

PARTNERS IN  
PROGRESS



# Annual Report 2026

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.

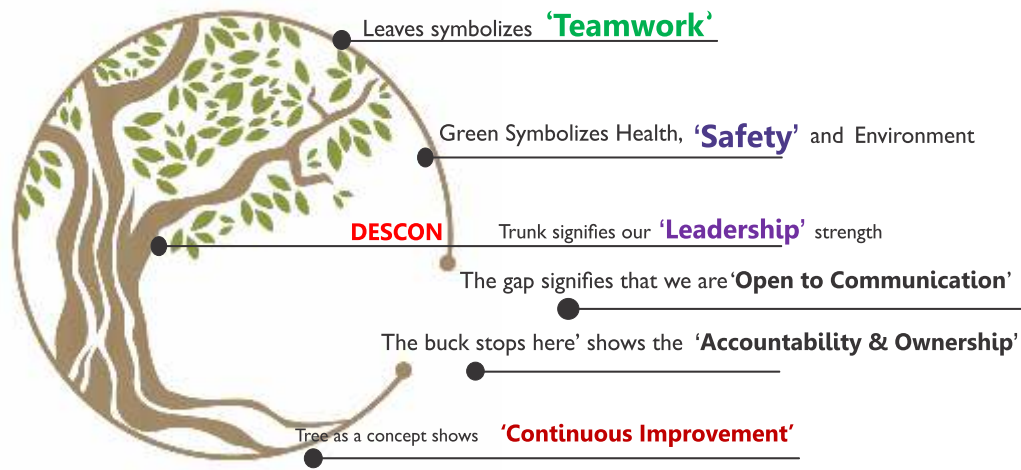


## MISSION

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

Faisal Dawood  
Taimur Dawood  
Mehreen Dawood  
Farooq Nazir  
Asif Qadir  
Imran Anwer  
Muhammad Memosh Asghar Khawaja  
Yasir Siddique Sheikh

Chairman  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Independent Director  
Independent Director  
Chief Executive Officer

## Rabia Shoaib

Chief Financial Officer

## Abdul Sohail

Company Secretary

## Auditors

M/s Crowe Hussain Chaudhury & 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  
Meezan Bank Limited  
National Bank of Pakistan

## 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's website,  
[www.descon.com](http://www.descon.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. The Chairman is an Independent Director, while the other members are Non-Executive Directors. Currently, the committee comprises the following members:

|               |          |
|---------------|----------|
| Imran Anwer   | Chairman |
| Farooq Nazir  | Member   |
| Taimur 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:

|                       |          |
|-----------------------|----------|
| Yasir Siddique Sheikh | Chairman |
| Mushfiq Hussain       | Member   |
| Rabia Shoaib          | Member   |
| Ammad Ahmed Tahir     | 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 three members, of whom two are non-executive directors, including the Chairman of the committee and one is an independent director:

|                                |          |
|--------------------------------|----------|
| Farooq Nazir                   | Chairman |
| Muhammad Memosh Asghar Khawaja | 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:

|                       |          |
|-----------------------|----------|
| Yasir Siddique Sheikh | Chairman |
| Mushfiq Hussain       | Member   |
| Rabia Shoaib          | Member   |
| Ammad Ahmed Tahir     | Member   |

# Principal Markets & Application Areas



## Mining

Descon's DOLOX 50 brand is the leading 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 increase 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

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The year under review was characterized by a challenging business environment shaped by geopolitical uncertainty, volatility in energy markets, and significant increases in raw material costs. Despite these headwinds, Descon Oxychem Limited demonstrated resilience through disciplined operations and prudent financial management, reflecting the strength of its business model and market position.

The Board of Directors continued to provide strategic oversight through regular and structured reviews of business performance, financial results, risk management, and long-term growth initiatives. The Board remains fully committed to maintaining the highest standards of corporate governance and ensuring transparency, accountability, and compliance across all aspects of the Company's operations.

The Board diligently discharged its responsibilities in establishing strategic priorities, approving key policies, and ensuring that adequate resources were available to achieve the Company's objectives.

The Board undertakes an annual evaluation of its performance and that of its Committees in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The 2026 assessment confirmed that the Board continues to operate effectively, with performance meeting established objectives and governance expectations. I am pleased to report that the overall evaluation remained satisfactory.

I would also like to acknowledge the important role played by the Board Committees, particularly the Audit Committee including our independent internal auditors and the Human Resource & Remuneration Committee in supporting the Board's oversight responsibilities and promoting continuous improvement across the organization. Their guidance and recommendations have contributed significantly to strengthening the Company's governance framework and operational effectiveness.

For the financial year 2025-26, the Company achieved Profit After Tax of PKR 394 million and Earnings Per Share (EPS) of PKR 2.25 (Consolidated Financial Numbers). This nevertheless demonstrate the Company's ability to remain profitable amidst an exceptionally challenging operating environment. In recognition of the Company's continued financial strength and commitment to delivering shareholder value, the Board of Directors has recommended a cash dividend of PKR 2 per share, subject to approval by the shareholders.

I would like to express my gratitude to our valued customers, suppliers, bankers, employees, shareholders and fellow Board members for their unwavering trust and commitment over the years. Their efforts have enabled the Company to navigate a difficult environment while continuing to create value for its stakeholders.

Lahore  
September 03, 2026

  
**Faisal Dawood**  
Chairman

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## For the year ended June 30, 2026

### Economic Review:

The economy accelerated its growth momentum in FY 2026 and recorded a GDP growth of 3.70%, its strongest performance in four years. Fiscal deficit narrowed and foreign exchange reserves increased. However underlying economic structure remains fragile with trade deficit widened and inflation re-emerged due to significant increase in oil prices.

The global outlook weakened in early 2026 following the outbreak of conflict in the Middle East. Disruptions in energy supply routes and damage to critical production facilities increased uncertainty in global energy markets, hence caused significant increase in Petrochem and RLNG prices, major input cost elements to produce Hydrogen peroxide.

### Business Results:

Your company's focus on Continuous Improvement enabled us to strengthen operational efficiencies, optimize costs and maintain profitability despite a challenging business environment.

While geopolitical developments in the Middle East resulted in substantial increases in energy and raw material costs, they also created opportunities for the Company to strengthen its market position and sustain improved pricing in the domestic market.

The manufacturing facility operated at full capacity throughout the year, except for the scheduled annual maintenance shutdown. The Company successfully converted production output into cash through effective sales execution and disciplined working capital management. However, profitability was impacted by intense pricing pressure during the first half of the year and significantly elevated input costs during the latter half.

To support working capital requirements arising from higher input prices for the required volume, the Company utilized short-term financing facilities, resulting in finance costs of PKR 65 million compared to PKR 10 million in FY2025.

The summarized financial performance is as follows:

| Consolidated Financial Numbers | 2026                | 2025      | 2024      | %age         |      |
|--------------------------------|---------------------|-----------|-----------|--------------|------|
|                                | Rupees in thousands |           |           | 2026 vs 2025 |      |
| Sales                          | 5,113,970           | 5,998,848 | 5,738,033 | ↓            | -15% |
| Gross profit                   | 983,261             | 1,778,748 | 1,154,113 | ↓            | -45% |
| Profit from operation          | 474,362             | 1,334,004 | 770,104   | ↓            | -64% |
| Finance cost                   | (65,218)            | (10,031)  | (23,837)  | ↑            | 550% |
| Profit before levy & taxation  | 455,604             | 1,308,996 | 854,256   | ↓            | -65% |
| Profit after tax               | 393,620             | 860,162   | 507,014   | ↓            | -54% |
| EPS                            | 2.25                | 4.91      | 2.90      | ↓            |      |

Despite a decline in sales revenue and significant reduction in margin, the Company remained profitable, reflecting the resilience of its business model, operational discipline and ability to respond effectively to changing market conditions

### Cash Flow Management:

During FY 2026, the Company effectively managed its liquidity requirements in a demanding business environment while continuing to support its operational and strategic objectives. Increased working capital needs were met through optimized utilization of running finance facilities. Management remains focused on improving operating cash flows through disciplined working capital management, efficient resource allocation, and continuous operational improvements to further strengthen the Company's financial position.

## Safety & Manufacturing

Health, Safety and Environment and security of our employees/contractors is a high priority in the company, and it is an integral part of Descon's core values. At the closure of FY26, the business had operated fifteen consecutive years without a single lost time injury (LTI) & successfully achieved 12.3+ million man-hours & 300,000+ safe kilometers, with the safe kilometers counter reset twice during the year. Total recordable injuries rate (TRIR) remained zero, same as last year. First aid cases and fire incidents both reduced by 50% compared to the previous year.

The company remained fully compliant with all global accreditation requirements, successfully completing its ISO Surveillance Audit along with renewals of its Boiler Act, Civil Defense, HALAL and PTA License certifications. The entire workforce is trained, supported and regularly assessed, which enables them to perform their jobs with minimal risk. During the year, the company conducted a gap assessment of its site firefighting system against NFPA guidelines and completed its first-ever Fire Prevention Plan study, alongside 7 customer visits for HSE trainings and risk assessment.

## Sales & Marketing

The Company successfully placed its product in the local market at a sustainable price despite competitive pricing pressures and higher cost of manufacturing.

The local hydrogen peroxide market volume declined by 4% during the period under review. Import volumes declined substantially from January to June 2026, reflecting cautious buying amid market uncertainty.

Import prices have stabilized and are showing a slightly positive trend, easing pricing pressure in the domestic market. Demand from export-oriented customers, particularly in the towel and home textile segments, improved during the period while the local processing industry continued to face challenging market conditions and subdued demand.

On the export segment, The Company maintained its strategic emphasis on building a resilient and diversified export portfolio, with continued focus on expanding its geographical footprint and reducing dependence on any single region. During the year, the Company further strengthened its presence in existing core markets while actively developing and diversifying into alternative markets, particularly in the Far East and other emerging destinations, to ensure flexibility in placing export volumes and supporting long-term growth continuity.

Food-grade exports also maintained encouraging momentum during the year, with volumes reaching 900 MT, including specialized spray-grade shipments.

The final quarter of the year presented significant challenges due to heightened geopolitical tensions in the Middle East. The resulting disruption to key maritime trade routes led to suspension and rerouting of shipments and materially affected movement into some of the Company's key markets.

## Future Outlook.

The Company expects market conditions to remain stable in the near term. Improving demand from export-oriented textile segments, particularly towel exporters, is expected to support hydrogen peroxide consumption, while demand from the domestic processing industry is likely to remain subdued.

With import prices remaining stable to firm, the Company is optimistic about maintaining selling prices and will continue to focus on sustaining margins and strengthening its position in key customer segments.

The Company will continue to pursue its strategic expansion into alternative geographical markets, together with the focus on value-added products. Strengthening of distribution networks and disciplined market development is expected to enhance the resilience of the export business and support sustainable growth going forward. In addition to that the management is actively following up with the Government for harmonization of GST for EFS as well as domestically produced supplies to create level playing field for both local and foreign suppliers.

The company has completed its "Front End Engineering Design study (FEED) during the year, which is expected to be fully utilized when market conditions improve and expansion is undertaken. The details are disclosed in note 17.2.1 to the financial statements.

### Corporate Governance

The 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 business activities. The same has been summarized 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 on the following:

- a. The financial statements, prepared by the management of the Company, present a true and fair view of the Company's state of affairs, results of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of the 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 the preparation of the financial statements, and any departure therefrom has been adequately disclosed and explained.
- e. The internal control system is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts regarding the Company's ability to continue as a going concern.
- g. All 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 applicable listing regulations.

The key operating and financial data for the last seven years is annexed to this Report.

### Composition of the Board of Directors

The total number 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 Directors   | Mr. Imran Anwer                    |
| 2       |                         | Mr. Muhammad Memosh Asghar Khawaja |
| 3       | Non-executive Directors | Mr. Faisal Dawood                  |
| 4       |                         | Mr. Taimur Dawood                  |
| 5       |                         | Mr. Farooq Nazir                   |
| 6       |                         | Mrs. Mehreen Dawood                |
| 7       |                         | Mr. Asif Qadir                     |
| 8       | Executive Directors     | Mr. Yasir Siddique Sheikh          |

### Changes to the Board

During the financial year under review, Mr. Imran Anwer was appointed as an Independent Director on September 3, 2025, to fill the casual vacancy arising on the Board.

Further, upon completion of the Board's three-year term, the Board of Directors was re-elected on February 28, 2026. Mr. Muhammad Memosh Asghar Khawaja was elected as an Independent Director to the Board in place of Mr. Muhammad Zahir.

Following the re-election of the Board, Mr. Faisal Dawood was appointed as Chairman of the Board.

### Meetings of the Board

During the year under review, five (05) meetings of the Board of Directors were held. The notices and agendas for the Board meetings were circulated to the Directors in advance and within the prescribed timelines, in compliance with applicable laws and regulations.

All meetings of the Board held during the year complied with, and surpassed, the minimum quorum requirements prescribed under the applicable laws and regulations.

The Company Secretary acts as the Secretary to the Board. All decisions taken by the Board during its meetings were duly recorded in the minutes maintained by the Company Secretary and circulated to all Directors for their endorsement. The minutes were subsequently approved at the following Board meetings.

The “Close Period” preceding the announcement of interim and final financial results was duly determined and communicated to the Directors and the Pakistan Stock Exchange. Matters that could materially affect the market price of the Company's securities were identified and appropriately communicated. Material and price-sensitive information was promptly disclosed to the shareholders through the Pakistan Stock Exchange in accordance with applicable laws and regulations.

The attendance of the Directors at the Board meetings held during the year was as follows:

| Name of Director                   | Meetings Attended | Remarks                                       |
|------------------------------------|-------------------|-----------------------------------------------|
| Mr. Faisal Dawood                  | 5/5               | –                                             |
| Mr. Taimur Dawood                  | 4/5               | Leave of absence was granted in one meeting.  |
| Mr. Farooq Nazir                   | 5/5               | –                                             |
| Mrs. Mehreen Dawood                | 5/5               | –                                             |
| Mr. Asif Qadir                     | 3/5               | Leave of absence was granted in two meetings. |
| Mr. Imran Anwer                    | 4/4               | –                                             |
| Mr. Muhammad Memosh Asghar Khawaja | 2/2               | –                                             |
| Mr. Muhammad Zahir                 | 2/3               | Leave of absence was granted in one meeting.  |
| Mr. Yasir Siddique Sheikh          | 5/5               | –                                             |
|                                    |                   |                                               |

### Internal Audit and Control

The Company maintains an effective framework of operational and financial controls designed to safeguard its assets, ensure the reliability of financial reporting, and support compliance with applicable laws and regulations. The Company also promotes a culture of integrity, ethical conduct, and accountability at all levels.

The Audit Committee periodically reviews the effectiveness of the internal control framework, while the Internal Audit function provides independent and objective assessments of the Company's governance, risk management, and internal control processes and reports its findings to the Audit Committee.

To ensure the independence and transparency of the Internal Audit function, the Head of Internal Audit and the outsourced Internal Audit service provider, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, report directly to the Audit Committee. The risk-based annual Internal Audit Plan is approved by the Board and its implementation and progress are periodically reviewed by the Audit Committee.

During the year, the Audit Committee reviewed material Internal Audit findings and ensured that appropriate corrective and mitigating measures were taken, where required. Matters warranting further consideration were also brought to the attention of the Board.

### Adequacy of Internal Financial Controls

The Board of Directors has established and maintained a sound system of internal financial controls to ensure the effective and efficient conduct of operations, safeguard the Company's assets, ensure compliance with applicable laws and regulations, and maintain the integrity and reliability of financial reporting.

### Directors' Remuneration

The remuneration of the members of the Board is determined in accordance with the policy approved by the Board. The Company maintains a transparent and equitable mechanism for determining the remuneration of Directors for their participation in meetings of the Board and its committees.

In accordance with the approved policy, Independent Directors are paid a reasonable fee for attending meetings of the Board and its committees. The aggregate amount of fees paid to Independent Directors during the year has been disclosed in Note 37 to the consolidated financial statements.

### Evaluation of Performance of the Board

The Board of Directors recognizes the importance of periodically evaluating the performance of the Board and its Committees. During the year under review, the performance evaluation was conducted internally by the Corporate Affairs Department through a structured survey covering key aspects of the Board's and Committees' effectiveness.

The results were analyzed and compiled into a detailed evaluation report, which was shared with the Chairman for review. The evaluation did not identify any material areas of non-compliance or significant departure from the requirements of the Companies Act, 2017, applicable Regulations, or the Company's policies and procedures.

### Committees of the Board

To assist the smooth operations of the Board and support sound decision-making, the Board has established four committees. Further, in compliance with the Regulations, the Audit Committee is chaired by an Independent Director.

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

Mr. Imran Anwer (Independent Director) – Chairman

Mr. Taimur Dawood (Non-executive Director) – Member

Mr. Farooq Nazir (Non-executive Director) – Member

The Audit Committee met 4 times in total. The attendance of the members was as follows:

| AUDIT COMMITTEE ATTENDANCE |                   |
|----------------------------|-------------------|
| Name of Member             | Meetings Attended |
| Mr. Imran Anwer            | 1/1               |
| Mr. Farooq Nazir           | 4/4               |
| Mr. Taimur Dawood          | 1/1               |
| Mr. Muhammad Zahir         | 3/3               |

### 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 and Remuneration Committee comprises three (03) members, as follows:

Mr. Farooq Nazir (Non-executive Director) – Chairman

Mr. Faisal Dawood (Non-executive Director) – Member

Mr. Muhammad Memosh Asghar Khawaja (Independent Director) – Member

The Human Resource and Remuneration Committee met 4 times in total.

| HRRC ATTENDANCE                    |                   |
|------------------------------------|-------------------|
| Name of Member                     | Meetings Attended |
| Mr. Farooq Nazir                   | 4/4               |
| Mr. Faisal Dawood                  | 4/4               |
| Mr. Muhammad Memosh Asghar Khawaja | 2/2               |
| Mr. Muhammad Zahir                 | 1/2               |

### Enterprise Risk Management Committee:

The Risk Management Committee was constituted to assist the Audit Committee of the Board of Directors in overseeing and reviewing information regarding the enterprise risk management framework, and practices employed to manage all risks affecting the company. The Enterprise Risk Management Committee comprises four (04) members, as follows:

Mr. Yasir Siddique Sheikh (Executive Director) – Chairman

Ms. Rabia Shoaib (Chief Financial Officer) – Member

Mr. Mushfiq Hussain (Works Manager) – Member

Mr. Ammad Ahmed Tahir (Head 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 a 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:

Descon Oxychem Limited (DOL) has successfully commissioned three community drinking water facilities in underserved areas of Kasur, delivering reliable access to safe, clean drinking water for more than 450 households.

This initiative advances DOL's CSR agenda & it directly supports UN Sustainable Development Goal6- Clean Water & Sanitation.

### Environment, Social, and Governance

The company continued to build on its sustainability initiatives in line with the United Nations Sustainable Development Goals. Some of the key updates are,

- Completed and commissioned the 2 MW Solar project; solar energy now accounts for approximately 11% of the company's power consumption
- Achieved EcoVadis Bronze Medal, ranking in the top 35% globally in Sustainability Rating (March 2026)
- Won the 15th Fire Safety Award by the National Forum for Environment & Health (NFEH)
- Received the Supplier Sustainability Award 2025 from Packages Group for the plastic waste recycling project
- Safe completion of annual Turnaround with zero TRIR

During the reporting year, the company achieved a total production output of 41,083 metric tons (MT), underscoring strong operational discipline, consistent capacity utilization, and optimized plant throughput across all active product lines.

In parallel with robust output volumes, targeted cost conservation initiatives were deployed to minimize resource intensity and curb operational costs, with a sharp focus on two critical cost drivers:

- Energy Conservation: Strategic process audits, variable frequency drive (VFD) retrofits, and optimized heat recovery cycles lowered specific electricity and thermal energy consumption per ton of finished product.

- Chemical Optimization: Process chemistry refinement, automated dosing controls, and yield-recovery protocols reduced raw chemical demand while maintaining strict output quality standards.
- Environmental Sustainability: Lowering energy and chemical footprints advanced the plant's overall resource efficiency targets and lowered specific carbon emission intensity.

These conservation measures not only lowered conversion costs for the 41,083 MT output but also established scalable resource-management benchmarks for upcoming operating cycles.

During the reporting period, the organization placed a strategic emphasis on its Manufacturing Excellence Program, deploying targeted interventions to optimize plant operations, eliminate operational bottlenecks, and enhance process discipline across all production lines. Through root-cause problem solving, standard work enforcement, and continuous cross-functional monitoring, the initiative systematically addressed yield variations and shop-floor inefficiencies.

- Record-Low Controllable Loss: Controllable losses dropped to an all-time low of 0.29%, representing a substantial reduction from the previous year's 0.40%.
- Outperforming Industry Standards: At 0.29%, the facility operates significantly ahead of the broader manufacturing industry benchmark of 1.00%, demonstrating top-tier asset utilization and material efficiency.

### Gender Diversity

The Company is making steady progress in advancing gender diversity through focused hiring, equitable promotion opportunities, and the development of existing talent. We remain committed to creating an inclusive, merit-based workplace where all employees have equal opportunities to grow, contribute, and succeed. Our continued efforts are moving us in the right direction toward a more diverse and balanced workforce.

### Pattern of Shareholding

In accordance with section 227(2)(f) of the Act, the pattern of shareholding as of June 30, 2026, along with disclosures as required under the Regulations is annexed to the Annual Report.

### Cash Dividends

The Board of Directors has recommended an annual cash dividend Rs.2 per ordinary share to the company's members whose names appear on the register of members as of 12, Oct. 2026 out of the profits of the company for the year ended on June 30, 2026. It will be paid subject to the approval of the shareholders in the forthcoming Annual General Meeting.

### Auditors

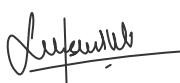
The financial statements of the company for the year 2025-2026 were audited by M/s. Crowe Hussain Chaudhury & Co., Chartered Accountants. Being eligible they have offered themselves reappointment. As recommended by the Audit Committee, the Board has approved the appointment of M/s. Crowe Hussain Chaudhury and Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2027, subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

### Acknowledgments

We would like to thank all stakeholders for their contributions in the past year. It is our stakeholders' 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 the future.

Lahore  
September 03, 2026

  
CHIEF EXECUTIVE

For and on behalf of the Board

  
DIRECTOR

## ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

برائے ختمہ سال 30 جون 2026ء

اقتصادی جائزہ:

معیشت نے مالی سال 2026 میں اپنی ترقی کی رفتار کو تیز کیا اور جی ڈی پی میں 3.70 فیصد اضافہ ریکارڈ کیا، جو چار سالوں میں اس کی مضبوط ترین کارکردگی ہے۔ مالیاتی خسارہ کم ہوا اور زرمبادلہ کے ذخائر میں اضافہ ہوا۔ تاہم تجارتی خسارے میں اضافے اور تیل کی قیمتوں میں نمایاں اضافے کی وجہ سے افراط زر دوبارہ ابھرنے کے ساتھ بنیادی اقتصادی ڈھانچہ نازک ہے۔

مشرق وسطیٰ میں تنازعات کے پھوٹ پڑنے کے بعد سال 2026 کے اوائل میں عالمی نقطہ نظر کمزور ہو گیا۔ توانائی کی فراہمی کے راستوں میں رکاوٹوں اور اہم پیداواری سہولیات کو پہنچنے والے نقصان نے عالمی توانائی کی منڈیوں میں غیر یقینی صورتحال کو بڑھا دیا، اس لیے ہائیڈروجن پیروآکسائیڈ پیدا کرنے کے لیے ان پٹ لاگت کے اہم عناصر پیٹرولیم اور آرائل این جی کی قیمتوں میں نمایاں اضافہ ہوا۔

کاروباری نتائج:

مستقل بہتری پر آپ کی کمپنی کی توجہ نے ہمیں آپریشنل افادیت کو مضبوط بنانے، اخراجات کو بہتر بنانے اور ایک مشکل کاروباری ماحول کے باوجود منافع کو برقرار رکھنے کے قابل بنایا۔

اگرچہ مشرق وسطیٰ میں جغرافیائی سیاسی پیش رفت کے نتیجے میں توانائی اور خام مال کی لاگت میں خاطر خواہ اضافہ ہوا، لیکن انہوں نے کمپنی کے لیے اپنی مارکیٹ کی پوزیشن کو مضبوط کرنے اور مقامی مارکیٹ میں قیمتوں میں بہتری کو برقرار رکھنے کے مواقع بھی پیدا کیے ہیں۔

مینوفیکچرنگ کی سہولت، سوائے طے شدہ سالانہ دیکھ بھال کے، سال بھر پوری صلاحیت کے ساتھ چلتی رہی، کمپنی نے مؤثر فروخت پر عمل درآمد اور نظم و ضبط کے ورکنگ کیپیٹل مینجمنٹ کے ذریعے پیداواری پیداوار کو کامیابی کے ساتھ نقد میں تبدیل کیا۔ تاہم، سال کی پہلی ششماہی کے دوران قیمتوں کے شدید دباؤ اور آخری نصف کے دوران ان پٹ لاگت میں نمایاں اضافہ سے منافع متاثر ہوا۔

مطلوبہ حجم کے لیے زیادہ ان پٹ قیمتوں سے پیدا ہونے والے ورکنگ کیپیٹل کی ضروریات کو پورا کرنے کے لیے، کمپنی نے ذیلی مدتی فنانشنگ سہولیات کا استعمال کیا، جس کے نتیجے میں مالی سال 2025 میں 10 ملین روپے کے مقابلے 65 ملین روپے کی مالیاتی لاگت آئی۔

خلاصہ مالیاتی کارکردگی مندرجہ ذیل ہے:-

| فیصد   | 2024       | 2025      | 2026      | مجموعی مالیاتی گوشوارہ      |
|--------|------------|-----------|-----------|-----------------------------|
|        | ”000“ روپے |           |           |                             |
| ↓ -15% | 5,738,033  | 5,998,848 | 5,113,970 | فروخت                       |
| ↓ -45% | 1,154,113  | 1,778,748 | 983,261   | مجموعی منافع                |
| ↓ -64% | 770,104    | 1,334,004 | 474,362   | آپریٹنگ منافع               |
| ↑ 550% | (23,837)   | (10,031)  | (65,218)  | مالیاتی لاگت                |
| ↓ -65% | 854,256    | 1,308,996 | 455,604   | لیوی اور ٹیکس سے پہلے منافع |
| ↓ -54% | 507,014    | 860,162   | 393,620   | ٹیکس کے بعد منافع           |
| ↓      | 2.90       | 4.91      | 2.25      | آمدنی فی شیئر - بنیادی      |

فروخت کے قیمت میں کمی اور مارجن میں نمایاں کمی کے باوجود، کمپنی منافع بخش رہی، جو اس کے کاروباری ماڈل کی چمک، آپریشنل ڈسپلن اور مارکیٹ کے بدلتے ہوئے حالات کا مؤثر طریقے سے جواب دینے کی صلاحیت کی عکاسی کرتی ہے۔

کیش فلو مینجمنٹ:

مالی سال، 2026 کے دوران کمپنی نے اپنے آپریشنل اور اسٹریٹجک مقاصد کی حمایت جاری رکھتے ہوئے کاروباری ماحول میں اپنی لیکویڈیٹی کی ضرورت کو مؤثر طریقے سے منظم کیا۔ ورکنگ کیپٹل کی بڑھتی ہوئی ضروریات کو چلانے والی مالیاتی سہولیات کے بہتر استعمال کے ذریعے پورا کیا گیا۔ انتظامیہ کمپنی کی مالی پوزیشن کو مزید مستحکم کرنے کے لئے نظم و ضبط کے ساتھ ورکنگ کیپٹل مینجمنٹ، وسائل کی مؤثر تقسیم، اور مسلسل آپریشنل بہتری کے ذریعے آپریٹنگ کیش فلو کو بہتر بنانے پر مرکوز ہے۔

حفاظت اور مینوفیکچرنگ:

ہمارے ملازمین/معاہدوں کی صحت، حفاظت اور ماحولیات اور سلامتی کمپنی میں ایک اعلیٰ ترجیح ہے اور یہ Descon کی بنیادی اقدار کا ایک لازمی حصہ ہے۔ FY-26 کے بند ہونے پر، کاروبار نے مسلسل پندرہ سال تک بغیر کسی کھوئے ہوئے وقت کی چوٹ (LTD) کے کام کیا اور سال کے دوران دوبار محفوظ کلومیٹر کاؤنٹر ری سیٹ کے ساتھ کامیابی کے ساتھ 12.3+ ملین آدمی گھنٹے اور 300,000+ محفوظ کلومیٹر حاصل کیے، پچھلے سال کی طرح، کل ریکارڈ ایبل انجری ریٹ (TRIR) صفر رہا، ابتدائی طبی امداد کے کیسز اور آگ کے واقعات دونوں میں پچھلے سال کے مقابلے میں 50 فیصد کمی واقع ہوئی ہے۔

کمپنی اپنے ہوائی ایکٹ، سول ڈیفنس، HALAL اور PTA لائسنس سرٹیفیکیشن کی تجدید کے ساتھ اپنے ISO سرٹیفیکیشن آڈٹ کو کامیابی کے ساتھ مکمل کرتے ہوئے، تمام عالمی اکیڈمیٹیشن کی ضروریات کے ساتھ پوری طرح مطابقت رکھتی رہی۔ پوری افرادی قوت کو تربیت دی جاتی ہے، اس کی مدد کی جاتی ہے اور باقاعدگی سے اس کا جائزہ لیا جاتا ہے، جو انہیں کم سے کم خطرے کے ساتھ اپنی ملازمتیں انجام دینے کے قابل بناتا ہے۔ سال کے دوران، کمپنی نے NFPA کے رہنما خطوط کے خلاف اپنے سائٹ فائر فائٹنگ سسٹم کا ایک خلا کا جائزہ لیا اور HSE ٹریننگ اور خطرے کی تشخیص کے لیے 7 صارفین کے دوروں کے ساتھ، اپنا پہلا فائر پریوینشن پلان کا مطالعہ مکمل کیا۔

سیلز اور مارکیٹنگ:

کمپنی نے مسابقتی قیمتوں کے دباؤ اور مینوفیکچرنگ کی زیادہ لاگت کے باوجود کامیابی کے ساتھ اپنی مصنوعات کو مقامی مارکیٹ میں پائیدار قیمت پر رکھا۔ زیر جائزہ مدت کے دوران مقامی ہائیڈروجن پیر آکسائیڈ مارکیٹ کے حجم میں 4% کی کمی واقع ہوئی۔ جنوری سے جون 2026 تک درآمدی حجم میں کافی کمی واقع ہوئی، جو مارکیٹ کی غیر یقینی صورتحال کے درمیان محتاط خریداری کی عکاسی کرتی ہے۔

درآمدی قیمتیں مستحکم ہو گئی ہیں اور قدرے مثبت رجحان دکھا رہی ہیں، جس سے مقامی مارکیٹ میں قیمتوں کے دباؤ میں کمی آئی ہے۔ برآمدات پر مبنی صارفین کی مانگ، خاص طور پر تولیہ اور گھریلو ٹیکسٹائل کے حصوں میں، اس عرصے کے دوران بہتر ہوئی جب کہ مقامی پروسیسنگ انڈسٹری کو مارکیٹ کے مشکل حالات اور کم مانگ کا سامنا کرنا پڑا۔

برآمدی طبقے پر، کمپنی نے اپنے جغرافیائی نقش کو وسعت دینے اور کسی ایک خطے پر انحصار کم کرنے پر مسلسل توجہ کے ساتھ، ایک چمکدار اور متنوع درآمدی پورٹ فولیو کی تعمیر پر اپنا اسٹریٹجک زور برقرار رکھا۔ سال کے دوران، کمپنی نے موجودہ بنیادی منڈیوں میں اپنی موجودگی کو مزید مضبوط کیا جبکہ متبادل منڈیوں میں فعال طور پر ترقی اور تنوع پیدا کیا، خاص طور پر مشرق بعید اور دیگر ابھرتی ہوئی منزلوں میں، تاکہ برآمدی حجم کو بڑھانے اور طویل مدتی ترقی کے تسلسل کو سپورٹ کرنے میں چمک کو یقینی بنایا جاسکے۔

فوڈ گریڈ کی برآمدات نے بھی سال کے دوران حوصلہ افزا رفتار برقرار رکھی، بشمول خصوصی سپرے گریڈ سیمینٹس، جس کا حجم MT900 تک پہنچ گیا۔

سال کی آخری سہ ماہی نے مشرق وسطیٰ میں بڑھتی ہوئی جغرافیائی سیاسی کشیدگی کی وجہ سے اہم چیلنجز پیش کیے۔ اہم سمندری تجارتی راستوں میں رکاوٹ کے نتیجے میں کمپنی کی اہم مارکیٹوں میں سے کچھ میں ترسیل اور مادی طور پر متاثر ہونے والی نقل و حرکت کی معطلی اور ری روٹنگ کا باعث بنی۔

### مستقبل کا نقطہ نظر:

کمپنی کو توقع ہے کہ مارکیٹ کے حالات قریب کی مدت میں مستحکم رہیں گے۔ برآمد پر مبنی ٹیکسٹائل سیکٹس، خاص طور پر تولیہ برآمد کنندگان کی مانگ میں بہتری سے ہائیز رو جن پیرا کسٹمائیڈ کی کھپت میں مدد کی توقع ہے، جبکہ گھریلو پروسیسنگ انڈسٹری کی مانگ میں کمی کا امکان ہے۔

درآمدی قیمتیں مستحکم رہنے کے ساتھ، کمپنی فروخت کی قیمتوں کو برقرار رکھنے کے بارے میں پرامید ہے اور مارجن کو برقرار رکھنے اور کلیدی کسٹمر سیکٹس میں اپنی پوزیشن کو مضبوط بنانے پر توجہ مرکوز رکھے گی۔

کمپنی ویلیو ایڈڈ مصنوعات پر توجہ مرکوز کرتے ہوئے متبادل جغرافیائی منڈیوں میں اپنی اسٹریٹجک توسیع کو جاری رکھے گی۔ ڈسٹری بیوشن نیٹ ورکس کی مضبوطی اور نظم و ضبط والی مارکیٹ کی ترقی سے درآمدی کاروبار کی چمک میں اضافہ اور آگے بڑھنے والی پائیدار ترقی کی حمایت کی توقع ہے۔ اس کے علاوہ انتظامیہ EFS کے لیے GST کے ساتھ ساتھ مقامی اور غیر ملکی سپلائرز کے لیے لیول پلے ٹنگ فیلڈ بنانے کے لیے مقامی طور پر تیار کردہ سپلائرز کو ہم آہنگ کرنے کے لیے حکومت کے ساتھ فعال طور پر فالو اپ کر رہی ہے۔

کمپنی نے سال کے دوران اپنا 'فرنٹ اینڈ انجینئرنگ ڈیزائن اسٹڈی (FEED)' مکمل کر لیا ہے، جس کے مکمل استعمال ہونے کی امید ہے جب مارکیٹ کے حالات بہتر ہوں گے اور توسیع کی جائے گی۔ تفصیلات نوٹ 17.2.1 میں مالیاتی بیانات میں ظاہر کی گئی ہیں۔

### کارپوریٹ گورننس:

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

### ڈائریکٹرز مندرجہ ذیل پر رپورٹ کرنے پر خوش ہیں:

(a) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، کمپنی کی حالت کے معاملات، اس کے کاموں کے نتائج، نقد بہاؤ اور مساوات میں تبدیلیوں کے بارے میں ایک حقیقی اور منصفانہ نقطہ نظر پیش کرتے ہیں۔

(b) کمپنی کے اکاؤنٹس کی مناسب کتابیں رکھی گئی ہیں۔

(c) مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی رہی ہیں اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔

(d) بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے اور اس سے کسی بھی رواں گی کو مناسب طریقے سے ظاہر اور وضاحت کی گئی ہے۔

- (e) اندرونی کنٹرول سسٹم ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو اور مانیٹر کیا گیا ہے۔
- (f) کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شکوک و شبہات نہیں ہیں۔
- (g) بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈی کے ڈائریکٹر کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔
- (h) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی علیحدگی نہیں ہوئی ہے جیسا کہ قابل اطلاق فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- پچھلے سات سالوں کے اہم آپریٹنگ اور مالیاتی ڈیٹا کو اس رپورٹ سے منسلک کیا گیا ہے۔

### بورڈ آف ڈائریکٹرز کی تشکیل:

ڈائریکٹرز کی کل تعداد آٹھ (8) ہے جس میں چیف ایگزیکٹو (ڈیپٹی ڈائریکٹر) درج ذیل ہیں۔

مرد 7 (بشمول چیف ایگزیکٹو)

عورت 1

### بورڈ کی تشکیل حسب ذیل ہے۔

| نام                        | کیٹگری                 |
|----------------------------|------------------------|
| جناب عمران انور            | آزاد ڈائریکٹرز         |
| جناب محمد میموش اصغر خواجہ |                        |
| جناب فیصل داؤد (چیئر مین)  | نان ایگزیکٹو ڈائریکٹرز |
| جناب تیمور داؤد            |                        |
| جناب فاروق نذیر            |                        |
| محترمہ مہرین داؤد          |                        |
| جناب آصف قادر              |                        |
| جناب یاسر صدیق شیخ         | ایگزیکٹو ڈائریکٹرز     |

### بورڈ میں تبدیلیاں:

زیر جائزہ مالی سال کے دوران، مسٹر عمران انور کو 3 ستمبر، 2025 کو ایک آزاد ڈائریکٹر کے طور پر مقرر کیا گیا تھا، تاکہ بورڈ میں پیدا ہونے والی آرام دہ اسامی کو پُر کیا جا سکے۔

مزید، بورڈ کی تین سالہ مدت کی تکمیل پر، بورڈ آف ڈائریکٹرز 28 فروری، 2026 کو دوبارہ منتخب کیا گیا تھا۔ جناب محمد میموش اصغر خواجہ جناب محمد ظاہر کی جگہ بورڈ کے آزاد ڈائریکٹر منتخب ہوئے۔

بورڈ کے دوبارہ انتخاب کے بعد جناب فیصل داؤد کو بورڈ کا چیئر مین مقرر کیا گیا۔

### بورڈ کے اجلاس:

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ (05) اجلاس منعقد ہوئے۔ بورڈ کے اجلاسوں کے نوٹس اور ایجنڈے قابل اطلاق قوانین اور ضوابط کی تعمیل میں پیشگی اور مقررہ ٹائم لائنز کے اندر ڈائریکٹرز کو بھیجے گئے تھے۔

سال کے دوران منعقد ہونے والے بورڈ کے تمام اجلاسوں نے قابل اطلاق قوانین اور ضوابط کے تحت مقرر کردہ کم از کم کورم کی ضروریات کی تعمیل کی اور ان سے آگے نکل گئے۔

کمپنی سیکرٹری بورڈ کے سیکرٹری کے طور پر کام کرتا ہے۔ بورڈ کی طرف سے اس کی میٹنگوں کے دوران لیے گئے تمام فیصلوں کو کمپنی سیکرٹری کے زیر انتظام منٹوں میں ریکارڈ کیا گیا اور تمام ڈائریکٹرز کو ان کی توثیق کے لیے بھیج دیا گیا۔ منٹس کو بعد میں بورڈ کے درج ذیل اجلاسوں میں منظور کیا گیا۔

عبوری اور حتمی مالیاتی نتائج کے اعلان سے پہلے 'Close Period' کا تعین اور بات چیت ڈائریکٹرز اور پاکستان اسٹاک ایکسچینج کو کی گئی تھی۔ وہ معاملات جو کمپنی کی سیکورٹیز کی مارکیٹ قیمت کو مادی طور پر متاثر کر سکتے ہیں ان کی نشاندہی کی گئی اور مناسب طریقے سے بات چیت کی گئی۔ مواد اور قیمت کے لحاظ سے حساس معلومات کو فوری طور پر پاکستان اسٹاک ایکسچینج کے ذریعے قابل اطلاق قوانین اور ضوابط کے مطابق شیئر ہولڈرز کو ظاہر کیا گیا۔

سال کے دوران ہونے والے بورڈ کے اجلاسوں میں ڈائریکٹرز کی حاضری حسب ذیل تھی۔

| نام ڈائریکٹرز           | اجلاسوں میں حاضری | ریمارکس                                    |
|-------------------------|-------------------|--------------------------------------------|
| جناب فیصل داؤد          | 5/5               | —                                          |
| جناب تیور داؤد          | 4/5               | بورڈ نے 11 اجلاس میں غیر حاضری کی رخصت دی۔ |
| جناب فاروق نذیر         | 5/5               | —                                          |
| محترمہ مہرین داؤد       | 5/5               | —                                          |
| جناب آصف قادر           | 3/5               | بورڈ نے 12 اجلاس میں غیر حاضری کی رخصت دی۔ |
| جناب عمران انور         | 4/4               | —                                          |
| جناب میونسٹر اصغر خواجہ | 2/2               | —                                          |
| جناب محمد ظاہر          | 2/3               | بورڈ نے 11 اجلاس میں غیر حاضری کی رخصت دی۔ |
| جناب یاسر صدیق شیخ      | 5/5               | —                                          |

اندرونی آڈٹ اور کنٹرول:

کمپنی آپریشنل اور مالیاتی کنٹرول کے ایک موثر فریم ورک کو برقرار رکھتی ہے جو اس کے اثاثوں کی حفاظت، مالیاتی رپورٹنگ کو یقینی بنانے، اور قابل اطلاق قوانین اور ضوابط کی تعمیل میں معاونت کے لیے ڈیزائن کیا گیا ہے۔ کمپنی ہر سطح پر دیانتداری، اخلاقی طرز عمل اور جوابدہی کے کلچر کو بھی فروغ دیتی ہے۔

آڈٹ کمیٹی وقتاً فوقتاً اندرونی کنٹرول فریم ورک کی تاثیر کا جائزہ لیتی ہے، جبکہ اندرونی آڈٹ فنکشن کمپنی کی گورننس، رسک مینجمنٹ، اور اندرونی کنٹرول کے عمل کے آزاد اور معروضی جائزے فراہم کرتا ہے اور آڈٹ کمیٹی کو اپنے نتائج کی اطلاع دیتا ہے۔

اندرونی آڈٹ فنکشن کی آزادی اور شفافیت کو یقینی بنانے کے لیے، اندرونی آڈٹ کے سربراہ اور آڈٹ سروس انٹرنل آڈٹ سروس فراہم کنندہ، میسرز کے۔ پی۔ ایم۔ جی۔ تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، براہ راست آڈٹ کمیٹی کو رپورٹ کرتے ہیں۔ رسک پرمیٹی سالانہ اندرونی آڈٹ پلان کو بورڈ کی طرف سے منظور کیا جاتا ہے اور اس کے نفاذ اور پیشرفت کا وقتاً فوقتاً آڈٹ کمیٹی جائزہ لیتی ہے۔

سال کے دوران، آڈٹ کمیٹی نے مواد کے اندرونی آڈٹ کے نتائج کا جائزہ لیا اور اس بات کو یقینی بنایا کہ جہاں ضرورت ہو مناسب اصلاحی اور تخفیف کے اقدامات کیے جائیں۔ مزید غور و فکر کے معاملات بھی بورڈ کی توجہ میں لائے گئے۔

اندرونی مالیاتی کنٹرول کی مناسبت:

بورڈ آف ڈائریکٹرز نے آپریشنز کے موثر اور موثر طرز عمل کو یقینی بنانے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنانے اور مالیاتی رپورٹنگ کی سہولیت اور ساکھ کو برقرار رکھنے کے لئے اندرونی مالیاتی کنٹرول کا ایک مضبوط نظام قائم اور برقرار رکھا ہے۔

### ڈائریکٹرز کا معاوضہ:

بورڈ کے ممبران کے معاوضے کا تعین بورڈ کی منظور کردہ پالیسی کے مطابق کیا جاتا ہے۔ کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کے معاوضے کا تعین کرنے کے لیے ایک شفاف اور مساوی طریقہ کار کو برقرار رکھتی ہے۔

منظور شدہ پالیسی کے مطابق، آزاد ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے مناسب فیس ادا کی جاتی ہے۔ سال کے دوران آزاد ڈائریکٹرز کو ادا کی جانے والی فیسوں کی مجموعی رقم کو نوٹ (37) میں مجموعی مالیاتی بیانات میں ظاہر کیا گیا ہے۔

### بورڈ کی کارکردگی کا اندازہ:

بورڈ آف ڈائریکٹرز وقتاً فوقتاً بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کی اہمیت کو تسلیم کرتا ہے۔ زیر جائزہ سال کے دوران، کارپوریٹ امور کے محکمے کی طرف سے اندرونی طور پر کارکردگی کی تشخیص بورڈ اور کمیٹیوں کے کلیدی پہلوؤں کا احاطہ کرنے والے ایک منظم سروے کے ذریعے کی گئی تھی۔

نتائج کا تجزیہ کیا گیا اور ایک تفصیلی تشخیصی رپورٹ میں مرتب کیا گیا، جسے جائزہ کے لیے چیئر مین کے ساتھ شیئر کیا گیا۔ تشخیص کمپنیز ایکٹ، 2017، قابل اطلاق ضوابط، یا کمپنی کی پالیسیوں اور طریقہ کار کی ضروریات سے غیر تعمیل یا اہم روانگی کے کسی مادی علاقوں کی نشاندہی نہیں کی۔

### بورڈ کی کمیٹیاں:

بورڈ کے ہموار کاموں میں مدد کرنے اور درست فیصلہ سازی میں معاونت کے لیے، بورڈ نے چار کمیٹیاں قائم کی ہیں۔ مزید، ضوابط کی تعمیل میں، آڈٹ کمیٹی کی سربراہی ایک آزاد ڈائریکٹر کرتا ہے۔

آڈٹ کمیٹی، تین (3) اراکین پر مشتمل ہے، جیسا کہ درج ذیل ہے۔

مسٹر عمران انور (آزاد ڈائریکٹر) - چیئر مین

مسٹر تیمور داؤد (نان ایگزیکٹو ڈائریکٹر) - ممبر

مسٹر فاروق نذیر (نان ایگزیکٹو ڈائریکٹر) - ممبر

آڈٹ کمیٹی کا مجموعی اجلاس 4 مرتبہ ہوا۔ اراکین کی حاضری حسب ذیل تھی۔

### آڈٹ کمیٹی کی حاضری

ممبران میٹنگز میں حاضری

1/1 مسٹر عمران انور

4/4 جناب فاروق نذیر

1/1 مسٹر تیمور داؤد

3/3 جناب محمد طاہر

### انسانی وسائل اور معاوضہ کمیٹی:

انسانی وسائل اور معاوضے کی کمیٹی کا قیام بورڈ کو معاوضے کے تمام عناصر اور پالیسیوں اور طریقہ کار کا جائزہ لینے اور سفارش کرنے کے لیے کیا گیا ہے جو انسانی وسائل کے موثر کام کے لیے اختیار کیے جانے کی ضرورت ہے۔

انسانی وسائل اور معاوضے کی کمیٹی تین (03) ارکان پر مشتمل ہے، جیسا کہ درج ذیل ہے۔

|                           |                                   |
|---------------------------|-----------------------------------|
| مسٹر فاروق نذیر           | (نان ایگزیکٹو ڈائریکٹر) - چیئرمین |
| مسٹر فیصل داؤد            | (نان ایگزیکٹو ڈائریکٹر) - ممبر    |
| جناب محمد میوش اصغر خواجہ | (آزاد ڈائریکٹر) - ممبر            |

انسانی وسائل اور معاوضے کی کمیٹی کا مجموعی طور پر 4 مرتبہ اجلاس ہوا۔

#### HRRC حاضری:

| ممبران                    | میٹنگز میں حاضری |
|---------------------------|------------------|
| جناب فاروق نذیر           | 4/4              |
| جناب فیصل داؤد            | 4/4              |
| جناب محمد میوش اصغر خواجہ | 2/2              |
| جناب محمد طاہر            | 1/2              |

#### انٹرپرائز رسک مینجمنٹ کمیٹی:

رسک مینجمنٹ کمیٹی کو بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کو انٹرپرائز رسک مینجمنٹ فریم ورک سے متعلق معلومات کی نگرانی اور جائزہ لینے میں مدد کرنے کے لیے تشکیل دیا گیا تھا، اور کمپنی کو متاثر کرنے والے تمام خطرات کو سنبھالنے کے لیے استعمال کیے گئے طریقوں کی نگرانی کی گئی تھی۔ انٹرپرائز رسک مینجمنٹ کمیٹی چار (04) ممبران پر مشتمل ہے، جیسا کہ درج ذیل ہے۔

|                     |                               |
|---------------------|-------------------------------|
| جناب یاسر صدیق شیخ  | (ایگزیکٹو ڈائریکٹر) - چیئرمین |
| محترمہ رابعہ شعیب   | (چیف فنانشل آفیسر) - ممبر     |
| جناب مشفق حسین      | (ورکس مینیجر) - ممبر          |
| جناب عماد احمد طاہر | (ہیڈ شپسٹر ڈسٹریکشن) - ممبر   |

#### متعلقہ پارٹی لین دین:

آڈٹ کمیٹی نے بورڈ کو تمام متعلقہ پارٹی لین دین کا جائزہ لیا اور ان کی سفارش کی اور بورڈ نے ان کی منظوری دی۔ تمام متعلقہ پارٹی کے لین دین کا روبرو عام کورس میں arms' length کی بنیاد پر کئے گئے تھے۔ کمپنی تمام متعلقہ پارٹی لین دین کا مکمل ریکارڈ برقرار رکھتی ہے جیسا کہ کمپنیز (ریلیٹیو پارٹی ٹرانزیکشنز) ایکٹ 2018 میں تجویز کیا گیا ہے۔ کمپنی نے اس سالانہ رپورٹ کے ساتھ منسلک مالیاتی بیانات میں متعلقہ فریق کے لین دین کا تفصیلی انکشاف کیا ہے۔ اس طرح کا انکشاف ایکٹ کے چوتھے شیڈول اور قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کے تقاضوں کے مطابق ہے۔

#### سماجی سرمایہ کاری:

Descon Oxychem Limited (DOL) نے قصور کے غیر محفوظ علاقوں میں تین کمیونٹی پینے کے پانی کی سہولیات کو کامیابی کے ساتھ شروع کیا ہے، جس سے 450 سے زیادہ گھرانوں کو پینے کے صاف پانی تک قابل اعتماد رسائی فراہم کی گئی ہے۔

یہ اقدام DOL کے CSR ایجنڈے کو آگے بڑھاتا ہے اور یہ براہ راست اقوام متحدہ کے پائیدار ترقی کے ہدف 6- صاف پانی اور صفائی کی حمایت کرتا ہے۔

ماحولیات، سماجی اور گورننس:

کمپنی نے اقوام متحدہ کے پائیدار ترقی کے اہداف کے مطابق اپنے پائیداری کے اقدامات کو جاری رکھا۔

کچھ اہم اپ ڈیٹس ہیں،

- 2 میگا واٹ سولر پروجیکٹ کو مکمل اور شروع کیا؛ شمسی توانائی اب کمپنی کی بجلی کی کھپت کا تقریباً 11 فیصد بنتی ہے۔
- EcoVadis کا نمئی کا تمغہ حاصل کیا، پائیداری کی درجہ بندی (مارچ 2026) میں عالمی سطح پر ٹاپ 35% میں درجہ بندی۔
- نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے 15 واں فائرفیسٹیٹی ایوارڈ جیتا۔
- پلاسٹک ویسٹ ری سائیکلنگ پروجیکٹ کے لیے پیکجنگ گروپ سے سپلائر سسٹیم ایپلیٹی ایوارڈ 2025 موصول ہوا۔
- صفر TRIR کے ساتھ سالانہ ٹرنار اوڈ کی محفوظ تکمیل

رپورٹنگ سال کے دوران، کمپنی نے 41,083 میٹرک ٹن (MT) کی کل پیداواری پیداوار حاصل کی، جس میں مضبوط آپریشنل ڈسپلن، مستقل صلاحیت کے استعمال، اور تمام فعال پروڈکٹ لائنوں میں پلانٹ کے بہتر تھروپٹ کو نمایاں کیا گیا۔  
مضبوط آؤٹ پٹ والیوم کے متوازی طور پر، وسائل کی شدت کو کم کرنے اور آپریشنل اخراجات کو روکنے کے لیے ہدف شدہ لاگت کے تحفظ کے اقدامات کو تعینات کیا گیا تھا، جس میں دو اہم لاگت والے ڈرائیوروں پر زیادہ توجہ دی گئی تھی۔

- انرجی کنزرویشن: اسٹریٹجک پروسیس آؤٹ، متغیر فریکوئنسی ڈرائیو (VFD) ریٹرفٹس، اور بہتر گرمی کی بحالی کے چکروں نے فی ٹن تیار شدہ مصنوعات کی مخصوص بجلی اور تھرمل توانائی کی کھپت کو کم کیا۔
- کیمیکل آپٹیمائزیشن: پروسیس کیمسٹری ریفاؤنمنٹ، خود کار خوراک کے کنٹرول، اور پیداوار کی وصولی کے پروٹوکول نے سخت آؤٹ پٹ کو الٹی کے معیارات کو برقرار رکھتے ہوئے خام کیمیائی طلب کو کم کیا۔
- ماحولیاتی پائیداری: توانائی اور کیمیائی قدموں کے نشانات کو کم کرنے سے پلانٹ کے وسائل کی کارکردگی کے مجموعی اہداف میں اضافہ ہوا اور کاربن کے اخراج کی مخصوص شدت کو کم کیا گیا۔

تحفظ کے ان اقدامات نے نہ صرف 41,083 MT آؤٹ پٹ کے لیے تبادلوں کے اخراجات کو کم کیا بلکہ آنے والے آپریشنل سائیکلوں کے لیے قابل توسیع وسائل کے انتظام کے معیارات بھی قائم کیے ہیں۔

رپورٹنگ کی مدت کے دوران، تنظیم نے اپنے مینیو فیکچرنگ ایکسی لینس پروگرام پر ایک اسٹریٹجک زور دیا، پلانٹ کے آپریشنز کو بہتر بنانے، آپریشنل رکاوٹوں کو ختم کرنے اور تمام پروڈکشن لائنوں میں عمل کے نظم و ضبط کو بڑھانے کے لیے ٹارگٹڈ مداخلتوں کو تعینات کیا۔ بنیادی وجہ کے مسائل کے حل، معیاری کام کے نفاذ اور مسلسل کراس فنکشنل مانیٹرنگ کے ذریعے، اس اقدام نے منظم طریقے سے پیداوار کے تغیرات اور دکان کے فرش کی ناکارہیوں کو حل کیا۔

- ریکارڈ کم قابل کنٹرول نقصان: قابل کنٹرول نقصانات، 0.29% کی ہمد وقتی کم ترین سطح پر گر گئے، جو پچھلے سال کے 0.40% سے کافی کمی کی نمائندگی کرتے ہیں۔

- صنعت کے معیارات سے بہتر کارکردگی کا مظاہرہ کرنا: 0.29% پر، یہ سہولت 1.00% کے وسیع تر مینوفیکچرنگ انڈسٹری بینچ مارک سے نمایاں طور پر آگے کام کرتی ہے، جو اعلیٰ درجے کے اثاثوں کے استعمال اور مادی کارکردگی کو ظاہر کرتی ہے۔

#### صنعتی تنوع:

کمپنی توجہ مرکوز کی خدمات حاصل کرنے، مساوی فروغ کے مواقع، اور موجودہ ٹیلنٹ کی ترقی کے ذریعے صنعتی تنوع کو آگے بڑھانے میں مسلسل پیش رفت کر رہی ہے۔ ہم ایک جامع، میرٹ پر مبنی کام کی جگہ بنانے کے لیے پرعزم ہیں جہاں تمام ملازمین کو بڑھنے، تعاون کرنے اور کامیاب ہونے کے مساوی مواقع حاصل ہوں۔ ہماری مسلسل کوششیں ہمیں زیادہ متنوع اور متوازن افرادی قوت کی طرف صحیح سمت میں لے جا رہی ہیں۔

#### شیئر ہولڈنگ کا پیٹرن:

ایکٹ کے سیکشن (f)(2) 227 کے مطابق، 30 جون، 2026 تک شیئر ہولڈنگ کا نمونہ، ضوابط کے تحت مطلوبہ انکشافات کے ساتھ سالانہ رپورٹ سے منسلک ہے۔

#### کیش ڈیویڈنڈز:

بورڈ آف ڈائریکٹرز نے کمپنی کے ممبران کو سالانہ نقد منافع کی سفارش کی ہے جس کے نام 30 جون، 2026 کو ختم ہونے والے سال کے لئے کمپنی کے منافع میں سے 12 اکتوبر، 2026 کے طور پر اراکین کے رجسٹر پر ظاہر ہوتے ہیں یہ آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ادا کیا جائے گا۔

#### آڈیٹرز:

سال 2025-2026 کے لیے کمپنی کے مالیاتی بیانات کا میسرز کرسچین چودھری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کے ذریعے آڈٹ کیا گیا اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کی پیشکش کی ہے۔ جیسا کہ آڈٹ کمیٹی نے سفارش کی ہے، آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط کے طور پر، بورڈ نے 30 جون، 2027 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز میسرز کرسچین چودھری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دے دی ہے۔

#### اعتراف:

ہم پچھلے سال میں تمام اسٹیک ہولڈرز کی شراکت کے لیے شکریہ ادا کرنا چاہیں گے۔ یہ ہمارے اسٹیک ہولڈرز کی حمایت ہے جو ایک پائیدار کاروبار بنانے میں ہماری مدد کرتے ہوئے کمپنی کی تمام کامیابیوں کو ممکن بناتا ہے۔

ہم مستقبل میں ایک امید افزا اور مضبوط کارکردگی کے منتظر ہیں۔

منجانب بورڈ

مقام: لاہور  
تاریخ: 03 ستمبر 2026

ڈائریکٹر

چیف ایگزیکٹو

## GENDER PAY GAP STATEMENT UNDER CIRCULAR 10 OF 2024 OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Name of Company: Descon Oxychem Limited

Following is the gender pay gap calculated for the year ended June 30, 2026:

- I. Mean Gender Pay Gap: 20.0%
- II. Median Gender Pay Gap: 27.7%
- III. Any other data/details as deemed relevant: Not Applicable

We are an equal opportunity employer, committed to fair & equitable compensation practices with no disparity on gender. Our hiring process actively supports gender diversity and inclusion.

For and on behalf of the Board of Directors of the Company.



**Chief Executive Officer**

Date: September 03, 2026

**Key Operating and Financial Data (Unconsolidated Financial Statements)**

| Particular                                                  | 2026        | 2025        | 2024        | 2023        | 2022        | 2021        | 2020        |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| (Rs.in 000.....)                                            |             |             |             |             |             |             |             |
| <b>Summary of Profit and Loss</b>                           |             |             |             |             |             |             |             |
| Sales                                                       | 4,992,624   | 5,916,317   | 5,694,089   | 6,721,346   | 4,250,493   | 2,804,903   | 2,641,615   |
| Cost of Goods Sold                                          | (4,128,214) | (4,211,771) | (4,581,139) | (3,964,917) | (3,148,688) | (2,191,962) | (1,780,357) |
| Gross Profit                                                | 864,410     | 1,704,546   | 1,112,950   | 2,756,429   | 1,101,805   | 612,941     | 861,258     |
| Operating profit                                            | 370,728     | 1,262,105   | 732,453     | 2,373,160   | 901,271     | 456,933     | 707,754     |
| Finance Cost                                                | (64,875)    | (9,905)     | (23,807)    | (25,929)    | (52,568)    | (64,691)    | (81,420)    |
| Profit / (loss) before levy and tax                         | 359,239     | 1,236,719   | 816,635     | 2,223,942   | 802,446     | 387,945     | 588,862     |
| Profit / (loss) after tax                                   | 303,344     | 790,159     | 471,039     | 1,400,634   | 470,877     | 278,703     | 418,423     |
| EBITDA                                                      | 762,829     | 1,623,529   | 1,249,826   | 2,647,292   | 1,208,320   | 767,359     | 865,738     |
| <b>Financial Position</b>                                   |             |             |             |             |             |             |             |
| Share Capital - Ordinary                                    | 1,750,311   | 1,750,311   | 1,750,311   | 1,750,311   | 1,750,311   | 1,750,311   | 1,508,889   |
| Share Capital - Preference                                  | -           | -           | -           | -           | -           | -           | -           |
| Unappropriated profit                                       | 1,120,382   | 1,517,162   | 1,427,127   | 1,306,150   | 605,642     | 309,796     | 181,982     |
| Long term borrowings - Current & Non Current Portion        | 72,317      | 99,216      | 126,115     | 153,489     | 357,824     | 1,131,689   | 223,131     |
| Property, plant and equipment                               | 1,836,077   | 1,758,840   | 1,992,978   | 2,293,287   | 2,489,830   | 2,439,580   | 2,031,207   |
| Net Current Assets                                          | 732,755     | 1,304,145   | 1,445,718   | 1,017,792   | 345,629     | 598,336     | 295,749     |
| <b>Investor Information</b>                                 |             |             |             |             |             |             |             |
| Gross profit margin (%)                                     | 17.31       | 28.81       | 19.55       | 41.01       | 25.92       | 21.85       | 32.60       |
| EBITDA margin to sales (%)                                  | 15.28       | 27.44       | 21.95       | 39.39       | 28.43       | 27.36       | 32.77       |
| Pre tax margin (%)                                          | 7.20        | 20.90       | 14.34       | 33.09       | 18.88       | 13.83       | 22.29       |
| Net profit margin (%)                                       | 6.08        | 13.36       | 8.27        | 20.84       | 11.08       | 9.94        | 15.84       |
| Return on equity (%)                                        | 10.56       | 24.16       | 14.81       | 45.78       | 19.96       | 13.51       | 21.62       |
| Return on capital employed (%)                              | 12.27       | 36.33       | 21.04       | 70.44       | 31.17       | 14.04       | 29.93       |
| Current Ratio                                               | 1.47        | 2.19        | 3.30        | 1.61        | 1.34        | 2.22        | 1.60        |
| Quick Ratio                                                 | 0.72        | 1.11        | 1.46        | 0.86        | 0.59        | 1.44        | 0.55        |
| Debtors turnover (days)                                     | 15          | 14          | 21          | 9           | 20          | 9           | 8           |
| Inventory turnover (days)                                   | 52          | 57          | 50          | 66          | 29          | 26          | 38          |
| Creditors turnover (days)                                   | 68          | 74          | 47          | 84          | 89          | 59          | 84          |
| Operating cycle (no. of days)                               | (1.38)      | (3.10)      | 24          | (9)         | (40)        | (24)        | (39)        |
| Debt: Equity (Ratio)                                        | 27:73       | 6:94        | 4:96        | 5:95        | 13:87       | 35:65       | 10:90       |
| Interest cover (Times)                                      | 5.71        | 127.42      | 30.77       | 91.53       | 17.14       | 7.06        | 8.69        |
| Earnings / (loss) per share (pre tax) (Rupees)              | 2.05        | 7.07        | 4.67        | 12.71       | 4.58        | 2.22        | 4.80        |
| Earnings / (loss) per share (after tax) (Rupees) - Basic    | 1.73        | 4.51        | 2.69        | 8.00        | 2.69        | 1.59        | 2.85        |
| Earnings / (loss) per share (after tax) (Rupees) - Dilluted | 1.73        | 4.51        | 2.69        | 8.00        | 2.69        | 1.59        | 2.85        |
| Share Price                                                 | 31.49       | 31.78       | 22.40       | 24.22       | 15.70       | 26.84       | 29.85       |
| Price Earnings Ratio                                        | 18.17       | 7.04        | 8.33        | 3.03        | 5.84        | 16.88       | 10.47       |
| Breakup Value Per Share (Rupees)                            | 16.42       | 18.69       | 18.17       | 17.48       | 13.48       | 11.79       | 12.83       |
| Hydrogen Peroxide Production (MTs)                          | 41,083      | 42,420      | 40,371      | 42,131      | 40,550      | 32,816      | 31,814      |
| Hydrogen Peroxide Sales (MTs)                               | 43,042      | 42,286      | 40,958      | 42,100      | 42,363      | 34,898      | 31,412      |
| Trading General Sales (MTs)                                 | -           | -           | -           | -           | 1,470       | 3,838       | 4,146       |

# 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 ("the Company") for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with 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.

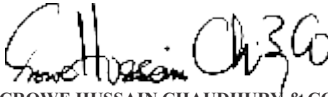
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

| Sr. No. | Paragraph Reference | Description |
|---------|---------------------|-------------|
|---------|---------------------|-------------|

- |    |         |                                                                                                                                                                                                                                                                              |
|----|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | 12 & 19 | The Chairman of the Human Resource and Remuneration Committee is not an Independent Director as required under 28(2) of the Regulations.                                                                                                                                     |
| 2. | 12 & 19 | Currently, the Company has not established a dedicated Sustainability Committee. While responsibility for sustainability oversight has been assigned to the existing Risk Management Committee and the Committee currently does not have any female director representation. |

**Lahore**  
**Dated: September 04, 2026**  
**UDIN: CR202610051jLBsNua94**

  
**CROWE HUSSAIN CHAUDHURY & CO.**  
 Chartered Accountants

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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, 2026

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

2. The Composition of the Board is as follows:

| Category                | Names                              |
|-------------------------|------------------------------------|
| Independent Directors*  | Mr. Imran Anwer                    |
|                         | Mr. Muhammad Memosh Asghar Khawaja |
| Non-Executive Directors | Mr. Faisal Dawood                  |
|                         | Mr. Taimur Dawood                  |
|                         | Mr. Farooq Nazir                   |
|                         | Mrs. Mehreen Dawood                |
|                         | Mr. Asif Qadir                     |
| Executive Director      | Mr. Yasir Siddique Sheikh          |
| Female Directors        | Mrs. Mehreen Dawood                |

\* In respect of Independent Directors, the Company believes it has sufficient impartiality and is able to exercise independence in decision-making within the Board and hence, does not require to round up the fraction to 3 independent directors;

- 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 the requirements of the Companies Act 2017 (the "Act") and the Regulations with respect to frequency, recording and circulating minutes of the Meetings of the Board;
- 8. The Board of Directors has a formal policy and transparent procedures for the remuneration of directors in accordance with Act and these Regulations;

9. Seven (07) of the Directors have obtained certificates of Directors' Training program; whereas one (01) Director is exempted from Directors' Training program by virtue of their requisite qualification and required experience of serving on the board of listed companies.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed four committees comprising the members given below:

**a) Audit Committee**

- i. Mr. Imran Anwer (Independent Director) – Chairman
- ii. Mr. Taimur Dawood (Non-Executive Director) – Member
- iii. Mr. Farooq Nazir (Non-executive Director) – Member

**b) Human Resource and Remuneration Committee**

- i. Mr. Farooq Nazir (Non-executive Director) – Chairman\*
- ii. Mr. Faisal Dawood (Non-executive Director) – Member
- iii. Mr. Muhammad Memosh Asghar Khawaja (Independent Director) – Member  
(\*Explained in point 19 below)

**c) Enterprise Risk Management Committee**

- i. Mr. Yasir Siddique Sheikh (Executive Director) – Chairman.
- ii. Ms. Rabia Shoaib (Chief Financial Officer)
- iii. Mr. Mushfiq Hussain (Works Manager)
- iv. Mr. Ammad Ahmed Tahir (Head Shared Services)

**d) Compliance Committee**

- i. Mr. Yasir Siddique Sheikh (Executive Director) – Chairman.
- ii. Ms. Rabia Shoaib (Chief Financial Officer)
- iii. Mr. Mushfiq Hussain (Works Manager)
- iv. Mr. Ammad Ahmed Tahir (Head 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 (04) quarterly meetings were held during the financial year ended June 30, 2026.

**b) Human Resource and Remuneration Committee:**

Four (04) meetings of Human Resource and Remuneration Committee were held during the financial year ended June 30, 2026.

**c) Enterprise Risk Management Committee:**

Four (04) meetings of the Enterprise Risk Management Committee were held during the financial year ended June 30, 2026.

15. The Board has outsourced the internal audit function to M/s. KPMG Taseer Hadi and Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are given below:

| Sr. No. | Regulation No.                   | Description                                                                                                                                                                                                                                 | Explanation                                                                                                                                                            |
|---------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | 28 (2)                           | The chairman of the Human Resource and Remuneration Committee shall be an independent director and the chief executive officer may be included as a member of the committee.                                                                | The present Chairman Human Resource & Remuneration Committee is appointed due to his extensive experience as Board and Human Resource & Remuneration Committee member. |
| 2       | 10A (5) of CCG Regulation, 2019. | The Board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The Board may establish a dedicated sustainability committee having at least one female director. | The function is performed by the Enterprise Risk Management Committee of the Audit Committee of the Board.                                                             |

Lahore  
September 03, 2026

  
**Faisal Dawood**  
Chairman

# INDEPENDENT AUDITOR'S REPORT

## To the members of Descon Oxychem Limited

### REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the annexed unconsolidated financial statements of DESCON OXYCHEM LIMITED (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2026 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2026 and of the profit, the 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 the 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 Unconsolidated 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 Matters

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

Following are the key audit matters:

| Key Audit Matters                                                                                                 | How the Matter was Addressed in our Audit                                                                                          |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>1- Revenue</b>                                                                                                 |                                                                                                                                    |
| Refer to notes 3.15 & 27 to the unconsolidated financial statements.<br><br>The Company has earned revenue of Rs. | Our key audit procedures included:<br><br>· Obtained an understanding of the Company's processes and related internal controls for |

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| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How the Matter was Addressed in our Audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>4,992.624 million for the year ended June 30, 2026.</p> <p>The Company is primarily engaged in the manufacturing and sale of hydrogen peroxide at different concentrations. We identified recognition of revenue as a key audit matter due to revenue being one of the key performance indicators of the Company.</p>                                                                                                                                                                                                                                 | <p>revenue recognition and on a sample basis, tested the operating effectiveness of those controls.</p> <ul style="list-style-type: none"> <li>· Assessed the appropriateness of the Company's revenue recognition policies and their compliance with applicable accounting and reporting standards.</li> <li>· Performed walkthroughs of sales cycle including order booking, dispatch, invoicing and recording in GL.</li> <li>· Obtained an understanding of types of contracts with customers and compared a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents.</li> <li>· Selected samples of sales invoices and traced to delivery challans, GRNs, and customer acknowledgments.</li> <li>· Performed cut-off procedures on sales to ensure revenue has been recorded in the correct period.</li> <li>· Reconciled trial balance revenue with sales tax returns.</li> <li>· Considering adequacy of the related disclosures and assessing whether these are in accordance with the applicable accounting and reporting standards.</li> </ul>                                  |
| <b>2 - Stock in trade</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>Refer to notes 3.12 &amp; 22 to the unconsolidated financial statements which reflects stock in trade amounting to Rs. 587.638 million as at the reporting date.</p> <p>We have considered this area as a key audit matter due to its size, representing 12.86% of the total assets of the Company as at June 30, 2026 and the judgment involved in valuation. Further, determining an appropriate write-down as a result of net realizable value (NRV) and provision for slow-moving stock in trade involves management judgment and estimation.</p> | <p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>· Inquired and assessed the design and operating effectiveness of the Company's internal controls over inventories.</li> <li>· Observed physical inventory count procedures as at the year end and compared physically counted inventories with closing inventory reports provided by the management.</li> <li>· Inspected purchase documents on sample basis to check quantity and value of certain stock.</li> <li>· Checked and evaluated the accuracy of valuation of closing stock.</li> <li>· Compared the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards.</li> <li>· Assessed the provision for slow moving stocks as at the reporting date and assessed whether it is in accordance with the Company's policy and relevant accounting and reporting standards.</li> <li>· Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.</li> </ul> |

## **Information Other than the Unconsolidated 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

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

In preparing the unconsolidated 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.



**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants

Lahore

Dated: September 04, 2026

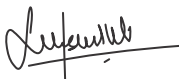
UDIN: AR202610051c43yOSFmA

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

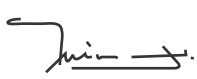
## as at June 30, 2026

|                                                                                               | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-----------------------------------------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                                                                 |      |                                       |                                       |
| <b>Share Capital and Reserves</b>                                                             |      |                                       |                                       |
| Authorized share capital<br>300,000,000 (2025: 300,000,000) Ordinary<br>shares of Rs. 10 each |      | 3,000,000                             | 3,000,000                             |
| Issued, subscribed and paid up share capital                                                  | 5    | 1,750,311                             | 1,750,311                             |
| Share premium                                                                                 | 6    | 3,022                                 | 3,022                                 |
| Unappropriated profit                                                                         |      | 1,120,382                             | 1,517,162                             |
|                                                                                               |      | 2,873,715                             | 3,270,495                             |
| <b>Non Current Liabilities</b>                                                                |      |                                       |                                       |
| Long term financing                                                                           | 7    | 42,930                                | 66,099                                |
| Deferred grant                                                                                | 8    | 2,488                                 | 6,218                                 |
| Deferred tax liability                                                                        | 9    | 102,076                               | 131,652                               |
|                                                                                               |      | 147,494                               | 203,969                               |
| <b>Current Liabilities</b>                                                                    |      |                                       |                                       |
| Trade and other payables                                                                      | 10   | 772,109                               | 851,614                               |
| Accrued finance costs                                                                         | 11   | 22,165                                | 990                                   |
| Finances under mark up arrangements - secured                                                 | 12   | 704,801                               | 114,257                               |
| Current portion of non current liabilities                                                    | 13   | 26,899                                | 26,899                                |
| Dividend payable                                                                              |      | 21,201                                | 18,966                                |
| Income tax payable                                                                            | 14   | -                                     | 83,488                                |
|                                                                                               |      | 1,547,175                             | 1,096,214                             |
| <b>Contingencies and Commitments</b>                                                          |      |                                       |                                       |
|                                                                                               | 15   | -                                     | -                                     |
| <b>Total Equity and Liabilities</b>                                                           |      | <b>4,568,384</b>                      | <b>4,570,678</b>                      |

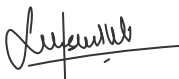
The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

|                                                                 | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-----------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| <b>ASSETS</b>                                                   |      |                                       |                                       |
| <b>Non Current Assets</b>                                       |      |                                       |                                       |
| Property, plant and equipment                                   | 16   | 1,836,077                             | 1,758,840                             |
| Intangible assets                                               | 17   | 434,892                               | 391,722                               |
| Long term investment                                            | 18   | 1,964                                 | 1,964                                 |
| Long term loans                                                 | 19   | 144                                   | 2,416                                 |
| Long term deposits                                              | 20   | 15,377                                | 15,377                                |
|                                                                 |      | 2,288,454                             | 2,170,319                             |
| <b>Current Assets</b>                                           |      |                                       |                                       |
| Stores and spares                                               | 21   | 580,039                               | 526,234                               |
| Stock in trade                                                  | 22   | 587,638                               | 653,599                               |
| Trade debts                                                     | 23   | 204,153                               | 227,986                               |
| Loans, advances, deposits, prepayments<br>and other receivables | 24   | 110,164                               | 99,651                                |
| Short term investments                                          | 25   | 452,317                               | 700,628                               |
| Tax refund due from the Government                              | 14   | 245,194                               | -                                     |
| Bank balances                                                   | 26   | 100,425                               | 192,261                               |
|                                                                 |      | 2,279,930                             | 2,400,359                             |
| <b>Total Assets</b>                                             |      | <b>4,568,384</b>                      | <b>4,570,678</b>                      |

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

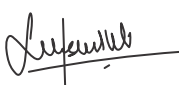
  
DIRECTOR

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

## for the Year Ended June 30, 2026

|                                               |      | 2026                          | 2025        |
|-----------------------------------------------|------|-------------------------------|-------------|
|                                               | Note | ---- Rupees in Thousands ---- |             |
| Sales                                         | 27   | 4,992,624                     | 5,916,317   |
| Cost of sales                                 | 28   | (4,128,214)                   | (4,211,771) |
| <b>Gross Profit</b>                           |      | 864,410                       | 1,704,546   |
| Administrative expenses                       | 29   | (268,847)                     | (247,984)   |
| Distribution and selling costs                | 30   | (224,835)                     | (194,457)   |
|                                               |      | (493,682)                     | (442,441)   |
| <b>Operating Profit</b>                       |      | 370,728                       | 1,262,105   |
| Other operating expenses                      | 31   | (83,228)                      | (120,968)   |
| Finance cost                                  | 32   | (64,875)                      | (9,905)     |
| Other income                                  | 33   | 136,614                       | 105,487     |
| <b>Profit before Levy and Taxation</b>        |      | 359,239                       | 1,236,719   |
| Levy / final taxation                         | 34   | (23,406)                      | (15,599)    |
| <b>Profit before Taxation</b>                 |      | 335,833                       | 1,221,120   |
| Taxation                                      | 34   |                               |             |
| - Income tax                                  |      | (62,065)                      | (503,381)   |
| - Deferred tax                                |      | 29,576                        | 72,420      |
|                                               |      | (32,489)                      | (430,961)   |
| <b>Net Profit for the Year</b>                |      | 303,344                       | 790,159     |
| <b>Earnings per Share - Basic and Diluted</b> | 35   | 1.73                          | 4.51        |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE

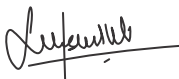
  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the Year Ended June 30, 2026

|                                                                            | 2026<br>---- Rupees in Thousands ---- | 2025           |
|----------------------------------------------------------------------------|---------------------------------------|----------------|
| <b>Net Profit for the Year</b>                                             | 303,344                               | 790,159        |
| <b>Other comprehensive income</b>                                          |                                       |                |
| <i>Items that will not be re-classified subsequently to profit or loss</i> | -                                     | -              |
| <i>Items that may be re-classified subsequently to profit or loss</i>      | -                                     | -              |
| <b>Total Comprehensive Income for the Year</b>                             | <u>303,344</u>                        | <u>790,159</u> |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### for the Year Ended June 30, 2026

| Particulars | Issued, Subscribed<br>and Paid up Capital | Capital Reserve | Revenue Reserve       | Total |
|-------------|-------------------------------------------|-----------------|-----------------------|-------|
|             |                                           | Share Premium   | Unappropriated Profit |       |

--- Rupees in Thousands ---

**Balance as at June 30, 2024** 1,750,311 3,022 1,427,127 3,180,460

|                                         |   |   |         |         |
|-----------------------------------------|---|---|---------|---------|
| Net profit for the year                 | - | - | 790,159 | 790,159 |
| Other comprehensive income for the year | - | - | -       | -       |

Total comprehensive income for the year - - 790,159 790,159

#### Transactions with owners

|                                                                            |   |   |           |           |
|----------------------------------------------------------------------------|---|---|-----------|-----------|
| Final dividend for the year ended June 30, 2024<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | (350,062) |
|----------------------------------------------------------------------------|---|---|-----------|-----------|

|                                                                                    |   |   |           |           |
|------------------------------------------------------------------------------------|---|---|-----------|-----------|
| Interim dividend for the period ended December 31, 2024<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | (350,062) |
|------------------------------------------------------------------------------------|---|---|-----------|-----------|

|   |   |           |           |
|---|---|-----------|-----------|
| - | - | (700,124) | (700,124) |
|---|---|-----------|-----------|

**Balance as at June 30, 2025** 1,750,311 3,022 1,517,162 3,270,495

|                                         |   |   |         |         |
|-----------------------------------------|---|---|---------|---------|
| Net profit for the year                 | - | - | 303,344 | 303,344 |
| Other comprehensive income for the year | - | - | -       | -       |

Total comprehensive income for the year - - 303,344 303,344

#### Transactions with owners

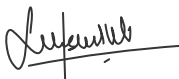
|                                                                            |   |   |           |           |
|----------------------------------------------------------------------------|---|---|-----------|-----------|
| Final dividend for the year ended June 30, 2025<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | (350,062) |
|----------------------------------------------------------------------------|---|---|-----------|-----------|

|                                                                                    |   |   |           |           |
|------------------------------------------------------------------------------------|---|---|-----------|-----------|
| Interim dividend for the period ended December 31, 2025<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | (350,062) |
|------------------------------------------------------------------------------------|---|---|-----------|-----------|

|   |   |           |           |
|---|---|-----------|-----------|
| - | - | (700,124) | (700,124) |
|---|---|-----------|-----------|

**Balance as at June 30, 2026** 1,750,311 3,022 1,120,382 2,873,715

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

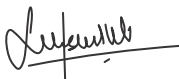
  
DIRECTOR

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

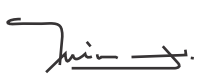
## for the Year Ended June 30, 2026

|                                                         | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|---------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |      |                                       |                                       |
| <b>Cash Generated from Operations</b>                   | 36   | 702,517                               | 1,893,326                             |
| Finance cost paid                                       |      | (43,700)                              | (10,156)                              |
| Income tax and levy paid                                | 14   | (414,153)                             | (307,962)                             |
| Profit on deposits received                             |      | 4,728                                 | 20,653                                |
| Long term loan to employees - net                       |      | 3,052                                 | 3,042                                 |
|                                                         |      | (450,073)                             | (294,423)                             |
| <b>Net Cash Generated from Operating Activities</b>     |      | 252,444                               | 1,598,903                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |      |                                       |                                       |
| Property, plant and equipment purchased                 |      | (335,316)                             | (137,761)                             |
| Intangible assets purchased                             |      | (124,164)                             | (381,116)                             |
| Proceeds from disposal of property, plant and equipment |      | 15                                    | 72                                    |
| Short term investments purchased                        |      | (901,928)                             | (2,702,623)                           |
| Short term investments redeemed                         |      | 1,151,357                             | 2,143,011                             |
| Dividend received                                       |      | -                                     | 1,503                                 |
| <b>Net Cash Used in Investing Activities</b>            |      | (210,036)                             | (1,076,914)                           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |      |                                       |                                       |
| Long term financing repaid                              |      | (26,899)                              | (26,899)                              |
| Finances obtained under mark up arrangements - net      |      | 590,544                               | 114,257                               |
| Dividends paid                                          |      | (697,889)                             | (692,401)                             |
| <b>Net Cash Used in Financing Activities</b>            | 37   | (134,244)                             | (605,043)                             |
| <b>Net Decrease in Cash and Cash Equivalents</b>        |      | (91,836)                              | (83,054)                              |
| Cash and cash equivalents at the beginning of the year  |      | 192,261                               | 275,315                               |
| <b>Cash and Cash Equivalents at the End of the Year</b> |      | 100,425                               | 192,261                               |

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS for the Year Ended June 30, 2026

### 1 The Company and its Operations

- 1.1** Descon Oxychem Limited (the Company) was incorporated in Pakistan as a private limited Company on November 12, 2004 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and was later converted into a public limited company. On September 15, 2008, the Company was listed on Pakistan Stock Exchange.
- 1.2** The Company is a subsidiary of DEL Chemicals (Private) Limited (the parent company) a private company incorporated in Pakistan and principally engaged in manufacturing, procurement and sale of hydrogen peroxide and allied products.
- 1.3** The Company has incorporated a wholly owned subsidiary "Descon Oxychem FZE" in Hamriyah Free Zone, Sharjah, UAE that is engaged in import, export and trading of chemicals & related products; detergents & disinfectants; water treatment & purification chemicals and raw materials.
- 1.4** The Company is domiciled in Pakistan and the geographical location and addresses of its offices are as under:

| Business Unit                   | Geographical Location                   |
|---------------------------------|-----------------------------------------|
| Head office / Registered Office | 18-KM Ferozepur Road, Lahore            |
| Production Plant / Factory      | 18- KM, Lahore-Sheikhupura Road, Lahore |

### 2 Basis of Preparation

#### 2.1 Statement of compliance

These unconsolidated 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:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

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

#### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except to the extent of the following:

|                        |         |                           |
|------------------------|---------|---------------------------|
| Long term financing    | Note 7  | (stated at Present value) |
| Deferred grant         | Note 8  | (stated at Present value) |
| Long term loans        | Note 19 | (stated at Present value) |
| Short term investments | Note 25 | (stated at Fair value)    |

### 2.3 Functional and presentation currency

These unconsolidated financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupees in thousands, unless stated otherwise.

### 2.4 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these unconsolidated financial statements relate primarily to:

- Estimation of provisions - Note 3.1
- Useful lives, residual values and depreciation method of property, plant and equipment – Note 3.8 & 16
- Expected credit loss allowance – Note 3.6.1, 23
- Amortization of intangible – Note 3.9, 17
- Provision for obsolescence of inventories - Note 3.11, 3.12, 21 & 22
- Estimation of contingent liabilities - Note 3.7 & 15
- Current income tax expense, provision for current tax and recognition of deferred tax - Note 3.3, 9, 14 & 34

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these unconsolidated financial statements.

### 2.5 Changes in accounting standards, interpretations and pronouncements

#### 2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments, and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's unconsolidated financial statements other than certain additional disclosures.

| Standard or Interpretation                   | Effective Date - Annual Periods<br>Beginning on or After |
|----------------------------------------------|----------------------------------------------------------|
| IAS 21 Amendments to lack of exchangeability | January 01, 2025                                         |

#### 2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

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

| Standard or Interpretation                    |                                                                                                         | Effective Date - Annual Periods |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------|
|                                               |                                                                                                         | Beginning on or After           |
| IFRS 1, 7, 9, 10 and IAS 7                    | Annual Improvements to IFRS Accounting Standards                                                        | January 01, 2026                |
| IFRS 7 & 9                                    | Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9 | January 01, 2026                |
| IFRS7, IFRS18, IAS1, IAS 8, IAS 36 and IAS 37 | Disclosures about Uncertainties in the Financial Statements                                             | January 01, 2026                |
| IFRS 18                                       | Presentation and Disclosure in Financial Statements                                                     | January 01, 2027                |
| IFRS 19                                       | Subsidiaries Without Public Accountability: Disclosures                                                 | January 01, 2027                |
| IFRS S1                                       | General Requirements for Disclosure of Sustainability-related Financial Information                     | July 01, 2027                   |
| IFRS S2                                       | Climate-Related Disclosures                                                                             | July 01, 2027                   |

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

IFRS 1 First Time Adoption of IFRS

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the unconsolidated financial statements for current and future periods and foreseeable future transactions.

### 3. Material Accounting Policy Information

Material accounting policy information adopted in the preparation of these unconsolidated financial statements is set out below. These policies have been consistently applied to all the periods presented unless stated otherwise.

#### 3.1 Provisions

A provision is recognized in the unconsolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and 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 each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

#### 3.2 Leases

The Company assesses whether a contract contains a lease or not at the inception of a contract. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

### ***Company as a lessee***

#### ***Recognition***

The Company recognizes a right of use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

#### ***Lease liability***

##### ***Initial measurement***

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

##### ***Subsequent measurement***

After the commencement date, the Company re-measures the lease liability to reflect the effect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in income and expenditure statement, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

#### ***Right of use asset***

##### ***Initial measurement***

The Company initially measures the right of use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

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

**Subsequent measurement**

After the commencement date, the Company measures the right of use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right of use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right of use asset reflects that the Company will exercise the purchase option, the Company depreciates the right of use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to unconsolidated profit and loss.

**3.3 Taxation**

Income tax expense for the year comprises current and deferred tax and is recognized in the unconsolidated profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

**Current**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. 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 after taking into account tax credits, rebates and exemptions, if any. 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.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid, irrespective of current and prior period, exceeds the amount due to those periods, the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFRIC 21. Further, the Company also charges tax expense under levy when tax is calculated under final tax regime.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

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

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

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

**3.4 Post employment benefits - Defined contribution scheme**

A recognized Voluntary Contributory Provident Fund Scheme (the Scheme) is in operation covering all permanent employees. Equal monthly contributions are made by the Company and employees at 6.3% of the base salary in accordance with the rules of the Scheme.

**3.5 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**3.6 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.6.1 Financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

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

**Classification**

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

***Initial recognition and measurement***

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at transaction price if these do not contain a significant financing component in accordance with IFRS 15.

***Subsequent measurement***

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method (EIR). The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the unconsolidated profit or loss. Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing as at the reporting date. The difference arising is charged to the unconsolidated profit or loss.

***Derecognition***

Financial assets are derecognized when the contractual rights to receive cash flows from assets have expired. The difference between the carrying amount and the consideration received is recognized in the unconsolidated profit or loss.

**Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures in which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the trade debtors and the economic environment.

**3.6.2 Financial liabilities****a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc. The Company does not reclassify any of its financial liabilities.

**b) Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortization is included as finance costs in consolidated profit or loss. Difference between carrying amount and consideration paid is recognized in consolidated profit or loss when the liabilities are derecognized.

**3.6.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.7 Contingent liabilities**

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**3.8 Property, plant and equipment****Owned**

Property, plant and equipment except freehold land is stated at cost less accumulated depreciation and identified impairment losses, if any. Freehold land is stated at cost. Cost of property, plant and equipment consists of historical cost; borrowing cost pertaining to the construction and erection period; and directly attributable costs of bringing assets to their working condition. Subsequently assets are stated at cost less accumulated depreciation and identified impairment loss, if any.

Depreciation is charged to the consolidated profit or loss using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates specified in Note 16 without taking into account any residual value which is considered insignificant. Depreciation on additions is charged from the day on which the asset is available for use up to the day in which the asset is disposed off.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Subsequent cost is included in the carrying amount of an asset 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. Day to day maintenance, normal repairs and gains or losses on disposal of property, plant and equipment are included in the current year's consolidated profit or loss.

**Capital work-in-progress**

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

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

**Major spare parts, catalyst and standby equipment**

Major spare parts, catalyst and standby equipment qualify as property, plant and equipment when the Company 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.

**3.9 Intangible assets**

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense in unconsolidated profit and loss.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using the straight line method so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the date the asset is acquired or capitalized up to the date the asset is disposed off. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant. Intangible assets are amortized at the rates specified in Note 17.

**3.10 Investments in subsidiaries**

Investments in subsidiaries where the Company has control over the subsidiary is measured at cost in the Company's unconsolidated financial statements in accordance with IAS-27 'Separate Financial Statements'.

The Company is required to publish consolidated financial statements along with its separate financial statements, in accordance with the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 27 'Consolidated and separate financial statements'.

**3.11 Stores and spares**

These are valued at lower of moving average cost and net realizable value while items considered obsolete, if any, are carried at nil value. Cost is determined using the weighted average pricing method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for slow moving, damaged and obsolete items are charged to unconsolidated profit or loss.

**3.12 Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined as follows:

|                     |                                                                      |
|---------------------|----------------------------------------------------------------------|
| Raw materials       | - Moving average cost                                                |
| Material in transit | - Cost comprising invoice value plus incidental charges paid thereon |
| Work in process     | - Estimated average manufacturing cost                               |
| Finished goods      | - Average manufacturing cost                                         |

Manufacturing cost in relation to finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

**3.13 Balances from contract with customers****Contract assets**

A contract asset is the right to consideration in exchange for goods transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due.

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts as at the reporting date. Bad debts are written off when identified.

**Contract liabilities**

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods to the customer.

**3.14 Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks in current and savings accounts.

**3.15 Revenue recognition**

Revenue is recognized when the performance obligation is satisfied by applying the following five steps of revenue recognition:

- a) Identify the contract with a customer
- b) Identify the performance obligation in the contract
- c) Determine the transaction price of the contract
- d) Allocate the transaction price to each of the separate performance obligations in the contract
- e) Recognize the revenue as the Company satisfies a performance obligation

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring goods to its customers and when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Control is transferred when the goods are dispatched to the customers, in case of local sales and in case of export sales when goods are shipped to the customers and loaded on vessel or delivered at port. The transaction price is fixed and decided mostly through internal and external factors. The contracts do not contain the right of return as the goods are dispatched to the customer after their inspection and acceptance.

**3.16 Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or business segments of the Company, if any, are at arm's length basis determined using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

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

**3.17 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 after tax 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 after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

**3.18 Impairment of non-financial assets**

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on such assets are charged to the unconsolidated profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

**3.19 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (the Chief Executive Officer of the Company) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities.

**4 Other Accounting Policy Information**

Other accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless stated otherwise.

**4.1 Government grants**

Grants from the government are recognized 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 unconsolidated profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment, if any, are included in non current liabilities as deferred income and are credited to the unconsolidated profit or loss on a straight-line basis over the expected lives of the related assets.

**4.2 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to the unconsolidated profit or loss in the period in which they are incurred.

### 4.3 Dividend distributions

Dividends to shareholders of the Company are recognized as a liability in the period in which these are approved.

### 4.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels of fair value measurement which are as under:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

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

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to unconsolidated profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### 4.5 Foreign currency transactions and translations

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 reporting date. Foreign exchange gains and losses on translation are recognized in the unconsolidated 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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**5. Issued, Subscribed and Paid up Share Capital**

| 2026               | 2025               |                                                                                                  | 2026                          | 2025             |
|--------------------|--------------------|--------------------------------------------------------------------------------------------------|-------------------------------|------------------|
| Number of Shares   |                    |                                                                                                  | ---- Rupees in Thousands ---- |                  |
| 102,000,000        | 102,000,000        | Ordinary shares of Rs. 10 each fully paid in cash                                                | 1,020,000                     | 1,020,000        |
| 48,888,866         | 48,888,866         | Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash (note 5.2) | 488,889                       | 488,889          |
| 24,142,218         | 24,142,218         | Ordinary shares of Rs. 10 each fully paid as bonus shares (note 5.3)                             | 241,422                       | 241,422          |
| <b>175,031,084</b> | <b>175,031,084</b> |                                                                                                  | <b>1,750,311</b>              | <b>1,750,311</b> |

**5.1** As at the reporting date, the shares of the Company as held by its holding company and associated companies were as under:

|                                                       | 2026           | 2025          | 2026               | 2025               |
|-------------------------------------------------------|----------------|---------------|--------------------|--------------------|
|                                                       | Shareholding % |               | Number of shares   |                    |
| DEL Chemicals (Private) Limited (the holding company) | 34.48%         | 34.48%        | 60,358,918         | 60,358,918         |
| Descon Engineering Limited (DEL)                      | 32.40%         | 32.40%        | 56,711,084         | 56,711,084         |
| Descon Corporation (Private) Limited                  | 5.74%          | 5.74%         | 10,051,697         | 10,051,697         |
|                                                       | <b>72.62%</b>  | <b>72.62%</b> | <b>127,121,699</b> | <b>127,121,699</b> |

**5.2** Pursuant to a special resolution passed by the shareholders in the Extraordinary General Meeting held on November 27, 2019, and subsequent approval by the Securities and Exchange Commission of Pakistan vide its order dated January 10, 2020, the Company increased its paid-up share capital from Rs. 1,020,000,000 (102,000,000 ordinary shares of Rs 10 each) to Rs. 1,508,888,660 (150,888,866 ordinary shares of Rs 10 each), through the issuance of 48,888,866 ordinary shares of Rs. 10 each at a price of Rs. 15 per share (including a premium of Rs. 5 per share), otherwise than by way of right, under clause (b) of sub-section (1) of Section 83 of the Companies Act, 2017. These shares were issued to Descon Engineering Limited ('DEL') on January 29, 2020 against settlement of the Company's outstanding long-term loan of Rs. 733.33 million payable to DEL.

**5.3** The Company in the year 2021 issued 24,142,218 bonus shares of Rs. 10 each against share premium of Rs. 241.422 million on the basis that 16 shares were issued for every 100 shares held by the shareholders.

**5.4** All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

**5.5** No shares of the Company were cancelled or further issued during the year.

**6. Share Premium**

The Company issued 24,142,218 ordinary shares of Rs. 10 as bonus shares as referred to in note 5.3 against the share premium of Rs. 241.422 million in terms of section 81 of the Companies Act, 2017. The outstanding amount of Rs. 3.022 million (2025: Rs. 3.022 million) can be utilized by the Company only for the purposes as specified in section 81 of the Companies Act, 2017.

| 7. | Long Term Financing                                   | Note | 2026                          | 2025     |
|----|-------------------------------------------------------|------|-------------------------------|----------|
|    |                                                       |      | ---- Rupees in Thousands ---- |          |
|    | Allied Bank Limited                                   | 7.1  | 72,317                        | 99,216   |
|    | Less: Deferred grant                                  |      | (5,965)                       | (10,821) |
|    |                                                       |      | 66,352                        | 88,395   |
|    | Less: Current portion shown under current liabilities | 13   | (23,422)                      | (22,296) |
|    |                                                       |      | 42,930                        | 66,099   |

#### 7.1 Temporary Economic Refinance Facility (TERF)

This represents the outstanding balance of the SBP's Temporary Economic Refinance Facility (TERF) obtained from Allied Bank Limited for capacity expansion of the Company's existing Hydrogen Peroxide plant. Out of the available limit of Rs. 487 million, the Company had utilized Rs. 174.84 million. The recognized portion as at the reporting date is net of Rs. 5.965 million (2025: Rs. 10.821 million) which is treated as deferred grant. This loan is secured against first pari passu charge over all present and future fixed assets (plant and machinery) of the Company amounting to Rs. 880 million and ranking charge over present and future fixed assets (plant and machinery) of the Company amounting to Rs. 22 million.

#### Terms of markup

The facility carries markup at SBP rate plus 1% per annum (2025: SBP rate plus 1% per annum) payable quarterly in arrears.

#### Terms of repayment

Temporary Economic Refinance Facility (TERF) is repayable in twenty equal quarterly installments till May 16, 2029.

| 8. | Deferred Grant        | Note | 2026                          | 2025    |
|----|-----------------------|------|-------------------------------|---------|
|    |                       |      | ---- Rupees in Thousands ---- |         |
|    | Deferred grant        | 8.1  | 5,965                         | 10,821  |
|    | Less: Current portion |      | (3,477)                       | (4,603) |
|    |                       |      | 2,488                         | 6,218   |

**8.1** This represents the value of benefit of below market interest rate which has been accounted for as government grant under IAS 20, 'Accounting for Government Grant and Disclosure for Government Assistance'.

**8.2** The grant is amortized in line with the terms of long term financing. During the year, deferred grant of Rs. 4.856 million (2025: Rs. 6.123 million) has been amortized and netted off against the finance cost (refer to Note 32).

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

| 9. Deferred Tax Liability                                            | 2026                          | 2025     |
|----------------------------------------------------------------------|-------------------------------|----------|
|                                                                      | ---- Rupees in Thousands ---- |          |
| <b>Taxable temporary differences</b>                                 |                               |          |
| Accelerated tax depreciation                                         | 132,146                       | 149,173  |
| Unrealized gain on short term investments                            | 280                           | 240      |
|                                                                      | 132,426                       | 149,413  |
| <b>Deductible temporary differences</b>                              |                               |          |
| Provision for obsolescence of inventories                            | (10,233)                      | (9,935)  |
| Provision for doubtful advances                                      | (1,667)                       | (1,499)  |
| Expected credit loss allowance                                       | (9,698)                       | (5,904)  |
| Provisions for WPPF and WWF                                          | (8,653)                       | -        |
| Long term loans                                                      | (99)                          | (423)    |
|                                                                      | (30,350)                      | (17,761) |
|                                                                      | 102,076                       | 131,652  |
| <b>9.1 Reconciliation of deferred tax liabilities</b>                |                               |          |
| Opening balance                                                      | 131,652                       | 204,072  |
| Deferred tax recognized in unconsolidated profit or loss             | (29,576)                      | (72,420) |
| Deferred tax recognized in unconsolidated other comprehensive income | -                             | -        |
| Closing balance                                                      | 102,076                       | 131,652  |

**9.2** Deferred tax assets / liabilities on temporary differences are measured at effective rate of 32.5% (2025: 39%).

**9.3 Analysis of change in deferred tax**

|                                           | Statement of Financial Position |         | Statement of Profit or Loss |          |
|-------------------------------------------|---------------------------------|---------|-----------------------------|----------|
|                                           | 2026                            | 2025    | 2026                        | 2025     |
|                                           | ---- Rupees in Thousands ----   |         |                             |          |
| Accelerated tax depreciation              | 132,146                         | 149,173 | (17,027)                    | (60,919) |
| Unrealized gain on short term investments | 280                             | 240     | 40                          | 194      |
| Provision for obsolescence of inventories | (10,233)                        | (9,935) | (298)                       | (8,591)  |
| Expected credit loss allowance            | (9,698)                         | (5,904) | (3,794)                     | (3,484)  |
| Provision for doubtful advances           | (1,667)                         | (1,499) | (168)                       | -        |
| Provisions for WPPF and WWF               | (8,653)                         | -       | (8,653)                     | -        |
| Long term loans                           | (99)                            | (423)   | 324                         | 380      |
|                                           | 102,076                         | 131,652 | (29,576)                    | (72,420) |

| 10. | Trade and Other Payables             | Note | 2026<br>---- Rupees in Thousands ---- | 2025           |
|-----|--------------------------------------|------|---------------------------------------|----------------|
|     | Trade creditors                      | 10.1 | 250,664                               | 182,058        |
|     | Contract liabilities                 | 10.2 | 68,054                                | 118,829        |
|     | Accrued liabilities                  | 10.3 | 390,530                               | 450,912        |
|     | Workers' (profit) participation fund | 10.4 | 19,293                                | 48,073         |
|     | Workers' welfare fund                | 10.5 | 7,331                                 | 27,654         |
|     | Other liabilities                    |      | 11,278                                | 22,335         |
|     | Provident fund payable               | 10.6 | 2,053                                 | 1,753          |
|     | Sales tax payable - net              |      | 22,906                                | -              |
|     |                                      |      | <u>772,109</u>                        | <u>851,614</u> |

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

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Descon Engineering Limited           | 49,054        | 8,228         |
| Descon Corporation (Private) Limited | 2,748         | 1,816         |
| Inspectest (Private) Limited         | 4,695         | 4,737         |
| Interworld Travels (Private) Limited | 2,180         | -             |
| Popular Travels and Tours            | 196           | -             |
|                                      | <u>58,873</u> | <u>14,781</u> |

**10.2** These contract liabilities are expected to be satisfied during the year ending on June 30, 2027 (2025: June 30, 2026).

**10.3** This includes Rs. 24.938million (2025: Rs. 50.495 million) payable to Descon (Private) Limited against royalty.

**10.4 Workers' (profit) participation fund**

|                                                 |               |               |
|-------------------------------------------------|---------------|---------------|
| Opening balance                                 | 48,073        | 43,963        |
| Add: Provision for the year                     | 19,293        | 48,073        |
| Less: Payments made to the fund during the year | (48,073)      | (43,963)      |
| Closing balance                                 | <u>19,293</u> | <u>48,073</u> |

**10.5 Workers' welfare fund**

|                                     |              |               |
|-------------------------------------|--------------|---------------|
| Opening balance                     | 27,654       | 18,666        |
| Add: Provision for the year         | 7,331        | 27,654        |
| Less: Payments made during the year | (27,654)     | (18,666)      |
| Closing balance                     | <u>7,331</u> | <u>27,654</u> |

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

| 11. | Accrued Finance Costs                         | Note | 2026<br>---- Rupees in Thousands ---- | 2025       |
|-----|-----------------------------------------------|------|---------------------------------------|------------|
|     | Long term financing                           |      | 380                                   | 514        |
|     | Finances under mark up arrangements - secured |      | 21,785                                | 476        |
|     |                                               | 11.1 | <u>22,165</u>                         | <u>990</u> |

**11.1** This represents markup accrued from conventional and islamic banks against borrowings utilized during the year.

**12. Finances Under Mark up Arrangements - Secured**

**Banking companies - Secured**

|                 |                |                |
|-----------------|----------------|----------------|
| Running finance | <u>704,801</u> | <u>114,257</u> |
|-----------------|----------------|----------------|

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

## 12.1 Terms and conditions of borrowings

**Purpose**

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,775 million (2025: Rs. 3,075 million) including running finance facilities amounting to Rs. 1,650 million (2025: Rs. 1,650 million), to meet the working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables, issue guarantee and loan against trust receipts etc. The unutilized funded and non-funded facilities amounted to Rs. 1,494 million (2025: Rs. 2,428 million).

**Markup**

Mark-up on these facilities is charged using 1 to 3 months KIBOR + spread of 0.25% to 1% (2025: 1 to 3 months KIBOR + spread of 0.25% to 1%) per annum, payable on monthly / quarterly basis in arrears.

**Securities**

These facilities are secured by way of joint pari passu charge, ranking hypothecation charge over present and future current assets of the Company, lien over import documents, trust receipts, master counter guarantee, accepted bills of exchange and cash margins.

|                                                                  |      | 2026                          | 2025           |
|------------------------------------------------------------------|------|-------------------------------|----------------|
|                                                                  |      | ---- Rupees in Thousands ---- |                |
| <b>13. Current Portion of Non Current Liabilities</b>            | Note |                               |                |
| Long term financing                                              | 7    | 23,422                        | 22,296         |
| Deferred grant                                                   | 8    | 3,477                         | 4,603          |
|                                                                  |      | <u>26,899</u>                 | <u>26,899</u>  |
| <b>14. Income Tax Payable / (Tax Refund Due from Government)</b> |      |                               |                |
| Opening balance                                                  |      | 83,488                        | (127,530)      |
| Add: Charge for the year                                         | 34   | 95,079                        | 557,640        |
| Add: Prior year adjustment                                       | 34   | (9,608)                       | (38,660)       |
|                                                                  |      | <u>168,959</u>                | <u>391,450</u> |
| Less: Payment / adjustments                                      |      | (414,153)                     | (307,962)      |
| (Tax refund due from the Government) / Income tax payable        |      | <u>(245,194)</u>              | <u>83,488</u>  |

**14.1** The provision for current year tax represents corporate tax at 29% (2025: 29%) and super tax at the rate of 3.5% (2025: 10%) as per the Income Tax Ordinance, 2001.

**14.2** Income tax assessments are deemed finalized by the management up to the Tax Year 2025 as tax returns were filed under the self assessment scheme.

**15 Contingencies and Commitments****15.1 Contingencies**

**15.1.1** The Honorable Supreme Court of Pakistan ('HSCP') 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 HSCP, 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 filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Company's legal advisor is of the opinion that the judgment does not apply to the arrears under the Gas Infrastructure Development Cess Act, 2011 and the Gas Infrastructure Development Ordinance 2014 that are, in terms of the first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first provision of section 8 (2) is subject to the determination by High Level Committee ('Committee') of SNGPL. The decision has not been made by the Committee on its applicability and the amount to be paid by the Company. Accordingly, the Company has not recognized the estimated provision of Rs. 55.32 million (2025: Rs. 55.32 million) in these unconsolidated financial statements. However, the Company has provided guarantee of Rs. 55.32 million (2025: Rs. 55.32 million) to SNGPL.

- 15.1.2** In September 2025, the Company filed a petition before the Honorable Lahore High Court ('HLHC') challenging notifications issued by Oil and Gas Regulatory Authority ('OGRA') dated March 28, 2025, through which a retrospective RLNG tariff adjustment of Rs. 119 million was imposed by Sui Northern Gas Pipelines Limited ('SNGPL') and included in the Company's gas bill for the month of July 2025. Subsequently, during the pendency of proceedings before the HLHC, OGRA issued fresh notifications on November 28, 2025, superseding the earlier notifications, as a result of which the original petition became infructuous.

Consequently, the Company challenged the notifications dated November 28, 2025 before the HLHC, which admitted the petition for regular hearing and granted interim relief. The Company is hopeful for a favorable outcome of the case.

## 15.2 Guarantees

The Company has issued guarantees to the following parties:

Against performance of contracts:

Sui Northern Gas Pipelines Limited  
Pakistan State Oil Company Limited  
Al-Technique Corporation of Pakistan

| 2026                          | 2025           |
|-------------------------------|----------------|
| ---- Rupees in Thousands ---- |                |
| 151,286                       | 151,286        |
| 3,500                         | 3,500          |
| 28,407                        | 28,407         |
| <b>183,193</b>                | <b>183,193</b> |

Post dated cheques issued in favor of National Tariff Commission of Pakistan, Collector of Customs and Sui Northern Gas Pipelines Limited aggregate to Rs. 43.489 million (2025: Rs. 42.14 million).

## 15.3 Commitments

The Company has the following commitments in respect of:

Letters of credits

|                |                |
|----------------|----------------|
|                |                |
| <b>337,309</b> | <b>293,983</b> |

## 16. Property, Plant and Equipment

Operating fixed assets - owned assets  
Capital work in progress  
Major spare parts, catalysts and standby equipment

|      | 2026             | 2025                        |
|------|------------------|-----------------------------|
|      | ---              | --- Rupees in Thousands --- |
| Note |                  |                             |
| 16.1 | 1,704,683        | 1,613,944                   |
| 16.2 | 2,892            | 25,199                      |
| 16.3 | 128,502          | 119,697                     |
|      | <u>1,836,077</u> | <u>1,758,840</u>            |

### 16.1 Operating fixed assets

#### Year Ended June 30, 2026

| Description                        | Freehold Land  | Buildings on Freehold Land | Plant, Machinery and Equipment | Plant, Machinery and Equipment - Catalyst | Solar Power Systems | Material Handling, Tools and Other Equipment | Laboratory Equipment | Computers and Related Equipment | Electrical and Office Equipment | Furniture and Fixture | Vehicles      | Total            |
|------------------------------------|----------------|----------------------------|--------------------------------|-------------------------------------------|---------------------|----------------------------------------------|----------------------|---------------------------------|---------------------------------|-----------------------|---------------|------------------|
| --- Rupees in Thousands ---        |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |               |                  |
| <b>Cost</b>                        |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |               |                  |
| Balance as at July 01, 2025        | 101,316        | 459,842                    | 4,358,904                      | 30,405                                    | 48,466              | 60,997                                       | 17,293               | 32,826                          | 28,922                          | 17,692                | 16,555        | 5,173,218        |
| Additions                          | -              | 34,564                     | 101,267                        | 7,842                                     | 174,609             | 6,291                                        | 10,206               | 6,338                           | 4,555                           | 3,146                 | -             | 948,818          |
| Disposals during the year          | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (148)                           | -                               | -                     | -             | (148)            |
| Write offs                         | -              | -                          | -                              | -                                         | -                   | (500)                                        | -                    | (97)                            | (205)                           | (61)                  | -             | (863)            |
| Balance as at June 30, 2026        | <u>101,316</u> | <u>494,406</u>             | <u>4,460,171</u>               | <u>38,247</u>                             | <u>223,075</u>      | <u>66,788</u>                                | <u>27,499</u>        | <u>38,919</u>                   | <u>33,272</u>                   | <u>20,777</u>         | <u>16,555</u> | <u>5,521,025</u> |
| <b>Accumulated depreciation</b>    |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |               |                  |
| Balance as at July 01, 2025        | -              | 271,773                    | 3,154,110                      | 28,143                                    | 2,141               | 31,783                                       | 15,883               | 20,987                          | 13,852                          | 10,982                | 9,610         | 3,559,274        |
| Charge for the year                | -              | 37,103                     | 184,366                        | 2,583                                     | 6,984               | 9,258                                        | 1,254                | 6,877                           | 4,237                           | 2,626                 | 2,433         | 257,721          |
| Adjustments on disposals           | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (148)                           | -                               | -                     | -             | (148)            |
| Adjustments on write offs          | -              | -                          | -                              | -                                         | -                   | (142)                                        | -                    | (97)                            | (205)                           | (61)                  | -             | (505)            |
| Balance as at June 30, 2026        | <u>-</u>       | <u>308,876</u>             | <u>3,338,476</u>               | <u>30,726</u>                             | <u>9,125</u>        | <u>40,999</u>                                | <u>17,137</u>        | <u>27,619</u>                   | <u>17,864</u>                   | <u>13,557</u>         | <u>12,043</u> | <u>3,815,342</u> |
| <b>Balance as at June 30, 2026</b> | <u>101,316</u> | <u>185,530</u>             | <u>1,121,695</u>               | <u>7,521</u>                              | <u>213,950</u>      | <u>25,889</u>                                | <u>10,362</u>        | <u>11,300</u>                   | <u>15,388</u>                   | <u>7,220</u>          | <u>4,512</u>  | <u>1,706,683</u> |
| <b>Depreciation rates</b>          | -              | 5% to 25%                  | 6.25% to 33%                   | 10% to 50%                                | 6.25% to 20%        | 6.25% to 33%                                 | 6.25% to 20%         | 33%                             | 20%                             | 10% to 20%            | 20%           | 20%              |

#### Year Ended June 30, 2025

| Description                        | Freehold Land  | Buildings on Freehold Land | Plant, Machinery and Equipment | Plant, Machinery and Equipment - Catalyst | Solar Power Systems | Material Handling, Tools and Other Equipment | Laboratory Equipment | Computers and Related Equipment | Electrical and Office Equipment | Furniture and Fixture | Vehicles      | Total            |
|------------------------------------|----------------|----------------------------|--------------------------------|-------------------------------------------|---------------------|----------------------------------------------|----------------------|---------------------------------|---------------------------------|-----------------------|---------------|------------------|
| --- Rupees in Thousands ---        |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |               |                  |
| <b>Cost</b>                        |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |               |                  |
| Balance as at July 01, 2024        | 101,316        | 420,647                    | 4,357,713                      | 30,405                                    | -                   | 49,280                                       | 17,575               | 30,313                          | 24,447                          | 19,830                | 16,622        | 5,063,148        |
| Additions                          | -              | 39,195                     | 24,773                         | -                                         | 48,466              | 12,698                                       | 515                  | 8,819                           | 7,404                           | 648                   | -             | 142,518          |
| Disposals during the year          | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (716)                           | -                               | -                     | -             | (716)            |
| Write offs                         | -              | -                          | (23,582)                       | -                                         | -                   | (981)                                        | (797)                | (5,590)                         | (2,929)                         | (2,786)               | (67)          | (36,732)         |
| Balance as at June 30, 2025        | <u>101,316</u> | <u>459,842</u>             | <u>4,358,904</u>               | <u>30,405</u>                             | <u>48,466</u>       | <u>60,997</u>                                | <u>17,293</u>        | <u>32,826</u>                   | <u>28,922</u>                   | <u>17,692</u>         | <u>16,555</u> | <u>5,173,218</u> |
| <b>Accumulated depreciation</b>    |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |               |                  |
| Balance as at July 01, 2024        | -              | 241,012                    | 2,863,541                      | 27,765                                    | -                   | 24,208                                       | 15,724               | 21,330                          | 12,876                          | 11,123                | 7,244         | 3,224,823        |
| Charge for the year                | -              | 30,761                     | 313,618                        | 378                                       | 2,141               | 8,513                                        | 956                  | 5,804                           | 3,855                           | 2,648                 | 2,433         | 371,107          |
| Adjustments on disposals           | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (569)                           | -                               | -                     | -             | (569)            |
| Adjustments on write offs          | -              | -                          | (23,049)                       | -                                         | -                   | (938)                                        | (797)                | (5,576)                         | (2,879)                         | (2,779)               | (67)          | (36,087)         |
| Balance as at June 30, 2025        | <u>-</u>       | <u>271,773</u>             | <u>3,154,110</u>               | <u>28,143</u>                             | <u>2,141</u>        | <u>31,783</u>                                | <u>15,883</u>        | <u>20,987</u>                   | <u>13,852</u>                   | <u>10,982</u>         | <u>9,610</u>  | <u>3,559,274</u> |
| <b>Balance as at June 30, 2025</b> | <u>101,316</u> | <u>188,069</u>             | <u>1,204,794</u>               | <u>2,262</u>                              | <u>46,325</u>       | <u>29,214</u>                                | <u>1,410</u>         | <u>11,839</u>                   | <u>15,070</u>                   | <u>6,700</u>          | <u>6,945</u>  | <u>1,613,944</u> |
| <b>Depreciation rates</b>          | -              | 5% to 25%                  | 6.25% to 33%                   | 10% to 50%                                | 6.25% to 20%        | 6.25% to 33%                                 | 6.25% to 20%         | 33%                             | 20%                             | 10% to 20%            | 20%           | 20%              |

16.1.1 Particulars of Immoveable property (i.e. land and building) in the name of Company are as follows:

| Location / Address           | Usage of Immoveable property | Total Area (Sq. ft.) | Covered Area (Sq. ft.) |
|------------------------------|------------------------------|----------------------|------------------------|
| 18 Km Lahore Shakkupura Road | Production plant and factory | 1,220,000            | 566,280                |

**16.1.2** No fixed assets were disposed off during the year having individual book value exceeding Rs. 500,000 or more.

**16.1.3 Apportionment of depreciation charge for the year**

|                                                                   | Note | 2026<br>---- Rupees in Thousands ---- | 2025           |
|-------------------------------------------------------------------|------|---------------------------------------|----------------|
| Depreciation charge for the year has been apportioned as follows: |      |                                       |                |
| Cost of sales                                                     | 28   | 252,843                               | 366,657        |
| Administrative expenses                                           | 29   | 3,712                                 | 3,336          |
| Distribution and selling costs                                    | 30   | 1,166                                 | 1,114          |
|                                                                   |      | <u>257,721</u>                        | <u>371,107</u> |

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

**16.1.5** Borrowings of the Company are secured against first pari passu charge over all present and future fixed assets (plant and machinery) of the Company amounting to Rs. 880 million (2025: Rs. 880 million) and ranking charge over present and future fixed assets (plant and machinery) of the Company amounting to Rs. 22 million (2025: Rs. 22 million).

**16.1.6** The cost of fully depreciated assets which are still in use as at June 30, 2026 is Rs. 996.214 million (2025: Rs. 816.500 million).

**16.1.7** During the year, for better presentation, the Company decided to consolidate; 'Material handling' and 'Tools and Equipments' into 'Material Handling, Tools and Other Equipment' and 'Office Equipment' and 'Electrical Equipment' into 'Electrical and Office Equipment'. Had this not been done, the assets would have been presented as follows:

|                                | Cost                          | Accumulated depreciation | Net Book Value   |
|--------------------------------|-------------------------------|--------------------------|------------------|
|                                | ---- Rupees in Thousands ---- |                          |                  |
| Plant, Machinery and Equipment | 4,683,246                     | 3,347,601                | 1,335,645        |
| Material Handling Equipment    | 3,704                         | 2,951                    | 753              |
| Tools and Equipment            | 63,084                        | 37,948                   | 25,136           |
| Electrical Equipment           | 5,862                         | 2,214                    | 3,648            |
| Office Equipment               | 27,410                        | 15,670                   | 11,740           |
|                                | <u>4,783,306</u>              | <u>3,406,384</u>         | <u>1,376,922</u> |

**16.2 Capital work in progress**

|                     |        |              |               |
|---------------------|--------|--------------|---------------|
| Plant and machinery |        | 2,258        | 18,556        |
| Others              |        | 634          | 6,643         |
|                     | 16.2.1 | <u>2,892</u> | <u>25,199</u> |

**16.2.1** Reconciliation of the carrying amount is as follows:

|                     | 2026                           |                                            |                                                     |                                     |                                |
|---------------------|--------------------------------|--------------------------------------------|-----------------------------------------------------|-------------------------------------|--------------------------------|
|                     | Balance as at<br>July 01, 2025 | Expenditure<br>incurred during<br>the year | Classifications<br>/ Transfers to<br>profit or loss | Transfers to<br>operating<br>assets | Balance as at<br>June 30, 2026 |
|                     | ---- Rupees in Thousands ----  |                                            |                                                     |                                     |                                |
| Plant and machinery | 18,556                         | 175,513                                    | (8,715)                                             | (183,096)                           | 2,258                          |
| Civil works         | -                              | 29,363                                     | -                                                   | (29,363)                            | -                              |
| Others              | 6,643                          | 108                                        | (4,097)                                             | (2,020)                             | 634                            |
|                     | 25,199                         | 204,984                                    | (12,812)                                            | (214,479)                           | 2,892                          |

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

|                     | 2025                           |                                            |                                |                                     |                                |
|---------------------|--------------------------------|--------------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|                     | Balance as at<br>July 01, 2024 | Expenditure<br>incurred during<br>the year | Transfers to<br>profit or loss | Transfers to<br>operating<br>assets | Balance as at<br>June 30, 2025 |
|                     | ---- Rupees in Thousands ----  |                                            |                                |                                     |                                |
| Plant and machinery | 46,842                         | 21,732                                     | -                              | (50,018)                            | 18,556                         |
| Civil works         | 10,500                         | 27,705                                     | -                              | (38,205)                            | -                              |
| Others              | 1,105                          | 10,381                                     | -                              | (4,843)                             | 6,643                          |
|                     | 58,447                         | 59,818                                     | -                              | (93,066)                            | 25,199                         |

**16.3 Major spare parts, catalyst and standby equipment**

The reconciliation of carrying amount is as follows:

|                                                                  | 2026                          | 2025     |
|------------------------------------------------------------------|-------------------------------|----------|
|                                                                  | ---- Rupees in Thousands ---- |          |
| Opening balance                                                  | 119,697                       | 91,206   |
| Additions                                                        | 202,219                       | 77,507   |
| Less: Transfers to capital work in progress during the year      | (115,439)                     | -        |
| Less: Transfers to property, plant and equipment during the year | (77,975)                      | (49,016) |
| Closing balance                                                  | 128,502                       | 119,697  |

**17. Intangible Assets**

Note

|                          | 2026                          | 2025    |
|--------------------------|-------------------------------|---------|
|                          | ---- Rupees in Thousands ---- |         |
| Intangibles              | 434,892                       | 12,298  |
| Capital work in progress | -                             | 379,424 |
|                          | 434,892                       | 391,722 |

**17.1 Breakup of Software****Net Carrying Value**

|                              |          |         |
|------------------------------|----------|---------|
| Opening balance              | 12,298   | 16,404  |
| Additions during the year    | 503,588  | 1,692   |
|                              | 515,886  | 18,096  |
| Amortization during the year | (80,994) | (5,798) |
| Closing balance              | 434,892  | 12,298  |

17.3

**Gross Carrying Value**

|                          |           |           |
|--------------------------|-----------|-----------|
| Cost                     | 663,564   | 159,976   |
| Accumulated amortization | (228,672) | (147,678) |
| Net book value           | 434,892   | 12,298    |

Amortization rate per annum

10% - 33.33%      10% - 33.33%

**17.2 Capital work in progress**

|                           |           |         |
|---------------------------|-----------|---------|
| Opening balance           | 379,424   | -       |
| Additions during the year | 124,164   | 379,424 |
| Transfer to intangibles   | (503,588) | -       |
| Closing                   | -         | 379,424 |

17.2.1

17.2.1

**17.2.1** This represent payment made by the Company to obtain technical know-how and data related to processes of the Company for expansion of plant as well as increasing the efficiency of current installation. Amidst the unfavourable market conditions, the Company has decided to postpone the expansion, however, owing to the long term benefits attributable to enhanced efficiency and expansion plan, management has resolved to capitalize the asset and amortize over a period of 5 years.

**17.3** Amortization charge for the year has been allocated as follows:

|                         |    |               |              |
|-------------------------|----|---------------|--------------|
| Cost of sales           | 28 | 75,630        | 2,965        |
| Administrative expenses | 29 | 5,364         | 2,833        |
|                         |    | <u>80,994</u> | <u>5,798</u> |

**17.4** Intangible assets also includes the cost of ERP software and licenses.

**17.5** The residual value of these intangible assets is insignificant. These intangibles are not internally generated.

**17.6** Intangible assets included fully amortized assets still in the use of the Company having cost amounting to Rs. 133.365 million (2025: Rs. 133.365 million).

## **18. Long Term Investment**

This represents 25 ordinary shares of AED 1,000 each, representing 100% (2025: 100%) shares in the Company's subsidiary, Descon Oxychem FZE, a limited liability company setup in Hamriyah Free Zone, Sharjah, United Arab Emirates. As of the reporting date, no payment has been made against its share capital. The investment in subsidiary is accounted for at cost in accordance with IAS-27.

| <b>19. Long Term Loans</b>           | Note | <b>2026</b>                   | <b>2025</b>  |
|--------------------------------------|------|-------------------------------|--------------|
|                                      |      | ---- Rupees in Thousands ---- |              |
| Due from employees - considered good |      | 3,500                         | 6,750        |
| Present value adjustment             |      | (304)                         | (1,084)      |
|                                      |      | <u>3,196</u>                  | <u>5,666</u> |
| Current portion of long term loans   | 24.2 | (3,052)                       | (3,250)      |
|                                      |      | <u>144</u>                    | <u>2,416</u> |

**19.1** This represents interest free loan given to employees in accordance with the terms of employment. The loan is secured against the property documents and is recoverable over a period of five years including grace period of one year. These loan are discounted using effective interest rate ranging from 17.73% to 18.14% per annum (2025: 17.73% to 18.14% per annum).

| <b>20. Long Term Deposits</b> | Note | <b>2026</b>                   | <b>2025</b>   |
|-------------------------------|------|-------------------------------|---------------|
|                               |      | ---- Rupees in Thousands ---- |               |
| Utility companies             |      | 15,102                        | 15,102        |
| Other deposits                | 20.1 | 275                           | 275           |
|                               |      | <u>15,377</u>                 | <u>15,377</u> |

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

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

|                                                    |                                                                                                                                                                                                                                                                                                                                          | 2026           | 2025           |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                    |                                                                                                                                                                                                                                                                                                                                          | ---- Rupees in | Thousands ---- |
| <b>21. Stores and Spares</b>                       | Note                                                                                                                                                                                                                                                                                                                                     |                |                |
| General stores and spares                          | 21.1                                                                                                                                                                                                                                                                                                                                     | 335,422        | 269,073        |
| General stores and spares in transit               |                                                                                                                                                                                                                                                                                                                                          | 5,644          | 14,787         |
| Working solution                                   |                                                                                                                                                                                                                                                                                                                                          | 264,447        | 267,848        |
| Less: Provision for obsolescence                   | 21.2                                                                                                                                                                                                                                                                                                                                     | (25,474)       | (25,474)       |
|                                                    |                                                                                                                                                                                                                                                                                                                                          | <u>580,039</u> | <u>526,234</u> |
| <b>21.1</b>                                        | General stores and spares include raw material for working solution of Rs. 57.952 million (2025: Rs. 39.874 million).                                                                                                                                                                                                                    |                |                |
| <b>21.2</b>                                        | Movement of provision for obsolescence is as under:                                                                                                                                                                                                                                                                                      |                |                |
| Opening balance                                    |                                                                                                                                                                                                                                                                                                                                          | 25,474         | 3,445          |
| Provision for the year                             |                                                                                                                                                                                                                                                                                                                                          | -              | 22,029         |
|                                                    |                                                                                                                                                                                                                                                                                                                                          | <u>25,474</u>  | <u>25,474</u>  |
| Less: Stores and spares written off                |                                                                                                                                                                                                                                                                                                                                          | -              | -              |
| Closing balance                                    |                                                                                                                                                                                                                                                                                                                                          | <u>25,474</u>  | <u>25,474</u>  |
| <b>22. Stock in Trade</b>                          |                                                                                                                                                                                                                                                                                                                                          |                |                |
| Raw materials                                      |                                                                                                                                                                                                                                                                                                                                          | 261,513        | 230,510        |
| Raw materials in transit                           |                                                                                                                                                                                                                                                                                                                                          | 149,909        | 209,962        |
| Packing material                                   |                                                                                                                                                                                                                                                                                                                                          | 24,531         | 26,372         |
| Finished goods                                     |                                                                                                                                                                                                                                                                                                                                          | 157,698        | 188,004        |
| Less: Provision for obsolescence of finished goods | 22.1                                                                                                                                                                                                                                                                                                                                     | (6,013)        | (1,249)        |
|                                                    |                                                                                                                                                                                                                                                                                                                                          | <u>587,638</u> | <u>653,599</u> |
| <b>22.1</b>                                        | Movement of provision for obsolescence of finished goods is as under:                                                                                                                                                                                                                                                                    |                |                |
| Opening balance                                    |                                                                                                                                                                                                                                                                                                                                          | 1,249          | 1,249          |
| Provision for the year                             | 31                                                                                                                                                                                                                                                                                                                                       | 4,764          | -              |
|                                                    |                                                                                                                                                                                                                                                                                                                                          | <u>6,013</u>   | <u>1,249</u>   |
| Less: Obsolete stocks written off                  |                                                                                                                                                                                                                                                                                                                                          | -              | -              |
| Closing balance                                    |                                                                                                                                                                                                                                                                                                                                          | <u>6,013</u>   | <u>1,249</u>   |
| <b>23. Trade Debts</b>                             |                                                                                                                                                                                                                                                                                                                                          |                |                |
| Considered good:                                   | 23.1                                                                                                                                                                                                                                                                                                                                     |                |                |
| -Local sales                                       |                                                                                                                                                                                                                                                                                                                                          | 89,447         | 145,122        |
| -Export sales                                      | 23.2                                                                                                                                                                                                                                                                                                                                     | 114,706        | 82,864         |
| Considered doubtful                                |                                                                                                                                                                                                                                                                                                                                          | 29,839         | 15,139         |
|                                                    |                                                                                                                                                                                                                                                                                                                                          | <u>233,992</u> | <u>243,125</u> |
| Less: Expected credit loss allowance               | 23.3                                                                                                                                                                                                                                                                                                                                     | (29,839)       | (15,139)       |
|                                                    |                                                                                                                                                                                                                                                                                                                                          | <u>204,153</u> | <u>227,986</u> |
| <b>23.1</b>                                        | These include balances amounting to Rs. Nil (2025: Rs. 122.653 million) secured by way of inland letter of credit.                                                                                                                                                                                                                       |                |                |
| <b>23.2</b>                                        | Trade debts include an amount of Rs. 94.052 million (2025: Rs. 80.439 million) due from Descon Oxychem FZE, the subsidiary of the Company. The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 101.368 million (2025: Rs. 135.187 million). The aging of this balance is as under: |                |                |

|                           | Within 1 Year                 | 1 to 2 Years | 2 to 5 Years | Total  |
|---------------------------|-------------------------------|--------------|--------------|--------|
|                           | ---- Rupees in Thousands ---- |              |              |        |
| Descon Oxychem FZE - 2026 | 94,052                        | -            | -            | 94,052 |
| Descon Oxychem FZE - 2025 | 80,439                        | -            | -            | 80,439 |

|                                            |  |                               |             |
|--------------------------------------------|--|-------------------------------|-------------|
| <b>23.3 Expected Credit Loss Allowance</b> |  | <b>2026</b>                   | <b>2025</b> |
|                                            |  | ---- Rupees in Thousands ---- |             |
| Opening balance                            |  | 15,139                        | 6,204       |
| Loss allowance for the year                |  | 14,700                        | 8,935       |
|                                            |  | 29,839                        | 15,139      |
| Less: Bad debts written off                |  | -                             | -           |
|                                            |  | 29,839                        | 15,139      |

|             |                                                   |  |  |
|-------------|---------------------------------------------------|--|--|
| <b>23.4</b> | Trade debtors do not have any history of default. |  |  |
|-------------|---------------------------------------------------|--|--|

|                                                                          |             |                               |             |
|--------------------------------------------------------------------------|-------------|-------------------------------|-------------|
| <b>24. Loans, Advances, Deposits, Prepayments and Other Receivables</b>  | Note        | <b>2026</b>                   | <b>2025</b> |
|                                                                          |             | ---- Rupees in Thousands ---- |             |
| Advances to supplier - Unsecured                                         |             |                               |             |
| - Considered good                                                        |             | 85,110                        | 39,913      |
| - Considered doubtful                                                    |             | 5,129                         | 3,843       |
|                                                                          |             | 90,239                        | 43,756      |
| Provision for doubtful advances                                          | 24.1        | (5,129)                       | (3,843)     |
|                                                                          |             | 85,110                        | 39,913      |
| Advances and short term loans to employees (Unsecured - Considered good) | 24.2 & 24.3 | 5,547                         | 14,413      |
| Due from related party                                                   | 24.4        | 4,227                         | -           |
| Security deposits                                                        |             | 6,915                         | 6,915       |
| Sales tax refundable - net                                               |             | -                             | 33,522      |
| Prepayments                                                              |             | 8,365                         | 4,888       |
|                                                                          |             | 110,164                       | 99,651      |

|                                             |  |       |       |
|---------------------------------------------|--|-------|-------|
| <b>24.1 Provision for doubtful advances</b> |  |       |       |
| Opening balance                             |  | 3,843 | 3,843 |
| Charge for the year                         |  | 1,286 | -     |
|                                             |  | 5,129 | 3,843 |
| Less: Balance written off                   |  | -     | -     |
| Balance as at June 30,                      |  | 5,129 | 3,843 |

|             |                                                                                                                                                                                                                                                                    |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>24.2</b> | These include current portion of interest free loans amounting to Rs. 3.052 million (2025: Rs. 3.250 million) given to employees as per the Company's policy (refer to Note 19). These loans are recoverable within 12 months from salary in monthly installments. |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|             |                                                                 |
|-------------|-----------------------------------------------------------------|
| <b>24.3</b> | No loans were given to any director of the Company (2025: Nil). |
|-------------|-----------------------------------------------------------------|

|             |                                                                                                                                      |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>24.4</b> | This represent amount receivable from Descon Oxychem FZE, the subsidiary of the Company, against the implementation of ERP software. |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------|

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

**25. Short Term Investments*****Fair Value through Profit or Loss***

NBP Money Market Fund

44.918 million units (June 30, 2025: 69.833 million units)  
of Rs. 10.070 (June 30, 2025: Rs. 10.033)

NBP Financial Sector Income Fund

94.724 units (June 30, 2025: 88.325 units)  
of Rs. 10.718 (June 30, 2025: Rs. 10.679)

| <b>2026</b>                   | <b>2025</b>    |
|-------------------------------|----------------|
| ---- Rupees in Thousands ---- |                |
| 452,316                       | 700,627        |
| 1                             | 1              |
| <u>452,317</u>                | <u>700,628</u> |

**25.1** The above investments are classified within level 1 of the hierarchy as prescribed by IFRS-13 fair value measurement.**26. Bank Balances**Local currency current accounts  
Local currency Saving accounts  
Foreign currency current accounts

Note

26.1  
26.2  
26.3  
26.4

| <b>2026</b>                   | <b>2025</b>    |
|-------------------------------|----------------|
| ---- Rupees in Thousands ---- |                |
| 38,005                        | 64,824         |
| 41,132                        | 101,921        |
| 21,288                        | 25,516         |
| <u>100,425</u>                | <u>192,261</u> |

**26.1** This includes shariah compliant bank deposits in Meezan Bank Limited amounting to Rs. 5.474 million (2025: Rs. 58.918 million).**26.2**

These carry mark up at the rate of 7% to 9% (2025: 10% to 15%) per annum.

**26.3** This includes foreign currency amounting to USD 76,529 (2025: USD 89,970) as at the reporting date.**26.4** The above figures reconcile with the amount of cash and cash equivalents shown in the statement of cash flow.**27. Sales**

Gross sales

- Local  
- ExportCommission on sales  
Sales tax

Note

27.1

| <b>2026</b>                   | <b>2025</b>      |
|-------------------------------|------------------|
| ---- Rupees in Thousands ---- |                  |
| 5,699,122                     | 6,888,614        |
| 288,279                       | 222,884          |
| <u>5,987,401</u>              | <u>7,111,498</u> |
| (123,747)                     | (141,331)        |
| (871,030)                     | (1,053,850)      |
| <u>4,992,624</u>              | <u>5,916,317</u> |

**27.1** Gross sales are recognized at a point in time.**27.2 Contract balances**Trade receivables  
Contract liabilities27.3  
27.4

|         |         |
|---------|---------|
| 204,153 | 227,986 |
| 68,054  | 118,829 |

**27.3** Trade receivables are non-interest bearing and become due after 30 to 120 days of invoice date.

**27.4** Contract liabilities represents short term advances received from customers against delivery of goods in future. Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year amounts to Rs. 112.764 million (2025: Rs. 82.034 million).

**27.5** Geographical markets

|      |         |         |
|------|---------|---------|
| Asia | 288,279 | 222,884 |
|------|---------|---------|

**28. Cost of Sales**

Note

**2026**

**2025**

---- Rupees in Thousands ----

|                                               |        |           |           |
|-----------------------------------------------|--------|-----------|-----------|
| Raw and packing materials consumed            |        | 2,237,562 | 2,403,001 |
| Salaries, wages and other benefits            | 28.1   | 282,434   | 317,308   |
| Repairs and maintenance                       |        | 106,156   | 129,423   |
| Shut down expenses                            |        | 71,004    | -         |
| Fuel and power                                |        | 787,099   | 879,526   |
| Quality assurance                             |        | 20,947    | 5,453     |
| Services through contractors                  |        | 158,946   | 97,666    |
| Travelling and conveyance                     |        | 19,965    | 14,324    |
| Communication                                 |        | 2,432     | 2,778     |
| Rent and rates                                |        | 44,149    | 34,872    |
| Insurance                                     |        | 23,553    | 23,821    |
| Safety items consumed                         |        | 6,642     | 4,561     |
| Amortization of intangible assets             | 17.3   | 75,630    | 2,965     |
| Depreciation on property, plant and equipment | 16.1.3 | 252,843   | 366,657   |
| Miscellaneous                                 |        | 1,941     | 6,326     |
|                                               |        | 4,091,303 | 4,288,681 |
| Add: Opening work in process                  | 22     | 26,372    | 17,994    |
| Less: Closing work in process                 | 22     | (24,531)  | (26,372)  |
|                                               |        | 1,841     | (8,378)   |
| Cost of goods produced                        |        | 4,093,144 | 4,280,303 |
| Add: Opening finished goods                   | 22     | 186,755   | 118,223   |
| Less: Closing finished goods                  | 22     | (151,685) | (186,755) |
|                                               |        | 35,070    | (68,532)  |
|                                               |        | 4,128,214 | 4,211,771 |

**28.1** Salaries, wages and other benefits include Rs. 8.396 million (2025: Rs. 6.855 million) in respect of provident fund contribution by the Company.

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

| 29. Administrative Expenses                                                                                                                                                            | Note   | 2026           | 2025           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|----------------|
|                                                                                                                                                                                        |        | ---- Rupees in | Thousands ---- |
| Salaries, allowances and other benefits                                                                                                                                                | 29.1   | 156,607        | 151,134        |
| Vehicle running and maintenance                                                                                                                                                        |        | 6,946          | 6,519          |
| Entertainment                                                                                                                                                                          |        | 2,360          | 5,145          |
| Communication                                                                                                                                                                          |        | 1,169          | 1,474          |
| Printing and stationery                                                                                                                                                                |        | 2,673          | 3,907          |
| Travelling and conveyance                                                                                                                                                              |        | 6,757          | 7,582          |
| Repairs and maintenance                                                                                                                                                                |        | 1,318          | 2,594          |
| Insurance                                                                                                                                                                              |        | 28             | 58             |
| Donations                                                                                                                                                                              | 29.2   | 9,236          | 11,470         |
| Fees and subscriptions                                                                                                                                                                 |        | 36,097         | 32,243         |
| Legal and professional fee                                                                                                                                                             |        | 26,243         | 10,926         |
| Auditors' remuneration                                                                                                                                                                 | 29.3   | 6,600          | 5,725          |
| Depreciation on property, plant and equipment                                                                                                                                          | 16.1.3 | 3,712          | 3,336          |
| Amortization of intangible assets                                                                                                                                                      | 17.3   | 5,364          | 2,833          |
| Miscellaneous                                                                                                                                                                          |        | 3,737          | 3,038          |
|                                                                                                                                                                                        |        | <u>268,847</u> | <u>247,984</u> |
| 29.1 Salaries, wages and other benefits include Rs. 3.856 million (2025: Rs. 3.165 million) in respect of provident fund contribution by the Company.                                  |        |                |                |
| 29.2 This includes donation made to M/s Bilquis Abdul Razzak Dawood Foundation, a related party due to common directorship, amounting to Rs. 8.606 million (2025: Rs. 11.470 million). |        |                |                |
| 29.3 Auditors' remuneration:                                                                                                                                                           |        |                |                |
| - Audit fee                                                                                                                                                                            |        | 3,500          | 2,900          |
| - Half yearly review                                                                                                                                                                   |        | 1,100          | 1,100          |
| - Audit of group financial statements, group reporting and other certifications                                                                                                        |        | 2,000          | 1,725          |
|                                                                                                                                                                                        |        | <u>6,600</u>   | <u>5,725</u>   |
| 30. Distribution and Selling Costs                                                                                                                                                     | Note   | 2026           | 2025           |
|                                                                                                                                                                                        |        | ---- Rupees in | Thousands ---- |
| Salaries, allowances and other benefits                                                                                                                                                | 30.1   | 32,496         | 34,767         |
| Communication                                                                                                                                                                          |        | 928            | 1,176          |
| Travelling and conveyance                                                                                                                                                              |        | 14,939         | 20,481         |
| Advertisement                                                                                                                                                                          |        | 12,097         | 20,349         |
| Insurance                                                                                                                                                                              |        | 2,252          | 62             |
| Freight and forwarding                                                                                                                                                                 |        | 116,725        | 62,508         |
| Fees and subscriptions                                                                                                                                                                 |        | 4,056          | 16,192         |
| Royalty                                                                                                                                                                                | 30.2   | 24,939         | 29,544         |
| Rent, rates and taxes                                                                                                                                                                  |        | 14,207         | 7,657          |
| Depreciation on property, plant and equipment                                                                                                                                          | 16.1.3 | 1,166          | 1,114          |
| Miscellaneous                                                                                                                                                                          |        | 1,030          | 607            |
|                                                                                                                                                                                        |        | <u>224,835</u> | <u>194,457</u> |

**30.1** Salaries, wages and other benefits include Rs. 0.908 million (2025: Rs. 0.743 million) in respect of provident fund contribution by the Company.

**30.2** This represents royalty charged by Descon (Private) Limited, a related party due to common directorship, located at Descon Headquarters, 18-Km, Ferozepur Road, Lahore.

| <b>31. Other Operating Expenses</b>               | Note | <b>2026</b>    | <b>2025</b>    |
|---------------------------------------------------|------|----------------|----------------|
|                                                   |      | ---- Rupees in | Thousands ---- |
| Workers' (profit) participation fund              | 10.4 | 19,293         | 48,073         |
| Workers' welfare fund                             | 10.5 | 7,331          | 27,654         |
| Fixed assets written off                          |      | 358            | -              |
| Balances written off                              |      | 31,263         | 14,202         |
| Provision for obsolescence of stores and spares   | 21   | -              | 22,029         |
| Provision for finished goods                      | 22   | 4,764          | -              |
| Expected credit loss allowance                    | 23   | 14,700         | 8,935          |
| Exchange loss                                     |      | 4,233          | -              |
| Loss on disposal of property, plant and equipment |      | -              | 75             |
| Provision for advances                            | 24   | 1,286          | -              |
|                                                   |      | <b>83,228</b>  | <b>120,968</b> |

| <b>32. Finance Cost</b>                                | Note | <b>2026</b>    | <b>2025</b>    |
|--------------------------------------------------------|------|----------------|----------------|
|                                                        |      | ---- Rupees in | Thousands ---- |
| Markup on long term finance                            | 32.1 | 1,744          | 2,726          |
| Markup on finances under markup arrangements - secured |      | 56,687         | 894            |
| Bank and other charges                                 |      | 6,444          | 6,285          |
|                                                        |      | <b>64,875</b>  | <b>9,905</b>   |

**32.1** Amortization of deferred grant of Rs. 4.856 million (2025: Rs. 6.123 million) has been netted off against markup on long term finances.

| <b>33. Other Income</b>                           | <b>2026</b>    | <b>2025</b>    |
|---------------------------------------------------|----------------|----------------|
|                                                   | ---- Rupees in | Thousands ---- |
| Profit on bank deposits                           | 4,728          | 20,653         |
| Dividend income from short term investments       | -              | 1,503          |
| Realized gain on sale of short term investments   | 61,174         | 60,891         |
| Liabilities written back                          | 41,180         | -              |
| Unrealized gain on short term investments         | 1,118          | 961            |
| Unwinding of long term loan                       | 780            | 975            |
| Scrap sales                                       | 7,619          | 6,274          |
| Gain on disposal of property, plant and equipment | 15             | -              |
| Exchange gain                                     | -              | 14,230         |
| Insurance claimed                                 | 20,000         | -              |
|                                                   | <b>136,614</b> | <b>105,487</b> |

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

|                                                                             |                                                                                                                                                                                                                                                              | 2026           | 2025           |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                             |                                                                                                                                                                                                                                                              | ---- Rupees in | Thousands ---- |
| <b>34. Taxation</b>                                                         |                                                                                                                                                                                                                                                              |                |                |
| Current tax                                                                 |                                                                                                                                                                                                                                                              |                |                |
| - Current year                                                              |                                                                                                                                                                                                                                                              | 71,673         | 542,041        |
| - Adjustment for prior years                                                |                                                                                                                                                                                                                                                              | (9,608)        | (38,660)       |
|                                                                             |                                                                                                                                                                                                                                                              | 62,065         | 503,381        |
| Deferred tax                                                                |                                                                                                                                                                                                                                                              | (29,576)       | (72,420)       |
|                                                                             |                                                                                                                                                                                                                                                              | 32,489         | 430,961        |
| <b>34.1 Reconciliation of tax charge for the year</b>                       |                                                                                                                                                                                                                                                              |                |                |
| Profit before levy and taxation                                             |                                                                                                                                                                                                                                                              | 359,239        | 1,236,719      |
| Tax @ 29% (2025: 29%) on profit before taxation                             |                                                                                                                                                                                                                                                              | 104,179        | 358,649        |
| Adjustment on account of normal tax                                         |                                                                                                                                                                                                                                                              | (43,297)       | 39,031         |
| Prior year tax                                                              |                                                                                                                                                                                                                                                              | (9,608)        | (38,660)       |
| Super tax @ 3.5% (2025: 10%)                                                |                                                                                                                                                                                                                                                              | 10,791         | 144,361        |
| Deferred taxation                                                           |                                                                                                                                                                                                                                                              | (29,576)       | (72,420)       |
|                                                                             |                                                                                                                                                                                                                                                              | 32,489         | 430,961        |
| <b>34.2 Reconciliation of Levy and Income tax under IAS-12</b>              |                                                                                                                                                                                                                                                              |                |                |
| Current tax liability as per applicable tax laws                            |                                                                                                                                                                                                                                                              | 85,471         | 518,980        |
| Portion of current tax liability representing income tax as per IAS -12     |                                                                                                                                                                                                                                                              | (62,065)       | (503,381)      |
| Portion of current tax liability representing levy as per IFRIC 21 / IAS 37 |                                                                                                                                                                                                                                                              | (23,406)       | (15,599)       |
| Difference                                                                  |                                                                                                                                                                                                                                                              | -              | -              |
| <b>34.3</b>                                                                 | The current tax expense for the year is calculated using corporation tax rate of 29% (2025: 29%) and super tax at 3.5% (2025: 10%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 32.5% (2025: 39%).        |                |                |
| <b>35. Earnings per Share</b>                                               |                                                                                                                                                                                                                                                              | 2026           | 2025           |
| Profit for the year                                                         | Rupees in thousand                                                                                                                                                                                                                                           | 303,344        | 790,159        |
| Weighted average number of ordinary shares                                  | Number in thousand                                                                                                                                                                                                                                           | 175,031        | 175,031        |
| Earning per share - basic                                                   | Rupees                                                                                                                                                                                                                                                       | 1.73           | 4.51           |
| <b>35.1</b>                                                                 | There is no dilution effect on the earnings per share of the Company as the Company does not have any convertible instruments in issue as at the reporting date which would have any effect on the earnings per share if the option to convert is exercised. |                |                |

| 36. Cash Generated from Operations                           | Note    | 2026           | 2025           |
|--------------------------------------------------------------|---------|----------------|----------------|
|                                                              |         | ---- Rupees in | Thousands ---- |
| Profit before levy and taxation                              |         | 359,239        | 1,236,719      |
| Adjustments for:                                             |         |                |                |
| - Depreciation on property, plant and equipment              | 16.1.3  | 257,721        | 371,107        |
| - Amortization of intangible asset                           | 17.3    | 80,994         | 5,798          |
| - Fixed assets written off                                   | 31      | 358            | -              |
| - Balances written off                                       | 31      | 31,263         | 14,202         |
| - Provision for obsolescence of stores and spares            | 31      | -              | 22,029         |
| - Provision for finished goods                               | 31      | 4,764          | -              |
| - Unwinding of long term loan                                | 33      | (780)          | (975)          |
| - Liabilities written back                                   | 33      | (41,180)       | -              |
| - Provision for doubtful advances                            | 31      | 1,286          | -              |
| - Interest on bank deposits                                  | 33      | (4,728)        | (20,653)       |
| - Dividend income                                            | 33      | -              | (1,503)        |
| - Unrealized gain on investment                              | 33      | (1,118)        | (961)          |
| - Expected credit loss allowance                             | 31      | 14,700         | 8,935          |
| - Net exchange loss / (gain)                                 | 31 & 33 | 4,233          | (14,230)       |
| - Finance cost                                               | 32      | 64,875         | 9,905          |
| - (Gain) / loss on disposal of property, plant and equipment | 31 & 33 | (15)           | 75             |
|                                                              |         | 412,373        | 393,729        |
| <b>Operating profit before working capital changes</b>       |         | 771,612        | 1,630,448      |
| (Increase) / decrease in current assets                      |         |                |                |
| - Stores and spares                                          |         | (53,805)       | (24,326)       |
| - Stock in trade                                             |         | 61,197         | (30,904)       |
| - Trade debts                                                |         | 9,133          | 84,540         |
| - Loans and advances                                         |         | (43,062)       | (46,442)       |
| Increase / (decrease) in current liabilities                 |         |                |                |
| - Trade and other payables                                   |         | (42,558)       | 280,010        |
|                                                              |         | (69,095)       | 262,878        |
| <b>Cash Generated from Operations</b>                        |         | 702,517        | 1,893,326      |

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**37. Liabilities Arising from Financing Activities**

|                                               | Note | As at June 30,<br>2025 | Non-cash<br>changes | Cash flows<br>(Net) | As at June 30,<br>2026 |
|-----------------------------------------------|------|------------------------|---------------------|---------------------|------------------------|
| ---- Rupees in Thousands ----                 |      |                        |                     |                     |                        |
| Long term financing                           | 7    | 88,395                 | 4,856               | (26,899)            | 66,352                 |
| Deferred grant                                | 8    | 10,821                 | (4,856)             | -                   | 5,965                  |
| Dividend payable                              |      | 18,966                 | 700,124             | (697,889)           | 21,201                 |
| Finances under mark up arrangements - secured | 12   | 114,257                | -                   | 590,544             | 704,801                |
| Total liabilities from financing activities   |      | 232,439                | 700,124             | (134,244)           | 798,319                |

|                                               |    | As at June 30,<br>2024 | Non-cash<br>changes | Cash flows<br>(Net) | As at June 30,<br>2025 |
|-----------------------------------------------|----|------------------------|---------------------|---------------------|------------------------|
| ---- Rupees in Thousands ----                 |    |                        |                     |                     |                        |
| Long term financing                           | 7  | 109,171                | 6,123               | (26,899)            | 88,395                 |
| Deferred grant                                | 8  | 16,944                 | (6,123)             | -                   | 10,821                 |
| Dividend payable                              |    | 11,243                 | 700,124             | (692,401)           | 18,966                 |
| Finances under mark up arrangements - secured | 12 | -                      | -                   | 114,257             | 114,257                |
| Total liabilities from financing activities   |    | 137,358                | 700,124             | (605,043)           | 232,439                |

**38. Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amounts charged in the unconsolidated financial statements for the year as remuneration and benefits paid to the chief executive officer, directors and executives of the Company are as follows:

|                                | Chief Executive Officer |        | Non-Executive Directors |       | Executives |         | Total   |         |
|--------------------------------|-------------------------|--------|-------------------------|-------|------------|---------|---------|---------|
|                                | 2026                    | 2025   | 2026                    | 2025  | 2026       | 2025    | 2026    | 2025    |
| ---- Rupees in Thousands ----  |                         |        |                         |       |            |         |         |         |
| Remuneration                   | 31,366                  | 25,537 | -                       | -     | 74,376     | 84,926  | 105,742 | 110,463 |
| Meeting fee                    | -                       | -      | 1,760                   | 1,313 | -          | -       | 1,760   | 1,313   |
| Contribution to provident fund | 1,928                   | 1,581  | -                       | -     | 4,704      | 4,253   | 6,632   | 5,834   |
| Car allowance                  | 1,809                   | 1,164  | -                       | -     | 13,412     | 15,171  | 15,221  | 16,335  |
| Medical facility               | -                       | 578    | -                       | -     | -          | 1,821   | -       | 2,399   |
| Bonus                          | -                       | 1,884  | -                       | -     | 12,190     | 5,654   | 12,190  | 7,538   |
| Special allowance              | 491                     | -      | -                       | -     | 200        | -       | 691     | -       |
|                                | 35,594                  | 30,744 | 1,760                   | 1,313 | 104,882    | 111,825 | 142,236 | 143,882 |

|                   |   |   |   |   |    |    |  |  |
|-------------------|---|---|---|---|----|----|--|--|
| Number of persons | 1 | 1 | 7 | 7 | 11 | 19 |  |  |
|-------------------|---|---|---|---|----|----|--|--|

**38.1** An Executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

**39. Balances and Transaction with Related Parties**

Related parties comprise the holding company, associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances as at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party's receivable or payable balances. Significant balances and transactions with related parties are as follows:

**Transaction during the year**

| Nature of Transaction                                  | Related Party                        | Relationship | 2026     | 2025     |
|--------------------------------------------------------|--------------------------------------|--------------|----------|----------|
| ---- Rupees in Thousands ----                          |                                      |              |          |          |
| <b>1. Sale of Goods</b>                                |                                      |              |          |          |
| Sale of goods                                          | Descon Oxychem FZE                   | Subsidiary   | 221,158  | 190,686  |
| Sale of goods                                          | Descon Engineering Limited           | Associate    | 57       | 57       |
| <b>2. Goods / Services Purchased</b>                   |                                      |              |          |          |
| Ticketing purchased                                    | Interworld Travels (Private) Limited | Associate    | 8,000    | 7,477    |
| Ticketing purchased                                    | Popular Travels and Tours            | Associate    | 631      | -        |
| Services for Manpower, Calibration and PSV Calibration | Inspectest (Private) Limited         | Associate    | 20,182   | 18,458   |
| Purchase and other services                            | Descon Engineering Limited           | Associate    | 47,963   | 2,804    |
| IT services purchased                                  | Descon Corporation (Private) Limited | Associate    | 10,650   | 6,800    |
| <b><u>Reimbursement of cost</u></b>                    |                                      |              |          |          |
| <b>3. Expenses Charged by Related Parties</b>          |                                      |              |          |          |
| Descon Engineering Limited                             |                                      |              | 25,424   | 23,780   |
| Descon Corporation (Private) Limited                   |                                      |              | 44,327   | 60,606   |
| Descon Oxychem Limited Employees Provident Fund Trust  |                                      |              | 13,160   | 11,009   |
| DEL Power (Private) Limited                            |                                      |              | 12,146   | -        |
| Descon Power Solutions (Private) Limited               |                                      |              | 72       | -        |
| Descon (Private) Limited                               |                                      |              | 24,938   | 29,544   |
| <b>4. Expenses Charged to Related Parties</b>          |                                      |              |          |          |
| Descon Corporation (Private) Limited                   |                                      |              | 9,176    | 8,496    |
| Descon Oxychem FZE                                     |                                      |              | 4,227    | -        |
| <b>5. Payments Received / (Made) - Net</b>             |                                      |              |          |          |
| Descon Engineering Limited                             |                                      |              | (32,504) | (33,565) |
| Descon Corporation (Private) Limited                   |                                      |              | (44,869) | (61,453) |
| Descon (Private) Limited                               |                                      |              | (50,496) | -        |
| Descon Power Solutions (Private) Limited               |                                      |              | (72)     | -        |
| Descon (Private) Limited                               |                                      |              | (12,146) | -        |
| Descon Oxychem FZE                                     |                                      |              | 200,229  | 270,630  |
| Interworld Travels (Private) Limited                   |                                      |              | (5,820)  | (7,729)  |
| Popular Travels and Tours                              |                                      |              | (435)    | -        |
| Descon Oxychem Limited Employees Provident Fund Trust  |                                      |              | (12,860) | (11,027) |
| Inspectest (Private) Limited                           |                                      |              | (20,224) | (17,113) |
| <b><u>6. Dividends Paid</u></b>                        |                                      |              |          |          |
| Descon Engineering Limited                             |                                      |              | 226,844  | 226,844  |
| Descon Corporation (Private) Limited                   |                                      |              | 40,206   | 40,206   |
| DEL Chemicals (Private) Limited                        |                                      |              | 241,436  | 241,436  |
| Mr. Taimoor Dawood                                     |                                      |              | 768      | 768      |
| Mr. Farooq Nazir                                       |                                      |              | 2        | 2        |
| Mr. Faisal Dawood                                      |                                      |              | 464      | 464      |
| Ms. Mehreen Dawood                                     |                                      |              | 2        | 2        |
| Mr. Asif Qadir                                         |                                      |              | 2        | 2        |
| Mr. Imran Anwer                                        |                                      |              | 2        | 2        |
| Mr. Muhammad Zahir                                     |                                      |              | 2        | 2        |

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

|                                                       | 2026                          | 2025   |
|-------------------------------------------------------|-------------------------------|--------|
| <b>7. Loan Repayment and Donation</b>                 | ---- Rupees in Thousands ---- |        |
| Afzal Ali                                             | 750                           | 750    |
| Muhammad Mushfiq Hussain                              | 2,500                         | 2,500  |
| Bilquis Abdul Razzak Dawood Foundation                | 8,606                         | 11,470 |
| <b>Balance outstanding as at June 30,</b>             |                               |        |
| <b>Trade Debts</b>                                    |                               |        |
| Descon Oxychem FZE                                    | 94,052                        | 80,439 |
| <b>Due from Related Party</b>                         |                               |        |
| Descon Oxychem FZE                                    | 4,227                         | -      |
| <b>Trade Creditors</b>                                |                               |        |
| Descon Engineering Limited                            | 49,054                        | 8,228  |
| Descon Corporation (Private) Limited                  | 2,748                         | 1,816  |
| Inspectest (Private) Limited                          | 4,695                         | 4,737  |
| Interworld Travels (Private) Limited                  | 2,180                         | -      |
| Popular Travels and Tours                             | 196                           | -      |
| Descon Oxychem FZE                                    | 1,951                         | 1,951  |
| Descon Oxychem Limited Employees Provident Fund Trust | 2,053                         | 1,753  |
| <b>Accrued Liabilities</b>                            |                               |        |
| Descon (Private) Limited                              | 24,938                        | 50,495 |

**39.1** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

| S. No. | Name                                 | Relationship             | % of Shareholding |
|--------|--------------------------------------|--------------------------|-------------------|
| 1      | DEL Chemicals (Private) Limited      | Holding Company          | 34.48%            |
| 2      | Descon Engineering Limited           | Associate                | 32.40%            |
| 3      | Descon Corporation (Private) Limited | Associate                | 5.74%             |
| 4      | Interworld Travels (Private) Limited | Associate                | N/A               |
| 5      | Inspectest (Private) Limited         | Associate                | N/A               |
| 6      | Descon (Private) Limited             | Associate                | N/A               |
| 7      | Descon Oxychem FZE                   | Subsidiary               | 100.00%           |
| 8      | Mr. Taimoor Dawood                   | Director                 | 0.11%             |
| 9      | Mr. Farooq Nazir                     | Director                 | 0.0003%           |
| 10     | Mr. Faisal Dawood                    | Director                 | 0.0666%           |
| 11     | Ms. Mehreen Dawood                   | Director                 | 0.0003%           |
| 12     | Mr. Asif Qadir                       | Director                 | 0.0003%           |
| 13     | Mr. Imran Anwer                      | Director                 | 0.0003%           |
| 14     | Mr. Muhammad Memosh Asghar Khawaja   | Director                 | 0.0003%           |
| 15     | Mr. Muhammad Zahir                   | Director                 | 0.0003%           |
| 16     | Mr. Yasir Siddique                   | Chief Executive Officer  | None              |
| 17     | Mr. Muhammad Mushfiq Hussain         | Key Management Personnel | None              |
| 18     | Ms. Rabia Shoaib                     | Key Management Personnel | None              |
| 19     | Mr. Tauheed Ahmed Khan               | Key Management Personnel | None              |
| 20     | Mr. Adil Akbar                       | Key Management Personnel | None              |

| S. No. | Name                       | Relationship             | % of Shareholding |
|--------|----------------------------|--------------------------|-------------------|
| 21     | Ms. Shanzay Haider         | Key Management Personnel | None              |
| 22     | Ms. Naveeda Nisar          | Key Management Personnel | None              |
| 23     | Mr. Azhar Ali              | Key Management Personnel | None              |
| 24     | Mr. Fawad Ul Islam Hirani  | Key Management Personnel | None              |
| 25     | Mr. Afzal Ali              | Key Management Personnel | None              |
| 26     | Mr. Imran Rauf Butt        | Key Management Personnel | None              |
| 27     | Mr. Muhammad Bilal Hussain | Key Management Personnel | None              |
| 28     | Mr. Mujahid Ali            | Key Management Personnel | None              |

#### 40. Financial Risk Management

##### 40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

##### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import and export payments.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to US Dollars, Great Britain Pounds and UAE Dirham. The Company's exposure to currency risk as at reporting date is as follows:

|                               | 2026                          | 2025             |
|-------------------------------|-------------------------------|------------------|
|                               | ---- Rupees in Thousands ---- |                  |
| Export receivables            | 114,706                       | 82,864           |
| Foreign currency bank         | 21,288                        | 25,516           |
| Letters of credit outstanding | (337,309)                     | (293,983)        |
|                               | <u>(201,315)</u>              | <u>(185,603)</u> |

The following exchange rates were applied during the year.

##### June 30, 2026

|                     | AED   | USD    | GBP    |
|---------------------|-------|--------|--------|
| Average rate        | 76.53 | 281.03 | 378.59 |
| Reporting date rate | 75.78 | 278.30 | 368.31 |

##### June 30, 2025

|                     | AED   | USD    | GBP    |
|---------------------|-------|--------|--------|
| Average rate        | 77.03 | 281.05 | 370.39 |
| Reporting date rate | 77.27 | 283.76 | 388.86 |

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

**Sensitivity analysis**

If the functional currency, as at the reporting date, had weakened / strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 2.013 million (2025: Rs. 1.856 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

**(ii) Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is exposed to price risk in respect of certain investments amounting to Rs. 452.317 million (2025: Rs. 700.628 million).

**Sensitivity analysis**

A change of 1% in the value of investments at fair value through profit or loss would have increased / decreased profitability of the Company by Rs. 4.523 million (2025: Rs. 7.006 million) on the basis that all other variables remain constant.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as under:

|                                     |      | 2026                          | 2025    |
|-------------------------------------|------|-------------------------------|---------|
|                                     | Note | ---- Rupees in Thousands ---- |         |
| <b>Fixed rate instruments</b>       |      |                               |         |
| <b>Financial liabilities</b>        |      |                               |         |
| Long term financing                 | 7    | 72,317                        | 99,216  |
| <b>Floating rate instruments</b>    |      |                               |         |
| <b>Financial liabilities</b>        |      |                               |         |
| Finances under mark up arrangements | 12   | 704,801                       | 114,257 |
| <b>Financial assets</b>             |      |                               |         |
| Saving accounts                     | 26   | 41,132                        | 101,921 |

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

As at June 30, 2026, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 6.637 million (2025: Rs. 0.123 million), mainly as a result of interest exposure on variable rate instruments.

**Cash flow sensitivity analysis for fixed rate instruments**

The Company has certain financial liabilities at fixed rate. Therefore, no impact on unconsolidated profit or loss of the Company is expected.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its trade debts, deposits with banks, investments and certain other financial instruments.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating as available from external credit agencies are accepted.

As at the reporting date, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

|                                                                   |    |                |                |
|-------------------------------------------------------------------|----|----------------|----------------|
| Long term loans                                                   | 19 | 3,500          | 6,750          |
| Trade debts                                                       | 23 | 204,153        | 227,986        |
| Other receivables                                                 | 24 | 11,142         | 6,915          |
| Short term investments                                            | 25 | 452,317        | 700,628        |
| Bank balances                                                     | 26 | 100,425        | 192,261        |
| The aging of trade debts as at the reporting date was as follows: |    |                |                |
| 1 - 30 days                                                       |    | 68,469         | 66,780         |
| 31 - 60 days                                                      |    | 45,203         | 64,508         |
| 61 - 180 days                                                     |    | 63,457         | 86,537         |
| More than 180 days                                                |    | 27,024         | 10,161         |
|                                                                   |    | <u>204,153</u> | <u>227,986</u> |

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. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows:

|                                 | Rating     |           | Rating Agency | 2026                          | 2025           |
|---------------------------------|------------|-----------|---------------|-------------------------------|----------------|
|                                 | Short term | Long term |               | ---- Rupees in Thousands ---- |                |
| Allied Bank Limited             | A1 +       | AAA       | PACRA         | 14                            | -              |
| Bank Al-Habib Limited           | A1 +       | AAA       | PACRA         | 20,079                        | 66,764         |
| Bank Alfalah Limited            | A1 +       | AAA       | PACRA         | 5,311                         | 3,531          |
| Habib Metropolitan Bank Limited | A1 +       | AA +      | PACRA         | 41,346                        | 42,885         |
| Meezan Bank Limited             | A1 +       | AAA       | VIS           | 5,474                         | 58,918         |
| National Bank of Pakistan       | A1 +       | AAA       | PACRA         | 24,400                        | 50             |
| The Bank of Punjab Limited      | A1 +       | AA +      | PACRA         | 3,801                         | 20,113         |
|                                 |            |           |               | <u>100,425</u>                | <u>192,261</u> |

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

**(C) Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2026:

| Description                                   | Carrying Amount  | Contractual cash flows | Within 1 year    | 1-2 Years     | 2-5 Years     | Above 5 Years |
|-----------------------------------------------|------------------|------------------------|------------------|---------------|---------------|---------------|
| ---- Rupees in Thousands ----                 |                  |                        |                  |               |               |               |
| Long term financing                           | 72,317           | 75,045                 | 27,437           | 30,063        | 17,545        | -             |
| Trade and other payables                      | 641,194          | 641,194                | 641,194          | -             | -             | -             |
| Finances under mark up arrangements - secured | 704,801          | 704,801                | 704,801          | -             | -             | -             |
| Dividend payable                              | 21,201           | 21,201                 | 21,201           | -             | -             | -             |
| Accrued finance costs                         | 22,165           | 22,165                 | 22,165           | -             | -             | -             |
|                                               | <u>1,461,678</u> | <u>1,464,406</u>       | <u>1,416,798</u> | <u>30,063</u> | <u>17,545</u> | <u>-</u>      |

Contractual maturities of financial liabilities as at June 30, 2025:

| Description                                   | Carrying Amount | Contractual cash flows | Within 1 year  | 1-2 Years     | 2-5 Years     | Above 5 Years |
|-----------------------------------------------|-----------------|------------------------|----------------|---------------|---------------|---------------|
| ---- Rupees in Thousands ----                 |                 |                        |                |               |               |               |
| Long term financing                           | 99,216          | 102,133                | 27,437         | 30,063        | 44,633        | -             |
| Trade and other payables                      | 632,970         | 632,970                | 632,970        | -             | -             | -             |
| Finances under mark up arrangements - secured | 114,257         | 114,257                | 114,257        | -             | -             | -             |
| Dividend payable                              | 18,966          | 18,966                 | 18,966         | -             | -             | -             |
| Accrued finance costs                         | 990             | 990                    | 990            | -             | -             | -             |
|                                               | <u>866,399</u>  | <u>869,316</u>         | <u>794,620</u> | <u>30,063</u> | <u>44,633</u> | <u>-</u>      |

**(d) Fair value of financial instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Company classifies the financial instruments measured in the unconsolidated statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

|         |                                              |
|---------|----------------------------------------------|
| Level 1 | Quoted market prices                         |
| Level 2 | Valuation techniques (market observable)     |
| Level 3 | Valuation techniques (non market observable) |

|                              | Total                         | Level 1 | Level 2 | Level 3 |
|------------------------------|-------------------------------|---------|---------|---------|
|                              | ---- Rupees in Thousands ---- |         |         |         |
| Short term investment - 2026 | 452,317                       | 452,317 | -       | -       |
| Short term investment - 2025 | 700,628                       | 700,628 | -       | -       |

#### 40.2 Financial instruments by categories

##### Financial asset as at amortized cost

|                   | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-------------------|------|---------------------------------------|---------------------------------------|
| Long term loans   | 19   | 3,500                                 | 6,750                                 |
| Trade debts       | 23   | 204,153                               | 227,986                               |
| Other receivables | 24   | 11,142                                | 6,915                                 |
| Bank balances     | 26   | 100,425                               | 192,261                               |
|                   |      | 319,220                               | 433,912                               |

##### Financial asset as at fair value through profit or loss

|                        |    |         |         |
|------------------------|----|---------|---------|
| Short term investments | 25 | 452,317 | 700,628 |
|------------------------|----|---------|---------|

##### Financial liabilities at amortized cost

|                                               | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-----------------------------------------------|------|---------------------------------------|---------------------------------------|
| Long term financing                           | 7    | 72,317                                | 99,216                                |
| Trade and other payables                      | 10   | 641,194                               | 632,970                               |
| Accrued mark up                               | 11   | 22,165                                | 990                                   |
| Finances under mark up arrangements - secured | 12   | 704,801                               | 114,257                               |
| Dividend Payable                              |      | 21,201                                | 18,966                                |
|                                               |      | 1,461,678                             | 866,399                               |

#### 41 Operating Segment Information

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker. The Chief Executive Officer (CEO) of the Company has been identified as the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the management of the Company's entire business which is considered as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a basis consistent with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company is domiciled in Pakistan. All of the Company's income is from the entities incorporated in both inside and outside Pakistan. The Company has only one reportable segment.

Entity-wide disclosures regarding reportable segment are as follows:

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

## - Information about major customers

No sale has been made to any customer representing 10% or more of total sales for the year (2025: 10%). Further, aggregate sales to major distributors represented 87% (2025: 88%) of the revenue and each distributor individually exceeded 10% of the revenue.

## - Information about geographical areas

All non-current assets of the Company except from long term investments are located in Pakistan as at the reporting date.

Revenue from export sales is Rs. 288.279 million (2025: Rs. 222.884 million).

## Information about product

The main product of the Company is Hydrogen Peroxide having different concentrations.

**42. Capital Risk Management**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital employed is calculated as equity, as shown in the unconsolidated statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Company was worked out as under:

|                        | 2026                          | 2025      |
|------------------------|-------------------------------|-----------|
|                        | ---- Rupees in Thousands ---- |           |
| Total borrowings       | 777,118                       | 213,473   |
| Bank balances          | (100,425)                     | (192,261) |
| Net debt               | 676,693                       | 21,212    |
| Equity                 | 2,873,715                     | 3,270,495 |
| Total capital employed | 3,550,408                     | 3,291,707 |
| Gearing ratio          | 19.06%                        | 0.64%     |

**43. Shari'ah Screening Disclosure**

Note

**Balance as at the reporting date**

|                                                                  |      | 2026                          | 2025   |
|------------------------------------------------------------------|------|-------------------------------|--------|
|                                                                  |      | ---- Rupees in Thousands ---- |        |
| Loans / advances obtained as per Islamic mode                    |      | 80,503                        | -      |
| Interest or mark up accrued on any conventional loan or advances | 11.1 | 19,915                        | 990    |
| Long term and short term shariah compliant investments           |      | -                             | -      |
| Shariah compliant bank deposits / bank balances                  | 26.1 | 5,474                         | 58,918 |

| Transactions during the period                                            | Note    | 2026                          | 2025      |
|---------------------------------------------------------------------------|---------|-------------------------------|-----------|
|                                                                           |         | ---- Rupees in Thousands ---- |           |
| Revenue earned from a shariah compliant business segments                 | 27      | 4,992,624                     | 5,916,317 |
| Late payments and any liquidated charges                                  |         | -                             | -         |
| Gain / loss or dividend earned from shariah compliant investments         |         | -                             | -         |
| Profit earned from shariah compliant bank deposits / bank balances        |         | -                             | -         |
| Exchange (loss) / gain from actual currency                               | 31 & 33 | (4,233)                       | 14,230    |
| Exchange gains earned using conventional derivative financial instruments |         | -                             | -         |
| Profit paid on Islamic mode of financing                                  |         | 8,844                         | -         |
| Interest earned on any conventional loan or advance                       |         | 4,728                         | 10,550    |
| Shariah compliant miscellaneous income                                    |         | -                             | -         |

**Names of the Company's shariah compliant financial institutions**
**Relationship**

Meezan Bank Limited

Short term borrowing &amp; bank balance

**44. Plant Capacity and Production**

|                                                                                                  |               | Production Capacity |           | Actual Production |         |
|--------------------------------------------------------------------------------------------------|---------------|---------------------|-----------|-------------------|---------|
|                                                                                                  |               | 2026                | 2025      | 2026              | 2025    |
| Equivalent production of hydrogen peroxide (on 100% concentration and based on 365 working days) | Metric tonnes | 21,000              | 21,000    | 20,542            | 21,210  |
| Production of packing material (based on 365 working days)                                       | Number        | 1,080,000           | 1,080,000 | 959,077           | 974,096 |

- 44.1** Production of goods relates to the sales orders received from customers and the Company produces goods to meet those orders.

**45. Number of Employees**

|                                             | 2026   | 2025   |
|---------------------------------------------|--------|--------|
|                                             | Number | Number |
| Number of employees as at June 30,          |        |        |
| - Permanent                                 | 95     | 105    |
| - Contractual                               | 13     | 12     |
| Average number of employees during the year |        |        |
| - Permanent                                 | 98     | 105    |
| - Contractual                               | 12     | 6      |

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

**46 Authorization of Unconsolidated Financial Statements**

These unconsolidated financial statements were approved and authorized by the Board of Directors of the Company for issuance on 03, Sep. 2026 .

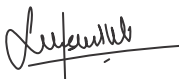
**47 Subsequent Events**

The Board of Directors of the Company has proposed a final cash dividend of Rs. 2 per share (2025: Rs. 2 per share) for the year ended June 30, 2026 at their meeting held on September 03, 2026 for the approval of members at the Annual General Meeting to be held on October 20, 2026. These financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

**48 General**

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following rearrangements / reclassifications have been made in these unconsolidated financial statements:

| Nature                        | From                           | To                                           | 2025                |
|-------------------------------|--------------------------------|----------------------------------------------|---------------------|
|                               |                                |                                              | Rupees in thousands |
| Trade and other payables      | Accrued liabilities            | Trade creditors                              | 8,560               |
| Cost of Sales                 | Packing materials              | Raw and packing materials consumed           | 12,467              |
| Property, plant and equipment | Material Handling Equipment    | Material Handling, Tools and Other Equipment | 802                 |
|                               | Tools and Equipment            | Material Handling, Tools and Other Equipment | 28,412              |
|                               | Electrical Equipment           | Electrical and Office Equipment              | 2,667               |
|                               | Office Equipment               | Electrical and Office Equipment              | 12,403              |
|                               | Plant, Machinery and Equipment | Solar Power Systems                          | 46,325              |

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

# Consolidated

# INDEPENDENT AUDITOR'S REPORT

## To the members of Descon Oxychem Limited

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the annexed consolidated financial statements of DESCON OXYCHEM LIMITED and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2026 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2026 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAa) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 Matters

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

Following are the key audit matters:

| Key Audit Matters                                                                                                                                                                                             | How the Matter was Addressed in our Report                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1- Revenue</b>                                                                                                                                                                                             |                                                                                                                                                                                                                                         |
| Refer to notes 3.14 & 26 to the consolidated financial statements.                                                                                                                                            | Our key audit procedures included:                                                                                                                                                                                                      |
| Revenue of the Group amounted to Rs. 5,113.970 million for the year ended June 30, 2026.                                                                                                                      | <ul style="list-style-type: none"> <li>Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, testing the operating effectiveness of those controls</li> </ul> |
| The Group is primarily engaged in the manufacturing and sale of hydrogen peroxide at different concentrations. We identified recognition of revenue as a key audit matter due to revenue being one of the key | <ul style="list-style-type: none"> <li>Assessed the appropriateness of the Group's revenue recognition policies and their compliance with applicable accounting and reporting standards.</li> </ul>                                     |

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| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How the Matter was Addressed in our Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| performance indicators of the Group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>· Performed walkthroughs of sales cycle including order booking, dispatch, invoicing and recording in GL.</li> <li>· Obtained an understanding of types of contracts with customers and compared a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents.</li> <li>· Selected samples of sales invoices and traced to delivery challans, GRNs, and customer acknowledgments.</li> <li>· Performed cut-off procedures on sales to ensure revenue has been recorded in the correct period.</li> <li>· Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         |
| <b>2 - Stock in trade</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>Refer to note 3.11 &amp; 21 to the consolidated financial statements which reflect stock in trade amounting to Rs. 587.638 million as at the reporting date.</p> <p>We have considered this area as a key audit matter due to its size, representing 12.34% of the total assets of the Group as at June 30, 2026 and the judgment involved in stock valuation. Further, determining an appropriate write-down as a result of net realizable value (NRV) and provision for slow-moving stock in trade involves management judgment and estimation.</p> | <p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>· Inquired and assessed the design and operating effectiveness of the Group's internal controls over inventories.</li> <li>· Observed physical inventory count procedures as at the year end and compared physically counted inventories with closing inventory reports provided by the management, on sample basis.</li> <li>· Inspected purchase documents on sample basis to check quantity and value of certain stock.</li> <li>· Checked and evaluated the accuracy of valuation of closing stock.</li> <li>· Compared the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards.</li> <li>· Assessed the provision for slow moving stocks as at the reporting date and assessed whether it is in accordance with the relevant accounting and reporting standards.</li> <li>· Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.</li> </ul> |

## **Information Other than the Consolidated 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Group is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

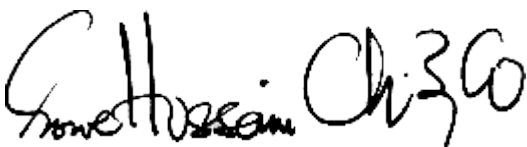
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.



**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants

**Lahore**

**Dated: September 04, 2026**

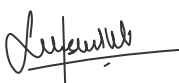
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

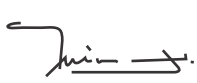
as at June 30, 2026

|                                                                                               | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-----------------------------------------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                                                                 |      |                                       |                                       |
| <b>Share Capital and Reserves</b>                                                             |      |                                       |                                       |
| Authorized share capital<br>300,000,000 (2025: 300,000,000) Ordinary<br>shares of Rs. 10 each |      | 3,000,000                             | 3,000,000                             |
| Issued, subscribed and paid up share capital                                                  | 5    | 1,750,311                             | 1,750,311                             |
| Share premium                                                                                 | 6    | 3,022                                 | 3,022                                 |
| Unappropriated profit                                                                         |      | 1,316,394                             | 1,622,898                             |
| Translation reserve                                                                           |      | (2,816)                               | (11)                                  |
|                                                                                               |      | 3,066,911                             | 3,376,220                             |
| <b>Non Current Liabilities</b>                                                                |      |                                       |                                       |
| Long term financing                                                                           | 7    | 42,930                                | 66,099                                |
| Deferred grant                                                                                | 8    | 2,488                                 | 6,218                                 |
| Deferred tax liability                                                                        | 9    | 102,076                               | 131,652                               |
|                                                                                               |      | 147,494                               | 203,969                               |
| <b>Current Liabilities</b>                                                                    |      |                                       |                                       |
| Trade and other payables                                                                      | 10   | 773,614                               | 852,594                               |
| Accrued finance costs                                                                         | 11   | 22,165                                | 990                                   |
| Finances under mark up arrangements - secured                                                 | 12   | 704,801                               | 114,257                               |
| Current portion of non current liabilities                                                    | 13   | 26,899                                | 26,899                                |
| Dividend payable                                                                              |      | 21,201                                | 18,966                                |
| Income tax payable                                                                            | 14   | -                                     | 87,405                                |
|                                                                                               |      | 1,548,680                             | 1,101,111                             |
| <b>Contingencies and Commitments</b>                                                          |      |                                       |                                       |
|                                                                                               | 15   | -                                     | -                                     |
| <b>Total Equity and Liabilities</b>                                                           |      | <b>4,763,085</b>                      | <b>4,681,300</b>                      |

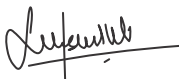
The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

|                                                                 | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-----------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| <b>ASSETS</b>                                                   |      |                                       |                                       |
| <b>Non Current Assets</b>                                       |      |                                       |                                       |
| Property, plant and equipment                                   | 16   | 1,836,077                             | 1,758,840                             |
| Intangible assets                                               | 17   | 437,833                               | 391,722                               |
| Long term loans                                                 | 18   | 144                                   | 2,416                                 |
| Long term deposits                                              | 19   | 15,377                                | 15,377                                |
|                                                                 |      | 2,289,431                             | 2,168,355                             |
| <b>Current Assets</b>                                           |      |                                       |                                       |
| Stores and spares                                               | 20   | 580,039                               | 526,234                               |
| Stock in trade                                                  | 21   | 587,638                               | 653,599                               |
| Trade debts                                                     | 22   | 112,068                               | 189,177                               |
| Loans, advances, deposits,<br>prepayments and other receivables | 23   | 108,723                               | 100,391                               |
| Short term investments                                          | 24   | 452,317                               | 700,628                               |
| Tax refund due from the government - net                        | 14   | 239,161                               | -                                     |
| Bank balances                                                   | 25   | 393,708                               | 342,916                               |
|                                                                 |      | 2,473,654                             | 2,512,945                             |
| <b>Total Assets</b>                                             |      | <b>4,763,085</b>                      | <b>4,681,300</b>                      |

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

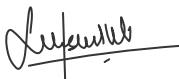
  
DIRECTOR

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## for the Year Ended June 30, 2026

|                                               | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|-----------------------------------------------|------|---------------------------------------|---------------------------------------|
| Sales                                         | 26   | 5,113,970                             | 5,998,848                             |
| Cost of sales                                 | 27   | (4,130,709)                           | (4,220,100)                           |
| <b>Gross Profit</b>                           |      | 983,261                               | 1,778,748                             |
| Administrative expenses                       | 28   | (276,229)                             | (250,287)                             |
| Distribution and selling costs                | 29   | (232,670)                             | (194,457)                             |
|                                               |      | (508,899)                             | (444,744)                             |
| <b>Operating Profit</b>                       |      | 474,362                               | 1,334,004                             |
| Other operating expenses                      | 30   | (92,967)                              | (120,968)                             |
| Finance cost                                  | 31   | (65,218)                              | (10,031)                              |
| Other income                                  | 32   | 139,427                               | 105,991                               |
| <b>Profit before Levy and Taxation</b>        |      | 455,604                               | 1,308,996                             |
| Levy / final taxation                         |      | (23,406)                              | (15,599)                              |
| <b>Profit before Taxation</b>                 |      | 432,198                               | 1,293,397                             |
| Taxation                                      | 33   |                                       |                                       |
| - Income tax                                  |      | (68,154)                              | (505,655)                             |
| - Deferred tax                                |      | 29,576                                | 72,420                                |
|                                               |      | (38,578)                              | (433,235)                             |
| <b>Net Profit for the Year</b>                |      | 393,620                               | 860,162                               |
| Profit attributable to:                       |      |                                       |                                       |
| - Equity holders of the Parent Company        |      | 393,620                               | 860,162                               |
| - Non controlling interest                    |      | -                                     | -                                     |
|                                               |      | 393,620                               | 860,162                               |
| <b>Earnings per Share - Basic and Diluted</b> | 34   | 2.25                                  | 4.91                                  |

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

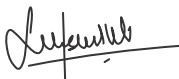
  
DIRECTOR

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### for the Year Ended June 30, 2026

|                                                                            | 2026<br>---- Rupees in Thousands ---- | 2025           |
|----------------------------------------------------------------------------|---------------------------------------|----------------|
| <b>Net Profit for the Year</b>                                             | 393,620                               | 860,162        |
| <b>Other comprehensive income</b>                                          |                                       |                |
| <i>Items that will not be re-classified subsequently to profit or loss</i> | -                                     | -              |
| <i>Items that may be re-classified subsequently to profit or loss</i>      |                                       |                |
| Exchange differences on translation of subsidiaries                        | (2,805)                               | 456            |
| Other comprehensive (loss) / income for the year                           | (2,805)                               | 456            |
| <b>Total Comprehensive Income for the Year</b>                             | <b>390,815</b>                        | <b>860,618</b> |
| <b>Total Comprehensive Income attributable to:</b>                         |                                       |                |
| - Equity holders of parents                                                | 390,815                               | 860,618        |
| - Non controlling interest                                                 | -                                     | -              |
|                                                                            | <b>390,815</b>                        | <b>860,618</b> |

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### for the Year Ended June 30, 2026

| Particulars | Issued, Subscribed<br>and Paid up Capital | Capital Reserve | Revenue Reserve          | Translation<br>Reserve | Total |
|-------------|-------------------------------------------|-----------------|--------------------------|------------------------|-------|
|             |                                           | Share Premium   | Unappropriated<br>Profit |                        |       |

---- Rupees in Thousands ----

**Balance as at June 30, 2024** 1,750,311 3,022 1,462,860 (467) 3,215,726

|                                         |   |   |         |     |         |
|-----------------------------------------|---|---|---------|-----|---------|
| Net profit for the year                 | - | - | 860,162 | -   | 860,162 |
| Other comprehensive income for the year | - | - | -       | 456 | 456     |

Total comprehensive income for the year - - 860,162 456 860,618

#### Transactions with owners

|                                                                            |   |   |           |   |           |
|----------------------------------------------------------------------------|---|---|-----------|---|-----------|
| Final dividend for the year ended June 30, 2024<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | - | (350,062) |
|----------------------------------------------------------------------------|---|---|-----------|---|-----------|

|                                                                                    |   |   |           |   |           |
|------------------------------------------------------------------------------------|---|---|-----------|---|-----------|
| Interim dividend for the period ended December 31, 2024<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | - | (350,062) |
|------------------------------------------------------------------------------------|---|---|-----------|---|-----------|

- - (700,124) - (700,124)

**Balance as at June 30, 2025** 1,750,311 3,022 1,622,898 (11) 3,376,220

|                                       |   |   |         |         |         |
|---------------------------------------|---|---|---------|---------|---------|
| Net profit for the year               | - | - | 393,620 | -       | 393,620 |
| Other comprehensive loss for the year | - | - | -       | (2,805) | (2,805) |

Total comprehensive income for the period - - 393,620 (2,805) 390,815

#### Transactions with owners

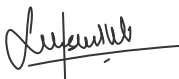
|                                                                            |   |   |           |   |           |
|----------------------------------------------------------------------------|---|---|-----------|---|-----------|
| Final dividend for the year ended June 30, 2025<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | - | (350,062) |
|----------------------------------------------------------------------------|---|---|-----------|---|-----------|

|                                                                                    |   |   |           |   |           |
|------------------------------------------------------------------------------------|---|---|-----------|---|-----------|
| Interim dividend for the period ended December 31, 2025<br>@ 20% (Rs. 2 per share) | - | - | (350,062) | - | (350,062) |
|------------------------------------------------------------------------------------|---|---|-----------|---|-----------|

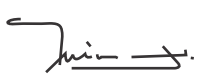
- - (700,124) - (700,124)

**Balance as at June 30, 2026** 1,750,311 3,022 1,316,394 (2,816) 3,066,911

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

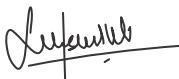
  
DIRECTOR

# CONSOLIDATED STATEMENT OF CASH FLOWS

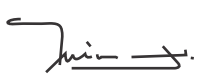
## for the Year Ended June 30, 2026

|                                                               |      | 2026           | 2025           |
|---------------------------------------------------------------|------|----------------|----------------|
|                                                               |      | ---- Rupees in | Thousands ---- |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   | Note |                |                |
| <b>Cash Generated from Operations</b>                         | 35   | 850,861        | 1,857,141      |
| Finance cost paid                                             |      | (44,043)       | (10,282)       |
| Income tax and levy paid                                      |      | (418,126)      | (307,945)      |
| Profit on deposits received                                   |      | 7,541          | 21,157         |
| Long term loan to employees - net                             |      | 3,052          | 3,042          |
|                                                               |      | (451,576)      | (294,028)      |
| <b>Net Cash Generated from Operating Activities</b>           |      | 399,285        | 1,563,113      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                |                |
| Property, plant and equipment purchased                       | 16   | (335,316)      | (137,761)      |
| Intangible assets purchased                                   | 17   | (128,377)      | (381,116)      |
| Proceeds from disposal of property, plant and equipment       |      | 15             | 72             |
| Short term investments purchased                              |      | (901,928)      | (2,702,623)    |
| Short term investments redeemed                               |      | 1,151,357      | 2,143,011      |
| Dividend received                                             |      | -              | 1,503          |
| <b>Net Cash Used in from Investing Activities</b>             |      | (214,249)      | (1,076,914)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                |                |
| Long term financing repaid                                    |      | (26,899)       | (26,899)       |
| Finances under mark up arrangements - net                     |      | 590,544        | 114,257        |
| Dividends paid                                                |      | (697,889)      | (692,401)      |
| <b>Net Cash Used in Financing Activities</b>                  | 36   | (134,244)      | (605,043)      |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents</b> |      | 50,792         | (118,844)      |
| Cash and cash equivalents at the beginning of the year        |      | 342,916        | 461,760        |
| <b>Cash and Cash Equivalents at the End of the Year</b>       |      | 393,708        | 342,916        |

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the Year Ended June 30, 2026

#### 1 The Group and its Operations

| The Group consists of:         | Note | Status within the Group |
|--------------------------------|------|-------------------------|
| - Descon Oxychem Limited (DOL) | 1.1  | Holding Company         |
| - Descon Oxychem FZE (DOL FZE) | 1.2  | Subsidiary Company      |

**1.1** DOL 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 later converted into a public limited company. On September 15, 2008, the Company was listed on Pakistan Stock Exchange. DOL is principally engaged in manufacturing, procurement and sale of hydrogen peroxide and allied products. DEL Chemicals (Private) Limited is the parent company of DOL. However, the ultimate parent company is DEL Processing (Private) Limited.

**1.2** DOL FZE is a wholly owned subsidiary of Holding Company and is situated in Hamriyah Free Zone, Sharjah, UAE. DOL FZE is engaged in import, export and trading of chemicals & related products; detergents & disinfectants; water treatment & purification chemicals and raw materials.

**1.3** DOL is domiciled in Pakistan and its geographical location and addresses are as under:

| Business Unit                   | Geographical Location                   |
|---------------------------------|-----------------------------------------|
| Head office / Registered Office | 18-KM Ferozepur Road, Lahore            |
| Production Plant / Factory      | 18- KM, Lahore-Sheikhupura Road, Lahore |

#### 1.4 Consolidated Financial Statements

These financial statements are the consolidated financial statements of the Descon Oxychem Limited and its subsidiary (the Group).

#### 2 Basis of Preparation

##### 2.1 Statement of compliance

These consolidated 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:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

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

**2.2 Basis of measurement****2.2**

These consolidated financial statements have been prepared under the historical cost convention except to the extent of the following:

|                        |         |                           |
|------------------------|---------|---------------------------|
| Long term financing    | Note 7  | (Stated at present value) |
| Deferred grant         | Note 8  | (stated at Present value) |
| Long term loans        | Note 18 | (stated at Present value) |
| Short term investments | Note 24 | (stated at Fair value)    |

**2.3 Functional and presentation currency**

These consolidated financial statements are prepared and presented in Pak Rupees (Rs.) which is the Group's functional and presentation currency. All the figures have been rounded off to the nearest Rupees in thousands, unless stated otherwise.

**2.4 Basis of consolidation****2.4.1 Subsidiaries**

Subsidiaries are such entities over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. These consolidated financial statements include separate financial statements of Descon Oxychem Limited and its subsidiary company in which Descon Oxychem Limited directly or indirectly controls, beneficially owns more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existing voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Inter-company transactions, balances and unrealized gains on transactions amongst Group companies are eliminated. Accounting policies of subsidiaries are amended, where necessary, to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate an investment in a subsidiary because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated profit or loss.

**2.4.2 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Excess of Group's share of the net identifiable asset over cost is recognized in profit or loss as a bargain purchase gain.

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

**2.5 Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. 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 estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these consolidated financial statements relate primarily to:

- Estimation of provisions - Note 3.1
- Current income tax expense, provision for current tax and recognition of deferred tax - Note 3.3, 9, 14 & 33
- Estimation of contingent liabilities - Note 3.7 & 15
- Useful lives, residual values and depreciation method of property, plant and equipment – Note 3.8 & 16
- Provision for obsolescence of inventories - Note 3.10, 3.11, 20 & 21
- Expected credit loss allowance – Note 3.6.1, 22
- Amortization of intangible – Note 3.9, 17

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these consolidated financial statements.

**2.6 Changes in accounting standards, interpretations and pronouncements****2.6.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

The following standards, amendments, and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either irrelevant to the Group's operations or are not expected to significantly impact the Group's consolidated financial statements other than certain additional disclosures.

| <b>Standard or Interpretation</b>            | <b>Effective Date - Annual Periods</b> |
|----------------------------------------------|----------------------------------------|
|                                              | Beginning on or After                  |
| IAS 21 Amendments to lack of exchangeability | January 01, 2025                       |

**2.6.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Group operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

|                                                        |                                                                                                         |                  |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------|
| IFRS 1, 7, 9,<br>10 and IAS 7                          | Annual Improvements to IFRS Accounting Standards                                                        | January 01, 2026 |
| IFRS 7 & 9                                             | Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9 | January 01, 2026 |
| IFRS 7, IFRS 18,<br>IAS 1, IAS 8,<br>IAS 36 and IAS 37 | Disclosures about Uncertainties in the Financial Statements                                             | January 01, 2026 |

| Standard or Interpretation |                                                                                     | Effective Date - Annual Periods<br>Beginning on or After |
|----------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------|
| IFRS 18                    | Presentation and Disclosure in Financial Statements                                 | January 01, 2027                                         |
| IFRS 19                    | Subsidiaries Without Public Accountability: Disclosures                             | January 01, 2027                                         |
| IFRS S1                    | General Requirements for Disclosure of Sustainability-related Financial Information | January 01, 2027                                         |
| IFRS S2                    | Climate-Related Disclosures                                                         | January 01, 2027                                         |

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Group, by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

IFRS 1 First Time Adoption of IFRS

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the consolidated financial statements for current and future periods and foreseeable future transactions.

### 3. Material Accounting Policy Information

Material accounting policy information adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the periods presented, unless stated otherwise.

#### 3.1 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and 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 each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

#### 3.2 Leases

The Group assesses whether a contract contains a lease or not at the inception of a contract. The Group reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain to not to exercise that option.

The Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Group revises the lease term if there is a change in the non-cancellable period of a lease.

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

**Group as a lessee****Recognition**

The Group recognizes a right of use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Group).

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value. The Group recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

**Lease liability***Initial measurement*

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Group's incremental borrowing rate if the implicit rate is not readily available. Generally, the Group uses its incremental borrowing rate as the discount rate.

*Subsequent measurement*

After the commencement date, the Group re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the consolidated profit or loss, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

**Right of use asset***Initial measurement*

The Group initially measures the right of use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

*Subsequent measurement*

After the commencement date, the Group measures the right of use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Group depreciates the cost of right of use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right of use asset reflects that the Group will exercise the purchase option, the Group depreciates the right of use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to consolidated profit and loss.

### 3.3 Taxation

Income tax expense for the year comprises current and deferred tax and is recognized in the consolidated statement of profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

#### **Current**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The current tax charge for the Holding Company is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Group is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Group in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. 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 after taking into account tax credits, rebates and exemptions, if any. 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.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid, irrespective of current and prior period, exceeds the amount due to those periods the excess recognized as an asset.

Whereas tax charge for subsidiary is provided in accordance with the regulations of UAE.

The Group offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFIRC 21. Further, the Group also charges tax expense under levy when tax expense is calculated under final tax regime.

#### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

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

Deferred tax liabilities are recognized for all major taxable temporary differences.

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

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

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

**3.4 Post employment benefits - Defined contribution scheme**

A recognized Voluntary Contributory Provident Fund Scheme (the Scheme) is in operation covering all permanent employees. Equal monthly contributions are made by the Group and employees at 6.3% of the base salary in accordance with the rules of the Scheme.

**3.5 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**3.6 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.6.1 Financial assets**

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

***Classification***

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Group classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

***Initial recognition and measurement***

All financial assets are initially measured at fair value that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at transaction price, if these do not contain a significant financing component in accordance with IFRS 15.

***Subsequent measurement***

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method (EIR). The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated profit or loss. Financial assets measured at fair value through the consolidated profit or loss are subsequently measured at fair value prevailing as at the reporting date. The difference arising is charged to consolidated profit or loss.

***Derecognition***

Financial assets are derecognized when the contractual rights to receive cash flows from assets have expired. The difference between the carrying amount and the consideration received is recognized in the consolidated profit or loss.

***Impairment of financial assets***

The Group recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures in which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the trade debts and the economic environment.

**3.6.2 Financial liabilities****a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc. The Group does not reclassify any of its financial liabilities.

**b) Subsequent measurement**

The Group measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortization is included as finance cost in consolidated profit or loss. Difference between carrying amount and consideration paid is recognized in consolidated profit or loss when the liabilities are derecognized.

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

**3.6.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.7 Contingent liabilities**

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**3.8 Property, plant and equipment*****Owned***

Property, plant and equipment except freehold land is stated at cost less accumulated depreciation and identified impairment losses, if any. Freehold land is stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable costs of bringing assets to their working condition. Subsequently assets are stated at cost less accumulated depreciation and identified impairment loss, if any.

Depreciation is charged to the consolidated profit or loss using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates specified in Note 16 without taking into account any residual value which is considered insignificant. Depreciation on assets is charged from the month of additions (i.e., the month when the asset is ready for use) up till the month of disposal.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Subsequent cost is included in the carrying amount of an asset 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 Group and the cost of the item can be measured reliably. Day to day maintenance, normal repairs and gains or losses on disposal of property, plant and equipment are included in the current year's profit or loss.

**Capital work-in-progress**

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

**Major spare parts, catalyst and standby equipment**

Major spare parts, catalyst and standby equipment qualify as property, plant and equipment when the Group 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.

### 3.9 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Group and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense in profit and loss.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using the straight line method so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the date the asset is acquired or capitalized until the date the asset is disposed. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant. Intangible assets are amortized at the rates specified in Note 17.

### 3.10 Stores and spares

These are valued at lower of moving average cost and net realizable value while items considered obsolete, if any, are carried at nil value. Cost is determined using the weighted average pricing method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for slow moving, damaged and obsolete items are charged to the consolidated profit or loss. Value of items comprising stores, spares and stock in trade is reviewed at reporting date to record provision for any slow moving items, damaged and obsolete items.

### 3.11 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

|                     |                                                                      |
|---------------------|----------------------------------------------------------------------|
| Raw materials       | - Moving average cost                                                |
| Material in transit | - Cost comprising invoice value plus incidental charges paid thereon |
| Work in process     | - Estimated average manufacturing cost                               |
| Finished goods      | - Average manufacturing cost                                         |

Manufacturing cost in relation to finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

### 3.12 Balances from contract with customers

#### ***Contract assets***

A contract asset is the right to consideration in exchange for goods transferred to the customer. The Group recognizes a contract asset for the earned consideration that is conditional if the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due.

#### ***Trade receivables***

A receivable represents the Group's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts as at the reporting date. Bad debts are written off when identified.

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

***Contract liabilities***

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Group transfers goods to the customer.

**3.13 Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks in current and savings accounts.

**3.14 Revenue recognition**

Revenue is recognized when the performance obligation is satisfied by applying the following five steps of revenue recognition:

- a) Identify the contract with a customer
- b) Identify the performance obligation in the contract
- c) Determine the transaction price of the contract
- d) Allocate the transaction price to each of the separate performance obligations in the contract
- e) Recognize the revenue as the Group satisfies a performance obligation

Revenue is recognized at a point in time, when the Group satisfies performance obligations by transferring goods to its customers and when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control is transferred when the goods are dispatched to the customers in case of local sales and when goods are shipped to the customers and loaded on vessel or delivered at port in case of export sales. The transaction price is fixed and decided mostly through internal and external factors. The contracts do not contain the right of return as the goods are dispatched to the customer after their inspection and acceptance.

**3.15 Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Group and the related party or business segments of the Group, if any, are at arm's length basis determined using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Group to do so.

**3.16 Earnings per Share**

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

**3.17 Impairment of non-financial assets**

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on such assets are charged to consolidated profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which

there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

### **3.18 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (the Chief Executive Officer of the Group) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities.

## **4. Other Accounting Policy information**

Other accounting policy information adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless stated otherwise.

### **4.1 Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the consolidated profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment, if any, are included in non current liabilities as deferred income and are credited to the profit or loss on straight-line basis over the expected lives of the related assets.

### **4.2 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to the consolidated profit or loss in the period in which they are incurred.

### **4.3 Dividend distributions**

Dividends to shareholders of the Holding Company are recognized as a liability in the period in which these are approved.

### **4.4 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Group has access at that date. There are three levels of fair value model which are as under:

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

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 — Unobservable inputs for the asset or liability.

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

When there is no quoted price in an active market, the Group determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

**4.5 Foreign currency transactions and translations**

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 as at the reporting date. Foreign exchange gains and losses on translation are recognized in the consolidated 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.

**5. Issued, Subscribed and Paid up Share Capital**

| 2026               | 2025               |                                                                                                  | 2026                          | 2025             |
|--------------------|--------------------|--------------------------------------------------------------------------------------------------|-------------------------------|------------------|
| Number of Shares   |                    |                                                                                                  | ---- Rupees in Thousands ---- |                  |
| 102,000,000        | 102,000,000        | Ordinary shares of Rs. 10 each fully paid in cash                                                | 1,020,000                     | 1,020,000        |
| 48,888,866         | 48,888,866         | Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash (note 5.2) | 488,889                       | 488,889          |
| 24,142,218         | 24,142,218         | Ordinary shares of Rs. 10 each fully paid as bonus shares (note 5.3)                             | 241,422                       | 241,422          |
| <b>175,031,084</b> | <b>175,031,084</b> |                                                                                                  | <b>1,750,311</b>              | <b>1,750,311</b> |

**5.1** As at the reporting date, the shares of the Holding Company as held by its parent Company and associated Companies are as under:

|                                      | 2026           | 2025          | 2026               | 2025               |
|--------------------------------------|----------------|---------------|--------------------|--------------------|
|                                      | Shareholding % |               | Number of shares   |                    |
| DEL Chemicals (Private) Limited      | 34.48%         | 34.48%        | 60,358,918         | 60,358,918         |
| Descon Engineering Limited (DEL)     | 32.40%         | 32.40%        | 56,711,084         | 56,711,084         |
| Descon Corporation (Private) Limited | 5.74%          | 5.74%         | 10,051,697         | 10,051,697         |
|                                      | <b>72.62%</b>  | <b>72.62%</b> | <b>127,121,699</b> | <b>127,121,699</b> |

**5.2** Pursuant to a special resolution passed by the shareholders in the Extraordinary General Meeting held on November 27, 2019, and subsequent approval by the Securities and Exchange Commission of Pakistan vide its order dated January 10, 2020, the Holding Company increased its paid-up share capital from Rs. 1,020,000,000 (102,000,000 ordinary shares of Rs 10 each) to Rs. 1,508,888,660 (150,888,866 ordinary shares of Rs 10 each), through the issuance of 48,888,866 ordinary shares of Rs. 10 each at a price of Rs. 15 per share (including a premium of Rs 5 per share), otherwise than by way of right, under clause (b) of sub-section (1) of Section 83 of the Companies Act, 2017. These shares were issued to Descon Engineering Limited (DEL) on January 29, 2020, against settlement of the Holding Company's outstanding long-term loan of Rs 733.33 million payable to DEL.**5.3** The Holding Company in the year 2021 issued 24,142,218 bonus shares of Rs. 10 each against share premium of Rs. 241.422 million on the basis that 16 shares were issued for every 100 shares held by the shareholders.**5.4** All ordinary shares rank equally with regard to residual assets of the Holding Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Holding Company. Voting and other rights are in proportion to the shareholding.**5.5** No shares of the Holding Company were cancelled or further issued during the year.**6. Share Premium**

The Holding Company issued 24,142,218 ordinary shares of Rs. 10 as bonus shares as referred to in note 5.3 against the share premium of Rs. 241.422 million in terms of section 81 of the Companies Act, 2017. The outstanding amount of Rs. 3.022 million (2025: Rs. 3.022 million) can be utilized by the Holding Company only for the purposes as specified in section 81 of the Companies Act, 2017.

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

| 7. | Long Term Financing                                   | Note | 2026                          | 2025     |
|----|-------------------------------------------------------|------|-------------------------------|----------|
|    |                                                       |      | ---- Rupees in Thousands ---- |          |
|    | Allied Bank Limited                                   | 7.1  | 72,317                        | 99,216   |
|    | Less: Deferred grant                                  |      | (5,965)                       | (10,821) |
|    |                                                       |      | 66,352                        | 88,395   |
|    | Less: Current portion shown under current liabilities | 13   | (23,422)                      | (22,296) |
|    |                                                       |      | 42,930                        | 66,099   |

## 7.1 Temporary Economic Refinance Facility (TERF)

This represents the outstanding balance of the SBP's Temporary Economic Refinance Facility (TERF) obtained from Allied Bank Limited for capacity expansion of the Holding Company's existing Hydrogen Peroxide plant. Out of the available limit of Rs. 487 million, the Holding Company had utilized Rs. 174.84 million. The recognized portion as at the reporting date is exclusive of grant of Rs. 5.965 million (2025: Rs. 10.821 million). This loan is secured against first pari passu charge over all present and future fixed assets (plant and machinery) of the Holding Company amounting to Rs. 880 million and ranking charge over present and future fixed assets (plant and machinery) of the Holding Company amounting to Rs. 22 million.

## Terms of markup

The facility carries markup at SBP rate plus 1% per annum (2025: SBP rate plus 1% per annum) payable quarterly in arrears.

## Terms of repayment

Temporary Economic Refinance Facility (TERF) is repayable in twenty equal quarterly installments till May 16, 2029.

| 8. | Deferred Grant        | Note | 2026                          | 2025    |
|----|-----------------------|------|-------------------------------|---------|
|    |                       |      | ---- Rupees in Thousands ---- |         |
|    | Deferred grant        | 8.1  | 5,965                         | 10,821  |
|    | Less: Current portion |      | (3,477)                       | (4,603) |
|    |                       |      | 2,488                         | 6,218   |

8.1 This represents the value of benefit of below market interest rate which has been accounted for as government grant under IAS 20, "Accounting for Government Grant and Disclosure for Government Assistance".

8.2 The grant is amortized in line with the terms of long term financing. During the year, deferred grant of Rs. 4.856 million (2025: Rs. 6.123 million) has been amortized and netted off against the finance cost (refer to Note 31).

| 9. | Deferred Tax Liability<br>Taxable temporary differences | Note | 2026                          | 2025    |
|----|---------------------------------------------------------|------|-------------------------------|---------|
|    |                                                         |      | ---- Rupees in Thousands ---- |         |
|    | Accelerated tax depreciation                            |      | 132,146                       | 149,173 |
|    | Unrealized gain on short term investments               |      | 280                           | 240     |
|    |                                                         |      | 132,426                       | 149,413 |

**Deductible temporary differences**

|                                           | 2026                          | 2025     |
|-------------------------------------------|-------------------------------|----------|
|                                           | ---- Rupees in Thousands ---- |          |
| Provision for obsolescence of inventories | (10,233)                      | (9,935)  |
| Provision for doubtful advances           | (1,667)                       | (1,499)  |
| Expected credit loss allowance            | (9,698)                       | (5,904)  |
| Provisions for WPPF and WWF               | (8,653)                       | -        |
| Long term loan                            | (99)                          | (423)    |
|                                           | (30,350)                      | (17,761) |
|                                           | 102,076                       | 131,652  |

**9.1 Reconciliation of deferred tax liabilities**

|                                                                    |    |          |          |
|--------------------------------------------------------------------|----|----------|----------|
| Opening balance                                                    |    | 131,652  | 204,072  |
| Deferred tax recognized in consolidated profit or loss             | 31 | (29,576) | (72,420) |
| Deferred tax recognized in consolidated other comprehensive income |    | -        | -        |
| Closing balance                                                    |    | 102,076  | 131,652  |

**9.2** Deferred tax assets / liabilities on temporary differences are measured at effective rate of 32.5% (2025: 39%).

**9.3 Analysis of change in deferred tax**

|                                           | Statement of Financial Position |         | Statement of Profit or Loss |          |
|-------------------------------------------|---------------------------------|---------|-----------------------------|----------|
|                                           | 2026                            | 2025    | 2026                        | 2025     |
|                                           | ---- Rupees in Thousands ----   |         |                             |          |
| Accelerated tax depreciation              | 132,146                         | 149,173 | (17,027)                    | (60,919) |
| Unrealized gain on investment             | 280                             | 240     | 40                          | 194      |
| Provision for obsolescence of inventories | (10,233)                        | (9,935) | (298)                       | (8,591)  |
| Expected credit loss allowance            | (9,698)                         | (5,904) | (3,794)                     | (3,484)  |
| Provision for doubtful advances           | (1,667)                         | (1,499) | (168)                       | -        |
| Provisions for WPPF and WWF               | (8,653)                         | -       | (8,653)                     | -        |
| Long term loan                            | (99)                            | (423)   | 324                         | 380      |
|                                           | 102,076                         | 131,652 | (29,576)                    | (72,420) |

**10. Trade and Other Payables**

Note

|                                      |      | 2026                          | 2025    |
|--------------------------------------|------|-------------------------------|---------|
|                                      |      | ---- Rupees in Thousands ---- |         |
| Trade creditors                      | 10.1 | 252,169                       | 180,141 |
| Contract liabilities                 | 10.2 | 68,054                        | 118,829 |
| Accrued liabilities                  | 10.3 | 390,530                       | 453,809 |
| Worker's (profit) participation fund | 10.4 | 19,293                        | 48,073  |
| Worker's welfare fund                | 10.5 | 7,331                         | 27,654  |
| Other liabilities                    |      | 11,278                        | 22,335  |
| Provident fund payable               | 10.6 | 2,053                         | 1,753   |
| Sales tax payable - net              |      | 22,906                        | -       |
|                                      |      | 773,614                       | 852,594 |

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

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

|                                      | 2026                          | 2025          |
|--------------------------------------|-------------------------------|---------------|
|                                      | ---- Rupees in Thousands ---- |               |
| Descon Engineering Limited           | 52,175                        | 10,617        |
| Descon Corporation (Private) Limited | 2,748                         | 1,816         |
| Inspectest (Private) Limited         | 4,695                         | 4,737         |
| Interworld Travels (Private) Limited | 2,180                         | -             |
| Popular Travels and Tours            | 196                           | -             |
|                                      | <u>61,994</u>                 | <u>17,170</u> |

**10.2** These contract liabilities are expected to be satisfied during the year ended June 30, 2027 (2025: June 30, 2026).

**10.3** This includes Rs. 24.938 million (2025: Rs. 50.495 million) payable to Descon (Private) Limited against royalty.

**10.4 Workers' (profit) participation fund**

|                                                 |    |               |               |
|-------------------------------------------------|----|---------------|---------------|
| Opening balance                                 |    | 48,073        | 43,963        |
| Add: Provision for the year                     | 30 | 19,293        | 48,073        |
| Less: Payments made to the fund during the year |    | (48,073)      | (43,963)      |
| Closing balance                                 |    | <u>19,293</u> | <u>48,073</u> |

**10.5 Worker's welfare fund**

|                                     |    |              |               |
|-------------------------------------|----|--------------|---------------|
| Opening balance                     |    | 27,654       | 18,666        |
| Add: Provision for the year         | 30 | 7,331        | 27,654        |
| Less: Payments made during the year |    | (27,654)     | (18,666)      |
| Closing balance                     |    | <u>7,331</u> | <u>27,654</u> |

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

|                                               |      | 2026                          | 2025       |
|-----------------------------------------------|------|-------------------------------|------------|
|                                               |      | ---- Rupees in Thousands ---- |            |
| <b>11. Accrued Finance Costs</b>              | Note |                               |            |
| Long term financing                           |      | 380                           | 514        |
| Finances under mark up arrangements - secured |      | 21,785                        | 476        |
|                                               | 11.1 | <u>22,165</u>                 | <u>990</u> |

**11.1** This represents the markup accrued from conventional banks against borrowings utilized during the year.

**12. Finances Under Mark up Arrangements - Secured**

**Banking companies - Secured**

|                 |  |                |                |
|-----------------|--|----------------|----------------|
| Running finance |  | <u>704,801</u> | <u>114,257</u> |
|-----------------|--|----------------|----------------|

**12.1 Terms and conditions of borrowings****Purpose**

The Holding Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,775 million (2025: Rs. 3,075 million) including running finance facilities amounting to Rs. 1,650 million (2025: Rs. 1,650 million), to meet the working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables, issue guarantee and loan against trust receipts etc. The unutilized funded and non-funded facilities amounted to Rs. 1,494 million (2025: Rs. 2,428 million).

**Markup**

Mark-up on these facilities is charged using 1 to 3 months KIBOR + spread of 0.25% to 1% (2025: 1 to 3 months KIBOR + spread of 0.25% to 1%) per annum, payable on monthly / quarterly basis in arrears.

**Securities**

These facilities are secured by way of joint pari passu charge, ranking hypothecation charge over present and future current assets of the Holding Company, lien over import documents, trust receipts, counter guarantee of the company, accepted bills of exchange and cash margins.

|                                                                  |      | <b>2026</b>      | <b>2025</b>    |
|------------------------------------------------------------------|------|------------------|----------------|
|                                                                  |      | ---- Rupees in   | Thousands ---- |
| <b>13. Current Portion of Non Current Liabilities</b>            | Note |                  |                |
| Long term financing                                              | 7    | 23,422           | 22,296         |
| Deferred grant                                                   | 8    | 3,477            | 4,603          |
|                                                                  |      | <u>26,899</u>    | <u>26,899</u>  |
| <b>14. Income Tax Payable / (Tax Refund Due from Government)</b> |      |                  |                |
| Opening balance                                                  |      | 87,405           | (125,904)      |
| Add: Charge for the year                                         | 33   | 101,167          | 559,914        |
| Add: Prior year adjustment                                       | 33   | (9,607)          | (38,660)       |
|                                                                  |      | <u>178,965</u>   | <u>395,350</u> |
| Less: Payment / adjustments                                      |      | (418,126)        | (307,945)      |
| Income tax payable / (Tax refund due from the government)        |      | <u>(239,161)</u> | <u>87,405</u>  |

**14.1** The provision for current year tax represents corporate tax at 29% (2025: 29%) and super tax at the rate of 3.5% (2025: 10%) as per the Income Tax Ordinance, 2001.

**14.2** Income tax assessments are deemed finalized by the management up to the Tax Year 2025 as tax returns were filed under the self assessment scheme.

**15. Contingencies and Commitments****15.1 Holding Company****15.1.1 Contingencies**

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

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

Pursuant to the order of the HSCP, Sui Northern Gas Pipelines Limited ('SNGPL') raised a demand for the collection of the GIDC arrears. The Group 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 Group by HLHC vide its order dated June 17, 2021. SNGPL filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Holding Company's legal advisor is of the opinion that the judgement 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 provision of section 8 (2) is subject to the determination by High Level Committee ('Committee') of SNGPL. The decision has not been made by the Committee on its applicability and the amount to be paid by the Group. Accordingly, the Holding Company has not recognized the estimated provision of Rs. 55.32 million (2025: Rs. 55.32 million) in these consolidated financial statements. However, the Holding Company has provided guarantee of Rs. 55.32 million (2025: Rs. 55.32 million) to SNGPL.

- 15.1.2** In September 2025, the Holding Company filed a petition before the Honorable Lahore High Court ('HLHC') challenging notifications issued by Oil and Gas Regulatory Authority ('OGRA') dated March 28, 2025, through which a retrospective RLNG tariff adjustment of Rs. 119 million was imposed by Sui Northern Gas Pipelines Limited ('SNGPL') and included in the Holding Company's gas bill for the month of July 2025. Subsequently, during the pendency of proceedings before the HLHC, OGRA issued fresh notifications on November 28, 2025, superseding the earlier notifications, as a result of which the original petition became infructuous.

Consequently, the Holding Company challenged the notifications dated November 28, 2025 before the HLHC, which admitted the petition for regular hearing and granted interim relief. The Holding Company is hopeful for a favorable outcome of the case.

**15.2 Guarantees**

The Group has issued guarantees to the following parties:

|                                            | <b>2026</b>                   | <b>2025</b>    |
|--------------------------------------------|-------------------------------|----------------|
|                                            | ---- Rupees in Thousands ---- |                |
| Against performance of contracts:          |                               |                |
| Sui Northern Gas Pipelines Limited         | 151,286                       | 151,286        |
| Pakistan State Oil Holding Company Limited | 3,500                         | 3,500          |
| Al-Technique Corporation of Pakistan       | 28,407                        | 28,407         |
|                                            | <b>183,193</b>                | <b>183,193</b> |

Post dated cheques issued in favor of National Tariff Commission of Pakistan, Collector of Customs and Sui Northern Gas Pipelines Limited aggregate to Rs. 43.488 million (2025: Rs. 42.14 million).

**15.3 Commitments**

The Group has the following commitments in respect of:

|                    |                |                |
|--------------------|----------------|----------------|
| Letters of credits | <b>337,309</b> | <b>293,983</b> |
|--------------------|----------------|----------------|

**15.4 Subsidiary**

There are no contingencies or commitments of Descon Oxychem FZE as at the reporting date.

## 16. Property, Plant and Equipment

Operating fixed assets - owned assets  
Capital work in progress  
Major spare parts, catalysts and standby equipment

|  | Note | 2026<br>---- Rupees in Thousands ---- | 2025<br>---- Rupees in Thousands ---- |
|--|------|---------------------------------------|---------------------------------------|
|  | 16.1 | 1,704,683                             | 1,613,944                             |
|  | 16.2 | 2,892                                 | 25,199                                |
|  | 16.3 | 128,502                               | 119,697                               |
|  |      | <u>1,836,077</u>                      | <u>1,758,840</u>                      |

## 16.1 Operating fixed assets

## Year Ended June 30, 2026

| Description                        | Freehold Land  | Buildings on Freehold Land | Plant, Machinery and Equipment | Plant, Machinery and Equipment - Catalyst | Solar Power Systems | Material Handling, Tools and Other Equipment | Laboratory Equipment | Computers and related Equipment | Electrical and Office Equipment | Furniture and Fixture | Vehicles     | Total            |
|------------------------------------|----------------|----------------------------|--------------------------------|-------------------------------------------|---------------------|----------------------------------------------|----------------------|---------------------------------|---------------------------------|-----------------------|--------------|------------------|
| ---- Rupees in Thousands ----      |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |              |                  |
| <b>Cost</b>                        |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |              |                  |
| Balance as at July 01, 2025        | 101,316        | 459,842                    | 4,358,904                      | 30,405                                    | 48,466              | 60,997                                       | 17,293               | 32,826                          | 28,922                          | 17,692                | 16,555       | 5,173,218        |
| Additions                          | -              | 34,564                     | 101,267                        | 7,842                                     | 174,609             | 6,291                                        | 10,206               | 6,338                           | 4,555                           | 3,146                 | -            | 348,818          |
| Disposals during the year          | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (148)                           | -                               | -                     | -            | (148)            |
| Write offs                         | -              | -                          | -                              | -                                         | -                   | (500)                                        | -                    | (97)                            | (205)                           | (61)                  | -            | (863)            |
| Balance as at June 30, 2026        | 101,316        | 494,406                    | 4,460,171                      | 38,247                                    | 223,075             | 66,788                                       | 27,499               | 38,919                          | 33,272                          | 20,777                | 16,555       | 5,521,025        |
| <b>Accumulated depreciation</b>    |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |              |                  |
| Balance as at July 01, 2025        | -              | 271,773                    | 3,154,110                      | 28,143                                    | 2,141               | 31,783                                       | 15,883               | 20,987                          | 13,852                          | 10,962                | 9,610        | 3,559,274        |
| Charge for the year                | -              | 37,103                     | 184,366                        | 2,583                                     | 6,984               | 9,258                                        | 1,254                | 6,877                           | 4,237                           | 2,626                 | 2,433        | 257,721          |
| Adjustments on disposals           | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (148)                           | -                               | -                     | -            | (148)            |
| Adjustments on write offs          | -              | -                          | -                              | -                                         | -                   | (142)                                        | -                    | (97)                            | (205)                           | (61)                  | -            | (505)            |
| Balance as at June 30, 2026        | -              | 308,876                    | 3,338,476                      | 30,726                                    | 9,125               | 40,899                                       | 17,137               | 27,619                          | 17,884                          | 13,557                | 12,043       | 3,816,342        |
| <b>Balance as at June 30, 2026</b> | <b>101,316</b> | <b>185,530</b>             | <b>1,121,695</b>               | <b>7,521</b>                              | <b>213,950</b>      | <b>25,889</b>                                | <b>10,362</b>        | <b>11,300</b>                   | <b>15,388</b>                   | <b>7,220</b>          | <b>4,512</b> | <b>1,704,683</b> |
| <b>Depreciation rates</b>          | -              | 5% to 25%                  | 6.25% to 33%                   | 10% to 50%                                | 6.25% to 20%        | 6.25% to 33%                                 | 6.25% to 20%         | 33%                             | 20%                             | 10% to 20%            | 20%          |                  |

## Year Ended June 30, 2025

| Description                        | Freehold Land  | Buildings on Freehold Land | Plant, Machinery and Equipment | Plant, Machinery and Equipment - Catalyst | Solar Power Systems | Material Handling, Tools and Other Equipment | Laboratory Equipment | Computers and Related Equipment | Electrical and Office Equipment | Furniture and Fixture | Vehicles     | Total            |
|------------------------------------|----------------|----------------------------|--------------------------------|-------------------------------------------|---------------------|----------------------------------------------|----------------------|---------------------------------|---------------------------------|-----------------------|--------------|------------------|
| ---- Rupees in Thousands ----      |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |              |                  |
| <b>Cost</b>                        |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |              |                  |
| Balance as at July 01, 2024        | 101,316        | 420,647                    | 4,357,713                      | 30,405                                    | -                   | 49,280                                       | 17,575               | 30,313                          | 24,447                          | 19,830                | 16,622       | 5,068,148        |
| Additions                          | -              | 39,195                     | 24,773                         | -                                         | 48,466              | 12,698                                       | 515                  | 8,819                           | 7,404                           | 648                   | -            | 142,518          |
| Disposals during the year          | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (716)                           | -                               | -                     | -            | (716)            |
| Write offs                         | -              | -                          | (23,582)                       | -                                         | -                   | (981)                                        | (797)                | (5,590)                         | (2,929)                         | (2,786)               | (67)         | (36,732)         |
| Balance as at June 30, 2025        | 101,316        | 459,842                    | 4,358,904                      | 30,405                                    | 48,466              | 60,997                                       | 17,293               | 32,826                          | 28,922                          | 17,692                | 16,555       | 5,173,218        |
| <b>Accumulated depreciation</b>    |                |                            |                                |                                           |                     |                                              |                      |                                 |                                 |                       |              |                  |
| Balance as at July 01, 2024        | -              | 241,012                    | 2,863,541                      | 27,765                                    | -                   | 24,208                                       | 15,724               | 21,330                          | 12,876                          | 11,123                | 7,244        | 3,224,823        |
| Charge for the year                | -              | 30,761                     | 313,618                        | 378                                       | 2,141               | 8,513                                        | 956                  | 5,804                           | 3,855                           | 2,648                 | 2,433        | 371,107          |
| Adjustments on disposals           | -              | -                          | -                              | -                                         | -                   | -                                            | -                    | (569)                           | -                               | -                     | -            | (569)            |
| Adjustments on write offs          | -              | -                          | (23,049)                       | -                                         | -                   | (938)                                        | (797)                | (5,578)                         | (2,879)                         | (2,779)               | (67)         | (36,087)         |
| Balance as at June 30, 2025        | -              | 271,773                    | 3,154,110                      | 28,143                                    | 2,141               | 31,783                                       | 15,883               | 20,987                          | 13,852                          | 10,962                | 9,610        | 3,559,274        |
| <b>Balance as at June 30, 2025</b> | <b>101,316</b> | <b>188,069</b>             | <b>1,204,794</b>               | <b>2,262</b>                              | <b>46,325</b>       | <b>29,214</b>                                | <b>1,410</b>         | <b>11,839</b>                   | <b>15,070</b>                   | <b>6,700</b>          | <b>6,945</b> | <b>1,613,944</b> |
| <b>Depreciation rates</b>          | -              | 5% to 25%                  | 6.25% to 33%                   | 10% to 50%                                | 6.25% to 20%        | 6.25% to 33%                                 | 6.25% to 20%         | 33%                             | 20%                             | 10% to 20%            | 20%          |                  |

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

**16.1.1** Particulars of immovable property (i.e. land and building) in the name of the Group are as follows:

| Location / Address           | Usage of immovable property  | Total Area (Sq. ft.) | Covered Area (Sq. ft.) |
|------------------------------|------------------------------|----------------------|------------------------|
| 18 Km Lahore Sheikhpura Road | Production plant and factory | 1,220,000            | 566,280                |

**16.1.2** No fixed assets were disposed off during the year having individual book value exceeding Rs. 500,000 or more.

**16.1.3 Apportionment of depreciation charge for the year**

|                                                                   |      | 2026           | 2025           |
|-------------------------------------------------------------------|------|----------------|----------------|
| Depreciation charge for the year has been apportioned as follows: | Note | ---- Rupees in | Thousands ---- |
| Cost of sales                                                     | 27   | 252,843        | 366,657        |
| Administrative expenses                                           | 28   | 3,712          | 3,336          |
| Distribution cost                                                 | 29   | 1,166          | 1,114          |
|                                                                   |      | 257,721        | 371,107        |

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

**16.1.5** Borrowings of the Holding Company are secured against first pari passu charge over all present and future fixed assets (plant and machinery) of the Holding Company amounting to Rs. 880 million (2025: Rs. 880 million) and ranking charge over present and future fixed assets (plant and machinery) of the Holding Company amounting to Rs. 22 million (2025: Rs. 22 million).

**16.1.6** The cost of fully depreciated assets which are still in use as at the reporting date is Rs. 996.214 million (2025: Rs. 816.500 million).

**16.1.7** During the year, for better presentation, the Holding Company decided to consolidate; 'Material handling' and 'Tools and Equipments' into 'Material Handling, Tools and Other Equipment' and 'Office Equipment' and 'Electrical Equipment' into 'Electrical and Office Equipment'. Had this not been done, the assets would have been presented as follows:

|                                      | Cost                          | Accumulated depreciation | Net Book Value |
|--------------------------------------|-------------------------------|--------------------------|----------------|
|                                      | ---- Rupees in Thousands ---- |                          |                |
| Plant, Machinery and Equipment       | 4,683,246                     | 3,347,601                | 1,335,645      |
| Material Handling Equipment          | 3,704                         | 2,951                    | 753            |
| Tools and Equipment                  | 63,084                        | 37,948                   | 25,136         |
| Electrical Equipment                 | 5,862                         | 2,214                    | 3,648          |
| Office Equipment                     | 27,410                        | 15,670                   | 11,740         |
|                                      | 4,783,306                     | 3,406,384                | 1,376,922      |
| <b>16.2 Capital work in progress</b> |                               |                          |                |
| Plant and machinery                  |                               | 2,258                    | 18,556         |
| Others                               |                               | 634                      | 6,643          |
|                                      | 16.2.1                        | 2,892                    | 25,199         |

**16.2.1** Reconciliation of the carrying amount is as follows:

|                     | 2026                           |                                            |                                                     |                                     |                                |
|---------------------|--------------------------------|--------------------------------------------|-----------------------------------------------------|-------------------------------------|--------------------------------|
|                     | Balance as at<br>July 01, 2025 | Expenditure<br>incurred during<br>the year | Classifications<br>/ Transfers to<br>profit or loss | Transfers to<br>operating<br>assets | Balance as at<br>June 30, 2026 |
|                     | ---- Rupees in Thousands ----  |                                            |                                                     |                                     |                                |
| Plant and machinery | 18,556                         | 175,513                                    | (8,715)                                             | (183,096)                           | 2,258                          |
| Civil works         | -                              | 29,363                                     | -                                                   | (29,363)                            | -                              |
| Others              | 6,643                          | 108                                        | (4,097)                                             | (2,020)                             | 634                            |
|                     | 25,199                         | 204,984                                    | (12,812)                                            | (214,479)                           | 2,892                          |

| 2025                |                                |                                            |                                |                                     |                                |
|---------------------|--------------------------------|--------------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|                     | Balance as at<br>July 01, 2024 | Expenditure<br>incurred during<br>the year | Transfers to<br>profit or loss | Transfers to<br>operating<br>assets | Balance as at<br>June 30, 2025 |
|                     | ---- Rupees in Thousands ----  |                                            |                                |                                     |                                |
| Plant and machinery | 46,842                         | 21,732                                     | -                              | (50,018)                            | 18,556                         |
| Civil works         | 10,500                         | 27,705                                     | -                              | (38,205)                            | -                              |
| Others              | 1,105                          | 10,381                                     | -                              | (4,843)                             | 6,643                          |
|                     | 58,447                         | 59,818                                     | -                              | (93,066)                            | 25,199                         |

|                                                                  |        | 2026                          | 2025         |
|------------------------------------------------------------------|--------|-------------------------------|--------------|
|                                                                  |        | ---- Rupees in Thousands ---- |              |
| <b>16.3 Major spare parts, catalyst and standby equipment</b>    |        |                               |              |
| The reconciliation of carrying amount is as follows:             |        |                               |              |
| Opening balance                                                  |        | 119,697                       | 91,206       |
| Additions                                                        |        | 202,219                       | 77,507       |
| Less: Transfers to capital work in progress during the year      |        | (115,439)                     | -            |
| Less: Transfers to property, plant and equipment during the year |        | (77,975)                      | (49,016)     |
|                                                                  |        | 128,502                       | 119,697      |
| <b>17. Intangible Assets</b>                                     |        |                               |              |
| Intangibles                                                      | 17.1   | 437,833                       | 12,298       |
| Capital work in progress                                         | 17.2   | -                             | 379,424      |
|                                                                  |        | 437,833                       | 391,722      |
| <b>17.1 Breakup of Software</b>                                  |        |                               |              |
| <b>Net Carrying Value</b>                                        |        |                               |              |
| Opening balance                                                  |        | 12,298                        | 16,404       |
| Additions during the year                                        |        | 507,801                       | 1,692        |
|                                                                  |        | 520,099                       | 18,096       |
| Amortization during the year                                     | 17.3   | (82,266)                      | (5,798)      |
| Closing balance                                                  |        | 437,833                       | 12,298       |
| <b>Gross Carrying Value</b>                                      |        |                               |              |
| Cost                                                             |        | 667,777                       | 159,976      |
| Accumulated amortization                                         |        | (229,944)                     | (147,678)    |
| Net book value                                                   |        | 437,833                       | 12,298       |
| Amortization rate per annum                                      |        | 10% - 33.33%                  | 10% - 33.33% |
| <b>17.2 Capital work in progress</b>                             |        |                               |              |
| Opening balance                                                  |        | 379,424                       | -            |
| Additions during the year                                        | 17.2.1 | 124,164                       | 379,424      |
| Transfer to intangibles                                          |        | (503,588)                     | -            |
| Closing                                                          | 17.2.1 | -                             | 379,424      |

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

**17.2.1** This represent payment made by the Company to obtain technical know-how and data related to processes of the Company for expansion of plant as well as increasing the efficiency of current installation. Amidst the unfavourable market conditions, the Company has decided to postpone the expansion, however, owing to the long term benefits attributable to enhanced efficiency and expansion plan, management has resolved to capitalize the asset and amortize over a period of 5 years.

**17.3** Amortization charge for the year has been allocated as follows:

|                         |    | <b>2026</b>                   | <b>2025</b>  |
|-------------------------|----|-------------------------------|--------------|
|                         |    | ---- Rupees in Thousands ---- |              |
| Cost of sales           | 27 | 75,630                        | 2,965        |
| Administrative expenses | 28 | 6,636                         | 2,833        |
|                         |    | <u>82,266</u>                 | <u>5,798</u> |

**17.4** Intangible assets also include the cost of ERP software and licenses.

**17.5** The residual value of these intangible assets is insignificant. These intangibles are not internally generated.

**17.6** Intangible assets included fully amortised assets still in the use of the Group having cost amounting to Rs. 133.365 million (2025: Rs. 133.365 million).

**18. Long Term Loans**

|                                      |      | <b>2026</b>                   | <b>2025</b>    |
|--------------------------------------|------|-------------------------------|----------------|
|                                      |      | ---- Rupees in Thousands ---- |                |
| Due from employees - considered good |      | 3,500                         | 6,750          |
| Present value adjustment             |      | (304)                         | (1,084)        |
|                                      |      | <u>3,196</u>                  | <u>5,666</u>   |
| Current portion of long term loans   | 23.2 | <u>(3,052)</u>                | <u>(3,250)</u> |
|                                      |      | <u>144</u>                    | <u>2,416</u>   |

**18.1** This represents interest free loan given to employees in accordance with the terms of employment. The loan is secured against the property documents and is recoverable over a period of five years including grace period of one year. These loan are discounted using effective interest rate ranging from 17.73% to 18.14% per annum (2025: 17.73% to 18.14% per annum).

**19. Long Term Deposits**

|                   | Note | <b>2026</b>                   | <b>2025</b>   |
|-------------------|------|-------------------------------|---------------|
|                   |      | ---- Rupees in Thousands ---- |               |
| Utility companies |      | 15,102                        | 15,102        |
| Other deposits    | 19.1 | 275                           | 275           |
|                   |      | <u>15,377</u>                 | <u>15,377</u> |

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

**20. Stores and Spares**

|                                      |      | <b>2026</b>     | <b>2025</b>     |
|--------------------------------------|------|-----------------|-----------------|
| General stores and spares            | 20.1 | 335,422         | 269,073         |
| General stores and spares in transit |      | 5,644           | 14,787          |
| Working solution                     |      | 264,447         | 267,848         |
| Less: Provision for obsolescence     | 20.2 | <u>(25,474)</u> | <u>(25,474)</u> |
|                                      |      | <u>580,039</u>  | <u>526,234</u>  |

**20.1** General stores and spares include raw material for working solution of Rs. 57.952 million (2025: Rs. 39.874 million).

**20.2** Movement of provision for obsolescence is as under:

|                                                                                                                                | Note | 2026<br>---- Rupees in | 2025<br>Thousands ---- |
|--------------------------------------------------------------------------------------------------------------------------------|------|------------------------|------------------------|
| Opening balance                                                                                                                |      | 25,474                 | 3,445                  |
| Provision for the year                                                                                                         |      | -                      | 22,029                 |
|                                                                                                                                |      | 25,474                 | 25,474                 |
| Less: Stores and spares written off                                                                                            |      | -                      | -                      |
| Closing balance                                                                                                                |      | 25,474                 | 25,474                 |
| <b>21. Stock in Trade</b>                                                                                                      |      |                        |                        |
| Raw materials                                                                                                                  |      | 261,513                | 230,510                |
| Raw materials in transit                                                                                                       |      | 149,909                | 209,962                |
| Packing material                                                                                                               |      | 24,531                 | 26,372                 |
| Finished goods                                                                                                                 |      | 157,698                | 188,004                |
| Less: Provision for obsolescence of finished goods                                                                             | 21.1 | (6,013)                | (1,249)                |
|                                                                                                                                |      | 587,638                | 653,599                |
| <b>21.1</b> Movement of provision for obsolescence of finished goods is as under:                                              |      |                        |                        |
| Opening balance                                                                                                                |      | 1,249                  | 1,249                  |
| Provision for the year                                                                                                         | 30   | 4,764                  | -                      |
|                                                                                                                                |      | 6,013                  | 1,249                  |
| Less: Obsolete stocks written off                                                                                              |      | -                      | -                      |
| Closing balance                                                                                                                |      | 6,013                  | 1,249                  |
| <b>22. Trade Debts</b>                                                                                                         |      |                        |                        |
| Considered good:                                                                                                               | 22.1 |                        |                        |
| -Local sales                                                                                                                   |      | 89,447                 | 145,122                |
| -Foreign sales                                                                                                                 |      | 22,621                 | 44,055                 |
| Considered doubtful                                                                                                            |      | 39,578                 | 15,139                 |
|                                                                                                                                |      | 151,646                | 204,316                |
| Less: Expected credit loss allowance                                                                                           | 22.2 | (39,578)               | (15,139)               |
|                                                                                                                                |      | 112,068                | 189,177                |
| <b>22.1</b> These include balances amounting to Rs. Nil (2025: Rs. 122.653 million) secured by way of inland letter of credit. |      |                        |                        |
| <b>22.2 Expected Credit Loss Allowance</b>                                                                                     |      |                        |                        |
| Opening balance                                                                                                                |      | 15,139                 | 6,204                  |
| Loss allowance for the year                                                                                                    |      | 24,439                 | 8,935                  |
|                                                                                                                                |      | 39,578                 | 15,139                 |
| Less: Bad debts written off                                                                                                    |      | -                      | -                      |
|                                                                                                                                |      | 39,578                 | 15,139                 |

**22.3** Trade debtors do not have any history of default.

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

|             |                                                                                                                                                                                                                                                                  | 2026           | 2025           |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|             |                                                                                                                                                                                                                                                                  | ---- Rupees in | Thousands ---- |
| <b>23.</b>  | <b>Loans, Advances, Deposits, Prepayments and Other Receivables</b> Note                                                                                                                                                                                         |                |                |
|             | Advances to supplier - Unsecured                                                                                                                                                                                                                                 |                |                |
|             | - Considered good                                                                                                                                                                                                                                                | 86,299         | 39,913         |
|             | - Considered doubtful                                                                                                                                                                                                                                            | 5,129          | 3,843          |
|             |                                                                                                                                                                                                                                                                  | 91,428         | 43,756         |
|             | Provision for doubtful advances 23.1                                                                                                                                                                                                                             | (5,129)        | (3,843)        |
|             |                                                                                                                                                                                                                                                                  | 86,299         | 39,913         |
|             | Advances and short term loans to employees (Unsecured - Considered good) 23.2                                                                                                                                                                                    | 5,547          | 14,413         |
|             | Security deposits                                                                                                                                                                                                                                                | 6,915          | 6,915          |
|             | Sales tax refundable - net                                                                                                                                                                                                                                       | -              | 33,522         |
|             | Prepayments                                                                                                                                                                                                                                                      | 9,962          | 5,628          |
|             |                                                                                                                                                                                                                                                                  | 108,723        | 100,391        |
| <b>23.1</b> | <b>Provision for doubtful advances</b>                                                                                                                                                                                                                           |                |                |
|             | Opening balance                                                                                                                                                                                                                                                  | 3,843          | 3,843          |
|             | Charge for the year 30                                                                                                                                                                                                                                           | 1,286          | -              |
|             |                                                                                                                                                                                                                                                                  | 5,129          | 3,843          |
|             | Less: Balance written off                                                                                                                                                                                                                                        | -              | -              |
|             | Balance as at June 30,                                                                                                                                                                                                                                           | 5,129          | 3,843          |
| <b>23.2</b> | These include current portion of interest free loans amounting to Rs. 3.052 million (2025: Rs. 3.250 million) given to employees as per the Group's policy (refer to Note 18). These loans are recoverable within 12 months from salary in monthly installments. |                |                |
| <b>23.3</b> | No loans were given to any director of the Company (2025: Nil).                                                                                                                                                                                                  |                |                |
| <b>24.</b>  | <b>Short Term Investments</b>                                                                                                                                                                                                                                    | 2026           | 2025           |
|             |                                                                                                                                                                                                                                                                  | ---- Rupees in | Thousands ---- |
|             | <b>Fair Value through Profit or Loss</b>                                                                                                                                                                                                                         |                |                |
|             | NBP Money Market Fund                                                                                                                                                                                                                                            |                |                |
|             | 44.918 million units (June 30, 2025: 69.833 million units)                                                                                                                                                                                                       | 452,316        | 700,627        |
|             | of Rs. 10.070 (June 30, 2025: Rs. 10.033)                                                                                                                                                                                                                        |                |                |
|             | NBP Financial Sector Income Fund                                                                                                                                                                                                                                 |                |                |
|             | 94.724 units (June 30, 2025: 88.325 units)                                                                                                                                                                                                                       | 1              | 1              |
|             | of Rs. 10.718 (June 30, 2025: Rs. 10.679)                                                                                                                                                                                                                        |                |                |
|             |                                                                                                                                                                                                                                                                  | 452,317        | 700,628        |
| <b>24.1</b> | The above investments are classified within level 1 of the hierarchy as prescribed by IFRS-13 fair value measurement.                                                                                                                                            |                |                |
| <b>25.</b>  | <b>Bank Balances</b>                                                                                                                                                                                                                                             |                |                |
|             | Local currency current accounts 25.1                                                                                                                                                                                                                             | 38,005         | 64,824         |
|             | Local currency saving accounts 25.2                                                                                                                                                                                                                              | 41,132         | 101,921        |
|             | Foreign currency current accounts 25.3                                                                                                                                                                                                                           | 202,784        | 160,505        |
|             | Foreign currency saving accounts 25.3                                                                                                                                                                                                                            | 111,787        | 15,666         |
|             |                                                                                                                                                                                                                                                                  | 393,708        | 342,916        |

- 25.1** This includes shariah compliant bank deposits in Meezan Bank Limited amounting to Rs. 5,474 million (2025: Rs. 58,918 million).
- 25.2** These carry mark up at the rate of 7% to 9% (2025: 10% to 15%) per annum.
- 25.3** This includes foreign currency amounting to USD 176,529 (2025: USD 89,970) and AED 3,519,367 (2025: AED 1,949,728) as at the reporting date.
- 25.4** The above figures reconcile to the amount of cash and cash equivalents shown in the statement of cash flow.

| <b>26.</b>  | <b>Sales</b>                                         | Note   | <b>2026</b>                   | <b>2025</b> |
|-------------|------------------------------------------------------|--------|-------------------------------|-------------|
|             |                                                      |        | ---- Rupees in Thousands ---- |             |
|             | Gross sales                                          |        |                               |             |
|             | - Local                                              |        | 5,699,122                     | 6,888,614   |
|             | - Foreign                                            |        | 409,625                       | 305,415     |
|             |                                                      | 26.1   | 6,108,747                     | 7,194,029   |
|             | Commission on sales                                  |        | (123,747)                     | (141,331)   |
|             | Sales tax                                            |        | (871,030)                     | (1,053,850) |
|             |                                                      |        | 5,113,970                     | 5,998,848   |
| <b>26.1</b> | Gross sales are sales recognized at a point in time. |        |                               |             |
| <b>26.2</b> | <b>Contract balances</b>                             |        |                               |             |
|             | Trade receivables                                    | 26.2.1 | 112,068                       | 189,177     |
|             | Contract liabilities                                 | 26.2.2 | 68,054                        | 118,829     |

**26.2.1** Trade receivables are non-interest bearing and become due after 30 to 120 days of invoice date.

**26.2.2** Contract liabilities represents short term advances received from customers against delivery of goods in future. Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year amounts to Rs. 112.764 million (2025: Rs. 82.034 million).

| <b>26.3</b> | Geographical markets | Note | <b>2026</b>                   | <b>2025</b> |
|-------------|----------------------|------|-------------------------------|-------------|
|             |                      |      | ---- Rupees in Thousands ---- |             |
|             | Asia                 |      | 409,625                       | 294,985     |
|             | Europe               |      | -                             | 10,430      |
|             |                      |      | 409,625                       | 305,415     |

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

| 27   | Cost of Sales                                                                                                                                  | Note   | 2026                          | 2025      |
|------|------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------|-----------|
|      |                                                                                                                                                |        | ---- Rupees in Thousands ---- |           |
|      | Raw and packing materials consumed                                                                                                             |        | 2,240,057                     | 2,410,452 |
|      | Salaries, wages and other benefits                                                                                                             | 27.1   | 282,434                       | 317,308   |
|      | Repairs and maintenance                                                                                                                        |        | 106,156                       | 129,423   |
|      | Shut down expenses                                                                                                                             |        | 71,004                        | -         |
|      | Fuel and power                                                                                                                                 |        | 787,099                       | 879,526   |
|      | Quality assurance                                                                                                                              |        | 20,947                        | 5,453     |
|      | Services through contractors                                                                                                                   |        | 158,946                       | 97,666    |
|      | Travelling and conveyance                                                                                                                      |        | 19,965                        | 14,324    |
|      | Communication                                                                                                                                  |        | 2,432                         | 2,778     |
|      | Rent and rates                                                                                                                                 |        | 44,149                        | 35,749    |
|      | Insurance                                                                                                                                      |        | 23,553                        | 23,821    |
|      | Safety items consumed                                                                                                                          |        | 6,642                         | 4,561     |
|      | Amortization of intangible assets                                                                                                              | 17.3   | 75,630                        | 2,965     |
|      | Depreciation on property, plant and equipment:                                                                                                 | 16.1.3 | 252,843                       | 366,657   |
|      | Miscellaneous                                                                                                                                  |        | 1,941                         | 6,326     |
|      |                                                                                                                                                |        | 4,093,798                     | 4,297,009 |
|      | Add: Opening work in process                                                                                                                   | 21     | 26,372                        | 17,994    |
|      | Less: Closing work in process                                                                                                                  | 21     | (24,531)                      | (26,372)  |
|      |                                                                                                                                                |        | 1,841                         | (8,378)   |
|      | Cost of goods produced                                                                                                                         |        | 4,095,639                     | 4,288,631 |
|      | Add: Opening finished goods                                                                                                                    | 21     | 186,755                       | 118,224   |
|      | Less: Closing finished goods                                                                                                                   | 21     | (151,685)                     | (186,755) |
|      |                                                                                                                                                |        | 35,070                        | (68,531)  |
|      |                                                                                                                                                |        | 4,130,709                     | 4,220,100 |
| 27.1 | Salaries, wages and other benefits include Rs. 8.396 million (2025: Rs. 6.855 million) in respect of provident fund contribution by the Group. |        |                               |           |
| 28.  | Administrative Expenses                                                                                                                        |        |                               |           |
|      | Salaries, allowances and other benefits                                                                                                        | 28.1   | 156,607                       | 151,134   |
|      | Vehicle running and maintenance                                                                                                                |        | 6,946                         | 6,519     |
|      | Entertainment                                                                                                                                  |        | 2,360                         | 5,145     |
|      | Communication                                                                                                                                  |        | 1,169                         | 1,474     |
|      | Printing and stationery                                                                                                                        |        | 2,673                         | 3,907     |
|      | Travelling and conveyance                                                                                                                      |        | 6,757                         | 7,582     |
|      | Repairs and maintenance                                                                                                                        |        | 1,318                         | 2,594     |
|      | Insurance                                                                                                                                      |        | 28                            | 58        |
|      | Donations                                                                                                                                      | 28.2   | 9,236                         | 11,470    |
|      | Fees and subscriptions                                                                                                                         |        | 36,097                        | 32,243    |
|      | Legal and professional fee                                                                                                                     |        | 32,329                        | 12,543    |
|      | Auditors' remuneration                                                                                                                         | 28.3   | 6,600                         | 5,725     |
|      | Depreciation on property, plant and equipment                                                                                                  | 16.1.3 | 3,712                         | 3,336     |
|      | Amortization of intangible assets                                                                                                              | 17.3   | 6,636                         | 2,833     |
|      | Miscellaneous                                                                                                                                  |        | 3,761                         | 3,724     |
|      |                                                                                                                                                |        | 276,229                       | 250,287   |

**28.1** Salaries, wages and other benefits include Rs. 3.856 million (2025: Rs. 3.165 million) in respect of provident fund contribution by the Group.

**28.2** This includes donation made to M/s Bilquis Abdul Razzak Dawood Foundation, a related party due to common directorship, amounting to Rs. 8.606 million (2025: Rs. 11.470 million).

| <b>28.3 Auditors' remuneration:</b>                                             | Note | <b>2026</b>    | <b>2025</b>    |
|---------------------------------------------------------------------------------|------|----------------|----------------|
|                                                                                 |      | ---- Rupees in | Thousands ---- |
| - Audit fee                                                                     |      | 3,500          | 2,900          |
| - Half yearly review                                                            |      | 1,100          | 1,100          |
| - Audit of group financial statements, group reporting and other certifications |      | 2,000          | 1,725          |
|                                                                                 |      | <u>6,600</u>   | <u>5,725</u>   |

## **29 Distribution and Selling Costs**

|                                               |        |                |                |
|-----------------------------------------------|--------|----------------|----------------|
| Salaries, allowances and other benefits       | 29.1   | 32,496         | 34,767         |
| Communication                                 |        | 928            | 1,176          |
| Travelling and conveyance                     |        | 14,939         | 20,481         |
| Advertisement                                 |        | 17,522         | 20,349         |
| Insurance                                     |        | 2,252          | 62             |
| Freight and forwarding                        |        | 116,725        | 62,508         |
| Fees and subscriptions                        |        | 4,056          | 16,192         |
| Royalty                                       | 29.2   | 24,939         | 29,544         |
| Rent, rates and taxes                         |        | 16,619         | 7,657          |
| Depreciation on property, plant and equipment | 16.1.3 | 1,166          | 1,114          |
| Miscellaneous                                 |        | 1,028          | 607            |
|                                               |        | <u>232,670</u> | <u>194,457</u> |

**29.1** Salaries, wages and other benefits include Rs. 0.908 million (2025: Rs. 0.743 million) in respect of provident fund contribution by the Group.

**29.2** This represents royalty charged by Descon (Private) Limited, a related party, located at Descon Headquarters, 18-Km, Ferozepur Road, Lahore.

| <b>30. Other Operating Expenses</b>               | Note | <b>2026</b>    | <b>2025</b>    |
|---------------------------------------------------|------|----------------|----------------|
|                                                   |      | ---- Rupees in | Thousands ---- |
| Workers' (profit) participation fund              | 10.4 | 19,293         | 48,073         |
| Worker's welfare fund                             | 10.5 | 7,331          | 27,654         |
| Balances written off                              |      | 31,263         | 14,202         |
| Fixed assets written off                          |      | 358            | -              |
| Provision for obsolescence of stores and spares   | 20   | -              | 22,029         |
| Provision for finished goods                      | 21   | 4,764          | -              |
| Expected credit loss allowance                    | 22   | 24,439         | 8,935          |
| Exchange loss                                     |      | 4,233          | -              |
| Loss on disposal of property, plant and equipment |      | -              | 75             |
| Provision for advances                            | 23   | 1,286          | -              |
|                                                   |      | <u>92,967</u>  | <u>120,968</u> |

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

| 31. Finance Cost                                                                                                                                 | Note | 2026                          | 2025           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------------------------|----------------|
|                                                                                                                                                  |      | ---- Rupees in Thousands ---- |                |
| Markup on long term finance                                                                                                                      | 31.1 | 1,744                         | 2,726          |
| Markup on finances under markup arrangements - secured                                                                                           |      | 56,687                        | 894            |
| Bank and other charges                                                                                                                           |      | 6,787                         | 6,411          |
|                                                                                                                                                  |      | <u>65,218</u>                 | <u>10,031</u>  |
| 31.1 Amortization of deferred grant of Rs. 4.856 million (2025: Rs. 6.123 million) has been netted off against the markup on long term finances. |      |                               |                |
| 32. Other Income                                                                                                                                 |      |                               |                |
| Profit on bank deposits                                                                                                                          |      | 7,541                         | 21,157         |
| Dividend income from investments                                                                                                                 |      | -                             | 1,503          |
| Realized gain on sale of short term investments                                                                                                  |      | 61,174                        | 60,891         |
| Liabilities written back                                                                                                                         |      | 41,180                        | -              |
| Unrealized gain on short term investments                                                                                                        |      | 1,118                         | 961            |
| Unwinding of long term loan                                                                                                                      |      | 780                           | 975            |
| Scrap sales                                                                                                                                      |      | 7,619                         | 6,274          |
| Gain on disposal of property, plant and equipment                                                                                                |      | 15                            | -              |
| Exchange gain                                                                                                                                    |      | -                             | 14,230         |
| Insurance claimed                                                                                                                                |      | 20,000                        | -              |
|                                                                                                                                                  |      | <u>139,427</u>                | <u>105,991</u> |
| 33. Taxation                                                                                                                                     |      |                               |                |
| Current Tax                                                                                                                                      |      |                               |                |
| - Current year                                                                                                                                   |      | 77,761                        | 544,315        |
| - Adjustment for prior years                                                                                                                     |      | (9,607)                       | (38,660)       |
|                                                                                                                                                  |      | 68,154                        | 505,655        |
| Deferred tax                                                                                                                                     |      | (29,576)                      | (72,420)       |
|                                                                                                                                                  |      | <u>38,578</u>                 | <u>433,235</u> |
| 33.1 Reconciliation of tax charge for the year                                                                                                   |      |                               |                |
| Profit before levy and taxation                                                                                                                  |      | 455,604                       | 1,308,996      |
| Tax @ 29% (2025: 29%) on profit before taxation                                                                                                  |      | 132,125                       | 379,609        |
| Adjustment on account of normal tax                                                                                                              |      | (66,249)                      | 9,178          |
| Prior year tax                                                                                                                                   |      | (9,607)                       | (38,660)       |
| Super tax @ 3.5% (2025: 10%)                                                                                                                     |      | 11,885                        | 155,528        |
| Deferred taxation                                                                                                                                |      | (29,576)                      | (72,420)       |
|                                                                                                                                                  |      | <u>38,578</u>                 | <u>433,235</u> |
| 33.2 Reconciliation of Levy and Income tax under IAS-12                                                                                          |      |                               |                |
| Current tax liability as per applicable tax laws                                                                                                 |      | 91,560                        | 562,820        |
| Portion of current tax liability representing income tax as per IAS -12                                                                          |      | (68,154)                      | (547,221)      |
| Portion of current tax liability representing levy as per IFRIC 21 / IAS 37                                                                      |      | (23,406)                      | (15,599)       |
| Difference                                                                                                                                       |      | -                             | -              |

- 33.3** The current tax expense for the year is calculated using corporation tax rate of 29% (2025: 29%) and super tax at 3.5% (2025: 10%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 32.5% (2025: 39%).

**34. Earnings per Share**

|                                            |                    | 2026    | 2025    |
|--------------------------------------------|--------------------|---------|---------|
| Profit for the year                        | Rupees in thousand | 393,620 | 860,162 |
| Weighted average number of ordinary shares | Number in thousand | 175,031 | 175,031 |
| Earning per share - basic                  | Rupees             | 2.25    | 4.91    |

- 34.1** There is no dilution effect on the earnings per share of the Group as the Group does not have any convertible instruments in issue as at the reporting date which would have any effect on the earnings per share if the option to convert is exercised.

**35. Cash Generated from Operations**

|                                                              | Note    | 2026<br>---- Rupees in Thousands ---- | 2025      |
|--------------------------------------------------------------|---------|---------------------------------------|-----------|
| Profit before levy and taxation                              |         | 455,604                               | 1,308,996 |
| Adjustments for:                                             |         |                                       |           |
| - Depreciation on property, plant and equipment              | 16.1.3  | 257,721                               | 371,107   |
| - Amortization of intangible asset                           | 17      | 82,266                                | 5,798     |
| - Balances written off                                       | 30      | 31,263                                | 14,202    |
| - Fixed assets written off                                   | 30      | 358                                   | -         |
| - Provision for obsolescence of stores and spares            | 30      | -                                     | 22,029    |
| - Provision for finished goods                               | 30      | 4,764                                 | -         |
| - Expected credit loss allowance                             | 30      | 24,439                                | 8,935     |
| - Foreign operation translation reserve                      |         | (2,805)                               | 456       |
| - Unwinding of long term loan                                | 32      | (780)                                 | (975)     |
| - Liabilities written back                                   | 32      | (41,180)                              | -         |
| - Provision for doubtful advances                            | 30      | 1,286                                 | -         |
| - Interest on bank deposits                                  | 32      | (7,541)                               | (21,157)  |
| - Dividend income                                            | 32      | -                                     | (1,503)   |
| - Unrealized gain on investment                              | 32      | (1,118)                               | (961)     |
| - Net exchange gain                                          | 30 & 32 | 4,233                                 | (14,230)  |
| - Finance cost                                               | 31      | 65,218                                | 10,031    |
| - (Gain) / loss on disposal of property, plant and equipment | 30 & 32 | (15)                                  | 75        |
|                                                              |         | 418,109                               | 393,807   |
| <b>Operating profit before working capital changes</b>       |         | 873,713                               | 1,702,803 |
| (Increase) / decrease in current assets                      |         |                                       |           |
| - Stores and spares                                          |         | (53,805)                              | (24,326)  |
| - Stock in trade                                             |         | 61,197                                | (30,904)  |
| - Trade debts                                                |         | 52,670                                | (22,466)  |
| - Loans and advances                                         |         | (40,881)                              | (46,456)  |
| Increase / (decrease) in current liabilities                 |         |                                       |           |
| - Trade and other payables                                   |         | (42,033)                              | 278,490   |
|                                                              |         | (22,852)                              | 154,338   |
| <b>Cash Generated from Operations</b>                        |         | 850,861                               | 1,857,141 |

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

| 36. | Liabilities Arising from Financing Activities                     | Note | As at June 30,<br>2025        | Non-cash<br>changes | Cash flows<br>(Net) | As at June 30,<br>2026 |
|-----|-------------------------------------------------------------------|------|-------------------------------|---------------------|---------------------|------------------------|
|     |                                                                   |      | ---- Rupees in Thousands ---- |                     |                     |                        |
|     | Long term financing                                               | 7    | 88,395                        | 4,856               | (26,899)            | 66,352                 |
|     | Deferred grant                                                    | 8    | 10,821                        | (4,856)             | -                   | 5,965                  |
|     | Dividend payable                                                  |      | 18,966                        | 700,124             | (697,889)           | 21,201                 |
|     | Finances under mark up arrangements - secured                     | 12   | 114,257                       | -                   | 590,544             | 704,801                |
|     | Total liabilities from financing activities                       |      | 232,439                       | 700,124             | (134,244)           | 798,319                |
| 37  | Remuneration of Chief Executive Officer, Directors and Executives |      | As at June 30,<br>2024        | Non-cash<br>changes | Cash flows<br>(Net) | As at June 30,<br>2025 |
|     |                                                                   |      | ---- Rupees in Thousands ---- |                     |                     |                        |
|     | Long term financing                                               | 7    | 109,171                       | 6,123               | (26,899)            | 88,395                 |
|     | Deferred grant                                                    | 8    | 16,944                        | (6,123)             | -                   | 10,821                 |
|     | Dividend payable                                                  |      | 11,243                        | 700,124             | (692,401)           | 18,966                 |
|     | Finances under mark up arrangements - secured                     | 12   | -                             | -                   | 114,257             | 114,257                |
|     | Total liabilities from financing activities                       |      | 137,358                       | 700,124             | (605,043)           | 232,439                |

**37 Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amounts charged in the consolidated financial statements for the year as remuneration and benefits paid to the chief executive officer, directors and executives of the Group are as follows:

|                                | Chief Executive Officer       |        | Non-Executive Directors |       | Executives |         | Total   |         |
|--------------------------------|-------------------------------|--------|-------------------------|-------|------------|---------|---------|---------|
|                                | 2026                          | 2025   | 2026                    | 2025  | 2026       | 2025    | 2026    | 2025    |
|                                | ---- Rupees in Thousands ---- |        |                         |       |            |         |         |         |
| Remuneration                   | 31,366                        | 25,537 | -                       | -     | 74,376     | 84,926  | 105,742 | 110,463 |
| Meeting fee                    | -                             | -      | 1,760                   | 1,313 | -          | -       | 1,760   | 1,313   |
| Contribution to provident fund | 1,928                         | 1,581  | -                       | -     | 4,704      | 4,253   | 6,632   | 5,834   |
| Car allowance                  | 1,809                         | 1,164  | -                       | -     | 13,412     | 15,171  | 15,221  | 16,335  |
| Medical facility               | -                             | 578    | -                       | -     | -          | 1,821   | -       | 2,399   |
| Bonus                          | -                             | 1,884  | -                       | -     | 12,190     | 5,654   | 12,190  | 7,538   |
| Advisory fee                   | 491                           | -      | -                       | -     | 200        | -       | 691     | -       |
|                                | 35,594                        | 30,744 | 1,760                   | 1,313 | 104,882    | 111,825 | 142,236 | 143,882 |
| Number of persons              | 1                             | 1      | 7                       | 7     | 11         | 19      |         |         |

**37.1** An Executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

**38. Balances and Transaction with Related Parties**

Related parties comprise the parent company, associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. The Group enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances as at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party's receivable or payable balances. Significant balances and transactions with related parties are as follows:

**Transaction during the year**

| Nature of Transaction                                   | Related Party                        | Relationship | 2026     | 2025     |
|---------------------------------------------------------|--------------------------------------|--------------|----------|----------|
| ---- Rupees in Thousands ----                           |                                      |              |          |          |
| <b>1. Sale of Goods</b>                                 |                                      |              |          |          |
| Sale of goods                                           | Descon Engineering Limited           | Associate    | 57       | 57       |
| <b>2. Goods / Services Purchased</b>                    |                                      |              |          |          |
| Ticketing purchased                                     | Interworld Travels (Private) Limited | Associate    | 8,000    | 7,477    |
| Ticketing purchased                                     | Popular Travels and Tours            | Associate    | 631      | -        |
| Services for Manpower, Calibration and PSV Calibration  | Inspectest (Private) Limited         | Associate    | 20,182   | 18,458   |
| Purchase and other services                             | Descon Engineering Limited           | Associate    | 47,963   | 2,804    |
| IT services purchased                                   | Descon Corporation (Private) Limited | Associate    | 10,650   | 6,800    |
| <b>Reimbursement of cost</b>                            |                                      |              |          |          |
| <b>3. Expenses Charged by Related Parties</b>           |                                      |              |          |          |
| Descon Engineering Limited                              |                                      |              | 26,158   | 23,780   |
| Descon Corporation (Private) Limited                    |                                      |              | 44,327   | 60,606   |
| Descon Oxychem Limited - Employees Provident Fund Trust |                                      |              | 13,160   | 11,009   |
| DEL Power (Private) Limited                             |                                      |              | 12,146   | -        |
| Descon Power Solutions (Private) Limited                |                                      |              | 72       | -        |
| Descon (Private) Limited                                |                                      |              | 24,939   | 29,544   |
| <b>4. Expenses Charged to Related Parties</b>           |                                      |              |          |          |
| Descon Corporation (Private) Limited                    |                                      |              | 9,176    | 8,496    |
| <b>5. Payments Received / (Made) - Net</b>              |                                      |              |          |          |
| Descon Engineering Limited                              |                                      |              | (32,506) | (33,565) |
| Descon Corporation (Private) Limited                    |                                      |              | (44,869) | (61,453) |
| Descon (Private) Limited                                |                                      |              | (50,496) | -        |
| Descon Power Solutions (Private) Limited                |                                      |              | (72)     | -        |
| Descon (Private) Limited                                |                                      |              | (12,146) | -        |
| Interworld Travels (Private) Limited                    |                                      |              | (5,820)  | (7,729)  |
| Popular Travels and Tours                               |                                      |              | (435)    | -        |
| Descon Oxychem Limited Employees Provident Fund Trust   |                                      |              | (12,860) | (11,027) |
| Inspectest (Private) Limited                            |                                      |              | (20,224) | (17,113) |
| <b>6. Dividends Paid</b>                                |                                      |              |          |          |
| Descon Engineering Limited                              |                                      |              | 226,844  | 226,844  |
| Descon Corporation (Private) Limited                    |                                      |              | 40,206   | 40,206   |
| DEL Chemicals (Private) Limited                         |                                      |              | 241,436  | 241,436  |
| Mr. Taimoor Dawood                                      |                                      |              | 768      | 768      |
| Mr. Farooq Nazir                                        |                                      |              | 2        | 2        |

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

|                                                       | <b>2026</b>                   | <b>2025</b> |
|-------------------------------------------------------|-------------------------------|-------------|
|                                                       | ---- Rupees in Thousands ---- |             |
| Mr. Faisal Dawood                                     | 464                           | 464         |
| Ms. Mehreen Dawood                                    | 2                             | 2           |
| Mr. Asif Qadir                                        | 2                             | 2           |
| Mr. Imran Anwer                                       | 2                             | 2           |
| Mr. Muhammad Zahir                                    | 2                             | 2           |
| <b>7. Loan Repayment and Donation</b>                 |                               |             |
| Afzal Ali                                             | 750                           | 750         |
| Muhammad Mushfiq Hussain                              | 2,500                         | 2,500       |
| Bilquis Abdul Razzak Dawood Foundation                | 8,606                         | 11,470      |
| <b>Balance outstanding as at June 30,</b>             |                               |             |
| <b>Trade Creditors</b>                                |                               |             |
| Descon Engineering Limited                            | 52,175                        | 10,617      |
| Descon Corporation (Private) Limited                  | 2,748                         | 1,816       |
| Inspectest (Private) Limited                          | 4,695                         | 4,737       |
| Interworld Travels (Private) Limited                  | 2,180                         | -           |
| Popular Travels and Tours                             | 196                           | -           |
| Descon Oxychem Limited Employees Provident Fund Trust | 2,053                         | 1,753       |
| <b>Accrued Liabilities</b>                            |                               |             |
| Descon (Private) Limited                              | 24,938                        | 50,495      |

**38.1** Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place.

| <b>S. No.</b> | <b>Company Name</b>                  | <b>Relationship</b>      | <b>% of Shareholding</b> |
|---------------|--------------------------------------|--------------------------|--------------------------|
| 1             | DEL Chemicals (Private) Limited      | Holding Company          | 34.48%                   |
| 2             | Descon Engineering Limited           | Associate                | 32.40%                   |
| 3             | Descon Corporation (Private) Limited | Associate                | 5.74%                    |
| 4             | Interworld Travels (Private) Limited | Associate                | N/A                      |
| 5             | Inspectest (Private) Limited         | Associate                | N/A                      |
| 6             | Descon (Private) Limited             | Associate                | N/A                      |
| 7             | Descon Oxychem FZE                   | Subsidiary Company       | 100.00%                  |
| 8             | Mr. Taimoor Dawood                   | Director                 | 0.11%                    |
| 9             | Mr. Farooq Nazir                     | Director                 | 0.0003%                  |
| 10            | Mr. Faisal Dawood                    | Director                 | 0.0666%                  |
| 11            | Ms. Mehreen Dawood                   | Director                 | 0.0003%                  |
| 12            | Mr. Asif Qadir                       | Director                 | 0.0003%                  |
| 13            | Mr. Imran Anwer                      | Director                 | 0.0003%                  |
| 14            | Mr. Muhammad Memosh Asghar Khawaja   | Director                 | 0.0003%                  |
| 15            | Mr. Muhammad Zahir                   | Director                 | 0.0003%                  |
| 16            | Mr. Yasir Siddique                   | Chief Executive Officer  | None                     |
| 17            | Mr. Muhammad Mushfiq Hussain         | Key Management Personnel | None                     |
| 18            | Ms. Rabia Shoaib                     | Key Management Personnel | None                     |
| 19            | Mr. Tauheed Ahmed Khan               | Key Management Personnel | None                     |
| 20            | Mr. Adil Akbar                       | Key Management Personnel | None                     |

| S. No. | Company Name               | Relationship             | % of Shareholding |
|--------|----------------------------|--------------------------|-------------------|
| 21     | Ms. Shanzay Haider         | Key Management Personnel | None              |
| 22     | Ms. Naveeda Nisar          | Key Management Personnel | None              |
| 23     | Mr. Azhar Ali              | Key Management Personnel | None              |
| 24     | Mr. Fawad Ul Islam Hirani  | Key Management Personnel | None              |
| 25     | Mr. Afzal Ali              | Key Management Personnel | None              |
| 26     | Mr. Imran Rauf Butt        | Key Management Personnel | None              |
| 27     | Mr. Muhammad Bilal Hussain | Key Management Personnel | None              |
| 28     | Mr. Mujahid Ali            | Key Management Personnel | None              |

### 39. Financial Risk Management

#### 39.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Group's exposure resulting from outstanding import and export payments.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to US Dollars, Great Britain Pounds and UAE Dirham. The Group's exposure to currency risk as at reporting date is as follows:

|                               | 2026                          | 2025            |
|-------------------------------|-------------------------------|-----------------|
|                               | ---- Rupees in Thousands ---- |                 |
| Receivables                   | 22,621                        | 44,055          |
| Bank balances                 | 293,283                       | 176,171         |
| Trade and other payables      | (1,505)                       | (2,898)         |
| Letters of credit outstanding | (337,309)                     | (293,983)       |
|                               | <u>(22,910)</u>               | <u>(76,655)</u> |

The following significant exchange rates were applied during the year.

#### June 30, 2026

|                     | AED   | USD    | GBP    |
|---------------------|-------|--------|--------|
| Average rate        | 76.53 | 281.03 | 378.59 |
| Reporting date rate | 75.78 | 278.30 | 368.31 |

#### June 30, 2025

|                     | AED   | USD    | GBP    |
|---------------------|-------|--------|--------|
| Average rate        | 77.03 | 281.05 | 370.39 |
| Reporting date rate | 77.27 | 283.76 | 388.86 |

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

**Sensitivity analysis**

If the functional currency, as at the reporting date, had weakened / strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 0.201 million (2025: Rs. 0.767 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

**(ii) Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Group is exposed to price risk in respect of certain investments amounting to Rs. 452.317 million (2025: Rs. 700.628 million).

**Sensitivity analysis**

A change of 1% in the value of investments at fair value through profit or loss would have increased / decreased profitability of the Group by Rs. 4.523 million (2025: Rs. 7.006 million) on the basis that all other variables remain constant.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term and short term borrowings. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

As at the reporting date the interest rate profile of the Group's interest bearing financial instruments was as under:

|                                     | Note | 2026    | 2025    |
|-------------------------------------|------|---------|---------|
| ---- Rupees in Thousands ----       |      |         |         |
| <b>Fixed rate instruments</b>       |      |         |         |
| <b>Financial liabilities</b>        |      |         |         |
| Long term financing                 | 7    | 72,317  | 99,216  |
| <b>Floating rate instruments</b>    |      |         |         |
| <b>Financial liabilities</b>        |      |         |         |
| Finances under mark up arrangements | 12   | 704,801 | 114,257 |
| <b>Financial assets</b>             |      |         |         |
| Saving accounts                     | 25   | 152,919 | 150,655 |

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

As at June 30, 2026, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 5.519 million (2025: Rs. 0.364 million), mainly as a result of interest exposure on variable rate instruments.

**Cash flow sensitivity analysis for fixed rate instruments**

The Group has certain financial liabilities at fixed rate. Therefore, no impact on profit or loss of the Group is expected.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade debts, deposits with banks, investments and certain other financial instruments.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating as available from external credit agencies are accepted.

As at the reporting date, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

|                                                                   |    |                |                |
|-------------------------------------------------------------------|----|----------------|----------------|
| Long term loans                                                   | 18 | 3,500          | 6,750          |
| Trade debts                                                       | 22 | 112,068        | 189,177        |
| Other receivables                                                 | 23 | 6,915          | 6,915          |
| Short term investments                                            | 24 | 452,317        | 700,628        |
| Bank balances                                                     | 25 | 393,708        | 342,916        |
| The aging of trade debts as at the reporting date was as follows: |    |                |                |
| 1 - 30 days                                                       |    | 62,000         | 70,646         |
| 31 - 60 days                                                      |    | 36,121         | 74,810         |
| 61 - 180 days                                                     |    | 13,118         | 43,721         |
| More than 180 days                                                |    | 829            | -              |
|                                                                   |    | <u>112,068</u> | <u>189,177</u> |

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. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows:

|                                 | Rating     |           | Rating | 2026           | 2025                          |
|---------------------------------|------------|-----------|--------|----------------|-------------------------------|
|                                 | Short term | Long term | Agency |                |                               |
|                                 |            |           |        |                | ---- Rupees in Thousands ---- |
| Allied Bank Limited             | A1 +       | AAA       | PACRA  | 14             | -                             |
| Bank Alfalah Limited            | A1 +       | AAA       | PACRA  | 5,311          | 3,531                         |
| Bank Al-Habib Limited           | A1 +       | AAA       | PACRA  | 20,079         | 66,764                        |
| First Abu Dhabi Bank            | A1 +       | AAA       | VIS    | 293,283        | 150,655                       |
| Habib Metropolitan Bank Limited | A1 +       | AA +      | PACRA  | 41,346         | 42,885                        |
| Meezan Bank Limited             | A1 +       | AAA       | VIS    | 5,474          | 58,918                        |
| National Bank of Pakistan       | A1 +       | AAA       | PACRA  | 24,400         | 50                            |
| The Bank of Punjab Limited      | A1 +       | AA +      | PACRA  | 3,801          | 20,113                        |
|                                 |            |           |        | <u>393,708</u> | <u>342,916</u>                |

**(c) Liquidity risk**

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

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

Contractual maturities of financial liabilities as at June 30, 2026:

| Description                                   | Carrying Amount  | Contractual cash flows | Within 1 year    | 1-2 Years     | 2-5 Years     | Above 5 Years |
|-----------------------------------------------|------------------|------------------------|------------------|---------------|---------------|---------------|
| ---- Rupees in Thousands ----                 |                  |                        |                  |               |               |               |
| Long term financing                           | 72,317           | 75,045                 | 27,437           | 30,063        | 17,545        | -             |
| Trade and other payables                      | 642,699          | 642,699                | 642,699          | -             | -             | -             |
| Finances under mark up arrangements - secured | 704,801          | 704,801                | 704,801          | -             | -             | -             |
| Dividend payable                              | 21,201           | 21,201                 | 21,201           | -             | -             | -             |
| Accrued finance costs                         | 22,165           | 22,165                 | 22,165           | -             | -             | -             |
|                                               | <u>1,463,183</u> | <u>1,465,911</u>       | <u>1,418,303</u> | <u>30,063</u> | <u>17,545</u> | <u>-</u>      |

Contractual maturities of financial liabilities as at June 30, 2025:

| Description                                   | Carrying Amount | Contractual cash flows | Within 1 year  | 1-2 Years     | 2-5 Years     | Above 5 Years |
|-----------------------------------------------|-----------------|------------------------|----------------|---------------|---------------|---------------|
| ---- Rupees in Thousands ----                 |                 |                        |                |               |               |               |
| Long term financing                           | 99,216          | 102,133                | 27,437         | 30,063        | 44,633        | -             |
| Trade and other payables                      | 633,950         | 633,950                | 633,950        | -             | -             | -             |
| Finances under mark up arrangements - secured | 114,257         | 114,257                | 114,257        | -             | -             | -             |
| Dividend payable                              | 18,966          | 18,966                 | 18,966         | -             | -             | -             |
| Accrued finance costs                         | 990             | 990                    | 990            | -             | -             | -             |
|                                               | <u>867,379</u>  | <u>870,296</u>         | <u>795,600</u> | <u>30,063</u> | <u>44,633</u> | <u>-</u>      |

## (d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group classifies the financial instruments measured in the consolidated statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

- Level 1 Quoted market prices
- Level 2 Valuation techniques (market observable)
- Level 3 Valuation techniques (non market observable)

|                               | Total   | Level 1 | Level 2 | Level 3 |
|-------------------------------|---------|---------|---------|---------|
| ---- Rupees in Thousands ---- |         |         |         |         |
| Short term investment - 2026  | 452,317 | 452,317 | -       | -       |
| Short term investment - 2025  | 700,628 | 700,628 | -       | -       |

**39.2 Financial instruments by categories****Financial asset as at amortized cost**

|                   | Note | 2026<br>---- Rupees in | 2025<br>Thousands ---- |
|-------------------|------|------------------------|------------------------|
| Long term loans   | 18   | 3,500                  | 6,750                  |
| Trade debts       | 22   | 112,068                | 189,177                |
| Other receivables | 23   | 6,915                  | 6,915                  |
| Bank balances     | 25   | 393,708                | 342,916                |
|                   |      | <u>516,191</u>         | <u>545,758</u>         |

**Financial asset as at fair value through profit or loss**

|                        |    |                |                |
|------------------------|----|----------------|----------------|
| Short term investments | 24 | <u>452,317</u> | <u>700,628</u> |
|------------------------|----|----------------|----------------|

**Financial liabilities at amortized cost**

|                                               |    |                  |                |
|-----------------------------------------------|----|------------------|----------------|
| Long term financing                           | 7  | 72,317           | 99,216         |
| Trade and other payables                      | 10 | 642,699          | 633,950        |
| Accrued mark up                               | 11 | 22,165           | 990            |
| Finances under mark up arrangements - secured | 12 | 704,801          | 114,257        |
| Dividend Payable                              |    | 21,201           | 18,966         |
|                                               |    | <u>1,463,183</u> | <u>867,379</u> |

**40 Operating Segment Information**

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker. The Chief Executive Officer (CEO) of the Holding Company has been identified as the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the management of the Holding Company's entire business which is considered as a single operating segment. The Holding Company's assets allocation decisions are based on a single integrated investment strategy and the Holding Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Holding Company's assets, liabilities and performance is prepared on a basis consistent with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Holding Company is domiciled in Pakistan. All of the Holding Company's income is from the entities incorporated in Pakistan. The Holding Company has only one reportable segment.

Entity-wide disclosures regarding reportable segment are as follows:

- Information about major customers

No sale has been made to any customer representing 10% or more of total sales for the year (2025: 10%). Further, aggregate sales to major distributors represented 87% (2025: 88%) of the revenue and each distributor individually exceeded 10% of the revenue.

- Information about geographical areas

All non-current assets of the Holding Company except from long term investments are located in Pakistan as at the reporting date.

Revenue from foreign sales is Rs. 409.625 million (2025: Rs. 305.415 million).

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

*- Information about product*

The major product of the Holding Company is Hydrogen Peroxide having different concentrations.

**41 Capital Risk Management**

While managing capital, the objectives of the Group are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Group ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital employed is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Group was worked out as under:

|                        | 2026           | 2025           |
|------------------------|----------------|----------------|
|                        | ---- Rupees in | Thousands ---- |
| Total borrowings       | 777,118        | 213,473        |
| Cash and bank balances | (393,708)      | (342,916)      |
| Net debt               | 383,410        | (129,443)      |
| Equity                 | 3,066,911      | 3,376,220      |
| Total capital employed | 3,450,321      | 3,246,777      |
| Gearing ratio          | 11%            | Not Geared     |

**42. Shari'ah Screening Disclosure**

Note

|                                                                                   | 2026           | 2025           |
|-----------------------------------------------------------------------------------|----------------|----------------|
|                                                                                   | ---- Rupees in | Thousands ---- |
| <b>Balance as at the reporting date</b>                                           |                |                |
| Financing (long term, short term or lease financing) obtained as per Islamic mode | 80,503         | -              |
| Interest or mark-up accrued on any conventional loan or advance                   | 19,915         | 990            |
| Long-term and short term shariah compliant investments                            | -              | -              |
| Shariah-compliant bank deposits, bank balances and TDRs                           | 5,474          | 58,918         |
| <b>Transactions during the period</b>                                             |                |                |
| Revenue earned from a shariah compliant business segments                         | 5,113,970      | 5,998,848      |
| Break-up of late payment or liquidated damages                                    | -              | -              |
| Gain / loss or dividend earned from shariah compliant investments                 | -              | -              |
| Profit earned from shariah compliant bank deposits/bank balances                  | -              | -              |
| Exchange gain / (loss) earned from actual currency                                | (4,233)        | 14,230         |
| Exchange gain earned using conventional derivative financial instruments          | -              | -              |
| Profit paid on islamic mode of financing                                          | 8,844          | -              |
| Interest earned on any conventional loan or advance                               | 4,728          | 10,550         |
| Shariah compliant miscellaneous income                                            | -              | -              |

**Names of the Group's shariah compliant financial institutions****Relationship**

Meezan Bank Limited

Short term borrowing &amp; bank balance

**43 Plant Capacity and Production**

Equivalent production of hydrogen peroxide (on 100% concentration and based on 365 working days)

Metric tonnes

| Production Capacity |           | Actual Production |         |
|---------------------|-----------|-------------------|---------|
| 2026                | 2025      | 2026              | 2025    |
| 21,000              | 21,000    | 20,542            | 21,210  |
| 1,080,000           | 1,080,000 | 959,077           | 974,096 |

Production of packing material (based on 365 working days)

Number

**43.1** Production of goods relates to the sales orders received from customers and the Group produces goods to meet those orders.

**44. Number of Employees**

Number of employees as at June 30,

- Permanent
- Contractual

Average number of employees during the year

- Permanent
- Contractual

| 2026<br>Number | 2025<br>Number |
|----------------|----------------|
| 95             | 105            |
| 13             | 12             |
| 98             | 105            |
| 12             | 6              |

**45. Authorization of Consolidated Financial Statements**

These consolidated financial statements were approved and authorized by the Board of Directors of the Holding Company for issuance on 03 Sep. 2026.

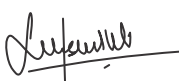
**46. Subsequent Events**

The Board of Directors of the Company has proposed a final cash dividend of Rs. 2 per share (2025: Rs. 2 per share) for the year ended June 30, 2026 at their meeting held on September 03, 2026 for the approval of members at the Annual General Meeting to be held on October 20, 2026. These consolidated financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

**47 General**

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following rearrangements / reclassifications have been made in these consolidated financial statements:

| Nature                        | From                           | To                                           | 2025                |
|-------------------------------|--------------------------------|----------------------------------------------|---------------------|
|                               |                                |                                              | Rupees in thousands |
| Trade and other payables      | Accrued liabilities            | Trade creditors                              | 8,560               |
| Cost of Sales                 | Packing materials              | Raw and packing materials consumed           | 12,467              |
| Property, plant and equipment | Material Handling Equipment    | Material Handling, Tools and Other Equipment | 802                 |
|                               | Tools and Equipment            | Material Handling, Tools and Other Equipment | 28,412              |
|                               | Electrical Equipment           | Electrical and Office Equipment              | 2,667               |
|                               | Office Equipment               | Electrical and Office Equipment              | 12,403              |
|                               | Plant, Machinery and Equipment | Solar Power Systems                          | 46,325              |



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**FORM 20**

**THE COMPANIES ACT, 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING**

1.1 Name of the Company

**DESCON OXYCHEM LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

**30-06-2026**

| 2.2 No. of Shareholders | -----Shareholdings----- |         | Total Shares Held |
|-------------------------|-------------------------|---------|-------------------|
|                         | From                    | To      |                   |
| 1,337                   | 1                       | 100     | 45,942            |
| 942                     | 101                     | 500     | 305,471           |
| 2,009                   | 501                     | 1,000   | 1,326,462         |
| 1,634                   | 1,001                   | 5,000   | 3,976,392         |
| 420                     | 5,001                   | 10,000  | 3,206,189         |
| 170                     | 10,001                  | 15,000  | 2,093,773         |
| 87                      | 15,001                  | 20,000  | 1,571,646         |
| 55                      | 20,001                  | 25,000  | 1,267,109         |
| 45                      | 25,001                  | 30,000  | 1,274,553         |
| 20                      | 30,001                  | 35,000  | 649,189           |
| 18                      | 35,001                  | 40,000  | 689,208           |
| 6                       | 40,001                  | 45,000  | 253,917           |
| 26                      | 45,001                  | 50,000  | 1,280,846         |
| 4                       | 50,001                  | 55,000  | 205,635           |
| 11                      | 55,001                  | 60,000  | 643,045           |
| 5                       | 60,001                  | 65,000  | 311,292           |
| 8                       | 65,001                  | 70,000  | 544,954           |
| 6                       | 70,001                  | 75,000  | 440,637           |
| 2                       | 75,001                  | 80,000  | 155,003           |
| 3                       | 80,001                  | 85,000  | 247,856           |
| 6                       | 85,001                  | 90,000  | 535,506           |
| 2                       | 90,001                  | 95,000  | 184,018           |
| 9                       | 95,001                  | 100,000 | 899,461           |
| 2                       | 100,001                 | 105,000 | 207,978           |
| 1                       | 110,001                 | 115,000 | 115,000           |
| 9                       | 115,001                 | 120,000 | 1,062,269         |
| 1                       | 130,001                 | 135,000 | 135,000           |
| 2                       | 135,001                 | 140,000 | 275,000           |
| 3                       | 145,001                 | 150,000 | 450,000           |
| 1                       | 150,001                 | 155,000 | 154,915           |
| 1                       | 155,001                 | 160,000 | 158,515           |
| 2                       | 160,001                 | 165,000 | 329,203           |
| 2                       | 170,001                 | 175,000 | 345,931           |
| 2                       | 190,001                 | 195,000 | 387,560           |
| 3                       | 195,001                 | 200,000 | 600,000           |
| 1                       | 200,001                 | 205,000 | 200,200           |
| 1                       | 215,001                 | 220,000 | 220,000           |
| 1                       | 220,001                 | 225,000 | 220,107           |
| 2                       | 235,001                 | 240,000 | 478,058           |
| 1                       | 245,001                 | 250,000 | 250,000           |
| 1                       | 250,001                 | 255,000 | 254,240           |
| 1                       | 270,001                 | 275,000 | 273,060           |
| 2                       | 275,001                 | 280,000 | 551,722           |
| 2                       | 280,001                 | 285,000 | 565,500           |
| 1                       | 300,001                 | 305,000 | 305,000           |

| 2.2 No. of Shareholders | -----Shareholdings----- |            | Total Shares Held  |
|-------------------------|-------------------------|------------|--------------------|
|                         | From                    | To         |                    |
| 1                       | 305,001                 | 310,000    | 309,390            |
| 1                       | 360,001                 | 365,000    | 363,499            |
| 1                       | 365,001                 | 370,000    | 368,000            |
| 1                       | 435,001                 | 440,000    | 440,000            |
| 1                       | 440,001                 | 445,000    | 444,300            |
| 1                       | 470,001                 | 475,000    | 473,000            |
| 1                       | 530,001                 | 535,000    | 535,000            |
| 1                       | 605,001                 | 610,000    | 607,822            |
| 1                       | 625,001                 | 630,000    | 629,465            |
| 1                       | 630,001                 | 635,000    | 633,021            |
| 1                       | 730,001                 | 735,000    | 734,800            |
| 1                       | 740,001                 | 745,000    | 743,000            |
| 1                       | 750,001                 | 755,000    | 751,626            |
| 1                       | 795,001                 | 800,000    | 796,000            |
| 1                       | 995,001                 | 1,000,000  | 1,000,000          |
| 1                       | 2,295,001               | 2,300,000  | 2,300,000          |
| 1                       | 2,565,001               | 2,570,000  | 2,570,000          |
| 1                       | 4,560,001               | 4,565,000  | 4,563,100          |
| 1                       | 10,050,001              | 10,055,000 | 10,051,697         |
| 1                       | 56,710,001              | 56,715,000 | 56,711,084         |
| 1                       | 60,355,001              | 60,360,000 | 60,358,918         |
| <b>6,888</b>            |                         |            | <b>175,031,084</b> |

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

As on June 30, 2026

| 2.3 Categories of Shareholders                                                      | Shares Held | Percentage |
|-------------------------------------------------------------------------------------|-------------|------------|
| 2.3.1 Directors, Chief Executive Officer, and their spouse and minor children       | 381,640     | 0.2180%    |
| 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. | 0           | 0.0000%    |
| 2.3.5 Insurance Companies                                                           | 2,630,500   | 1.5029%    |
| 2.3.6 Modarabas and Mutual Funds                                                    | 629,465     | 0.3596%    |
| 2.3.7 Shareholders holding 10% or more                                              | 117,070,002 | 66.8853%   |
| 2.3.8 General Public                                                                |             |            |
| a. Local                                                                            | 39,721,799  | 22.6941%   |
| b. Foreign                                                                          | 32,641      | 0.0186%    |
| 2.3.9 Others (to be specified)                                                      |             |            |
| - Joint Stock Companies                                                             | 4,020,173   | 2.2968%    |
| - Others                                                                            | 493,167     | 0.2818%    |

## CATEGORIES OF SHAREHOLDERS

As On 30th June, 2026

| S. No.                                                       | NAME                                             | HOLDING            | % AGE          |
|--------------------------------------------------------------|--------------------------------------------------|--------------------|----------------|
| <b><u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u></b> |                                                  |                    |                |
| 1                                                            | MR. YASIR SIDDIQUE SHEIKH (CEO)                  | 0                  | 0.0000         |
| 2                                                            | MR. TAIMUR DAWOOD (CDC)                          | 192,560            | 0.1100         |
| 3                                                            | MR. FAISAL DAWOOD (CDC)                          | 580                | 0.0003         |
|                                                              | MR. FAISAL DAWOOD                                | 116,000            | 0.0663         |
| 4                                                            | MR. FAROOQ NAZIR (CDC)                           | 580                | 0.0003         |
| 5                                                            | MRS. MEHREEN DAWOOD (CDC)                        | 580                | 0.0003         |
| 6                                                            | MR. ASIF QADIR                                   | 580                | 0.0003         |
| 7                                                            | MR. IMRAN ANWER                                  | 580                | 0.0003         |
| 8                                                            | MR. MUHAMMAD MEMOSH ASGHAR KHAWAJA               | 580                | 0.0003         |
| 9                                                            | MRS. HUMYRA DAWOOD W/O TAIMUR DAWOOD             | 69,600             | 0.0398         |
|                                                              |                                                  | <u>381,640</u>     | <u>0.2180</u>  |
| <b><u>ASSOCIATED COMPANIES</u></b>                           |                                                  |                    |                |
| 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        |
|                                                              |                                                  | <u>127,121,699</u> | <u>72.6281</u> |
| <b><u>NIT &amp; ICP</u></b>                                  |                                                  |                    |                |
|                                                              |                                                  | <u>0</u>           | <u>0.0000</u>  |
| <b><u>FINANCIAL INSTITUTION</u></b>                          |                                                  |                    |                |
|                                                              |                                                  | <u>0</u>           | <u>0.0000</u>  |
| <b><u>INSURANCE COMPANIES</u></b>                            |                                                  |                    |                |
| 1                                                            | E. F. U. GENERAL INSURANCE COMPANY LIMITED (CDC) | 60,500             | 0.0346         |
| 2                                                            | JUBILEE GENERAL INSURANCE COMPANY LIMITED (CDC)  | 2,570,000          | 1.4683         |
|                                                              |                                                  | <u>2,630,500</u>   | <u>1.5029</u>  |
| <b><u>MODARABAS</u></b>                                      |                                                  |                    |                |
|                                                              |                                                  | <u>0</u>           | <u>0.0000</u>  |
| <b><u>MUTUAL FUNDS</u></b>                                   |                                                  |                    |                |
| 1                                                            | CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)          | 629,465            | 0.3596         |
|                                                              |                                                  | <u>629,465</u>     | <u>0.3596</u>  |
| <b><u>PENSION FUNDS</u></b>                                  |                                                  |                    |                |
|                                                              |                                                  | <u>0</u>           | <u>0.0000</u>  |

**JOINT STOCK COMPANIES**

|    |                                                                    |                  |               |
|----|--------------------------------------------------------------------|------------------|---------------|
| 1  | ROCK WELL ENTERPRISES (PRIVATE) LIMITED (CDC)                      | 21,000           | 0.0120        |
| 2  | AMER SECURITIES (PVT.) LIMITED (CDC)                               | 3,480            | 0.0020        |
| 3  | BACKERS & PARTNERS (PRIVATE) LIMITED - MF (CDC)                    | 89,085           | 0.0509        |
| 4  | FDM CAPITAL SECURITIES (PVT) LIMITED (CDC)                         | 50,000           | 0.0286        |
| 5  | INTERMARKET SECURITIES LTD(FORMERLY EFG HERMES PAK.LTD) - MF (CDC) | 10,000           | 0.0057        |
| 6  | JS GLOBAL CAPITAL LIMITED (CDC)                                    | 45               | 0.0000        |
| 7  | JS GLOBAL CAPITAL LIMITED - MF (CDC)                               | 2,000            | 0.0011        |
| 8  | KTRADE SECURITIES LIMITED (CDC)                                    | 1                | 0.0000        |
| 9  | M. A. OILS (PVT.) LIMITED (CDC)                                    | 2,300,000        | 1.3141        |
| 10 | M. A. OILS (PVT.) LIMITED (CDC)                                    | 751,626          | 0.4294        |
| 11 | MAPLE LEAF CAPITAL LIMITED (CDC)                                   | 1                | 0.0000        |
| 12 | MRA SECURITIES LIMITED (CDC)                                       | 103,500          | 0.0591        |
| 13 | NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)                        | 159              | 0.0001        |
| 14 | NH SECURITIES (PVT) LIMITED. (CDC)                                 | 3,480            | 0.0020        |
| 15 | ORBIT SECURITIES (PRIVATE) LIMITED - MF (CDC)                      | 5,000            | 0.0029        |
| 16 | PAKISTAN HOUSE INTERNATIONAL LTD (CDC)                             | 2,320            | 0.0013        |
| 17 | PEARL SECURITIES LIMITED - MF (CDC)                                | 5,000            | 0.0029        |
| 18 | SURAJ COTTON MILLS LTD. (CDC)                                      | 607,822          | 0.3473        |
| 19 | RAFUM CORPORATION (PRIVATE) LIMITED (CDC)                          | 65,654           | 0.0375        |
|    |                                                                    | <b>4,020,173</b> | <b>2.2968</b> |

**FOREIGN COMPANIES**

|  |          |               |
|--|----------|---------------|
|  | <b>0</b> | <b>0.0000</b> |
|--|----------|---------------|

**OTHERS**

|   |                                               |                |               |
|---|-----------------------------------------------|----------------|---------------|
| 1 | TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. PF (CDC) | 273,060        | 0.1560        |
| 2 | AJ FOUNDATION (CDC)                           | 220,107        | 0.1258        |
|   |                                               | <b>493,167</b> | <b>0.2818</b> |

**EXECUTIVES**

|  |          |               |
|--|----------|---------------|
|  | <b>0</b> | <b>0.0000</b> |
|--|----------|---------------|

**SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)**

|  |               |               |
|--|---------------|---------------|
|  | <b>32,641</b> | <b>0.0186</b> |
|--|---------------|---------------|

**SHARES HELD BY THE GENERAL PUBLIC (LOCAL)**

|  |                   |                |
|--|-------------------|----------------|
|  | <b>39,721,799</b> | <b>22.6941</b> |
|  | <b>39,754,440</b> | <b>22.7128</b> |

**TOTAL:**

|  |                    |                 |
|--|--------------------|-----------------|
|  | <b>175,031,084</b> | <b>100.0000</b> |
|--|--------------------|-----------------|

**List of S. Holders Holding  $\geq$  10% of total Capital**

| S. No. | Name                                  | Holding            | Percentage     |
|--------|---------------------------------------|--------------------|----------------|
| 1      | DEL CHEMICALS (PRIVATE) LIMITED (CDC) | 60,358,918         | 34.4847        |
| 2      | DESCON ENGINEERING LIMITED (CDC)      | 56,711,084         | 32.4006        |
|        |                                       | <b>117,070,002</b> | <b>66.8853</b> |

**List of S. Holders Holding  $\geq$  5% of total Capital**

| <b>S. No.</b> | <b>Name</b>                             | <b>Holding</b>     | <b>Percentage</b> |
|---------------|-----------------------------------------|--------------------|-------------------|
| 1             | DEL CHEMICALS (PRIVATE) LIMITED (CDC)   | 60,358,918         | 34.4847           |
| 2             | DESCON ENGINEERING LIMITED (CDC)        | 56,711,084         | 32.4006           |
| 3             | DESCON CORPORATION (PVT.) LIMITED (CDC) | 10,051,697         | 5.7428            |
|               |                                         | <b>127,121,699</b> | <b>72.6281</b>    |

**During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows**

| <b>Sr. No.</b> | <b>Name</b>                        | <b>Sale</b> | <b>Purchase</b> |
|----------------|------------------------------------|-------------|-----------------|
| 1              | MR. IMRAN ANWER                    | 0           | 580             |
| 2              | MR. MUHAMMAD MEMOSH ASGHAR KHAWAJA | 0           | 580             |

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

As on June 30, 2026

| Sr. No.                                                                                                                                   | Name                                    | No. of Shares Held | Percentage |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------|------------|
| <b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>                                                         |                                         |                    |            |
| 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    |
| <b>Mutual Funds (Name Wise Detail)</b>                                                                                                    |                                         | 629,465            | 0.3596     |
| <b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>                                                                  |                                         |                    |            |
| 1                                                                                                                                         | MR. YASIR SIDDIQUE SHEIKH (CEO)         | 0                  | 0.0000     |
| 2                                                                                                                                         | MR. TAIMUR DAWOOD (CDC)                 | 192,560            | 0.1100     |
| 3                                                                                                                                         | MR. FAISAL DAWOOD (CDC)                 | 116,580            | 0.0666     |
| 4                                                                                                                                         | MR. FAROOQ NAZIR (CDC)                  | 580                | 0.0003     |
| 5                                                                                                                                         | MRS. MEHREEN DAWOOD (CDC)               | 580                | 0.0003     |
| 6                                                                                                                                         | MR. ASIF QADIR                          | 580                | 0.0003     |
| 7                                                                                                                                         | MR. IMRAN ANWER                         | 580                | 0.0003     |
| 8                                                                                                                                         | MR. MUHAMMAD MEMOSH ASGHAR KHAWAJA      | 580                | 0.0003     |
| 9                                                                                                                                         | MRS. HUMYRA DAWOOD W/O TAIMUR DAWOOD    | 69600              | 0.0398     |
| <b>Executives:</b>                                                                                                                        |                                         | -                  | -          |
| <b>Public Sector Companies &amp; Corporations:</b>                                                                                        |                                         | -                  | -          |
| <b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b> |                                         | 2,630,500          | 1.5029     |
| <b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>                                 |                                         |                    |            |
| 1                                                                                                                                         | DEL CHEMICALS (PRIVATE) LIMITED (CDC)   | 60,358,918         | 34.4847    |
| 2                                                                                                                                         | DESCON ENGINEERING LIMITED (CDC)        | 56,711,084         | 32.4006    |
| 3                                                                                                                                         | DESCON CORPORATION (PVT.) LIMITED (CDC) | 10,051,697         | 5.7428     |

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

| Sr. No. | Name                               | Sale | Purchase |
|---------|------------------------------------|------|----------|
| 1       | MR. IMRAN ANWER                    | -    | 580      |
| 2       | MR. MUHAMMAD MEMOSH ASGHAR KHAWAJA | -    | 580      |

## Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting ("AGM") of Descon Oxychem Limited (the 'Company') will be held on Tuesday, October 20, 2026 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 Extraordinary General Meeting of the Company held on 24-02-2026.
- 2) To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2026 together with the reports of Directors' and Auditors thereon, along with the Annual Audited Consolidated Financial Statements of the Company for the year ended 30th June 2026 along with the Auditor's report.
- 3) To appoint the External Auditors of the Company for the ensuing year and fix their remuneration. The present auditors M/s. Crowe Hussain Chaudhury & Co., Chartered Accountants, have retired and being eligible have offered themselves for re-appointment as Auditors of the Company for year ending on 30 June 2027.
- 4) To approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 20% (i.e. PKR 2.00 per ordinary share) for the year ended June 30, 2026.
- 5) To transact any other business with the permission of the Chair.

By order of the Board

Lahore  
September 28, 2026

  
**Abdul Sohail**  
Company Secretary

**NOTES:****Circulation of Annual Report through QR Code and Through Web link**

In accordance with the Section 223 of the Companies Act, 2017 and pursuant to SRO389(I)/ 2023 dated 21 March 2023 of the Securities & Exchange Commission, the Company has obtained Shareholders' approval in the Extraordinary General Meeting of the Company held on June 23, 2023 to circulate the Annual Report of the Company to Members through QR enabled Code and Web link. The Annual Report is available through following QR Code and Web link.



[http://www.descon.com/en/DOL\\_Accounts\\_2026.pdf](http://www.descon.com/en/DOL_Accounts_2026.pdf)

**Participation in the AGM Proceeding Via the Video Conference Facility**

Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject "Registration for 22nd Annual General Meeting," alongwith valid copy of their CNIC to [shareholders@descon.com](mailto:shareholders@descon.com). Video link and login credentials will be shared with ONLY those Members, whose email, containing particulars (i.e. Name, Folio No, CNIC No./NTN) is received from official Email ID, at least 48 hours before the AGM.

**Closure of Share Transfer Books**

The Share Transfer Books of the Company will be closed from 13-10-2026 to 20-10-2026 (both days inclusive). Transfers received at the Corplink (Pvt.) Limited, 1-K, Commercial Model Town Lahore the close of business on 12 Oct, 2026 will be treated in time for the purpose of above entitlement of final cash dividend.

**For Attending the Meeting**

In case of individuals, the Account Holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original CNIC or original passport at the time of attending the meeting.

In the case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with the specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the meeting.

**Proxy**

A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. A 'Proxy Form' appointing a proxy must be deposited at the Registered Office of the Company, at least 48 hours before the time of the meeting, alongwith copy of CNIC of Proxy. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee along with his/her copy of CNIC shall be provided atleast 48 hours before the time of the meeting. The Form of Proxy in English is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website ([www.descon.com](http://www.descon.com)).

### Updating of Particulars

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In case of Corporate entity, the shareholders are requested to promptly notify change in their particulars of their authorized representative, if applicable.

### Submission of Copies of Valid CNIC Not Provided Earlier

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017.

### Withholding Tax on Dividend

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

|                                                          |     |
|----------------------------------------------------------|-----|
| For Persons appearing in Active Tax Payer list (ATL)     | 15% |
| For Persons not appearing in Active Tax Payer list (ATL) | 30% |

Shareholders who have filed their Return are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as persons not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30%, instead of 15%.

### Withholding tax on Dividend in Case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 12, 2026, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

### Payment of Cash Dividend Electronically (E-mandate)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash, shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.

In compliance with the above provisions, the Company hereby again requests the shareholders to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number (iv) bank name and (v) branch name, code & address; to Company's Share Registrar, Corplink Private Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker/ CDC. In absence of the complete bank details, including IBAN mentioned above, the company shall withhold the Dividend under the provision of Section 243 of the Companies Act, 2017.

---

**Conversion of Physical Shares into Book-Entry Form (i.e. CDC Account)**

Section 72 of the Companies Act, 2017, requires all listed companies to replace the shares held in physical form with the shares to be issued in Book-Entry Form within four (04) years from the date of the promulgation of the Companies Act 2017. Pursuant to the SECP letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, the Company is following up with all shareholders holding shares in physical form with the request to convert their shares in Book-Entry Form in order to comply with the provisions of the Companies Act, 2017. Shareholders are again requested to contact the Company's Share Registrar to understand and complete the process of conversion of shares held in physical form, into the Book-Entry Form.

**Distribution of Annual Report and Notice of Meetings through Email (Optional)**

Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their Annual Audited Financial Statements, along with Auditor's Report, Directors' Report etc. ("Annual Report") and the Notice of AGM ("Notice"), to its shareholders by email. The Annual Report of the Company for the year ended June 30, 2026 is also available on the Company's website ([www.descon.com](http://www.descon.com))

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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\*Mobile apps are also available for download for android and ios devices

## Form of Proxy Descon Oxychem 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 Oxychem 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 Tuesday, October 20, 2026 at 10:00 am and at any Adjournment there of.

As witness my / Our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2026.

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



## **Descon Oxychem Limited**

Descon Headquarters, 18 km Ferozepur Road,  
Lahore - 54760, Pakistan

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E: [dol@descon.com](mailto:dol@descon.com)