deferred grant	10	8,567	7,918
Trade and other payables	13	766,457	356,112
Income tax payable		128,084	-
Dividend payable		3,237	2,222
Accrued finance costs	14	8,849	20,863
		1,013,139	638,608
CONTINGENCIES AND COMMITMENTS			
	15	-	-
		3,905,019	3,892,671

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

ASSETS**NON CURRENT ASSETS**

	Note	2022 (Rupees in thousand)	2021
Property, plant and equipment	16	2,489,830	2,439,580
Intangible assets	17	26,972	20,123
Long term loans - secured	18	6,025	-
Long term deposits and prepayments	19	23,423	17,554
		<u>2,546,250</u>	<u>2,477,257</u>

CURRENT ASSETS

Stores and spares	20	509,916	339,041
Stock in trade	21	248,816	154,557
Trade debts	22	237,383	72,448
Loans, advances, deposits, prepayments and other receivables	23	106,483	134,587
Income tax recoverable		-	96,853
Short term investments	24	150,000	560,622
Bank balances	25	106,171	57,306
		<u>1,358,769</u>	<u>1,415,414</u>
		<u><u>3,905,019</u></u>	<u><u>3,892,671</u></u>


CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF PROFIT OR LOSS

for the Year Ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Sales	26	4,250,493	2,804,903
Cost of sales	27	(3,148,688)	(2,191,962)
Gross profit		1,101,805	612,941
Administrative expenses	28	(126,338)	(99,382)
Distribution and selling costs	29	(74,196)	(56,626)
Other income	30	29,123	26,406
Other operating expenses	31	(75,380)	(30,703)
		(246,791)	(160,305)
Profit from operations		855,014	452,636
Finance costs	32	(52,568)	(64,691)
Profit before taxation		802,446	387,945
Taxation	33	(331,569)	(109,242)
Profit for the year		470,877	278,703
Earnings per share			
- Basic and diluted	34	2.69	1.59

The annexed notes 1 to 46 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended June 30, 2022

	2022 (Rupees in thousand)	2021
Profit for the year	470,877	278,703
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	470,877	278,703

The annexed notes 1 to 46 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, 2022

(Rupees in thousand)

	Share capital Ordinary share capital	Capital reserve Share premium	Revenue reserve Accumulated profits	Capital and reserves Total
Balance as on July 1, 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 in their capacity as 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
Profit for the year	-	-	470,877	470,877
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	470,877	470,877
Transactions with owners in their capacity as owners recognised directly in equity				
Final dividend for the year ended June 30, 2021 @ 10% (Re 1 per share)	-	-	(175,031)	(175,031)
Balance as on June 30, 2022	1,750,311	3,022	605,642	2,358,975

The annexed notes 1 to 46 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

STATEMENT OF CASH FLOWS

for the Year Ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Cash flow from operating activities			
Cash generated from operations	35	1,206,414	678,462
Finance cost paid		(52,685)	(48,462)
Profit on deposits received		7,608	3,919
Long term loan		(10,000)	-
Taxes paid		(95,464)	(91,880)
Net cash generated from operating activities		1,055,874	542,039
Cash flow from investing activities			
Purchase of property, plant and equipment		(377,108)	(712,710)
Purchase of intangible assets		(14,730)	(453)
Proceeds from disposal of property, plant and equipment		60	-
Short term investments purchased		(150,000)	(559,816)
Short term investments redeemed		561,347	-
Dividend received		-	11,548
Net cash generated from / (used in) investing activities		19,569	(1,261,431)
Cash flow from financing activities			
Net proceeds from long term finances - secured		-	929,525
Repayment of long term finances - secured		(789,662)	(15,666)
Repayment of lease liabilities		(20,021)	(19,128)
Ordinary dividend paid		(174,016)	(150,195)
Net cash (used in) / generated from financing activities		(983,699)	744,536
Net increase in cash and cash equivalents		91,745	25,144
Cash and cash equivalents at the beginning of year		(194)	(25,338)
Cash and cash equivalents at the end of year	36	91,551	(194)

The annexed notes 1 to 46 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, 2022

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, 2021 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, 2022 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 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

Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors.

January 01, 2023

Amendment to IAS 12, 'Income taxes' on deferred tax related to assets and liabilities arising from a single transaction.

January 01, 2023

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities.

January 01, 2024

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:

(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.

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

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.

Deferred

Deferred tax is accounted for using the 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 or loss 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, 2022 has not required any adjustment.

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**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-of-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.

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.

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

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, contract assets, term loans, short term investments and bank balances.

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.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

A financial asset is considered in default when the counterparty fails to make contractual payments within one year of when they fall due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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.

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

Freight revenue is recognized when services are rendered.

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

4.17 Equity

Ordinary shares are classified as equity and recorded at their face value. Incremental costs directly attributable to issuance of new shares are shown in equity as deduction.

4.18 Dividend

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

4.19 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.

4.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose results are regularly reviewed by the segment to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The segment information is not generated by the Company and the Chief Executive reviews the Company as a single entity. Hence, segment disclosures are not included in these financial statements.

4.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5. Issued, subscribed and paid up capital

2022 (Number of shares)	2021		2022 (Rupees in thousand)	2021
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	24,142,218	fully paid as bonus shares - 5.2	241,422	241,422
<u>175,031,084</u>	<u>175,031,084</u>		<u>1,750,311</u>	<u>1,750,311</u>

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

- 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 Re 1 per share (@ 10% per share) for the year ended June 30, 2020, 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.

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

	2022		2021	
	Number	Percentage	Number	Percentage
DEL Chemicals (Private) Limited	60,358,918	34.48%	60,358,918	34.48%
Descon Engineering Limited	56,711,084	32.40%	56,711,084	32.40%
Descon Corporation (Private) Limited	10,051,697	5.74%	10,051,697	5.74%
	<u>127,121,699</u>	<u>72.62%</u>	<u>127,121,699</u>	<u>72.62%</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

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	2022 (Rupees in thousand)	2021
	Opening balance		1,107,648	223,131
	Receipts during the year		-	929,525
	Recognition of deferred grant	10	(10,592)	(36,090)
			1,097,056	1,116,566
	Accretion of interest		17,675	6,748
	Repayment during the year		(789,662)	(15,666)
			325,069	1,107,648
	Less : Current portion shown under current liabilities	11	(67,204)	(178,470)
			257,865	929,178
7.1	Long term finances consist of the following:			
	Syndicate term finance facility (STFF)	7.1.1	168,082	966,174
	Long term finance facility (LTFF)	7.1.2	14,361	41,612
	Temporary economic refinance facility (TERF)	7.1.3	142,626	99,862
			325,069	1,107,648

7.1.1 Syndicate term finance (STFF)

This represent outstanding balance against aggregate facility of Rs 1,100 million from syndicate of financial institutions to finance the capacity expansion project, completed last year. The portion of syndicate loan consisted of Rs 500 million pertaining to Pak China Investment Company (PCIL) and Rs 600 million pertaining to Allied Bank Limited (ABL). As at year end, portion of STFF of Rs 174.84 million (June 30, 2021: Rs 129.61 million) from the Allied Bank Limited is converted into Temporary economic refinance facility (TERF) as referred to in note 7.1.3.

During the year, the company repaid the entire portion of loan from PCIL amounting to Rs 500 million. Further, the Company also made an early repayment of Allied Bank Limited's (ABL) portion of loan amounting to Rs 200 million.

Terms of mark-up

The facility carries mark-up at 3 month KIBOR plus 0.9% per annum (2021: three month KIBOR plus 0.9% per annum). The effective mark-up charged during the year ranges from 8.33% to 13.59% per annum (2021: 7.82% to 11.97% per annum). Mark-up is payable quarterly in arrears.

Terms of repayment

It was repayable in thirteen equal bi-annual instalments ending on October 08, 2027. However, subsequent to the year end on July 14, 2022 the Company has repaid the entire amount of the outstanding loan.

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.

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. The recognised portion as at year end is exclusive of grant of Rs 0.25 million (2021: Rs 2.2 million).

Terms of markup

Post approval by the SBP during the year, the facility carries markup at SBP rate plus 1% per annum (2021: SBP rate plus 1% per annum). The mark-up has been accrued during the year at effective rates ranging from 7.74% to 7.80% (2021: 7.74% to 7.80% per annum). Mark-up is payable quarterly in arrears.

Terms of repayment

The balance is repayable in two 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 174.84 million as at June 30, 2022, the Company has utilised Rs 174.84 million (2021: 129.61 million). The recognised portion as at year end is exclusive of grant of Rs 32.50 million (2021: Rs 29.75 million).

Terms of markup

The facility carries markup at 2.00% per annum (2021: 2.00% per annum) The mark-up has been accrued at effective rates ranging from 8.29% to 8.49% per annum (2021: 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.

	Note	2022 (Rupees in thousand)	2021
8. Lease liabilities			
Opening balance		24,036	39,277
Add: recognition during the year	8.1	27,796	-
Add: unwinding of lease liability	32	4,018	3,887
Add: re-assessment during the year		1,238	-
		57,088	43,164
Less: derecognition during the year		(10,465)	-
Less: repayments during the year		(20,021)	(19,128)
Present value of lease payments		26,603	24,036
Current portion shown under current liabilities	11	(16,121)	(15,523)
		10,482	8,513

8.1 These represents lease liabilities in respect of generators and have an estimated remaining lease term ranging from 6 months to 24 months as at June 30, 2022. These are discounted using the incremental borrowing rate of the Company ranging from 11% to 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 2022	Total 2021
	(Rupees in thousand)				
Minimum lease payments	18,200	10,920	-	29,120	26,442
Finance cost allocated to future periods	(2,079)	(438)	-	(2,517)	(2,406)
Present value of minimum lease payments	16,121	10,482	-	26,603	24,036

9. Deferred taxation	Balance as at June 30, 2021	Charge/ (reversal) during the year	Balance as at June 30, 2022
	(Rupees in thousand)		

Taxable temporary difference

Accelerated tax depreciation	235,368	9,950	245,318
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Deductible temporary differences

Tax credits	(1,917)	1,917	-
Loss allowance against doubtful debts and provision against inventory	(4,249)	(699)	(4,948)
	(6,166)	1,219	(4,948)
	229,202	11,169	240,370

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

	Balance as at June 30, 2020	Charge/ (reversal) 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	(3,039)	(1,210)	(4,249)
	(3,039)	(3,127)	(6,166)
	189,329	39,873	229,202
		2022 (Rupees in thousand)	2021 (Rupees in thousand)
10. Deferred grant	Note		
Opening Balance		31,959	-
Recognition during the year	7	10,592	36,090
Transfer to profit or loss	32.1	(9,796)	(4,131)
		32,755	31,959
Represented by:			
Non-current portion		24,188	24,041
Current portion		8,567	7,918
		32,755	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.

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
11. Current portion of non current liabilities			
Current portion of long term finances - secured	7	67,204	178,470
Current portion of lease liabilities	8	16,121	15,523
		83,325	193,993

12. Finances under mark up arrangements - secured

These represent the outstanding balance against short term running finance facilities aggregating to Rs 1,100 million (2021: 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% (2021: 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, 2022 are Rs 699.32 million (2021: Rs 280.32 million) out of which the amount utilized as at June 30, 2022 is Rs 515.03 million (2021: Rs 149.41 million).

	Note	2022 (Rupees in thousand)	2021
13. Trade and other payables			
Trade creditors	13.1	235,360	123,467
Bills payable		215,660	96,684
Contract liability	13.2	114,385	31,864
Accrued liabilities	13.3	132,479	73,938
Worker's profit participation fund	13.4	42,740	20,374
Worker's welfare fund	13.5	25,787	8,342
Other liabilities		46	1,443
		<u>766,457</u>	<u>356,112</u>

13.1 Trade creditors includes interest free amounts due to related parties in the normal course of business as follows:

Descon Engineering Limited	36,146	31,629
Descon Corporation (Private) Limited	1,498	1,850
Descon Engineering Services & Technology (Private) Limited	278	-
Interworld Travels (Private) Limited	25	-
Inspectest (Private) Limited	-	977
Popular Travels and Tours	-	54
	<u>37,947</u>	<u>34,510</u>

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

Descon Engineering Limited	-	11
Descon Power Solutions	-	3
	<u>-</u>	<u>14</u>

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

13.3 Includes royalty payable to Descon (Private) Limited of Rs 6.73 million (2021: Rs 3.39 million).

	2022 (Rupees in thousand)	2021
13.4 Workers' profit participation fund		
Opening balance	20,374	31,716
Provision for the year	42,740	20,374
Payments during the year	(20,374)	(31,716)
Closing balance	42,740	20,374
13.5 Worker's welfare fund		
Opening balance	8,342	13,555
Provision for the year	17,445	7,709
Payments during the year	-	(12,922)
Closing balance	25,787	8,342
14. Accrued finance costs		
Long term finances - secured	5,726	19,149
Finances under mark up arrangements - secured	3,123	1,714
	8,849	20,863
15. Contingencies and commitments		
15.1 Contingencies		
i) Descon Oxychem Limited has issued guarantees to the following parties:		
Against performance of contracts:		
Sui Northern Gas Pipelines Limited	104,482	50,000
Pakistan State Oil Company Limited	3,500	3,500
Al-Technique Corporation of Pakistan	18,700	-
	126,682	53,500
ii) 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 Sui Northern Gas Pipelines Limited (SNGPL) in twenty four (24) equal monthly installments with immediate effect.		

Pursuant to the order of the SCP, SNGPL 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. SNGPL has filed an intra-court appeal in HLHC against the aforesaid order which is pending adjudication.

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 55.32 million to SNGPL. The Company is hopeful of a favourable outcome. Accordingly, the Company has not recognised the provision of Rs 55.32 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 10.52 million (2021: Rs 21.66 million).
- ii) Letters of credit other than capital expenditure amounting to Rs 188.68 million (2021: Rs 92.81 million).
- iii) Post dated cheques issued in favour of National Tariff Commission of Pakistan and Collector of customs aggregating to Rs 2.38 million (2021: Rs 2.38 million).

16.	Property, plant and equipment	Note	2022 (Rupees in thousand)	2021
	Operating assets			
	- owned assets	16.1	2,127,348	2,168,190
	- right of use assets	16.2	23,092	22,039
	Capital work-in-progress [including in transit of Rs 6.98 million (2021: Rs 3.44 million)]	16.3	228,530	144,842
	Major spare parts, catalysts and standby equipment	16.4	110,861	104,509
			<u>2,489,830</u>	<u>2,439,580</u>

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, 2022													
Opening 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
Additions	-	21,287	245,407	4,301	204	-	3,047	7,330	-	1,918	2,705	-	286,199
Disposals / write offs (NBV)	-	-	-	-	-	-	-	(2)	-	-	-	-	(2)
Depreciation for the year	-	(17,400)	(298,277)	(1,947)	(1,293)	(22)	(2,608)	(3,219)	(143)	(786)	(1,092)	(253)	(327,039)
Closing net book value	101,316	151,268	1,838,297	4,054	4,297	361	11,545	6,873	128	4,855	4,011	342	2,127,348
Gross carrying value basis													
As at June 30, 2022													
Cost	101,316	349,510	4,035,824	27,197	17,384	3,276	21,912	19,871	1,989	11,678	12,490	4,456	4,606,903
Accumulated depreciation and impairment	-	(198,243)	(2,197,527)	(23,142)	(13,087)	(2,914)	(10,367)	(12,998)	(1,861)	(6,823)	(8,479)	(4,114)	(2,479,555)
Net book value	101,316	151,268	1,838,297	4,054	4,297	361	11,545	6,873	128	4,855	4,011	342	2,127,348
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, 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	

16.1.1 The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs 54.13 million (2021: Rs 48.70 million).

	Note	2022 (Rupees in thousand)	2021
16.1.2 The depreciation charge has been allocated as follows:			
Cost of sales	27	324,674	291,169
Administrative expenses	28	2,186	1,030
Distribution and selling costs	29	179	183
		<u>327,039</u>	<u>292,382</u>

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	2022 (Rupees in thousand)	2021
16.2 Right of use assets			
Opening		22,039	36,732
Additions during the year		27,796	-
Re-assessment during the year		1,238	-
Derecognition during the year		(9,595)	-
Depreciation charged during the year	16.2.1	(18,386)	(14,693)
Net book value at end of the year		<u>23,092</u>	<u>22,039</u>

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

16.3 Capital work-in-progress

Plant and machinery	195,801	118,705
Civil works	15,182	5,851
Others	12,713	17,235
Advances to suppliers and contractors	4,834	3,051
	<u>228,530</u>	<u>144,842</u>

16.3.1 Reconciliation of the carrying amount is as follows:

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

	2022					Balance as at June 30, 2022
	Balance as at July 01, 2021	Expenditure incurred during the year	Borrowing cost capitalized during the year	Inter classification	Transfers to operating assets	
	(Rupees in thousand)					
Plant and machinery	118,705	247,541	-	858	(171,303)	195,801
Advances to suppliers and contractors	3,051	4,834	-	-	(3,051)	4,834
Civil works	5,851	31,229	-	(858)	(21,040)	15,182
Others	17,235	16,914	-	-	(21,436)	12,713
	<u>144,842</u>	<u>300,518</u>	<u>-</u>	<u>-</u>	<u>(216,830)</u>	<u>228,530</u>

	2021					Balance as at June 30, 2021
	Balance as at July 01, 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
	<u>823,346</u>	<u>671,506</u>	<u>4,358</u>	<u>-</u>	<u>(1,354,368)</u>	<u>144,842</u>

16.3.2 The capital work in progress as at June 30, 2022 mainly includes expenditure incurred on food grade plant and hydrogen recycle compressor.

16.3.3 Expenditure incurred during the year includes Rs 29.78 million (2021: Rs 437.31 million) charged by Descon Engineering Limited and Rs 8.8 million (2021: Nil) charged by Descon Engineering Services Technology (Pvt) Limited in connection with the capital projects.

16.3.4 The capacity expansion project to increase the production capacity by 25%, undertaken in 2019, was completed during the last 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.

Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
16.4 Major spare parts, catalysts and standby equipment		
The reconciliation of the carrying amount is as follows:		
Balance at the beginning of the year	104,509	62,071
Additions during the year	38,557	57,452
Transfers made during the year	(32,205)	(15,014)
Balance at the end of the year	<u>110,861</u>	<u>104,509</u>

	Note	2022 (Rupees in thousand)	2021
17. Intangible assets			
Net carrying value basis			
Opening net book value (NBV)		20,123	27,318
Additions (at cost)		14,730	453
Amortization charge	17.1	(7,881)	(7,648)
Closing net book value	17.2	26,972	20,123
Gross carrying value basis			
Cost		59,241	44,511
Accumulated amortization		(32,269)	(24,388)
Net book value		26,972	20,123
Amortization rate % per annum		10% - 33.33%	10% - 33.33%
17.1 Amortization charge for the year has been allocated as follows:			
Cost of sales	27	7,590	7,648
Administrative expenses	28	291	-
		7,881	7,648
17.2 As at June 30, 2022, carrying value of Distributed Control System is Rs 9.24 million (2021: Rs 15.72 million) and Data Recovery System is Rs 14.73 million (2021: Nil). Their remaining useful lives are 1.4 years and 2 years respectively as at June 30, 2022. The residual value of these intangible assets is insignificant.			
18. Long term loans - secured		2022 (Rupees in thousand)	2021
Due from employees - considered good		10,000	-
Present value adjustment		(3,975)	-
		6,025	-
18.1 This represent the interest free loan provided by the company to one of its executive employees in accordance with the terms of employment. The loan is secured against the property documents. The loan is recoverable over a period of five years. The amount of loan has been discounted using the market rate as at the reporting date and the corresponding discounting impact has been recognised as prepaid employee benefits.			
Directors of the Company were not given any loan during the year.			

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

			2022 (Rupees in thousand)	2021
19. Long term deposits and prepayments	Note			
Long term deposits	19.1		20,634	17,554
Prepaid employee benefits	18.1		2,789	-
			<u>23,423</u>	<u>17,554</u>
19.1	These are in the normal course of business and are interest free.			
20. Stores and spares				
General stores and spares [including in transit of Rs 8.17 million (2021: Rs 0.32 million)]	20.1		321,141	174,540
Working solution			195,433	171,159
Provision for obsolescence			(6,658)	(6,658)
			<u>509,916</u>	<u>339,041</u>
20.1	General stores and spares include raw material for working solution of Rs 127 million (2021: Rs 31.10 million).			
21. Stock in trade				
Raw materials [including in transit of Rs 92.45 million (2021: Rs 40.01 million)]			206,166	104,762
Work-in-process	21.1		16,748	13,942
Finished goods				
- purchased for resale			639	639
- own manufactured [including in transit Rs 0.04 million (2021: Nil)]	21.2		25,263	35,214
			<u>248,816</u>	<u>154,557</u>
21.1	Work-in-process include unused packing material of Rs 16.75 million (2021: Rs 13.94 million).			
21.2	Includes provision for obsolete stock of Rs 0.2 million (2021: Rs 0.2 million).			
22. Trade debts				
Considered good	22.1		237,383	72,448
Considered doubtful			6,189	6,971
			<u>243,572</u>	<u>79,419</u>
Loss allowance	22.2		(6,189)	(6,971)
			<u>237,383</u>	<u>72,448</u>
22.1	These include Rs 228.38 million (2021: Rs 53.28 million) secured by way of inland letter of credit.			
22.2 Loss allowance				
Balance as at July 1			6,971	877
Recognition of loss allowance			(782)	6,094
Balance as at June 30			<u>6,189</u>	<u>6,971</u>

		Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)	
23.	Loans, advances, deposits, prepayments and other receivables				
	Advances to suppliers				
	- Considered good		24,986	11,038	
	- Considered doubtful		1,338	275	
	Sales tax recoverable - considered good		45,285	85,821	
	Advances to employees and short term loans to employees - considered good		2,063	783	
	Security deposits		6,915	9,515	
	Prepayments		4,631	1,889	
	Contract asset	23.1	22,026	25,541	
	Other receivables		577	-	
			107,821	134,862	
	Loss allowance for doubtful advances	23.2	(1,338)	(275)	
			106,483	134,587	
23.1	Movement of contract asset against contract with customers is as follows:				
	Opening balance		25,541	4,493	
	Sales during the year		707,800	729,125	
	Reclassified to trade debts		(711,315)	(708,077)	
	Balance as at June 30	23.1.1	22,026	25,541	
23.1.1	These are secured by way of inland letter of credit.				
23.2	Movement of loss allowance for doubtful advances is as follows:				
	Opening balance		275	275	
	Recognition of loss allowance		1,063	-	
	Balance as at June 30		1,338	275	
24.	Short term investments		2022 (Rupees in thousand)	2021 (Rupees in thousand)	
		Units in '000	Value		
	NBP Money Market Fund	15,104	28,314	150,000	280,264
	NBP Financial Sector Income Fund	-	26,596	-	280,358
		15,104	54,909	150,000	560,622

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

24.1 Subsequent to the year end the entity has disposed off these investments.

24.2 Movement of short term investments, designated as investment at fair value through profit or loss, is as follows:

	Note	2022 (Rupees in thousand)	2021
Opening balance		560,622	-
Investments made during the year		150,000	550,000
Dividends received re-invested		-	9,816
Unrealised gain on remeasurement		-	806
Investments redeemed during the year		(560,622)	-
		150,000	560,622

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

25. Bank balances

At banks on:

- Current accounts		30,644	43,365
- Saving accounts	25.1	75,527	13,941
		106,171	57,306

25.1 These carry mark up at the rate of 6.25% to 10.62% (2021: 5.5% to 6.5%) per annum.

26. Sales

Gross sales

- Local		4,861,269	3,300,148
- Export		180,343	34,967
	26.1	5,041,612	3,335,115

Commission on sales (95,245) (59,526)

Sales tax (695,874) (470,686)

4,250,493 2,804,903

26.1 Gross sales include following recognised at a point in time:

Hydrogen peroxide

- Own manufactured		4,733,151	2,975,575
- Purchase for resale		226,732	303,501

Freight recovered 81,729 56,039

5,041,612 3,335,115

26.2 Revenue has been recognized at a point in time for both local and export sales made during the year.

26.3 Out of opening contract liabilities, Rs 31.86 million (2021: Rs 43.63 million) has been recognised as revenue during the year.

26.4 Sales to one customer represented 14.28% (2021: 22.33%). Furthermore, aggregate sales to the distributors represented 75.92% (2021: 73.87%) of the revenue and each distributor individually exceeded 10% of the revenue.

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
27. Cost of sales			
Raw material consumed		1,716,515	855,824
Packing materials		7,520	5,941
Salaries, wages and other benefits	27.1	153,047	129,420
Repair and maintenance		75,809	89,812
Shut down expenses		37,181	33,703
Fuel and power		420,467	316,261
Quality assurance		1,721	2,016
Services through contractors		54,474	48,035
Traveling		2,766	1,718
Communication		1,024	1,038
Rent and rates	27.2	6,228	9,508
Depreciation on property, plant and equipment:			
- owned assets	16.1.2	324,674	291,169
- right of use assets	16.2.1	18,386	14,693
Amortization of intangible assets	17.1	7,590	7,648
Insurance		13,859	14,175
Safety items consumed		2,138	1,753
Miscellaneous		17,075	9,171
		2,860,474	1,831,885
Opening work in process		13,942	8,702
Closing work in process		(16,748)	(13,942)
		(2,806)	(5,240)
Cost of goods produced		2,857,668	1,826,645
Opening finished goods		35,214	99,872
Closing finished goods		(25,263)	(35,214)
		9,951	64,658
Cost of goods sold - own manufactured		2,867,619	1,891,303
Cost of goods purchased for resale		225,186	255,828
Cost of services		55,883	44,831
		3,148,688	2,191,962

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

- 27.1** Salaries, wages and other benefits include Rs 4.56 million (2021: Rs 4.33 million) in respect of provident fund contribution by the Company.
- 27.2** 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.

	Note	2022 (Rupees in thousand)	2021
28. Administrative expenses			
Salaries, allowances and other benefits	28.1	67,935	50,260
Vehicle running and maintenance		2,545	1,618
Entertainment		1,735	298
Communication		721	2,005
Printing and stationery		3,027	2,753
Traveling and conveyance		1,512	1,947
Repair and maintenance		467	1,981
Insurance		46	31
Fees and subscriptions		21,139	18,604
Depreciation on property, plant and equipment	16.1.2	2,186	1,030
Amortization of intangible assets	17.1	291	-
Legal and professional fee	28.2	11,592	13,227
Assets written off		5,928	-
Others		7,213	5,628
		126,338	99,382

- 28.1** Salaries, wages and other benefits include Rs 1.30 million (2021: Rs 1.53 million) in respect of provident fund contribution by the Company.

28.2 Legal and professional fee

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

	Note	2022 (Rupees in thousand)	2021
Statutory audit		2,475	2,153
Half yearly review		851	741
Certification charges		864	751
Out of pocket expenses		175	245
		4,365	3,890

	Note	2022 (Rupees in thousand)	2021
29. Distribution and selling costs			
Salaries, allowances and other benefits	29.1	15,877	11,084
Communication		613	447
Traveling and conveyance		2,160	4,166
Advertisement		47	107
Insurance		117	-
Freight and forwarding		23,832	15,897
Depreciation on property, plant and equipment	16.1.2	179	183
Fees and subscriptions		2,046	2,337
Royalty	29.2	21,265	13,978
Net impairment (reversed)/loss on trade debts	22.2	(782)	6,094
Others		8,842	2,333
		<u>74,196</u>	<u>56,626</u>

29.1 Salaries, wages and other benefits include Rs 0.48 million (2021: Rs 0.44 million) in respect of provident fund contribution by the Company.

29.2 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 17.93 million (2021: Rs 10.59 million) to Descon (Private) Limited.

30. Other income

Income from financial assets

Interest on bank deposits	7,608	3,937
Dividend income from short term investments	-	11,548
Realised gain on sale of short term investments	725	-
Unrealised gain on investments	-	806
- carried at fair value through profit or loss	-	806
	<u>8,333</u>	<u>16,291</u>

Income from non-financial assets

Liabilities no longer required written back	10,894	-
Scrap sales	6,949	4,855
Foreign indenting commission	1,926	1,425
Gain on extinguishment of lease liability	870	-
Exchange gain	-	3,375
Net gain on insurance claim of assets written off	93	169
Gain on sale of fixed assets	58	-
Others	-	291
	<u>20,790</u>	<u>10,115</u>
	<u>29,123</u>	<u>26,406</u>

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

31. Other operating expenses

Worker's profit participation fund	13.4	42,740	20,374
Worker's welfare fund	13.5	17,445	7,709
Loss on disposal of assets		-	1,620
Exchange loss		15,195	-
Donations	31.1	-	1,000
		<u>75,380</u>	<u>30,703</u>

31.1 This represents donation Nil (2021: Rs 1 million) to Pakistan Chemical Manufacturers Association ('PCMA') for development activities. The Chief Executive Officer of the Company is a member of PCMA.

32. Finance costs

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Interest and mark-up on:			
- long term finances - secured	32.1	39,360	56,782
- finances under markup arrangements - secured		4,400	4,991
- lease liabilities	8	4,018	3,887
		<u>47,778</u>	<u>65,660</u>
Amount capitalised	16.3 & 32.2	-	(4,358)
		<u>47,778</u>	<u>61,302</u>
Bank charges		4,790	3,389
		<u>52,568</u>	<u>64,691</u>

31.1 Amortisation of deferred grant of Rs 9.80 million (2021: Rs 4.13 million) 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, which was Nil (2021: 8.03%).

33. Taxation

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Current tax:		
- Current year	320,400	64,704
- Prior year	-	4,665
	<u>320,400</u>	<u>69,369</u>
Deferred tax	11,169	39,873
	<u>331,569</u>	<u>109,242</u>

33.1 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. The enactment of the Finance Act 2022 has increased the applicable tax rate to the Company from 29% to 39% for the tax year 2022 and to 33% for 2023 onwards due to imposition of super tax.

33.2 Tax charge reconciliation

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

	2022 %	2021 %
Applicable tax rate	29.00	29.00
Effect of prior period charge	-	0.64
Effect of super tax	10.30	-
Effect of rate change	3.51	-
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	(1.49)	(0.45)
	12.32	(0.84)
Average effective tax rate charged to statement of profit or loss	41.32	28.16

34. Earnings per share**34.1 Basic earnings per share**

Profit for the year	Rupees in thousand	470,877	278,703
Weighted average number of ordinary shares	Number in thousand	175,031	175,031
Earnings per share	Rupees	2.69	1.59

34.2 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, 2022 and June 30, 2021, 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)

	Note	2022 (Rupees in thousand)	2021
35 Cash generated from operations			
Profit before taxation		802,446	387,945
Adjustment for:			
- Depreciation on property, plant and equipment:			
- owned assets	16.1.2	327,039	292,382
- right of use assets	16.2	18,386	14,693
- Amortization of intangible assets	17	7,881	7,648
- Net reversal for obsolete stock in trade	21.2	-	(1,500)
- Net impairment (reversed)/ loss on trade debts	29	(782)	6,094
- Loss allowance for doubtful advances	23.2	1,063	-
- (Gain)/ loss on disposal of fixed assets	30	(58)	1,620
- Interest on bank deposits	30	(7,608)	(3,919)
- Dividend income	30	-	(11,548)
- Realised gain on investment	30	(725)	-
- Unrealised gain on investment	31	-	(806)
- Net exchange loss	31	15,195	-
- Finance costs	32	52,568	64,691
Profit before working capital changes		1,215,404	757,300
Effect on cash flow due to working capital changes:			
(Increase)/ decrease in current assets			
- Stores and spares		(170,875)	(19,248)
- Stock in trade		(94,259)	30,001
- Trade debts		(164,153)	(23,602)
- Advances, deposits, prepayments and other receivables		25,147	(13,058)
Increase/ (decrease) in current liabilities			
- Trade and other payables		395,150	(52,931)
		(8,990)	(78,838)
Cash generated from operations		1,206,414	678,462

36. Cash and cash equivalents

Finances under mark up arrangements - secured	12	(14,620)	(57,500)
Bank balances	25	106,171	57,306
		<u>91,551</u>	<u>(194)</u>

37. Transactions with related parties

37.1 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 38. 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	2022 (Rupees in thousand)	2021
Descon Corporation (Private) Limited	Significant influence over the Company	Share of common expenses charged by the related party	21,489	18,341
		Share of common expenses charged to the related party	3,675	3,745
		Purchase of goods and services	8,786	13,537
		Payment of ordinary dividend	8,544	7,417
		Issuance of bonus shares of Rs 10 each	-	13,960
Descon Engineering Limited	Significant influence over the Company	Purchase of goods and services	31,268	84,791
		Services rendered by the related party for capital projects	29,777	437,308
		Sale of goods	741	1,402
		Share of common expenses charged by the related party	15,021	8,410
		Share of common expenses charged to the related party	-	2,522
		Payment of ordinary dividend	48,204	41,556
DEL Chemicals (Private) Limited	Common directorship	Issuance of bonus shares of Rs 10 each	-	78,222
		Payment of ordinary dividend	51,305	44,229
Interworld Travels (Private) Limited	Common directorship	Issuance of bonus shares of Rs 10 each	-	83,254
		Purchase of goods and services	3,087	1,000
		Payment of ordinary dividend	-	78
Popular Travel & Tours	Common directorship	Issuance of bonus shares of Rs 10 each	-	147
		Purchase of goods and services	-	492

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

Name of the related party	Relationship with the Company	Transactions during the year	2022 (Rupees in thousand)	2021
Inspectest (Private) Limited	Common directorship	Purchase of goods and services	15,045	15,005
		Share of common expenses charged by the related party	-	400
		Transport services provided to the related party	-	75
Descon Holdings (Private) Limited	Common directorship	Payment of ordinary dividend	-	1,062
		Issuance of bonus shares of Rs 10 each	-	1,999
Descon Engineering Services and Technology (Private) Limited	Common directorship	Purchase of services	8,814	-
Descon Oxychem Limited - Employees Provident Fund Trust	Provident Fund Trust	Expense charged in respect of provident fund	6,443	6,161
Descon Power Solutions	Common directorship	Sale of goods	-	67
		Transport services provided to the related party	-	75
Descon (Private) Limited	Common directorship	Royalty charged to the company	21,265	13,978

38. Remuneration of Chief Executive, Directors and Executives

Note	Chief Executive		Non-Executive Directors		Executives	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	(Rupees in thousand)					
Remuneration	18,034	18,790	5,785	3,038	33,523	24,633
Fee	-	-	3,119	4,048	-	-
Contribution to provident fund	1,007	1,067	364	132	1,692	1,481
Car allowance	1,164	873	-	-	3,846	3,137
Medical facility	92	334	-	-	201	270
Bonus	-	4,627	-	-	-	4,566
Membership Subscription	68	-	-	-	-	-
Reimbursable expenses	179	926	-	-	2,001	2,071
	20,544	26,617	9,268	7,218	41,263	36,158
Number of persons	1	1	6	5	8	7

38.1 This includes an aggregate amount of Rs 1.75 million (2021: Rs 1.75 million) in respect of fee to 3 independent directors (2021: 3 independent directors).

38.2 Following are directors and key management personnel with whom the Company had entered into transactions or had arrangements/agreements in place during the year:

Name	Basis of relationship	Aggregate % of shareholding in the Company
Taimoor Dawood	Director	0.0003%
Farooq Nazir	Director	0.0003%
Faisal Dawood	Director	0.0003%
Mehreen Dawood	Director	0.0003%
Ali Asrar Hossain Aga	Director	0.0003%
Asif Qadir	Director	0.0003%
Haroon Waheed	Director	0.0003%
Muhammad Mohsin Zia	Chief Executive Officer	None
Muhammad Mushfiq Hussain	Key Management Personnel	None
Muhammad Rizwan Qaiser	Key Management Personnel	None
Tauheed Ahmed Khan	Key Management Personnel	None
Adil Akbar	Key Management Personnel	None
Aqsa Rustam	Key Management Personnel	None
Azhar Ali	Key Management Personnel	None
Fawad Ul Islam Hirani	Key Management Personnel	None
Afzal Ali	Key Management Personnel	None

38.3 The Company has provided a long term loan as mentioned in note 18 to one of its key management personnel.

39. Capacity and Production

	Production Capacity		Actual production	
	2022	2021	2022	2021
Production of hydrogen peroxide Metric tonnes (on 100% concentration and based on 355 working days)	21,000	21,000	20,275	16,408
Production of packing material Number (based on 355 working days)	1,080,000	1,080,000	913,930	781,290

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**40. Financial risk management objectives****40.1 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:

	2022 (FCY in thousand)	2021
Trade debts - US Dollars	-	-
Trade creditors - US Dollars	1,010	506
The following significant exchange rates were applicable during the year:		
Rupees per USD		
Average rate	179.78	159.85
Reporting date rate	206.00	158.35

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)		
2022	10%	(20,802)	(12,207)
	-10%	20,802	12,207
2021	10%	(8,013)	(5,689)
	-10%	8,013	5,689

(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.

(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:

	2022 (Rupees in thousand)	2021
Financial assets		
Floating rate instruments		
Saving accounts	75,527	13,941
Financial liabilities		
Fixed rate instruments		
Lease liabilities	26,603	24,036
Floating rate instruments		
Long term finances - secured	325,069	1,107,648
Finances under mark up arrangements - secured	14,620	57,500
	339,689	1,165,148
	366,292	1,189,184

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:

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

Interest rate sensitivity analysis

		Increase/ decrease in rate	Effect on profit before tax (Rupees in thousand)	Effect on Equity
Financial assets				
	2022	1%	755	443
		-1%	(755)	(443)
	2021	1%	139	99
		-1%	(139)	(99)
Financial liabilities				
	2022	1%	(3,663)	(2,149)
		-1%	3,663	2,149
	2021	1%	(11,892)	(8,443)
		-1%	11,892	8,443

(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, term deposits 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:

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Long term loan, term deposits and prepayments	29,448	17,554
Trade debts	237,383	72,448
Advances, deposits, prepayments and other receivables	53,927	46,094
Short term investments	150,000	560,622
Bank balances	106,171	57,306
	576,929	754,024
As of June 30, age analysis of trade debts was as follows:		
Not past due	34,887	68,163
- 1 to 30 days	54,534	3,330
- 31 to 60 days	129,930	955
- 61 to 120 days	18,032	-
- above 120 days	-	-
	237,383	72,448

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.

Credit risk for long term loans to employees and advances, deposits, prepayments and other receivables is insignificant as it mainly includes recoverable from secured contract asset and suppliers with whom the Company regularly enters into business.

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		
	Short term	Long term	Agency	2022	2021
				(Rupees in thousand)	
Bank balances					
Habib Metropolitan Bank	A1 +	AA +	PACRA	51,317	17,157
Allied Bank Limited	A1 +	AAA	PACRA	932	-
Bank Alfalah	A1 +	AA +	PACRA	15,361	13,253
Bank of Punjab	A1 +	AA +	PACRA	20	-
Bank Al-Habib Limited	A1 +	AAA	PACRA	38,541	26,896
				106,171	57,306
Short term investments					
NBP Money Market Fund	Not applicable	AA	PACRA	150,000	280,264
NBP Financial Sector Income Fund	Not applicable	A +	PACRA	-	280,358
				150,000	560,622

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 credit facilities. At June 30, 2022 the Company had borrowing limits available from financial institutions aggregating to Rs 1,100 million (2021: Rs 1,100 million) for long term loans, Rs 1,100 million (2021: Rs 450 million) for short term borrowings, Rs 150 million (2021: Rs 561 million) under short term investments and Rs 106.17 million (2021: Rs 57.31 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.

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

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.

At June 30, 2022	(Rupees in thousand)				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Long term finances - secured	325,069	357,824	67,204	245,117	45,503
Lease liabilities	26,603	29,120	16,121	10,920	-
Finances under mark up arrangements - secured	14,620	14,620	14,620	-	-
Trade and other payables	652,072	652,072	652,072	-	-
Dividend payable	3,237	3,237	3,237	-	-
Accrued finance costs	8,849	8,849	8,849	-	-
	<u>1,030,450</u>	<u>1,065,722</u>	<u>762,103</u>	<u>256,037</u>	<u>45,503</u>

At June 30, 2021	(Rupees in thousand)				
	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	-	-
	<u>1,536,517</u>	<u>1,575,043</u>	<u>600,925</u>	<u>699,370</u>	<u>274,748</u>

40.2 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.

40.3 Financial instruments by categories

	Financial assets at amortised cost	
	2022 (Rupees in thousand)	2021
Long term loans, term deposits and prepayments	29,448	17,554
Trade debts	237,383	72,448
Advances, deposits, prepayments and other receivables	53,927	46,094
Bank balances	106,171	57,306
	426,929	193,402
	Financial assets at fair value through profit or loss	
	2022 (Rupees in thousand)	2021
Short term investments	150,000	560,622
	Financial liabilities at amortised cost	
	2022 (Rupees in thousand)	2021
Long term finances - secured	325,069	1,107,648
Lease liabilities	26,603	24,036
Finances under mark up arrangements - secured	14,620	57,500
Trade and other payables	652,072	324,248
Dividend payable	3,237	2,222
Accrued finance costs	8,849	20,863
	1,030,450	1,536,517

40.4 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).

40.5 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, 2022 and June 30, 2021 are as follows:

		2022 (Rupees in thousand)	2021 (Rupees in thousand)
Debt		325,069	1,107,648
Total equity		2,358,975	2,063,129
Total capital		2,684,043	3,170,777
Gearing ratio	Percentage	12.1%	34.9%

40.6 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.

41. Number of Employees

Total number of employees as at year end (including contractual)	113	101
Average number of employees during the year (including contractual)	106	101

42. 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.

43. 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.

44. Subsequent events

The Board of Directors of the Company have proposed a final cash dividend of Rs 2 per share (2021: Re. 1 per share) for the year ended June 30, 2022 at their meeting held on September 07, 2022 for approval of members at the Annual General Meeting to be held on October 20, 2022. These financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

45. Date of authorization for issue

These financial statements were authorised for issue on September 07, 2022 by the Board of Directors of the Company.

46. 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, 2022

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
316	1	100	10,464
528	101	500	223,531
1,948	501	1,000	1,279,169
1,532	1,001	5,000	3,798,033
427	5,001	10,000	3,232,215
179	10,001	15,000	2,228,047
94	15,001	20,000	1,704,300
74	20,001	25,000	1,712,700
47	25,001	30,000	1,347,917
19	30,001	35,000	634,160
21	35,001	40,000	800,260
9	40,001	45,000	383,140
18	45,001	50,000	884,720
8	50,001	55,000	426,720
10	55,001	60,000	588,600
7	60,001	65,000	443,740
5	65,001	70,000	332,667
6	70,001	75,000	445,500
8	75,001	80,000	627,500
3	80,001	85,000	249,000
2	85,001	90,000	176,900
3	90,001	95,000	274,800
8	95,001	100,000	796,630
1	105,001	110,000	109,189
1	110,001	115,000	113,520
7	115,001	120,000	823,800
2	120,001	125,000	244,800
2	125,001	130,000	253,100
2	140,001	145,000	288,000
3	145,001	150,000	444,000
1	150,001	155,000	154,500
3	155,001	160,000	472,520
3	160,001	165,000	487,703
2	170,001	175,000	348,000
3	190,001	195,000	578,000
1	195,001	200,000	200,000
1	235,001	240,000	239,500
1	240,001	245,000	243,000
1	245,001	250,000	250,000
1	250,001	255,000	255,000
1	265,001	270,000	270,000

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
3	285,001	290,000	867,500
1	315,001	320,000	318,000
1	320,001	325,000	323,060
2	345,001	350,000	700,000
1	350,001	355,000	351,500
2	375,001	380,000	757,080
1	390,001	395,000	391,000
1	440,001	445,000	444,300
1	460,001	465,000	461,000
1	510,001	515,000	515,000
1	530,001	535,000	535,000
1	535,001	540,000	538,000
1	555,001	560,000	556,500
1	595,001	600,000	600,000
1	670,001	675,000	674,500
1	695,001	700,000	700,000
1	1,305,001	1,310,000	1,310,000
1	1,385,001	1,390,000	1,387,000
1	3,520,001	3,525,000	3,521,500
1	4,580,001	4,585,000	4,583,100
1	8,630,001	8,635,000	8,630,168
1	10,500,001	10,505,000	10,051,697
1	51,725,001	51,730,000	51,728,750
1	56,710,001	56,715,000	56,711,084
5,336			175,031,084

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

As on June 30, 2022

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.	485,000	0.2617%
2.3.5 Insurance Companies	563,160	0.3217%
2.3.6 Modarabas and Mutual Funds	1,73,,940	0.9912%
2.3.7 Shareholders holding 10% or more	117,070,002	66.8853%
2.3.8 General Public		
a. Local	38,137,773	21.7891%
b. Foreign	4,641	0.0027%
2.3.9 Others (to be specified)		
1- Pension Funds	1,339,580	0.7652%
2- Joint Stock Companies	4,506,836	2.5749%
3- Foreign Companies	0	0.0000%
4- Others	1.160.395	0.6630%

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

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	0.0043
2	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	1,310,000	0.7484
3	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND (CDC)	86,900	0.0496
4	CDC - TRUSTEE LAKSON TACTICAL FUND (CDC)	146,500	0.0837
5	CDC - TREUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	143,000	0.0817
6	CDC - TREUSTEE NBP ISLAMIC STOCK FUND (CDC)	14,500	0.0083
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. TAIMUR DAWOOD (CDC)	580	0.0003
2	MR. FAISAL DAWOOD (CDC)	580	0.0003
3	MR. FAROOQ NAZIR (CDC)	580	0.0003
4	MRS. MEHREEN DAWOOD (CDC)	580	0.0003
5	MR. ASIF QADIR	580	0.0003
6	MR. ALI ASRAR HOSSAIN AGA	580	0.0003
7	MR. HAROON WAHEED	580	0.0003
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		2,387,240	1.3639
Shareholders holding five percent or more voting intrest 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

Notice of Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting ("AGM") of Descon Oxychem Limited (the 'Company') will be held on Thursday, October 20, 2022 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 25, 2021.
- 2) To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2022 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 @ 20.00% (i.e. PKR 2.00 per ordinary share) for the year ended June 30, 2022.
- 5) To transact any other business with the permission of the Chair.

Lahore
September 28, 2022

By order of the Board



Abdul Sohail
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will be closed from 13-10-2022 to 20-10-2022 (both days inclusive). Transfers received at the Corplink (Pvt.) Limited, 1-K, Commercial Model Town Lahore the close of business on 12 Oct, 2022 will be treated in time for the purpose of above entitlement of final cash dividend.

2. In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Accounts 2022 through email to shareholders whose e-mail addresses are available with the Company's Share Registrar, M/s Corplink (Pvt) Limited. Shareholders who have not received the email for any reason should download the Annual Accounts 2022 from the official website of the Company i.e. www.desconoxychem.com (the "Company's Website"). However, the Company would also provide hard copies of the Annual Accounts to the Shareholders on their demand at their registered address, free of cost within one week of such request. Further, the shareholders who have not yet provided their email address are advised to submit their valid email address through a duly signed letter to the Company's Share Registrar Corplink (Pvt.) Limited, at Wings Arcade, 1-K, Commercial Model Town Lahore.

3. Members are requested to attend the AGM in person along with their Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy forms, 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 and is also available on the Company's Website.

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

5. Any 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. card 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.

6. 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 18th 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 and protocols/guidelines for their own safety and safety of others.

7. 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 the Company's Website duly sign and send it 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.

8. 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:

- i. For filers of income tax returns 15%
- ii. For non-filers of income tax returns 30%

9. To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% from 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%.

10. 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

11. 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.

12. 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.

13. As per the provision of section 244 of the Act, any shares issued, or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders.

14. Members having physical shares are requested to immediately notify the change in their addresses, if any to the Company's Share Registrar, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.

15. 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 Annual General Meeting of the Company to be held at Descon Headquarters, 18-km, Ferozepur Road, Lahore on Thursday, October 20, 2022 at 10:00 am and at any Adjournment thereof.

As witness my / Our hand this _____ day of _____ 2022.

Signed by the said _____ in the presence of _____

 (Member's Signature)

Place _____

Date _____

 (Witness's Signature)

Affix
 Revenue Stamp which
 must be cancelled
 either by signature
 over it or by some
 other means

BOOK POST



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