

Oxygen For Life & Sustainable Growth



Annual Report 2019



Pakistan Oxygen continues to touch the lives of millions of people every day as a trusted solution provider with a commitment towards safety, operational excellence and innovation. Each day we embark on our mission to support customers with innovative products and engineering solutions in industrial and healthcare sectors, enhancing value creation and business sustainability. With an 85 years legacy of trust, Pakistan Oxygen is your partner to explore the exciting possibilities of the future.



Maintaining the highest standards of safety while filling cryogenic tankers.



Our dedicated staff work to consistently delight our customers.

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Vision

“Oxygen for Life & Sustainable Growth”

Mission

“Sustained fast growth to lead the market in safe, reliable and innovative solutions for industrial and medical gases, products and engineering services”

Code of Ethics

At Pakistan Oxygen, we live and work by a set of principles and values which encompass our foundational principles of safety, integrity, sustainability and respect and core values of Commit to Achieve, Collaborate to Succeed, Innovate to Grow, Passion to Excel and People to Perform. Together our principles and core values underpin all our actions, decisions and behaviors, and express what we stand for as an organization and what differentiates us from others. These principles and core values are embedded in our organization and resonate in everything we do. To uphold the highest ethical standards, we have developed a Code of Ethics which provides guidance to all employees on:

- Dealings with our customers, suppliers and markets encompassing competition and international trade
- Dealing with governments, our product development, ethical purchasing and advertising
- Dealings with stakeholders, financial reporting and communication, insider dealing, protecting company secrets and protecting company assets
- Dealings with our employees, conflicts of interest, avoidance of bribery, gifts and entertainment, data protection, human rights and on dealings with each other
- Dealings with communities and the public with regard to our corporate responsibilities and on restrictions to provide support for political activities

All employees of Pakistan Oxygen undergo training on the Code of Ethics and are expected to comply with the standards laid out in the Code.



Mr. Matin Amjad, Chief Executive Officer (front left), leading a corporate workshop on responsible business practices.

Digital transformation

Pakistan Oxygen leads the industry in technological advancements to improve processes to the delight of our customers.

Cylinder Tracking System

A world-class and unique smart-phone supported application to track, manage and maintain gas cylinders. The application integrates with SAP to provide data that enables better asset control. It allows customers to have real time data on filling pressure, quantity, production and expiry dates, etc. Additionally, it digitalizes maintenance records of cylinders that results in improved cylinder safety, better compliance and superior customer experience.

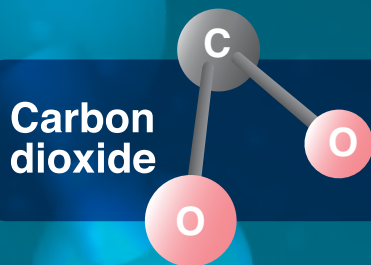
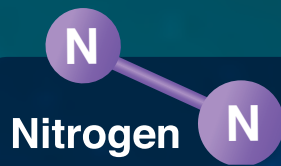
Telemetry Application

A sensor-based telemetry device installed at customer sites that offers real-time stock monitoring of Bulk gas tanks. The application ensures proper supply scheduling and delivery of product which customers can also monitor by logging into a customized portal.



Inspired to sustain life

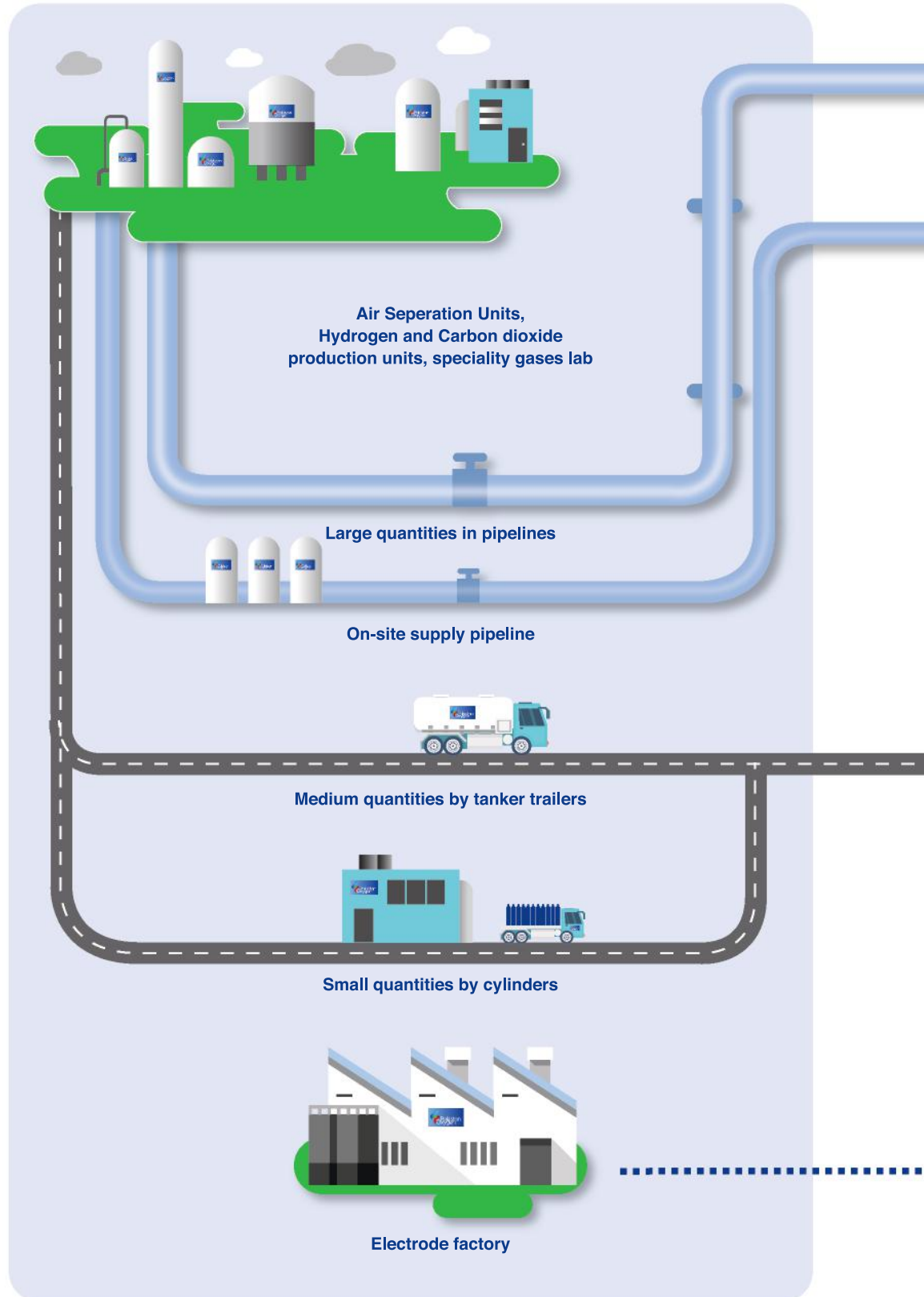
Pakistan Oxygen cultivates growth in industrial and healthcare sectors with sustainable products and solutions, creating value for customers, employees, shareholders and the communities around us.

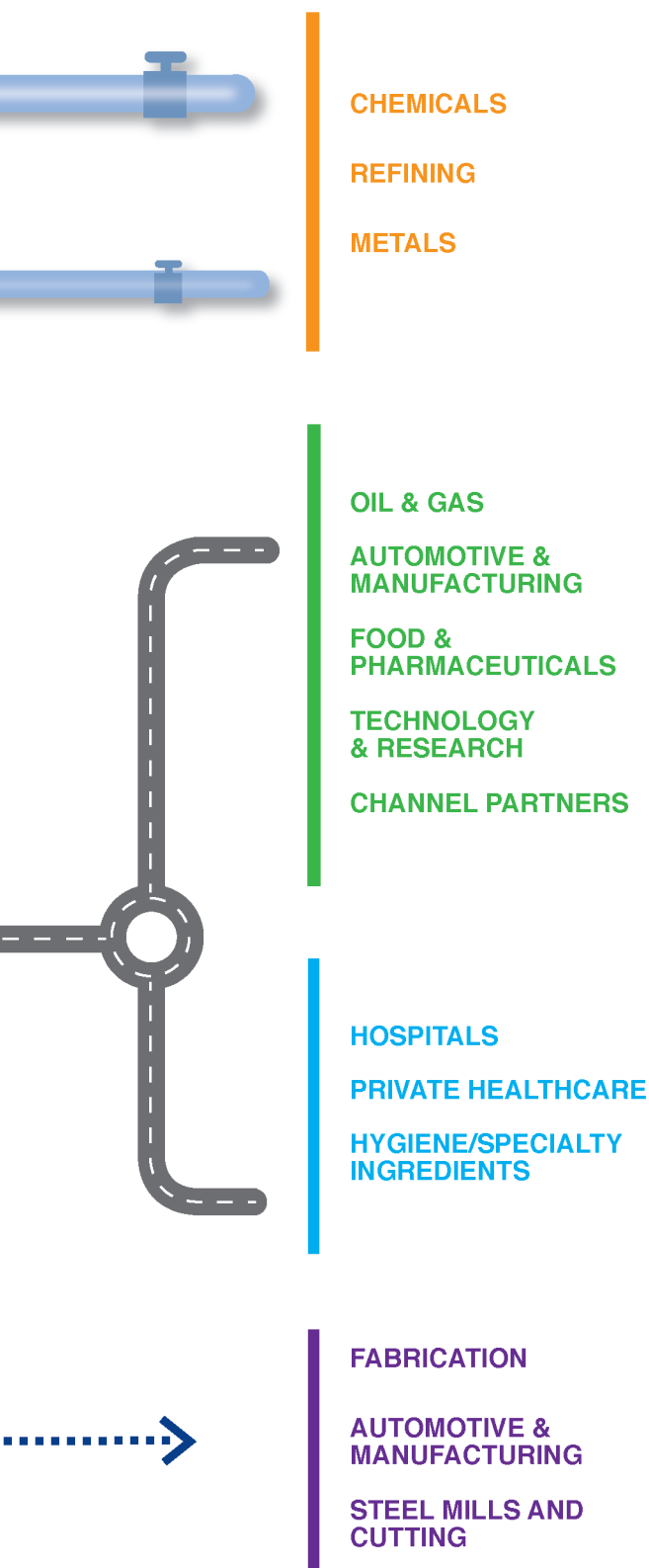


Pakistan Oxygen supports the growth of industries

Supplying gases and services to several industries and the healthcare sector

Inhouse hardgoods development to support many industries



**TONNAGE**

Delivering gases produced in large quantities through pipelines

BULK

Large quantities of gases for various industries are supplied in cryogenic tankers

PACKAGED GAS PRODUCTS

Small quantities of gases are supplied in cylinders

HEALTHCARE & MEDICAL ENGINEERING SOLUTIONS

Providing medical grade gases in cylinders or tankers to hospitals along with design, maintenance & installation of complete engineering solutions

HARDGOODS

Providing complete solutions for MMA, MIG and TIG welding along with comprehensive range of gas & arc equipment

Sustainable growth through innovation, discovery and inventiveness

Pakistan Oxygen is a leading industrial and medical gases company. It operates three air separation units producing oxygen, nitrogen and argon to serve a wide spectrum of industrial and healthcare customers. The Company has a strong presence in welding and hardgoods segment with an electrode manufacturing facility at West Wharf, Karachi.

Pakistan Oxygen also offers high quality medical and engineering solutions and services, ranging from installation of large liquified gases storage tanks to medical gases pipelines, source plants, suction and oxygen therapy equipment. Our solutions help to improve processes, reduce costs and enhance productivity for our customers in a wide array of industries. The expertise of our people is harnessed in a way that provides customers with best possible solutions while also enabling them to achieve their goals responsibly. Our legacy of 85 years is a testament that Pakistan Oxygen is your most trusted partner to explore the exciting possibilities of the future.

Food & Beverages

Solutions in the Food & Beverages domain include safe and efficient ways to freeze food items, improving quality through cryogenic and non-cryogenic freezing. Fresh fruits, vegetables, meat, dairy and other packaged products are preserved for longer periods of time using primarily nitrogen and carbon dioxide. At temperatures lower than the freezing point, growth of bacteria and other micro-organisms is reduced, thus maintaining the quality and freshness of foods. Our solutions contribute to making food production systems more viable. Carbon dioxide is used in dissolved state to enhance the taste and create effervescence in beverages.



Oil & Gas

We understand the requirements of customers in this segment who demand reliable and efficient delivery of Liquid Nitrogen that ensure enhanced oil recovery. Our services under the OGLIN brand were recently introduced to enhance product delivery and quality reliability, under strict safety protocols. At the core of our services is a desire to provide customized solutions to the O&G segment used for various processes such as inerting, purging, blanketing and / or removal of sulfur compounds.

Medical

Pakistan Oxygen is the most trusted partner at hospitals across the country. We offer medical gases and engineering services, such as medical oxygen - liquid and compressed, nitrous oxide, Entonox and special medical mixtures, that comply with various international standards (GMP & European Pharmacopeia). We also provide comprehensive solutions around design, installation and maintenance of central medical gases pipeline systems. Global partnerships with various medical technology providers enable us to meet advanced equipment requirements such as source plants, suction and oxygen therapy equipment. Other healthcare products include customized bed head panels and trunking systems, under our brand OXYMED. The main aim of our services to hospitals is to ensure smooth and reliable medical gas supply as precious human lives are at stake.



Chemical

The Chemical sector landscape of Pakistan is continuously evolving to cater to the needs and demands of a growing population. The products provided by Pakistan Oxygen are used in several industries. Nitrogen is used in large quantities for blanketing, purging and pressure transfer of flammable chemicals. Other applications supported by our products include pigging of pipelines to reduce chances of contamination.



Glass and Steel

The Process industry uses oxygen in a wide range of applications, from cutting and melting of steel to refining end products. Oxygen is an excellent enabler of combustion efficiency in furnaces. It expedites the melting process in glass and steel making applications while reducing dependence on additional use of natural gas or electricity. Our gases, therefore, play a role in steel-based infrastructure upgrades, and for optimizing the glass making process.



Manufacturing

Manufacturing industry relies extensively on the products and solutions provided by Pakistan Oxygen, under its extensive hardgoods and packaged gases portfolio. The portfolio includes welding machines, electrodes, wires, gas and arc

equipment. Our gases and mixtures are used for cutting, welding and calibration to support manufacturing, quality control and R&D purposes thus facilitating industrial growth of the country.



Our team with our leading electrode brands.



Electrode manufacturing facility at West Wharf, Karachi.

Making the world safer

A culture of safety

Maintaining a safe and healthy work environment is one of the core values at Pakistan Oxygen. Safety, Health, Environment and Quality (SHEQ) continues to be the top priority for the Company.

SHEQ rules and procedures are clearly defined, understood, respected and complied with by all workers, contractors, supervisors and managers instinctively and automatically. The “golden rules of safety” serve as a benchmark for guidance, implemented across the Company and related contractors, with an aim to prevent injuries and fatalities. They underpin critical safety rules and compliance to prevent any possible mishap.

A step further towards safety was achieved with ISO 45001 Certification of Port Qasim site. Incident and safety hazard reporting is encouraged to build an interdependent safety culture.

Hazard and Risk Management

Major hazards regarding the storage of flammable, toxic, cryogenic materials and processes are regularly reviewed and mitigated at all our production sites.

To achieve a safe and secure workplace, best industry practices are implemented, such as:

- Knowledge and competency training and licensing of persons working in safety critical roles for e.g., commercial vehicle drivers, cylinder fillers and site managers.
- Behavioral monitoring of unsafe practices of commercial vehicle drivers through in-cab cameras, onboard computers, drivers briefing, and debriefing systems.
- Installation of telemetry systems at critical installation sites on customer premises to ensure the reliability of supplies and compliance according to applicable international standards.

We aim to achieve zero incidents through the strong focus on SHEQ and our actions and behaviors ensuring that all necessary trainings, systems, processes and tools are in place to achieve this target.



Ms. Joveria Chahudry, Head of SHEQ, emphasizing the importance of ‘golden rules of safety’ at a session.





Company information

Waqar Ahmed Malik	Non-Executive Chairman
Matin Amjad	Chief Executive Officer
Atif Riaz Bokhari	Non-Executive Director
Siraj Ahmed Dadabhoy	Non-Executive Director
Syed Hassan Ali Bukhari	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Sheikh Muhammad Abdullah	Non-Executive Director
Shahid Abdul Sattar	Non-Executive Director
Feroz Rizvi	Independent Director
Muhammad Zindah Moin Mohajir	Independent Director
Tushna D Kandawalla	Independent Director

Chief Financial Officer

Syed Ali Adnan

Company Secretary

Mazhar Iqbal

Board Audit Committee

Feroz Rizvi	Chairman	Independent Director
Muhammad Zindah Moin Mohajir	Member	Independent Director
Sheikh Muhammad Abdullah	Member	Non-Executive Director
Shahid Abdul Sattar	Member	Non-Executive Director
Mazhar Iqbal	Secretary	Financial Controller & Company Secretary

Board Strategy Committee

Waqar Ahmed Malik	Chairman	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer
Siraj Ahmed Dadabhoy	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Syed Ali Adnan	Secretary	Chief Financial Officer

Board Human Resource, Remuneration and Nomination Committee

Muhammad Zindah Moin Mohajir	Chairman	Independent Director
Atif Riaz Bokhari	Member	Non-Executive Director
Syed Hassan Ali Bukhari	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Muhammad Salim Sheikh	Secretary	Head of Human Resources

Share Transfer Committee

Muhammad Zindah Moin Mohajir	Chairman	Independent Director
Matin Amjad	Member	Chief Executive Officer
Wakil Ahmed Khan	Secretary	Manager – Corporate Services

Bankers

Standard Chartered Bank (Pakistan) Limited
Meezan Bank Limited
Habib Bank Limited
Citibank NA
MCB Bank Limited
National Bank of Pakistan Limited
Askari Bank Limited

Entity Credit Rating by PACRA

A/A-1 (Single A/A-One) with “Stable” outlook

Share Registrar

CDC Share Registrar Services Limited

Auditors

External Auditors
BDO Ebrahim & Co.
Internal Auditors
EY Ford Rhodes

Legal advisor

Ayesha Hamid of Hamid Law Associates

Registered office

West Wharf, Dockyard Road, Karchi-74000

Website

www.pakoxygen.com

Our products and services

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The everchanging requirements of customers are the driving force behind the development of all our products, technologies and support services. Pakistan Oxygen provides gas products, facilities and turnkey services and solutions which are customized to meet the unique needs of our customers and add value to their businesses. Our competitive advantage is our extensive process

engineering, project development and comprehensive product portfolio. We have the widest range of bulk and compressed gases product lines as well as welding consumables, equipments and safety gear. At Pakistan Oxygen, our highly qualified and experienced engineers, product managers, technologists and marketers excel at providing dedicated support. A Pakistan Oxygen customer receives for each gas application, the complete solution – gas, know-how, tailor-made hardware and customized services.

Healthcare

Medical gases

- Liquid medical Oxygen
- Compressed medical Oxygen
- Nitrous Oxide
- Entonox
- Specialty medical gases

Medical equipment

- Medical air, vacuum and AGSS Plants
- Medical gases alarm systems, high precision flowmeters
- Suction injector units, vacuum controllers, oxygen therapy products and high precision flowmeters
- Entonox delivery systems, complete with apparatus
- Manifolds – semi and fully automatic
- Patient bedhead units and ICU beam systems
- Operation Theatre (OT) – pendants (fixed and movable)
- Fully equipped Modular OT

Medical engineering services

- Consultation, design, installation and service of medical gas pipeline systems (O₂, N₂O, Air, Suction etc)
- Safety, quality, risk analysis and training on medical gas pipeline systems

Industrial gases

Bulk industrial gases

- Liquid Oxygen
- Liquid Nitrogen
- Liquid Argon
- Pipeline and trailer Hydrogen
- Liquid Carbon dioxide
- Industrial pipelines and associated services

Compressed industrial gases

- Compressed Oxygen
- Aviation Oxygen
- Compressed Nitrogen
- Compressed Argon
- Compressed air
- Compressed Hydrogen
- Compressed Carbon dioxide
- Dissolved Acetylene

Specialty industrial Gases

- High purity gases
- Research grade gases
- Gaseous chemicals
- Calibration mixtures
- Argon mixtures
- Welding gas mixtures
- Sterilization gases
- Refrigerants

Welding consumables and hardgoods

Welding consumables

- Low hydrogen welding electrode - Fortrex E7018
- Mild Steel welding electrode - Zodian Universal E6013
- Mild Steel welding electrode - Matador47® E6013
- Mild Steel welding electrode - POL 113 E6013
- Special electrodes
- Saffire MIG welding wire
- Saffire arc and gas equipment
- Saffire Flux cored wire

Welding machines

- MMA
- MIG
- TIG

Welding accessories

- Gas regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (Cutting & Grinding discs)
- Electrode holders & welding cables
- Gas control equipment
- Auto-darkening helmet
- Flashback arrestor
- Welding and cutting outfit and accessories
- Welding safety & Personal Protective Equipment (PPE)

Key facilities around Pakistan

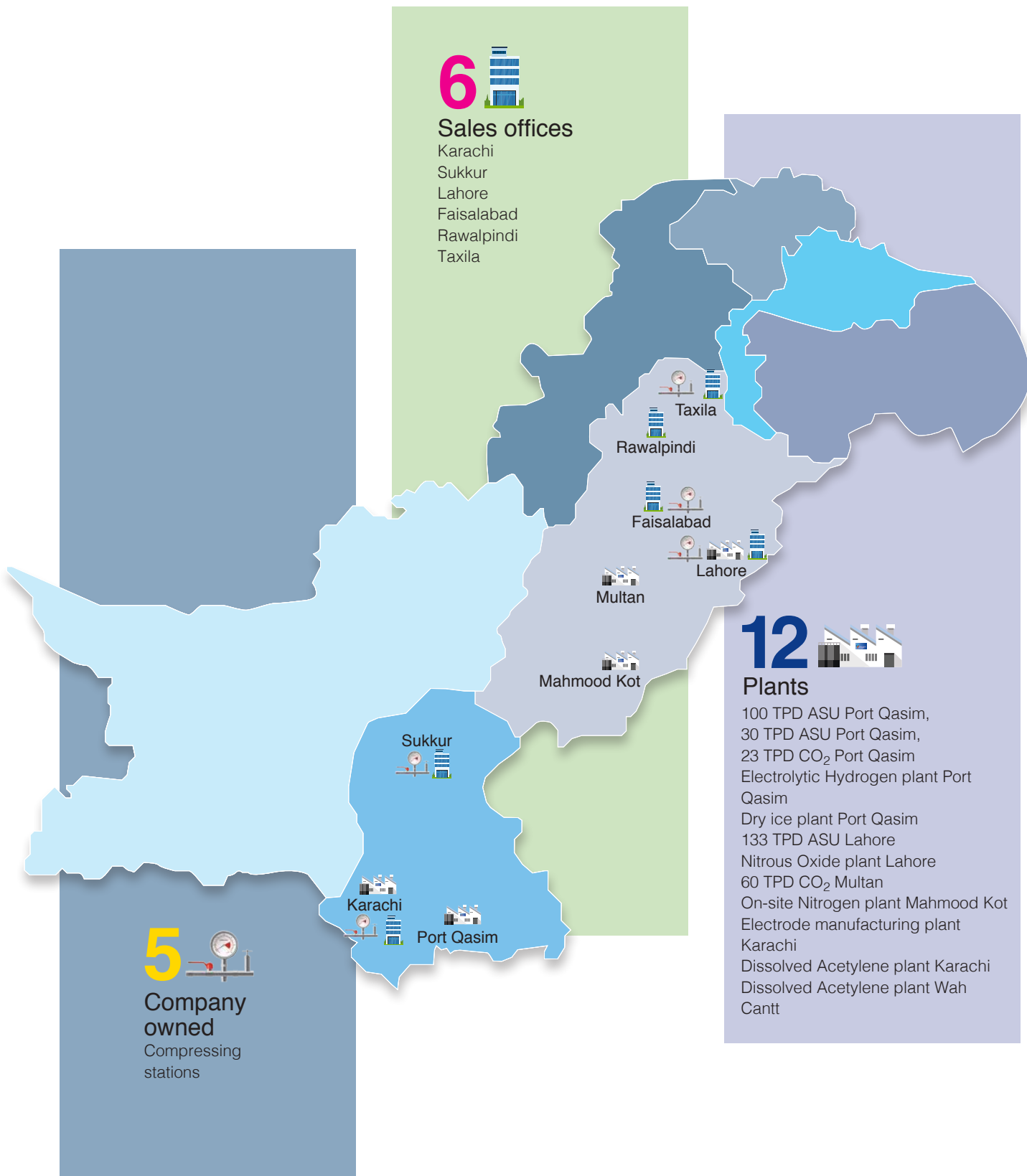
6 Sales offices

- Karachi
- Sukkur
- Lahore
- Faisalabad
- Rawalpindi
- Taxila

12 Plants

- 100 TPD ASU Port Qasim,
- 30 TPD ASU Port Qasim,
- 23 TPD CO₂ Port Qasim
- Electrolytic Hydrogen plant Port Qasim
- Dry ice plant Port Qasim
- 133 TPD ASU Lahore
- Nitrous Oxide plant Lahore
- 60 TPD CO₂ Multan
- On-site Nitrogen plant Mahmood Kot
- Electrode manufacturing plant Karachi
- Dissolved Acetylene plant Karachi
- Dissolved Acetylene plant Wah Cantt

5 Company owned Compressing stations



Profile of the Directors



Mr. Waqar A. Malik (Chairman)

Mr. Waqar A Malik is a fellow of The Institute of Chartered Accountants in England and Wales and is also an Alumnus of the Harvard Business School and INSEAD. He joined the Board of Pakistan Oxygen Limited on 7 January 2018 and is also the Non-Executive Chairman since then.

Mr. Malik's career of over 27 years with the ICI Plc Group based in the UK and then Akzo Nobel in the Netherlands provided him the opportunity to work in Europe, the Americas and Pakistan. In Pakistan, he was the country head of ICI Pakistan Limited, a subsidiary of ICI Plc UK and later Akzo Nobel, in the Netherlands. ICI Pakistan Limited was then the largest foreign owned conglomerate in Pakistan, quoted on the Karachi Stock Exchange, with business footprint across the country, operating in the chemical, consumer and the pharmaceutical sectors. During his stint as CEO of ICI Pakistan Limited, Mr. Malik reported to the member of the Executive Board of Akzo Nobel's in the Netherlands and remained responsible for ICI Pakistan's corporate strategy and its implementation, responsibility for the P&L and balance sheet, and for government and investor relations. Mr. Malik has managed multi disciplinary teams in a matrix environment, led large manufacturing based businesses and had a unique experience of corporate restructuring and M&A activity related to ICI Pakistan Limited. Earlier in his career with ICI Plc U.K. he was seconded to the ICI head quarters in London, managing the corporate finance functions of ICI Plc UK subsidiaries in Latin America, Mexico and Canada. He also briefly worked with the ICI Plc's strategy team and Mckinsey and Company in London on the strategic review of ICI Plc UK portfolio. Mr. Malik moved on from ICI Pakistan Limited in December 2012.

Mr. Malik is visiting faculty of Pakistan Institute of Corporate Governance. His areas of interest are governance of strategy, improvement of Board governance and control framework.

Mr. Waqar has also contributed to the development of Pakistan. Earlier, he served as Director of the Central Bank of Pakistan and as Chairman and Director of two public sector companies in the oil and gas sector. In addition, he also devoted his time as member Board of Governors of Pakistan's Premier University (LUMS) dedicated to development of management sciences.

As President of the Management Association of Pakistan and for the Overseas Chamber of Commerce & Industry (OICCI) and later as the Director of country's Premier Business Council (PBC), he led the advocacy on promoting investment, corporate and business reforms and development of management practices.

His current engagements include:

- Board member Engro Corporation Limited (INED) and member Board's Investment and Audit Committee.
- Board member Standard Chartered Bank Pakistan Limited (INED) and Audit Chair and member, HR committee of the Board.
- Board member TPL Direct Insurance Limited (NED)
- Board member TPL Life Insurance Limited (NED)

In 2010, Mr. Malik was awarded Prince of Wales medal as a Trustee of the Prince of Wales Pakistan Recovery Fund for the flood victims.

Mr. Matin Amjad (Chief Executive Officer)

Mr. Matin Amjad was appointed as Chief Executive Officer of Pakistan Oxygen Limited with effect from March 26, 2018. Mr. Amjad holds a BSc (Hons) degree in Economics from the London School of Economics & Political Science. He has also attended executive education programs at Oxford University, U.K. and at INSEAD, France.

Mr. Amjad began his professional career in 1998 with ICI Pakistan Limited, which at the time was part of ICI Plc. U.K., and subsequently of AkzoNobel. Mr. Amjad brings with him over 21 years of multi-functional and business experience in a MNC and local company environment with leadership roles in commercial, supply chain, strategy and operations in diverse industrial segments including, pharmaceuticals, animal healthcare, paints and also within ICI Pakistan's chemicals businesses including polyester fibers and soda ash.



Mr. Atif Riaz Bokhari (Director)

Mr. Bokhari is a career banker with 32 years of experience in domestic and international banking. He started his banking career in 1985 with Bank of America, where he handled diverse assignments over 15 years. Subsequent to leaving Bank of America in July 2000, Mr. Bokhari joined Habib Bank Limited where he was Head of Corporate and Investment Banking.

In May 2004, Mr. Bokhari took charge of UBL as President and CEO and remained in this position till June 2014. During this ten-year period UBL ventured into new diversified business and revenue streams namely consumer financing, e-commerce, branchless banking, asset management and general insurance. Mr. Bokhari was also the Chairman of UBL Tanzania, UBL AG Zurich and Director of UBL UK.

Mr. Bokhari had a two-year stint ending in December 2016 as President and CEO of NIB Bank (wholly owned subsidiary of Fullerton Financial Holdings – Temasek. Singapore) with a specific assignment to divest FFH's holding in Pakistan. He along with three other professionals have founded a semi-private equity company called Adira Capital Holdings (Private) Limited. The focus of this venture will be acquisitions of running businesses and setting up green field projects. In this respect first successful acquisition has been made, i.e. Linde Pakistan (subsidiary of Linde AG). Mr. Bokhari has been actively involved with private sector programs for health and the development of education in Karachi. He was founding Director of the Karachi School for Business and Leadership affiliated with the Judge Business School, Cambridge, U.K.





Mr. Siraj Ahmed Dadabhoy (Director)

Mr. Siraj Dadabhoy has more than 25 years of experience in the real estate and financial industries in a range of leadership roles.

Mr. Dadabhoy is a founding partner and Executive Chairman of AION Partners, a New York based real estate operating and investment Management Company.

Mr. Dadabhoy is also the founder and Managing Director of AION Global; an owner, operator and developer of real estate in the U.K.

Additionally, Mr. Dadabhoy serves as a member of the board of directors of Bank Islami and TPL Properties in Pakistan.

Mr. Dadabhoy is a 1988 graduate of Indiana University, with a Bachelor of Science in Accounting and Finance. He is also a qualified Certified Public Accountant.



Syed Hassan Ali Bukhari (Director)

Syed Hassan Ali Bukhari joined the Board of Pakistan Oxygen Limited on 7th January 2018 and is also a member of the Board Human Resource Committee.

Mr. Bukhari is a fellow of the Institute of Chartered Accountants of Pakistan. Mr. Bukhari's corporate experience span over 36 years, in different positions with Mackinnon Mackenzie & Co. of Pakistan until his retirement as Chief Executive & Managing Director of the company in the year 2010.

Mr. Bukhari is now advisor to Chairman of Hilton Pharma (Pvt) Limited since 2011.

His current engagements in other companies/entities include:

- Karachi Port Trust – Director
- Pakistan Institute of Corporate Governance – Member
- Bank AL-Habib Limited – Independent Director
- Quick Food Industries (Pvt) Limited – Non-Executive Director
- Pakistan Gum and Chemicals Limited – Non-Executive Director

Mr. Bukhari has attended General Management Course at Henley Management College, England.

Mr. Shahid Mehmood Umerani (Director)

Mr. Shahid Umerani is currently the Chairman of ValuStrat Consulting Group with the head office in Dubai Silicon Oasis, Dubai and other offices in Riyadh, Jeddah, Doha, Karachi and London. The company is a boutique consulting firm with multiple lines providing fixed asset valuation services, strategy and management consulting, due diligence and field verification services, project management and monitoring & research and corporate advisory.

The company extends services to the financial sector including government entities, numerous banks, insurance companies, corporate sector including MNCs, regional and local companies, oil & gas sectors and so on.

Mr. Umerani also serves as a member of the Board of Directors of Fiducia Capital Holdings (Cayman) Limited. One of the subsidiaries of the above company operates as an Independent Asset Manager incorporated in Dubai International Financial Centre (DIFC) and regulated by Dubai Financial Services Authority (DFSA).

Mr. Umerani has been successfully providing services since 1985.



Sheikh Muhammad Abdullah (Director)

Sheikh Muhammad Abdullah is the nominee Director of Soorty Enterprises (Pvt.) Limited and joined the Board of Pakistan Oxygen Limited on 7 January 2018. He is a Fellow member of Institute of Chartered Accountants of Pakistan (ICAP) and possesses 15 years of post-qualification experience of working at senior finance positions.

He is currently working as General Manager Finance in Soorty Enterprises (Private) Limited at Group level. He has diversified experience of working in Finance positions in both listed and non-listed companies including manufacturing as well as service sectors.

He served at Quetta Textile Mills Limited as Head of Finance and Corporate Affairs, JS Group Companies as AVP and CFO and Group GM Finance in automobile Sectors. He is experienced both in national and international corporate laws, taxes, compliance and project implementations.





Mr. Shahid Abdul Sattar (Director)

Mr. Shahid Abdul Sattar is the Executive Director of Paradigm Group.

He is an experienced finance professional, having work experience of over 17 years from retail sector to acquiring business acquisition. He is a Member of Association of Chartered Certified Accountants (UK).

Mr. Sattar joined the corporate sector in 2003 as an accountant in Vision International (Pvt) Limited, a complete textile unit; and in three years' time he became the Chief Accountant of the company and held this position till 2010. Thereafter, he served as nominee Director and CEO in Alpha Beta Capital Market, a brokerage house of Pakistan Stock Exchange till 2015. Apart from private companies, he is also a member of Board of Directors in HKC Limited and Clifton Land Limited.

He joined the Board of Pakistan Oxygen Limited on 30 July 2019.



Mr. Feroz Rizvi (Independent Director)

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England and Wales. He has over 40 years of local and international experience in some of the largest companies in the world. On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, which was then a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan in 1985 and after a brief period with Petromin Refinery Riyadh, he rejoined ICI Pakistan in its Polyester Fiber business in Lahore.

In 1996 he was seconded to ICI PLC's headquarters in London. During his secondment he was involved in ICI PLC's strategic shift from industrial to consumer chemicals and a major acquisition of USD 8 billion from Unilever PLC as part of the company's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's industrial chemical businesses. Mr. Feroz Rizvi retired from ICI Pakistan Ltd as CFO and Finance Director.

Mr. Feroz Rizvi has extensive experience in corporate finance, business and corporate strategy, corporate governance, restructuring and merger and acquisition. He is an alumni of INSEAD, France and Wharton Business School.

He also served as Chief Executive at Pakistan Institute of Corporate Governance until August 2019 and is also on the Boards of Engro Polymers and Chemicals Limited and Honda Atlas Motor Car Limited.

Mr. Muhammad Zindah Moin Mohajir (Independent Director)

Business experience of Mr. M. Z. Moin Mohajir spans over 40 years. After qualifying as a Chartered Accountant with A.F. Ferguson & Co, he joined Pakistan Security Printing Corporation in 1978, where he was Chief Accountant/Company Secretary. In 1981, he shifted to Sanofi-Aventis Pakistan Limited (formerly Hoechst Marion Roussel Limited/ Hoechst Pakistan Limited) from where he retired as Director Finance and Administration in October 2011.

He joined the Overseas Investors Chamber of Commerce and Industry (OICCI) in October 2011 where he is presently employed as Deputy Secretary-General. He also serves as the Independent Member of the Board of Directors and as Chairman of the Board Audit Committees of Wyeth Pakistan Limited, GSK Consumer Healthcare Pakistan Limited, Archroma Pakistan Limited and Loads Limited.

Mr. Mohajir joined the Board of Pakistan Oxygen Limited on 7 January 2018.



Ms. Tushna D Kandawalla (Independent Director)

Ms. Tushna Kandawalla currently holds the position of Managing Director at Captain PQ Chemical Industries (Private) Limited (CPQ). Prior to this she served in the Financial Planning & Strategy Group at Home Box Office (HBO) in New York, and in Arthur Andersen's Audit Practice in Boston. Since joining CPQ in 2004, Tushna has had multi-functional experience, in Financial Planning, Strategy, Marketing, Plant Operations, Human Resources, and also as the company's CFO.

Community service has always been a passion – she currently serves as a Board Member of Injaz Pakistan, Trustee of The Captain Foundation, Vice President of iCare America Fund and Trustee of the Kandawalla Trust. Previously she has served as Chairperson Friends of LRBT (New York), Chairperson Pakistan Human Development Fund Committee (New York), Area Chair (Pakistan) for Brown University Alumni Schools Committee and Member of the Advisory Board of T2F (Peace Niche).

Ms. Tushna Kandawalla has a B.A. in Economics from Brown University, an M.B.A from Boston University and is a qualified Certified Public Accountant (C.P.A).



Chairman's review

Dear Shareholders

The Company has instituted a strong governance and legal framework that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth.

In this regard, the Board continues to provide guidance to the management on business strategy and on matters of significance in strengthening good governance, optimizing operational efficiency, enhancing profitability and maximizing shareholders' value. The Board also ensures that business affairs are managed in accordance with the Company's Vision and Mission Statement to maintain market leadership in the various segments that it operates in.

On January 23, 2020, ten (10) Directors were elected for a term of 3 years, effective January 30, 2020. During the recent election of Directors, a female director, Ms. Tushna D. Kandawalla was also elected. Ms. Kandawalla with her extensive experience in the field of financial planning, strategy, marketing and plant operations is welcomed to the Board. Mr. Fawad Anwar retired on January 29, 2020 after the successful completion of his term of office and I acknowledge his valuable contributions to the Board during the tenure of his directorship of the Company. The Board of Directors has played its due role and fulfilled its responsibilities towards formulating strategy, business plan and review of policies during this critical transitional phase in the Company's history.

The newly elected Directors have the core competencies, diversity, skills, knowledge and experience relevant in the context of the Company's operations to steer the Company in the coming days and years. All members of the Board are cognizant of their fiduciary duty to the Company and its shareholders.

Eight Directors including the Chief Executive Officer (deemed director) possess the required certification in Directors Training Program (DTP) while one director is exempt from the mandatory DTP certification on the basis of prescribed education and experience. Thus, the Board, with its (nine) 9 certified/exempted directors, though not mandatory, is compliant with the recommended criteria of SECP.

In my role as Chairman, I continue to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. All Directors are encouraged to contribute and deliberate on strategic and governance-related topics. Inputs of independent Directors and those Directors who have experience relevant to a particular area of expertise is always given due consideration before a decision is taken.

The Board has defined clear terms of reference for all its Committees to perform their advisory and oversight functions independently in assisting and recommending to the Board of their proposals for final approval.

During the year, the Board constituted a new Strategy Committee and defined its terms of reference. The broad purpose of the Committee is to:

- recommend strategic framework to the Board and strengthen governance around it.
- give strategic advice to the management, for optimizing the allocation and adequacy of the Company's resources/capital.
- formulate strategic direction and initiatives including mergers and acquisitions or disposal of businesses, capital expenditures, investments; and
- advise the Board on matters related to the strategic direction and monitor progress toward the Company's strategic goals and initiatives.

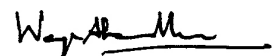
The Board has a formal mechanism in place for annual self-evaluation of the Board's own performance, its committees and members to ensure that the performance of the Directors, collectively and individually, remains satisfactory and that the Board can continue to play an effective role in the Company's governance. The overall performance of the Board during the year 2019 remained satisfactory.

The Directors, including independent Directors, have effectively discharged their roles and responsibilities in steering the Company towards sustainable growth by way of adopting sound, ethical, best practice of corporate governance as well as developing effective business strategies.

During the year nine meetings of the Board of Directors, five meetings of its Audit Committee and five meetings of the Human Resource & Remuneration Committee were held. Three meetings of the Board of Directors were held to consider long-term strategy of the Company. Details of the composition of the Board and its Committees are appearing in the annexed "Statement on Corporate Governance" on Page 44. All Directors including independent directors fully participated and contributed in decision making process of the Board.

Finally, I would like to take this opportunity to express my sincere appreciation to my fellow Board members for their commitment and contribution. I would also like to thank the employees, valued customers and all other stakeholders for their support during 2019 and I look forward to their continued support to achieve success in 2020.

Karachi: February 26, 2020



Waqar Ahmed Malik
Chairman

سال کے دوران میں بورڈ نے ایک نئی اسٹریٹیجی کمیٹی تشکیل دی ہے اور اس کی ٹرمز آف ریفرنس بھی واضح کر دی گئی ہیں۔
کمیٹی کا وسیع مقصد :

- بورڈ کو حکمت عملی کے فریم ورک کی تجویز پیش کرنا اور اس کے مطابق گورننس کو تقویت دینا۔
- کمپنی کے وسائل / سرمایہ کی بہترین تخصیص اور موزونیت کیلئے انتظامیہ کو حکمت عملی پر مبنی مشورے دینا۔
- مختلف اقدامات بشمول انضمام اور خریداریاں یا کاروباری شعبہ کا ڈسپوزل، سرمایہ کے اخراجات، سرمایہ کاری سے متعلق حکمت عملی کا رخ تشکیل دینا۔


• بورڈ کو حکمت عملی کے رخ سے متعلق امور کیلئے مشورے دینا اور کمپنی کے حکمت عملی کے اہداف اور اقدامات کی پیش رفت کی نگرانی کرنا۔

بورڈ کا اپنی کارکردگی، اپنی کمیٹیوں اور ممبرز کی سالانہ خود تشخیصی کا باقاعدہ نظام موجود ہے جس کا مقصد اس بات کو یقینی بنانا ہے کہ ڈائریکٹرز کی مجموعی طور پر اور انفرادی کارکردگی تسلی بخش ہے اور یہ کہ بورڈ کمپنی کی گورننس میں اپنا موثر کردار ادا کرنا جاری رکھ سکتا ہے۔
سال 2019 میں بورڈ کی مجموعی کارکردگی اطمینان بخش رہی۔

ڈائریکٹرز بشمول خود مختار ڈائریکٹرز نے کارپوریٹ گورننس کے ٹھوس، اخلاقی اور بہترین معمولات کو اپنا کر کمپنی کو مستحکم ترقی کی راہ پر گامزن رکھنے کیلئے موثر طور پر اپنے کردار ادا کئے اور اپنی ذمہ داریاں نبھائیں۔

سال کے دوران میں بورڈ آف ڈائریکٹرز کی نو میٹنگز، آڈٹ کمیٹی کی پانچ میٹنگز اور ہیومن ریسورس اینڈ ریمونزیشن کمیٹی کی پانچ میٹنگز ہوئیں۔ کمپنی کی طویل المدت حکمت عملی پر غور کیلئے بورڈ کی تین میٹنگز منعقد ہوئیں۔ بورڈ اور اس کی کمیٹیوں کی ہیئت کی تفصیلات منسلک "اسٹیٹمنٹ آن کارپوریٹ گورننس" میں صفحہ نمبر 44 پر درج ہیں۔ تمام ڈائریکٹرز بشمول خود مختار ڈائریکٹرز نے بورڈ کی فیصلہ سازی کے عمل میں بھرپور شرکت کی اور حصہ لیا۔

آخر میں، میں اس موقع پر اپنے ساتھی بورڈ ممبرز کے عزم اور شمولیت کا پر خلوص اعتراف کرتا ہوں۔ میں اپنے ایمپلائز، معزز کسٹمرز اور دیگر تمام اسٹیک ہولڈرز کی جانب سے 2019 کے دوران میں مکمل تعاون پر شکریہ ادا کرتا ہوں اور امید کرتا ہوں کہ وہ 2020 میں بھی کمپنی کی کامیابیوں کے حصول میں اپنا تعاون جاری رکھیں گے۔



وقار احمد ملک

چیئر مین

کراچی 26 فروری 2020

چیئرمین کا جائزہ

عزیز شیئر ہولڈرز

کمپنی کا گورننس اور لیگل فریم ورک کا ایک مضبوط نظام موجود ہے جو لاگو قوانین اور ضوابط پر عمل درآمد کو یقینی بناتا ہے اور یہ طویل المدت استحکام اور ترقی کے حصول کا ذریعہ ہے۔

اس سلسلے میں بورڈ انتظامیہ کو کاروباری حکمت عملی اور اچھے نظام کو تقویت دینے، آپریشنل کارکردگی کو بہتر سے بہتر بنانے، منفعت میں اضافے اور شیئر ہولڈرز کی اقدار کو زیادہ سے زیادہ بڑھانے کے علاوہ دیگر اہم کاروباری امور کیلئے مستقل طور پر رہنمائی فراہم کرتا ہے۔ بورڈ اس بات کو بھی یقینی بناتا ہے کہ کاروباری امور کو کمپنی کے وژن اور مشن اسٹیٹمنٹ کے مطابق منظم رکھا جائے تاکہ کاروبار کے دائرہ کار کے مختلف شعبہ جات میں ہماری مارکیٹ لیڈر شپ برقرار رہے۔

23 جنوری 2020 کو 3 سال کی مدت کیلئے دس (10) ڈائریکٹرز کا انتخاب عمل میں آیا جو 30 جنوری 2020 سے شروع ہوئی ہے۔ حالیہ انتخابات کے دوران میں ایک خاتون ڈائریکٹر مس تشنا ڈی کانڈاولا بھی منتخب ہوئیں۔ مس کانڈاولا کو، جو فنانشل پلاننگ، حکمت عملی، مارکیٹنگ اینڈ پلانٹ آپریشنز کا وسیع تجربہ رکھتی ہیں، بورڈ نے خوش آمدید کہا۔ جناب فواد انور اپنے عہدے کی مدت کی کامیاب تکمیل کے بعد 29 جنوری 2020 کو سبکدوش ہو گئے۔ میں کمپنی میں ان کے ڈائریکٹر شپ کے عرصے میں بورڈ کیلئے قابل قدر خدمات کا ممنون ہوں۔ بورڈ آف ڈائریکٹرز نے کمپنی کی تاریخ کے ایک نازک عبوری دور میں حکمت عملی، کاروباری منصوبہ بندی اور پالیسیوں کا جائزہ لینے میں بخوبی اپنا کردار ادا کیا اور اپنی ذمہ داریاں نبھائیں۔

نئے منتخب شدہ ڈائریکٹرز کمپنی کے آپریشنز کے بارے میں بنیادی قابلیت، تنوع، صلاحیتیں، علم اور تجربہ رکھتے ہیں اور آنے والے دنوں اور سالوں میں ترقی کیلئے کمپنی کا رخ متعین کرنے کی اہلیت کے حامل ہیں۔ بورڈ کے تمام ممبرز کمپنی اور اس کے شیئر ہولڈرز کیلئے اپنی مخلصانہ ذمہ داریوں سے واقف ہیں۔

آٹھ ڈائریکٹرز، بشمول چیف ایگزیکٹو آفیسر (متصور ڈائریکٹر) ڈائریکٹرز ٹریننگ پروگرام (DTP) کی سرٹیفیکیشن کے حامل ہیں جب کہ ایک ڈائریکٹر کو مطلوبہ مجوزہ تعلیم اور تجربہ کی بنیاد پر DTP کی لازمی سرٹیفیکیشن سے استثنیٰ حاصل ہے۔ اس طرح بورڈ کے 9 سرٹیفائیڈ / مستثنیٰ ڈائریکٹرز ہیں، جو اگرچہ لازمی نہیں ہے مگر SECP کے تجویز کردہ معیار کے مطابق ہے۔

میں، بطور چیئرمین، اس بات کو یقینی بنانے کیلئے مسلسل کوشاں رہوں گا کہ بورڈ، کمپنی کا رخ اور اس کی حکمت عملی متعین کرنے اور اس پر عمل پیرا رہنے کے فرائض موثر طور پر ادا کرے۔ تمام ڈائریکٹرز کو حکمت عملی اور گورننس سے متعلق موضوعات میں حصہ لینے اور غور و خوض کرنے کی حوصلہ افزائی کی جاتی ہے۔ خود مختار ڈائریکٹرز اور ان ڈائریکٹرز کو جو کسی مہارت کے مخصوص ایریا میں متعلقہ تجربہ رکھتے ہیں، فیصلہ سازی کے عمل میں ہمیشہ ان کی تجاویز کو زور دیا جاتا ہے۔

بورڈ نے اپنی تمام کمیٹیز کیلئے ٹرمز آف ریفرنس کا واضح طور پر تعین کر دیا ہے جس کے مطابق وہ بورڈ کی مدد کیلئے مشاورتی اور نگرانی سے متعلق امور کو آزادانہ طریقے سے انجام دیں اور اپنی تجاویز حتمی منظوری کیلئے بورڈ کو پیش کریں۔

Directors' report



The Directors of your Company take pleasure in presenting the Annual Report together with the Company's audited financial statements for the year ended 31 December 2019.

National economy

GDP growth slowed down to 3.3% mainly due to policy measures aimed to contain fiscal and current account deficits. Some of the key measures include a reduction in public sector spending and tight monetary management with the effort to broaden the tax base. There was an unprecedented increase in energy prices in order to contain the circular debt. CPI inflation at 12.6% was significantly higher than the 5.4% recorded a year ago leading the State Bank to raise policy rate to 13.25%.

As a result of these measures, the economy slowed down and the performance of the industrial sector suffered with Large-Scale Manufacturing (LSM) recording a decline of 3.4% in FY 2019 against the growth of 6.4% last year while in FY 2020 (July to Nov), LSM further declined by 4.6% compared to the increase of 1.2% during the corresponding period. Industrial sectors including automobiles, sugar and steel declined by 11.8%, 19.4% and 11.2%, respectively in FY 2019. The automobile and steel sectors also witnessed a decline of 45% and 8.7%, respectively, during the first five months of FY 2020.

Company principle activities and business segments

The Company is engaged in the manufacturing and sale of industrial and medical gases, welding electrodes, hardgoods and medical equipment and engineering services. The Company records its activities under two segments namely industrial, medical & other gases and welding & others.

Overview of Company's performance

Despite the decline in LSM, with double digit decline in key customer industries as explained above, and the complete shutdown of the shipbreaking sector, strong customer focus in the oil and gas and the distribution sectors, and the substantial growth in medical engineering solutions helped

mitigate the macroeconomic impact and net sales were recorded at Rs. 4.7 billion, a 4% decline from last year.

Apart from the challenges already stated, this year has seen unprecedented increase in electricity tariffs particularly in the last quarter of 2019, with the full year increase of almost 74%, which has substantially increased the Company's input costs as power cost comprises around 90% of the variable cost of production of ASU gases. This together with stiff price competition, has adversely affected the margins. However, these adverse impacts were mitigated through focus on efficiencies and cost control. The in-house manufacturing of electrodes also contributed to cost saving. As a result, the gross profit at Rs. 1.07 billion, was 4% below last year, maintaining the overall GP ratio at last year's level of 23%.

Overheads, net of other income, were recorded at Rs. 496 million, an increase of 9% over last year. However, excluding the one-off impact of Rs. 22 million in respect of provision for doubtful debts, the overheads (net of other income) are only higher by 4% which is significantly below the inflation. As a result, profit before interest and tax was recorded at Rs. 570 million, lower by 13% compared to the last year.

Finance costs increased by 49% or Rs. 57 million over last year mainly due to increase in interest rates with a significant impact of approximately Rs. 40 million versus last year. The Company also utilized higher credit facilities during the year 2019 with an additional impact of Rs. 17 million over last year.

As a consequence, the Company registered a profit after tax of Rs. 301 million and EPS of Rs. 9.23, versus last year's profit after tax of Rs. 399 million and EPS of Rs. 12.25, respectively, lower by 25%.

Safety, Health, Environment & Quality (SHEQ)

Our strong focus on safety continued during 2019. There were several training programs conducted to reinforce the emphasis on transport and operational safety. Furthermore, in order to build upon our safety culture, a hazard reporting program was introduced, which helped in identifying and mitigating safety risks and hazards across all sites. Special

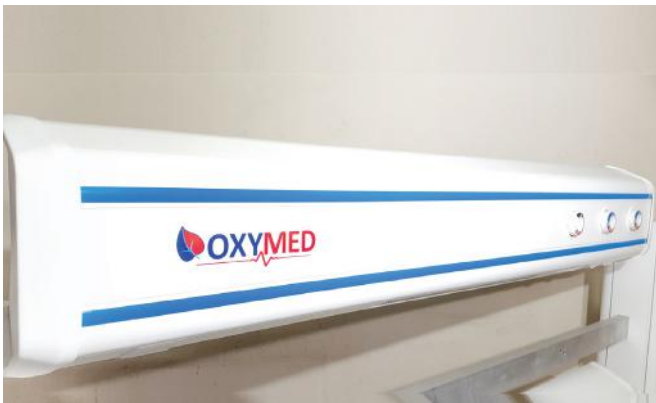


attention was given to transport safety and a recognition program for drivers, decanters and loaders was rolled out. As a result, 4.48 million kilometers were safely travelled during 2019 – our proudest achievement of the year. The year was also special as our Port Qasim Site achieved ISO 45001 Certification, a recognition of our world class occupational health and safety management systems.

Sales

Healthcare gases & medical engineering services

The Company maintained its market leadership position in the healthcare segment serving its customers, hospitals in both public and private sectors, with high purity medical gases 100% reliably. In addition to maintaining our leadership in the medical gases sector, the year also witnessed significant growth in the medical engineering and services portfolio. Several new and innovative products and services were introduced, some of which were indigenously developed while others have been introduced in collaboration with reputable global healthcare companies. Focus was also placed on technical skills development and our engineering team received international training and certification on National Fire Protection Agency's (NFPA) latest standards for medical gas pipeline systems, making Pakistan Oxygen a leader in the medical engineering services offering design and execution of MES services under both NFPA (USA) and Health Technical Memorandum 02-01 (UK) standards.



Industrial gases

Despite challenging business conditions due to a slowdown of industrial growth, lack of public sector funds for development projects, the complete shutdown of the shipbreaking sector and strong competitive pressures, the Company maintained

its market leadership in industrial gases through strong customer focus and engagement. The increase in electricity tariffs in the last quarter of the year, however, have put margins under pressure and efforts are underway to effectively pass-through the incremental costs.

All ASU plants remained loaded and the Company's customer base were effectively managed. Your Company strengthened its footprint and improved its market share in the oil and gas and distribution sectors which helped mitigate some of the decline in sales to the manufacturing and shipbreaking sectors. We also led the industry in new applications development including customized nitrogen freezing solutions for the fisheries industry.



Welding and hardgoods

The welding and hardgoods business was also faced with slow market conditions, particularly due to the significant decline in sugar and the automobiles industry. Nevertheless, focused efforts were made to make inroads into various tender based strategic projects for key brands including Zodian Universal and Fortrex.

Your Company successfully commissioned its electrode factory and has completed first full year of operations, producing 1.8 million kilograms of electrodes. In-house production has eliminated reliance on third-party manufacturers, while at the same time led to a significant improvement in quality standards and delivering essential cost savings.

Operations

The Company continued focus on productivity related initiatives to improve manufacturing efficiencies at all its manufacturing sites. Production at the 100 TPD ASU at Port Qasim registered an increase of 3.5% despite the shift from Remote Operations Centre (ROC) operations control through Linde to our own team of operators.

Throughout the year, all manufacturing sites were operated safely, reliably and efficiently and maintained quality management systems, including the food safety standards certification (FSSC 22000), and the quality management system ISO 14001 at the Port Qasim facility.

Human resources

The Company believes that it is its people who differentiate it from the rest of the field. The year saw enhanced focus on employees learning and development. Many employees attended various professional development programs at leading local academic institutions. At the same time, the in-house training program was also restarted, and several programs were conducted by trained trainers. A key initiative during 2019, was the introduction of LinkedIn's on-line training program, which has a library of online courses covering topics on both management and technical.

During the year, the Company also held its Annual Conference at Swat. The theme of the Conference was AIR – Aspire, Innovate & Rise. Performance Excellence Awards were also distributed to the star performers of 2018 during the event.

Information services

Several initiatives were rolled out by the Information Services team. The new applications implemented during the year will help digitalize cylinder maintenance records and delivery information resulting in improved cylinder safety and product traceability.

Adherence to best practices of Corporate Governance

A statement setting out the Company's compliance status on the best practices of corporate governance appears in the "Corporate Governance Section" on page 44.

In addition, a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" together with the Auditors' Review Report to Members thereon appears on Page 49 and 51, respectively.

Distribution of dividends and appropriation of profits

Keeping in view the Company's financial performance and future cash flow requirements, the Board of Directors of the Company has recommended issuance of bonus shares in the proportion of 2 shares for every 10 shares held i.e. 20% subject to approval of the Members at the 71st Annual

General Meeting to be held on April 21, 2020. The effect of issuance of such bonus shares shall be reflected in the next year's financial statements. The appropriations approved by the Directors are as follows:

	(Rupees in '000)
Un-appropriated profit as at 31 December 2018	271,181
Final dividend for the year ended 31 December 2018 at Rs 2 per share	(50,077)
Issuance of bonus shares in proportion of 3 shares for every 10 shares	(75,116)
Transfer to General Reserve	145,988
Net Profit after taxation for the year 2019	300,585
Re-measurement: net actuarial losses recognized in other comprehensive income	(5,028)
Disposable profit for appropriation	295,557
Impact of change in accounting policy	(721)
Un-appropriated profit carried forward	294,836
Subsequent Effects:	
Proposed issue of bonus shares in the proportion of 2 shares for every 10 shares held i.e. 20%	65,101
Transfer to General Reserve	229,735
	294,836
Issue of bonus shares	65,101
EPS – for the year 2019 Rs. 9.23 (2018: Rs. 12.25)	

Post balance sheet events

There has been no significant event since December 31, 2019 to date, except as provided below:

- The shareholders of the Company have approved an increase in authorized share capital of the Company from Rs 400 million (40 million ordinary shares of Rs 10 each) to Rs 700 million (70 million shares of Rs 10 each) through a special resolution passed at the Extraordinary General Meeting held on January 23, 2020.
- The Board of Directors in their meeting held on February 26, 2020 has recommended issuance of bonus shares subject to approval of the Members at the 71st Annual General Meeting to be held on April 21, 2020.



Key operating and financial data

An overview of the key operating and financial data for the last 10-year in summarized form is given on page 52 of this Annual Report.

Contribution to national exchequer

Information with respect to the Company's contribution towards the National Exchequer has been provided in the Statement of Value Added appearing in this Report on page 57.

Risk, uncertainties and mitigations

Operational risks

The Company adheres to the highest standards of ethics, safety and quality assurance to ensure continued and uninterrupted delivery of products and services to its customers.

The risk of shortage of production capacity in ASU products is to be mitigated through a new manufacturing strategy. The Company's cost of production is adversely impacted by the unprecedented increase in energy prices. This is being mitigated through cost pass-through to customers and through operational cost efficiencies and control initiatives.

Financial risks

The overall risk exposure associated with the Company's financial assets and liabilities is very limited. The Company believes that it is not exposed to any major concentration of credit risk, exposure to which is managed through application of credit limits to its customers. The Company manages its exposure to financial risks as explained in Note 34 to the financial statements.

Compliance risks

Your Board and the management have instituted a strong governance and legal framework to ensure compliance to not only applicable laws and regulations but also to stay at par with best international practices.

Board of Directors

Election of Directors was held on January 23, 2020 to elect 10 Directors of the Company for a 3-year term commencing January 30, 2020.

Of these 10 directors, one female independent director, Ms. Tushna D Kandawalla, was elected in compliance with the requirement of relevant laws and regulations. Ms. Kandawalla is an MBA from Boston University, USA, and is also a qualified Certified Public Accountant (CPA). She has multi-functional experience in financial planning, strategy, marketing, plant operations and human resources. The Board welcomes Ms. Kandawalla to their fold and looks forward to her valuable contributions towards the development and expansion of the Company's business.

Mr. Fawad Anwar retired on January 29, 2020 after the successful completion of his term of office. The Board wish to place on records their appreciation for the valuable contributions made by Mr. Anwar during his association with the Company.

The current composition of the Board is as follows:

Total number of Directors:

- a) Male: 9
- b) Female: 1

Composition:

- a) Independent Directors: 3
- b) Non-executive Directors: 7

Committees of the Board

The Board has set up four Committees, details of which are provided in "Corporate Governance Section" of the Report on page 44.

Directors' remuneration

The Board has determined and approved the meeting fee for the non-executive Directors including Independent Directors which generally reflects equity to the proportionate compensation of the CEO in relation to the time spent by the Directors for the Board and or for its Committee meetings. Details of aggregate value of meetings fees of the Directors are disclosed in note 33 to the financial statements.

Chief Executive Officer

Following the election of Directors on January 23, 2020, Mr. Matin Amjad was re-appointed as Chief Executive Officer of the Company in accordance with the provisions of Section 187 of the Companies Act, 2017 on the existing terms and condition of his employment for a term of three years commencing from February 3, 2020.

Disclosure of significant policies on website

The Board has approved the following policies and the same have been circulated to all employees of the Company for compliance. These policies are also placed on the Company's website as required under CoCG.

- a) Whistleblowing Policy
- b) Anti-Sexual Harassment Policy
- c) Code of Ethics

Apart from the above, the Board has also approved a revised Related Party Transactions Policy during the year under review to align it with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Internal controls and risk management

The Company maintains sound internal control systems to provide reasonable assurance against efficiency and effectiveness of operations, reliability of financial reporting and compliance with applicable laws and regulations. Such systems are monitored effectively by the management; while the Board Audit Committee reviews the internal control

systems based on assessment of risks and reports to the Board of Directors.

The Board of Directors ensures and maintains full and effective control over all significant strategic, financial, organizational and compliance risks. The Directors have delegated to the management, the establishment and implementation of the risk management system, to ensure reduction of risk to levels deemed acceptable by the Company.

Auditors

The present auditors, BDO Ebrahim & Co, Chartered Accountants, retire and being eligible, offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2020, at a fee/remuneration to be mutually agreed.

Related party transactions

The Company has executed all transactions with its related parties at an arm's length price. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors.

The details of all related party transactions are disclosed in Note 36 annexed to the annual audited financial statements.

Directors' training

Out of 10 newly elected Directors, seven have completed certification in DTP while one Director was granted exemption by SECP based on prescribed qualification and experience as set out in the exemption criteria. Accordingly, the Company is compliant with the recommended criteria of the Code of Corporate Governance Regulations 2019 of having at least half of the Directors on its Board duly certified.

Prospects

The current macro-economic challenges including low growth, high interest rate and high energy costs are likely to impact the Company's performance in the coming months. However, we believe that with continued focus on customer engagement, innovation and new applications development, portfolio expansion and efficiency and cost saving initiatives your Company is geared to meet these short-term macroeconomic challenges.


Acknowledgements

The Board is fully appreciative of the dedication and commitment of all its employees and would like to thank them for their valuable contributions in producing these results in a highly competitive economic condition. The Board also acknowledges and wishes to thank all its valuable customers, suppliers, contractors, service providers and other stakeholders for their continued support to the Company.

On behalf of the Board



Matin Amjad
Chief Executive Officer



Waqar Ahmed Malik
Chairman

Karachi: February 26, 2020

ریلیٹیڈ پارٹی کے ساتھ لین دین

کمپنی نے ریلیٹیڈ پارٹیز کے ساتھ اپنے تمام لین دین کے معاملات آرمر لینتھ پرائس پر طے کئے اور تمام ریلیٹیڈ پارٹیز کے ساتھ لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے پیش کی گئیں اور اس کی سفارشات کے مطابق بورڈ آف ڈائریکٹرز نے ان کی منظوری دیدی۔ تمام ریلیٹیڈ پارٹیز کے ساتھ لین دین کی تفصیلات منسلک سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس کے نوٹ 36 پر موجود ہیں۔

ڈائریکٹرز کی تربیت

نئے منتخب شدہ 10 ڈائریکٹرز میں سے 7 پہلے ہی سے ڈائریکٹرز ٹریننگ پروگرام (DTP) کی مطلوبہ سرٹیفیکیشن مکمل کر چکے ہیں۔ ایک ڈائریکٹر کو اسٹنی کیلئے مطلوبہ معیار کے مطابق ان کی مجوزہ قابلیت اور تجربہ کی بنیاد پر SECP سے اسٹنی حاصل ہے۔ اسی طرح کمپنی کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے تجویز کردہ معیار یعنی ڈائریکٹرز کی کم از کم نصف تعداد باقاعدہ سرٹیفائیڈ ہونے کی رو سے تعمیل کردہ ہے۔

مستقبل کے امکانات

موجودہ میکرو اکنامک چیلنجز بشمول کم ترقی، بلند شرح سود اور توانائی کی بڑھتی ہوئی قیمتیں آنے والے مہینوں میں کمپنی کی کارکردگی پر اثر انداز ہوں گی۔ تاہم ہم یقین رکھتے ہیں کہ کسٹمرز پر مکمل توجہ، جدت اور نئی اپیلیکیشنز کی ڈیولپمنٹ، پورٹ فولیو میں توسیع اور کارکردگی پر توجہ اخراجات میں بچت کے اقدامات پر مسلسل توجہ سے کمپنی ان قلیل المدت میکرو اکنامک چیلنجز کا مقابلہ کرنے کی صلاحیت رکھتی ہے۔

اعتراف کارکردگی

بورڈ اپنے تمام ملازمین کی سخت محنت اور لگن کا دل سے معترف ہے اور انتہائی مسابقتی معاشی صورتحال میں اچھے نتائج حاصل کے حصول پر ان کی خدمات کا شکر گزار ہے۔ بورڈ اپنے تمام معزز کسٹمرز، سپلائرز، کنٹریکٹرز، سروس پرووائیڈرز اور دیگر اسٹیک ہولڈرز کے کمپنی کے ساتھ مسلسل تعاون کا اعتراف کرتا ہے اور ان کا شکریہ ادا کرتا ہے۔

بورڈ کی جانب سے



وقار احمد ملک

چیئر مین



متین امجد

چیف ایگزیکٹو آفیسر

کراچی۔ 26 فروری 2020

چیف ایگزیکٹو آفیسر

23 جنوری 2020 کو ہونے والے ڈائریکٹرز کے انتخابات کے بعد کمپنی کے چیف ایگزیکٹو آفیسر کے طور پر جناب متین امجد کا دوبارہ تقرر کر دیا گیا۔ جو کمپنیز ایکٹ 2017 کے سیکشن 187 کے پروویژن کے مطابق ان کی ملازمت کی موجودہ شرائط و ضوابط کی رو سے اگلے تین سال کی مدت کیلئے ہے جس کا آغاز 3 فروری 2020 سے ہو گیا ہے۔

نمایاں پالیسیز کی ویب سائٹ پر اشاعت :

زیر جائزہ سال کے دوران میں بورڈ نے درج ذیل پالیسیز کی منظوری دی جو عمل درآمد کی غرض سے کمپنی کے تمام ملازمین کو سرکلر کے ذریعہ بھیج دی گئی ہیں۔ ان پالیسیز کو CoCG کی شرائط کے مطابق کمپنی کی ویب سائٹ پر بھی شائع کر دیا گیا ہے۔

(i) وسل بلونگ پالیسی

(ii) جنسی ہراسمنٹ کے خلاف پالیسی

(iii) ضابطہ اخلاق

زیر جائزہ سال کے دوران میں درج بالا کے علاوہ، بورڈ نے ایک ترمیم شدہ ریلیٹیڈ پارٹی ٹرانزیکشن پالیسی کی بھی منظوری دی ہے جو کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی مطابقت سے ہے۔

داخلی کنٹرولز اور رسک منیجمنٹ

آپریشنز کی استعداد اور اثر پذیری کو مناسب طور سے یقینی بنانے، فنانشل رپورٹنگ کی بھروسہ مندی اور لاگو قوانین اور ضابطوں پر عمل درآمد کیلئے کمپنی کا ایک مستحکم داخلی کنٹرول کا نظام موجود ہے۔ انتظامیہ اس نظام کی موثر نگرانی کرتی ہے جب کہ بورڈ آڈٹ کمیٹی رسکس کی تشخیص کی بنیاد پر داخلی کنٹرول کے نظام کا جائزہ لیتی ہے اور اس کی رپورٹ بورڈ آف ڈائریکٹرز کو پیش کرتی ہے۔

بورڈ آف ڈائریکٹرز تمام نمایاں حکمت عملی، فنانشل، اداراتی اور کمپلائنس کے خطرات پر مکمل اور موثر کنٹرول کو یقینی بناتا ہے اور اس کو برقرار رکھتا ہے۔ ڈائریکٹرز نے رسک منیجمنٹ سسٹم کے قیام اور اس پر عمل درآمد اور کمپنی کیلئے متصور منظور شدہ سطح تک رسک میں کمی کو یقینی بنانے کیلئے انتظامیہ کو ذمہ داری تفویض کر دی ہے۔

آڈیٹرز

موجودہ آڈیٹرز، BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس ریٹائر ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والے سال کیلئے ان کو کمپنی کے آڈیٹرز کے طور پر باہمی رضامندی سے طے کی گئی فیس / معاوضے پر دوبارہ تقرر کی سفارش کی ہے۔

بورڈ آف ڈائریکٹرز:

23 جنوری 2020 کو 3 سال کی مدت کے لئے کمپنی کے 10 ڈائریکٹرز منتخب کرنے کیلئے ڈائریکٹرز کے انتخابات کا انعقاد ہوا۔ یہ مدت 30 جنوری 2020 سے شروع ہوئی ہے۔

ان 10 ڈائریکٹرز میں سے ایک خاتون خود مختار ڈائریکٹرز مس تشنا ڈی کانڈاوالا کا انتخاب متعلقہ قانون اور ضابطے کی شرائط کے مطابق ہوا۔ مس کانڈاوالا بوسٹن یونیورسٹی، USA سے MBA ہیں اور کوالیفائیڈ سرٹیفائیڈ پبلک اکاؤنٹنٹ (CPA) بھی ہیں۔ آپ فنانشل پلاننگ، حکمت عملی، مارکیٹنگ، پلانٹ آپریشنز اور انسانی وسائل کے متعدد امور کا تجربہ رکھتی ہیں۔ بورڈ مس کانڈاوالا کو خوش آمدید کہتا ہے اور کمپنی کے کاروبار میں اضافہ اور توسیع کیلئے ان کی قیمتی خدمات کی توقع رکھتا ہے۔

جناب نواد انور اپنے عہدے کی مدت کی کامیاب تکمیل کے بعد 29 جنوری 2020 کو سبکدوش ہو گئے۔ بورڈ کمپنی کے ساتھ وابستگی کے دوران میں جناب انور کی قیمتی خدمات کا معترف ہے۔

بورڈ کی موجودہ ترتیب حسب ذیل ہے:-

بورڈ کی ہئیت ترکیبی:

ڈائریکٹرز کی کل تعداد:

9	مرد	(ا)
1	خاتون	(ب)

ہئیت ترکیبی:

3	خود مختار ڈائریکٹرز	(ا)
7	نان ایگزیکٹو ڈائریکٹرز	(ب)

بورڈ کی کمیٹیاں:

بورڈ نے چار کمیٹیاں قائم کی ہیں جن کی تفصیلات ”کارپوریٹ گورننس سیکشن“ کی رپورٹ کے صفحہ نمبر 44 پر دی گئی ہیں۔

ڈائریکٹرز کا معاوضہ:

بورڈ نے نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کے لئے مینٹنگ فیس کا تعین کر دیا ہے اور اس کی منظوری دیدی ہے۔ جو کہ CEO کے عمومی معاوضے کے تناسب سے ہوتی ہے اور یہ بورڈ اور ایس کی کمیٹیوں کی مینٹنگز میں شرکت کیلئے ڈائریکٹر کی جانب سے دیئے گئے وقت کے لحاظ سے ہے۔ ڈائریکٹرز کو دی جانے والی مینٹنگ فیس کی مجموعی رقم کی تفصیلات فنانشل اسٹیٹمنٹس کے نوٹ نمبر 33 میں درج کی گئی ہیں۔

بیلنس شیٹ کے بعد کے واقعات

- 31 دسمبر 2019 سے تاحال کوئی قابل ذکر واقعہ پیش نہیں آیا سوائے اس کے جو ذیل میں دیا گیا ہے:
- کمپنی کے شیئر ہولڈرز نے ایک خصوصی قرارداد کے ذریعہ کمپنی کے مجاز شیئر سرمایہ کو 400 ملین روپے (10 روپے فی شیئر والے 40 ملین شیئرز) سے بڑھا کر 700 ملین روپے (10 روپے فی شیئر والے 70 ملین شیئرز) کرنے کی منظوری دے دی ہے۔ یہ خصوصی قرارداد 23 جنوری 2020 کو منعقد ہونے والے غیر معمولی اجلاس عام میں پاس کی گئی تھی۔
 - بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 26 فروری 2020 میں بونس شیئرز کے اجراء کی سفارش کی ہے جو 21 اپریل 2020 کو منعقد ہونے والے 71 ویں سالانہ اجلاس عام میں ممبرز کی منظوری سے مشروط ہے۔

اہم آپریٹنگ اور فنانشل ڈیٹا

گزشتہ 10 سال کے اہم آپریٹنگ اور فنانشل ڈیٹا کا عمومی جائزہ مختصر طور پر اس سالانہ رپورٹ کے صفحہ نمبر 52 پر درج ہے۔

قومی خزانے میں حصہ

قومی خزانے میں کمپنی کے حصہ کے بارے میں معلومات اس رپورٹ کے صفحہ نمبر 57 پر "ویلیو ایڈڈ کے اسٹیٹمنٹ" میں درج ہے

خدشات، غیر یقینی حالات اور تخفیفات

آپریشنل رسکس

کمپنی اخلاقیات، تحفظ اور معیار کی ضمانت کے اعلیٰ معیارات پر کاربند ہے اور اپنے کسٹمرز کو مصنوعات اور خدمات کی مسلسل اور بلا تعطل فراہمی کا یقین دلاتی ہے۔

اے ایس یو (ASU) مصنوعات کی پروڈکشن کی قلت کے اندیشے کو مینوفیکچرنگ کی نئی حکمت عملی کے ذریعہ کم کیا جائے گا۔ توانائی کی قیمتوں میں اب تک کے سب سے زیادہ اضافہ کمپنی کی پروڈکشن کی لاگت پر برا اثر پڑا ہے۔ اس اضافی اثر کو کسٹمر کو منتقل کرنے اور آپریشن کی کارکردگی اور کنٹرول کے اقدامات کے ذریعہ ختم کیا جائے گا۔

فنانشل رسکس

کمپنی کے مالی اثاثوں اور قرضہ جات میں مجموعی طور پر نقصان کا اندیشہ بہت محدود ہے۔ کمپنی کو یقین ہے کہ اسے قرضوں کے کسی بڑے نقصان کا اندیشہ نہیں ہے کیونکہ اس قسم کے نقصان کے اندیشے کو کسٹمرز کو دی گئی قرض کی حد سے کنٹرول کیا جاتا ہے۔ کمپنی اپنے مالی نقصان کے اندیشوں کو دور کرنے کے انتظامات کرتی ہے جس کی تفصیل فنانشل اسٹیٹمنٹس کے نوٹ 34 میں دی گئی ہے۔

کمپلائنس رسکس

آپ کے بورڈ اور انتظامیہ نے ایک مضبوط انتظامی بندوبست اور قانونی ڈھانچہ تشکیل دیا ہوا ہے جو نہ صرف لاگو قوانین اور ضابطوں کی پابندی کیلئے ہے بلکہ کام کے بہترین بین الاقوامی معیار پر بھی پورا اترتا ہے۔

منافع منقسمہ کی تقسیم اور منافع کی تخصیص

کمپنی کی مالیاتی کارکردگی اور مستقبل کے کیش کے بہاؤ کی ضروریات کو مد نظر رکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے 2 شیمرز برائے 10 ملکیتی شیمرز کے تناسب سے یعنی 20% کی شرح سے بونس شیمرز کے اجراء کی سفارش کی ہے جو 21 اپریل 2020 کو منعقد ہونے والے 71 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔ ان بونس شیمرز کے اجراء کو اگلے سال کے مالی گوشوارے میں ظاہر کیا جائے گا۔ ڈائریکٹرز کی جانب سے منظور کردہ تخصیص درج ذیل ہے:

(روپے، ہزاروں میں)

271,181	غیر تخصیص شدہ منافع بمطابق 31 دسمبر 2018
	حتمی منافع منقسمہ برائے سال ختمہ 31 دسمبر 2018
(50,077)	بحساب 2.00 روپے فی شیئر
(75,116)	بونس شیمرز کا اجراء، ہر 10 شیمرز کیلئے 3 شیمرز کے تناسب سے
145,988	جنرل ریزرو میں منتقلی

300,585	خالص منافع بعد از ٹیکس برائے سال 2019
(5,028)	دوبارہ جانچ: خالص ایچ پی نیٹ لفٹائنات جو دیگر جامع آمدنی میں شمار کئے گئے

295,557	تخصیص کیلئے قابل تصرف منافع
(721)	اکاؤنٹنگ پالیسی میں تبدیلی کا اثر
294,836	غیر تخصیص شدہ منافع کی منتقلی برائے اگلے سال

ذیلی اثرات

65,101	مجوزہ بونس شیمرز کا اجراء بہ نسبت 2 شیمرز برائے ہر 10 ملکیتی شیمرز یعنی 20%
229,735	جنرل ریزرو میں منتقلی

294,836	
65,101	بونس شیمرز کا اجراء

نی شیئر آمدنی (EPS) برائے سال 2019 بحساب 9.23 روپے (2018: 12.25 روپے)

آپریشنز

کمپنی اپنی تمام مینوفیکچرنگ سائٹس پر مینوفیکچرنگ کی استعداد بڑھانے کیلئے پیداواریت سے متعلق اقدامات پر مسلسل توجہ دے رہی ہے۔ پورٹ قاسم پر 100 TPD ASU کی پروڈکشن میں 3.5% اضافہ ریکارڈ کیا گیا باوجود اس کے کہ Linde کے ریہوٹ آپریشن سینٹر (ROC) سے آپریشن کنٹرول ہمارے آپریٹرز کی ٹیم کو منتقل کیا گیا۔

پورے سال کے دوران میں تمام مینوفیکچرنگ سائٹس محفوظ، بھروسہ مند اور مستعد طور پر کام کرتی رہیں اور کوالٹی منیجمنٹ سسٹمز، بشمول پورٹ قاسم فیسلٹی پر فوڈ سیفٹی اسٹینڈرڈز سرٹیفیکیشن (FSSC 22000) اور کوالٹی منیجمنٹ سسٹم ISO 14001 برقرار رکھا گیا۔

انسانی وسائل

کمپنی یہ یقین رکھتی ہے کہ اس کے لوگ ہی ہیں جو اس کو دوسروں سے ممتاز بناتے ہیں۔ چنانچہ سال کے دوران میں ایمپلائز کے سیکھے اور ڈیولپمنٹ پر اضافی توجہ دی گئی۔ کئی ایمپلائز نے معروف مقامی تعلیمی اداروں میں مختلف پرفیشنل ڈیولپمنٹ پروگرامز میں شرکت کی۔ اس کے ساتھ ساتھ ان ہاؤس ٹریننگ کا پروگرام بھی دوبارہ شروع کیا گیا اور ماہر ٹرینرز نے کئی پروگرام منعقد کئے۔ 2019 کے دوران میں ایک بنیادی قدم LinkedIn کے آن لائن ٹریننگ پروگرام کو متعارف کروانا تھا جس میں منیجمنٹ اور ٹیکنیکل دونوں موضوعات کا احاطہ کرنے والے آن لائن کورسز کی لاہریری بھی ہے۔

سال کے دوران میں کمپنی نے سوات میں اپنی سالانہ کانفرنس کا انعقاد کیا۔ کانفرنس کا موضوع تھا AIR - Aspire, Innovate & Rise۔ اس تقریب میں 2018 کے اسٹار پرفارمرز میں اعلیٰ ترین کارکردگی کے ایوارڈز بھی تقسیم کئے گئے۔

معلومات کی خدمات

انفارمیشن سروس ٹیم کی جانب سے متعدد اقدامات کا آغاز کیا گیا۔ سال کے دوران میں نافذ کی گئی نئی ایپلیکیشنز سے ڈیجیٹلائزیشن سلسلہ میں سائنس ریکارڈز قائم کرنے اور ڈیجیٹل کی معلومات فراہم کرنے میں مدد ملے گی جس کے نتیجے میں بہتر سائنس سہولت اور پروڈکٹ کی نشاندہی بہتر طور پر ہو سکے گی۔

کارپوریٹ گورننس کے بہترین طرز عمل کی پابندی

کمپنی کے کارپوریٹ گورننس کے بہترین طرز عمل کی پابندی کے درجہ کو ظاہر کرنے کیلئے ایک اسٹیٹمنٹ "کارپوریٹ گورننس سیکشن" میں صفحہ نمبر 44 پر موجود ہے۔

درج بالا کے علاوہ "لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 پر عمل درآمد کا اسٹیٹمنٹ" مع آڈیٹرز کی جائزہ رپورٹ برائے ممبرز بھی بالترتیب صفحہ نمبر 49 اور 51 پر موجود ہے۔

قابل بھروسہ انتہائی خالص میڈیکل گیسز کی فراہمی کی بناء پر حاصل ہے۔ اس کے علاوہ میڈیکل گیسز کے شعبہ میں اپنی سبقت برقرار رکھنے کیلئے اس سال میڈیکل انجینئرنگ اینڈ سروسز پورٹ فولیو میں نمایاں اضافہ ہوا۔ متعدد نئی اور جدید پروڈکٹس اور سروسز متعارف کروائی گئیں جن میں سے بعض مقامی طور پر ڈیولپ کی گئی تھیں جب کہ دیگر معروف عالمی ہیلتھ کیئر کمپنیز کے اشتراک سے تیار کی گئیں۔ ٹیکنیکل صلاحیتوں کو ابھارنے پر توجہ مرکوز کی گئی اور ہماری انجینئرنگ کی ٹیم نے میڈیکل گیس پائپ لائن سسٹم کیلئے نیشنل فائر پروٹیکشن ایجنسی (NFPA) کے جدید ترین معیارات کے مطابق انٹرنیشنل ٹریننگ اینڈ سرٹیفیکیشن حاصل کیا جس کے مطابق پاکستان آکسیجن کو میڈیکل سروسز میں لیڈر کی حیثیت سے تسلیم کیا گیا ہے جو NFPA (USA) اور ہیلتھ ٹیکنیکل میمورنڈم 01-02 (UK) دونوں کے معیارات کے مطابق MES سروسز کی ڈیزائننگ اور اس پر عمل درآمد کی خدمات پیش کرتے ہیں۔

صنعتی گیسز

صنعتی ترقی کی سست روی، ترقیاتی منصوبوں کیلئے پبلک سیکٹر فنڈز کی کمی، شپ بریکنگ کے شعبہ کی مکمل بندش اور زبردست مسابقتی دباؤ کے باعث چیلنج والے کاروباری حالات کے باوجود کمپنی نے کسٹمرز پر بھرپور توجہ دی اور ان صنعتی گیسز میں اپنی قائدانہ حیثیت برقرار رکھی، سال کی آخری سہ ماہی میں بجلی کے نرخوں میں اضافے سے مارجن دباؤ میں رہے اور بڑھی ہوئی قیمتوں کے اثر کو موثر طور پر کسٹمرز کو منتقل کرنے کی کوششیں جاری ہیں۔

تمام ASU پلانٹس پوری طرح لوڈ رہے اور کمپنی نے کسٹمرز کی ضروریات باسانی پوری کی گئیں۔ آپ کی کمپنی نے آئل اینڈ گیس اور ڈسٹری بیوشن کے شعبہ جات میں اپنے قدم مزید مضبوطی سے جمائے اور اپنے مارکیٹ شیئر کو بہتر کیا جس کے سبب مینوفیکچرنگ اور شپ بریکنگ کے شعبہ جات میں سیلز میں کمی کو بڑی حد تک پورا کرنے میں مدد ملی۔ ہم نے نئی ایپلیکیشنز ڈیولپمنٹ بشمول فشریز کی صنعت کیلئے خصوصی نائٹروجن فریزنگ سلوشنز پیش کرنے میں صنعت کی قیادت کی۔

ویلڈنگ اور ہارڈ گڈز

مارکیٹ کے سست رو حالات اور خاص طور پر شوگر اور آٹوموبائلز انڈسٹری میں نمایاں کمی کے باعث ویلڈنگ اور ہارڈ گڈز بزنس میں بھی مشکلات کا سامنا ہوا۔ بہر حال بنیادی برانڈز Zodian Universal اور Fortrex کیلئے ٹینڈر پر مبنی مختلف مخصوص منصوبوں میں حصہ لینے کی کوششوں پر توجہ مرکوز رکھی گئی۔

آپ کی کمپنی نے کامیابی کے ساتھ الیکٹروڈ فیکٹری میں کام کا آغاز کر دیا ہے اور آپریشنز کے پورے ایک سال کے دوران میں 1.8 ملین کلوگرام الیکٹروڈز تیار کئے ہیں۔ ان ہاؤس پروڈکشن کے باعث تھرڈ پارٹی مینوفیکچرر پر انحصار ختم ہو گیا ہے جب کہ اس کے ساتھ ساتھ کوالٹی کے معیارات میں نمایاں بہتری آئی ہے اور قیمت میں بھی بچت ہوئی ہے۔

قیمتوں پر کنٹرول پر بھرپور توجہ دے کر کسی حد تک ختم کیا گیا۔ الیکٹریٹیٹی کی ان ہاؤس مینوفیکچرنگ سے اخراجات میں بچت کرنے میں مدد ملی۔ اس کے نتیجے میں خالص منافع 1.07 ملین روپے حاصل ہوا جو کہ گزشتہ سال کی نسبت 4% کم ہے جب کہ GP کی مجموعی شرح گزشتہ سال کی 23% کی شرح کے برابر رہی۔

اور ہیڈز اور دیگر آمدنی کو شامل کرنے کے بعد، 496 ملین روپے ریکارڈ کئے گئے جو کہ گزشتہ سال سے 9% زیادہ ہے۔ تاہم مثبتہ و سولیات کیلئے پروویژن کی مد میں ایک مرتبہ کے 22 ملین روپے کو نکال کر، اور ہیڈز (دیگر آمدنی کو شامل کرنے کے بعد) صرف 4% زیادہ ہوئے جو افراط زر سے نمایاں طور پر کم ہے۔ اس کے نتیجے میں منافع قبل از سود اور ٹیکس 570 ملین روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کے مقابلے میں 13% کم ہے۔

فنانس کے اخراجات میں گزشتہ سال کے مقابلے میں 49% یعنی 57 ملین روپے اضافہ ہوا، اس میں تقریباً 40 ملین روپے کا اضافہ بنیادی طور پر شرح سود میں اضافے کی وجہ سے ہوا۔ کمپنی نے کریڈٹ کی سہولت کا بھی زیادہ استعمال کیا جس سے گزشتہ سال کے مقابلے میں 17 ملین روپے کا اضافی خرچہ ہوا۔

نتیجے کے طور پر کمپنی کو گزشتہ سال کے بعد از ٹیکس منافع 399 ملین روپے اور EPS 12.25 روپے کے مقابلے میں اس سال بالترتیب بعد از ٹیکس منافع 301 ملین روپے اور EPS 9.23 روپے ریکارڈ کئے گئے جو کہ 25% کم ہے۔

تحفظ، صحت، ماحول اور معیار (SHEQ)

ہمارا سیفٹی پر بھرپور فوکس 2019 میں بھی جاری رہا۔ ٹرانسپورٹ اور آپریشنل سیفٹی پر زور دینے کی تائید کیلئے متعدد تربیتی پروگرام منعقد کئے گئے۔ اس کے علاوہ اپنے سیفٹی کلچر کو مزید بہتر بنانے کیلئے ایک خطرات کی رپورٹنگ کا پروگرام بھی متعارف کروایا گیا جس سے تمام سائٹس پر سیفٹی کے خدشات اور خطرات کی نشاندہی اور خاتمے کی کوششوں میں مدد ملی۔ ٹرانسپورٹ سیفٹی پر خصوصی توجہ دی گئی اور ڈرائیورز، ڈی کیپٹرز اور لوڈرز کیلئے ایک آگہی کے پروگرام کا آغاز کیا گیا۔

اس کے نتیجے میں 2019 میں 4.48 ملین کلومیٹرز کا فاصلہ محفوظ طور پر طے ہوا جو ہماری اس سال کی قابل فخر کامیابی ہے۔ یہ سال اس لحاظ سے بھی خصوصی رہا کہ ہماری پورٹ قاسم سائٹ نے ISO 45001 سرٹیفیکیشن حاصل کر لیا جو ہمارے عالمی معیار کے پیشہ ورانہ صحت اور سیفٹی منیجمنٹ سسٹم کو تسلیم کرنے کی مثال ہے۔

فروخت

ہیلتھ کیئر اور میڈیکل انجینئرنگ سروسز

ہیلتھ کیئر کے شعبہ میں کمپنی نے مارکیٹ میں اپنی قائدانہ پوزیشن برقرار رکھی جو سرکاری اور نجی دونوں شعبہ جات کے کسٹمرز، ہسپتالوں کو 100%

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارہ برائے سال مختتمہ 31 دسمبر 2019 پیش کرتے ہیں۔

قومی معیشت

GDP کے بڑھنے کی رفتار سست ہو کر 3.3% ہو گئی جس کی وجہ مالیاتی اور کرنٹ اکاؤنٹ کے خسارے کو کم کرنے کی غرض سے کئے گئے پالیسی اقدامات تھے۔ ان بنیادی اقدامات میں پبلک سیکٹر پر خرچے میں کمی لانا، پیسے کی سخت منیجمنٹ اور اس کے ساتھ ساتھ ٹیکس کے دائرہ کار کو وسیع تر کرنے کی کوششیں تھیں۔ گردشی قرضوں میں کمی لانے کیلئے توانائی کی قیمتوں میں بے مثال اضافہ کیا گیا۔ CPI افراط زر کی شرح 12.6% ہو گئی جو گزشتہ سال کی 5.4% سے نمایاں طور پر زیادہ تھی اس کے بعد اسٹیٹ بینک نے پالیسی ریٹ میں 13.25% تک اضافہ کر دیا۔

ان اقدامات کے نتیجے میں معیشت کی رفتار سست ہو گئی اور صنعتی شعبہ، خاص طور پر بڑے پیمانے کی مینوفیکچرنگ (LSM) پر گہرا اثر پڑا اور مالی سال 2019 میں پیداوار میں 3.4% کمی آئی جب کہ اس کے مقابلے میں گزشتہ سال 6.4% اضافہ ریکارڈ کیا گیا تھا۔ اس کے علاوہ مالی سال 2020 (جولائی تا نومبر) کے دوران میں LSM میں مزید 4.6% کمی ہوئی جب کہ گزشتہ سال کی اسی مدت میں 1.2% اضافہ ہوا تھا۔ مالی سال 2019 میں صنعتی شعبہ جات بشمول آٹو موبائلز، شوگر اور اسٹیل میں بالترتیب 11.8%، 19.4% اور 11.2% کمی آئی۔ مالی سال 2020 کے پہلے پانچ ماہ کے دوران میں صنعتی شعبہ جات بشمول آٹو موبائل اور اسٹیل کے شعبہ جات میں 45% اور 8.7% کمی دیکھنے میں آئی۔

کمپنی کی بنیادی سرگرمیاں اور کاروباری شعبہ جات

کمپنی صنعتی اور میڈیکل گیسز، ویلڈنگ الیکٹروڈز، ہارڈ گڈز اور میڈیکل آلات کی مینوفیکچرنگ اور فروخت اور انجینئرنگ سروسز میں مصروف عمل ہے۔ کمپنی کی سرگرمیوں کو دو شعبوں میں تقسیم کیا جاسکتا ہے، ایک صنعتی، میڈیکل اور دیگر گیسز اور ویلڈنگ و دیگر۔

کمپنی کی کارکردگی کا عمومی جائزہ

LSM میں کمی اور درج بالا بنیادی کسٹمر کی صنعت میں دو ہندسی کمی اور شپ بریکنگ کے شعبہ کی مکمل بندش کے باوجود آئل اینڈ گیس اور اور ڈسٹری بیوٹن کے شعبہ جات میں کسٹمر پر بھرپور توجہ اور میڈیکل انجینئرنگ سلسلوں میں نمایاں اضافے سے میکرو اکنامک کے اثرات کو ختم کرنے میں مدد ملی جب کہ خالص فروخت 4.7 بلین روپے ریکارڈ کی گئی جو کہ گزشتہ سال سے 4% کم ہے۔

پہلے بیان کئے گئے چیلنجز کے علاوہ اس سال خاص طور پر 2019 کی آخری سہ ماہی میں بجلی کے نرخوں میں غیر معمولی اضافہ دیکھنے میں آیا اور پورے سال کا اضافہ تقریباً 74% تھا جس کی بناء پر ASU گیسز کی پروڈکشن کے اخراجات میں نمایاں اضافہ ہوا کیونکہ بجلی کا خرچہ متغیر اخراجات کا تقریباً 90% ہے۔ اس کے ساتھ ساتھ قیمتوں کی سخت مسابقت نے مارجنز پر برا اثر ڈالا۔ تاہم اس برے اثر کو کارکردگی اور

Pakistan Oxygen Limited Leadership



From left to right:

Farried Aman Shaikh Head of Marketing & Business Development

Muhammad Salim Sheikh Head of Human Resources

Aqeel Bhatti Head of Business - Bulk, PGP & Hardgoods

Matin Amjad Chief Executive Officer

Syed Ali Adnan Chief Financial Officer

Mazhar Ali Head of Business - Healthcare

Arshad Manzoor Head of Information Systems

Corporate Governance

Pakistan Oxygen Limited (the "Company") attaches great importance to good corporate governance and operates its business in full compliance with the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Company's Articles of Association as well as internal policies and procedures formulated by the Board of Directors. The governance of the Company is further strengthened by its code of ethics, risk management and sound internal control system which ensures objectivity, accountability and integrity. The Company continuously strives towards betterment of its governance in order to perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated stakeholders and the society as a whole.

Compliance statement

The Board of Directors has complied with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations"), the Companies Act, 2017 (the "Act"), the requirements of Rule Book of Pakistan Stock Exchange and the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP).

The Directors have confirmed that the following have been complied with:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The Company maintains sound internal control system which provides reasonable assurance against any material misstatement or loss. Such system is monitored effectively by the management; while the Board Audit Committee reviews internal control based on assessment of risks and reports to Board of Directors.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data of last 10-year in a summarized form is given on page number 52 of this annual report.
- Information about outstanding taxes and levies is given in the notes to the financial statements.
- Information with respect to significant business plans and decisions for the future prospects of profits have been stated in the Directors' Report as approved by the Board.

- The value of net asset available as benefits in the staff retirement funds as per their respective financial statements is as follows:

Name of Funds	Un-audited	Audited
Staff Provident Fund	--	Rs 111 million as at 31 July 2019
Employees' Gratuity Fund	Rs 134 million as at Rs 121 million as at	31 December 2019 31 December 2018
Management Staff Pension Fund	Rs 83 million as at Rs 82 million as at	31 December 2019 31 December 2018
Management Staff Defined Contribution Pension Fund	Rs 128 million as at Rs 110 million as at	31 December 2019 31 December 2018

Board of Directors

Following the election of directors, effective January 30, 2020, the current Board of the Company, comprising 10 (ten) members and having core competencies, diversity, requisite skills, knowledge and experience, fulfils the criteria as considered relevant in the context of the Company's operations. The current Board has 10 (ten) Non-executive Directors including 3 (three) Independent Directors. The Chairman of the Board, who is non-executive, ensures that the Board plays an effective role in fulfilling all its responsibilities while the non-executive Directors constructively challenge and help in formulating the strategy.

During the year 9 (nine) meetings of the Board of Directors, five (5) meetings of its Audit Committee and 5 (five) meetings of the Human Resource & Remuneration Committee were held. Attendance by each Director in the meetings of the Board and its Committees is as follows:

Name of Directors	Board of Directors	Audit Committee	Human Resource & Remuneration Committee
Attendance (2019)/Total number of meetings held during the year			
	9	5	5
Mr. Waqar Ahmed Malik	9/9	-	-
Mr. Matin Amjad*	9/9	-	-
Mr. Atif Riaz Bokhari	9/9	-	4/5
Mr. Siraj Ahmed Dadabhoy	8/9	-	-
Mr. Fawad Anwar	0/9	0/5	-
Syed Hassan Ali Bukhari	7/9	-	5/5
Sheikh Muhammad Abdullah	7/9	4/5	-
Mr. Shahid Mehmood Umerani	9/9	-	3/5
Mr. Feroz Rizvi	9/9	5/5	4/5
Mr. Muhammad Zindah Moin Mohajir	8/9	5/5	-
Mr. Shahid Abdul Sattar**	6/9	1/5	-
Syed Ali Adnan (CFO)***	9/9	5/5	-
Mr. Mazhar Iqbal (Company Secretary)***	8/9	5/5	-

*Mr. Matin Amjad, Chief Executive, is a deemed director

**Mr. Shahid Abdul Sattar was appointed as an alternate director in place of Mr. Fawad Anwar wef 30/07/19

***Syed Ali Adnan and Mr. Mazhar Iqbal do not hold directorship of the Company.

Leave of absence was granted to Directors who could not attend meetings.

Role and responsibility of the Chairman and Chief Executive

The Board of Directors has clearly defined the respective roles and responsibilities of the Chairman (Non-Executive) and the Chief Executive.

The role of the Chairman is primarily to manage the Board, its various Committees and to ensure effective oversight of the Company's operations and performance in line with the business plan and strategy. The Chairman also ensures that the Board discharges its various fiduciary and other responsibilities as per the applicable laws and regulations. Additionally, the Chairman sets the agenda of the meeting of the Board and ensures that reasonable time is available for discussion of the same. Moreover, the Chairman issued letters to all newly elected directors setting out their roles, obligations, powers and responsibilities in compliance with the requirement of the Code of Corporate Governance.

The Chief Executive is responsible for all matters pertaining to the operations and functioning of the Company which, among others, include the following:

- making major corporate decisions
- managing the overall operations and resources of the company
- acting as the main point of communication between the board of directors and corporate operations
- communicating, on behalf of the company, with shareholders, government entities, and the customers
- creating and leading the development of the company's short- and long-term strategy; and
- implementing the company's vision and mission.

Committees of the Board

The Committees of the Board act in line with their respective terms of reference as determined by the Board. These Committees assist the Board in discharge of its fiduciary responsibilities.

Audit Committee with brief terms of reference*

Board Audit Committee (BAC) assists the Board in fulfilling its responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders and complying with all relevant statutory requirements and best practices of the Code of Corporate Governance. BAC also ascertains that internal control systems are adequate and effective, and reports matters of significance to the Board. BAC is authorized to call for information from management and to consult directly with independent professionals as considered appropriate.

The BAC of the Company consists of the four Non-Executive Directors including its Chairman who is an Independent Director and financially literate. The Chief Executive Officer does not attend meetings of the Audit Committee while Chief Financial Officer attends meetings by invitation only with a limited participation. The Head of Internal Audit and an Engagement Partner of the External Auditors attend the meetings of the Audit Committee by invitation at which issues relating to accounts and audit are discussed. The Committee meets the External Auditors at least once a year without the Chief Financial Officer and the Head of Internal Audit being present. The Audit Committee also meets the Head of Internal Audit and other members of the internal audit function, at

least once in a year, without the Chief Financial Officer and the External Auditors being present. The present members of BAC are as follows:

1.	Mr. Feroz Rizvi	Chairman	Independent Director
2.	Mr. M Zindah Moin Mohajir	Member	Independent Director
3.	Sheikh Muhammad Abdullah	Member	Non-Executive Director
4.	Mr. Shahid Abdul Sattar	Member	Non-Executive Director

Mr. Mazhar Iqbal, Company Secretary, is the Secretary of the Committee.

*The Audit Committee was reconstituted following the election of directors on January 23, 2020.

Human Resource, Remuneration and Nomination Committee (HRR&NC) with brief terms of reference*

HRR&NC assists the Board in the effective discharge of its responsibilities in matters relating to appointments of senior executives and their remuneration as well as management performance review, succession planning and career development.

The HRR&NC comprises of 4 non-executive directors including the Chairman who is an Independent Director. The present members are as follows:

1.	Mr. M Zindah Moin Mohajir	Chairman	Independent Director
2.	Mr. Atif Riaz Bokhari	Member	Non-Executive Director
3.	Syed Hassan Ali Bukhari	Member	Non-Executive Director
4.	Mr. Shahid Mehmood Umerani	Member	Non-Executive Director

The Secretary of the Committee is Mr. M. Salim Sheikh, Head of HR.

*The HRR&NC was reconstituted following the election of directors on January 23, 2020.

Strategy Committee with brief terms of reference*

The Strategy Committee formulates strategic policies and provides advisories to Board members on important business direction including organizational matters and mergers & acquisitions, thereby supporting Board and CEO in achieving Company's strategic goals to deliver a long-term shareholder value creation.

The Committee comprises 4 members including 3 non-executive directors and Chief Executive Officer. The present members of the Committee are as follows:

1.	Mr. Waqar Ahmed Malik	Chairman	Non-Executive Director
2.	Mr. Matin Amjad	Member	Chief Executive Officer
3.	Mr. Siraj Ahmed Dadabhoy	Member	Non-Executive Director
4.	Mr. Shahid Mehmood Umerani	Member	Non-Executive Director

Syed Ali Adnan, Chief Financial Officer, is the Secretary of the Committee.

*The Strategy Committee was reconstituted following the election of directors on January 23, 2020.

Share transfer committee*

The Committee approves registration, transfers and transmission of shares, a summary of which is subsequently notified to the Board.

This Committee comprises of the following members:

1.	Mr. M Zindah Moin Mohajir	Chairman	Independent Director
2.	Mr. Matin Amjad	Member	Chief Executive Officer

The Secretary of the Committee is Mr. Wakil Ahmed Khan, Manager – Corporate Services.

*The Share Transfer Committee was reconstituted following the election of directors on January 23, 2020.

Engagement of Directors in other companies/entities

Mr. Waqar Ahmed Malik

- Engro Corporations Limited – Director
- Standard Chartered Bank Pakistan Limited – Director
- Adira Capital Holdings (Private) Limited – Director
- TPL Direct Insurance Limited – Director
- TPL Life Insurance Limited – Director
- Noesis (Private) Limited – Director
- I - Care Pakistan – Trustee

Mr. Matin Amjad

- BOC Pakistan (Private) Limited – CEO & Chairman
- Pakistan Oxygen Limited – Staff Provident Fund – Chairman
- Linde Pakistan Limited – Employees Gratuity Fund – Chairman
- Pakistan Oxygen Limited – Management Staff Pension Fund – Trustee
- Linde Pakistan Limited – Management Staff Defined Contribution Pension Fund – Trustee

Mr. Atif Riaz Bokhari

- State Bank of Pakistan – Director
- Adira Capital Holdings (Private) Limited – Director
- Gas and Oil Pakistan Limited – Director
- Shaukat Khanum Memorial Cancer Hospital – Member
- Kidney Centre – Member
- Patient Aid Foundation – Member
- Indus Valley School of Arts – Member

Mr. Siraj Ahmed Dadabhojy

- Adira Capital Holdings (Private) Limited – Director
- BankIslami Pakistan Limited – Director
- Alpha Beta Capital (Private) Limited – Director
- TPL Properties Limited – Director

Mr. Fawad Anwar*

- Fayyaz Anwar Foundation – Chairman
- Adira Capital Holdings (Private) Limited – Director
- Al-Karam Textile Mills (Private) Limited – Director/ Managing Director
- BankIslami Pakistan Limited – Director
- Lakeside Energy (Private) Limited – Director
- Alpha Beta Capital Markets (Private) Limited – Director
- TPL Properties Limited – Director
- YPO-WPO Pakistan – Member

*Mr Fawad Anwar retired from the Board wef 29/01/2020.

Syed Hassan Ali Bukhari

- Bank Al Habib Limited – Director
- Quick Food Industries – Director
- Pakistan Gum and Chemicals Limited – Director
- Hilton Pharma (Private) Limited – Advisor
- Hilton Pharma Staff Provident Fund – Trustee

Sheikh Muhammad Abdullah

- Soorty Enterprises (Private) Limited – General Manager Finance

Mr. Shahid Mehmood Umerani

- Valustrat Consulting Group – Chairman
- Fiducia Capital Limited – Director

Mr. Feroz Rizvi

- Engro Polymer and Chemicals Limited – Director
- Honda Atlas Cars (Pakistan) Limited – Director

Mr. Muhammad Zindah Moin Mohajir

- Overseas Investors Chamber of Commerce & Industry – Dy Secretary-General
- Archroma Pakistan Limited – Director
- Wyeth Pakistan Limited – Director
- GSK Consumer HealthCare Pakistan Limited – Director
- Loads Limited - Director

Mr. Shahid Abdul Sattar*

- Adira Capital Holdings (Pvt) Limited – Chief Executive Officer
- Alpha Beta (Private) Limited – Chief Executive Officer
- Paradigm Pakistan Limited – Director
- Paradigm Services (Pvt) Limited – Director
- Paradigm RE (Pvt) Limited – Director
- Paradigm Factors (Pvt) Limited – Director
- HKC Limited – Director

*Mr. Shahid Abdul Sattar was appointed as an alternate director in place of Mr. Fawad Anwar wef July 30, 2019 and elected as director of the Company wef from 30/01/2020.

Ms. Tushna D Kandawalla*

- Captain PQ Chemical Industries (Pvt) Ltd – Managing Director
- Injaz Pakistan – Director
- Trustee Captain Foundation – Trustee
- Trustee Kandawalla Trust – Trustee

*Ms. Kandawalla was elected as director of the Company wef from 30/01/2020.

Internal and external audit

Internal audit

The internal audit function has been outsourced by the Company to a professional services firm, M/s EY Ford Rhodes, Chartered Accountants. Consequently, the Company has designated the Company Secretary as Head of Internal Audit who holds the required qualification and experience as prescribed under the Regulations to act as coordinator between the firm providing internal audit services and the Board.

At Pakistan Oxygen Limited, Internal Audit aims to assist the Board of Directors and management in discharging their responsibilities by identifying and carrying out independent, objective audits as well as consultancy services aimed at creating value and improvement of business processes. It helps the organization to achieve its objectives by assessing and helping to improve the effectiveness of risk management, control mechanisms and the governance, management and monitoring of processes through a systematic and targeted approach.

To maintain the highest level of independence, Internal Audit has a functional reporting relationship directly to the Board Audit Committee (BAC). Such a reporting structure allows the Internal Audit to be completely independent from the company's operations and to receive appropriate support in fulfilling the required role. In addition, the Internal Audit has unrestricted access to the Board Audit Committee Chairman, the Chief Executive Officer and the Chief Financial Officer of the company to ensure that effective reporting and communication lines exist and guidance is sought as required.

In order to ensure transparency of Internal Audit, all reports are shared with the External Auditors and all material findings from both internal and external audits are fully analyzed and discussed by the Audit Committee and the Board.

The BAC reviews all Internal Audit reports which are also discussed in detail with the BAC Chairman regularly. The work of Internal Audit is focused on areas of material risks to the Company, determined on the basis of a risk-based planning approach.

The Internal Audit follows the key principles of objectivity in gathering, assessment and communication of findings; independence from the audited entity; unlimited access to relevant information; integrity in execution of its functions and confidentiality. Internal Audit also follows the Company's Code of Ethics.

External audit

Shareholders appoint the external auditors on a yearly basis at the annual general meeting of the Company as proposed by the Audit Committee and recommended by the Board of Directors. The annual financial statements are audited by independent external auditors (BDO Ebrahim & Co.) and half-year financial reports are subject to a review by the same firm. Annual and six-monthly financial statements are initiated by the external auditors before presenting them to the audit committee and the board of directors for approval. In addition to conducting audits and reviews, the auditors also report on any matters arising from the audit particularly in the key areas of focus.

Best corporate practices

The Company is committed to integrity in all its business dealings. Integrity and ethical values are prerequisites for everyone at the Company.

Governance standards and best corporate practices are regularly reviewed and updated by the Board to ensure their effectiveness and relevance in line with the Company's objective including implementation thereof.

The directors are also updated on promulgation of or amendment to a law, rule or regulation as notified by Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange from time to time for information and compliance therewith.

The Board with active participation of all members in its meetings formulates and approves policies, strategies, business plans and provides guidance on operations and matters of significant importance. Additionally, the Board gives priority to compliance with all applicable legal and listing requirements.

Code of ethics

The Company is committed to conducting its business in accordance with all applicable laws, rules and regulations and the highest ethical standards.

The Company has in place a Code of Ethics. This policy is designed to help employees conduct business in a legal and legitimate way and avoid violations of the Code of Ethics. Hence, all Company personnel, working at all levels and grades, including senior managers, officers, directors, employees (whether permanent or temporary) are expected to conduct themselves with honesty, fairness and highest ethical standards, follow the Code of Ethics in letter and spirit, as well as abide by all anti-corruption/bribery laws of Pakistan, and any other country where such Company personnel may conduct business for and on behalf of the

Company, and avoid even the perception of impropriety or a conflict of interest.

The Company has a zero-tolerance approach to bribery and corruption in order to eliminate such undesirable behavior from the Company.

Insider trading

The Company strictly observes 'closed period' prior to announcement of its interim and final results as prescribed in the Rule Book of Pakistan Stock Exchange during which no director, CEO, CFO, Company Secretary, Head of Internal Audit, designated executives, as determined by the Board, and their spouses can directly or indirectly deal in the shares of the Company.

During the year under review, no trading in the shares of the Company was carried out by its Directors, Chief Executive, Chief Financial Officer, Company Secretary, Head of Internal Audit, designated executives of the Company and their spouses.

Competition law

The Company strongly believes in free and fair competition as embodied in its Code of Ethics. The Company fully supports healthy competition in the country and aggressively but fairly competes with its competitors staying within the bounds of applicable laws. At Pakistan Oxygen, we endeavor to win a business in a legitimate manner and to provide better products & services to our customers.

The Legal & Secretarial Department of the Company also endeavors to keep all the functional heads of the Company well informed of the importance of the competition laws and shares with them all related news items that appear from time to time in the press to ensure compliance with the competition laws.

Disclosure and transparency

For the purpose of transparency, the Company always aims to provide shareholders and public up-to-date information about its business activities through the stock exchange, the press, its website and periodic financial statements as the case may be. The Company also publishes a financial calendar, which appears in its annual report, showing a tentative schedule for the announcement of financial results to be made in a calendar year.

Moreover, the Company follows the Companies Act, 2017 and applicable International Financial Reporting Standards (IFRS) and endeavors to provide as much supplementary information in the financial statements as possible.

Material interests of Board of Directors

At the time of election/appointment and thereafter, on an annual basis, each of the Directors is required to disclose his/her directorship or membership held in any other body corporate or firm in compliance with Section 205 of the Companies Act, 2017. List of offices held by the directors is maintained and updated as and when any change is notified by a director which helps determine the related parties.

Related party transactions

The Company maintains a record of transactions entered into with related parties. All transactions with related parties are carried out at arm's length basis. The details of all related party transactions are placed before the Audit Committee and upon its recommendations the same are put up before the Board for its review and approval.

Evaluation of the Board's own performance and its committees

As required under the Regulations, the Board, on the basis of a mechanism carries out an annual evaluation of the Board's own performance, members of the Board and of its committees. The mechanism is designed to assess and identify strengths and weaknesses in the performance of the Board, members of the Board and its sub-committees covering sound corporate governance practices, strategy, roles of the chairman & directors, objective settings, effectiveness of meetings of the Board and its committees.

An evaluation proforma is circulated to each of the members of the Board and its Committees requiring them to return the proforma, duly completed, with their comments to the Company Secretary. Directors provide their candid feedback through this proforma identifying areas of further improvement (if any). Results are compiled accordingly and shared subsequently in the next meeting of the Board with the intent to address areas of improvement in the performance of the Board.

Details of shareholders, holding 5% or more shares as at December 31, 2019, are given hereunder:

S/No.	Name of Shareholders	Shares Held	%-age
1	Adira Capital Holdings (Private) Limited	10,754,710	33.04
2	Hilton Pharma (Private) Limited	7,812,082	24.00
3	Soorty Enterprises (Private) Limited	3,906,041	12.00
4	Mr. Shahid Mehmood Umerani	2,343,754	07.20

The highest, lowest and closing (year-end) market prices of Pakistan Oxygen shares during 2019 were as under:

Highest	22/03/2019	Rs 252.02
Lowest	08/08/2019	Rs 107.30
Closing (at year-end)	31/12/2019	Rs 165.00

Annual general meeting

The Company considers the annual general meeting as the most appropriate forum for open and transparent discussions with its shareholders where they get an opportunity to review business performance as well as financial information as contained in the annual report and accounts. The event not only provides an opportunity for the shareholders to raise questions to the Directors present but is also an opportunity for informing the shareholders about the future direction of the Company. As the Company believes in transparency and disclosure of information for all its stakeholders, the Company, as required, gives notice of the general meeting in the press well before the prescribed time.

Pattern of shareholdings

The pattern of shareholdings together with additional information thereon is given on pages 111 and 112 to disclose the aggregate number of shares with the break-up of certain classes of shareholders as prescribed under the corporate and financial reporting framework.

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

For the year ended December 31, 2019

Pakistan Oxygen Limited (the "Company") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 9 as per the following:

- | | |
|-------------|---|
| a. Male: | 9 |
| b. Female*: | - |

*One female director has been elected as a Director of the Company at the Extraordinary General Meeting held on January 23, 2020.

2. The composition of board is as follows:

a) Independent Directors*

1. Mr. Feroz Rizvi
2. Mr. Muhammad Zindah Moin Mohajir

*Following the election of Directors on January 23, 2020, the Board was reconstituted on January 30, 2020 comprising 10 non-executive directors including 3 independent directors. The number of independent directors as calculated, one third of 11 (including CEO being the deemed director), comes to 3.66. The fraction was not rounded upward to one to have 4 (four) independent directors for the following reasons:

The shareholding of the Company was changed from a majority foreign controlled entity (being a part of the Linde AG group) to local sponsors in 2018 and new Directors were appointed for remainder term of the outgoing Board. Similarly, post- acquisition, the Board appointed new CEO and CFO. Hence, the Company continues to remain in a transition mode since its acquisition by the local sponsors. Prior to acquisition, the Company was largely dependent on technical advice, competence and operational support of the global parent company which is no longer available to the Company.

Accordingly, the Company at this stage requires directors who are familiar with the business operations to lead the Company through this transitional phase. The focus of the newly elected Board is to bring in members having appropriate skills, knowledge and experience relevant to the Company's complex business operations to successfully manage and run affairs of the Company to maximize shareholders' value.

Therefore, the Board considering the nature, size and complexity of the Company's business kept the number of independent directors at three (3) including a female director as selected from a databank maintained by a reputable institute. The Board understands and believes that 3 independent directors are sufficient. The Board is fully conscious

of its responsibility under the Code of Corporate Governance Regulations and in order to be fully compliant with the requirements of the Code, will induct an independent director after successful transition of the Company.

b) Other Non-executive Directors

1. Mr. Waqar Ahmed Malik
2. Mr. Atif Riaz Bokhari
3. Mr. Siraj Ahmed Dadabhoy
4. Mr. Fawad Anwar*
5. Syed Hassan Ali Bukhari
6. Sheikh Muhammad Abdullah
7. Mr. Shahid Mehmood Umerani

*Mr. Shahid Abdul Sattar was appointed as an alternate director in place of Mr. Fawad Anwar with effect from July 30, 2019.

c) Deemed Directors

Mr. Matin Amjad – CEO (deemed director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of Ethics as its 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 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 these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has not arranged Directors' Training Program (DTP) during the year under review:

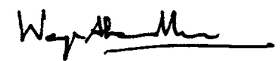
Out of nine (9) directors, three (3) of them already possessed the required certification in DTP while three (3) directors and the Chief Executive Officer (a deemed director) also completed certification in the DTP within a period of one year from the effective date of their appointment as directors of the Company. The SECP has also granted exemption to one director from the mandatory DTP certification on the basis of prescribed education and experience. Thus, the Board, with its 7 certified/exempted directors, is compliant with the requirement of having at least half of the directors as DTP certified/exempted.

10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made. However, the Board has approved their annual 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 committees comprising of members given below:
- a) Audit Committee
- | | |
|----------------------------------|----------|
| Mr. Muhammad Zindah Moin Mohajir | Chairman |
| Mr. Fawad Anwar* | Member |
| Mr. Feroz Rizvi | Member |
| Sheikh Muhammad Abdullah | Member |
- *Mr. Shahid Abdul Sattar was appointed as an alternate Director in place of Mr. Fawad Anwar with effect from July 30, 2019.
- b) Human Resource & Remuneration Committee
- | | |
|----------------------------|----------|
| Mr. Feroz Rizvi | Chairman |
| Mr. Atif Riaz Bokhari | Member |
| Syed Hassan Ali Bukhari | Member |
| Mr. Shahid Mehmood Umerani | Member |
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 committee were as per the following:
- a) Audit Committee 5 meetings held
- b) HR and Remuneration Committee 5 meetings held
15. The Board has outsourced the internal audit function to M/s EY Ford Rhodes, 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 (ICAP) 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 ICAP 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 directors 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, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36, except for regulation 6, which is applicable for the year ending December 31, 2020, have been complied with.

On behalf of the Board



Matin Amjad
Chief Executive Officer



Waqar Ahmed Malik
Chairman

Karachi:
26 February 2020



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAKISTAN OXYGEN LIMITED 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 Pakistan Oxygen Limited for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

KARACHI

DATED: FEBRUARY 26, 2020


 bdo **CHARTERED ACCOUNTANTS**
 Engagement Partner: Raheel Shahnawaz

Ten-year financial review

Rupees in '000	2010	2011	2012
Operating results			
Sales	2,530,022	3,044,800	3,739,405
Gross profit	686,774	769,209	954,170
Profit from operations	413,224*	404,639	564,252*
Profit before taxation	375,026	402,723	315,414
Taxation	(131,201)	(139,848)	(39,125)
Profit after taxation	243,825	262,875	276,289
Dividends	150,232	175,271	175,271
Bonus shares issued	-	-	-
Capital employed			
Paid-up capital	250,387	250,387	250,387
Revenue reserves and unappropriated profits	1,240,743	1,331,291	1,428,510
Shareholders' fund	1,491,130	1,581,678	1,678,897
Deferred liabilities	195,281	167,315	204,192
Lease liabilities	-	-	-
Long-term liabilities & borrowings (net of cash)	(355,569)	204,329	538,037
	1,330,842	1,953,322	2,421,126
Represented by:			
Non - current assets	1,342,471	2,075,442	2,631,493
Working capital	(11,629)	(122,120)	(210,367)
	1,330,842	1,953,322	2,421,126
Statistics			
Expenditure on fixed assets	311,453	991,470	839,481
Annual depreciation & amortisation	177,492	204,304	268,203
Earnings per share - Rupees	9.74	10.50	11.03
Dividend per share-Rupees (note 1)	6.00	7.00	7.00
Dividend cover ; times (note 1)	1.62 x	1.50 x	1.58 x
Net asset backing per share - Rupees	59.55	63.17	67.05
Return on average shareholders' fund (based on profit after tax)	16.57%	17.11%	16.95%
Dividend on average shareholders' fund (note 1)	10.21%	11.41%	10.75%
Return on average capital employed (based on profit before financial charges & tax)	29.01%	24.64%	16.44%
Price/earning ratio - times	9.36 x	9.62 x	13.91 x
Dividend yield ratio (note 1)	6.59%	6.93%	4.56%
Dividend payout ratio (note 1)	61.61%	66.67%	63.44%
Fixed assets/turnover ratio	2.03	1.50	1.44
Debt/equity ratio	0:100	11:89	31:69
Current ratio	1.81	1.00	1.17
Interest cover - times	171.62 x	211.19 x	8.13 x
Debtors turnover ratio	15.72	18.71	20.78
Gross profit ratio (as percentage of turnover)	27.14%	25.26%	25.52%
Market value per share at year end	91.10	101.00	153.49

Note 1: This includes proposed final dividend declared subsequent to the year end

*Profit from operations represent operating profit before reorganisation / restructuring cost

2013	2014	2015	2016	2017	2018	2019
4,016,101	3,925,036	3,914,176	3,954,638	4,412,652	4,860,059	4,666,590
764,231	710,372	829,223	895,994	991,727	1,109,531	1,065,756
350,459	295,078	351,619	420,199	435,398	654,850	569,929
245,408	177,402	191,805	309,589	340,021	538,531	396,879
(63,941)	(50,515)	(50,951)	(92,703)	(99,988)	(139,836)	(96,294)
181,467	126,887	140,854	216,886	240,033	398,695	300,585
137,713	112,674	125,194	125,194	137,713	175,271	-
-	-	-	-	-	75,116	65,101
250,387	250,387	250,387	250,387	250,387	250,387	325,503
1,452,807	1,440,580	1,469,133	1,562,974	1,716,975	3,648,593	3,818,236
1,703,194	1,690,967	1,719,520	1,813,361	1,967,362	3,898,980	4,143,739
291,789	339,425	399,414	397,383	356,990	317,812	282,803
-	-	-	-	-	-	29,530
959,159	1,171,059	1,371,743	1,184,877	1,146,845	1,288,606	1,505,282
2,954,142	3,201,451	3,490,677	3,395,621	3,471,197	5,505,398	5,961,354
3,076,995	3,214,373	3,193,016	3,212,333	3,030,626	4,661,754	4,575,999
(122,853)	(12,922)	297,661	183,288	440,571	843,644	1,385,355
2,954,142	3,201,451	3,490,677	3,395,621	3,471,197	5,505,398	5,961,354
684,267	400,265	279,445	350,411	175,133	210,914	254,493
244,873	290,509	328,713	344,959	358,751	367,847	359,643
7.25	5.07	5.63	8.66	9.59	12.25	9.23
5.50	4.50	5.00	5.00	5.5	7.00	-
1.32 x	1.13 x	1.13 x	1.73 x	1.74 x	2.27 x	-
68.02	67.53	68.67	72.42	78.57	155.72	127.30
10.73%	7.48%	8.26%	12.28%	12.70%	13.59%	7.47%
8.14%	6.64%	7.34%	7.09%	7.29%	5.98%	-
13.04%	9.59%	9.51%	12.20%	12.68%	14.59%	9.94%
24.68 x	40.94 x	20.65 x	22.55 x	23.04 x	17.14 x	17.87 x
3.08%	2.17%	4.30%	2.56%	2.49%	3.33%	-
75.89%	88.76%	88.81%	57.74%	57.35%	57.15%	-
1.31	1.22	1.23	1.23	1.46	1.04	1.02
39:61	37:63	43:57	36 : 64	25 : 75	6 : 94	0 :100
1.06	0.86	1.09	0.75	0.89	0.89	1.03
3.34 x	2.51 x	2.52 x	3.80 x	4.57 x	5.63 x	3.29 x
17.79	14.49	10.68	8.25	7.44	7.25	6.17
19.03%	18.10%	21.19%	22.66%	22.47%	23%	23%
178.86	207.48	116.25	195.37	220.85	210.00	165.00

Statement of profit or loss

Vertical and horizontal analysis

Rupees in '000	2019	2018	2017	2016	2015	2014
Net sales	4,666,590	4,860,059	4,412,652	3,954,638	3,914,176	3,925,036
Cost of sales	(3,600,834)	(3,750,528)	(3,420,925)	(3,058,644)	(3,084,953)	(3,214,664)
Gross profit	1,065,756	1,109,531	991,727	895,994	829,223	710,372
Distribution and marketing expenses	(253,805)	(207,554)	(285,079)	(235,127)	(244,393)	(240,854)
Administrative expenses	(223,943)	(207,487)	(235,669)	(229,614)	(227,649)	(233,622)
Other operating expenses	(45,454)	(55,429)	(62,813)	(32,046)	(26,438)	(26,897)
Other income	27,375	15,789	27,232	20,992	20,876	86,079
Operating profit before reorganization / restructuring cost	569,929	654,850	435,398	420,199	351,619	295,078
Reorganization / restructuring cost	-	-	-	-	(33,500)	-
Operating profit after reorganization / restructuring cost	569,929	654,850	435,398	420,199	318,119	295,078
Finance costs	(173,050)	(116,319)	(95,377)	(110,610)	(126,314)	(117,676)
Profit before tax	396,879	538,531	340,021	309,589	191,805	177,402
Taxation	(96,294)	(139,836)	(99,988)	(92,703)	(50,951)	(50,515)
Profit for the year	300,585	398,695	240,033	216,886	140,854	126,887
Vertical analysis - percentage % of sales						
Net sales	100	100	100	100	100	100
Cost of sales	(77)	(77)	(78)	(77)	(79)	(82)
Gross profit	23	23	22	23	21	18
Distribution and marketing expenses	(5)	(4)	(6)	(6)	(6)	(6)
Administrative expenses	(5)	(4)	(5)	(6)	(6)	(6)
Other operating expenses	(1)	(1)	(1)	(1)	(1)	(1)
Other operating income	0.6	0.3	1	1	1	2
Operating profit before reorganization / restructuring cost	13	13	10	11	9	8
Reorganization / restructuring cost	-	-	-	-	(1)	-
Operating profit after reorganization / restructuring cost	13	13	10	11	8	8
Finance costs	(4)	(2)	(2)	(3)	(3)	(3)
Profit before tax	9	11	8	8	5	5
Taxation	(2)	(3)	(2)	(2)	(1)	(1)
Profit for the year	7	8	5	5	4	3
Horizontal analysis - (year on year) Percentage increase / (decrease) over preceding year						
Net sales	(4)	10	12	1	(0)	(2)
Cost of sales	(4)	10	12	(1)	(4)	(1)
Gross profit	(4)	12	11	8	17	(7)
Distribution and marketing expenses	22	(27)	21	(4)	1	15
Administrative expenses	8	(12)	3	1	(3)	9
Other operating expenses	(18)	(12)	96	21	(2)	(42)
Other operating income	73	(42)	30	1	(76)	52
Operating profit before reorganization / restructuring cost	(13)	50	4	20	19	(16)
Reorganization / restructuring cost	-	-	-	(100)	100	-
Operating profit after reorganization / restructuring cost	(13)	50	4	32	8	(16)
Finance costs	49	22	(14)	(12)	7	12
Profit before tax	(26)	58	10	61	8	(28)
Taxation	(31)	40	8	82	1	(21)
Profit for the year	(25)	66	11	54	11	(30)

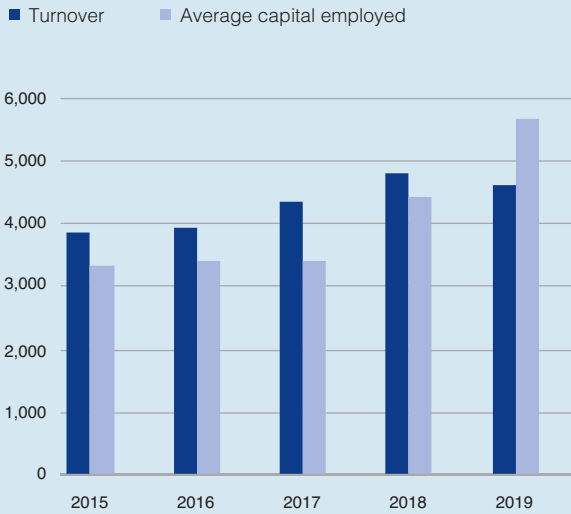
Statement of financial position

Vertical and horizontal analysis

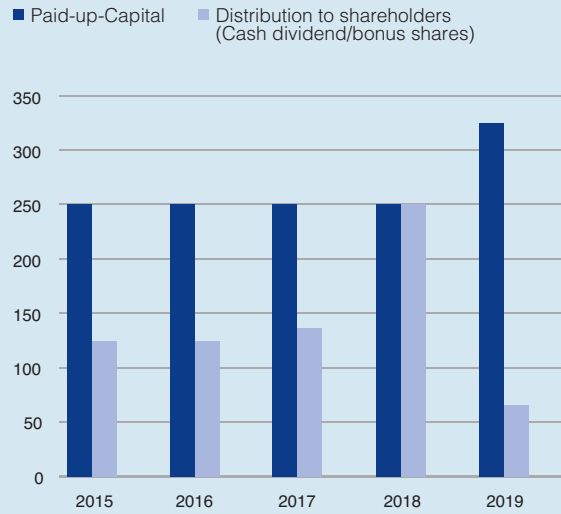
Rupees in '000	2019	2018	2017	2016	2015	2014
Equity and liabilities						
Total equity	4,143,739	3,898,980	1,967,362	1,813,361	1,719,520	1,690,967
Total non-current liabilities	505,849	502,630	813,374	833,241	1,595,183	1,289,903
Total current liabilities	2,413,481	2,295,628	2,306,546	2,291,000	1,350,658	1,616,945
Total equity and liabilities	7,063,069	6,697,238	5,087,282	4,937,602	4,665,361	4,597,815
Assets						
Total non-current assets	4,575,999	4,661,754	3,030,626	3,212,333	3,193,016	3,214,373
Total current assets	2,487,070	2,035,484	2,056,656	1,725,269	1,472,345	1,383,442
Total assets	7,063,069	6,697,238	5,087,282	4,937,602	4,665,361	4,597,815
Vertical analysis						
Equity and liabilities						
Total equity	59	58	39	37	37	37
Total non-current liabilities	7	8	16	17	34	28
Total current liabilities	34	34	45	46	29	35
Total equity and liabilities	100	100	100	100	100	100
Assets						
Total non-current assets	65	70	60	65	68	70
Total current assets	35	30	40	35	32	30
Total assets	100	100	100	100	100	100
Horizontal Analysis (year on year) percentage increase / (decrease) over preceding year						
Equity and liabilities						
Total equity	6	98	8	5	2	(1)
Total non-current liabilities	1	(38)	(2)	(48)	24	(10)
Total current liabilities	5	(0)	1	70	(16)	55
Total equity and liabilities	5	32	3	6	1	10
Assets						
Total non-current assets	(2)	54	(6)	1	(1)	4
Total current assets	22	(1)	19	17	6	24
Total assets	5	32	3	6	1	10

Key financial data

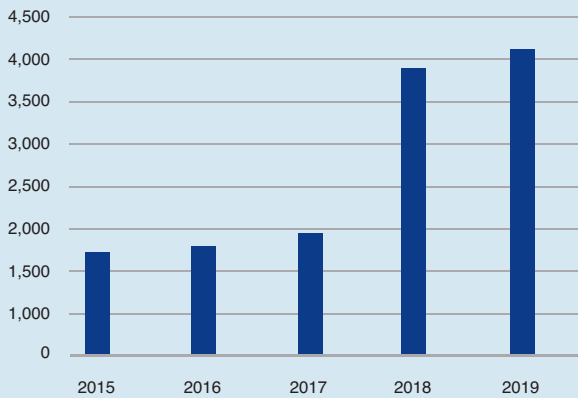
Turnover (net) and average capital employed
(Rupees in million)



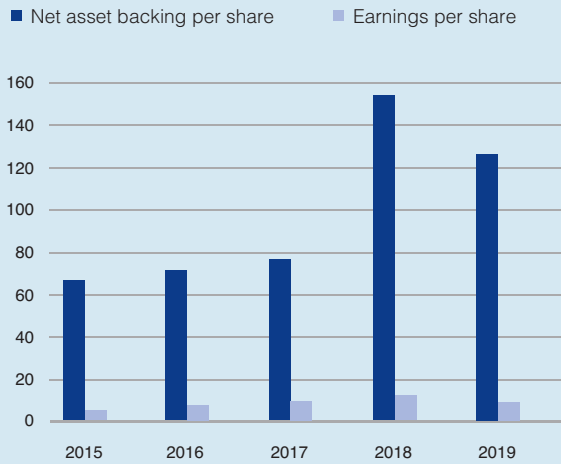
Paid-up capital and distribution to shareholders
(Rupees in million)



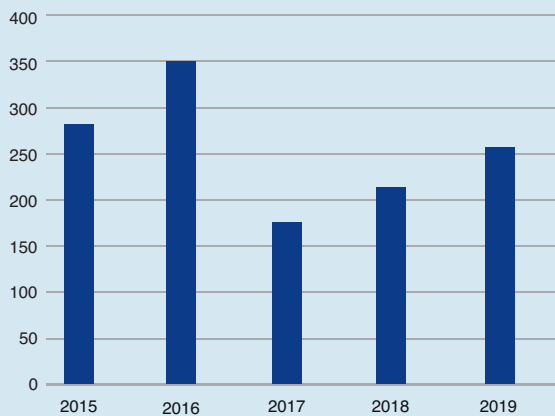
Shareholders' fund (Rupees in million)



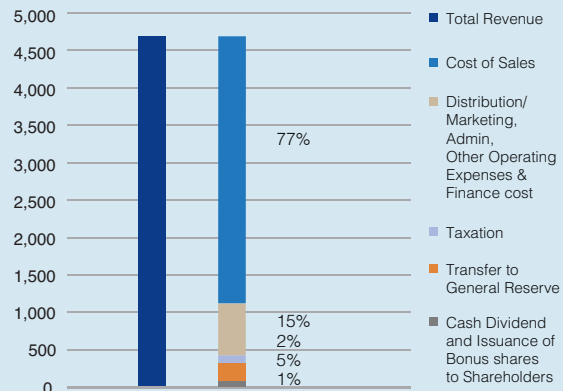
Break up values and EPS (Rupees)



Capital expenditure (Rupees in million)



Application of revenue 2019 (Rupees in million)



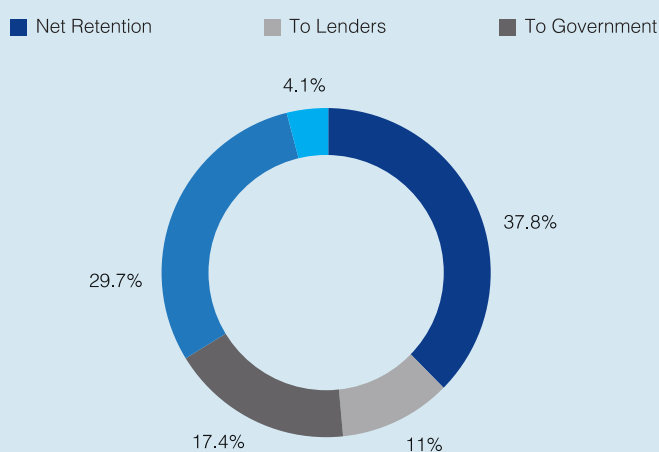
Statement of value added during 2019

The statement below shows the amount of wealth generated by the Company employees and its assets during the year and the way this wealth has been distributed.

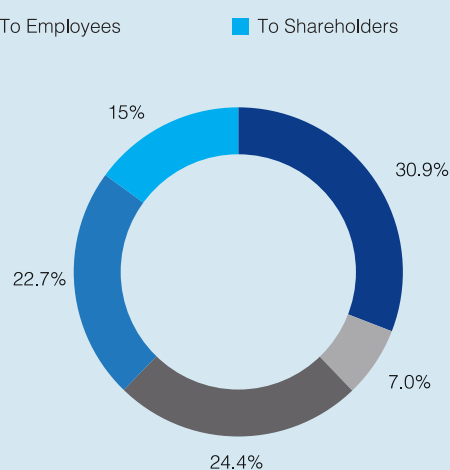
Rupees in '000	2019	2018
Wealth generated		
Total Revenue (net of trade discount and sales tax)	4,693,965	4,875,848
Bought-in-material and services	(3,116,239)	(3,203,772)
	1,577,726	1,672,076
Wealth distributed		
To employees		
Salaries, wages and benefits	469,247	380,640
To government		
Income tax on profit, Workers' Funds, import duties (exclusive of capital items) and un-adjustable sales tax	275,200	408,575
To providers of capital		
Cash dividends and issuance of bonus shares to shareholders*	65,101	250,387
To lenders		
Finance cost	173,050	116,319
Retained in the business		
Represented by depreciation and transfer to general reserve for replacement of fixed assets	595,127	516,155
	1,577,726	1,672,076

*Includes proposed final dividend declared and Bonus shares issued subsequent to year end

Wealth Generated and Distributed 2019



Wealth Generated and Distributed 2018



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKISTAN OXYGEN LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of PAKISTAN OXYGEN LIMITED (the Company), which comprise the statement of financial position as at December 31, 2019, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 December 31, 2019 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Following are the Key audit matters:

S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
1.	TRADE DEBTS	
	<p>As disclosed in note 18 to the accompanying financial statements of the company for the year ended December 31, 2019, the Company has a trade debt balance amounting to Rs. 838.909 million, which represents a significant element of statement of financial position.</p> <p>A discrepancy in the valuation or existence of trade debt could cause the assets to be materially misstated, which would impact the Company's reported financial position as the valuation of aforesaid head is one of the main drivers of movements in the assets of the Company.</p> <p>Management estimates the collectible amount of debts. An estimated provision is made against trade debts on the basis of lifetime expected credit loss model as explained in note 3.1.1 whereas debts considered irrecoverable are written off.</p> <p>In view of the significance of trade debts in relation to the total assets of the Company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the provision for expected credit losses and that the existence and carrying value of trade receivables could be material to the performance of the Company.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle. • We circularized confirmation to the sample of debtors with the outstanding balance at the year end. • We examined on a sample basis; evidence related to post year-end cash receipts. • We considered the appropriateness for expected credit losses (ECL) against trade receivables as per the Company's policy and assessed compliance with applicable accounting standards. • We reviewed the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • We evaluated the relevance, completeness, and accuracy of the source data used for computation of ECL. • We considered managements assumptions used in determining expected credit losses (ECL) for both specific and collective losses components.

S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
		<ul style="list-style-type: none"> We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. The adequacy of the disclosures presented in the financial statements regarding allowance for ECL was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.
2.	CONTROL ENVIRONMENT RELATING TO THE FINANCIAL REPORTING PROCESS AND RELATED IT SYSTEMS	
	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.</p>
3.	PROVISION FOR OBSOLESCENCE IN INVENTORIES	
	<p>As disclosed in note 16 and 17 to the financial statements, the Company has net inventories of Rs. 205.913 million and Rs. 604.481 million as at December 31, 2019 for stores, spares and loose tools and stock in trade, respectively.</p> <p>The total inventories represent a significant portion of the Company's total assets.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories. We compared the ageing and provisioning percentages used by management in the current year to those applied in prior years and checked the reasonableness of provisioning basis using our understanding of industry practices.

S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
	<p>The Company estimates the provision for slow moving and obsolete inventory of stock in trade on the inventory ageing and sales performance of individual stock categories and make specific provisions by individual stock categories. The Company also writes down the value of such inventories based on the net realizable value of inventories.</p> <p>Further, the provision for all slow moving and obsolete inventories of stores, spares and loose tools are based on the inventory days and specific identification of inventories through verification by management.</p> <p>We focused on this area as the estimation for provisioning involves a high level of management judgment which could in turn result in measurement uncertainty and possibility for management bias.</p>	<ul style="list-style-type: none"> • We reviewed the year to year movement in provision for each category of inventory considering subsequent write offs, reversals on re-use and disposals. We also compared the cost of inventories as at December 31, 2019 to their net realizable value subsequent to year end. • We performed a recalculation of the inventory provision made to an individual inventory category based on the inventory ageing report. Further, we checked for damaged and obsolete inventory that were physically identifiable during stock count observation.
4.	CAPITALIZATION OF PROPERTY, PLANT AND EQUIPMENT	
	<p>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended December 31, 2019. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Company's accounting policy, in particular for assets constructed by the Company, and the useful economic lives assigned by management are appropriate. For these reasons, we considered it a key audit matter.</p> <p>Refer to note 14 to the financial statements.</p>	<p>Our audit procedures included the following:</p> <p>We assessed and tested the design and operation of its key controls over capital expenditure and tested the amounts capitalized to supporting evidence and evaluated whether assets capitalized satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Company's historical experience, including assessing the level of fully depreciated assets held by the Company.</p>



S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
		<p>We reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.</p> <p>We visited the sites where significant capital projects are ongoing to understand the nature of the projects.</p> <p>We ensured and assessed the adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



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

KARACHI

DATED: 26 FEB 2020

BDO Ebrahim & Co.
BDO EBRAHIM & CO.
bdo CHARTERED ACCOUNTANT

Statement of profit or loss

For the year ended December 31, 2019

Rupees in '000	Note	2019	2018
Gross sales	5	5,255,189	5,483,981
Trade discount and sales tax	5	(588,599)	(623,922)
Net sales		4,666,590	4,860,059
Cost of sales	6	(3,600,834)	(3,750,528)
Gross profit		1,065,756	1,109,531
Distribution and marketing expenses	7	(253,805)	(207,554)
Administrative expenses	8	(223,943)	(207,487)
Other operating expenses	9	(45,454)	(55,429)
		(523,202)	(470,470)
Operating profit before other income		542,554	639,061
Other income	10	27,375	15,789
Operating profit		569,929	654,850
Finance costs	11	(173,050)	(116,319)
Profit before taxation		396,879	538,531
Taxation	12	(96,294)	(139,836)
Profit for the year		300,585	398,695
			(Restated)
Earnings per share - basic and diluted (Rupees)	13	9.23	12.25

The annexed notes from 1 to 41 form an integral part of these financial statements.


Syed Ali Adnan
 Chief Financial Officer


Matin Amjad
 Chief Executive Officer


Waqar Ahmed Malik
 Chairman

Statement of comprehensive income

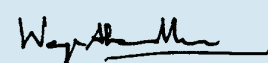
For the year ended December 31, 2019

Rupees in '000	Note	2019	2018
Net profit for the year		300,585	398,695
Other comprehensive (loss) / income for the year			
Items that will not be reclassified to statement of profit or loss			
Surplus on revaluation of property, plant and equipment		-	1,798,150
Loss on re-measurement of defined benefit plans - net	32.1	(7,082)	(3,774)
Tax impact		2,054	1,454
		(5,028)	1,795,830
Total comprehensive income for the year		295,557	2,194,525

The annexed notes from 1 to 41 form an integral part of these financial statements.


Syed Ali Adnan
 Chief Financial Officer


Matin Amjad
 Chief Executive Officer


Waqar Ahmed Malik
 Chairman

Statement of financial position


As at December 31, 2019

Rupees in '000	Note	2019	2018
Assets			
Non - current assets			
Property, plant and equipment	14	4,486,584	4,558,190
Intangible assets	15	32,326	33,701
Investment in subsidiary		10	10
Long term loans		7,203	-
Long term deposits		49,876	69,853
		4,575,999	4,661,754
Current assets			
Stores and spares	16	205,913	161,393
Stock-in-trade	17	604,481	406,146
Trade debts	18	838,909	674,550
Loans and advances	19	27,488	18,543
Deposits and prepayments	20	201,223	130,279
Other receivables	21	196,172	136,443
Taxation - net		393,785	363,350
Cash and bank balances	22	19,099	144,780
		2,487,070	2,035,484
Total assets		7,063,069	6,697,238
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
40,000,000 (2018: 40,000,000) Ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid-up capital			
32,550,336 (2018: 25,038,720) Ordinary shares of Rs. 10 each	23	325,503	250,387
Revenue reserves			
General reserves		1,725,250	1,579,262
Unappropriated profit		294,836	271,181
Capital reserves			
Surplus on revaluation of property, plant and equipment		1,798,150	1,798,150
		3,818,236	3,648,593
		4,143,739	3,898,980
Non-current liabilities			
Long term deposits	24	193,516	184,818
Lease liabilities	25	29,530	-
Deferred liabilities	26	282,803	317,812
		505,849	502,630
Current liabilities			
Trade and other payables	27	1,059,883	1,024,246
Short term borrowings	28	1,330,865	978,568
Un-claimed dividend		20,145	22,814
Current portion of lease liabilities	25	2,588	-
Current maturity of long term financing		-	270,000
		2,413,481	2,295,628
Total equity and liabilities		7,063,069	6,697,238
Contingencies and commitments	29		

The annexed notes from 1 to 41 form an integral part of these financial statements.


Syed Ali Adnan
 Chief Financial Officer


Matin Amjad
 Chief Executive Officer


Waqar Ahmed Malik
 Chairman

Statement of cash flows


For the year ended December 31, 2019

Rupees in '000	Note	2019	2018
Cash flow from operating activities			
Cash generated from operations	30	371,085	641,042
Finance costs paid		(142,074)	(103,652)
Income tax paid		(161,326)	(223,870)
Post retirement medical benefits paid		(265)	(1,081)
Long term deposits - receivable		12,774	-
Long term deposits - payable		8,698	(1,566)
Net cash generated from operating activities		88,892	310,873
Cash flow from investing activities			
Acquisition of property, plant and equipment		(251,202)	(185,701)
Acquisition of intangible assets		(3,291)	(25,213)
Proceeds from disposal of property, plant and equipment		15,365	13,313
Interest received on balances with banks		351	480
Net cash used in investing activities		(238,777)	(197,121)
Cash flow from financing activities			
Repayment of long term financing		(270,000)	(385,000)
Repayment of lease liabilities	25	(5,347)	-
Dividends paid		(52,746)	(257,079)
Net cash used in financing activities		(328,093)	(642,079)
Net decrease in cash and cash equivalents		(477,978)	(528,327)
Cash and cash equivalents at beginning of the year		(833,788)	(305,461)
Cash and cash equivalents at end of the year	31	(1,311,766)	(833,788)

The annexed notes from 1 to 41 form an integral part of these financial statements.


Syed Ali Adnan
 Chief Financial Officer


Matin Amjad
 Chief Executive Officer


Waqar Ahmed Malik
 Chairman

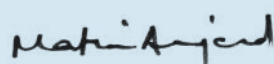
Statement of changes in equity

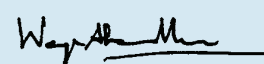
For the year ended December 31, 2019

Rupees in '000	Issued, subscribed and paid-up capital	Revenue reserves		Capital reserves	Total
		General reserves	Unappropriated profit	Surplus on revaluation of property, plant and equipment	
Balance as at January 01, 2018	250,387	1,475,338	241,637	-	1,967,362
Total comprehensive income for the year					
Profit for the year	-	-	398,695	-	398,695
Other comprehensive (loss) / income for the year	-	-	(2,320)	1,798,150	1,795,830
	-	-	396,375	1,798,150	2,194,525
Transactions with owners of the Company, recognised directly in equity - distributions					
Final dividend for the year ended December 31, 2017 at Rs 5.5 per share	-	-	(137,713)	-	(137,713)
Interim dividend for the year ended December 31, 2018 at Rs. 5 per share	-	-	(125,194)	-	(125,194)
Transfer to general reserve	-	103,924	(103,924)	-	-
	-	103,924	(366,831)	-	(262,907)
Balance as at December 31, 2018	250,387	1,579,262	271,181	1,798,150	3,898,980
Impact of change in accounting policy - note 3.1.3	-	-	(721)	-	(721)
Adjusted balance as at January 1, 2019	250,387	1,579,262	270,460	1,798,150	3,898,259
Total comprehensive income for the year					
Profit for the year	-	-	300,585	-	300,585
Other comprehensive (loss) for the year	-	-	(5,028)	-	(5,028)
	-	-	295,557	-	295,557
Transactions with owners of the Company, recognised directly in equity - distributions					
Final dividend for the year ended December 31, 2018 at Rs. 2 per share	-	-	(50,077)	-	(50,077)
Issuance of bonus shares in proportion of 3 shares for every 10 shares	75,116	-	(75,116)	-	-
Transfer to general reserve	-	145,988	(145,988)	-	-
	75,116	145,988	(271,181)	-	(50,077)
Balance as at December 31, 2019	325,503	1,725,250	294,836	1,798,150	4,143,739

The annexed notes from 1 to 41 form an integral part of these financial statements.


Syed Ali Adnan
 Chief Financial Officer


Matin Amjad
 Chief Executive Officer


Waqar Ahmed Malik
 Chairman

Notes to the financial statements

For the year ended December 31, 2019

1. Legal status and operations

Pakistan Oxygen Limited ("the Company") was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017), as a private limited company in 1949 and converted into a public limited company in 1958. Its shares are quoted on Pakistan Stock Exchange Limited.

The address of registered office of the Company is West Wharf, Dockyard Road, Karachi, Pakistan. Manufacturing facilities are disclosed in note 14.7.

The Company is principally engaged in the manufacturing of industrial and medical gases, welding electrodes and marketing of medical equipment.

The Company has a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities during the year. Accordingly, exemption has been granted by the Securities and Exchange Commission of Pakistan ("SECP") from the application of sub-section (1) to (6) of section 228 of the Companies Act, 2017 requiring consolidation of subsidiary in the preparation of financial statements for the current year.

2. Basis of preparation

2.1 Statement of compliance

These financial statements represent standalone financial statements of the Company.

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

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

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except as otherwise disclosed.

These financial statements are prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and

judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are prospectively.

Information about judgements made by the management in the application of accounting and reporting standards, as applicable in Pakistan, that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustment in the subsequent years are provided below:

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for slow and non-moving inventory

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed.

Staff retirement benefits

Certain actuarial assumptions have been adopted, as disclosed, in these financial statements for determining present value of defined benefit obligations and fair value of plan assets. Any changes in the assumptions in future years might effect gains and losses in those years.

Property, plant and equipment

The Company estimates the residual values and useful lives of property, plant and equipment. Any changes in these estimates and judgements would have an impact on financial results of subsequent years.

Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less allowance for expected credit loss. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Impairment of assets

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the Company's assets are impaired. This assessment may change due to technological developments.

2.5 Change in accounting estimate

Useful lives of Property, plant and equipment

The Company has reassessed and reviewed the residual value, useful life and depreciation method of its leasehold land on the basis of evaluation carried out internally, which resulted in determining the useful life of leasehold land as indefinite. This would result in no allocation of depreciation expense to the accounting periods in which depreciable assets are utilized by the Company. The Company also estimated that residual value would not be less than purchase cost which would result in no depreciation being charged. The changes in accounting estimates have been applied prospectively in the financial statements as per the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Had there been no change in accounting estimate, the carrying value of the operating fixed assets and profit for the period would have been lower by Rs. 18.750 million.

3. New standards, interpretations and amendments to published approved accounting standards

3.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

3.1.1 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS

39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 01, 2019.

Rupees in '000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Long term deposits	Loans and receivables	Amortised cost	69,853	69,853
Trade debts	Loans and receivables	Amortised cost	674,550	674,550
Loans and advances	Loans and receivables	Amortised cost	18,543	18,543
Deposits	Loans and receivables	Amortised cost	123,431	123,431
Other receivables	Loans and receivables	Amortised cost	136,443	136,443
Cash and bank balances	Loans and receivables	Amortised cost	144,780	144,780

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or

provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, loans, advances, other receivables and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 Revenue from Contracts with Customers), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date. Allowance for expected credit losses has not been adjusted as of January 1, 2019 since provision already recorded based on ECL model was adequate.

iii. Transition

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognised in statement of changes in equity as on January 1, 2019. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on January 1, 2019. Accordingly, the comparative information is presented as per the requirements of IAS 39.

3.1.2 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and, therefore, are discharged over the period of the relationship with relevant customers. The Company's revenue recognition policy is in line with the requirements of IFRS 15 and accordingly, there is no impact in these financial statements.

3.1.3 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of January 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all

leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

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

Previously, the Company classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company and, therefore, charged leased payments to statement of profit or loss under operating leases.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability for all contracts that are or contain a lease at the commencement date except for short-term leases of 12 months or less and low value. Right-of-use assets are measured at their carrying amounts as if IFRS 16 had been applied since the commencement date of lease contract.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at January 01, 2019.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included in property, plant and equipment, the lease liability is shown separately as current and non-current in the statements of financial position, and interest on the lease liability is included in finance cost.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
 - applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
 - excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
 - used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- On transition to IFRS 16, the Company recognised right-of-use assets, lease liabilities and deferred tax recognising the difference in retained earnings on the date of initial application as follows;

Rupees in '000	January 01, 2019
Property, plant and equipment	
Right-of-use assets - Buildings	24,311
Deferred tax asset	295
Lease liabilities	
Non-current	(23,381)
Current	(1,946)
	(25,327)
Retained earnings	(721)

Effective date
(annual periods
beginning on or after)

Conceptual Framework for Financial Reporting 2018 - Original Issue

IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities	January 01, 2019
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

3.2 Standards / amendments that are effective in current year and not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard which are not relevant to the Company:

IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.3 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020	
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 14	Regulatory Deferral Accounts	July 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 39	Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards.

IFRS 17 Insurance Contracts

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4. Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as disclosed in note 3.1.1, 3.1.2 and 3.1.3 to these financial statements. The principal accounting policies are summarised below:

4.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

- i) Revenue from sale of goods or rendering of services is recognised when or as performance obligations are satisfied by transferring control (i.e. at the time when deliveries are made or services are rendered) of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue from sale of goods and rendering of services is measured net of sales tax, returns, trade discounts and volume rebates.
- ii) Rental income is recognised over the period of relevant agreement based on agreed rate and other service income is recognised in statement of profit or account on rendering of relevant services.
- iii) Return on bank deposits is recognised on time proportion using the effective rate of return.
- iv) Miscellaneous income is recognised on receipt basis.

4.2 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn

revenues and incur expenses; whose operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance; and for which discrete financial information is available. The Company's format for segment reporting is based on its products and services.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, such as, cash and bank balances and related income and expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

4.3 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred

Deferred tax is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax losses and unutilized tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

4.5 Property, plant and equipment

Operating fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at revalued amount and leasehold land which is stated at revalued amount less accumulated depreciation less impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is retired from the use. Normal repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment. Freehold land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal

Gains or losses on disposal of an item of property, plant and equipment are recognised in the statement of profit or loss.

Capital work in progress

Capital work in progress is stated at cost and consists of expenditures incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use.

Right of use asset

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

4.6 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of such asset can be measured reliably.

Cost directly associated with identifiable software that will have probable economic benefits beyond one year, is recognised as an intangible asset. Direct cost includes the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Computer software acquisition or development cost is stated at cost less accumulated amortization and impairment losses, if any, and is amortized on straight-line basis over its estimated useful life.

4.7 Investment in subsidiary

Investment in subsidiary is stated at cost net of provision for impairment, if any. The investment has been classified as a long term investment.

4.8 Impairment

The carrying amounts of Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the statement of profit or loss.

4.9 Stores and spares

Stores and spares are stated at cost determined using moving average method. Provision is made for slow moving and obsolete items, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.10 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realisable value. The cost is determined using moving average method, and includes expenditure incurred in acquiring the stocks, conversion costs and other costs incurred in bringing the inventory to its existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less allowance for expected credit loss. Loss allowances for financial assets measured at amortized cost are deducted

from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.12 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.13 Cash and cash equivalents

Cash and cash equivalents comprises of cash balances and bank deposits. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the statement of financial position.

4.14 Staff retirement benefits

Defined benefit plans

The Company operates:

- i) an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company;
- ii) an approved defined benefit pension scheme for certain management staff. The scheme provides for pension to employees and their wives for life and to specified number of children upto a given age. This pension scheme had been curtailed with effect from October 01, 2006. No new members have been inducted in this scheme since then. The members in this scheme are 22.

Both the above schemes are funded and contributions to them are made monthly on the basis of an actuarial valuation and in line with the provisions of the Income Tax Ordinance, 2001. Actuarial valuations of these schemes are carried out at each year end.

- iii) a scheme to provide post retirement medical benefits to members of Management Staff Pension Funds, retiring on or after July 01, 2000. Provision is made annually to cover obligations under the scheme, by way of a charge to statement of profit or loss, calculated in accordance with the actuarial valuation. However, with effect from January 01, 2009, the scheme has been discontinued and a one-time lump sum payment was made to the beneficiaries on the basis of their entitlement ascertained by a qualified actuary as at December 31, 2008. In the case of retirees, it was elective to opt for the one-time lump sum payment. The member in this scheme are 3.

Amount recognised in the statement of financial position with respect to above schemes represent the present value of obligations under the schemes as reduced by the fair value of plan assets, if any. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of net defined benefit liability / (asset) which comprises actuarial gains / (losses), return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income.

Net interest is calculated by applying discount rate at the beginning of reporting period to the net defined benefit liability or asset at the beginning of that reporting period adjusted for contribution and benefit payments, service cost, including past service cost and settlement gains / (losses) are recognised in statement of profit or loss.

Defined contribution plans

The Company operates:

- i) a recognised defined contribution pension fund for the benefit of its officer cadre employees. Monthly contributions are made by the Company to the Fund at the rate of 8.9% of basic salary plus house rent and utility allowances, in respect of each member.
- ii) a recognised contributory provident fund for all permanent employees who have completed six months service. For officer cadre employees, equal monthly contributions are made, both by the Company and the employees at the rate of 5.42% and 6.5% of basic salary plus house rent and utility allowances, depending on the length of employees' service. In case of other employees, equal monthly contributions are made, both by the Company and the employees at the rate of 8.33% and 10% of basic salary plus applicable cost of living allowance, depending on the length of employees' service.

4.15 Compensated absences

The liability for accumulated compensated absences of employees is recognised in the period in which employees render service that increases their entitlement to future compensated absences.

4.16 Lease liability

Lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4.17 Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.18 Provisions

A provision is recognised in the statement of financial position when the Company has a 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 can be made for the amount of obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

4.19 Surplus on revaluation of property, plant and equipment

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset.

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders.

4.20 Foreign currency transactions and translations

Transactions in foreign currencies are translated into Pakistan Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated into Pakistan Rupees at the exchange rate prevailing at that date. Foreign currency differences, if any, arising on retranslation are recognised in statement of profit or loss.

4.21 Financial instruments

4.21.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.21.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

4.21.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at amortized cost. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.21.4 Derecognition

The financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.22 Offsetting of financial assets and financial liabilities

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

4.23 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

4.24 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which 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; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.25 Foreign currency translation

Transactions in foreign currencies are converted into functional currency (PKR) at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the statement of financial position date. Exchange gains and losses are recognised in the statement of profit or loss.

4.26 Earnings per share

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

effects of all dilutive potential ordinary shares.

4.27 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

5. Segment information

The Company's reportable segments are based on the following product lines:

Industrial, medical and other gases

This segment covers business with large-scale industrial customers, typically in the oil, chemical, food and beverage, metals, and glass sectors and medical customers in healthcare sector. Gases and services are supplied as part of customer specific solutions. These range from supply by pipeline or from dedicated on-site plants to the large users and supply by road tankers in liquefied form to others. Gases for cutting and welding, hospitals, laboratory applications and a variety of medical purposes are also distributed in cylinders. This segment also covers the supply of associated medical equipment.

Welding and others

This segment covers sale of welding electrodes, packaged chemicals and a range of associated equipments, such as, cutting and welding products and associated safety equipments.

5.1 Segment results are as follows:

	2019			2018		
	Industrial medical and other gases	Welding and others	Total	Industrial medical and other gases	Welding and others	Total
Rupees in '000						
Gross sales	4,144,859	1,110,330	5,255,189	4,323,834	1,160,147	5,483,981
Less:						
Trade discount	16,218	-	16,218	9,370	-	9,370
Sales tax	413,371	159,010	572,381	445,984	168,568	614,552
	429,589	159,010	588,599	455,354	168,568	623,922
Net sales	3,715,270	951,320	4,666,590	3,868,480	991,579	4,860,059
Less:						
Cost of sales	2,781,632	819,202	3,600,834	2,919,111	831,417	3,750,528
Distribution and marketing expenses	222,342	31,463	253,805	177,593	29,961	207,554
Administrative expenses	196,182	27,761	223,943	177,536	29,951	207,487
	3,200,156	878,426	4,078,582	3,274,240	891,329	4,165,569
Segment result	515,114	72,894	588,008	594,240	100,250	694,490
Unallocated corporate expenses						
Other operating expenses			(45,454)			(55,429)
Other income			27,375			15,789
			(18,079)			(39,640)
Operating profit			569,929			654,850
Finance costs			(173,050)			(116,319)
Taxation			(96,294)			(139,836)
Profit for the year			300,585			398,695

5.2 Transfers between business segments, if any, are recorded at cost. There were no inter segment transfers during the year.

5.3 There was no major customer whose revenue accounted for more than 10% of the Company's total revenue.

5.4 The segment assets and liabilities as at December 31, 2019 are as follows:

Rupees in '000	2019			2018		
	Industrial medical and other gases	Welding and others	Total	Industrial medical and other gases	Welding and others	Total
Segment assets	5,644,016	491,871	6,135,887	5,432,671	367,608	5,800,279
Unallocated assets			927,182			896,959
Total assets			7,063,069			6,697,238
Segment liabilities	253,505	1,686	255,191	242,257	3,799	246,056
Unallocated liabilities			2,664,139			2,552,202
Total liabilities			2,919,330			2,798,258
5.5 Capital expenditures for the year were as follows:						
Capital expenditures			254,493			210,914

5.6 All non-current assets of the Company as at December 31, 2019 were located within Pakistan. Depreciation expense mainly relates to industrial, medical and other gases segment.

6. Cost of sales

Rupees in '000	Note	2019	2018
Fuel and power		1,023,843	994,699
Raw materials consumed		976,541	919,786
Third party manufacturing charges		5,445	43,864
Depreciation	14.6	324,809	343,483
Salaries, allowances and other benefits	6.1	221,770	175,702
Transportation expenses		397,948	410,117
Repairs and maintenance		93,416	89,036
Consumable spares		67,179	60,032
Insurance		22,332	24,162
Travelling and conveyance		32,770	29,059
Safety and security expenses		23,280	22,663
Communications and stationery		5,060	3,777
Rent, rates and taxes		6,311	4,525
Staff training, development and other expenses		1,666	5,693
Miscellaneous expenses		261	560
Cost of goods manufactured		3,202,631	3,127,158
Opening stock of finished goods		245,842	181,147
Purchase of finished goods		566,905	688,670
Write down of inventory to net realisable value		(1,021)	(605)
Closing stock of finished goods		(413,523)	(245,842)
		3,600,834	3,750,528

6.1 Salaries, allowances and other benefits include amounts in respect of:

Rupees in '000	2019	2018
Defined benefit schemes	1,598	1,515
Defined contribution plans	5,031	4,363
	6,629	5,878

7. Distribution and marketing expenses

Rupees in '000	Note	2019	2018
Salaries, allowances and other benefits	7.1	170,905	144,580
Travelling and conveyance		22,429	20,156
Depreciation	14.6	12,956	7,480
Allowance for expected credit loss		28,930	6,499
Communications and stationery		6,111	4,424
Repairs and maintenance		4,528	2,526
Safety and security expenses		1,100	1,307
Electricity expense		1,718	4,993
Rent, rates and taxes		931	5,688
Sales promotion and symposium		1,807	1,640
Staff training, development and other expenses		1,238	7,386
Miscellaneous expenses		1,152	875
		253,805	207,554

7.1 Salaries, allowances and other benefits include amounts in respect of:

Rupees in '000	2019	2018
Defined benefit schemes	3,416	2,671
Defined contribution plans	12,622	9,880
	16,038	12,551

8. Administrative expenses

Rupees in '000	Note	2019	2018
Salaries, allowances and other benefits	8.1	131,775	119,670
Travelling and conveyance		16,275	15,014
Systems support and shared services		-	11,425
Communications and stationery		14,374	11,451
Depreciation	14.6	14,625	12,901
Repairs and maintenance		12,078	8,040
Electricity expense		11,557	7,178
Directors' fee and remuneration		6,963	6,750
Amortization	15.1	7,253	3,983
Safety and security expenses		874	1,565
Staff training, development and other expenses		5,713	7,255
Insurance		401	434
Rent, rates and taxes		1,083	975
Miscellaneous expenses		972	846
		223,943	207,487

8.1 Salaries, allowances and other benefits include amounts in respect of:

Rupees in '000	2019	2018
Defined benefit schemes	2,352	2,362
Defined contribution plans	10,684	8,693
	13,036	11,055

9. Other operating expenses

Rupees in '000	Note	2019	2018
Workers' Profits Participation Fund		21,396	28,982
Workers' Welfare Fund		9,897	12,170
Legal and professional charges		10,967	10,731
Auditors' remuneration	9.1	3,027	3,027
Donations		50	519
Exchange loss- net		117	-
		45,454	55,429

9.1 Auditors' remuneration

Rupees in '000	2019	2018
Audit fee	980	980
Audit of provident, gratuity, pension and workers' profits participation fund and fee for special certifications	1,378	1,378
Fee for review of half yearly financial information	240	240
Out-of-pocket expenses	429	429
	3,027	3,027

10. Other income

Rupees in '000	2019	2018
Income from financial asset:		
Mark-up income on saving and deposit accounts	351	480
Exchange gain - net	-	5,368
Income from non financial assets:		
Gain on disposal of property, plant and equipment	14,487	3,225
Liabilities no longer payable written back	7,032	3,326
Others	5,505	3,390
	27,375	15,789

10.1 During the year, no profit is earned from shariah compliant bank deposits / bank balances.

11. Finance costs

Rupees in '000	Note	2019	2018
Profit on long term financing	11.1	19,293	43,991
Mark-up / profit on short term running finances	11.2	148,528	68,567
Finance cost on lease liability		3,401	-
Bank charges		1,828	3,761
		173,050	116,319

11.1 This represents profit on Diminishing Musharakah financing.

11.2 This includes profit of Rs. 111.816 million (2018: Rs. 45.125 million) on facilities obtained under islamic mode of financing.

12. Taxation

Rupees in '000	2019	2018
Current	130,891	177,796
Deferred	(34,597)	(37,960)
	96,294	139,836

12.1 Relationship between tax expense and accounting profit

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

Rupees in '000	2019	2018
Profit before taxation	396,879	538,531
Tax at the applicable tax rate of 29%	115,095	156,174
Effect of change in tax rate	-	(10,695)
Effect of tax under final tax regime	1,938	14,399
Effect of tax credit	(20,667)	(20,006)
Others	(72)	(36)
	96,294	139,836

12.2 The returns of total income for and upto the Tax Year 2019 have been filed by the Company and the said returns, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 ("the Ordinance"), have been taken to be the deemed assessment orders passed by the concerned Commissioner on the day the said returns were furnished. However, the Commissioner may, at any time during a period of five years from the date of filing of return, select the deemed assessment order for audit.

13. Earnings per share – basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per share of the Company.

	2019	2018
Profit for the year - Rupees in '000	300,585	398,695
		(Restated)
Weighted average number of ordinary shares at the year end - in '000	32,550	32,550
		(Restated)
Earnings per share - basic and diluted - Rupees	9.23	12.25

14. Property, plant and equipment

Rupees in '000	Note	2019	2018
Operating fixed assets	14.1	4,440,947	4,395,765
Capital work in progress	14.8	17,072	162,425
Right-of-use assets - Building	14.9	28,565	-
		4,486,584	4,558,190

14.1 Operating fixed assets

The following is the statement of operating fixed assets:

Rupees in '000	Freehold land	Leasehold land	Buildings on			* Plant and machinery	Vehicles	Furniture, fittings and office equipments	Computer equipments	Total
			freehold land	leasehold land	customers' land					
Net carrying value basis										
year ended December 31, 2019										
Opening net book value	1,466,221	375,000	192,698	37,504	4,701	2,263,789	40,032	13,069	2,750	4,395,764
Addition (at cost)	-	-	3,228	1,126	-	325,381	38,931	1,879	23,423	393,968
Disposal (NBV)	-	-	-	-	-	-	(878)	-	-	(878)
Depreciation charged	-	-	(13,859)	(3,772)	(961)	(302,116)	(16,142)	(4,081)	(6,976)	(347,907)
Closing net book value	1,466,221	375,000	182,067	34,858	3,740	2,287,054	61,943	10,867	19,197	4,440,947
Gross carrying value basis										
year ended December 31, 2019										
Cost / revalued amount	1,466,221	385,526	286,389	103,464	21,841	5,940,404	133,532	74,259	68,862	8,480,498
Accumulated depreciation	-	(10,526)	(104,322)	(68,606)	(18,101)	(3,653,350)	(71,589)	(63,392)	(49,665)	(4,039,551)
Closing net book value	1,466,221	375,000	182,067	34,858	3,740	2,287,054	61,943	10,867	19,197	4,440,947
Depreciation rate (% per annum)	-	-	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10 to 20	25 to 33.33	-
Net carrying value basis										
year ended December 31, 2018										
Opening net book value	43,071	-	206,440	41,658	5,669	2,384,771	41,983	17,174	8,566	2,749,332
Addition (at cost)	-	-	-	-	-	200,057	21,077	-	1,102	222,236
Revaluation surplus	1,423,150	375,000	-	-	-	-	-	-	-	1,798,150
Disposal (NBV)	-	-	-	-	-	-	(9,882)	-	(206)	(10,088)
Depreciation charged	-	-	(13,742)	(4,154)	(968)	(321,039)	(13,146)	(4,105)	(6,712)	(363,865)
Closing net book value	1,466,221	375,000	192,698	37,504	4,701	2,263,789	40,032	13,069	2,750	4,395,765
Gross carrying value basis										
year ended December 31, 2018										
Cost / revalued amount	1,466,221	385,526	283,161	102,338	21,841	5,615,023	96,064	72,380	45,439	8,087,993
Accumulated depreciation	-	(10,526)	(90,463)	(64,834)	(17,140)	(3,351,234)	(56,032)	(59,311)	(42,689)	(3,692,228)
Net book value	1,466,221	375,000	192,698	37,504	4,701	2,263,789	40,032	13,069	2,750	4,395,765
Depreciation rate (% per annum)	-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10 to 20	25 to 33.33	-

* This includes capital spares having cost of Rs. 106.38 million (2018: Rs. 99.658 million) and net book value of Rs. 39.733 million (2018: Rs. 38.986 million).

14.2 The revaluation of freehold and leasehold land was carried out as of December 31, 2018 by M/s. KG Traders (Private) Limited (an independent valuer) on the basis of their professional assessment of present market value. The revaluation resulted in a surplus amounting to Rs. 1,798.150 million which was incorporated in the books of the Company as at December 31, 2018.

The useful life of freehold and leasehold land is considered as indefinite, accordingly, no depreciation has been charged during the year.

The Forced Sales Value (FSV) of freehold land and leasehold land as per the revaluation carried out at December 31, 2018 is Rs. 1,172.960 million and Rs. 300 million, respectively.

14.3 Had there been no revaluation, the net book value of the aforementioned assets would have been as follows:

	Rupees in '000
Leasehold	-
Freehold land	43,071

14.4 Fair value measurement

Fair value of lands are based on the valuations carried out by an independent valuer M/s KG Traders (Private) Limited on the basis of market value.

Fair value of lands are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

14.5 As at December 31, 2019, plant and machinery includes cylinders held by customers and Vacuum Insulated Evaporator (VIEs) installed at certain customers' sites for supply of gases products. Cost and net book values of such cylinders and VIEs are as follows:

Rupees in '000	Cost		Net book value	
	2019	2018	2019	2018
Cylinders	272,219	249,668	170,321	160,418
Vacuum Insulated Evaporator	754,892	706,295	326,793	314,592
	1,027,111	955,963	497,114	475,010

14.6 Depreciation has been allocated as follows:

Rupees in '000	Note	2019	2018
Cost of sales	6	324,809	343,483
Distribution and marketing expenses	7	12,956	7,480
Administrative expenses	8	14,625	12,901
		352,390	363,864

14.7 Particulars of the Company's immovable property (i.e. lands and buildings) are as follows:

Particulars	Location	Total area (Sq. yard)
Manufacturing plant and head office	P.O.Box 4845, West Wharf, Dockyard Road, Karachi.	24,000
Manufacturing plant	Plot EZ/1/P-5(SP-1), Eastern Industrial Zone, Port Qasim, Karachi.	48,400
Manufacturing plant	P.O.Box 205 Shalamar Link Road, Mughalpura, Lahore.	36,270
Manufacturing plant	Plot No. 705, Sundar Industrial Estate Lahore.	15,723
Land (Open plot)	Mousa Shumali Kawali, Tehsil Hub, Gadani.	5,506
Manufacturing plant	Wah Cantonment, Kabul Road.	25,168
Beach hut	Plot No. 101-N, Sandspit.	250

14.8 Capital work in progress

Rupees in '000	Land and Buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings, office and computer equipments	Total
As at January 01, 2018	-	196,456	1,402	1,102	198,960
Additions during the year	-	137,413	35,066	13,222	185,701
Transfers to operating fixed assets	-	(200,057)	(21,077)	(1,102)	(222,236)
As at December 31, 2018	-	133,812	15,391	13,222	162,425
Additions during the year	4,354	203,652	23,540	22,947	254,493
Transfers to operating fixed assets	(4,354)	(325,381)	(38,931)	(25,302)	(393,968)
Transfers to intangible assets	-	-	-	(5,878)	(5,878)
As at December 31, 2019	-	12,083	-	4,989	17,072

14.9 Right-of-use assets - Building

Rupees in '000		2019	2018
Net Carrying value basis			
Right of use assets as on January 01, 2019		24,311	-
Additions		8,737	-
Depreciation during the year		(4,483)	-
Closing net book value		28,565	-
Gross Carrying value basis			
Cost		33,048	-
Accumulated depreciation		(4,483)	-
		28,565	-
Depreciation rate % per annum		2.5 to 5	-

15. Intangible assets

Rupees in '000	Note	2019	2018
Computer software	15.1	32,326	33,701

15.1 Computer software

Rupees in '000		2019	2018
Net Carrying value basis			
Opening net book value as at January 01		33,701	12,471
Additions during the year		5,878	25,213
		39,579	37,684
Amortization for the year		(7,253)	(3,983)
Net book value as at December 31		32,326	33,701
Gross carrying value basis			
Cost		63,459	57,581
Accumulated amortization		(31,133)	(23,880)
Net book value as at December 31		32,326	33,701

Intangible assets are amortized over an estimated useful life of 8 years and the amortization is allocated to administrative expenses.

16. Stores and spares

Rupees in '000	Note	2019	2018
Stores		452	8,459
Spares		321,066	259,445
In transit		-	521
		321,518	268,425
Provision against slow moving stores and spares	16.1	(115,605)	(107,032)
		205,913	161,393

16.1 The Company made a provision of Rs. 11.002 million (2018: reversed a provision of Rs. 4.325 million) during the year including write off of slow moving spares of Rs. 2.449 million by utilizing the provision (2018: Nil).

17. Stock-in-trade

Rupees in '000	Note	2019	2018
Raw and packing materials			
in hand		190,958	156,632
in transit		-	3,672
		190,958	160,304
Finished goods - in hand		413,523	245,842
	17.1	604,481	406,146

17.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 31.947 million (2018: Rs. 36.870 million). The Company has reversed a provision of Rs. 4.923 million during the year (2018: charged a provision of Rs. 1.388 million).

18. Trade debts - Unsecured

Rupees in '000	Note	2019	2018
Considered good		838,909	674,550
Considered doubtful		84,899	55,969
	18.1	923,808	730,519
Allowance for credit losses	18.2	(84,899)	(55,969)
		838,909	674,550

18.1 These include balances due from related parties as follows:

Rupees in '000	2019	2018
Engro Polymer and Chemicals Limited	3,927	4,245
Soorty Enterprises (Private) Limited	21	21
Shaukat Khanum Hospital	-	1,188
Wyeth (Pakistan) Limited	19	19
Archroma Pakistan Limited	7,704	3,203
The Kidney Center	400	285
Loads Limited	207	212
GSK Consumer Healthcare Pakistan Limited	85	-
	12,363	9,173
Past due considered doubtful as per Company's credit policy	(3,051)	(4,500)
	9,312	4,673

The ageing of the trade debts due from related parties as at the statement of financial position are as under:

Rupees in '000	2019	2018
Not past due	8,622	4,203
Past due from 1- 90 days	786	-
Past due from 90 days onward	2,955	4,970
	12,363	9,173
Past due considered doubtful as per Company's credit policy	(3,051)	(4,500)
	9,312	4,673

18.2 Allowance for credit losses

Rupees in '000	2019	2018
Balance at beginning of the year	55,969	49,470
Allowance for expected credit losses	28,930	6,499
Balance at end of the year	84,899	55,969

19. Loans and advances

Rupees in '000	2019	2018
Loans - considered good		
Current maturity of long term loan to employees	2,583	190
Advances- considered good		
Employees	3,311	-
Suppliers	21,594	18,353
	27,488	18,543

20. Deposits and prepayments

Rupees in '000	2019	2018
Security deposits	44,583	20,102
Other deposits	155,432	103,329
Prepayments	1,208	6,848
	201,223	130,279

21. Other receivables - Considered good

Rupees in '000	Note	2019	2018
Receivable from defined benefit funds	32.1	11,934	17,902
Receivable from defined contribution funds		953	4,663
Sales tax recoverable		183,285	113,878
		196,172	136,443

22. Cash and bank balances

Rupees in '000	Note	2019	2018
Cash in hand		1,392	88
Cash at bank - current and savings accounts	22.1	17,707	144,692
		19,099	144,780

22.1 This includes an amount of Rs. 4.641 million held in savings accounts (2018: Rs.7.360 million). The mark-up on saving account is 11.25% per annum (2018: 4.00% to 8.00% per annum). None of the balances are kept in shariah compliant bank accounts.

23. Share capital

23.1 Authorized share capital

	Number of shares		Rupees in '000	
	2019	2018	2019	2018
Ordinary shares of Rs. 10 each	40,000,000	40,000,000	400,000	400,000

23.2 Issued, subscribed and paid-up capital

	Number of shares		Rupees in '000	
	2019	2018	2019	2018
Ordinary shares of Rs. 10 each fully paid in cash	452,955	452,955	4,530	4,530
Ordinary shares of Rs. 10 each issued for consideration other than cash	672,045	672,045	6,720	6,720
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	31,425,336	23,913,720	314,253	239,137
	32,550,336	25,038,720	325,503	250,387

23.3 During the year, the Company issued bonus shares in proportion of 3 shares for every 10 shares held i.e. 30%, amounting to Rs. 75.116 million.

23.4 The Company has one class of ordinary shares which carries no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

24. Long term deposits

Rupees in '000	2019	2018
Deposits		
Against cylinders	182,961	173,263
Others	10,555	11,555
	193,516	184,818

25. Lease liabilities

Rupees in '000	Note	2019	2018
Lease liabilities recognised as on January 1		25,327	-
Addition during the year		8,737	-
Interest accrued		3,401	-
Less: Repayment of lease liabilities		(5,347)	-
	25.1	32,118	-

25.1 Break up of lease liabilities

Rupees in '000	2019	2018
Lease liabilities	32,118	-
Less: Current portion	(2,588)	-
	29,530	-

Maturity analysis-contractual undiscounted cash flow:

Less than one year	5,760	-
One to five year	30,036	-
More than five year	10,682	-
Total undiscounted lease liability	46,478	-

25.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 15%.

26. Deferred liabilities

Rupees in '000	Note	2019	2018
Deferred taxation	26.1	273,253	310,199
Staff retirement benefit funds	32.1	9,550	7,613
		282,803	317,812

26.1 Deferred taxation

Rupees in '000	2019	2018
Taxable temporary differences:		
Accelerated tax depreciation	346,690	371,368
Remeasurement: actuarial gain on defined benefit plans - net	1,926	3,981
Deductible temporary differences		
Slow moving stores and spares and stock-in-trade	(42,790)	(41,732)
Employees' benefit plans	(7,674)	(7,001)
Allowance for expected credit losses and other provisions	(24,899)	(16,417)
	273,253	310,199

27. Trade and other payables

Rupees in '000	Note	2019	2018
Creditors		255,191	246,056
Accrued liabilities	27.1	605,949	605,384
Advances from customers		56,368	50,606
Payable to staff retirement benefit funds		2,371	1,866
Workers' Profits Participation Fund		715	1,982
Workers' Welfare Fund		37,581	33,185
Mark-up payable	27.2	52,084	24,510
Other payables		49,624	60,657
		1,059,883	1,024,246

27.1 This includes an amount of Rs.10.756 million (2018: Rs. Nil) payable to Engro Polymer & Chemicals Limited, a related party.

27.2 This includes markup amounting to Rs. 20.288 million (2018: Rs. 5.716 million) payable to Standard Chartered Bank (Pakistan) Limited, a related party.

28. Short term borrowings

Conventional facilities

The Company has arrangement for running finance facility under mark-up arrangement from Standard Chartered Bank (Pakistan) Limited (SCB), a related party, amounting to Rs. 226.404 million (2018: Rs. 725 million). The unutilized running finance facility as at year end is Rs. 223.281 million (2018: Rs. 191.634 million).

The rate of mark-up on running finance facility is 3 months KIBOR + 0.50% (2018: 3 Months Kibor +0.20%) per annum. The arrangements are secured by way of Joint Pari Passu charge against hypothecation of current assets and certain fixed assets (i.e. VIEs and Cylinders only).

The Company also has facility for opening letters of credit and issuing bank guarantees as at December 31, 2019 amounting to Rs. 475 million (2018: Rs. 275 million) from SCB, a related party. The unutilized balance as at year ended is Rs. 276.241 million (2018: Rs. 190.787 million).

Islamic facilities

The Company has arrangement for short term finance (commodity) facility from Standard Chartered Bank (Pakistan) Limited (SCB), a related party, amounting to Rs. 623.596 million (2018: Rs. Nil). The unutilized short term finance (commodity) facility as at year end is Rs. Nil (2018: Rs. Nil).

The rate of murahaba profit on short term finance (commodity) is 6 months Kibor+0.10% (2018: Nil) per annum. The arrangements are secured by way of Joint Pari Passu charge against hypothecation of current assets and certain fixed assets (i.e. VIEs and Cylinders only).

The Company has arrangements for running musharakah facilities from certain banks. The overall facilities under running musharakah amount to Rs. 1,098 million (2018: Rs. 900 million). The unutilized running musharakah facilities as at year end is Rs. 63.804 million (2018: Rs. 151.670 million).

The rate of profit on the running musharakah facilities ranges from 1 month KIBOR + 0.40% to 3 months KIBOR + 0.15% (2017:3 months KIBOR + 0.15% to 0.40%) per annum. The arrangements are secured by way of Joint Pari Passu charge against hypothecation of current assets and certain fixed assets (i.e. VIEs and Cylinders only).

The Company also has facilities for opening letters of credit and issuing bank guarantees as at December 31, 2019 amounting to Rs. 202 million (2018: Rs. 195 million) The unutilized balance as at year end is Rs. 70.674 million (2018: Rs. 101.368 million).

29. Contingencies and commitments

Contingencies

29.1 The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at December 31, 2019 amounted to Rs.50.544 million (2018: Rs. 47.943 million).

Commitments

29.2 Capital commitments outstanding as at December 31, 2019 amounted to Rs. 61.923 million (2018: Rs. 163.614 million).

29.3 Commitments under letters of credit for inventory items as at December 31, 2019 amounted to Rs. 155.463 million (2018: Rs. 114.178 million).

29.4 Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at December 31, 2019 amounted to Rs. 124.042 million (2018: Rs.58.434 million).

30. Cash generated from operations

Rupees in '000	Note	2019	2018
Profit before taxation		396,878	538,531
Adjustments for:			
Depreciation	14.6	352,390	363,864
Gain on disposal of property, plant and equipment	10	(14,487)	(3,225)
Mark-up income on saving and deposit accounts	10	(351)	(480)
Finance costs	11	173,050	116,319
Amortization	15.1	7,253	3,983
Liabilities no longer payable written back		(7,032)	(3,326)
Post retirement medical benefits		973	552
Working capital changes	30.1	(537,589)	(375,176)
		371,085	641,042

30.1 Working capital changes

Rupees in '000	2019	2018
(Increase) / decrease in current assets		
Stores and spares	(44,520)	(43,625)
Stock-in-trade	(198,335)	(141,418)
Trade debts	(164,359)	(7,814)
Loans and advances	(8,945)	3,616
Deposits and prepayments	(70,944)	(36,392)
Other receivables	(65,581)	412
	(552,684)	(225,221)
Increase / (decrease) in current liabilities		
Trade and other payables	15,095	(149,955)
	(537,589)	(375,176)

31. Cash and cash equivalents

Rupees in '000	Note	2019	2018
Cash and bank balances	22	19,099	144,780
Short term borrowings - running finance under mark-up arrangement		(1,330,865)	(978,568)
		(1,311,766)	(833,788)

32. Staff retirement benefits

32.1 Defined benefit schemes

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at December 31, 2019. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

Percent % per annum	2019		
	Pension Fund	Gratuity Fund	Medical Scheme
Financial assumptions			
Rate of discount	11.25%	11.25%	11.25%
Expected rate of pension increase	9.25%	-	-
Expected rate of salary increase			
for first three years following valuation	-	12.00%	-
long term (fourth year following valuation)	-	11.25%	-
Medical cost escalation rate	-	-	11.25%
Demographic assumptions			
Mortality rate	SLIC (2001-05)-1	SLIC(2001-05)-1	SLIC(2001-05)-1
Rates of employee turnover	Moderate	Moderate	Moderate

The amounts recognised in statement of financial position are as follows:

Rupees in '000	2019			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Present value of defined benefit obligation	78,333	129,201	9,550	217,084
Fair value of plan assets	(87,009)	(132,654)	-	(219,663)
(Asset) / liability in statement of financial position	(8,676)	(3,453)	9,550	(2,579)
Movements in the present value of defined benefit obligation				
Present value of defined benefit obligation - beginning of the year	75,403	111,398	7,613	194,414
Current service cost	-	8,623	-	8,623
Interest cost	9,591	14,728	973	25,292
Re-measurements : Actuarial losses / (gains) on obligation	385	3,334	1,229	4,948
Benefits paid	(7,046)	(8,882)	(265)	(16,193)
Present value of defined benefit obligation - end of the year	78,333	129,201	9,550	217,084
Movements in the fair value of plan assets				
Fair value of plan assets - beginning of the year	83,928	120,775	-	204,703
Interest income on plan assets	10,653	15,895	-	26,548
Re-measurements: Return on plan assets over interest income loss / (gain)	(526)	(1,607)	-	(2,133)
Benefits paid	(7,046)	(8,882)	-	(15,928)
Contribution to fund	-	6,473	-	6,473
Fair value of plan assets - end of the year	87,009	132,654	-	219,663
Movement in the net defined benefit liability / (asset)				
Opening balance	(8,525)	(9,376)	7,613	(10,289)
Net periodic benefit (income) / cost for the year	(1,061)	7,455	972	7,366
Contribution paid during the year	-	(6,473)	-	(6,473)
Benefits paid during the year	-	-	(265)	(265)
Re-measurements recognised in other comprehensive income during the year	911	4,941	1,229	7,082
Closing balance	(8,676)	(3,453)	9,550	(2,579)

Amounts recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to statement of profit or loss and other comprehensive income:

Rupees in '000	2019			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Component of defined benefit costs recognised in statement of profit or loss				
Current service cost	-	8,623	-	8,623
Net interest cost				
Interest cost on defined benefit obligation	9,591	14,727	972	25,291
Interest income on plan assets	(10,653)	(15,895)	-	(26,548)
	(1,061)	7,455	972	7,366
Component of defined benefit costs (re-measurement) recognised in other comprehensive income				
Re-measurements: Actuarial (gain) / loss on obligation				
(Gain) / loss due to change in financial assumptions	(232)	76	130	(27)
(Gain) / loss due to change in demographic assumptions	-	-	-	-
(Gain) / loss due to change in experience adjustments	617	3,259	1,100	4,975
	385	3,334	1,229	4,949
Re-measurements: Net return on plan assets over interest income				
Actual return on plan assets	(9,782)	(14,265)	-	(24,047)
Interest income on plan assets	10,308	15,872	-	26,180
	526	1,607	-	2,133
Net re-measurement recognised in other comprehensive income	911	4,941	1,229	7,081
Total defined benefit cost recognised in statement of profit or loss and other comprehensive income	(150)	12,396	2,202	14,448
Actual return on plan assets	9,782	14,265	-	24,047
Expected contributions to funds in the following year	(925)	10,253	1,040	10,368
Expected benefit payments to retirees in the following year	5,613	5,966	612	12,191
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	911	4,941	1,229	7,081
Weighted average duration of the defined benefit obligation (years)	8.26	7.97	7.98	
Analysis of present value of defined benefit obligation				
Type of Members:				
Pensioners	78,333	-	-	78,333
Beneficiaries	-	-	9,549	9,549
Officers	-	100,281	-	100,281
Supervisors	-	28,920	-	28,920
	78,333	129,201	9,549	217,083
Vested / Non-Vested				
Vested benefits	78,333	122,290	9,549	210,172
Non - vested benefits	-	6,911	-	6,911
	78,333	129,201	9,549	217,083
Type of benefits				
Accumulated obligations	78,333	57,631	9,549	145,513
Amounts attributed to future salary increase	-	71,570	-	71,570
	78,333	129,201	9,549	217,083

Rupees in '000	2019			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Disaggregation of fair value of plan assets				
The fair value of the plan assets at statement of financial position date for each category are as follows:				
Cash and cash equivalents (comprising bank balances as adjusted for current liabilities)	1,315	2,872	-	4,187
Debt instruments (Quoted / not quoted)				
AAA	73,465	108,247	-	181,712
AA	10,502	18,889	-	29,391
	83,967	127,136	-	211,103
Equity instruments (Quoted) - Oil and gas sector	1,201	781	-	1,982
Mutual Fund (Quoted)				
Money Market Fund	-	-	-	-
Stock Market Fund	-	-	-	-
Income Fund	-	-	-	-
Assets Allocation Fund	526	-	-	526
Islamic Income Fund	-	1,865	-	1,865
Islamic Asset Allocation Fund	-	-	-	-
Islamic Stock Fund	-	-	-	-
	526	1,865	-	2,391
	87,009	132,654	-	219,663

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Rupees in '000	2019		
	Pension Fund	Gratuity Fund	Medical Scheme
Discount rate +0.5%	75,214	124,210	9,181
Discount rate -0.5%	81,682	134,518	9,943
Long term pension / salary increase +0.5%	81,729	134,192	-
Long term pension / salary decrease -0.5%	75,145	124,467	-
Withdrawal rates : Light	-	-	-
Withdrawal rates: Heavy	-	-	-
Medical cost +1% - effect on service cost and interest cost	-	-	21
Medical cost +1% - effect on defined benefit obligation	-	-	355
Medical cost -1% - effect on service cost and interest cost	-	-	(19)
Medical cost -1% - effect on defined benefit obligation	-	-	(355)

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Defined benefit schemes

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at December 31, 2018. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

Rupees in '000	2018		
	Pension Fund	Gratuity Fund	Medical Scheme
(Percent % per annum)			
Financial assumptions			
Rate of discount	7.75%	7.75%	7.75%
Expected rate of pension increase	5.75%	-	-
Expected rate of salary increase			
for first three years following valuation	-	8.75% to 9.75%	-
long term (fourth year following valuation)	-	7.75%	-
Medical cost escalation rate	-	-	7.75%
Demographic assumptions			
Mortality rate	SLIC (2001-05)-1	SLIC(2001-05)-1	SLIC(2001-05)-1
Rates of employee turnover	Moderate	Moderate	Moderate

The amounts recognised in statement of financial position are as follows:

Rupees in '000	2018			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Present value of defined benefit obligation	75,403	111,398	7,613	194,414
Fair value of plan assets	(83,928)	(120,775)	-	(204,703)
(Asset) / liability in statement of financial position	(8,525)	(9,377)	7,613	(10,289)
Movements in the present value of defined benefit obligation				
Present value of defined benefit obligation - beginning of the year	72,172	107,297	7,376	186,845
Current service cost	-	6,544	-	6,544
Interest cost	5,371	8,253	552	14,176
Re-measurements : Actuarial losses / (gains) on obligation	4,434	(3,644)	766	1,556
Benefits paid	(6,574)	(7,052)	(1,081)	(14,707)
Present value of defined benefit obligation - end of the year	75,403	111,398	7,613	194,414
Movements in the fair value of plan assets				
Fair value of plan assets - beginning of the year	(84,085)	(115,021)	-	(199,106)
Interest income on plan assets	(6,260)	(8,830)	-	(15,090)
Re-measurements: Return on plan assets over interest income loss / (gain)	(157)	2,375	-	2,218
Benefits paid	6,574	7,052	-	13,626
Contribution to fund	-	(6,351)	-	(6,351)
Fair value of plan assets - end of the year	(83,928)	(120,775)	-	(204,703)
Movement in the net defined benefit liability / (asset)				
Opening balance	(11,913)	(7,724)	7,376	(12,261)
Net periodic benefit (income) / cost for the year	(889)	5,967	552	5,630
Contribution paid during the year	-	(6,351)	-	(6,351)
Benefits paid during the year	-	-	(1,081)	(1,081)
Re-measurements recognised in other comprehensive income during the year	4,277	(1,269)	766	3,774
Closing balance	(8,525)	(9,377)	7,613	(10,289)

Amounts recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to statement of profit or loss and other comprehensive income:

Rupees in '000	2018			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Component of defined benefit costs recognised in statement of profit or loss				
Current service cost	-	6,544	-	6,544
Net interest cost				
Interest cost on defined benefit obligation	5,371	8,253	552	14,176
Interest income on plan assets	(6,260)	(8,830)	-	(15,090)
	(889)	5,967	552	5,630
Component of defined benefit costs (re-measurement) recognised in other comprehensive income				
Re-measurements: Actuarial (gain)/loss on obligation				
(Gain) / loss due to change in financial assumptions	597	(5,827)	(372)	(5,602)
(Gain) / loss due to change in demographic assumptions	-	-	-	-
(Gain) / loss due to change in experience adjustments	3,836	2,183	1,137	7,156
	4,433	(3,644)	765	1,554
Re-measurements: Net return on plan assets over interest income				
Actual return on plan assets	(6,812)	(6,713)	-	(13,525)
Interest income on plan assets	6,655	9,088	-	15,743
	(157)	2,375	-	2,218
Net re-measurement recognised in other comprehensive income	4,276	(1,269)	765	3,772

Rupees in '000	2018			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Total defined benefit cost recognised in statement of profit or loss and other comprehensive income	3,387	4,698	1,317	9,402
Actual return on plan assets	6,812	6,713	-	13,525
Expected contributions to funds in the following year	(1,061)	7,455	972	7,366
Expected benefit payments to retirees in the following year	6,222	9,137	570	15,929
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	4,276	(1,269)	765	3,772
Weighted average duration of the defined benefit obligation (Years)	7.67	8.03	8.16	
Analysis of present value of defined benefit obligation				
Type of Members:				
Pensioners	75,403	-	-	75,403
Beneficiaries	-	-	7,613	7,613
Officers	-	85,295	-	85,295
Supervisors	-	26,103	-	26,103
	75,403	111,398	7,613	194,414
Vested / Non-Vested				
Vested benefits	75,403	45,089	7,613	128,105
Non - vested benefits	-	66,309	-	66,309
	75,403	111,398	7,613	194,414
Type of benefits				
Accumulated obligations	75,403	56,724	7,613	139,740
Amounts attributed to future salary increase	-	50,572	-	50,572
	75,403	107,296	7,613	190,312
Disaggregation of fair value of plan assets				
The fair value of the plan assets at statement of financial position date for each category are as follows:				
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	14,027	28,425	-	42,452
Debt instruments				
AAA	56,306	53,025	-	109,331
AA	1,242	13,574	-	14,816
	57,548	66,599	-	124,147
Equity instruments (Quoted) - Oil and gas sector				
Mutual funds - Quoted				
Money Market Fund	1,272	-	-	1,272
Stock Market Fund	866	16,793	-	17,659
Income Fund	-	-	-	-
Assets Allocation Fund	1,832	-	-	1,832
Islamic Income Fund	4,894	5,142	-	10,036
Islamic Asset Allocation Fund	1,885	1,829	-	3,714
Islamic Stock Fund	379	1,201	-	1,580
	11,128	24,965	-	36,093
	83,928	120,775	-	204,703

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rupees in '000	2018		
	Pension Fund	Gratuity Fund	Medical Scheme
Discount rate +0.5%	72,610	107,059	7,313
Discount rate -0.5%	78,393	116,021	7,934
Long term pension / salary increase +0.5%	78,435	115,745	-
Long term pension / salary decrease -0.5%	72,549	107,278	-
Withdrawal rates : Light	-	112,167	-
Withdrawal rates: Heavy	-	110,581	-
Medical cost +1% - effect on service cost and interest cost	-	-	21
Medical cost +1% - effect on defined benefit obligation	-	-	289
Medical cost -1% - effect on service cost and interest cost	-	-	(20)
Medical cost -1% - effect on defined benefit obligation	-	-	(271)

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

32.2 Defined contribution plan

Staff Provident Fund

The following information is based on latest audited financial statements of the Fund:

Rupees in '000	July 31, 2019	July 31, 2018
Size of the Fund (Net of Liabilities)	111,117	110,875
Cost of investment made	82,168	71,768
Fair value / amortized cost of the investments	108,642	107,873
Percentage of investment made (%) - based on fair value / amortized cost	98	97

Break up of the investments is as follows:

	Rupees in '000		% of total investment	
	July 31, 2019	July 31, 2018	July 31, 2019	July 31, 2018
National savings schemes	55,533	24,155	51.12	22.39
Government securities	22,757	22,608	20.95	20.96
Certificate of Investment	10,000	10,000	9.20	9.27
Listed securities	7,843	26,121	7.22	24.21
Cash and bank balances	12,509	24,989	11.51	23.17
	108,642	107,873	100	100

Investments out of the Staff Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

33. Remuneration of Chief Executive, Directors and Executives

Rupees in '000	2019			2018		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
Managerial remuneration	24,030	-	108,613	17,955	259	91,192
Bonus, house rent, utilities, etc	6,955	-	91,250	5,257	-	75,865
Company's contribution to staff retirement benefits	5,443	-	33,533	3,800	56	30,687
Medical and others	-	-	6,595	1,149	38	4,056
	36,428	-	239,991	28,162	353	201,800
Number of persons (including those who worked part of the year)	1	-	75	3	1	66

33.1 The Chief Executive, executive director and certain executives of the Company are provided with company maintained cars as per terms of employment. During the year, cars were sold to executives, as per the Company policy. Provision in respect of compensated absences is also made and charged in accounts as per the requirements of International Financial Reporting Standards.

33.2 Aggregate amount charged in the financial statements for fee to nine non-executive directors (including directors who retired during the year) was Rs.7 million (2018: Twelve directors - Rs.6.660 million).

33.3 Professional indemnity insurance cover is available to the directors. The Chief Executive and executives are also covered under the group life insurance as per their terms of employment.

34. Financial risk management

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

Risk management is carried out by the management under policies approved by the Board of Directors.

34.1 Credit risk

Credit risk represents the risk of financial loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company's credit risk is primarily attributable to its receivables and its balances at bank. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Deposits are provided to suppliers or counterparties as per agreement and are refundable upon termination of agreement with them. Management does not anticipate any impairment there against.

Rupees in '000	Note	2019	2018
Deposits		249,891	193,284
Trade debts	34.1.1	838,909	674,550
Bank balances		17,707	144,692
		1,106,507	1,012,526

34.1.1 The Company mostly deals with reputable organizations and believes it is not exposed to any major concentration of credit risk. The Company has policies that limit the amount of credit exposure to any customer.

According to the age analysis, trade debts include balances which are due by not later than 90 days valuing Rs. 599.451 million (2018: Rs. 605.038 million). Trade debts due by more than 90 days as at December 31, 2019 amounted to Rs. 239.459 million (2018: Rs. 69.511 million), net of impairment. Based on the past experience, consideration of financial position, payment behaviour, past track records and recoveries, the Company believes that trade debtors past due up to 90 days do not require any impairment except for the trade debtors of Health Care Customers and Government Customers.

The movement in the allowance for credit losses in respect of trade debts is as follows:

Rupees in '000	2019	2018
Opening balance	55,969	49,470
Allowance for expected credit losses	28,930	6,499
Closing balance	84,899	55,969

During the year, based on the past experience, payment behaviour and age analysis, the Company made provision for expected credit loss in respect of its trade debtors as per Company's credit policy for these customers.

34.2 Liquidity risk

Liquidity risk is that the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the contractual maturities of the Company's financial liabilities:

Rupees in '000	2019					2018				
	Carrying amount	On Demand	Contractual cashflows	Maturity upto one year	Maturity after one year	Carrying amount	On Demand	Contractual cashflows	Maturity upto one year	Maturity after one year
Current portion of long term financing	-	-	-	-	-	270,000	-	(290,117)	(290,117)	-
Long term deposits	193,516	-	(193,516)	(193,516)	-	184,818	-	(184,818)	(184,818)	-
Trade and other payables	910,764	-	-	(910,764)	-	912,098	-	-	(912,098)	-
Short term borrowings	1,330,865	(1,330,865)	-	-	-	978,568	(978,568)	-	-	-
	2,435,145	(1,330,865)	(193,516)	(1,104,280)	-	2,345,484	(978,568)	(474,935)	(1,387,033)	-

34.3 Market risk

Foreign exchange risk

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

The Company is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities, denominated in a currency that is not the Company's functional currency. The Company ensures that its net exposure is kept to an acceptable level at all times. Further, the Company enters into forward exchange contracts to hedge its foreign currency risk exposures whenever necessary.

The significant currency exposure at period end was as follows:

	2019	
	USD	Total
Financial liabilities		
Trade and other payables	-	-
	2018	
	USD	Total
Financial liabilities		
Trade and other payables	(8,846)	(8,846)

Significant exchange rates applied during the year in translating foreign currency transactions into Pakistani Rupees were as follows:

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
US Dollar (USD)	150.01	123.13	155.15	139.80

Sensitivity Analysis

A 10 percent depreciation of the Pakistan Rupees at the year end would have had the following effect on profit:

Rupees in '000	Effect on profit (net of tax)	
	2019	2018
US Dollar (USD)	-	628

A 10 percent appreciation of Pak Rupee against the above currencies at December 31, 2019 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The above analysis is performed using hypothetical change which is not necessarily be the indication of the actual impact on Company's financial position and performance.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

As at the reporting date, the interest / profit bearing financial instruments comprised bank balances in savings accounts, short, medium and long term financing.

The short term financing which carries floating rate, a hypothetical change of 100 basis points in interest rates at the statement of financial position date would have decreased / (increased) profit for the year by approximately Rs. 10.700 million (2018: Rs. 8.784 million). The analysis assumes that all other variables remain constant. The above analysis is performed using hypothetical change which is not necessarily indication of the actual impact on Company's financial position and performance. The analysis is performed on the same basis as for 2018.

Price risk

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

34.4 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

Rupees in '000	2019				
	Carrying amount		Fair value		
	Amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets not measured at fair value					
Trade debts	838,909	-	-	-	-
Loans to employees	3,311	-	-	-	-
Deposits	249,891	-	-	-	-
Cash and bank balances	19,099	-	-	-	-
Financial liabilities not measured at fair value					
Long term deposits	-	193,516	-	-	-
Trade and other payables	-	910,764	-	-	-
Short term borrowings	-	1,330,865	-	-	-

Rupees in '000	2018				
	Carrying amount		Fair value		
	Loan and receivables	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets not measured at fair value					
Trade debts	674,550	-	-	-	-
Loans to employees	190	-	-	-	-
Deposits	193,284	-	-	-	-
Cash and bank balances	144,780	-	-	-	-
Financial liabilities not measured at fair value					
Current maturity of long term financing	-	270,000	-	-	-
Long term deposits	-	184,818	-	-	-
Trade and other payables	-	912,098	-	-	-
Short term borrowings	-	978,568	-	-	-

It does not include fair value information for financial assets and financial liabilities not measured at fair value, as the carrying amount is a reasonable approximation of their fair values.

As of the reporting date, none of the financial instruments of the Company are carried at fair value.

35. Capital management

The Company's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the sustained development of its businesses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors also monitors the level of dividends to the ordinary shareholders.

The Company is not subject to externally imposed capital requirements.

36. Transactions and balances with related parties

The related parties comprise of associated companies, entities with common directors, major shareholders, key management personnel inclusive of directors (disclosed in note 33) and post retirement benefit plans. Amounts due from and to related parties are shown under respective notes to the financial statements. Transactions with related parties and associated undertakings other than those which have been disclosed elsewhere in these financial statements are given below:

36.1 Transactions with related parties are summarised as follows:

Rupees in '000		2019	2018
Nature of relationship	Nature of transactions		
Major shareholders and associated companies by virtue of common directorship	Sale of goods	163,571	115,173
	Purchase of goods and receipt of service	110,436	67,444
	Mark up	51,181	26,629
	Dividends	38,261	205,828
	Issuance of bonus shares	51,900	-
Directors	Meeting fee	6,963	6,660
	Issuance of bonus shares	5,491	-
	Charge in respect of staff retirement funds	34,730	28,408
Staff retirement benefits	Re-measurement: Actuarial (loss) / gain recognised in other comprehensive income	(5,852)	(3,008)
	Compensation	276,421	230,316

36.2 The names of related parties with whom the Company has entered into transactions during the year are as follows:

Name of the related party	Relationship and percentage of shareholding (%)
Adira Capital Holdings (Private) Limited	Holds 33% shares of the Company and associated company by virtue of common directorship
Hilton Pharma (Private) Limited	Holds 24% shares of the Company.
Sooty Enterprises (Pvt) Limited	Holds 12% shares of the Company.
Engro Polymer and Chemicals Limited	Associated company by virtue of common directorship
GSK Consumer Healthcare Pakistan Limited	Associated company by virtue of common directorship
Loads Limited	Associated company by virtue of common directorship
Pakistan Institute of Corporate Governance	Associated company by virtue of common directorship
Honda Atlas Cars (Pak) Limited	Associated company by virtue of common directorship
Standard Chartered Bank (Pakistan) Limited	Associated company by virtue of common directorship
Shahid Mehmood Umerani	Director, holds 7.2% shares of the Company.
Fawad Anwar	Director, holds 0.1% shares of the Company.
Syed Hassan Ali Bukhari	Director, holds 0.00256% shares of the Company.
Siraj Ahmed Dadabhoy	Director, holds 0.1% shares of the Company.
Feroz Rizvi	Director, holds 0.00039% shares of the Company
Muhammad Zindah Moin Mohajir	Director, holds 0.00039% shares of the Company
Waqar Ahmed Malik	Director
Atif Riaz Bokhari	Director
Sheikh Muhammad Abdullah	Director
Mr. Shahid Abdul Sattar	Director
Key Management Personnel	Employees

36.3 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions.

There are no transactions with key management personnel (executives) other than under their terms of employment, as disclosed elsewhere in these financial statements.

37. Production capacity

	Unit of quantity	Number of shifts	Capacity		Actual production*	
			2019	2018	2019	2018
Oxygen/Nitrogen	Cubic meters	Triple shift	82,233,900	82,233,900	66,408,391	68,115,672
Hydrogen	Cubic meters	Triple shift	3,400,056	3,400,056	2,050,835	2,184,635
Dissolved acetylene	Cubic meters	Single shift	268,152	268,152	72,663	120,005
Nitrous oxide	Gallons	Triple shift	39,422,000	39,422,000	19,823,009	27,509,307
Carbon dioxide	Metric tons	Triple shift	27,850	27,850	-	896
Electrodes	Metric tons	Single shift	2,045	-	1,893	-

* Net of normal losses

37.1 In case of almost all of the above mentioned products, production is demand driven and, hence, the variance and utilization is attributable to demand. Additionally, countrywide load shedding of electricity and non availability of natural gas throughout the year also contributed towards reduced utilization of plants.

38. Non adjusting events after the balance sheet

38.1 The Board of Directors in their meeting held on February 26, 2020 recommended issuance of bonus shares in the proportion of 2 shares for every 10 shares held i.e. 20% amounting to Rs. 65.101 million subject to approval of the members at the 71st Annual General Meeting to be held on April 21, 2020. The Board of Directors has also approved the transfer of Rs. 229.735 million from unappropriated profit to general reserves.

38.2 Subsequent to the year end, the shareholders of the Company have approved increase in authorized share capital of the Company from Rs. 400 million (40 million ordinary shares of Rs. 10 each) to Rs. 700 million (70 million shares of Rs. 10 each) through a special resolution passed at the Extra Ordinary General Meeting held on January 23, 2020.

39. Number of employees

	2019	2018
Total Number of employees as at December 31	138	131
Average number of employees during the year	133	125
Total number of employees working in the Company's factory as at December 31	43	43
Average number of employees working in the Company's factory during the year	40	40


40. Date of authorization for issue


These financial statements were authorized for issue on 26 February, 2020 by the Board of Directors of the Company.

41. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation, the effect of which is immaterial.


Syed Ali Adnan
 Chief Financial Officer


Matin Amjad
 Chief Executive Officer


Waqar Ahmed Malik
 Chairman

BOC Pakistan (Private) Limited

BOC Pakistan (Private) Limited ("BOCPL") is a wholly owned subsidiary of Pakistan Oxygen Limited.

Consolidation

As explained in note 1 to the financial statement of Pakistan Oxygen Limited for the year ended December 31, 2019, the Securities and Exchange Commission of Pakistan ("SECP") has granted exemption to Pakistan Oxygen Limited from the application of sub-section (1) to (6) of section 228 of the Companies Act, 2017 requiring consolidation of subsidiary in the preparation of financial statements for the year ended December 31, 2019.

Financial highlights of BOCPL

Rupees in '000	2019	2018
Profit after taxation	529	1,090
Net assets / shareholders fund	12,136	11,606
Total assets	12,667	12,025

Auditors' Opinion

The auditor M/s BDO Ebrahim & Co., Chartered Accountants, have expressed an unmodified opinion on the financial statements of BOCPL for the year ended December 31, 2019.

General

The annual audited accounts of BOCPL are available for the inspection to the members at its registered office situated at P.O Box 4845, Dockyard Road, West Wharf, Karachi - 74400, on their request without any cost.

Shareholders' information

Stock Exchange Listing

Pakistan Oxygen Limited is a public limited company and its shares are traded on Pakistan Stock Exchange Limited.

The Company's shares are quoted in leading dailies under the heading of Chemical sector.

Market capitalization and market price of Pakistan Oxygen's Share

Market capitalization

As at December 31, 2019, the market capitalization of Pakistan Oxygen Share stood at Rs. 5.37 billion with a market price of Rs. 165.00 per share and breakup value of Rs. 127.30 per share.

The 2.28% increase in the value of the shares compared to last year reflects the confidence of our members and investors in the Company.

Market Price Share

Highest price per share during the year	Rs. 252.02
Lowest price per share during the year	Rs. 107.30
Closing price per share at year-end	Rs. 165.00

Financial calendar

The Company follows the period of January 01 to December 31 as the Financial Year.

Financial Results for the year 2020 will be announced as per the following tentative schedule:

1st quarter ending March 31, 2020	April 2020
2nd quarter ending June 30, 2020	August 2020
3rd quarter ending September 30, 2020	October 2020
Year ending December 31, 2020	February 2021

Announcements of the Financial Results for the year ended December 31, 2019 were made as follows:

1st quarter ended March 31, 2019	April 30, 2019
2nd quarter ended June 30, 2019	August 28, 2019
3rd quarter ended September 30, 2019	October 23, 2019
Year ended December 31, 2019	February 27, 2020

Annual general meeting

The Seventy-first annual general meeting of the shareholders will be held through video link on April 21, 2020 at 10:00 a.m. at the Company's Registered Office, West Wharf, Dockyard Road, Karachi.

A member entitled to attend, speak and vote at the Annual General Meeting may appoint another Member as a proxy to attend and vote on his/her behalf.

Investor relations contact

Mr. Wakil Ahmed Khan
(Manager – Corporate Services)

Email: Wakil.Khan@pakooxygen.com
Phone: (021) 32316914
Fax: (021) 32312968

In compliance with the requirements of Section 195 of the Companies Act 2017, CDC Shares Registrar Services Limited (CDC) acts as an Independent Share Registrar of the Company.

Enquiries concerning lost share certificates, dividend payment, change of address, verification of transfer deeds and share transfers may please be addressed to CDC at:

CDC Shares Registrar Services Limited

CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal
Karachi – 74400
Telephone No.: (92-21) 111-111-500 Fax No.: (92-21) 34326031
Timings: 9:00 am to 1:00 pm and from 2:30 pm to 4:30 pm (Monday to Friday)
Email: info@cdcpak.com

Public information

Financial analysts, stock brokers and interested investors desiring financial statements of the Company may visit our website at <http://www.pakooxygen.com>

سالانہ اجلاس عام

حصص یافتگان کا 71 واں سالانہ اجلاس عام بذریعہ ویڈیو لنک بروز منگل 21 اپریل 2020 بوقت 10.00 بجے صبح کمپنی کے رجسٹرڈ دفتر بمقام ویسٹ وہارف، ڈاکٹریٹ روڈ کراچی میں منعقد ہوگا۔

کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ ڈالنے کا حقدار ہے، وہ اپنی جگہ شرکت کرنے اور ووٹ ڈالنے کیلئے پراکسی مقرر کرنے کا اختیار رکھتا ہے

سرمایہ کاروں کیلئے رابطہ انفر:

جناب وکیل احمد خان

(منیجر - کارپوریٹ سروسز)

ای میل wakil.khan@pakoxygen.com فون: (021) 32316914

فیکس: (021) 32312968

کمپنیز ایکٹ 2017 کی شق 195 کی شرائط کے مطابق سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کمپنی کے خود مختار شیئر رجسٹرار کے طور پر کام کرتی ہے۔

گمشدہ شیئر سرٹیفکیٹس، ڈیویڈنڈ کی ادائیگی، پتے میں تبدیلی، ٹرانسفر ڈیڈز کی تصدیق اور شیئر ٹرانسفرز کی معلومات کیلئے برائے مہربانی سی ڈی سی سے درج ذیل پتے پر رابطہ کریں:

سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک بی، ایس ایم سی ایچ ایس، مین شارع فیصل کراچی 74400

ٹیلیفون نمبر 500 500 111 (92-21) فیکس نمبر 34326031 (92-21)

اوقات کار: 9.00 صبح تا 1.00 بجے دوپہر اور 2.00 بجے دن تا 4.30 بجے سہ پہر (پیر تا جمعہ)

ای میل: info@cdcpak.com

معلومات عامہ: مالیاتی تجزیہ کار، اسٹاک بروکرز اور خواہشمند سرمایہ کار جو کمپنی کے مالیاتی اسٹیٹمنٹس میں دلچسپی رکھتے ہوں، برائے مہربانی ہماری

ویب سائٹ <http://www.pakoxygen.com> وزٹ کر سکتے ہیں۔

معلومات برائے حصص یافتگان اسٹاک ایکسچینج کی لسٹنگ

پاکستان آکسیجن لمیٹڈ ایک پبلک لمیٹڈ کمپنی ہے۔ اس کے شیئرز کی تجارت پاکستان اسٹاک ایکسچینج میں کی جاتی ہے۔ کمپنی کے شیئرز کی معلومات معروف روزناموں میں "کیمیکل سیلٹر" کے عنوان کے تحت باقاعدہ شائع ہوتی ہے۔

مارکیٹ میں سرمایہ کاری اور پاکستان آکسیجن کے شیئرز کی مارکیٹ میں قیمت مارکیٹ میں سرمایہ کاری

31 دسمبر 2019 کو پاکستان آکسیجن لمیٹڈ کے شیئرز کی مارکیٹ کپٹلا سزیشن 5.37 بلین روپے تھی اور اس کی مارکیٹ قیمت 165.00 روپے فی شیئر تھی جبکہ بریک اپ ویلیو 127.30 روپے فی شیئر تھی۔

شیئرز کی قیمت میں گزشتہ سال کے مقابلے میں 2.28% اضافہ ہوا جس سے ظاہر ہوتا ہے کہ ہمارے ممبرس اور سرمایہ کاروں کا کمپنی پر اعتماد قائم ہے۔

مارکیٹ میں حصص کی قیمت

سال کے دوران میں شیئرز کی زیادہ سے زیادہ قیمت: 252.02 روپے
سال کے دوران میں شیئرز کی کم سے کم قیمت: 107.30 روپے
سال کے اختتام پر شیئرز کی قیمت: 165.00 روپے

مالیاتی کلینڈر: کمپنی کے مالیاتی سال کی مدت 01 جنوری تا 31 دسمبر ہے

2020 کے مالیاتی نتائج کا اعلان چاروں فٹوں میں درج ذیل عبوری گوشوارے کے مطابق کیا جائے گا۔

پرہلی سہ ماہی ختمہ	31 مارچ 2020	اپریل 2020
دوسری سہ ماہی ختمہ	30 جون 2020	اگست 2020
تیسری سہ ماہی ختمہ	30 ستمبر 2020	اکتوبر 2020
سال ختمہ	31 دسمبر 2020	فروری 2021

سال ختمہ 31 دسمبر 2019 کیلئے مالیاتی نتائج کا اعلان درج ذیل گوشوارے کے مطابق کیا گیا

پرہلی سہ ماہی ختمہ	31 مارچ 2019	30 اپریل 2019
دوسری سہ ماہی ختمہ	30 جون 2019	28 اگست 2019
تیسری سہ ماہی ختمہ	30 ستمبر 2019	23 اکتوبر 2019
سال ختمہ	31 دسمبر 2019	27 فروری 2020

Pattern of shareholdings

Year ended December 31, 2019

Number of shareholders	Shareholdings' slab		Total shares held	
	from	to		
467	1	-	100	9,531
526	101	-	500	129,908
252	501	-	1,000	182,136
427	1,001	-	5,000	882,629
104	5,001	-	10,000	707,691
43	10,001	-	15,000	529,770
18	15,001	-	20,000	306,841
16	20,001	-	25,000	365,869
10	25,001	-	30,000	262,295
4	30,001	-	35,000	129,582
2	35,001	-	40,000	76,861
3	40,001	-	45,000	123,412
2	45,001	-	50,000	95,110
6	50,001	-	55,000	313,255
1	55,001	-	60,000	55,900
2	60,001	-	65,000	125,439
1	65,001	-	70,000	67,470
1	70,001	-	75,000	72,800
1	85,001	-	90,000	85,980
1	90,001	-	95,000	91,000
1	100,001	-	105,000	102,423
1	105,001	-	110,000	107,454
1	110,001	-	115,000	114,888
1	160,001	-	165,000	162,500
1	200,001	-	205,000	202,800
1	235,001	-	240,000	236,060
1	255,001	-	260,000	255,005
2	385,001	-	390,000	777,637
1	1,170,001	-	1,175,000	1,171,812
1	2,340,001	-	2,345,000	2,343,624
1	3,905,001	-	3,910,000	3,906,041
1	7,810,001	-	7,815,000	7,812,082
1	10,740,001	-	10,745,000	10,744,531
1,901				32,550,336

Categories of shareholders

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Fawad Anwar (2 Folios)	1	17,332	0.05
Shahid Mehmood Umerani (2 Folios)	1	2,343,754	7.20
Feroz Rizvi	1	130	0.00
Syed Hassan Ali Bukhari	1	834	0.00
Muhammad Zindah Moin Mohajir	1	130	0.00
Siraj Ahmed Dadabhoy	1	17,332	0.05
Executives			
	2	10,140	0.03
Associated Companies, undertakings and related parties			
M/s Adira Capital Holdings (Pvt) Ltd. (2 Folios)	1	10,754,710	33.04
M/s Hilton Pharma (Pvt) Ltd.	1	7,812,082	24.00
M/s Soorty Enterprises (Pvt) Ltd.	1	3,906,041	12.00
M/s Al-Karam Textile Mills (Pvt) Ltd.	1	17,332	0.05
NIT and ICP			
	1	390	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions			
	8	340,965	1.05
Insurance Companies			
	4	883,646	2.71
Modarabas and Mutual Funds			
	3	281,619	0.87
General Public			
a. Local	1,803	5,283,677	16.23
b. Foreign	2	37	0.00
Foreign Companies			
	1	6,780	0.02
Others			
	64	873,405	2.68
Totals	1,901	32,550,336	100.00
Shareholders holding 5% or more			
M/s Adira Capital Holdings (Pvt) Ltd.		10,754,710	33.04
M/s Hilton Pharma (Pvt) Ltd.		7,812,082	24.00
M/s Soorty Enterprises (Pvt) Ltd.		3,906,041	12.00
Shahid Mehmood Umerani		2,343,754	7.20

Notice of annual general meeting

Notice is hereby given that the 71st Annual General Meeting of **PAKISTAN OXYGEN LIMITED** will be held through video link on Tuesday, the **21st day of April 2020 at 10:00 a.m.** at the Company's Registered Office, West Wharf, Dockyard Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive and consider the Financial Statements of the Company for the year ended December 31, 2019 and Reports of the Directors and Auditors thereon.
2. To appoint the Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

3. To capitalize a sum of Rs. 65,100,672 out of the un-appropriated profits of the Company for the issuance of 6,510,067 Bonus Shares to the Members of the Company as at the close of business on April 14, 2020 in the proportion of 2 ordinary shares for every 10 ordinary shares held at that date.
4. To consider, and if thought fit, to authorise the Board of Directors of the Company to determine from time to time, under and pursuant to Article 74 of the Company's Articles of Association, the fees payable to the Directors of the Company on such basis as the Board of Directors may determine including, without limiting the generality of the foregoing, the determination of different fees for the members of the Board of Directors, and for the members of each Committee of the Directors, and for the Chairman of the Board of Directors and for the Chairman of any Committee of Directors, for the purposes aforesaid to consider and if thought fit to pass the following resolution as and by way of a Special Resolution, namely:

RESOLVED as and by way of a Special Resolution **THAT** the Board of Directors of the Company be and is hereby authorised to determine from time to time, under and pursuant to Article 74 of the Company's Articles of Association, the meeting fees payable to the Directors of the Company on such basis as the Board of Directors may determine, including, without limiting the generality of the foregoing, the determination of different fees for the members of the Board of Directors, and for the members of each Committee of the Directors, and for the Chairman of the Board of Directors and for the Chairman of any Committee of Directors.

By Order of the Board

Mazhar Iqbal
Company Secretary

Karachi: February 26, 2020

NOTES:

1. The Share Transfer Books of the Company will be closed from April 15, 2020 to April 21, 2020 (both days inclusive).
2. A member entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf and a proxy so appointed shall have the same rights in respect of speaking and voting at the meeting as are available to a Member. Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time of the meeting. The proxy must be a member of the Company, except that a Corporation being a member of the Company may appoint as its proxy one of the officers or some other person though not a member of the Company.
3. Members are requested to immediately notify any change in their address or bank mandate as registered to the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi -74400.

4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport as applicable at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport as applicable at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Submission of CNIC/NTN (Mandatory):

According to Securities and Exchange Commission of Pakistan's (SECP) SRO 831(I)/2012 and other relevant rules, the electronic dividend should also bear Computerized National Identity Card (CNIC) number of the registered shareholder or the authorized person, except in the case of minor(s) and corporate shareholders.

As per Regulation No. 6 of the Companies (Distribution of Dividend) Regulations, 2017 and Section 243 of the Companies Act, 2017, the Company will be constrained to withhold payment of dividend to shareholders, in case of non-availability of identification number of the shareholder or authorized person (CNIC or NTN).

Accordingly, the individual members, who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar. Corporate Entities are requested to provide their National Tax Number (NTN).

Unclaimed Dividend:

Shareholders, who could not claim their dividend due to any reason, are advised to contact the Company's Share Registrar, CDC, immediately to collect/enquire about their unclaimed dividend, if any.

The Company, after having completed the prescribed procedures, shall deposit all dividend outstanding for a period of 3 years or more from the date of issue to the Federal Government in case such dividend remains unclaimed in compliance with the requirement of Section 244 of the Companies Act, 2017.

Circulation of Audited Financial Statements through E-mail and by CD/DVD/USB:

Pursuant to Notification SRO No. 470(I)/2016 dated May 31, 2016, the SECP has allowed (in addition to email), circulation of annual balance sheet and profit and loss account, auditors' report and directors' report etc. ("Audited Financial Statements") to the members along with the notice of the Annual General Meeting ("AGM") through CD/DVD/USB to the members at their registered addresses.

Therefore, it is notified to all members that in accordance with Notification SRO No. 470(I)/2016, members who wish to receive the hard copies of the Audited Financial Statements (Annual Report) along with notice of AGM, may send the Standard Request Form to the Company's Share Registrar. The Standard Request Form is available from the Company's website: (www.pakoxygen.com). If a member prefers to receive hard copies for all the future Audited Financial Statements and notice of AGM, then such preference of the member shall be noted in the Standard Request Form.

Availability of Annual Audited Financial Statements on the Company's website:

In accordance with the provisions of Section 223(7) of the Companies Act 2017, the audited financial statements of the Company for the year ended December 31, 2019, are available on the Company's website (www.pakoxygen.com).

Consent for video conference facility:

Members may participate in the meeting via video-link facility. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location outside Karachi, to participate in the meeting through video link at least 7 days prior to the date of meeting, the Company will arrange video link facility subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, Members, who wish to participate through video link facility, should send a duly signed request as per the following format to the registered address of the Company at least 7 days before the date of general meeting.

Consent for Video Conference Facility	
<p>I/We/Messrs, _____ of _____, being a member of Pakistan Oxygen Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account No. _____, hereby opt for video link facility at _____.</p>	
<p>Signature of the Member(s) (Please affix company stamp in case of corporate entity)</p>	

Coronavirus contingency planning for annual general meetings of shareholders

In accordance with SECP Circular No. 5 of 2020 dated 17 March 2020, the Company will be taking measures for managing the Annual General Meeting of the Company in consonance with the Government's restrictions on public gatherings. Accordingly the following information is set out below for the convenience of the shareholders of the Company:

(1) Shareholders are urged to send by email, WhatsApp, or any other electronic mean or by post or courier their comments/suggestions for the proposed agenda items of the Annual General Meeting. The details are set out below:

Email address:	mazhar.iqbal@pakoxygen.com
WhatsApp number:	+92 301 8221709
Cell phone number:	+92 301 8221709
Registered Office Address:	Pakistan Oxygen Limited, West Wharf, Dockyard Road, Karachi-74000

2. Shareholders of the Company can also attend the Annual General Meeting via video link to login and participate in the proceedings of the Annual General Meeting through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities.

Shareholders interested in attending the Annual General Meeting via video link are requested to have their particulars registered at least 24 hours before the time of Annual General Meeting with the Company Secretary at the following address:

Email address: mazhar.iqbal@pakoxygen.com

The login facility will be opened at 9:00 a.m. on April 21, 2020 enabling the participants to join the proceedings which will start at 10:00 a.m. sharp.

The shareholders are requested to provide the information as per the below format. The video link will be sent to the shareholders on the email address provided in the below table:

S. No.	Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email address

3. In view of the prevailing situation shareholders are urged to provide proxies.

Statement of Material Facts as Required Under Section 134(3) of The Companies Act, 2017

Agenda Item No. 3

In the opinion of the Directors the financial position of the Company justifies the capitalization of a sum of Rs. 65,100,672 out of unappropriated profits of the Company for the issuance of Bonus Shares in the ratio of 2 ordinary shares for every 10 ordinary shares held. Those persons whose names appear on the Register of Members of the Company as at the close of business on April 14, 2020 will be entitled to the proposed issuance of Bonus Shares in the proportion mentioned above.

Accordingly, the Board of Directors of the Company have recommended that the following resolution be passed as an Ordinary Resolution:

RESOLVED that:

- (i) in pursuance of Article 129 and 130 of the Company's Articles of Association, a sum of Rs. 65,100,672 (Rupees Sixty five million, one hundred thousand and six hundred seventy two) out of unappropriated profits as of December 31, 2019 be capitalised and distributed, by issuing 6,510,067 fully paid ordinary shares of Rs 10 each to the Members of the Company whose names appear in the Register of Members at the close of business on April 14, 2020 in the proportion of 2 bonus shares for every 10 shares held by the entitled Members;
- (ii) the bonus shares so issued shall rank pari passu in all respect with the existing shares of the Company.
- (iii) members' entitlement to fractional shares as a result of their entitlement being less than one ordinary share shall be consolidated into whole shares and sold on the Stock Market and the proceeds so realized shall be distributed to the shareholders entitled to the fraction in proportion to their respective entitlements.
- (iv) the Chief Executive Officer and Chief Financial Officer and/or Company Secretary be and hereby jointly and/or severally authorised to do all acts, deeds and things and take any and all necessary steps to fulfill the legal, corporate and procedural formalities and to file all documents/returns as deemed necessary, expedient and desirable to give effect to this resolution.

The Directors are not personally interested in this business except to the extent of their entitlement to bonus shares as shareholders.

Agenda Item No. 4

The Board of Directors of the Company are of the view that the members of the Board of Directors of the Company and its Committee(s) and especially the Chairman of the Board of Directors and of its Committee devote a substantial portion of their time in the oversight of the business and affairs of the Company and in providing direction and advice to management.

Furthermore, the Chairman of the Board of Directors and the Chairman of each Committee of the Board are responsible for the leadership of the Board or the Committee, as the case may be, and are responsible for ensuring that the Board or the Committee, as the case may be, plays an effective role in discharging its responsibilities and that this places additional obligations on, and requires more time to be given by, the Chairman of the Board and the Chairman of each Committee.

Accordingly, the Board of Directors of the Company is of the view that the Directors fees payable under Article 74 of the Company's Articles of Association cannot be one single fees, and that it would be appropriate to pay a different fee to the Chairman of the Board of Directors and the Chairman of each Committee of the Board and members of the Board of Directors and each committee of the Board depending on the work assigned and the responsibility assumed in those capacities.

For this purpose, the Board of Directors propose that the resolution set forth at item 4 of the Agenda in the Notice convening the Annual General Meeting of the Company to be held on April 21, 2020 be considered and passed as a Special Resolution to give to the Board of Directors of the Company the ability to determine separate fees for members of the Board and each Committee of the Board and the Chairman of the Board and the Chairman of each Committee of the Board.

As and by way of example, the Board of Directors propose that effective January 1, 2020 the fees payable to the Directors for attending meetings of the Directors or any committee of Directors shall be Rs. 50,000 per meeting and Rs. 75,000 per meeting for non-executive Directors and independent Directors, respectively and that the fees payable to the Chairman of the Board of Directors for attending meetings of the Directors and its Committees shall be Rs. 500,000 per meeting subject to an annual cap of Rs. 10 million. The above mentioned fees will be reviewed by the Board from time to time and the payment of fees to the members and Chairman of the Board and each of the Committees of the Board shall be determined in due course.

As required, the fees annually paid to the Directors shall be disclosed in the annual accounts of the Company.

The members of the Board of Directors are interested in this matter to the extent of the meeting fees determined by the Board of Directors from time to time and fees that each of them will be paid pursuant to such determination.

اس کے علاوہ بورڈ آف ڈائریکٹرز کے چیئرمین اور بورڈ کی ہر کمیٹی کے چیئرمین بورڈ یا کمیٹی کی ضروریات کے مطابق قیادت کے ذمہ دار ہیں اور اس بات کو یقینی بنانے کے بھی ذمہ دار ہیں کہ بورڈ یا کمیٹی کیلئے حسب ضرورت، اپنی ذمہ داریاں نبھانے میں موثر کردار ادا کرتے ہیں اور یہ کہ یہ عہدے ان کی اضافی ذمہ داری ہیں جس کے لئے بورڈ کے چیئرمین اور ہر کمیٹی کے چیئرمین کیلئے مختص وقت سے کہیں زیادہ وقت دینا پڑتا ہے۔

اس بناء پر کمپنی کے بورڈ آف ڈائریکٹرز کی رائے میں کمپنیز آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 74 کے تحت ڈائریکٹرز کیلئے قابل ادائیگی فیس صرف ایک فیس نہیں ہو سکتی اور مناسب یہ ہے کہ بورڈ آف ڈائریکٹرز کے چیئرمین اور بورڈ کی ہر کمیٹی کے چیئرمین اور بورڈ آف ڈائریکٹرز کے ہر ممبر اور بورڈ کی ہر کمیٹی کے ممبرز کو مختلف فیس ادا کی جائے جو ان کو سونپے گئے کام اور ذمہ داریوں کے لحاظ سے ہو۔

اس مقصد کے تحت بورڈ آف ڈائریکٹرز نے تجویز دی ہے کہ 21 اپریل 2020 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام کے نوٹس میں ایجنڈا کے آئٹم نمبر 4 میں درج قرارداد پر بطور خصوصی قرارداد غور کیا جائے اور اسے پاس کیا جائے تاکہ کمپنی کے بورڈ آف ڈائریکٹرز کو بورڈ اور ہر کمیٹی کے ممبرز اور بورڈ کے چیئرمین اور بورڈ کی ہر کمیٹی کے چیئرمین کیلئے علیحدہ فیس کے تعین کا اختیار حاصل ہو جائے۔

اس کیلئے ایک مثال کے طور پر بورڈ آف ڈائریکٹرز کی تجویز ہے کہ یکم جنوری 2020 سے ڈائریکٹرز کو ڈائریکٹرز کی یا ڈائریکٹرز کی کسی بھی کمیٹی کے میٹنگ میں شرکت کیلئے نان ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹرز کو قابل ادائیگی فیس بالترتیب 50,000 روپے فی میٹنگ اور 75,000 روپے فی میٹنگ ہونی چاہئے جب کہ بورڈ آف ڈائریکٹرز کے چیئرمین کو ڈائریکٹرز اور اس کی کمیٹیوں میں شرکت کی فیس 500,000 روپے فی میٹنگ ہو جو سالانہ 10 ملین روپے کی حد تک ہو۔ بورڈ وقتاً فوقتاً درج بالا فیسوں کا جائزہ لے گا ممبرز اور چیئرمین آف بورڈ اور بورڈ کی ہر کمیٹی کے چیئرمین کی فیسوں کا تعین اس وقت کی مناسبت سے کیا جائے گا۔

ڈائریکٹرز کو سالانہ ادا کی جانے والی فیس کو کمپنی کے سالانہ حسابات میں حسب ضرورت ظاہر کیا جائے گا۔

بورڈ آف ڈائریکٹرز کے ممبران وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعے طے شدہ میٹنگ فیس کی حد تک اس معاملے میں دلچسپی رکھتے ہیں اور ان میں سے ہر ایک کو ان کی ذمہ داریوں کے مطابق فیس ادا کی جائے گی۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مطلوبہ بنیادی حقائق کا اسٹیٹمنٹ

ایجنڈا آئٹم نمبر 3

ڈائریکٹرز کی رائے کے مطابق کمپنی کی مالیاتی پوزیشن اتنی مناسب ہے کہ ہر 10 عمومی شیئرز کیلئے 2 عمومی شیئرز کے حساب سے بونس شیئرز کے اجراء کیلئے کمپنی کے غیر تخصیص شدہ منافع سے 65,100,672 روپے مخصوص کئے جائیں۔ جن افراد کے نام 14 اپریل 2020 کو کاروباری اوقات کے اختتام تک کمپنی کے ممبرز کے رجسٹر میں موجود ہوں گے، وہ درج بالا تناسب کے لحاظ سے مجوزہ بونس شیئرز کیلئے اہل قرار دیئے جائیں گے۔

اس سلسلے میں کمپنی کے بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ درج ذیل قرارداد کو بطور عمومی قرارداد پاس کیا جائے؛
طے پایا کہ:

- (i) کمپنیز آرٹیکل آف ایسوسی ایشنز کے آرٹیکل 129 اور 130 کی پیروی میں کمپنی کے غیر تخصیص شدہ منافع (بمطابق 31 دسمبر 2019) میں سے 65,100,672 روپے (پنسیٹھ ملین، ایک لاکھ چھ سو بہتر روپے) کی سرمایہ کاری کی جائے اور کمپنی کے ممبرز کے درمیان، جن کے نام 14 اپریل 2020 کو کاروباری اوقات کے اختتام تک ممبرز کے رجسٹر میں درج ہوں گے، مکمل ادا شدہ 6,510,067 عمومی شیئرز بحساب ہر ملکیتی 10 شیئرز پر 2 بونس شیئرز اہل ممبرز کو تقسیم کیلئے جاری کر دیئے جائیں۔
- (ii) یہ جاری ہونے والے بونس شیئرز ہر لحاظ سے کمپنی کے موجودہ شیئرز کی خصوصیات کے برابر ہوں گے۔
- (iii) جزوی شیئرز کا استحقاق رکھنے والے ایسے ممبران جن کا استحقاق ایک شیئر سے کم ہوگا تو ایسے حصص کو بحیثیت مجموعی اسٹاک مارکیٹ میں فروخت کر دیا جائے گا اور اس سے حاصل ہونے والی رقم حصص یافتگان میں ان کے استحقاق کے تناسب سے تقسیم کی جائے گی۔

- (iv) چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر اور ایسا کمپنی سیکرٹری مشترکہ طور پر اور ایسا کلی طور پر مجاز ہوں گے اور ہیں کہ اس قرارداد کو موثر بنانے کیلئے تمام عمل، امور اور کام انجام دیں اور قانونی، کارپوریٹ اور ضابطے کی کارروائی پوری کریں اور تمام ضروری، درست اور مطلوبہ دستاویزات/ریٹرنز جمع کرائیں۔

ڈائریکٹرز کی اس معاملے میں کوئی ذاتی دلچسپی نہیں ہے، سوائے اس کے کہ وہ شیئر ہولڈر کے طور پر بونس شیئرز کے حقدار ہیں۔

ایجنڈا آئٹم نمبر 4

بورڈ آف ڈائریکٹرز کی رائے میں کمپنی کا بورڈ آف ڈائریکٹرز اور اس کی کمیٹی (کمیٹیاں) خصوصاً بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے چیئرمین کاروبار اور کمپنی کے امور کی نگرانی اور انتظامیہ کو ہدایات اور مشورے فراہم کرنے کیلئے اپنے وقت کا بڑا حصہ صرف کرتے ہیں۔

شیئر ہولڈرز کے سالانہ اجلاس عام کیلئے کورونا وائرس سے متعلق منصوبہ بندی:

عوامی اجتماعات پر حکومتی پابندیوں کے پیش نظر کمپنی، سالانہ اجلاس عام کے انتظام سے متعلق اقدامات کرے گی جو کہ SECP کے سرکلر نمبر 5 بتاریخ 17 مارچ 2020 کے مطابق ہے۔ اس سلسلے میں شیئر ہولڈرز کی سہولت کیلئے معلومات درج ذیل ہیں:

(1) شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اجلاس عام کے مجوزہ ایجنڈا آئٹمز سے متعلق اپنی رائے/تجاویز سے بذریعہ ای میل، واٹس ایپ، یا دیگر کوئی الیکٹرانک طریقہ کار یا ڈاک آگاہ کریں۔ تفصیلات درج ذیل ہیں:

ای میل ایڈریس:	mazhar.iqbal@pakoxygen.com
واٹس ایپ نمبر:	+92 301 8221709
موبائل نمبر:	+92 301 8221709
آفس کارجسٹریڈریس:	پاکستان آکسیجن لمیٹڈ، ویسٹ وہارف، ڈاکیا رڈ روڈ، کراچی - 74000

(2) کمپنی کے شیئر ہولڈرز سالانہ اجلاس عام میں شرکت کے لئے بذریعہ ویڈیو لنک لاگ ان (Login) کر سکتے ہیں اور اجلاس میں شرکت کیلئے اپنے گھروں یا کسی مناسب مقام سے اپنے اسمارٹ فونز یا کمپیوٹر ڈیوائسز کے ذریعے سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں۔

بذریعہ ویڈیو لنک سالانہ اجلاس عام میں شرکت کے خواہاں شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی تفصیلات سے کمپنی سیکریٹری کو اجلاس عام کے وقت سے کم از کم 24 گھنٹے پہلے درج ذیل ای میل پر آگاہ کریں:

ای میل ایڈریس: mazhar.iqbal@pakoxygen.com

لاگ ان کی سہولت مورخہ 21 اپریل 2020 کو صبح 9:00 بجے سے دستیاب ہوگی تاکہ شیئر ہولڈرز ٹھیک 10:00 بجے شروع ہونے والی کارروائی میں شریک ہو سکیں۔

شیئر ہولڈرز سے درخواست ہے کہ وہ اپنی تفصیلات درج ذیل طریقہ کار کے مطابق فراہم کریں۔ ویڈیو لنک شیئر ہولڈرز کی جانب سے ذیل میں فراہم کئے گئے ای میل ایڈریس پر بھیجا جائے گا۔

نمبر شمار	شیئر ہولڈر کا نام	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	فولیو نمبر	موبائل نمبر	ای میل ایڈریس

(3) موجودہ صورتحال کے پیش نظر شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ پراسی فراہم کریں۔

اور AGM کے نوٹس، کی ہارڈ کاپی منگوانا چاہتا ہو، تو اس کی ترجیح کو اس مقررہ درخواست فارم میں درج کر لیا جائے گا۔

سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی کمپنی کی ویب سائٹ پر دستیابی:

کمپنی ایکٹ 2017 کے سیکشن (7) 223 کے مطابق کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 31 دسمبر 2019 کمپنی کی ویب سائٹ (www.pakooxygen.com) پر دستیاب ہے۔

ویڈیو کانفرنس کی سہولت حاصل کرنے کیلئے رضامندی:

اگر کمپنی کو %10 یا اس سے زیادہ کے شیئرز کے حامل ممبرز کی جانب سے، جو کراچی سے باہر کسی جغرافیائی حدود میں رہتے ہوں، اجلاس کی تاریخ سے کم از کم 7 دن پہلے اجلاس میں ویڈیو لنک کے ذریعہ شرکت کرنے کی درخواست موصول ہو جائے تو کمپنی اس شہر میں دستیابی سے مشروط ویڈیو لنک کی سہولت فراہم کرے گی۔

کمپنی اجلاس عام کی تاریخ سے 5 روز قبل ممبرز کو ویڈیو کانفرنس کی سہولت کے مقام اور سہولت تک رسائی کیلئے مکمل معلومات فراہم کرے گی۔ ویڈیو لنک کی سہولت کے خواہشمند ممبرز درج ذیل دستخط شدہ فارم کمپنی کے رجسٹرڈ دفتر میں اجلاس کی تاریخ سے کم از کم 7 دن پہلے بھجوادیں۔

ویڈیو کانفرنس کی سہولت کیلئے رضامندی

میں/ہم/میسرز _____ سکندہ _____ بحیثیت ممبر پاکستان آکسیجن لمیٹڈ، رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کے تحت _____ عمومی شیئرز کا/کے حامل ہوں/ہیں، _____ پروویڈیو لنک کی سہولت حاصل کرنا چاہتا ہوں/چاہتے ہیں۔

دستخط ممبر (ز)

(کارپوریٹ ادارے کی صورت میں برائے مہربانی کمپنی کی مہر بھی ثبت کریں)

(v) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ کے دستخط (اگر پہلے سے فراہم نہ کئے گئے ہوں) کمپنی کو فراہم کرنا ہوں گے۔

CNIC/NTN جمع کرانا (لازمی):

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ایس آر او 2012 / 831(1) اور دیگر متعلقہ ضابطوں کے مطابق الیکٹرونک ڈیویڈنڈ پر نابالغ افراد اور کارپوریٹ شیئر ہولڈرز کے سوا، رجسٹرڈ شیئر ہولڈر یا مجاز شخص کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کا نمبر درج ہونا لازمی ہے۔

کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز 2017 کے ریگولیشن 6 اور کمپنیز ایکٹ 2017 کے سیکشن 243 کے تحت کمپنی شیئر ہولڈر یا مجاز شخص کے شناختی نمبر (CNIC یا NTN) دستیاب نہ ہونے کی صورت میں شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روک سکتی ہے۔

لہذا ان انفرادی ممبران سے جنہوں نے اپنے کارآمد شناختی کارڈ کی فوٹو کاپی ابھی تک کمپنی/شیئر رجسٹرار کے پاس جمع نہیں کروائی ہے، ان سے ایک مرتبہ پھر درخواست ہے کہ اپنے CNIC کی کاپی جلد از جلد شیئر رجسٹرار کے پاس جمع کرادیں۔ کارپوریٹ اداروں سے درخواست ہے کہ وہ اپنا نیشنل ٹیکس نمبر (NTN) فراہم کریں۔

غیر دعویٰ شدہ تقدمنافع منقسمہ:

ان شیئر ہولڈرز کو، جو کسی بھی وجہ سے اپنے تقدمنافع منقسمہ کا دعویٰ نہ کر سکے، ہدایت کی جاتی ہے کہ اپنے غیر دعویٰ شدہ منافع منقسمہ، اگر کوئی ہے، کے حصول/اس کے بارے میں معلومات کیلئے کمپنی کے شیئر رجسٹرار CDC سے فوری رابطہ کریں۔

کمپنیز ایکٹ 2017 کے سیکشن 244 کی شرائط کی پیروی میں کمپنی ایسے تمام ڈیویڈنڈز جو اجراء کی تاریخ سے تین سال یا اس سے زیادہ مدت گزر جانے کے باوجود کلیم نہیں کئے گئے، تمام ضروری کارروائی مکمل کرنے کے بعد وفاقی حکومت کے پاس جمع کرادے گی۔

آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی بذریعہ ای میل اور بذریعہ CD/DVD/USB ترسیل:

نوٹیفیکیشن ایس آر او نمبر 2016/470(1) مورخہ 31 مئی 2016 کے مطابق، SECP نے (ای میل کے ساتھ) سالانہ بیلنس شیٹ اور نفع نقصان کے حسابات، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("آڈٹ شدہ مالیاتی اسٹیٹمنٹس") ممبران کو سالانہ اجلاس عام ("AGM") کے نوٹس کے ساتھ بذریعہ CD/DVD/USB ان کے رجسٹرڈ پتوں پر بھجوانے کی اجازت دی ہے۔

لہذا تمام ممبران کو، جو نوٹیفیکیشن ایس آر او نمبر 2016/470(1) کے مطابق آڈٹ شدہ مالیاتی اسٹیٹمنٹس (سالانہ رپورٹ) مع AGM کے نوٹس کی ہارڈ کاپی منگوانا چاہتے ہوں، مطلع کیا جاتا ہے کہ وہ اس کیلئے مقررہ درخواست فارم کمپنی کے شیئر رجسٹرار کو بھجوادیں۔ یہ مقررہ درخواست فارم کمپنی کی ویب سائٹ (www.pakoxxygen.com) پر دستیاب ہے۔ اگر کوئی ممبر مستقبل کی تمام آڈٹ شدہ مالیاتی اسٹیٹمنٹس

نوٹس:

- ۱- کمپنی کی شیئر ٹرانسفر بکس مورخہ 15 اپریل تا 21 اپریل 2020 (بشمول دونوں ایام) بند رہیں گی۔
- ۲- کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ ڈالنے کا حقدار ہے، وہ اپنی جگہ دوسرے ممبر کو شرکت کرنے اور ووٹ ڈالنے کیلئے پراکسی مقرر کرنے کا اختیار رکھتا ہے۔ اس تقرر کردہ پراکسی کو اجلاس میں بولنے اور ووٹ دینے کے وہی حقوق حاصل ہوں گے جو ممبر کو ہیں۔ پراکسی کے موثر ہونے کیلئے اس کی اطلاع کمپنی کے رجسٹرڈ دفتر میں اجلاس شروع ہونے کے مقررہ وقت سے کم از کم 48 گھنٹے پہلے وصول ہونا لازمی ہے۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری ہے، سوائے کارپوریشن کے کمپنی ممبر ہونے کی صورت میں، اس کا کوئی افسر یا کوئی اور فرد پراکسی ہو سکتا ہے خواہ وہ کمپنی کا ممبر نہ ہو۔
- ۳- ممبران سے درخواست ہے کہ وہ اپنے اس پتے یا بینک مینڈیٹ میں کسی تبدیلی کی صورت میں فوری طور پر مطلع کریں جو کمپنی کے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سرورسز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی-74400 کے پاس رجسٹرڈ ہے۔
- ۴- سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مجریہ 26 جنوری 2000 میں درج رہنما ہدایات کی پیروی بھی کرنا ہوگی۔

الف اجلاس میں شرکت کیلئے:

- (i) انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا کوئی فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈڈ ہیں، ان کو اجلاس میں شرکت کے وقت اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (ii) کارپوریٹ ادارے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد کردہ فرد کے نمونہ کے دستخط (اگر پہلے سے فراہم نہ کئے گئے ہوں) فراہم کرنا ہوں گے۔

ب پراکسیز کے تقرر کیلئے:

- (i) انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا کوئی فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈڈ ہیں، ان کو درج بالا شرائط کے مطابق پراکسی فارم جمع کرانا ہوگا۔
- (ii) پراکسی فارم پر دو گواہوں کے دستخط ہونا لازمی ہیں جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔
- (iii) پراکسی فارم کے ساتھ ہینڈفیشیل اوزار اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں منسلک ہوں۔
- (iv) پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ پاکستان آکسیجن لمیٹڈ کا 71 واں سالانہ اجلاس عام بذریعہ ویڈیو لنک مورخہ 21 اپریل 2020 بروز منگل، بوقت 10.00 بجے صبح کمپنی کے رجسٹرڈ دفتر بمقام ویسٹ وہارف، ڈاکیا روڈ کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

عمومی کارروائی

- ۱۔ کمپنی کے مالیاتی اسٹیٹمنٹس برائے سال ختمہ 31 دسمبر 2019 مع ڈائریکٹرز اور آڈیٹرز رپورٹ وصول کرنا اور ان پر غور کرنا۔
- ۲۔ کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔

خصوصی کارروائی

۳۔ کمپنی کے غیر تخصیص شدہ منافع سے 65,100,672 روپے کی رقم کو 6,510,067 بونس شیئرز کے اجراء کیلئے مخصوص کرنا جو 14 اپریل 2020 کو کاروباری اوقات کے اختتام پر موجود کمپنی کے ممبران کو ہر 10 عمومی حصص کے عوض 2 عمومی حصص کے تناسب سے جاری کئے جائیں گے۔

۴۔ اس بات پر غور کرنا اور اگر درست معلوم ہو تو کمپنی کے بورڈ آف ڈائریکٹرز کو اس کا اختیار دینا کہ وہ کمپنیز آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 74 کی رو سے وقتاً فوقتاً بورڈ کے تعین کردہ طریقے کی بنیاد پر کمپنی کے ڈائریکٹرز کو قابل ادائیگی فیس کا تعین کریں بشمول موجودہ کو متاثر کئے بغیر، بورڈ آف ڈائریکٹرز کے ممبرز کیلئے اور ڈائریکٹرز کی ہر کمیٹی کے ممبرز کیلئے اور بورڈ آف ڈائریکٹرز کے چیئرمین کیلئے اور ڈائریکٹرز کی کسی بھی کمیٹی کے چیئرمین کیلئے مذکورہ بالا مقصد کی خاطر مختلف فیسوں کا تعین کرنا اور درست معلوم ہو تو درج ذیل قرارداد کو بطور خصوصی قرارداد پاس کرنا:

"طے پایا کہ اس خصوصی قرارداد کے ذریعے کمپنی کے ڈائریکٹرز کا بورڈ اس بات کا مجاز ہوگا اور ہے کہ کمپنیز آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 74 کی رو سے وقتاً فوقتاً بورڈ کے تعین کردہ طریقے کی بنیاد پر کمپنی کے ڈائریکٹرز کو میٹنگز کی قابل ادائیگی فیس کا تعین کریں بشمول موجودہ کو متاثر کئے بغیر، بورڈ آف ڈائریکٹرز کے ممبرز کیلئے اور ڈائریکٹرز کی ہر کمیٹی کے ممبرز کیلئے اور بورڈ آف ڈائریکٹرز کے چیئرمین کیلئے اور ڈائریکٹرز کی کسی بھی کمیٹی کے چیئرمین کیلئے مختلف فیسوں کا تعین کرے۔"

بحکم بورڈ

مظہر اقبال
کمپنی سیکریٹری








کراچی: 26 فروری 2020



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Form of Proxy Annual General Meeting

I/We _____ of _____ in the district
of _____ being a member of Pakistan Oxygen Limited, hereby appoint
_____ of _____
as my/our proxy, and failing him/her _____

of _____ another Member of the Company to vote for me/us and on my/
our behalf at the Annual General Meeting of the Company to be held on the 21st day of April 2020 and at
adjournment thereof.

Signed on this _____ day of _____ 2020 in the presence of:

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
CNIC or Passport No. _____	CNIC or Passport No. _____

Folio / CDC Account No.

Signature on
Revenue Stamp of Rs. 10/-

This signature should agree with the
specimen registered with the Company

Important

- This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, West Wharf, Dockyard Road, Karachi not less than 48 hours before the time of holding the meeting.
- No person shall act as proxy unless he himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC account holders/corporate entities:

In addition to the above the following requirements have to be met:

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم سالانہ اجلاس عام

میں / ہم _____ سکنہ _____ ضلع _____ بحیثیت ممبر
پاکستان آکسیجن لمیٹڈ، بذریعہ ہذا کمپنی کے ممبر _____ سکنہ _____ کو اپنا پراکسی مقرر
کرتا ہوں / کرتے ہیں اور اس کی عدم موجودگی میں کمپنی کے دوسرے ممبر _____ کو اپنی جگہ کمپنی کے سالانہ اجلاس عام
میں جو 21 اپریل 2020 کو منعقد ہو گا یا کوئی التوا شدہ اجلاس ہو، میں شرکت کرنے اور میری / ہماری جگہ ووٹ دینے حقدار مقرر کرتا ہوں / کرتے ہیں۔
میں / ہم نے آج مورخہ _____ 2020 کو درج ذیل کی موجودگی میں دستخط کئے۔

1. دستخط _____ نام _____
2. دستخط _____ نام _____
پتہ _____ پتہ _____
سی این آئی سی یا پاسپورٹ نمبر _____ سی این آئی سی یا پاسپورٹ نمبر _____

فولیو / سی ڈی سی اکاؤنٹ نمبر

دس روپے کے ریونیو اسٹیٹمنٹ پر دستخط

دستخط، کمپنی کے پاس رجسٹرڈ نمونے کے دستخط کے مطابق ہونے چاہئیں۔

اہم نوٹ:

- یہ پراکسی فارم مکمل پر شدہ اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر واقع ویسٹ وہارف، ڈاکٹر ڈیوڈ، کراچی میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل
لازمًا وصول ہو جانا چاہئے۔
- کوئی شخص جو خود کمپنی کا ممبر نہ ہو، پراکسی مقرر نہیں کیا جاسکتا سوائے کارپوریشن کے جو کسی ایسے شخص کو پراکسی مقرر کر سکتی ہے جو کمپنی کا ممبر نہ ہو۔
- اگر کوئی شخص ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے پاس ایک سے زیادہ پراکسی فارم جمع کراتا ہے تو پراکسی کی ایسی تمام دستاویزات غیر موثر قرار دی جائیں گی۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے:

درج بالا کے علاوہ درج ذیل شرائط بھی پوری کرنا لازمی ہے:

- پراکسی فارم پر دو گواہان کے دستخط ہونے چاہئیں جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں۔
- بینیفیشل اوزر اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ فراہم کی جائیں۔
- پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔
- کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور نمونے کے دستخط (اگر پہلے سے جمع نہ کرائے گئے ہوں) کمپنی کو فراہم کرنا لازمی ہے۔

Business locations

Registered office/head office

Karachi
P.O.Box 4845, West Wharf
Phones +92.21.32313361 (9 lines)
Fax 92.21 32312968

North-western region

Lahore
P.O.Box 205
Shalamar Link Road, Mughalpura
Phones +92.42.36824091 (4 lines)
Fax + 92.42.36817573

Plot No. 705, Sundar Industrial Estate
Phones +92.42.35297244-47 (4 lines)

Mehmood Kot
Adjacent to PARCO
Mid Country Refinery, Mehmood Kot
Qasba Gujrat, Muzaffargarh
Phones +92.66.2290751 & 2290484-85
Fax +92.66.2290752

Faisalabad
Altaf Ganj Chowk
Near Usman Flour Mills
Jhang Road
Phones +92.41.2653463 & 2650564
Sales depot

Wah Cantonment

Kabul Road
Phone +92.51.4545359
Taxila
Adjacent to HMC No.2
Phones +92.51.4560701(5 lines) & 4560600
Fax +92.51.4560700

Rawalpindi

2nd Floor, Jahangir Multiplex
Golra Mor, Peshawar Road
Phones +92.51.2315501 (3 lines)
Fax +92.51.2315050

Southern region

Karachi
P.O.Box 4845, West Wharf
Phones +92.21.32313361 (9 lines)
Fax +92.21.32312968

Port Qasim

Plot EZ/1/P-5(SP-1), Eastern Zone
Phones +92.21.34740058 & 34740060
Fax +92.21.34740059

Sukkur

A-15, Airport Road
Near Bhatti Hospital
Phone +92.71.5630871

Pakistan Oxygen Limited
P.O. Box 4845, Dockyard Road, West Wharf, Karachi-74000, Pakistan
Phone +92.21.32313361 (9 lines), UAN +21 111-262-725
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