





# Aspire Innovate Rise

The Company has been known as “Pakistan Oxygen Limited” in the gases industry in Pakistan earlier for many decades (from 1949 to 1995). The name was changed first to “BOC Pakistan Limited” and then “Linde Pakistan Limited” as the company grew and its shareholding structure changed. As “Pakistan Oxygen Limited”, the Company has earned market recognition and cemented its position as a market leader in various segments that it operates in, taking forward a strong legacy of commitment to excellence with focus on innovation and sustainable growth.

We have always added value to the businesses of our customers through our diverse products range and reliable services and aftersales. Our customers’ have great trust in the Pakistan Oxygen brands that have grown over time. As a continuously learning and evolving organization, we focus on developing solutions to meet the changing needs of our customers through innovation and technological advancement.

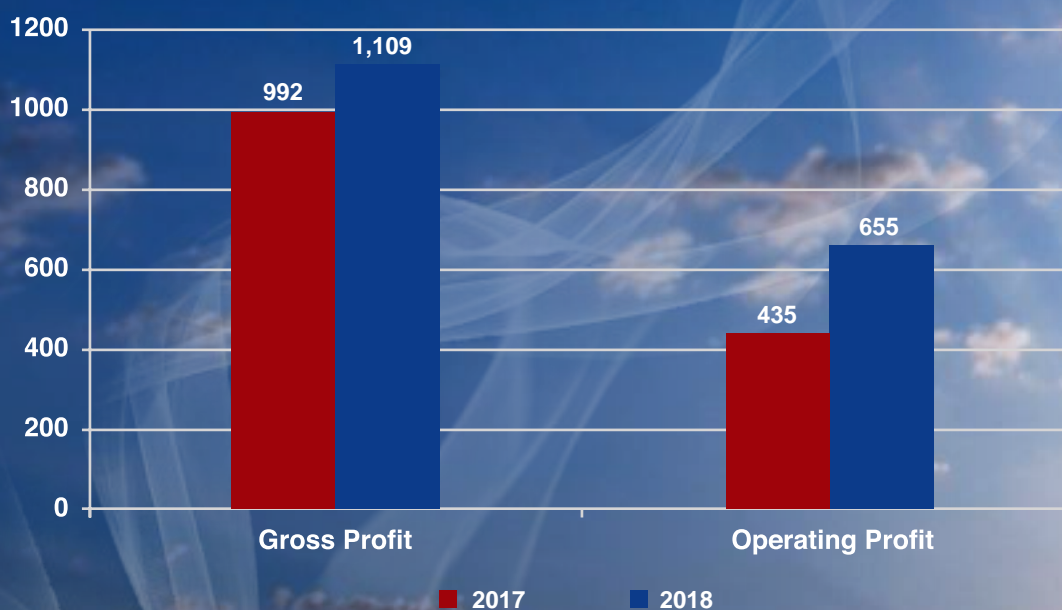
By harnessing the strength of world-class engineering and synergizing processes and technical innovations from around the globe, Pakistan Oxygen is able to develop best in class solutions that add value to customers’ business streams. We provide complete solutions, whether it be industrial or medical gases along with associated equipment and technical knowledge to train our customers to innovate and grow.

At Pakistan Oxygen, we put Safety, Health, Environment and Quality (SHEQ) first. We continuously work to uphold a leading SHEQ culture by adhering to strict industry and international standards. We take pride in the fact that our customers trust us for not compromising on these critical matters, and that we shall continue to uphold the sacred trust and work towards world-class standards through continuous efforts and commitment.

# Year at a glance

	December 31, 2018	December 31, 2017
	(Rupees in '000)	
<b>Net sales</b>	<b>4,860,059</b>	4,412,652
Gross profit	<b>1,109,531</b>	991,727
Total Overheads	<b>(470,470)</b>	(583,561)
<b>Operating profit before other income</b>	<b>639,061</b>	408,166
Other income	<b>15,789</b>	27,233
Operating profit	<b>654,850</b>	435,399
Profit before taxation	<b>538,531</b>	340,022
<b>Profit for the year</b>	<b>398,695</b>	240,034
Earnings per share - basic and diluted (Rupees)	<b>15.92</b>	9.59
Number of permanent employees at year end	<b>131</b>	117

**Gross Profit and Operating Profit (Rupees in Millions)**



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# OUR LEGACY

## 1935 - 2019

Pakistan Oxygen Limited has led the development of the industrial and medical gases industry for more than 80 years providing global solutions with a local outlook, each customised to the specific needs of our customers.

We supply products to more than 1,500 customers from a wide spectrum of industries ranging from chemicals and petrochemicals to steel, food and healthcare. Our team of trained professional staff manages 24-hour operations at all major industrial locations across the country to support our customers wherever they may be located.

### 1935

Indian Oxygen and Acetylene Company.

### 1949

The Company was incorporated as a private limited company under the name of Pakistan Oxygen and Acetylene Company Limited.

### 1957

The Company's name was changed to Pakistan Oxygen Limited.

### 1995

Renamed as BOC Pakistan Ltd; no change in pattern of shareholding.

### 1997

BOC Pakistan becomes a strategic partner for Lotte PTA; installs Pakistan's largest air separation unit at that time capable of producing up to 100 tons per day.

### 2000

Became a strategic supplier for PARCO, the country's largest refinery, through on-site MicroLN generator; also set up an ASU at Taxila for meeting increased oxygen, nitrogen and argon demand in northern Pakistan.

### 2004

BOC Pakistan invested in a 60 tons per day carbon dioxide plant in Multan to meet the demand from the beverage sector in Pakistan.

## 2008

Invested Rs. 214 million in a 23 tons per day carbon dioxide plant at Port Qasim to ensure reliable product availability for key beverage customers.

## 2009

New nitrous oxide plant commissioned at Lahore.

## 2010

BOC Pakistan announced Rs. 2 billion investment to build Pakistan's largest air separation plant in Lahore capable of producing up to 150 tons per day.

## 2011

BOC Pakistan rebranded as Linde Pakistan on 19 September.

## 2012

New state-of-the-art Air Separation Unit (ASU), the largest air separation plant in the country commissioned at Sunder Industrial Estate, Lahore.

## 2014

Linde Pakistan invested in a new state-of-the-art nitrogen generator at PARCO refinery in Qasba Gujrat

## 2016

Carbon dioxide compression facility commissioned at West Wharf site in Karachi.

## 2018

Linde Pakistan Limited rebranded as Pakistan Oxygen Limited after acquisition of majority shareholdings of the Company by Adira Capital Holdings (Private) Limited ("Adira") and its Affiliates. Commissioned compression facility in Sukkur.

## 2019

Inaugurated Electrode Manufacturing Plant at West Wharf site in Karachi.

# Vision

To improve the quality of life and wellbeing of people, communities and environment by operating in all sectors of the economy; envisage growth aggressively as a market leader while admiring our people.

# Mission

To remain the market leader in industrial and medical sector while growing aggressively in welding & hardgoods.

We shall achieve this profitably on sustained basis through the talent of our people, product reliability, superior product service & quality.

We would provide innovative solutions to our customers along with enhancing trust of our stakeholders while keeping highest standards of ethics, safety and environment.

Address of Head office  
Pakistan Oxygen Limited  
P. O. Box 4845, Dockyard Road,  
West Wharf, Karachi 74000, Pakistan  
Phone +92.21.32313361 (9 lines)  
Fax +92.21.32312968

Customer services UAN +92.21.111.262.725  
Website : [www.pakooxygen.com](http://www.pakooxygen.com)

National Tax Number : 0709930-4  
Company Registration Number : 000288



# Code of ethics

At Pakistan Oxygen, we live and work by a set of principles and values which encompass principles of safety, integrity, sustainability and respect and core values of passion to excel, innovating for customers, empowering people and thriving through diversity. Together these principles and core values underpin all our actions, decisions and behavior, and express what we stand for as an organization and what really 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, SHEQ (safety, health, environment and quality), 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 Limited undergo training on the Code of Ethics and are expected to comply with the standards laid out in the code.

# Our business

Everyday we touch the lives of millions of people with the products and services we provide to our customers across a wide range of industries – from medical gases that sustain lives to gases used in steel making, food production and welding. We can provide innovative solutions in areas such as clean energy, food processing and packaging, waste water treatment and healthcare. We are relentless in our search for new technologies and applications for the benefit of our customers and our planet.

Pakistan Oxygen proudly serves a diverse customer group spread across the country most of which are leading companies in their sectors spanning petrochemicals, steel, metals, glass, food and beverage, fabrication, pharmaceutical and medical sector. We act as strategic solution providers to our customers, providing value through our innovative products and services and using best operating practices learnt from across the globe.

Our business portfolio consists of four strategic units including On-site, Bulk, Packaged Gases and Products (PGP) and Healthcare.

## Tonnage

On-site customers for example petrochemicals, heavy scale manufacturing and refineries require gases in bulk volume for their daily production. For such customers, we provide products through pipeline supply schemes and on-site production units. In addition to catering to normal business activities, we ensure logistical and production capability to support fluctuations due to process and maintenance requirements.



## Bulk

Bulk customers are those to whom product is supplied through cryogenic road tankers in liquid form and is stored in storage tanks installed at their sites. The bulk product line includes Oxygen, Nitrogen, Argon, Hydrogen and Carbon Dioxide. Pakistan Oxygen is actively involved in delivering products and solutions to a wide array of customers in industrial sectors such as chemicals, steel, glass, oil and gas, distributors and food and beverage.



## Packaged gases and products

Packaged gases and products (PGP) cover a wide range of products which include compressed industrial gases, specialty gases welding consumables and equipment. PGP is characterized by a diversified portfolio of customers nationwide from quality control labs to pharmaceutical companies and from ship-breaking to the construction industry.



## Hardgoods

We supply a wide range of welding electrodes and filler material to meet needs of our customers. Besides welding, the portfolio includes gas cutting and arc equipment, manual and automatic welding machines, plasma cutters, abrasives and Personal Protective Equipment (PPE). These products are used across the industry.



## Healthcare

Pakistan Oxygen is the most trusted partner at hospitals across the country for decades and this trust is driven by our focus on quality and customer satisfaction. Our healthcare portfolio includes medical gases such as medical oxygen, nitrous oxide, special medical mixtures and medical equipment solutions such as concentrators and flowmeters, Modular Operation Theatre (OT) etc. We also provide the design, installation and maintenance of central medical gases pipeline systems.



# Passion to excel



Our values are embedded in our organization and resonate in everything we do.



Strict compliance with the standards and quality controls.

# 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 (O<sub>2</sub>, N<sub>2</sub>O, 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 - Spark E6013
- Stainless steel electrodes - Matador SS (E308 & E308L)
- Special electrodes
- Saffire MIG welding wires
- Saffire arc and gas equipment

### Welding machines

- Automatic
- Semi – automatic
- Manual

### Welding accessories

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

# Our commitment to safety

## Safety is one of our fundamental principles and our topmost priority.

Pakistan Oxygen aims to improve the quality of its products and services constantly, while maintaining the highest standards of safety, health, environment and quality.

Safety is a core principle and continues to be the top-most priority for us. We aspire to become a world-class organisation, where Safety, Health, Environment and Quality (SHEQ) rules and procedures are clearly defined, understood, respected and complied with by all employees, contractors, supervisors and managers instinctively and automatically.

We have implemented 'golden rules of safety' which apply across our company including our contractors with the aim of preventing severe injuries and fatalities and supporting the journey towards strong safety culture. They underpin critical safety rules and compliance which helps to prevent incidents and therefore serious injury or fatality. Each and every employee and contractor working with us must abide by these golden rules which are enforced as a condition of work at Pakistan Oxygen.

Visible Leadership is also a critical component of our SHEQ Strategy and Senior Management team, Function Heads and managers – everyone support the SHEQ agenda through active engagement, interventions, positive reinforcements etc., crucial for building an interdependent safety culture.

## Hazards and Risk Management

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

We also implemented best industry practices in Pakistan Oxygen such as:

- a. Competency Based Training and internal licencing of persons working in Safety Critical Roles e.g. commercial vehicle drivers, Cylinder Fillers, Site Managers etc.
- b. Monitoring of unsafe behaviours of commercial vehicle drivers through in-cab cameras, onboard computers, drivers briefing and debriefing system
- c. Installation of telemetry systems at critical installations at customer sites, to ensure the reliability of our supplies and the compliance to applicable international standards.

We believe that our SHEQ policy and initiatives will help us achieve our vision of Zero fatalities and severe incidents and we continue to focus on the SHEQ aspects of all our decisions, actions and behaviours, ensuring that all necessary training, systems, processes and tools are in place, and most importantly reinforcing the right attitude.





Aimed to improve the quality of products and services constantly.



Maintaining the highest standards of safety in everything we do.

# One company, countless solutions

As a technology leader, we strive to constantly raise the bar and develop high-quality products and innovative processes that create added value, clearly discernible competitive advantages, and greater profitability for our customers.

Our customers use our gases to improve competitiveness, cut process costs and enhance quality and productivity. Even more importantly, our innovative gas technologies and applications are paving the way for more sustainable, green lifestyle choices and business practices.

## Zero-additive preservation alternatives for the food and beverage industry

Food-grade industrial gases are an effective and natural way of meeting rising consumer demands for quality, variety and freshness in the food and beverage industry. It is a low or zero-additive alternative to conventional preservation techniques. Our state-of-the-art technologies and applications optimize processes, improve quality, increase yield, protect quality during transport and extend shelf life. We are able to support our customers from dairy, meat and fish, bakery, fruit and vegetables and the packaged business through our extensive gases portfolio which covers:

- Aquaculture
- Carbonation
- Chilling & freezing
- Fumigation
- Greenhouse horticulture
- Hydrogenation
- In-transit refrigeration
- Purgings
- Water treatment

## Oxygen enrichment in Process Industry

With strong oxidizing properties, oxygen is an ideal enrichment gas that increases efficiency of combustion in furnaces, and productivity of various stages in the process industry that require cutting, molding and refining of end products. Oxygen enables reaching higher temperatures, thereby

enhancing process capabilities and melting capacities.

POL has been serving the process industry with a proud legacy for over 70 years. Our satisfied customers are spread all over Pakistan, and range from the glass industry to the pharmaceuticals and more.

## Cryogenic Freezing for Frozen Meat/Fruit Industry

A type of freezing that reaches extremely low temperatures of below -150 degrees Celsius, cryogenic chilling is a process to safely freeze and then thaw food items without any impact on quality. At temperatures lesser than freezing point, the growth of bacteria and other microorganisms is greatly reduced, thus ensuring food quality. Rapid freezing also ensures quality of the food, and keeps it safely preserved.

Liquid nitrogen and carbon dioxide have the ability to reach extremely low temperatures of -196 degrees Celsius. This property enables their use for cryogenic freezing. With our learned expertise in this arena, we live to our customers' expectations in terms of service delivery and successful job executions.

## Nitrogen for food preservation

Increasing the shelf life of products, and keeping them preserved in existing condition over longer periods, nitrogen filling in food packages is an established solution for our customer's needs. Nitrogen gas keeps moisture and oxygen out of packaged items, limiting microbial growth, and preserving food quality.

We have a diversified customer portfolio and a reliable product supply mechanism, meeting the nitrogen supply needs of our customers to increase products' shelf life. With tested reliability, and safety standards that match international practices, POL is a proud supplier of nitrogen gas to the food industry in Pakistan.



Preserving the freshness of food



### Applications for steel and metal production

Steel and metal production industries face stiff competition both locally and from imports. Striking the right balance between profitability and competitiveness requires vigilant control over fuel consumption, resource management, efficiency, productivity and quality.

Pakistan Oxygen offers gas solutions to increase productivity, lower fuel consumption and other costs to support the metal industry in attaining their efficiency and profitability objectives. We cover the full spectrum from ore reduction and metal recycling through refining and casting to reheating and metal working and, finally, heat treatment to deliver proven efficiency gains.

### Solutions for the oil and gas segment

Environmental pressures are particularly acute for oil and gas customers including refineries due to increasingly severe environmental protection laws. Our gases applications can support customers in addressing their challenges. Our expertise can bring quality and productivity benefits in the following areas in particular:

- Inerting, purging and blanketing
- Enhanced Oil recovery (EOR)
- NOx removal / SOx removal
- Water treatment.
- Diesel Hydrodesulphurisation

### Therapeutic care through effective use of medicinal gases – liquid and compressed medical oxygen

Supporting healthcare through reliable supply of medical oxygen for numerous applications including:

- In clinical practice to provide a basis for virtually all modern anaesthetic techniques as well as pre and post-operative management.

- To restore the tissue oxygen tension towards normal by improving oxygen availability in a wide range of conditions, such as:
  - o Cyanosis of recent origin as a result of cardio-pulmonary disease.
  - o Surgical trauma, chest wounds and rib fractures.
  - o Shock, severe haemorrhage and coronary occlusion.
  - o Carbon monoxide poisoning.
  - o Hyperpyrexia.
  - o Major trauma.

### Background Anesthesia and Analgesia – Nitrous Oxide and Entonox ®

Providing medical gases solutions for numerous applications including:

- When an inhalation anaesthetic is required, the administration of nitrous oxide is usually accompanied by simultaneous administration of a volatile agent such as Halothane, Ethrane, etc.
- In the relief of severe pain, usually in emergency situations, by inhalation with 50% oxygen (Entonox ®).
- In short term procedures which inevitably involve pain, such as wound and burn.
- Dressing, wound debridement and suturing, administered usually with 50% oxygen.
- In dental work to provide short-term analgesia for tooth extraction and other brief procedures, administered with 50% oxygen.
- Occasionally as an insufflating agent in laparoscopy.
- In cryosurgery as a refrigerant.



Adding value to life



Launch event of Cylinder tracking system

### Innovating the welding technology

We develop innovative solutions tailored to individual needs across the full application spectrum - from joining and cutting through soldering and coating to heat treatment. Our welding gas mixtures and extensive range of welding equipment and consumables for Arc, MIG and TIG welding support our customers to meet their production and efficiency targets.



### The full spectrum of metal fabrication technologies

From general welding to highly specialized laser job shops, Pakistan Oxygen is able to support the varying application needs across the full application and equipment spectrum, combining both traditional and new cutting, welding and coating processes. We provide the equipment, consumables and safety gear as well as the safety training to ensure that all the gases you need are installed and handled properly. Our engineers are available to guide through the extensive range of welding and cutting options and gas mixtures available to make the process choice best suited to budget, productivity and quality demands.

### Specialty and fine chemicals

Fine and specialty chemicals cover the manufacture of specialty products used in everything from adhesives, sealants and coatings to

pharmaceuticals, detergents and electronic goods. Highly complex with a huge portfolio of patented technologies, this sector is under pressure to meet increasingly stringent safety and environmental regulations and hone competitiveness, particularly as more and more fine chemicals are evolving into commodities. Manufacturers are challenged to innovate in the search for environmentally cleaner reactions and smart solutions to highly specialized problems. Our gas enabled technologies can help fine and specialty chemical players meet these challenges.

### Cylinder tracking system

Pakistan Oxygen has collaborated with our global partner for the implementation of cylinder tracking system which will bring efficiency to track cylinders at customer locations and assure timely recording of assets in the system at every stage of cylinder management. In this process, cylinder movement will be maintained with its unique cylinder number.

The benefits of this process improvement includes:

- Compliance with statutory requirements for medical oxygen customers
- Enhanced safety compliance for all cylinders; efficient tracking system to help ensure safety inspection timelines of cylinders.
- Enhanced product reliability with the functionality for full product recall through the entire supply chain.
- Improved customer experience through managed supply chain.
- Improved and accurate information for stock management and inventory planning.
- Using existing retrieved cylinders for business growth instead of procuring new CAPEX cylinders.
- Electronic signing of customer at cylinder delivery document.

# Company information

## Board of Directors

Waqar Ahmed Malik	Non-Executive Chairman
Matin Amjad	Chief Executive Officer
Atif Riaz Bokhari	Non-Executive Director
Siraj Ahmed Dadabhoy	Non-Executive Director
Fawad Anwar	Non-Executive Director
Syed Hasan Ali Bukhari	Non-Executive Director
Sheikh Muhammad Abdullah	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Feroz Rizvi	Independent Director
Muhammad Zindah Moin Mohajir	Independent Director

## Chief Financial Officer

Syed Ali Adnan

## Company Secretary

Mazhar Iqbal

## Board Audit Committee

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

## Board Human Resource & Remuneration Committee

Feroz Rizvi	Chairman	Independent Director
Atif Riaz Bokhari	Member	Non-Executive Director
Syed Hasan 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  
Deutsche Bank AG  
HBL Bank Limited  
Citibank NA  
MCB Bank Limited  
National Bank of Pakistan Limited  
Meezan Bank Limited  
Askari Bank Limited

## Share Registrar

Central Depository Company of Pakistan 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  
Karachi-74000

**Website**  
[www.pakoxygen.com](http://www.pakoxygen.com)

# Key facilities around Pakistan

With our established expertise and a strong commitment to quality, reliability and safety, Pakistan Oxygen provides the technical know-how, quality products, professional service and life-saving dependability. This is why all major industrial corporations and hospitals throughout Pakistan depend on us for their complete gas and welding requirements.

## Reliability of supply

We take our customers' trust in our reliability very seriously. To ensure that we are able to meet our customers' evolving needs, today and over the coming decades, we continue to make investments at our plant sites to increase capacity, improve reliability and efficiencies and to ensure the highest product quality. We understand our customer's processes and their needs and offer complete gas and equipment solutions that meet their requirements. We are a strategic partner to our customers, catering to their evolving needs, and we have seen our customers grow with us over decades.

## Air Separation plants

Our facilities include 3 Air Separation plants (ASU) at Lahore and Port Qasim, including the largest ASU in Pakistan with a capacity of 133 tons per day (TPD). In addition to this, we also have dedicated nitrogen generation plant at Qasba Gujrat to cater to PARCO's demand.

## Hydrogen and Dissolved acetylene plants

Hydrogen and Dissolved Acetylene plants have been installed in both the South and West regions to meet customers demand on a nationwide basis.

## Nitrous Oxide Plant

We have also installed a Nitrous Oxide plant in Lahore which serves product to hospitals across Pakistan. Due to the sensitive nature of the product, state-of-the-art online purity analyzers have been installed to ensure product quality.

## Specialty gases laboratory

Our specialty gases laboratory ensures that we are able to meet our customers demand for high purity gases as well as special mixtures in a cost-effective and timely manner.

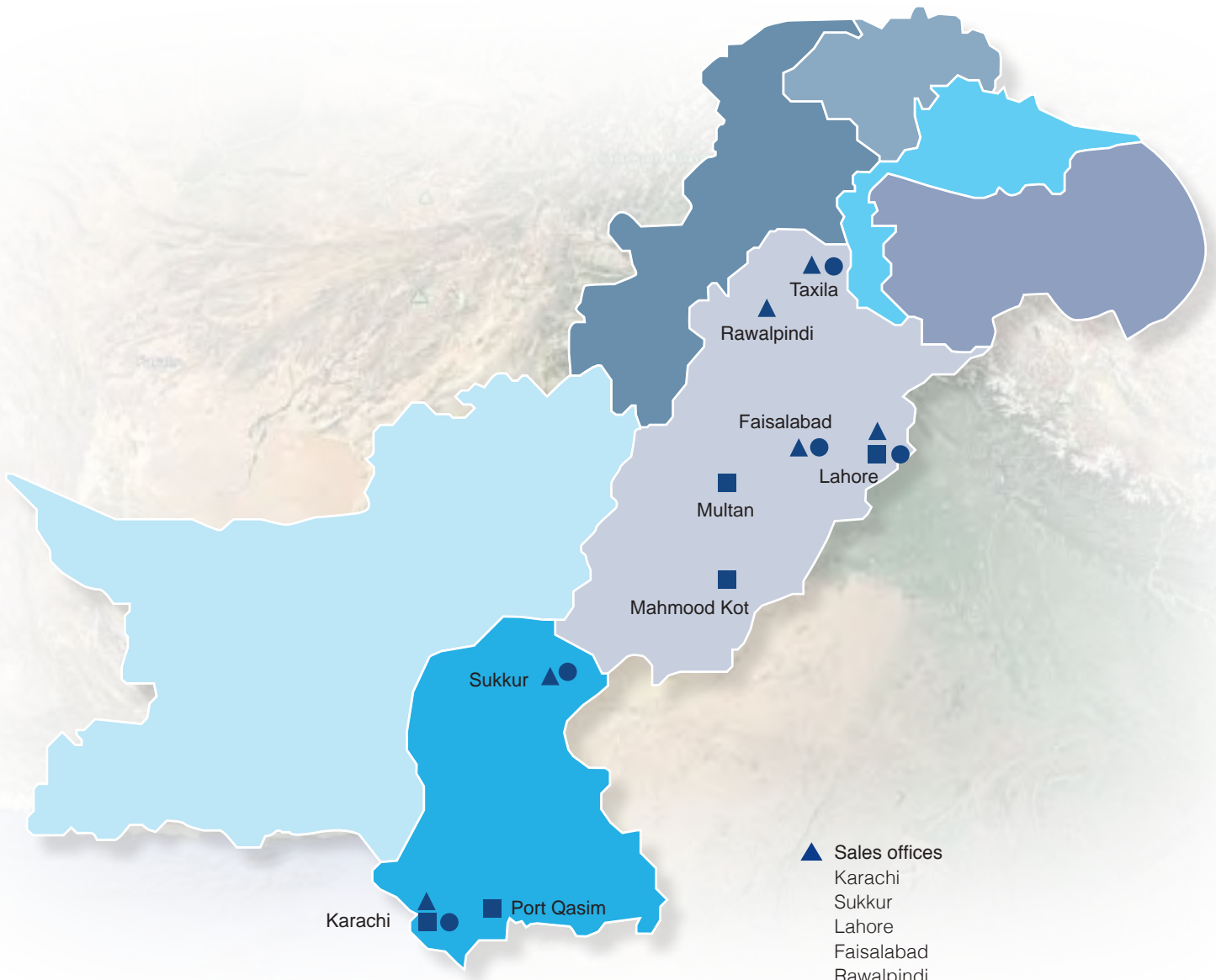
## Compression facilities

Our compression and cylinder filling sites are located across Pakistan to ensure that we are able to serve our customers in a timely manner along with Customer Service Centers and Sales Depots to facilitate our customers in every possible way.

In addition, we have the most extensive fleet of distribution vehicles in Pakistan consisting of cryogenic tankers and cylinder trucks to ensure that we are able to serve our customers regardless of where they are located.

## Electrode factory

Our newly inaugurated electrode factory in Karachi produces electrodes that signify strength and quality. With stringent quality control measures, we ensure that only products of the highest standard reach our customers. With this new investment, our capability and strength in the electrode business has been further enhanced to serve our customers better in the years ahead.



- ▲ Sales offices
  - Karachi
  - Sukkur
  - Lahore
  - Faisalabad
  - Rawalpindi
  - Taxila

- Plants
  - 100 TPD ASU Port Qasim,
  - 30 TPD ASU Port Qasim,
  - 23 TPD CO<sub>2</sub> Port Qasim
  - Electrolytic Hydrogen plant Port Qasim
  - Dry ice plant Port Qasim
  - 133 TPD ASU Lahore
  - Nitrous Oxide plant Lahore
  - 60 TPD CO<sub>2</sub> Multan
  - On-site Nitrogen plant Mahmood Kot
  - Electrode manufacturing plant Karachi
  - Dissolved Acetylene plant Karachi
  - Dissolved Acetylene plant Wah Cantt

- Company owned compressing stations

# Profile of the Directors\*



## Mr. Waqar A. Malik (Chairman)

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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 of the Board 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 and the Americas. He was the Country Head of ICI Plc's subsidiary in Pakistan, the largest foreign investment in the chemical sector at the time and quoted on the Karachi stock exchange.

Mr. Malik moved on from ICI Pakistan Limited in December 2012 and in 2016 he co-founded a semi private equity company, Adira Capital Holdings (Private) Limited, making the first successful acquisition i.e. Linde Pakistan (subsidiary of Linde AG).

Mr. Malik is founder Chairman of Noesis (Pvt.) Limited and his other directorships includes:

- Engro Corporation Limited – Director (Non-Executive & Independent)
- Standard Chartered Bank Pakistan Limited – Director (Non-Executive & Independent)
- Sarmaya-e-Pakistan Limited – Director (Non-Executive & Independent)
- TPL Direct Insurance Limited – Director
- TPL Life Insurance – Director
- Adira Capital Holdings (Private) Limited – Director
- Advisory Board of Institute of Business Administration – Member
- I – Care Pakistan – Trustee

Mr. Malik is also member of the visiting faculty of Pakistan Institute of Corporate Governance.

His previous engagements were:

- Director, State Bank of Pakistan and the audit chair, & member HR subcommittee of the Board.
- President of the Overseas Chamber of Commerce & Industry (OICCI).
- President, Management Association of Pakistan (MAP).
- Director, Pakistan Business Council (PBC).
- Member, Board of Governors Lahore University of Management Sciences (LUMS).
- Trustee, Duke of Edinburgh Trust, Pakistan and Member of Board of Indus Valley School of Art.

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

\*Other offices held by Directors are disclosed on page 44 under Corporate Governance

## **Mr. Matin Amjad (Chief Executive Officer)**

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Mr. Matin Amjad was appointed as Chief Executive Officer and Managing Director of the 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 20 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)**

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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 off Fullerton Financial Holdings – Temasek. Singapore) with a specific assignment to divest FFH'S holding in Pakistan. Currently 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. Fawad Anwar (Director)**

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Mr. Anwar is a leading businessman, industrialist, mentor and an entrepreneur.

He currently serves as the Managing Director of AlKaram Textile Mills (Private) Limited, one of the largest purveyors of innovative textile solutions around the world and is part of one of the most renowned Business groups in Pakistan. He also serves as the Vice Chairman on the Board of BankIslami Pakistan Limited.

Mr. Anwar was appointed as Non-Executive Director on the Board of Pakistan Oxygen Limited on January 7, 2018. In addition to these important roles, he also serves as the Chief Executive of Adira Capital Holdings (Private) Limited and director on the board of Lakeside Energy (Private) Limited, TPL Properties Limited and Alpha Beta Capital Markets (Private) Limited.

Mr. Anwar is a generous philanthropist and serves as the Chairman of a not-for-profit organization Fayyaz Anwar Foundation. He received his undergraduate degree in International Business from Temple University (Pennsylvania) and an MBA from Drexel University.



### **Mr. Siraj Ahmed Dadabhoy (Director)**

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

He was appointed as Non-Executive Director on the Board of Pakistan Oxygen Limited on January 7, 2018. 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.



## **Mr. Syed Hasan Ali Bukhari (Director)**

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Syed Hasan 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 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 other engagements have been as member Board of Karachi Port Trust, Pakistan Institute of Corporate Governance, appointed as Independent Director on the Board of Bank AL-Habib Limited in June 2014 and Non-Executive Director on the Board of Quick Food Industries (Pvt) Limited in May 2018.

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



## **Mr. Sheikh Muhammad Abdullah (Director)**

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Mr. 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 Senior 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 Mehmood Umerani (Director)**

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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.



### **Mr. Feroz Rizvi (Director)**

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Mr. Feroz Rizvi qualified as a Chartered Accountant from England & Wales and on return to Pakistan joined ICI Pakistan Ltd. He moved through various businesses and functions at ICI, including a period of secondment to ICI Plc's Head Office in London. He retired from ICI Pakistan as CFO and Finance Director. Currently, he is President & Chief Executive Officer of Pakistan Institute of Corporate Governance (PICG).

Mr. Rizvi has vast experience in the field of Corporate Finance, Strategy, Corporate Restructuring, Merger and Acquisition and Corporate Governance.

He is an alumni of Insead and Wharton Business School and has worked in Pakistan, UK and Saudi Arabia. Beside PICG, he is also on the Board of Engro Polymer & Chemicals Ltd and Honda Atlas Cars (Pakistan) as Director.

## **Mr. Muhammad Zindah Moin Mohajir (Director)**

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Mr. M. Z. Moin Mohajir's business experience 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 in October (OICCI) 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, Loads Limited and Member of the Investigation and Taxation committees of the Institute of Chartered Accountants of Pakistan (ICAP).

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







## Chairman's Review

Dear Shareholders

During the year 2018, a new Board of Directors was constituted following the acquisition, comprising professional and experienced individuals having the right blend of skills and expertise in the areas of business and strategy, compliance, finance and management. The Board also has the appropriate mix of non-executive and independent directors. During the year, the Board also appointed new Chief Executive Officer and Chief Financial Officer.


Post change of sponsors of the Company, the Board conducted seven meetings including two meetings on a comprehensive review of corporate, business and functional strategy of the Company. The Board Audit Committee met four times while seven meetings of the Human Resource & Remuneration Committee were held. Details of composition of the Board and its Committees are appearing in the annexed "Statement on Corporate Governance" on Page No. 44. An annual evaluation of the Board's own performance and of its' Committees was carried out in compliance with the requirement of the Code of Corporate Governance Regulations and was found to be satisfactory throughout the year.

The directors, including independent directors, have effectively discharged their roles and responsibilities in steering the Company in the direction of sustainable growth. I am also pleased to report that the Committees of the Board also acted in line with their respective terms of reference, as determined by the Board, in assisting the Board in discharge of its fiduciary responsibilities and in compliance with corporate governance regulations.

The Board recognizes that a well-defined corporate governance process is vital in enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholders' value. Members during Board meetings participated and contributed in the decision-making process of the Board.

I would take this opportunity to thank my fellow Board members, our valued customers and other stakeholders whose continuous support during this transitional phase is the real source of strength of the Company.

Karachi: 18 March 2019

  
**Waqar Ahmed Malik**  
Chairman

# 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 2018.



Inauguration of electrode manufacturing plant

## National Economy

Pakistan's GDP growth rate is expected to be around 4% during the current fiscal year. This will be lower than the 5.8% growth posted in FY 2018, primarily due to the reforms agenda introduced by the new PTI led government. Some of the key measures undertaken by the government to control both the growing current and fiscal account deficits include a cut in development spending, increase in interest rate and a significant devaluation of the Pak Rupee. As a result, the manufacturing sector witnessed a decline in growth by 0.9% during the period July to November 2018. Construction, steel and allied segments also remained under pressure. Average CPI increased to 6% during the first-half of FY 2019, significantly higher than 3.8% for the same period last year, which necessitated the State Bank to raise policy rate to 10.25%. On the internal front, the Current Account deficit recorded a reduction of about 4.4% during the first-half of the year mainly due to deceleration in the import bill of non-essential goods and services and an increase in inward remittances.

## Company's 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

pipeline. The Company records its activities under two segments namely industrial, medical and other gases and welding and others.

## Overview of Company's Performance

The Company recorded net sales of Rs. 4.9 billion in 2018, which are up 10% or Rs. 447 million over last year. This is despite the overall slowdown in industrial growth in a highly competitive market landscape. The shipbreaking segment at Gadani also impacted sales adversely as activities were shut-down for a number of months due to safety concerns. However, significantly better sales in the welding and healthcare segments helped overall sales growth. The welding segment witnessed robust growth in topline of around 30% with portfolio enhancement and price improvement.

In the healthcare sector, sales registered strong growth of 24% mainly underpinned by increased demand for medical gases and medical engineering & installation services. Oil & gas, manufacturing, fabrication and food & beverage sectors also registered higher sales during the year.

The Company registered an annual Gross Profit of Rs. 1.1 billion, up by 12% or 118 million compared to last year as a result of increased sales, sustained productivity initiatives and operational cost reduction measures. Despite inflationary pressures overheads were tightly controlled and were

19% below last year. Financing costs, however, increased by 22% as compared to last year on account of adverse movements in interest rates and higher utilization of credit facilities during the year. As a result of the above-mentioned progression, your Company registered a Profit Before Tax of Rs. 539 million, a 58% increase over the last year, Profit After Tax and EPS at Rs. 399 million and Rs. 15.92 respectively, 66% higher than last year.



Visit of Amantec students to electrode manufacturing plant

### Safety, Health, Environment, & Quality (SHEQ)

2018 has been another successful year with continued drive to improve the Company's Safety, Health, Environment and Quality performance.

Inspection, investigation and enforcement remained integral to delivering our commitment to Zero accidents. Targeted improvement campaigns were undertaken to identify and control high risk areas. A major highlight was the launch of Incident Management System (IMS) that enabled employees to record, monitor and investigate minor or any major incidents. Safety Day celebrations were also carried out on 13 July 2018 at all sites and locations to reiterate the Company's commitment towards providing a safe working environment for all. The Company's Leadership Team (CLT) fully participated in the event. Fire management drills and Contractors' engagement programs were rolled out at each Company location.

## Sales

### Healthcare

The medical pipeline and equipment division registered a double-digit revenue growth securing and completing a number of prestigious hospital projects from the public, private and defence sectors. At the same time, footprint in liquid and compressed medical gases was significantly enhanced. All important healthcare customers were retained through excellence in customer service and product quality, registering double digit revenue growth in all segments.

Furthermore, during the year several initiatives were undertaken to improve quality and service levels through investments on compliance with Hospital Technical Memorandum (HTM) standards and introduction of digitalization to innovate and deliver more customer focused solutions to monitor, plan and track medical gases supplies to hospitals. These initiatives enabled us to raise the bar in healthcare solutions by focusing on the significance of product safety and quality standardization. Being leaders in healthcare gases and engineering services, we believe it is our responsibility to maintain the highest standard that help save human lives.

As a result, the Healthcare business continued to perform well at the back of strong customer trust and satisfaction. Our uncompromising focus on product safety and adherence to HTM standards allowed us to sustain and enhance our leadership position in the healthcare division as the most highly regarded and valued suppliers in the country.



Complete bedhead panels installed at hospital



Management team with Regional Sales Managers

## Industrial Gases

Building on our legacy of being a preferred supplier of industrial gases, your Company maintained its leading market position in the industry. Despite challenging business conditions due to industrial growth slowdown, lack of funds for development projects, slower activity in the shipbreaking sector and with surplus industrial gases availability in the market, the Company continued to maintain its leadership position through customer engagement.

All ASU plants remained fully loaded throughout the year and all major customers were effectively managed. While, steel and shipbreaking sectors witnessed slower activity during the year, specially during Q2 & Q3 of 2018, better sales in oil & gas, manufacturing, fabrication and food & beverage sectors helped sustain sales. Your Company has strengthened its footprint and improved its market share in key segments of the industry by capitalizing on growth opportunities through provision of customized solutions, exceptional product safety, service quality and other value-added services.

## Welding and Others

Our key brands of electrodes – Zodian, Fortrax and Matador were approved for use at various key and strategic projects across the country along with improved demand from existing users. As a result, the business grew in double digits despite continued influx of smuggled products, slow-down in infrastructure projects in H2 2018 and stiff competition from local and international players. Our customer base remains strong, with sizable growth in their number with each passing year, denoting our strong positioning and customers trust.

The Directors are pleased to report that the Company has rehabilitated its in-house production facility for manufacturing electrodes. Further, a new line has also been acquired and added to the existing facility. The facility is expected to reduce cost and provide the platform for future growth in brands and products.

## Operations

The Company continued to focus on optimizing manufacturing facilities and increasing efficiencies at all its manufacturing sites. During the year, several efficiency improvement initiatives were planned and executed successfully.

During the year, all bulk manufacturing sites operated at their full capacity in a safe, efficient and reliable manner. These manufacturing facilities have maintained their Quality Management Systems, including the Food Safety Standards Certification (FSSC 22000) at the Port Qasim CO<sub>2</sub> production facility.

## Human Resources

The Company believes that it is its people who differentiate it from the rest. The professional expertise and solution-oriented approach of our team helps us meet our customers' expectations of quality products and services.

To strengthen the existing talent pool, during the year the Company introduced a management trainee program with the aim to induct high potential managers into the organization. At the same time, an employee Engagement Survey was also sponsored to identify the current engagement level of all employees. The leadership team continued to



demonstrate their focus on improving the diversity within the organization and for making concerted efforts for women empowerment while offering career growth opportunities for all.

## 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 No. 44.

In addition to above, a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017" together with the Auditors' Review Report to Members thereon appears on Page No. 51 and 53 respectively.

## Corporate Social Responsibility (CSR)

In 2018, our employees generously contributed to support the national drive to raise funds for building dams. The Company also contributed an equivalent amount to the dam fund.

The Company also continued to extend its support to the healthcare sector through donations and free product supply supporting various charitable efforts of healthcare institutions.

## 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 a final cash dividend of Rs. 2.00 per share or 20% for the year ended December 31, 2018 and issuance of bonus shares in the proportion of 3 shares for every 10 shares held i.e. 30% subject to approval of the Members at the 70th Annual General Meeting to be held on 30 April 2019. The effect of such dividend shall be reflected in the next year's financial statements. This is in addition to the interim dividend of Rs. 5.00 per share or 50% already paid during the year 2018. The appropriations approved by the Directors are, as follows:

	(Rupees in '000)
Un-appropriated profit as at 31 December 2017	241,637
Final dividend for the year ended 31, December 2017 at Rs 5.50 per share	(137,713)
<b>Transfer to General Reserve</b>	<b>103,924</b>
Net Profit after taxation for the year 2018	398,695
Re-measurement: net actuarial losses recognized in other Comprehensive income	(2,320)
<b>Disposable profit for appropriation</b>	<b>396,375</b>

	(Rupees in '000)
Interim dividend for the year ended 31 December 2018 at Rs 5.00 per share, paid in November 2018	(125,194)
<b>Un-appropriated profit carried forward</b>	<b>271,181</b>
<b>Subsequent Effects:</b>	
Proposed final cash dividend at Rs 2.00 per share i.e. 20%	50,077
Proposed issue of bonus shares in the proportion of 3 shares for every 10 shares held i.e. 30%	75,116
Transfer to General Reserve	145,988
	<b>271,181</b>
Total dividend per share for the year at Rs 7.00 per share i.e. 70%	175,271
Issue of bonus shares	75,116
EPS – for the year 2018 Rs 15.92 (2017: Rs 9.59)	

## Post Balance Sheet Events

There has been no significant event since 31 December 2018 to date, except the declaration of final cash dividend and issuance of bonus shares, subject to approval of the Members at the 70th Annual General Meeting being held on 30 April 2019. The effect of such dividend and bonus shares shall be reflected in the next year's financial statements.

## Key Operating and Financial Data

An overview of key operating and financial data for last 10-year in a summarized form is given on page No. 54 of this Annual Report.

## Contribution to National Exchequer

Information with respect to Company's contribution towards the National Exchequer has been provided in the Statement of Value Added appearing in this Report on page No. 59.

## 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. This is underlined by the continued confidence shown by our customers as reflected by growth in sales and profits.

The risk of shortage of production capacity in ASU products is to be mitigated through new manufacturing strategy. On the supply side, the energy shortage faced by the Company over the past few years has improved significantly and energy supplies are expected to improve further in the coming years.

## Financial Risks

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 38 to the financial statements.

## Compliance Risks

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

## Board of Directors

There has been no change in the Board since change of ownership of the Company on 7 January 2018 following the acquisition of the entire shareholding of The BOC Group Limited in the Company by Adira and Affiliates. The term of the current Board will expire on 29 January 2020.

## Composition of the Board

### Total number of directors:

(a) Male	9
(b) Female	-

### Composition:

(i) Independent Directors	2
(ii) Non-executive Directors	7

## Committees of the Board

The Board has set up its two committees, details of which are provided in "Corporate Governance Section" of the Report on page No. 44.

## Directors' Remuneration

The Board has determined and approved meeting fee for the 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 its Committee meetings. Details of aggregate amount of meeting fees to the directors are disclosed in note 37 to the financial statements.

## DISCLOSURE OF SIGNIFICANT POLICIES ON WEBSITE

During the year under review, 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.

- (i) Whistleblowing Policy
- (ii) Anti-Sexual Harassment Policy
- (iii) Code of Ethics

## INTERNAL CONTROLS

The Company maintains sound internal control system to provide reasonable assurance against efficiency and effectiveness of operations; reliability of financial reporting and compliance with applicable laws and regulations. Such system is monitored effectively by the management; while the Board Audit Committee reviews the internal control system based on assessment of risks and reports to the Board of Directors.

## 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 31 December 2019, at a fee/remuneration to be mutually agreed.

## RELATED PARTY TRANSACTIONS

The Company has executed all transactions with its related parties at 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 40 to the annexed annual audited financial statements.

## DIRECTORS' TRAINING

Consequent upon change of ownership of the Company on 7 January 2018, nine (9) directors were appointed to fill up the casual vacancies. Of these newly appointed directors, three (3) of them already possessed the required certification in Directors Training Program (the "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.

Accordingly, with the six (6) certified directors, the Company is compliant with the requirement of having at least half of the directors on its Board duly certified through DTP while the remaining three (3) directors meet the exemption criteria based on the relevancy of their qualification and experience. Accordingly, the Company has made an application to SECP seeking exemption from the condition of mandatory certification in DTP for the aforesaid three directors.

### Future Prospects

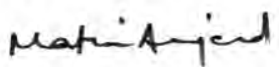
Despite macro-economic challenges and the temporary slowdown of work on development projects, we are hopeful that your Company will continue to grow through investing in our resources and building on our strengths. While, manufacturing, steel and construction segments are expected to slow-down in 2019, aggressive growth strategies have been developed to face these external challenges and to achieve growth from focus on alternate sectors. We aim to remain strongly engaged with all our existing customers and to aggressively pursue new growth opportunities.

The Company's future prospects are indeed associated with the overall growth of the country and the many challenges it faces, including growing deficits in balance of payment and fiscal account, rising interest rates and the slide of the Pak Rupee against the US Dollar.

### Acknowledgement

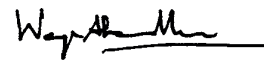
The Board of Directors would like to express its sincere thanks and appreciation for the hard work and dedication shown by the senior management team and all employees of the Company throughout the year in producing a healthy result in a difficult economic environment while operating in a highly competitive market. The Board also wishes to acknowledge and thank our valued customers and stakeholders for their continuous worthy support during the year under review.

On behalf of the Board



**Matin Amjad**  
Chief Executive Officer

Karachi:  
18 March 2019



**Waqar Ahmed Malik**  
Chairman

## مستقبل کے امکانات

میکرو اکنامک چیلنجز اور ترقیاتی پروجیکٹس میں کام میں عارضی سست رفتاری کے باوجود ہم پر امید ہیں کہ آپ کی کمپنی اپنے ذرائع میں سرمایہ کاری اور اپنی قوت میں اضافہ کر کے ترقی کا سفر جاری رکھے گی۔ جب کہ 2019 میں مینوفیکچرنگ، اسٹیل اور تعمیرات کے شعبہ جات کے ترقی کے عمل میں کمی کا امکان ہے، تاہم ان بیرونی چیلنجز سے مقابلے اور متبادل شعبہ جات پر توجہ دے کر ترقی کے حصول کیلئے بھرپور حکمت عملی تیار کی گئی ہے۔ ہمارا عزم ہے کہ موجودہ کسٹمرز کے ساتھ مضبوط روابط سے اور بھرپور جدوجہد کے ساتھ ترقی کے نئے مواقع حاصل کرنے میں کوشاں رہیں۔

کمپنی کے مستقبل کے امکانات لامحالہ طور پر ملک کی مجموعی ترقی سے جڑے ہیں اور اس کو بہت سے چیلنجز کا سامنا ہے جس میں توازن ادائیگی اور مالیاتی اکاؤنٹ کا بڑھتا ہوا خسارہ، شرح سود میں اضافہ اور پاکستانی روپے کی یو ایس ڈالر کے مقابلے میں کمی شامل ہیں۔

## اعتراف کا کردگی

بورڈ آف ڈائریکٹرز، سینئر مینجمنٹ ٹیم اور کمپنی کے تمام ملازمین کی سخت محنت اور لگن کا دلی شکر یہ ادا کرتا ہے جس کا انہوں نے پورے سال کے دوران میں اظہار کیا اور مشکل معاشی صورتحال اور انتہائی مسابقتی مارکیٹ میں صحت مند نتائج حاصل کئے۔ بورڈ اپنے معزز کسٹمرز اور اسٹیک ہولڈرز کے مسلسل تعاون اور ہم پر اعتماد کا اعتراف کرتا ہے جو زیر جائزہ سال میں جاری رہا۔

بورڈ کی جانب سے



وقار احمد ملک

چیئر مین



متین امجد

چیف ایگزیکٹو آفیسر

کراچی۔ 18 مارچ 2019

## داخلی کنٹرولز

آپریٹنگ 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۔

## آڈیٹرز

موجودہ آڈیٹرز، BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ ترقی کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے ان کو کمپنی کے آڈیٹر کے طور پر باہمی رضامندی سے طے کی گئی فیس / معاوضے پر دوبارہ ترقی کی سفارش کی ہے۔

## متعلقہ پارٹی کے ساتھ لین دین

کمپنی نے متعلقہ پارٹیز کے ساتھ اپنے تمام لین دین کے معاملات آرمز لینتھ پرائس پر طے کئے اور تمام متعلقہ 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 متعلقہ پارٹیز کے ساتھ لین دین کی تفصیلات منسلک سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس کے نوٹ 40 پر موجود ہے۔

## ڈائریکٹرز کی تربیت

7 جنوری 2018 کو کمپنی کی ملکیت تبدیل ہونے کے بعد عمومی اسامیوں کو پُر کرنے کیلئے نو (9) ڈائریکٹرز کا تقرر کیا گیا۔ ان نئے مقرر ہونے والے ڈائریکٹرز میں سے تین (3) پہلے ہی سے ڈائریکٹرز ٹریننگ پروگرام ("DTP") کی مطلوبہ سرٹیفیکیشن کے حامل ہیں۔ جب کہ تین (3) ڈائریکٹرز اور چیف ایگزیکٹو آفیسر (متصور ڈائریکٹر) بھی کمپنی کے ڈائریکٹر مقرر ہونے کی موثر تاریخ سے ایک سال کی مدت کے اندر DTP کی سرٹیفیکیشن مکمل کر چکے ہیں۔

اس طرح کمپنی کے چھ (6) سرٹیفائیڈ ڈائریکٹرز ہیں جو مطلوبہ شرائط کے مطابق کمپنی کے بورڈ میں شامل ڈائریکٹرز میں نصف تعداد DTP سے سرٹیفائیڈ ہے جب کہ بقیہ تین (3) ڈائریکٹرز اپنی قابلیت اور تجربہ کی بناء پر استثنیٰ کے معیار پر پورے اترتے ہیں۔ اس لحاظ سے کمپنی نے SECP کو درخواست بھیجی ہے کہ مذکورہ بالا تین ڈائریکٹرز کو DTP کی لازمی سرٹیفیکیشن کی شرط سے مستثنیٰ قرار دیا جائے۔

## کمپلائمنس رسکس

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

بورڈ آف ڈائریکٹرز:

Adira اور اس کے ملحق اداروں کی جانب سے 7 جنوری 2018 کو کمپنی میں بی اوسی گروپ لمیٹڈ کے تمام شیئرز کے حصول کے بعد بورڈ میں کوئی تبدیلی نہیں کی گئی۔ موجودہ بورڈ کی مدت 29 جنوری 2020 کو ختم ہوگی۔

بورڈ کی ہیئت ترکیبی:

ڈائریکٹرز کی کل تعداد:

(ا) مرد 9

(ب) خواتین -

ہیئت ترکیبی:

(ا) خود مختار ڈائریکٹرز 2

(ب) نان ایگزیکٹو ڈائریکٹرز 7

بورڈ کی کمیٹیاں:

بورڈ نے اپنی دو 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 ڈائریکٹرز کے لئے میٹنگ فیس کا تعین کر دیا ہے اور اس کی منظوری دیدی ہے۔ جو کہ عام طور پر CEO کے معاوضے کے تناسب سے ہوتی ہے اور یہ ڈائریکٹر کی جانب سے بورڈ اور ایس کی کمیٹیوں کی میٹنگز میں شرکت کیلئے وقت کے خرچ کے لحاظ سے ہے۔

ڈائریکٹرز کو دی جانے والی میٹنگ فیس کی مجموعی رقم کی تفصیلات فنانشل اسٹیٹمنٹس کے نوٹ نمبر 37 میں درج کی گئی ہیں۔

نمایاں پالیسیز کا ویب سائٹ پر اجراء :

زیر جائزہ سال کے دوران میں بورڈ نے درج ذیل پالیسیز کی منظوری دی جن پر عمل درآمد کی غرض سے کمپنی کے تمام ملازمین کے سامنے

پیش کر دیا گیا ہے۔ ان پالیسیز کو CoCG کی شرائط کے مطابق کمپنی کی ویب سائٹ پر بھی جاری کر دیا گیا ہے۔

(i) وسل بلوئنگ پالیسی

(ii) جنسی ہراسمنٹ کے خلاف پالیسی

(iii) ضابطہ اخلاق

## جنرل ریزرو میں منتقلی

145,988

271,181

175,271

75,116

کل منافع منقسمہ فی شیئر برائے سال بحساب 7.00 روپے فی شیئر یعنی 70%

بونس شیئرز کا اجراء

فی شیئر آمدنی (EPS) برائے سال 2018 بحساب 15.59 روپے (2017: 9.59 روپے)

بیلنس شیٹ کے بعد کے واقعات

31 دسمبر 2018 سے تاحال کوئی قابل ذکر واقعہ پیش نہیں آیا سوائے حتمی نقد منافع منقسمہ اور بونس شیئرز کے اجراء کے اعلان کے جو 30 اپریل 2019 کو منعقد ہونے والے 70 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔ اس منافع منقسمہ کو اگلے سال کے مالیاتی اسٹیٹمنٹس میں ظاہر کیا جائے گا۔

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 54 پر درج ہے۔

قومی خزانے میں حصہ

قومی خزانے میں کمپنی کے حصہ کے بارے میں معلومات اس رپورٹ کے صفحہ نمبر 59 پر "ویلیو ایڈڈ کے اسٹیٹمنٹ" میں درج ہے

خدشات، غیر یقینی حالات اور تخفیفات

آپریٹنگ ریسکس

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۔ سیلز اور منافع میں مسلسل اضافہ سے ظاہر ہوتا ہے کہ کسٹمرز ہم پر بھروسہ اور اعتماد کرتے ہیں۔

اے ایس یو (ASU) مصنوعات کی پروڈکشن کی قلت کے اندیشے کو منیوفیکچرنگ کی نئی حکمت عملی کے ذریعہ کم کیا جائے گا۔ ادھر سپلائی کے شعبہ میں کمپنی کو گزشتہ چند سالوں سے توانائی کی قلت کا جو سامنا تھا اس میں نمایاں طور پر بہتری آئی ہے اور آنے والے سالوں میں توانائی کی فراہمی میں مزید بہتری آنے کی توقع ہے۔

فنانشل ریسکس

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 کو درپیش ممکنہ مالی نقصان کے اندیشوں اور ان پر قابو پانے کی وضاحت فنانشل اسٹیٹمنٹس کے نوٹ 36 میں دی گئی 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 سالِ مختتمہ 31 دسمبر 2018 کیلئے حتمی نقد منافع منقسمہ کی بشرح 2.00 روپے فی شیئر یا 20% اور بونس شیئرز بشرح 3 شیئرز برائے ہر 10 شیئرز یعنی 30% کے اجراء کی سفارش کی ہے جو 30 اپریل 2019 کو منعقد ہونے والے 70 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔ اس منافع منقسمہ کو آئندہ سال کے مالی گوشوارے میں ظاہر کیا جائے گا۔ یہ اس عبوری منافع منقسمہ بحساب -/5 روپے فی شیئر یا 50% کے علاوہ ہے جو سال 2018 کے دوران میں پہلے ہی ادا کیا جا چکا ہے۔ ڈائریکٹرز نے قانونی ادائیگیوں کی جو منظوری دی ہے وہ حسب ذیل ہے:

(روپے، ہزاروں میں)

241,637	غیر تخصیص شدہ منافع بمطابق 31 دسمبر 2018
(137,713)	حتمی منافع منقسمہ برائے سالِ مختتمہ 31 دسمبر 2017
<b>103,924</b>	بحساب 5.50 روپے فی شیئر جنرل ریزرو میں منتقلی
<b>398,695</b>	خالص منافع بعد از ٹیکس برائے سال 2018
(2,320)	دوبارہ جانچ خالص ایکویٹی ریل نقصانات جو دیگر جامع آمدنی میں شمار کئے گئے
<b>396,375</b>	تخصیص کیلئے قابل تصرف منافع
(125,195)	عبوری منافع منقسمہ برائے سالِ مختتمہ 31 دسمبر 2018 بحساب -/5 روپے فی شیئر جو نومبر 2018 میں ادا کر دیا گیا۔
<b>271,181</b>	غیر تخصیص شدہ منافع کی منتقلی برائے اگلی ادائیگی ذیلی اثرات
50,077	مجوزہ حتمی نقد منافع منقسمہ بحساب 2.00 روپے فی شیئر یا 20%
75,116	مجوزہ بونس شیئرز کا اجراء بہ نسبت 3 شیئرز برائے ہر 10 ملکیتی شیئرز یعنی 30%



اس کے آپریشنل ہونے کے بعد امید ہے کہ پیداواری لاگت میں کمی آئے گی اور مستقبل میں یہ برانڈز اور پروڈکٹس میں مزید اضافہ کیلئے ایک پلیٹ فارم ثابت ہوگا۔

## آپریشنز

کمپنی مینوفیکچرنگ فیسلٹی سے پورا پورا فائدہ اٹھانے اور اپنی تمام مینوفیکچرنگ سائٹس کی استعداد بڑھانے کیلئے مسلسل کوشاں ہے۔ سال کے دوران میں استعداد کو بہتر بنانے کیلئے کئی اقدامات پلان کئے گئے اور ان پر کامیابی کے ساتھ عمل درآمد بھی کیا گیا۔ سال کے دوران میں BULK سائٹس پوری گنجائش کے ساتھ محفوظ، مستعد اور بھروسہ مند طریقے سے کام کرتی رہیں۔ ان مینوفیکچرنگ فیسلٹیز نے کوالٹی منیجمنٹ سسٹمز، بشمول پورٹ فاسم CO2 پروڈکشن فیسلٹی پر فوڈ سیفٹی اسٹینڈرڈز سرٹیفیکیشن (FSSC 22000) کو برقرار رکھا ہے۔

## انسانی وسائل

کمپنی یہ یقین رکھتی ہے کہ اس کے لوگ ہی ہیں جو اس کو دوسروں سے مختلف بناتے ہیں۔ ہماری ٹیم کی پیشہ ورانہ مہارت اور نتیجہ خیز طرز عمل ہمیں اپنے کسٹمرز کی توقع کے مطابق معیاری پروڈکٹس اور خدمات فراہم کرنے میں مدد دیتے ہیں۔ موجودہ باصلاحیت افراد کو تقویت دینے کیلئے سال کے دوران میں کمپنی نے منیجمنٹ ٹرینی پروگرام متعارف کرایا جس کا مقصد ادارے میں اعلیٰ ترین صلاحیت کے منجوز کوشاں کیا جائے۔ اس کے ساتھ تمام ملازمین کا موجودہ انجمنٹ لیول جانچنے کیلئے ایمپلائئی انجمنٹ سروے کا بھی انعقاد کیا گیا۔ لیڈرشپ ٹیم ادارے کے اندر تنوع کو بہتر بنانے اور خواتین کو بااختیار بنانے کے سلسلے میں بھرپور کوششوں پر توجہ دے رہی ہے جب کہ سب کیلئے کیریئر کی ترقی کے مواقع بھی پیش کئے جا رہے ہیں۔

## 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 2017 پر عمل درآمد کا اسٹیٹمنٹ" مع آڈیٹرز کی جائزہ رپورٹ برائے نمبرز بھی بالترتیب صفحہ نمبر 51 اور 53 پر موجود ہے۔

## اجتماعی سماجی ذمے داری (CSR)

2018 میں کمپنی کے ملازمین نے فراخ دلی کے ساتھ ڈیز کی تعمیر کے لئے قومی فنڈ جمع کرنے کی مہم میں حصہ لیا۔ کمپنی نے بھی اسی کے مساوی رقم ڈیم فنڈ کیلئے عطیہ کی۔

کمپنی نے ہیلتھ کیئر کے شعبہ میں بھی مختلف ہیلتھ کے اداروں کی خیراتی سرگرمیوں کیلئے عطیات اور مفت پروڈکٹس کی امداد پیش کی۔

میڈیکل گیسز کی فراہمی کی نگرانی، منصوبہ بندی اور ٹریک کرنے کیلئے جدت اور صارف کی ضرورت پر مبنی حل پیش کئے جائیں۔ ان اقدامات سے پروڈکٹ کی سیفٹی اور کوالٹی پر مزید توجہ دے کر ہیلتھ کیئر کے حل میں اضافہ کرنے میں مدد ملی ہے۔ ہیلتھ کیئر گیسز اور انجینئرنگ کی خدمات میں لیڈر ہونے کی حیثیت سے، ہمارا یقین ہے کہ اعلیٰ ترین معیار برقرار رکھنا ہماری ذمہ داری ہے جو انسانی زندگی بچانے کیلئے ضروری ہے۔

اس طرح کسٹمر کے بھرپور اعتماد اور اطمینان کے سبب ہماری ہیلتھ کیئر کے کاروبار کی کارکردگی بہتر سے بہتر ہوتی جا رہی ہے۔ ہماری پروڈکٹ کی سیفٹی پر کوئی سمجھوتہ نہ کرنے اور HTM کے معیارات کی پیروی کے باعث ہیلتھ کیئر کے شعبہ میں ہماری قائدانہ حیثیت مزید مستحکم ہوئی ہے اور ہمیں ملک بھر میں انتہائی باوقار اور قابل قدر سپلائر مانا جاتا ہے۔

### صنعتی گیسز

صنعتی گیسز کے ایک ترجیحی سپلائر کی روایت کے سبب اس صنعت میں کمپنی کی قائدانہ مارکیٹ پوزیشن برقرار ہے۔ صنعتی ترقی میں سست روی ترقیاتی منصوبوں کے لئے فنڈز کی عدم دستیابی، شپ بریکنگ کی صنعت میں کم سے کم سرگرمیوں کے ساتھ ساتھ مارکیٹ میں اضافی صنعتی گیسز کی دستیابی کے سبب کاروبار کو درپیش مختلف چیلنجز کے باوجود کمپنی اپنے کسٹمرز کے بھرپور تعاون کے باعث اپنی قائدانہ حیثیت قائم رکھنے میں کامیاب رہی۔

تمام ASU پلانٹس پورے سال پوری طرح لوڈ رہے اور تمام بڑے کسٹمرز کی ضروریات باسانی پوری کی گئیں۔ اگرچہ سال کے دوران میں، خاص طور پر 2018 کی دوسری اور تیسری سہ ماہی میں اسٹیل اور شپ بریکنگ کے شعبہ جات کی سرگرمیاں سست روی کا شکار رہیں، تاہم آئل اینڈ گیس، مینوفیکچرنگ، فیبریکیشن اور فوڈ اور بیورج کے شعبوں نے فروخت کو مستحکم رکھنے میں مدد دی۔ آپ کی کمپنی نے کسٹمرز کی ضرورت کے مطابق حل، غیر معمولی پروڈکٹ سیفٹی، خدمت، معیار اور دیگر ویلیو ایڈڈ خدمات پیش کر کے ترقی کے مواقع کیلئے سرمایہ کاری کی اور اس طرح صنعت کے بنیادی شعبہ جات میں اپنے مقام اور مارکیٹ شیئر کو مضبوط کیا ہے۔

### ویلڈنگ اور دیگر

ہمارے الیکٹروڈز کے اہم برانڈز - Fortrax، Zodian اور Matador کو ملک بھر میں مختلف کلیدی وراہم منصوبہ جات میں استعمال کیلئے منظور کر لیا گیا ہے جب کہ موجودہ کسٹمرز کی جانب سے بھی ان کی طلب میں اضافہ ہوا۔ اس کے نتیجے میں کاروبار میں دو ہندسی اضافہ دیکھنے میں آیا اور موجودہ اسمگل شدہ پروڈکٹس کی بھرمار، 2018 کی دوسری ششماہی میں انفراسٹرکچر پروجیکٹس میں سست روی اور مقامی اور بین الاقوامی کاروباری اداروں کے ساتھ سخت مقابلے کا سامنا تھا۔ ہمارے کسٹمرز کا دائرہ بہت وسیع تھا اور ہرگزرتے سال میں ان کی تعداد میں مسلسل اضافہ ہو رہا ہے جو ہماری مضبوط پوزیشن اور کسٹمر کے اعتماد کی علامت ہے۔

ڈائریکٹرز نہایت مسرت کے ساتھ اطلاع دیتے ہیں کہ کمپنی الیکٹروڈز کی پروڈکشن کیلئے اپنا یونٹ قائم کر لیا ہے۔ مزید یہ کہ ایک اور نئی لائن خرید لی گئی ہے جو موجودہ فیسیلیٹی میں شامل کر دی جائے گی۔

سال کے دوران میں آئل اینڈ گیس، مینوفیکچرنگ، فیبریکیشن اور فوڈ و بیورج کے شعبوں میں بھی فروخت میں اضافہ ریکارڈ ہوا۔ کمپنی کا سالانہ خام منافع 1.1 بلین روپے رجسٹر ہوا جو گزشتہ سال کے مقابلے %12 یا 118 ملین روپے زیادہ ہے۔ یہ اضافہ زیادہ فروخت، پیداواریت میں مستحکم پیش قدمی اور آپریشنز کی لاگت میں کمی کے لئے اٹھائے گئے اقدامات کے سبب حاصل ہوا۔ افراط زر کے دباؤ کے باوجود بالائی اخراجات کو سختی سے کنٹرول کیا گیا اور گزشتہ سال کے مقابلے میں ان میں %19 کمی ہوئی۔ تاہم مالیاتی لاگت میں گزشتہ سال کے مقابلے میں %22 اضافہ ہوا جس کی وجہ سال کے دوران میں شرح سود میں اضافہ اور کریڈٹ کی سہولتوں کا زیادہ استعمال ہونا تھی۔ درج بالا ترقیاتی عمل کے نتیجے میں آپ کی کمپنی کو 539 ملین روپے کا قبل از ٹیکس منافع حاصل ہوا جو گزشتہ سال کے منافع سے %58 زیادہ ہے۔ بعد از ٹیکس منافع اور فی شیئر آمدنی بالترتیب 399 ملین روپے اور 15.92 روپے رہی جو گزشتہ سال سے %66 زیادہ ہے۔

### تحفظ، صحت، ماحول اور معیار (SHEQ)

2018 کا سال اس شعبہ کا ایک اور کامیاب سال رہا اور کمپنی نے تحفظ، صحت، ماحول اور معیار کی کارکردگی کو مزید بہتر بنانے کی کاوشیں جاری رکھیں۔ صفر حادثات کے عزم پر کاربند رہنے کیلئے ان اصولوں کی پابندی کے معائنہ، تفتیش اور عمل درآمد پر خصوصی توجہ رکھی گئی۔ زیادہ حساس مقامات پر حادثات کی نشاندہی اور ان پر کنٹرول کیلئے خصوصی مہمات کا انعقاد کیا گیا۔ اس سلسلے میں ایک نمایاں پروگرام انسٹیٹوٹ منیجمنٹ سسٹم (IMS) کا آغاز تھا جس سے ملازمین کو ہر طرح کے چھوٹے یا بڑے حادثات کا ریکارڈ رکھنے، ان کی نگرانی اور تفتیش کرنے میں مدد ملی۔ 13 جولائی 2018 کو تمام سائنس پرسنٹی ڈے منایا گیا جس میں کمپنی کی جانب سے "تمام افراد کیلئے کام کی جگہ پر تحفظ کے ماحول کو یقینی بنانے" کے عزم کی تجدید کی گئی۔ کمپنی کی لیڈرشپ ٹیم (CLT) نے اس تقریب میں بھرپور شرکت کی۔ کمپنی کی ہر لوکیشن پر آگ سے بچاؤ کی مشقیں کی گئیں اور کنٹریکٹرز کے ساتھ پروگرام ترتیب دیئے گئے۔

### فروخت

### ہیلتھ کیئر

میڈیکل پائپ لائن اینڈ ایکویپمنٹ ڈویژن کی آمدنی میں دو ہندسی اضافہ رجسٹر ہوا اور سرکاری، نجی اور ڈیفنس کے شعبہ سے متعلق کئی مشہور ہسپتالوں کے ساتھ روابط قائم ہوئے۔ اسی دوران میں لیکوینڈ اور کمپریسڈ گیسز کے کاروبار کو بھی نمایاں فروغ حاصل ہوا۔ بہترین خدمات اور پروڈکٹ کے اعلیٰ معیار کی بدولت تمام اہم ہیلتھ کیئر کسٹمرز کے ساتھ ہمارے رابطے مزید مضبوط ہوئے اور تمام شعبہ جات کے منافع میں دو ہندسی اضافہ رجسٹر ہوا۔

اس کے علاوہ سال کے دوران میں معیار اور خدمات کی سطح میں مزید بہتری لانے کیلئے کئی اقدامات کئے گئے جس کیلئے ہاسپٹل ٹیکنیکل میمورنڈم (HTM) اسٹینڈرڈز کی پیروی میں سرمایہ کاری اور ڈیجیٹلائزیشن کا نظام متعارف کروایا گیا تاکہ ہسپتالوں کو

## 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 2018 پیش کرتے ہیں۔

### قومی معیشت

موجودہ مالی سال کے دوران میں پاکستان کی مجموعی ملکی پیداوار (GDP) تقریباً 4% رہنے کی توقع ہے۔ یہ گزشتہ مالی سال 2018 میں حاصل کی گئی 5.8% کے مقابلے میں کم ہے جس کی بنیادی وجہ نئی پی ٹی آئی حکومت کے متعارف کردہ اصلاحات کا ایجنڈا ہے۔ حکومت کی جانب سے کرنٹ اور مالیاتی اکاؤنٹ دونوں کے بڑھتے ہوئے خسارے پر قابو پانے کیلئے جو بنیادی اقدامات کئے ہیں ان میں ترقیاتی اخراجات میں کٹوتی، شرح سود میں اضافہ اور پاکستانی روپے کی قدر میں نمایاں کمی کرنا شامل ہے۔ اس کے نتیجے میں جولائی تا نومبر 2018 کے عرصے میں مینوفیکچرنگ کے شعبہ کی پیداوار میں 0.9% کی نمایاں کمی آئی۔ اسی طرح تعمیرات، اسٹیل اور اس کے متعلقہ شعبہ جات بھی دباؤ کی حالت میں رہے۔ مالی سال 2019 کی پہلی ششماہی میں افراط زر کی شرح 6% رہی جو گزشتہ سال کی اسی مدت کی 3.8% کی شرح کے مقابلے میں نہایت نمایاں ہے جس کے لئے اسٹیٹ بینک کو پالیسی ریٹ میں 10.25% تک اضافہ کرنے کی ضرورت پیش آئی۔ اندرونی محاذ پر سال کے پہلے نصف عرصہ کے دوران میں کرنٹ اکاؤنٹ کے خسارے میں تقریباً 4.4% کمی ہوئی جس کی بڑی وجہ غیر ضروری اشیاء اور خدمات کے درآمدی بل میں کمی اور بیرون ملک سے آنے والی رقومات میں اضافہ تھی۔

### کمپنی کی بنیادی سرگرمیاں اور کاروباری شعبہ جات

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

### کمپنی کی کارکردگی کا عمومی جائزہ

2018 میں کمپنی کی خالص فروخت 4.9 بلین روپے ریکارڈ کی گئی جو گزشتہ سال کے مقابلے میں 10% یا 447 ملین روپے زیادہ ہے۔ یہ اضافہ صنعتی ترقی میں مجموعی سست روی اور سخت مسابقتی مارکیٹ کی صورتحال کے باوجود حاصل ہوا۔ سیفٹی کے خدشات کے باعث گڈانی میں شپ بریکنگ کا کام کئی ماہ تک بند رہا جس سے اس شعبہ میں فروخت پر منفی اثرات مرتب ہوئے۔ تاہم ویلڈنگ اور ہیلتھ کیئر کے شعبہ جات میں نمایاں طور پر بہتر فروخت سے مجموعی فروخت کے حجم میں اضافہ ریکارڈ ہوا۔ ویلڈنگ کے شعبہ کے پورٹ فولیو میں وسعت اور قیمتوں میں بہتری کے سبب اس کی ٹاپ لائن میں تقریباً 30% کا شاندار اضافہ ہوا۔

ہیلتھ کیئر کے شعبہ میں 24% کا زبردست اضافہ ریکارڈ کیا گیا جس کی بڑی وجہ میڈیکل گیسز اور میڈیکل اور انجینئرنگ کی تنصیبات کی خدمات کی بڑھتی ہوئی طلب تھی۔

# Management Team



Matin Amjad  
Chief Executive Officer

Syed Ali Adnan  
Chief Financial Officer



Zubair Ahmad  
Head of Sales Bulk



Muhammad  
Salim Sheikh  
Head of HR



Farried Aman Shaikh  
Head of Sales PGP &  
Hardgoods



Arshad Manzor  
Head of IS



Mazhar Ali  
Head of Sales  
Healthcare



# 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, 2017 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 (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 has been complied with:

- a) 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.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e) The 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.

- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data of last 10-year in a summarized form is given on page number 54 of this annual report.
- i) Information about outstanding taxes and levies is given in the notes to the financial statements.
- j) 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.
- k) 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 110 million as at 31 July 2018
Employees' Gratuity Fund	Rs 121 million as at 31 December 2018	Rs 115 million as at 31 December 2017
Management Staff Pension Fund	Rs 84 million as at 31 December 2018	Rs 84 million as at 31 December 2017
Management Staff Defined Contribution Pension Fund	Rs 121 million as at 31 December 2018	Rs 155 million as at 31 December 2017

## Board of Directors

The current Board of the Company, comprising nine (9) 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 Board has nine (9) Non-executive Directors including two (2) 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 seven (7) meetings of the Board of Directors, four (4) meetings of its Audit Committee and seven (7) 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
	Total number of meetings held during the year/Attendance (2018)		
	7	4	7
Mr. Waqar Ahmed Malik	7/7	--	--
Mr. Matin Amjad*	4/7	--	--
Mr. Atif Riaz Bokhari	5/7	--	5/7
Mr. Siraj Ahmed Dadabhoy	5/7	--	--
Mr. Fawad Anwar	4/7	1/4	--
Syed Hasan Ali Bukhari	7/7	--	7/7
Sheikh Muhammad Abdullah	7/7	4/4	--
Mr. Shahid Mehmood Umerani	7/7	--	6/7
Mr. Feroz Rizvi	7/7	4/4	7/7
Mr. Muhammad Zindah Moin Mohajir	6/7	4/4	--
Syed Ali Adnan (CFO)**	7/7	--	--
Mr. Mazhar Iqbal (Company Secretary)**	7/7	--	--

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

\*\*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 appointed 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. Muhammad Zindah Moin Mohajir	Chairman	Independent Director
2. Mr. Fawad Anwar	Member	Non-Executive Director
3. Mr. Feroz Rizvi	Member	Independent Director
4. Sheikh Muhammad Abdullah	Member	Non-Executive Director

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

## Human Resource & Remuneration Committee (HR&RC) with brief terms of reference

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

1. Mr. Feroz Rizvi	Chairman	Independent Director
2. Mr. Atif Riaz Bokhari	Member	Non-Executive Director
3. Syed Hasan 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.

## 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. Muhammad 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

## Engagement of Directors in other companies/entities

### Mr. Waqar Ahmed Malik

- Engro Corporation Limited – Director
- Standard Chartered Bank Pakistan Limited – Director
- Sarmaya-e-Pakistan Limited – Director
- Adira Capital Holdings (Private) Limited – Director
- TPL Direct Insurance Limited – Director
- TPL Life Insurance Limited – Director
- Noesis (Private) Limited – Founder Chairman
- Pakistan Institute of Corporate Governance – Visiting Faculty
- I - Care Pakistan – Trustee
- Advisory Board of Institute of Business Administration – Member

### 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
- International Brands Limited – Director
- Shaukat Khanum Memorial Cancer Hospital – Member
- Kidney Centre – Member
- Indus Valley School of Arts – Member
- Patients Aid Foundation – Member

### Mr. Siraj Ahmed Dadabhoy

- Adira Holdings (Private) Limited – Director
- BankIslami Pakistan Limited – Director
- Alpha Beta Capital Markets (Private) Limited – Director
- TPL Properties Limited – Director
- AION Partners – Executive Chairman
- AION Global – Managing Director

### Mr. Fawad Anwar

- Fayyaz Anwar Foundation – Chairman
- Adira Capital Holdings (Private) Limited – Director/Chief Executive Officer
- 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

### Syed Hasan Ali Bukhari

- Bank Al Habib Limited – Director
- Quick Food Industries (Pvt) Limited – Director
- Hilton Pharma (Private) Limited – Advisor
- Hilton Pharma Staff Provident Fund – Trustee
- HR & Remuneration Committee of Bank Al Habib Limited – Member
- Credit Risk Management Committee of Bank Al Habib Limited – Member
- Audit Committee of Bank Al Habib Limited – Member

### Sheikh Muhammad Abdullah

- Soorty Enterprises (Private) Limited – Senior Manager Finance



### **Mr. Shahid Mehmood Umerani**

- Valustrat Consulting Group (including Regional Offices and Subsidiaries in the Middle East) – Chairman
- Fiducia Capital Limited – Director

### **Mr. Feroz Rizvi**

- Pakistan Institute of Corporate Governance – CEO & President
- 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
- Loads Limited – Director
- Glaxo SmithKline Consumer HealthCare Pakistan Limited – Director
- Board Audit Committee of Archroma Pakistan Limited – Chairman
- Board Audit Committee of Wyeth Pakistan Limited – Chairman
- Board Audit Committee of GlaxoSmithKline Consumer HealthCare Pakistan Limited – Chairman
- Human Resource and Remuneration Committee of Wyeth Pakistan Limited – Chairman
- Share Transfer Committee of Wyeth Pakistan Limited – Member
- ICAP Investigation Committee – Member
- ICAP Fiscal Committee – Member
- Federal Tax Ombudsman Advisory Committee (South) Member

## **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 Rohdes. 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 initialed 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, a director, an executive and a major shareholder viz Adira Capital Holdings

(Pvt) Ltd, have carried out trade in the shares of the Company and the same was reported to Pakistan Stock Exchange and Board of Directors of the Company in accordance with the requirement of the Rule Book of the Exchange. Apart from these transactions, 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 during the year under review.

### **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 is put up before the Board for review and approval.

## **Evaluation of the Board's Own Performance**

As required under the Regulations, the Board, on the basis of a mechanism carries out annual evaluation of its own performance. The mechanism is designed to assess and identify strengths and weaknesses in the performance 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 requiring them to return the proforma, duly completed, with their comments to the Company Secretary. Each of the directors provides his 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.

## **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 and offers free transportation service between a pre-designated generally convenient place and the venue of the meeting to encourage maximum attendance of its members at the general meeting.

## **Pattern of Shareholding**

The pattern of shareholding together with additional information thereon is given on pages No.123 and 124 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.

Details of purchase/sale of Company shares by associated company, director(s) and designated executive(s) during 2018 are as follows:

S.No.	Name of shareholder	Date	Sale/ Purchase	No of Shares	Rate per Share (PKR)
1	Adira Capital Holdings (Private) Limited (Major shareholder)	29/05/18	Sold	2,704,182	314.00
2	Mr. Shahid Mehmood Umerani (Director)	29/05/18	Purchased	1,802,788	314.00
3	Mr. Farried A Shaikh (Executive)	11/01/18	Purchased	2,000	220.15
4	Mr. Farried A Shaikh (Executive)	11/01/18	Purchased	2,000	221.20
5	Mr. Farried A Shaikh (Executive)	10/01/18	Purchased	1,800	222.00
6	Mr. Farried A Shaikh (Executive)	09/01/18	Purchased	1,000	218.20
7	Mr. Farried A Shaikh (Executive)	09/01/18	Purchased	1,000	219.01

Details of shareholders, holding 5% or more shares as at 31 December 2018, are given hereunder:

S.No.	Name of Shareholders	Shares Held	Percentage
1	Adira Capital Holdings (Private) Limited	8,272,854	33.04
2	Hilton Pharma (Private) Limited	6,009,294	24.00
3	Soorty Enterprises (Private) Limited	3,004,647	12.00
4	Mr. Shahid Mehmood Umerani	1,802,888	07.20

The highest, lowest and closing (year-end) market prices of Pakistan Oxygen shares during 2018 were as under:

Highest	20/03/2018	Rs 246.00
Lowest	14/09/2018	Rs 204.19
Closing (at year-end)	31/12/2018	Rs 210.00

# Statement of Compliance with the Code of Corporate Governance

Year ended December 31, 2018

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: -
2. The composition of board is as follows:
  - a) Independent Directors
    1. Mr. Feroz Rizvi
    2. Mr. Muhammad Zindah Moin Mohajir
  - 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 Hasan Ali Bukhari
    6. Sheikh Muhammad Abdullah
    7. Mr. Shahid Mehmood Umerani
  - c) Executive Directors
    1. Mr. Matin Amjad – CEO (deemed director)
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has adopted a new Code of Ethics as its Code of Conduct in place of Code of Ethics of the Linde Group and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures besides having placed it on the Company's website.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 board.
8. The Board of Directors have a transparent procedure for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has arranged Directors' Training Program (DTP) for the following during the year under review:
  1. Mr. Atif Riaz Bokhari Non-executive Director
  2. Mr. Shahid Mehmood Umerani Non-executive Director
  3. Mr. Muhammad Zindah Moin Mohajir Independent Director
  4. Mr. Matin Amjad Chief Executive Deemed Director

Out of nine (nine) newly appointed 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.

Accordingly, with the six (6) certified directors, the Company is compliant with the requirement of having at least half of the directors on its Board duly certified through DTP while the remaining three (3) directors meet the exemption criteria based on the relevancy of their qualification and experience. Accordingly, the Company has made an application to SECP seeking exemption from the condition of mandatory certification in DTP for the aforesaid three directors.

Mr. Mazhar Iqbal, Company Secretary, also completed certification in the DTP as arranged by the Company.
10. During the year, the Board approved appointment of the new CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointment of Company Secretary was made during the year. The Board has, however, approved an annual remuneration, terms and

conditions of employment of the Company Secretary as recommended by the Human Resource and Remuneration Committee of the board.

11. CFO and CEO 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

b) Human Resource & Remuneration Committee

Mr. Feroz Rizvi	Chairman
Mr. Atif Riaz Bokhari	Member
Syed Hasan 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	4
b) HR and Remuneration Committee	7

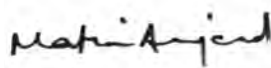
15. The Board has outsourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

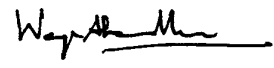
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board



**Matin Amjad**  
Chief Executive Officer



**Waqar Ahmed Malik**  
Chairman

Karachi:  
18 March 2019

**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, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pakistan Oxygen Limited for the year ended December 31, 2018 in accordance with the requirements of regulation 40 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.

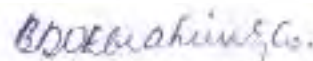
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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, 2018.

**KARACHI**

**DATED: MARCH 18, 2019**



**CHARTERED ACCOUNTANTS**

**Engagement Partner: Raheel Shahnawaz**

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

# Ten Year Financial Review

	2009	2010	2011
	-----Rupees in '000-----		
<b>Operating Results</b>			
Sales	2,307,741	2,530,022	3,044,800
Gross Profit	710,989	686,774	769,209
Profit from Operations	491,609*	413,224*	404,639
Profit before Taxation	374,284	375,026	402,723
Taxation	(122,672)	(131,201)	(139,848)
Profit after Taxation	251,612	243,825	262,875
Dividends	225,349	150,232	175,271
Bonus Shares	-	-	-
<b>Capital Employed</b>			
Paid-up Capital	250,387	250,387	250,387
Reserves and Unappropriated Profits	1,202,319	1,240,743	1,331,291
Shareholders' Fund	<b>1,452,706</b>	<b>1,491,130</b>	<b>1,581,678</b>
Deferred Liabilities	202,034	195,281	167,315
Long-term Liabilities & Borrowings (net of cash)	(384,745)	(355,569)	204,329
	<b>1,269,995</b>	<b>1,330,842</b>	<b>1,953,322</b>
<b>Represented by:</b>			
Non - Current Assets	1,276,004	1,342,471	2,075,442
Working Capital	(6,009)	(11,629)	(122,120)
	<b>1,269,995</b>	<b>1,330,842</b>	<b>1,953,322</b>
<b>Statistics</b>			
Expenditure on fixed assets	123,421	311,453	991,470
Annual depreciation and amortisation	171,647	177,492	204,304
Earnings per share-Rupees	10.05	9.74	10.50
Dividend per share-Rupees (Note 1)	9.00	6.00	7.00
Dividend cover ; times (Note 1)	1.12x	1.62x	1.50x
Net asset backing per share-Rupees	58.02	59.55	63.17
Return on average shareholders' fund (based on profit after tax)	17.00%	16.57%	17.11%
Dividend on average shareholders' fund (Note 1)	15.23%	10.21%	11.41%
Return on average capital employed (based on profit before financial charges & tax)	27.03%	29.01%	24.64%
Price/earning ratio (unadjusted) - times	12.73x	9.36x	9.62x
Dividend yield ratio (Note 1)	7.03%	6.59%	6.93%
Dividend payout ratio (Note 1)	89.55%	61.61%	66.67%
Fixed assets/turnover ratio	2.17	2.03	1.50
Debt/equity ratio	0:100	0:100	11:89
Current ratio	1.91	1.81	1.00
Interest cover - times	177.13x	171.62x	211.19x
Debtors turnover ratio	14.86	15.72	18.71
Gross profit ratio (as percentage of turnover)	30.81%	27.14%	25.26%
Market value per share at year end	127.95	91.10	101.00

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

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



2012	2013	2014	2015	2016	2017	2018
-----Rupees in '000-----						
3,739,405	4,016,101	3,925,036	3,914,176	3,954,638	4,412,652	4,860,059
954,170	764,231	710,372	829,223	895,994	991,727	1,109,531
564,252*	350,459	295,078	351,619*	420,199	435,398	654,850
315,414	245,408	177,402	191,805	309,589	340,021	538,531
(39,125)	(63,941)	(50,515)	(50,951)	(92,703)	(99,988)	(139,836)
276,289	181,467	126,887	140,854	216,886	240,033	398,695
175,271	137,713	112,674	125,194	125,194	137,713	175,271
-	-	-	-	-	-	75,116
250,387	250,387	250,387	250,387	250,387	250,387	250,387
1,428,510	1,452,807	1,440,580	1,469,133	1,562,974	1,716,975	3,648,593
<b>1,678,897</b>	<b>1,703,194</b>	<b>1,690,967</b>	<b>1,719,520</b>	<b>1,813,361</b>	<b>1,967,362</b>	<b>3,898,980</b>
204,192	291,789	339,425	399,414	397,383	356,990	317,812
538,037	959,159	1,171,059	1,371,743	1,184,877	1,146,845	1,288,606
<b>2,421,126</b>	<b>2,954,142</b>	<b>3,201,451</b>	<b>3,490,677</b>	<b>3,395,621</b>	<b>3,471,197</b>	<b>5,505,398</b>
2,631,493	3,076,995	3,214,373	3,193,016	3,212,333	3,030,626	4,661,754
(210,367)	(122,853)	(12,922)	297,661	183,288	440,571	843,644
<b>2,421,126</b>	<b>2,954,142</b>	<b>3,201,451</b>	<b>3,490,677</b>	<b>3,395,621</b>	<b>3,471,197</b>	<b>5,505,398</b>
839,481	684,267	400,265	279,445	350,411	175,133	210,914
268,203	244,873	290,509	328,713	344,959	358,751	367,847
11.03	7.25	5.07	5.63	8.66	9.59	15.92
7.00	5.50	4.50	5.00	5.00	5.5	7.00
1.58x	1.32x	1.13x	1.13x	1.73x	1.74x	2.27x
67.05	68.02	67.53	68.67	72.42	78.57	155.72
16.95%	10.73%	7.48%	8.26%	12.28%	12.70%	13.59%
10.75%	8.14%	6.64%	7.34%	7.09%	7.29%	5.98%
16.44%	13.04%	9.59%	9.51%	12.20%	12.68%	14.59%
13.91x	24.68x	40.94x	20.65x	22.55x	23.04x	13.19x
4.56%	3.08%	2.17%	4.30%	2.56%	2.49%	3.33%
63.44%	75.89%	88.76%	88.81%	57.74%	57.37%	43.96%
1.44	1.31	1.22	1.23	1.23	1.46	1.04
31:69	39:61	37:63	43:57	36 : 64	25 : 75	6 : 94
1.17	1.06	0.86	1.09	0.75	0.89	0.89
8.13x	3.34x	2.51x	2.52x	3.80x	4.57x	5.63x
20.78	17.79	14.49	10.68	8.25	7.44	7.25
25.52%	19.03%	18.10%	21.19%	22.66%	22.47%	23%
153.49	178.86	207.48	116.25	195.37	220.85	210.00

## Profit and Loss Account Vertical and Horizontal Analysis

	2018	2017	2016	2015	2014	2013
	-----Rupees in '000-----					
Net sales	4,860,059	4,412,652	3,954,638	3,914,176	3,925,036	4,016,101
Cost of sales	(3,750,528)	(3,420,925)	(3,058,644)	(3,084,953)	(3,214,664)	(3,251,870)
Gross profit	1,109,531	991,727	895,994	829,223	710,372	764,231
Distribution and marketing expenses	(207,554)	(285,079)	(235,127)	(244,393)	(240,854)	(209,527)
Administrative expenses	(207,487)	(235,669)	(229,614)	(227,649)	(233,622)	(214,358)
Other operating expenses	(55,429)	(62,813)	(32,046)	(26,438)	(26,897)	(46,472)
Other income	15,789	27,232	20,992	20,876	86,079	56,585
Operating profit before Reorganization / restructuring cost	654,850	435,398	420,199	351,619	295,078	350,459
Reorganization / restructuring cost	-	-	-	(33,500)	-	-
Operating profit after Reorganization / restructuring cost	654,850	435,398	420,199	318,119	295,078	350,459
Finance costs	(116,319)	(95,377)	(110,610)	(126,314)	(117,676)	(105,051)
Profit before tax	538,531	340,021	309,589	191,805	177,402	245,408
Taxation	(139,836)	(99,988)	(92,703)	(50,951)	(50,515)	(63,941)
Profit for the year	<u>398,695</u>	<u>240,033</u>	<u>216,886</u>	<u>140,854</u>	<u>126,887</u>	<u>181,467</u>

### Vertical Analysis - Percentage % of Sales

	-----Percentage of sales-----					
Net sales	100	100	100	100	100	100
Cost of sales	(77)	(78)	(77)	(79)	(82)	(81)
Gross profit	23	22	23	21	18	19
Distribution and marketing expenses	(4)	(6)	(6)	(6)	(6)	(5)
Administrative expenses	(4)	(5)	(6)	(6)	(6)	(5)
Other operating expenses	(1)	(1)	(1)	(1)	(1)	(1)
Other operating income	0.3	1	1	1	2	1
Operating profit before Reorganization / restructuring cost	13	10	11	9	8	9
Reorganization / restructuring cost	-	-	-	(1)	-	-
Operating profit after Reorganization / restructuring cost	13	10	11	8	8	9
Finance costs	(2)	(2)	(3)	(3)	(3)	(3)
Profit before tax	11	8	8	5	5	6
Taxation	(3)	(2)	(2)	(1)	(1)	(2)
Profit for the year	<u>8</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>3</u>	<u>5</u>

### Horizontal Analysis - Year on Year

	-----Percentage increase / (decrease) over preceeding year-----					
Net sales	10	12	1	(0)	(2)	7
Cost of sales	10	12	(1)	(4)	(1)	17
Gross profit	12	11	8	17	(7)	(20)
Distribution and marketing expenses	(27)	21	(4)	1	15	(9)
Administrative expenses	(12)	3	1	(3)	9	11
Other operating expenses	(12)	96	21	(2)	(42)	37
Other operating income	(42)	30	1	(76)	52	(18)
Operating profit before Reorganization / restructuring cost	50	4	20	19	(16)	(38)
Reorganization / restructuring cost	-	-	(100)	100	-	(100)
Operating profit after Reorganization / restructuring cost	50	4	32	8	(16)	(3)
Finance costs	22	(14)	(12)	7	12	137
Profit before tax	58	10	61	8	(28)	(22)
Taxation	40	8	82	1	(21)	63
Profit for the year	<u>66</u>	<u>11</u>	<u>54</u>	<u>11</u>	<u>(30)</u>	<u>(34)</u>

## Balance Sheet Vertical and Horizontal Analysis

	2018	2017	2016	2015	2014	2013
-----Rupees in '000-----						
<b>Equity and Liabilities</b>						
Total equity	3,898,980	1,967,362	1,813,361	1,719,520	1,690,967	1,703,194
Total non-current liabilities	502,630	813,374	833,241	1,595,183	1,289,903	1,441,147
Total current liabilities	2,295,628	2,306,546	2,291,000	1,350,658	1,616,945	1,045,058
Total equity and liabilities	<u>6,697,238</u>	<u>5,087,282</u>	<u>4,937,602</u>	<u>4,665,361</u>	<u>4,597,815</u>	<u>4,189,399</u>
<b>Assets</b>						
Total non-current assets	4,661,754	3,030,626	3,212,333	3,193,016	3,214,373	3,076,995
Total current assets	2,035,484	2,056,656	1,725,269	1,472,345	1,383,442	1,112,404
Total assets	<u>6,697,238</u>	<u>5,087,282</u>	<u>4,937,602</u>	<u>4,665,361</u>	<u>4,597,815</u>	<u>4,189,399</u>

### Vertical Analysis

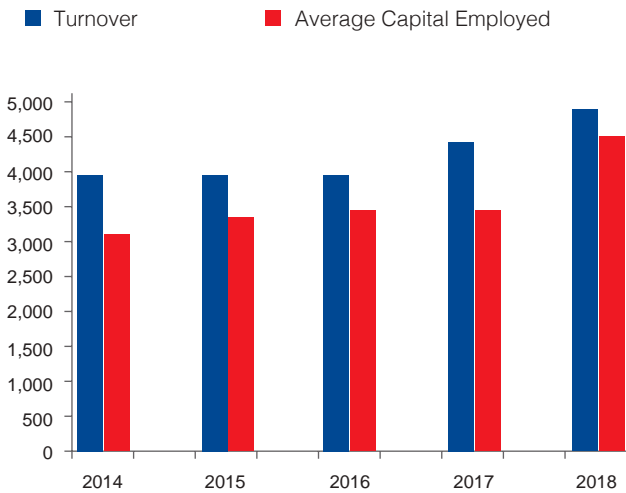
	-----Percentage of Balance Sheet Total -----					
<b>Equity and Liabilities</b>						
Total equity	58	39	37	37	37	41
Total non-current liabilities	8	16	17	34	28	34
Total current liabilities	34	45	46	29	35	25
Total equity and liabilities	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Assets</b>						
Total non-current assets	70	60	65	68	70	73
Total current assets	30	40	35	32	30	27
Total assets	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### Horizontal Analysis - Year on Year

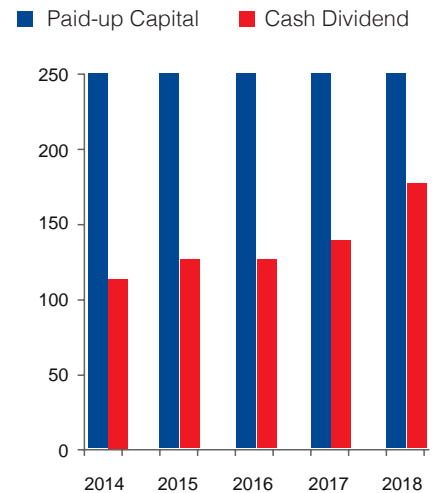
	-----Percentage increase / (decrease) over preceeding year -----					
<b>Equity and Liabilities</b>						
Total equity	98	8	5	2	(1)	1
Total non-current liabilities	(38)	(2)	(48)	24	(10)	32
Total current liabilities	(0)	1	70	(16)	55	21
Total equity and liabilities	<u>32</u>	<u>3</u>	<u>6</u>	<u>1</u>	<u>10</u>	<u>15</u>
<b>Assets</b>						
Total non-current assets	54	(6)	1	(1)	4	17
Total current assets	(1)	19	17	6	24	10
Total assets	<u>32</u>	<u>3</u>	<u>6</u>	<u>1</u>	<u>10</u>	<u>15</u>

# KEY FINANCIAL DATA

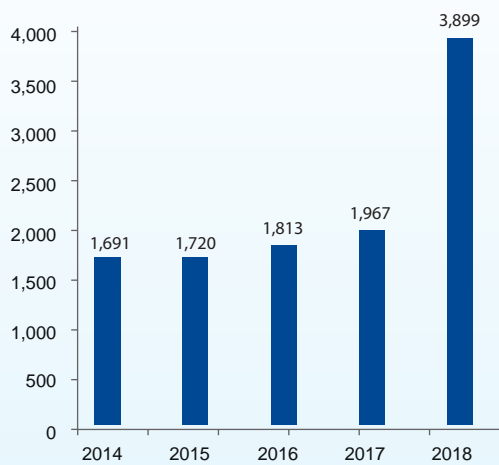
Turnover (net) and average capital employed (Rupees in million)



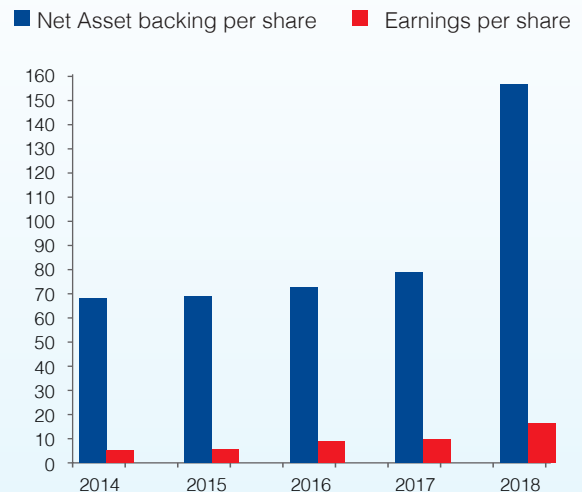
Paid-up capital and cash dividends (Rupees in million)



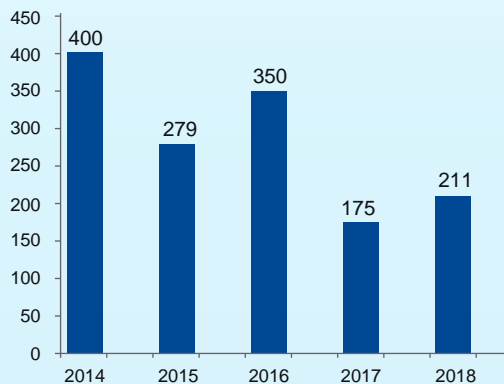
Shareholders' Fund (Rupees in million)



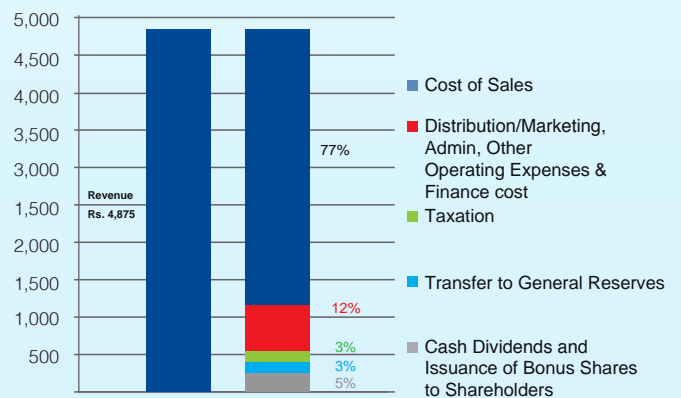
Break up value and EPS (Rupees)



Capital expenditure (Rupees in million)



Application of revenue 2018 (Rupees in million)



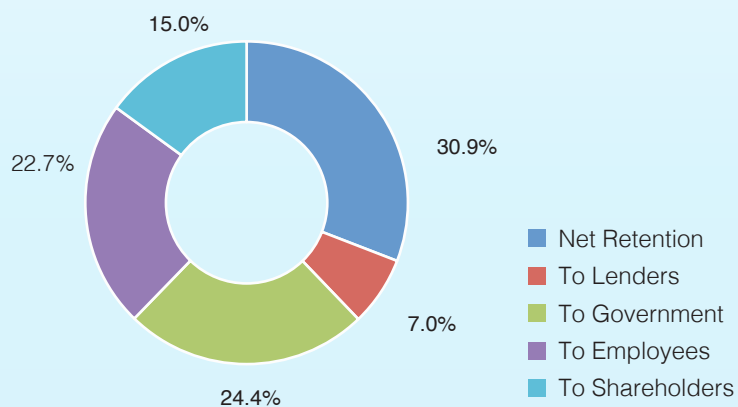
## STATEMENT OF VALUE ADDED DURING 2018

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:

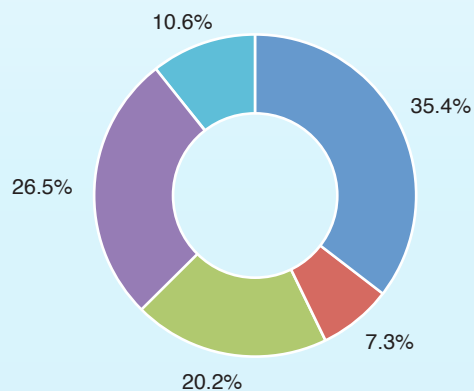
	2018	2017
	(Rupees in '000)	
<b>Wealth Generated</b>		
Total Revenue (net of trade discount and sales tax)	4,875,848	4,439,884
Bought-in-material & services	<u>(3,203,772)</u>	<u>(3,136,812)</u>
	<u>1,672,076</u>	<u>1,303,072</u>
<b>Wealth Distributed</b>		
<b>To Employees</b>		
Salaries, wages and benefits	380,640	345,577
<b>To Government</b>		
Income Tax on Profit, Workers' Funds, Import Duties (exclusive of capital items) and un-adjustable Sales Tax	408,575	263,334
<b>To Providers of Capital</b>		
Cash dividends and bonus shares to shareholders*	250,387	137,713
<b>To Lenders</b>		
Finance cost	116,319	95,377
<b>Retained in the Business</b>		
Represented by depreciation and transfer to general reserve for replacement of fixed assets	516,155	461,071
	<u>1,672,076</u>	<u>1,303,072</u>

\*Includes proposed final dividend declared subsequent to year end

**Wealth Generated and Distributed 2018**



**Wealth Generated and Distributed 2017**



# FINANCIAL STATEMENTS OF THE COMPANY



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## 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 profit and loss account for the year ended December 31, 2018, statement of comprehensive income, the statement of financial position, 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 profit and loss account, statement of comprehensive income, statement of financial position, 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, 2018 and of the profit and other comprehensive income, 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.

#### Other matter

The financial statements of the Company for the year ended December 31, 2017, were audited by another firm of Chartered accountants who had expressed an unmodified opinion thereon vide their report dated February 27, 2018.

### 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.	<p><b>PROMULGATION OF COMPANIES ACT, 2017</b></p> <p>Companies Act, 2017 (“the Act”) was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies. The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.</p> <p>In view of the significant changes in accounting and disclosures, we consider it as a key audit matter.</p> <p>Refer to note 4.1 to the financial statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements.</li> <li>• We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance.</li> <li>• We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.</li> </ul>



S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
2.	TRADE DEBTS	
	<p>As disclosed in note 20 to the accompanying financial statements of the company for the year ended December 31, 2018, the Company has a trade debt balance amounting to Rs. 674.550 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 debt. For significant account balances, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time that the amount is past due.</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 doubtful debts 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"> <li>• We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards;</li> <li>• We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle;</li> <li>• We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components;</li> <li>• We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment;</li> <li>• We examined on a sample basis, evidence related to post year-end cash receipts.</li> <li>• We reviewed and re-calculated the provision against trade receivables based on credit risk exposure and days past due as per the Company's policies to ensure that the provision is appropriate at the date of statement of financial position.</li> </ul>

S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
3.	<b>CONTROL ENVIRONMENT RELATING TO THE FINANCIAL REPORTING PROCESS AND RELATED IT SYSTEMS</b>	
	<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 the following 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 profit and loss account and statement of financial position.</p>
4.	<b>PROVISION FOR OBSOLESCENCE IN INVENTORIES</b>	
	<p>As disclosed in note 18 and 19 to the financial statements, the Company has net inventories of Rs. 161,393 million and Rs. 406.147 million as at December 31, 2018 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"> <li>• We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories.</li> <li>• 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.</li> </ul>

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"> <li>• Further, 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, 2018 to their net realizable value subsequent to year end.</li> <li>• 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.</li> </ul>
5.	<b>REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	
	<p>As per International Accounting Standards (IAS) 16 "Property, Plant and Equipment", a company shall choose either the cost model or revaluation model as its accounting policy and shall apply that policy to entire class of property, plant and equipment. During the year, the Company has changed its accounting policy and has chosen revaluation model for freehold and leasehold land which was previously carried at cost model as disclosed in note 16 to the financial statements.</p>	<p>Our audit procedures included the following:</p> <p>We obtained revaluation reports of independent valuer and evaluate the credibility of the reports and determine the reasonableness of the assumptions mentioned in their reports. We reviewed that the revalued amount disclosed in the aforesaid reports are properly recognized in the financial statement for the year ended December 31, 2018.</p>

S. NO	KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
	<p>Consequently, this change in accounting policy resulted in significant impact on property, plant and equipment amounting to Rs. 1,798.150 million. Moreover, the revaluation process involves significant and complex judgment for the valuation of the freehold and leasehold land therefore, we consider this as a key audit matter.</p>	<p>We checked that the independent valuers are in list of approved valuers of Pakistan Banks' Associations (PBA).</p> <p>We reviewed the financial statements to ensure that change in accounting policy with respect to adoption of revaluation model for freehold and leasehold land have been properly applied, accounted for and adequately disclosed in the financial statements.</p> <p>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:

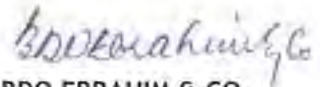
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

- b) the statement of financial position, profit and loss account, 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) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

KARACHI

DATED: 18 MAR 2019

  
BDO  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANT

# PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
		(Rupees in '000)	
Gross sales	7	5,483,981	4,995,079
Trade discount and sales tax	7	(623,922)	(582,427)
Net sales		4,860,059	4,412,652
Cost of sales	8	(3,750,528)	(3,420,925)
Gross profit		1,109,531	991,727
Distribution and marketing expenses	9	(207,554)	(285,079)
Administrative expenses	10	(207,487)	(235,669)
Other operating expenses	11	(55,429)	(62,813)
		(470,470)	(583,561)
Operating profit before other income		639,061	408,166
Other income	12	15,789	27,232
Operating profit		654,850	435,398
Finance cost	13	(116,319)	(95,377)
Profit before taxation		538,531	340,021
Taxation	14	(139,836)	(99,988)
Profit for the year		398,695	240,033
Earnings per share - basic and diluted (Rupees)	15	15.92	9.59


The annexed notes from 1 to 45 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

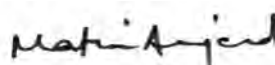
For the year ended December 31, 2018

	December 31, 2018	December 31, 2017
Note	(Rupees in '000)	
Net profit for the year	398,695	240,033
Other comprehensive income for the year		
Items that will never be reclassified to profit and loss account		
Surplus on revaluation of property, plant and equipment	1,798,150	-
(Loss) / profit on re-measurement on defined benefit plans - net	36.1 (3,774)	2,292
Tax impact	1,454	(688)
	<u>1,795,830</u>	<u>1,604</u>
Total comprehensive income for the year	<u>2,194,525</u>	<u>241,637</u>


The annexed notes from 1 to 45 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, 2018

	Note	December 31, 2018	December 31, 2017
<b>ASSETS</b>			
Non - Current Assets			
(Rupees in '000)			
Property, plant and equipment	16	4,558,190	2,948,292
Intangible assets	17	33,701	12,471
Investment in subsidiary		10	10
Long term deposits		69,853	69,853
		<u>4,661,754</u>	<u>3,030,626</u>
<b>Current Assets</b>			
Stores and spares	18	161,393	117,768
Stock-in-trade	19	406,146	264,728
Trade debts	20	674,550	666,736
Advances	21	18,543	22,159
Deposits and prepayments	22	130,279	93,887
Other receivables	23	136,443	139,863
Taxation - net		363,350	317,276
Cash and bank balances	24	144,780	434,239
		<u>2,035,484</u>	<u>2,056,656</u>
<b>Total Assets</b>		<u><b>6,697,238</b></u>	<u><b>5,087,282</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised share capital			
40,000,000 (2017: 40,000,000) Ordinary			
shares of Rs. 10 each			
		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital	25	250,387	250,387
Revenue reserves			
General reserves		1,579,262	1,475,338
Unappropriated profit		271,181	241,637
Capital reserves			
Surplus on revaluation of property, plant and equipment	26	1,798,150	-
		<u>3,648,593</u>	<u>1,716,975</u>
		<u>3,898,980</u>	<u>1,967,362</u>
<b>Non-Current Liabilities</b>			
Long term financing	27	-	270,000
Long term deposits	28	184,818	186,384
Deferred liabilities	29	317,812	356,990
		<u>502,630</u>	<u>813,374</u>
<b>Current Liabilities</b>			
Trade and other payables	30	1,024,246	1,164,860
Short term borrowings	31	978,568	739,700
Un-claimed dividend	32	22,814	16,986
Current maturity of long term financing		270,000	385,000
		<u>2,295,628</u>	<u>2,306,546</u>
<b>Total Equity and Liabilities</b>		<u><b>6,697,238</b></u>	<u><b>5,087,282</b></u>
<b>Contingencies and Commitments</b>	33		

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



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Chairman

# STATEMENT OF CASH FLOW

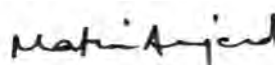
For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	641,042	470,101
Finance costs paid		(103,652)	(96,241)
Income tax paid		(223,870)	(80,244)
Post retirement medical benefits paid		(1,081)	(125)
Long term deposits - receivable		-	(3,822)
Long term deposits - payable		(1,566)	20,526
Net cash generated from operating activities		<u>310,873</u>	<u>310,195</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(185,701)	(175,133)
Addition to intangible assets		(25,213)	-
Proceeds from disposal of property, plant and equipment		13,313	8,395
Interest received on balances with banks		480	78
Net cash used in investing activities		<u>(197,121)</u>	<u>(166,660)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing	27.2	(385,000)	(385,000)
Dividends paid		(257,079)	(84,977)
Net cash used in financing activities		<u>(642,079)</u>	<u>(469,977)</u>
Net decrease in cash and cash equivalents		<u>(528,327)</u>	<u>(326,442)</u>
Cash and cash equivalents at beginning of the year		<u>(305,461)</u>	20,981
Cash and cash equivalents at end of the year	35	<u>(833,788)</u>	<u>(305,461)</u>

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



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Matin Amjad  
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Waqar Ahmed Malik  
Chairman

# STATEMENT OF CHANGES IN EQUITY


For the year ended December 31, 2018

	Issued, subscribed and paid-up capital	Capital Reserves	Revenue Reserves		Total
		Surplus on revaluation of property, plant & equipment	General reserve	Unappro- priated profit	
----- (Rupees in '000) -----					
Balance as at January 01, 2017	250,387	-	1,375,413	187,561	1,813,361
Total comprehensive income for the year					
Profit for the year	-	-	-	240,033	240,033
Other comprehensive income for the year	-	-	-	1,604	1,604
	-	-	-	241,637	241,637
Transactions with owners of the Company, recognized directly in equity - distributions					
Final dividend for the year ended December 31, 2016 - Rs. 3.50 per share	-	-	-	(87,636)	(87,636)
Transfer to general reserve	-	-	99,925	(99,925)	-
	-	-	99,925	(187,561)	(87,636)
Balance as at December 31, 2017	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 income for the year	-	1,798,150	-	(2,320)	1,795,830
	-	1,798,150	-	396,375	2,194,525
Transactions with owners of the Company, recognized directly in equity - distributions					
Final dividend for the year ended December 31, 2017 Rs 5.5 per share	-	-	-	(137,713)	(137,713)
Interim dividend for the year ended December 31, 2018 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	1,798,150	1,579,262	271,181	3,898,980

The annexed notes from 1 to 45 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, 2018

## 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 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. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The address of registered office of the Company is West Wharf, Dockyard Road, Karachi, Pakistan. Manufacturing facilities are disclosed in note 16.8.

## 3. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

Following is the summary of significant transactions and events that have affected the financial position and performance of the Company:

- 3.1 During the year, on January 7, 2018, Adira Capital Holdings (Private) Limited and its affiliates consisting of Hilton Pharma (Private) Limited, Soorty Enterprises (Private) Limited, Al-Karam Textile Mills (Private) Limited, Mr. Fawad Anwar and Mr. Siraj Dadabhoy (Adira and Affiliates) acquired entire shareholding held by The BOC Group Limited -U.K., a subsidiary of Linde AG, in the Company, i.e. 15.02 million ordinary shares representing 60% shares of the Company, through a private deal under a Share Purchase Agreement (SPA) dated May 30, 2017 and an additional 20% shareholding, i.e. 5 million ordinary shares, through Public Tender Offer dated October 13, 2017, made in accordance with the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. Accordingly, the Company is no more subsidiary of the BOC Group with effect from January 7, 2018 and resultantly Linde AG, Germany also ceases to be the ultimate parent company of the Company.
- 3.2 During the year, on June 25, 2018, the Company completed successful migration from Linde SAP ERP system to locally hosted SAP ERP System and acquired functional copy of Linde Global ERP SAP system used by the Company with all historical data and technical settings (configuration and programs) which support the Company’s business processes. The project was completed with a total cost of Rs. 25.213 million.
- 3.3 During the year, the Company obtained short-term finance facilities from Standard Chartered Bank (Pakistan) limited amounting to Rs.1,000 million. This included facilities for the running finance under mark-up arrangement and short-term revolving credit amounting to Rs.725 million and facilities for opening letter of credit and issuing bank guarantees amounting to Rs. 275 million.
- 3.4 During the year ended December 31, 2018, the revaluation of freehold and leasehold land was carried out 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

3.5 During the year, the Company declared an interim cash dividend of 50% (i.e. Rs. 5 per share) on October 26, 2018 for the year ended December 31, 2018.

3.6 Application of Companies Act, 2017 (Refer note 4.1)

## 4. BASIS OF PREPARATION

### 4.1 Statement of compliance

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

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

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

The Third and Fourth Schedules to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Third and Fourth Schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements.

Further, the disclosure requirements contained in the Fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 16.8), management's assessment of sufficiency of tax provision in the financial statements (refer note 14.2), change in threshold for identification of executives (refer note 37), separate disclosure of factory employees (refer note 42), summary of significant transactions and events that have affected the Company's financial position (refer note 3), change in threshold for sale of fixed assets (refer note 16.6) and additional disclosure requirements for related parties (refer note 40) etc.

### 4.2 Basis of measurement

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

### 4.3 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.

### 4.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 recognized prospectively.

Information about judgements made by the management in the application of approved accounting 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 stock

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

Impairment loss against doubtful trade and other debts is made on a judgemental basis, which may differ in future years based on the actual experience. The difference in provision, if any, would be recognized in the future periods.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 5. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

### 5.1 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:

		“Effective date (annual periods beginning on or after)”
IFRS 2	Share-based Payment - amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 10	Consolidated Financial Statements - amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Immediately
IAS 28	Investments in Associates and Joint Ventures - amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Immediately
IAS 40	Investment Property - amendments to clarify transfers of property to, or from, investment property	January 01, 2018

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

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

### 5.2 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:

Conceptual Framework for Financial Reporting 2018 - Original Issue	March 01, 2018
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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		“Effective date (annual periods beginning on or after)”
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 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
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 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 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
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
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 5.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned against the respective standard:

IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019

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 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The effects of IFRS 9 - Financial Instruments, IFRS 15 - Revenues from Contracts with Customers and IFRS 16 -Leases are still being assessed, as these new standards may have an effect on the Company's future financial statements.

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.

## 6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year. The principal accounting policies are summarised below:

### 6.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized 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 is measured net of sales tax, returns, trade discounts and volume rebates, and is recognized when significant risks and rewards of ownership are transferred to the buyer, that is, when deliveries are made and recovery of the consideration is probable.
- ii) Rental income is recognized over the period of relevant agreement based on agreed rate and other service income is recognized in profit and loss account on rendering of relevant services.
- iii) Return on bank deposits is recognized on time proportion using the effective rate of return.
- iv) Miscellaneous income is recognized on receipt basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 6.2 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.

## 6.3 Dividend and appropriation to reserves

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

## 6.4 Taxation

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

### Current

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

### Deferred

Deferred tax is recognized, 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 recognized 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 balance sheet date.

Deferred tax assets are recognized 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 6.5 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 and accumulated impairment loss, 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 recognized 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 profit and loss account during the period in which they are incurred.

### Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit and 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 recognized in the profit and loss account.

### 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.

## 6.6 Intangible assets

An intangible asset is recognized 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 recognized 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 6.7 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.

## 6.8 Impairment

The carrying amounts of Company's assets are reviewed at each balance sheet 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 recognized 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 recognized in the profit and loss account.

## 6.9 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.

## 6.10 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.

## 6.11 Trade debts and other receivables

Trade debts and other receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment, if any. A provision is established when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

## 6.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held with banks. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

## 6.13 Financial assets and liabilities

The Company recognizes financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognized initially at cost,

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

which is the fair value of the consideration given or received as appropriate, adjusted for any directly attributable transaction cost. These financial assets and liabilities are subsequently measured at fair value or amortised cost using the effective interest rate method, as the case may be.

Financial assets are derecognized when the contractual right to cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the financial asset are transferred. Financial liability is derecognized when its contractual obligation is discharged, cancelled or expired.

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 offset the recognized amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

A financial asset is assessed at each reporting date to determine whether there is an objective evidence that a loss event has occurred after the initial recognition of the asset, and if that event has a negative effect on the estimated future cash flows of that asset, the Company recognizes an impairment there against.

## 6.14 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 23.

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 profit and loss account, 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 recognized in the balance sheet 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 recognized 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 recognized immediately in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 recognized in profit and loss account.

## Defined contribution plans

### The Company operates:

- i) a recognized 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 recognized 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.

## 6.15 Compensated absences

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

## 6.16 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.

## 6.17 Provisions

A provision is recognized in the balance sheet 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 balance sheet date and adjusted to reflect current best estimates.

## 6.18 Foreign currency transactions

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 balance sheet date are retranslated into Pakistan Rupees at the exchange rate prevailing at that date. Foreign currency differences, if any, arising on retranslation are recognized in profit and loss account.

## 6.19 Derivative financial instruments

When a derivative is designated as a hedging instrument, to hedge the exposure of variability in cash flows attributable to a particular risk associated with a recognized asset or liability, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit and loss account.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

## 6.20 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized 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.

## 6.21 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.

## 6.22 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 recognized in the profit and loss account.

## 6.23 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.

## 6.24 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.

## 6.25 Surplus on revaluation of freehold and leasehold lands

Any revaluation increase arising on the revaluation of lands 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 profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of lands is charged to profit or loss to the extent that it exceeds the balance, if any, held



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset.

The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation on leasehold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

## 6.26 Change in an accounting policy

As per International Accounting Standards (IAS) 16 "Property, Plant and Equipment", a company shall choose either the cost model or revaluation model as its accounting policy and shall apply that policy to entire class of property, plant and equipment. Under cost model, after initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment loss. During the year, the Company has changed its accounting policy and has chosen revaluation model for freehold land and leasehold land which were previously carried at cost model. Under revaluation model, after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. As per International Accounting Standard (IAS) 8 "Accounting Policies, Change in Accounting Estimates and Errors", the initial application of a policy to revalue assets in accordance with IAS 16 Property, Plant and Equipment is a change in accounting policy and is not accounted for retrospectively. Consequently, this change in accounting policy has been accounted for prospectively in accordance with the requirements of IAS 8. Had there been no change in accounting policy, the impacts would have been as follows:

		December 31, 2018 (Rupees in '000)
<b>Impact on statement of financial position</b>		
Property, plant and equipment	Lower	1,798,150
Surplus on revaluation of property, plant and equipment	Lower	1,798,150

## 7 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 7.1 Segment results are as follows:

	December 31, 2018			December 31, 2017		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	----- (Rupees in '000) -----					
Gross sales	4,323,834	1,160,147	5,483,981	4,102,031	893,048	4,995,079
Less:						
Trade discount	9,370	-	9,370	2,485	-	2,485
Sales tax	445,984	168,568	614,552	452,471	127,471	579,942
	<u>455,354</u>	<u>168,568</u>	<u>623,922</u>	<u>454,956</u>	<u>127,471</u>	<u>582,427</u>
Net sales	3,868,480	991,579	4,860,059	3,647,075	765,577	4,412,652
Less:						
Cost of sales	2,919,111	831,417	3,750,528	2,821,659	599,266	3,420,925
Distribution and marketing expenses	177,593	29,961	207,554	237,272	47,807	285,079
Administrative expenses	177,536	29,951	207,487	196,147	39,522	235,669
	<u>3,274,240</u>	<u>891,329</u>	<u>4,165,569</u>	<u>3,255,078</u>	<u>686,595</u>	<u>3,941,673</u>
Segment result	<u>594,240</u>	<u>100,250</u>	<u>694,490</u>	<u>391,997</u>	<u>78,982</u>	<u>470,979</u>
Unallocated corporate expenses:						
- Other operating expenses			(55,429)			(62,813)
- Other income			15,789			27,232
			<u>(39,640)</u>			<u>(35,581)</u>
Operating profit			654,850			435,398
Finance costs			(116,319)			(95,377)
Taxation			(139,836)			(99,988)
Profit for the year			<u>398,695</u>			<u>240,033</u>

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

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

7.4 The segment assets and liabilities as at December 31, 2018 are as follows:

	December 31, 2018			December 31, 2017		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	----- (Rupees in '000) -----					
Segment assets	5,432,671	367,608	5,800,279	3,760,999	236,525	3,997,524
Unallocated assets			896,959			1,089,758
Total assets			<u>6,697,238</u>			<u>5,087,282</u>
Segment liabilities	242,257	3,799	246,056	458,394	9,652	468,046
Unallocated liabilities			2,552,202			2,651,874
Total liabilities			<u>2,798,258</u>			<u>3,119,920</u>

7.5 Capital expenditures for the year were as follows:

Capital expenditures	<u>185,701</u>	<u>175,133</u>
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7.6 All non-current assets of the Company as at December 31, 2018 were located within Pakistan. Depreciation expense mainly relates to industrial, medical and other gases segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		December 31, 2018	December 31, 2017
	Note	(Rupees in '000)	
<b>8. COST OF SALES</b>			
Fuel and power		994,699	1,039,390
Raw materials consumed		919,786	594,855
Third party manufacturing charges		43,864	45,140
Depreciation	16.7	343,483	332,829
Salaries, allowances and other benefits	8.1	175,702	159,729
Transportation expenses		410,117	287,024
Repairs and maintenance		89,036	85,205
Consumable spares		60,032	75,112
Insurance		24,162	24,473
Travelling and conveyance		29,059	28,169
Safety and security expenses		22,663	28,724
Communications and stationery		3,777	6,806
Rent, rates and taxes		4,525	7,084
Staff training, development and other expenses		5,693	3,104
Miscellaneous expenses		560	3,087
<b>Cost of goods manufactured</b>		<u>3,127,158</u>	<u>2,720,731</u>
Opening stock of finished goods		181,147	209,721
Purchase of finished goods		688,670	673,787
Reversal of write down of inventory to net realisable value		(605)	(2,167)
Closing stock of finished goods		<u>(245,842)</u>	<u>(181,147)</u>
		<u>3,750,528</u>	<u>3,420,925</u>
<b>8.1 Salaries, allowances and other benefits include amounts in respect of:</b>			
Defined benefit schemes		1,515	1,267
Defined contribution plans		4,363	4,474
		<u>5,878</u>	<u>5,741</u>
<b>9. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries, allowances and other benefits	9.1	144,580	135,123
Technical assistance fee		-	46,585
Travelling and conveyance		20,156	19,345
Systems support and shared services		-	10,538
Depreciation	16.7	7,480	8,232
Provision for doubtful debts		6,499	17,188
Communications and stationery		4,424	5,725
Repairs and maintenance		2,526	1,997
Safety and security expenses		1,307	1,777
Electricity expense		4,993	4,680
Rent, rates and taxes		5,688	5,360

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		December 31, 2018	December 31, 2017
	Note	(Rupees in '000)	
Sales promotion and symposium		1,640	21,055
Staff training, development and other expenses		7,386	4,531
Miscellaneous expenses		875	2,943
		<u>207,554</u>	<u>285,079</u>
9.1	Salaries, allowances and other benefits include amounts in respect of:		
	Defined benefit schemes	2,671	2,802
	Defined contribution plans	9,880	9,150
		<u>12,551</u>	<u>11,952</u>
10.	ADMINISTRATIVE EXPENSES		
	Salaries, allowances and other benefits	10.1 119,670	104,947
	Travelling and conveyance	15,014	17,791
	Systems support and shared services	11,425	48,783
	Communications and stationery	11,451	16,158
	Depreciation	16.7 12,901	13,969
	Repairs and maintenance	8,040	6,813
	Electricity expense	7,178	6,852
	Directors' fee and remuneration	6,750	5,482
	Amortization	17.1 3,983	3,721
	Safety and security expenses	1,565	4,352
	Staff training, development and other expenses	7,255	2,657
	Insurance	434	447
	Rent, rates and taxes	975	1,342
	Miscellaneous expenses	846	2,355
		<u>207,487</u>	<u>235,669</u>
10.1	Salaries, allowances and other benefits include amounts in respect of:		
	Defined benefit schemes	2,362	2,234
	Defined contribution plans	8,693	9,700
		<u>11,055</u>	<u>11,934</u>
11.	OTHER OPERATING EXPENSES		
	Workers' Profits Participation Fund	28,982	18,335
	Workers' Welfare Fund	12,170	8,348
	Legal and professional charges	10,731	11,962
	Auditors' remuneration	11.1 3,027	2,838
	Donations	519	1,085
	Exchange loss - net	-	20,245
		<u>55,429</u>	<u>62,813</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	December 31, 2018	December 31, 2017
	(Rupees in '000)	
<b>11.1 Auditors' remuneration</b>		
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 statements	240	240
Out-of-pocket expenses	429	240
	<u>3,027</u>	<u>2,838</u>
<b>12. OTHER INCOME</b>		
Income from financial asset:		
Mark-up income on saving and deposit accounts	480	78
Exchange gain - net	5,368	-
Income from non financial assets:		
Gain on disposal of property, plant and equipment	3,225	6,484
Liabilities no more payable written back	3,326	11,531
Others	3,390	9,139
	<u>15,789</u>	<u>27,232</u>
<b>13. FINANCE COSTS</b>		
Mark-up on long term financing	43,991	55,154
Mark-up on short term running finances	68,567	39,196
Bank charges	3,761	1,027
	<u>116,319</u>	<u>95,377</u>
<b>14. TAXATION</b>		
Current	177,796	141,493
Deferred	(37,960)	(41,505)
	<u>139,836</u>	<u>99,988</u>
<b>14.1 Relationship between tax expense and accounting profit</b>		
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:		
Profit before taxation	<u>538,531</u>	<u>340,021</u>
Tax at the applicable tax rate of 29% (2017: 30%)	156,174	102,006
Effect of change in tax rate	(10,695)	(11,648)
Tax effect of non-deductible expenses	-	9,369
Effect of tax under final tax regime	14,399	10,038
Effect of tax credit	(20,006)	(9,666)
Others	(36)	(111)
	<u>139,836</u>	<u>99,988</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 14.2 Management assessment of sufficiency of provision for income taxes

The Company has made provisions for taxation in its financial statements based on generally accepted interpretations of the applicable tax laws and decisions of appellate authorities on similar matters. In the opinion of the management, sufficient provision for tax purposes has been made in these financial statements, comparison of which as per financial statements viz-a-viz tax assessments for the last three years is as follows:

	December 31, 2017	December 31, 2016	December 31, 2015
	------(Rupees in '000)-----		
Income tax provision for the year (as per accounts)	141,493	90,450	-
Income tax as per tax return/assessment	125,661	69,050	-

14.3 The returns of total income for and upto the Tax Year 2018 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.

14.4 As per section 5A of the Income Tax Ordinance, 2001, amended by Finance Act, 2018, tax shall be imposed at the rate of 5 percent of its accounting profit before tax on every public company other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 20 percent of its after-tax profits within six months of the end of the said tax year through cash.

The Board of Directors of the Company has declared sufficient cash dividend for the year ended December 31, 2018 which complies with the above stated requirement. Accordingly, no provision for tax on undistributed profits is required to be made in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 15. 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.

	December 31, 2018	December 31, 2017
Note	(Rupees in '000)	
Profit for the year	<u>398,695</u>	<u>240,033</u>
	(Number in '000)	
Number of ordinary shares	<u>25,039</u>	<u>25,039</u>
	(Rupees)	
Earnings per share - basic and diluted	<u>15.92</u>	<u>9.59</u>
	(Rupees in '000)	

## 16. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	16.1	4,395,765	2,749,332
Capital work in progress	16.9	<u>162,425</u>	<u>198,960</u>
		<u>4,558,190</u>	<u>2,948,292</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 16.1 Operating fixed assets

Description	Freehold land	Leasehold land	Buildings on			*Plant and machinery	Vehicles	Furniture, fittings and office equipments	Computer equipments	Total
			Freehold land	Leasehold land	customers' land					
------(Rupees in '000)-----										
<b>Net carrying value basis</b>										
<b>year ended December 31, 2018</b>										
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)
<b>Closing net book value</b>	<b>1,466,221</b>	<b>375,000</b>	<b>192,698</b>	<b>37,504</b>	<b>4,701</b>	<b>2,263,789</b>	<b>40,032</b>	<b>13,069</b>	<b>2,750</b>	<b>4,395,765</b>
<b>Gross carrying value basis</b>										
<b>year ended December 31, 2018</b>										
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)
<b>Closing net book value</b>	<b>1,466,221</b>	<b>375,000</b>	<b>192,698</b>	<b>37,504</b>	<b>4,701</b>	<b>2,263,789</b>	<b>40,032</b>	<b>13,069</b>	<b>2,750</b>	<b>4,395,765</b>
<b>Depreciation rate</b>										
(% 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	-
<b>Net carrying value basis</b>										
<b>year ended December 31, 2017</b>										
Opening net book value	43,071	2	220,181	43,631	6,636	2,597,243	38,177	20,939	12,437	2,982,317
Addition (at cost)	-	-	-	3,400	-	95,524	19,970	1,022	4,040	123,956
Revaluation surplus	-	-	-	-	-	-	-	-	-	-
Disposal (NBV)	-	-	-	-	-	-	(1,911)	-	-	(1,911)
Depreciation charged	-	(2)	(13,741)	(5,373)	(967)	(307,996)	(14,253)	(4,787)	(7,911)	(355,030)
<b>Closing net book value</b>	<b>43,071</b>	<b>-</b>	<b>206,440</b>	<b>41,658</b>	<b>5,669</b>	<b>2,384,771</b>	<b>41,983</b>	<b>17,174</b>	<b>8,566</b>	<b>2,749,332</b>
<b>Gross carrying value basis</b>										
<b>year ended December 31, 2017</b>										
Cost / revalued amount	43,071	10,526	283,161	102,338	21,841	5,414,966	95,797	72,380	44,659	6,088,739
Accumulated depreciation	-	(10,526)	(76,721)	(60,680)	(16,172)	(3,030,195)	(53,814)	(55,206)	(36,093)	(3,339,407)
<b>Net book value</b>	<b>43,071</b>	<b>-</b>	<b>206,440</b>	<b>41,658</b>	<b>5,669</b>	<b>2,384,771</b>	<b>41,983</b>	<b>17,174</b>	<b>8,566</b>	<b>2,749,332</b>
<b>Depreciation rate</b>										
(% 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. 99.658 million (2017: Rs. 88.360 million) and net book value of Rs. 38.986 million (2017: Rs. 32.633 million).

16.2 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 incremental value of the freehold land so revalued is depreciated over the remaining lease period of the said land at the date of revaluation.

The Forced Sales Value (FSV) of freehold land and leasehold land is Rs. 1,172.960 million and Rs. 300 million respectively.

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

(Rupees in '000)

Freehold land	43,071
Leasehold	-



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 16.4 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 land 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.

- 16.5 As at December 31, 2018, plant and machinery includes cylinders held by customers and Vacuum Insulated Evaporator (VIEs) installed at certain customers' sites for supply of gas products. Cost and net book values of such cylinders and VIEs are as follows:

	Cost		Net book value	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees in '000) -----			
Cylinders	249,668	206,367	160,418	128,259
Vacuum Insulated Evaporator	706,295	706,295	314,592	355,137
	<u>955,963</u>	<u>912,662</u>	<u>475,010</u>	<u>483,396</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

16.6 The detail of operating fixed assets disposed off during the year having aggregate net book value exceeding Rs. 500,000 are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal	Particulars of purchasers
Motor Vehicle	10,585	(2,293)	8,292	8,292	-	Company policy	Mr. Ashraf Bawany (ex-employee)
Motor Vehicle	1,463	(390)	1,073	1,097	24	Company policy	Mr. Muhammad Munaf (ex-employee)
Motor Vehicle	2,388	(1,871)	517	955	438	Company policy	Mr. Samiullah Siddiqui (ex-employee)
Motor Vehicle	855	(855)	-	592	592	Company policy	Third Party
Motor Vehicle	855	(855)	-	601	601	Company policy	Third Party
Motor Vehicle	2,332	(2,332)	-	583	583	Company policy	Mr. Salim Sheikh (employee)
Motor Vehicle	2,332	(2,332)	-	583	583	Company policy	Mr. Arshad Manzoor (employee)
Laptop	161	(58)	103	103	-	Company policy	Mr. Ashraf Bawany (ex-employee)
Laptop	161	(58)	103	103	-	Company policy	Mr. Samiullah Siddiqui (ex-employee)

	December 31, 2018	December 31, 2017
16.7 Depreciation has been allocated as follows:	(Rupees in '000)	
Cost of sales	343,483	332,829
Distribution and marketing expenses	7,480	8,232
Administrative expenses	12,901	13,969
	<u>363,864</u>	<u>355,030</u>

16.8 Particulars of the Company's immovable property (i.e. land and building) 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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 16.9 Capital work in progress

	Land and Buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings, office and computer equipments	Total
	----- (Rupees in '000) -----				
As at January 01, 2017	3,400	124,163	14,659	5,561	147,783
Additions during the year	-	167,817	6,713	603	175,133
Transfers to operating fixed assets	(3,400)	(95,524)	(19,970)	(5,062)	(123,956)
<b>As at December 31, 2017</b>	<b>-</b>	<b>196,456</b>	<b>1,402</b>	<b>1,102</b>	<b>198,960</b>
Additions during the year	-	137,413	35,066	13,222	185,701
Transfers to operating assets	-	(200,057)	(21,077)	(1,102)	(222,236)
<b>As at December 31, 2018</b>	<b>-</b>	<b>133,812</b>	<b>15,391</b>	<b>13,222</b>	<b>162,425</b>

	Note	December 31, 2018	December 31, 2017
		----- (Rupees in '000) -----	
<b>17. INTANGIBLE ASSETS</b>			
Computer software	17.1	33,701	12,471
<b>17.1 Computer software</b>			
Net book value as at January 01		12,471	16,192
Additions during the year		25,213	-
Amortization for the year		(3,983)	(3,721)
Net book value as at December 31		33,701	12,471
<b>Gross carrying value as at December 31</b>			
Cost		57,581	32,368
Accumulated amortization		(23,880)	(19,897)
		33,701	12,471

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

## 18. STORES AND SPARES

Stores		8,459	2,839
Spares		259,445	224,716
In transit		521	1,570
		268,425	229,125
Provision against slow moving stores and spares	18.1	(107,032)	(111,357)
		161,393	117,768

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

- 18.1 The Company reversed a provision of Rs. 4.325 million (2017: made provision of Rs. 8.143 million) during the year.

	Note	December 31, 2018	December 31, 2017
		(Rupees in '000)	
<b>19. STOCK-IN-TRADE</b>			
Raw and packing materials			
- in hand		156,632	83,581
- in transit		3,672	-
		160,304	83,581
Finished goods			
- in hand		245,842	171,138
- in transit		-	10,009
		245,842	181,147
		406,146	264,728

- 19.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 36.870 million (2017: Rs. 35.482 million). The Company has charged a provision of Rs. 1.388 million (2017: reversed a provision of Rs. 4.260 million) and written off inventory amounting to Rs. Nil (2017: Rs. 0.390 million) by utilising the provision during the year.

- 19.2 Raw and packing materials and finished goods include inventories held with various parties, located at SITE and Landhi Industrial Area of Karachi, amounting to Rs. 33.358 million (2017: Rs. 29.461 million), for manufacturing purposes.

## 20. TRADE DEBTS

Unsecured			
Considered good	20.1	674,550	666,736
Considered doubtful		55,969	49,470
		730,519	716,206
Provision for doubtful debts		(55,969)	(49,470)
		674,550	666,736
<b>20.1</b>			
These include balances due from related parties as follows:			
Engro Polymer and Chemicals Limited		4,245	-
Soorty Enterprises (Private) Limited		21	-
Wyeth (Pakistan) Limited		19	-
		4,285	-
Past due considered doubtful as per Company's credit policy		(3,878)	-
		407	-

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
		(Rupees in '000)	
The ageing of the trade debts due from related parties as at the balance sheet date are as under:			
Not past due		227	-
Past due from 1- 90 days		30	-
Past due from 90 days onward		4,028	-
		<u>4,285</u>	<u>-</u>
Past due considered doubtful as per Company's credit policy		(3,878)	-
		<u>407</u>	<u>-</u>
<b>21. ADVANCES - considered good</b>			
Employees		190	543
Suppliers		18,353	21,616
		<u>18,543</u>	<u>22,159</u>
<b>22. DEPOSITS AND PREPAYMENTS</b>			
Security deposits		20,102	18,462
Other deposits		103,329	74,252
Prepayments		6,848	1,173
		<u>130,279</u>	<u>93,887</u>
<b>23. OTHER RECEIVABLES</b>			
Receivable from defined benefit funds	36.1	17,902	19,638
Receivable from defined contribution funds		4,663	1,904
Receivable from associated undertakings		-	30,819
Sales tax recoverable		113,878	87,502
		<u>136,443</u>	<u>139,863</u>
<b>24. CASH AND BANK BALANCES</b>			
Cash in hand	24.1	88	365
Cash at bank - current and savings accounts	24.2	144,692	433,874
		<u>144,780</u>	<u>434,239</u>
<b>24.1</b> The mark-up on saving accounts ranging from 4.00% to 8.00% per annum (2017: 2.40% to 3.75% per annum).			
<b>24.2</b> This includes an amount of Rs. 7.360 million held in savings accounts (2017: Rs.165 million).			

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 25. SHARE CAPITAL

### 25.1 Authorized share capital

December 31, 2018	December 31, 2017		December 31, 2018	December 31, 2017
(Number of shares)		Note	(Rupees in '000)	
<u>40,000,000</u>	<u>40,000,000</u>	Ordinary shares of Rs. 10 each	<u>400,000</u>	<u>400,000</u>

### 25.2 Issued, subscribed and paid-up capital

452,955	452,955	Ordinary shares of Rs. 10 each fully paid in cash	4,530	4,530
672,045	672,045	Ordinary shares of Rs. 10 each issued for consideration other than cash	6,720	6,720
23,913,720	23,913,720	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	239,137	239,137
<u>25,038,720</u>	<u>25,038,720</u>		<u>250,387</u>	<u>250,387</u>

## 26. RESERVES

### Capital reserve

Surplus on revaluation of property, plant and equipment	<u>1,798,150</u>	<u>-</u>
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## 27. LONG TERM FINANCING

### Secured-from banking companies

Diminishing Musharakah Financing - I	27.1	270,000	405,000
Diminishing Musharakah Financing - II		-	250,000
Less: current portion shown under current liabilities		<u>(270,000)</u>	<u>(385,000)</u>
		<u>-</u>	<u>270,000</u>

27.1 This represents outstanding amount of long term diminishing musharaka financing arrangement entered into by the Company for an amount of Rs. 1,300 million to meet specific capital project funding requirements. The loan is repayable in two half yearly installments in 2019. One-third portion of the borrowing is fixed at 9.5% per annum (2017: 9.5% per annum) whereas, the remaining two-third of the financing amount is based on 6 month Karachi Interbank Offer Rate (KIBOR) + 0.5% per annum (2017: 6 month KIBOR + 0.5% per annum). The facility is secured against the plant.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	December 31, 2018	December 31, 2017
		(Rupees in '000)	
<b>27.2</b>	<b>Reconciliation of carrying amount of long term financing</b>		
Opening balance		655,000	1,040,000
Repayments		(385,000)	(385,000)
Closing balance		<u>270,000</u>	<u>655,000</u>
<b>28.</b>	<b>LONG TERM DEPOSITS</b>		
Against cylinders		173,263	162,579
Others		11,555	23,805
		<u>184,818</u>	<u>186,384</u>
<b>29.</b>	<b>DEFERRED LIABILITIES</b>		
Deferred taxation	29.1	310,199	349,614
Staff retirement benefit funds	36.1	7,613	7,376
		<u>317,812</u>	<u>356,990</u>
<b>29.1</b>	<b>Deferred taxation</b>		
Taxable temporary differences:			
- Accelerated tax depreciation		371,368	412,925
- Remeasurement: actuarial gain on defined benefit plans - net		3,981	5,250
Deductible temporary differences:			
- Slow moving stores and spares and stock-in-trade		(41,732)	(44,052)
- Employees' benefit plans		(7,001)	(9,668)
- Doubtful receivables and other provisions		(16,417)	(14,841)
		<u>310,199</u>	<u>349,614</u>
<b>30.</b>	<b>TRADE AND OTHER PAYABLES</b>		
Creditors		246,056	468,046
Accrued liabilities		605,384	517,436
Advances from customers		50,606	38,087
Technical assistance fee		-	46,585
Payable to staff retirement benefit funds		1,866	-
Workers' Profits Participation Fund		1,982	335
Workers' Welfare Fund		33,185	25,379
Mark-up payable	30.1	24,510	11,843
Other payables		60,657	57,149
		<u>1,024,246</u>	<u>1,164,860</u>
<b>30.1</b>	<b>This includes markup payable to associated company amounting to Rs. 5.716 million (2017: Rs. 3.004 million).</b>		

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 31. SHORT TERM BORROWINGS

### Conventional facilities

The Company has arrangement for conventional running finance facility and short-term revolving credit under mark-up arrangement from Standard Chartered Bank (Pakistan) Limited (SCB), a related party, amounting to Rs. 725 million (2017: Rs. Nil). The unutilized running finance facility as at year end is Rs. 191.634 million (2017: Rs. Nil).

The rate of mark-up on conventional running finance facility is 3 months KIBOR + 0.20% (2017: Nil) per annum. The arrangements are secured by way of Joint Pari Passu charge against hypothecation of current assets and 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, 2018 amounting to Rs. 275 million (2017: Rs. 215.993 million) from SCB, a related party. The unutilized balance as at year end is Rs. 190.787 million (2017: Rs. Nil).

### Islamic facilities

The Company has arrangements for running musharakah facilities from certain banks. The overall facilities under running musharkah amount to Rs. 900 million (2017: Rs. 900 million). The unutilized running musharkah facilities as at year end is Rs. 151.670 million (2017: Rs. 181.285 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 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, 2018 amounting to Rs. 195 million (2017: Rs. 195 million) The unutilized balance as at year end is Rs. 101.368 million (2017: Rs. 195 million).

## 32. UNCLAIMED DIVIDEND

This includes an amount of Rs. 10.056 million (2017: Rs. 8.480 million) which remains unclaimed for a period of three years from the date it is due.

## 33. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 33.1 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, 2018 amounted to Rs. 47.943 million (2017: Rs. 45.442 million).

### Commitments

- 33.2 Capital commitments outstanding as at December 31, 2018 amounted to Rs. 163.614 million (2017: Rs. 128.385 million).
- 33.3 Commitments under letters of credit for inventory items as at December 31, 2018 amounted to Rs. 114.178 million (2017: Rs. 97.133 million).
- 33.4 Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at December 31, 2018 amounted to Rs. 58.434 million (2017: Rs.89.394 million).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		<b>December 31, 2018</b>	December 31, 2017
	Note	(Rupees in '000)	
<b>34. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		538,531	340,021
Adjustments for:			
Depreciation		363,864	355,030
Gain on disposal of property, plant and equipment		(3,225)	(6,484)
Mark-up income on saving and deposit accounts		(480)	(78)
Finance costs		116,319	95,377
Amortization		3,983	3,721
Liabilities no longer payable written back		(3,326)	(11,531)
Post retirement medical benefits		552	537
Working capital changes	34.1	(375,176)	(306,492)
		<u>641,042</u>	<u>470,101</u>
<b>34.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores and spares		(43,625)	(25,463)
Stock-in-trade		(141,418)	89,848
Trade debts		(7,814)	(147,016)
Loans and advances		3,616	35,370
Deposits and prepayments		(36,392)	15,244
Other receivables		412	(34,168)
		<u>(225,221)</u>	<u>(66,185)</u>
(Decrease) in current liabilities:			
Trade and other payables		(149,955)	(240,307)
		<u>(375,176)</u>	<u>(306,492)</u>
<b>35. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	24	144,780	434,239
Short term borrowings - running finance under mark-up arrangement		(978,568)	(739,700)
		<u>(833,788)</u>	<u>(305,461)</u>
<b>36. STAFF RETIREMENT BENEFITS</b>			
<b>36.1 Defined benefit schemes</b>			
<p>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:</p>			

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Pension Fund	Gratuity Fund	Medical Scheme
	(Percent % per annum)		
<b>Financial assumptions</b>			
Rate of discount	13.25%	13.25%	13.25%
Expected rate of pension increase	11.25%	-	-
Expected rate of salary increase			
- for first three years following valuation	-	10.00% to 13.25%	-
- long term (fourth year following valuation)	-	13.25%	-
Medical cost escalation rate	-	-	13.25%
<b>Demographic assumptions</b>			
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 balance sheet are as follows:

	December 31, 2018			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	------(Rupees in '000)-----			
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 balance sheet	<u>(8,525)</u>	<u>(9,377)</u>	<u>7,613</u>	<u>(10,289)</u>

## 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	<u>75,403</u>	<u>111,398</u>	<u>7,613</u>	<u>194,414</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	December 31, 2018			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	------(Rupees in '000)-----			
<b>Movements in the fair value of plan assets</b>				
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	<u>(83,928)</u>	<u>(120,775)</u>	<u>-</u>	<u>(204,703)</u>
<b>Movement in the net defined benefit liability / (asset)</b>				
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 recognized in other comprehensive income during the year	4,277	(1,269)	766	3,774
Closing balance	<u>(8,525)</u>	<u>(9,377)</u>	<u>7,613</u>	<u>(10,289)</u>
<b>Amounts recognized in total comprehensive income</b>				
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:				
<b>Component of defined benefit costs recognized in profit and loss account</b>				
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)
	<u>(889)</u>	<u>5,967</u>	<u>552</u>	<u>5,630</u>
<b>Component of defined benefit costs (re-measurement) recognized in other comprehensive income</b>				
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 recognized in other comprehensive income	<u>4,276</u>	<u>(1,269)</u>	<u>765</u>	<u>3,772</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	December 31, 2018			Total
	Pension Fund	Gratuity Fund	Medical Scheme	
	------(Rupees in '000)-----			
Total defined benefit cost recognized in profit and loss account 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
	<u>75,403</u>	<u>111,398</u>	<u>7,613</u>	<u>194,414</u>

### Vested / Non-Vested

- Vested benefits	75,403	106,997	7,613	190,013
- Non - vested benefits	-	4,401	-	4,401
	<u>75,403</u>	<u>111,398</u>	<u>7,613</u>	<u>194,414</u>

### Type of benefits

- Accumulated obligations	75,403	45,089	7,613	128,105
- Amounts attributed to future salary increase	-	66,309	-	66,309
	<u>75,403</u>	<u>111,398</u>	<u>7,613</u>	<u>194,414</u>

### Disaggregation of fair value of plan assets

The fair value of the plan assets at balance sheet date for each category are as follows:

Cash and cash equivalents (comprising bank balances as adjusted for current liabilities)	14,027	28,425	-	42,452
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### Debt instruments (Quoted / not quoted)

- 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

	1,225	786	-	2,011
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### Mutual Fund (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
	<u>11,128</u>	<u>24,965</u>	<u>-</u>	<u>36,093</u>
	<u>83,928</u>	<u>120,775</u>	<u>-</u>	<u>204,703</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

December 31, 2018

Pension Fund	Gratuity Fund	Medical Scheme
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------(Rupees in '000)-----

## 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:

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 and 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, 2017. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	Pension Fund	Gratuity Fund	Medical Scheme
	(Percent % per annum)		
<b>Financial assumptions</b>			
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%
<b>Demographic assumptions</b>			
Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate	Moderate

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The amounts recognised in balance sheet are as follows:

	December 31, 2017			Total
	Pension Fund	Gratuity Fund	Medical Scheme	
	------(Rupees in '000)-----			
Present value of defined benefit obligation	72,172	107,296	7,376	186,844
Fair value of plan assets	(84,086)	(115,021)	-	(199,107)
(Asset) / liability in balance sheet	<u>(11,914)</u>	<u>(7,725)</u>	<u>7,376</u>	<u>(12,263)</u>

## Movements in the present value of defined benefit obligation

Present value of defined benefit obligation - beginning of the year	70,756	132,648	6,952	210,356
Current service cost	-	6,984	-	6,984
Interest cost	5,441	10,312	537	16,290
Re-measurements : Actuarial losses / (gains) on obligation	2,382	(5,051)	12	(2,657)
Benefits paid	(6,406)	(37,597)	(125)	(44,128)
Present value of defined benefit obligation - end of the year	<u>72,173</u>	<u>107,296</u>	<u>7,376</u>	<u>186,845</u>

## Movements in the fair value of plan assets

Fair value of plan assets - beginning of the year	(82,358)	(136,863)	-	(219,221)
Interest income on plan assets	(6,334)	(10,637)	-	(16,971)
Re-measurements: Return on plan assets over interest income loss / (gain)	(1,800)	2,165	-	365
Benefits paid	6,406	37,597	-	44,003
Contribution to fund	-	(7,283)	-	(7,283)
Fair value of plan assets - end of the year	<u>(84,086)</u>	<u>(115,021)</u>	<u>-</u>	<u>(199,107)</u>

## Movement in the net defined benefit liability / (asset)

Opening balance	(11,602)	(4,215)	6,952	(8,865)
Net periodic benefit (income) / cost for the year	(893)	6,659	537	6,303
Contribution paid during the year	-	(7,283)	-	(7,283)
Benefits paid during the year	-	-	(125)	(125)
Re-measurements recognized in other comprehensive income during the year	582	(2,886)	12	(2,292)
Closing balance	<u>(11,913)</u>	<u>(7,725)</u>	<u>7,376</u>	<u>(12,262)</u>

## Amounts recognized in total comprehensive income

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

### Component of defined benefit costs 'recognized in profit and loss account

Current service cost	-	6,984	-	6,984
Net interest cost				
- Interest cost on defined benefit obligation	5,441	10,312	537	16,290
- Interest income on plan assets	(6,334)	(10,637)	-	(16,971)
	<u>(893)</u>	<u>6,659</u>	<u>537</u>	<u>6,303</u>

### Component of defined benefit costs (re-measurement) recognized in other comprehensive income

Re-measurements: Actuarial (gain)/loss on obligation				
- (Gain) / loss due to change in financial assumptions	(28)	(392)	(194)	(614)
- (Gain) / loss due to change in demographic assumptions	-	-	-	-
- (Gain) / loss due to change in experience adjustments	2,410	(4,659)	206	(2,043)
	<u>2,382</u>	<u>(5,051)</u>	<u>12</u>	<u>(2,657)</u>
Re-measurements: Net return on plan assets over interest income				
- Actual return on plan assets	(7,280)	(5,158)	-	(12,438)
- Interest income on plan assets	5,480	7,323	-	12,803
	<u>(1,800)</u>	<u>2,165</u>	<u>-</u>	<u>365</u>
Net re-measurement recognized in other comprehensive income	<u>582</u>	<u>(2,886)</u>	<u>12</u>	<u>(2,292)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	December 31, 2017			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	------(Rupees in '000)-----			
Total defined benefit cost recognized in profit and loss account and other comprehensive income	(311)	3,773	549	4,011
Actual return on plan assets	7,280	5,158	-	12,438
Expected contributions to funds in the following year	(889)	5,967	552	5,630
Expected benefit payments to retirees in the following year	5,846	32,874	514	39,234
Re-measurements:				
Accumulated actuarial (gains) / losses recognised in equity	582	(2,886)	12	(2,292)
Weighted average duration of the defined benefit obligation	8.19	8.42	8.83	

## Analysis of present value of defined benefit obligation

### Type of Members:

- Pensioners	72,172	-	-	72,172
- Beneficiaries	-	-	7,376	7,376
- Officers	-	81,920	-	81,920
- Supervisors	-	25,376	-	25,376
	<u>72,172</u>	<u>107,296</u>	<u>7,376</u>	<u>186,844</u>

### Vested / Non-Vested

- Vested benefits	72,172	104,158	7,376	183,706
- Non - vested benefits	-	3,138	-	3,138
	<u>72,172</u>	<u>107,296</u>	<u>7,376</u>	<u>186,844</u>

### Type of benefits

- Accumulated obligations	72,172	56,724	7,376	136,272
- Amounts attributed to future salary increase	-	50,572	-	50,572
	<u>72,172</u>	<u>107,296</u>	<u>7,376</u>	<u>186,844</u>

## Disaggregation of fair value of plan assets

The fair value of the plan assets at balance sheet date for each category are as follows:

### Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted

	110	1,243	-	1,353
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### Debt instruments

- AAA	54,922	50,146	-	105,068
- AA	14,502	20,350	-	34,852
	<u>69,424</u>	<u>70,496</u>	<u>-</u>	<u>139,920</u>

### Equity instruments - Oil and gas sector

- Money Market Fund	1,742	1,501	-	3,243
- Stock Market Fund	-	21,798	-	21,798
- Income Fund	-	-	-	-
- Assets Allocation Fund	1,398	4,296	-	5,694
- Islamic Income Fund	6,733	8,223	-	14,956
- Islamic Asset Allocation Fund	1,928	1,874	-	3,802
- Islamic Stock Fund	1,394	4,721	-	6,115
	<u>13,195</u>	<u>42,413</u>	<u>-</u>	<u>55,608</u>
	<u>84,086</u>	<u>115,021</u>	<u>-</u>	<u>199,107</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	December 31, 2017		
	Pension Fund	Gratuity Fund	Medical Scheme
------(Rupees in '000)-----			
<b>Sensitivity analysis</b>			
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.			
Discount rate +0.5%	69,324	102,923	7,062
Discount rate -0.5%	75,236	111,976	7,714
Long term pension / salary increase +0.5%	75,280	110,777	-
Long term pension / salary decrease -0.5%	69,259	103,994	-
Withdrawal rates : Light	-	107,948	-
Withdrawal rates: Heavy	-	106,589	-
Medical cost +1% - effect on service cost and interest cost	-	-	20
Medical cost +1% - effect on defined benefit obligation	-	-	277
Medical cost -1% - effect on service cost and interest cost	-	-	(19)
Medical cost -1% - effect on defined benefit obligation	-	-	(260)

The sensitivity analysis prepared and 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.

## 36.2 Defined contribution plan

### Staff Provident Fund

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

	<u>July 31, 2018</u>	<u>July 31, 2017</u>
	(Rupees in '000)	
Size of the Fund ( Net of Liabilities)	<u>110,875</u>	<u>153,824</u>
Cost of investment made	<u>71,768</u>	<u>96,545</u>
Fair value / amortized cost of the investments	<u>107,873</u>	<u>150,393</u>
Percentage of investment made (%) - based on fair value / amortized cost	<u>97</u>	<u>98</u>

Break up of the investments is as follows:

	<u>July 31, 2018</u>	<u>July 31, 2017</u>	<u>July 31, 2018</u>	<u>July 31, 2017</u>
	(Rupees in '000)		(% of total investment)	
National savings schemes	24,155	86,746	22.39	57.68
Government securities	22,608	47,649	20.96	31.68
Certificate of Investment	10,000	-	9.27	-
Listed securities	26,121	12,323	24.21	8.20
Cash and bank balances	24,989	3,675	23.17	2.44
	<u>107,873</u>	<u>150,393</u>	<u>100</u>	<u>100</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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.

## 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	December 31, 2018			December 31, 2017		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
----- (Rupees in '000) -----						
Managerial remuneration	17,955	259	91,192	16,710	10,477	83,416
Bonus, house rent, utilities, etc	5,257	-	75,865	9,028	5,909	93,338
Company's contribution to staff retirement benefits	3,800	56	30,687	3,965	2,373	26,545
Medical and others	1,149	38	4,056	1,062	160	6,197
	<u>28,162</u>	<u>353</u>	<u>201,800</u>	<u>30,765</u>	<u>18,919</u>	<u>209,496</u>
Number of persons (including those who worked part of the year)	<u>3</u>	<u>1</u>	<u>66</u>	<u>1</u>	<u>1</u>	<u>69</u>

37.1 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.

37.2 Aggregate amount charged in the financial statements for fee to twelve non-executive directors (including directors who retired during the year) was Rs.6.660 million (2017: five directors - Rs. 0.862 million).

37.3 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.

## 38. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 38.1 Credit risk

Credit risk represents the risk of financial loss that would be recognized at the reporting date if counter parties fail 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.

		December 31, 2018	December 31, 2017
		(Rupees in '000)	
Deposits		193,284	162,567
Trade debts	38.1.1	674,550	666,736
Bank balances		144,692	433,874
		<u>1,012,526</u>	<u>1,263,177</u>

38.1.1 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. 605.038 million (2017: Rs. 565.102 million). Trade debts due by more than 90 days as at December 31, 2018 amounted to Rs. 69.511 million (2017: Rs. 101.634 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 Segment.

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

Opening balance	49,470	38,307
Provision for the year	6,499	17,188
Written off during the year	-	(6,025)
Closing balance	<u>55,969</u>	<u>49,470</u>

During the year, the Company made provision of doubtful debts in respect of its trade debtors for Health Care Segment based on cash reimbursement rate as per Company's policy for this segment.

## 38.2 Liquidity risk

Liquidity risk is 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Following are the contractual maturities of the Company's financial liabilities:

	December 31, 2018					December 31, 2017				
	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
	----- (Rupees in '000) -----									
Long term financing	-	-	-	-	-	270,000	-	(285,448)	-	(285,448)
Current portion of long term financing	270,000	-	(290,117)	(290,117)	-	385,000	-	(427,980)	(427,980)	-
Long term deposits	184,818	-	(184,818)	(184,818)	-	186,384	-	(186,384)	(186,384)	-
Trade and other payables	912,098	-	-	(912,098)	-	1,069,285	-	-	(1,069,285)	-
Short term borrowings	978,568	(978,568)	-	-	-	739,700	(739,700)	-	-	-
	<u>2,345,484</u>	<u>(978,568)</u>	<u>(474,935)</u>	<u>(1,387,033)</u>	<u>-</u>	<u>2,650,369</u>	<u>(739,700)</u>	<u>(899,812)</u>	<u>(1,683,649)</u>	<u>(285,448)</u>

## 38.3 Market risk

### i) 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:

	December 31, 2018				
	Euro	USD	SGD	GBP	Total
	----- (Equivalent Rupees in '000) -----				
<b>Financial liabilities</b>					
Trade and other payables	-	(8,846)	-	-	(8,846)
	-----				
	December 31, 2017				
	Euro	US	SGD	GBP	Total
	----- (Equivalent Rupees in '000) -----				
<b>Financial liabilities</b>					
Trade and other payables	17,828	(94,810)	9,654	(867)	(68,195)

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

		Average rate		Reporting date Spot rate	
		2018	2017	2018	2017
Euro	(Eur)	-	119.06	-	132.82
US Dollar	(USD)	123.13	105.34	139.80	110.70
Singapore Dollar	(SGD)	-	76.37	-	82.77
Pound Sterling	(GBP)	-	135.83	-	149.61

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## Sensitivity Analysis

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

		Effect on profit and loss (net of tax)	
		2018	2017
		(Rupees in '000)	
Euro	(Eur)	-	1,248
US Dollar	(USD)	628	(6,637)
Singapore Dollar	(SGD)	-	676
Pound Sterling	(GBP)	-	(61)

A 10 percent appreciation of Pak Rupee against the above currencies at December 31, 2018 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.

## ii) 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 balance sheet date, the interest / profit bearing financial instruments comprised bank balances in savings accounts, short, medium and long term financing.

The long term financing has been arranged in a manner so that one-third of the financing has a fixed rate.

For the remainder two-third of the financing which carries floating rate, a hypothetical change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by approximately Rs.2.636 million (2017: Rs. 3.090 million) in respect of the variable portion of the long term financing. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

The short and medium term financing which carries floating rate, a hypothetical change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by approximately Rs. 8.784 million (2017: Rs.8.851 million) in respect of the variable portion of the long term financing. 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 2017.

## iii) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 38.4 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.

	December 31, 2018				
	Carrying amount		Fair value		
	Loan and receivables	Other financial liabilities	Level 1	Level 2	Level 3
----- (Rupees in '000) -----					
<b>Financial assets not measured at fair value</b>					
Trade debts	674,550	-	-	-	-
Loans to employees	190	-	-	-	-
Deposits	193,284	-	-	-	-
Cash and bank balances	144,780	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Long term financing	-	-	-	-	-
Current maturity of long term financing	-	270,000	-	-	-
Long term deposits	-	184,818	-	-	-
Trade and other payables	-	912,098	-	-	-
Short term borrowings	-	978,568	-	-	-
----- (Rupees in '000) -----					
<b>December 31, 2017</b>					
	Carrying amount		Fair value		
	Loan and receivables	Other financial liabilities	Level 1	Level 2	Level 3
----- (Rupees in '000) -----					
<b>Financial assets not measured at fair value</b>					
Trade debts	666,736	-	-	-	-
Loans to employees	543	-	-	-	-
Deposits	162,567	-	-	-	-
Cash and bank balances	434,239	-	-	-	-
Other receivables	30,819	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Long term financing	-	270,000	-	-	-
Current maturity of long term financing	-	385,000	-	-	-
Long term deposits	-	186,384	-	-	-
Trade and other payables	-	1,069,285	-	-	-
Short term borrowings	-	739,700	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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.

## 39. 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.

## 40. 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 36) 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:

### 40.1 Transactions with related parties are summarised as follows:

Related Party	Nature of transactions	December 31,	December 31,
		2018	2017
(Rupees in '000)			
Major shareholders and associated companies by virtue common directorship	Sale of goods	24,126	-
	Purchase of goods and receipt of service	67,444	-
	Mark up	26,629	-
	Dividend	205,828	-
Directors	Meeting fee	6,660	862
Staff retirement benefits	Charge in respect of staff retirement funds	28,408	29,090
	Re-measurement: Actuarial (loss) / gain recognised in other comprehensive income	(3,007)	2,304

### 40.2 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.
Soorty Enterprises (Private) Limited	Holds 12% shares of the Company.
Al-Karam Textile Mills (Private) Limited	Holds 0.1% shares of the Company and associated company by virtue of common directorship
Engro Polymer and Chemicals Limited	Associated company by virtue of common directorship
Wyeth (Pakistan) Limited	Associated company by virtue of common directorship
Overseas Investors Chamber of Commerce and Industry	Associated company by virtue of common directorship
TPL Life Insurance Limited	Associated company by virtue of common directorship
Pakistan Oxygen Limited	

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Name of the related party	Relationship and percentage of shareholding (%)
Pakistan Institute of Corporate Governance	Associated company by virtue of common directorship
Honda Atlas Cars (Pakistan) 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
Key Management Personnel	Employees
Staff Provident Fund	Retirement Fund
Management Staff Pension Fund (DC)	Retirement Fund
Pakistan Employees Gratuity Fund	Retirement Fund
Management Staff Pension Fund (DB)	Retirement Fund

40.3 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.

## 41 PRODUCTION CAPACITY

	Unit of quantity	Number of shifts	Capacity		Actual production*	
			December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Oxygen / Nitrogen	Cubic meters	Triple shift	82,233,900	82,233,900	68,115,672	67,083,698
Hydrogen	Cubic meters	Triple shift	3,400,056	3,400,056	2,184,635	2,259,676
Dissolved acetylene	Cubic meters	Single shift	268,152	268,152	120,005	145,864
Nitrous oxide	Gallons	Triple shift	39,422,000	39,422,000	27,509,307	21,139,874
Carbon dioxide	Metric tons	Triple shift	27,850	27,850	896	2,524
			<u>125,351,958</u>	<u>125,351,958</u>	<u>97,930,515</u>	<u>90,631,636</u>

\* Net of normal losses

41.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	December 31, 2018	December 31, 2017
<b>42. NUMBER OF EMPLOYEES</b>		
Total Number of employees as at December 31	131	117
Average number of employees during the year	125	116
Total number of employees working in the Company's factory as at December 31	43	36
Average number of employees working in the Company's factory during the year	40	37

## 43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 18, 2019 by the Board of Directors of the Company.

## 44. CORRESPONDING FIGURES

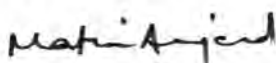
Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation, the effect of which is immaterial.

## 45. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET

The Board of Directors in their meeting held on March 18, 2019 proposed (i) a final cash dividend of Rs. 2 per share i.e. 20% for the year ended December 31, 2018, amounting to Rs. 50.08 million; and (ii) issuance of bonus shares in the proportion of 3 shares for every 10 shares held i.e. 30% amounting to Rs.75.12 million for approval of the members at the Annual General Meeting to be held on April 30, 2019. The Board of Directors has also approved the transfer of Rs. 145.99 million from unappropriated profit to general reserves.



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 wholly owned subsidiary of Pakistan Oxygen Limited.

## Consolidation

As explained in note 1 of the financial statement of Pakistan Oxygen Limited for the year ended December 31 2018, 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 , 2018.

## Financial Highlights of BOCPL

	December 31, 2018	December 31, 2017
	------(Rupees)-----	
Profit after Taxation	1,090	55
Net assets/ shareholders fund	<u>11,606</u>	<u>10,516</u>
Total assets and liabilities	<u>12,025</u>	<u>11,748</u>

## Auditors' Opinion

The auditor M/S BDO Ebrahim & Co., Chartered Accountants , have expressed unmodified opinions on the financial statements of BOCPL for the year ended December 31, 2018.

## 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 Share

### Market capitalization

As at 31 December 2018, the market capitalization of Pakistan Oxygen Share stood at Rs 5.25 billion with a market value of Rs 210.00 per share and breakup value of Rs 155.71 per share.

The 5.16% decrease in the value of the share compared to last year was due to overall economic environment including rupee depreciation, increase in discount rates and slowing down of economy leading to reduction in expected GDP growth rate from budgeted target of 5.8% to below 4%. This was coupled with political uncertainty due to elections and a new Government coming in during the mid 2018. Resultantly, the entire stock market was negatively impacted with PSX 100 Index lowering down to 36,663.38 from a high of 46,637.62 during the year.

### Market Price Share

Highest price per share during the year	Rs 246.00
Lowest price per share during the year	Rs 204.96
Closing price per share at year-end	Rs 210.00

### Financial Calendar

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

Financial Results for the year 2019 will be announced as per the following tentative schedule:

1st quarter ending 31 March 2019	April 2019
2nd quarter ending 30 June 2019	August 2019
3rd quarter ending 30 September 2019	October 2019
Year ending 31 December 2019	February 2020

Announcements of the Financial Results for the year ended 31 December 2018 were made as follows:

1st quarter ended 31 March 2018	27 April 2018
2nd quarter ended 30 June 2018	27 August 2018
3rd quarter ended 30 September 2018	26 October 2018
Year ended 31 December 2018	18 March 2019

## Annual General Meeting

The Seventieth Annual General Meeting of the shareholders will be held on 30 April 2019 at 9:45 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: (21) 32311809

In compliance with the requirements of Section 195 of the Companies Act 2017, Central Depository Company of Pakistan 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:

## Central Depository Company of Pakistan

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 5:30 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>.

## معلومات برائے حصص یافتگان

### اشٹاک ایکسیج کی لسٹنگ

پاکستان آکسیجن لمیٹڈ ایک پبلک لمیٹڈ کمپنی ہے اور اس کے شیئرز کی تجارت پاکستان اشٹاک ایکسیج (پاکستان کے سابقہ 3 اشٹاک ایکسیج چمپز) میں کی جاتی ہے۔ کمپنی کے شیئرز کی معلومات کو معروف روزناموں میں "کیپٹل بیکر" کے عنوان کے تحت باقاعدہ شائع ہوتی ہیں۔

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

### مارکیٹ میں سرمایہ کاری

31 دسمبر 2018 کو پاکستان آکسیجن لمیٹڈ کی مارکیٹ میں سرمایہ کاری 5.25 بلین روپے تھی اور اس کی مارکیٹ ویلیو 210.00 روپے فی شیئر تھی جب کہ بریک اپ ویلیو 155.71 روپے فی شیئر تھی۔ شیئرز کی قیمت میں گزشتہ سال کے مقابلے میں 5.16% کی کمی آنے کی بڑی وجہ مجموعی معاشی صورتحال تھی بشمول روپے کی قدر میں کمی، ڈسکاؤنٹ ریٹ میں اضافہ اور معیشت کی سست روی تھی جس کے باعث توقع کے مطابق GDP میں اضافہ کی شرح بجٹ کے ہدف 5.8% کے مقابلے میں کم یعنی 4.00% رہی۔ اس کے ساتھ ساتھ انتخابات کے سبب سیاسی عدم استحکام اور 2018 کے وسط میں نئی حکومت کا قیام عمل میں آیا۔ ان سب کے نتیجے میں پوری اشٹاک مارکیٹ پر منفی اثر پڑا اور PSX 100 انڈیکس 46,637.62 سے کم ہو کر 36,663.38 پر آ گیا۔

### مارکیٹ میں حصص کی قیمت

سال کے دوران میں شیئرز کی زیادہ سے زیادہ قیمت 246.00 روپے

سال کے دوران میں شیئرز کی کم سے کم قیمت 204.96 روپے

سال کے اختتام پر شیئرز کی قیمت 210.00 روپے

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

2019 کے مالیاتی نتائج کا اعلان 4 ہفتوں میں درج ذیل عبوری گوشوارے کے مطابق کیا جائے گا:

پہلی سہ ماہی ختمہ 31 مارچ 2019 اپریل 2019

دوسری سہ ماہی ختمہ 30 جون 2019 اگست 2019

تیسری سہ ماہی ختمہ 30 ستمبر 2019 اکتوبر 2019

سال ختمہ 31 دسمبر 2019 فروری 2020

سال ختمہ 31 دسمبر 2018 کیلئے مالیاتی نتائج کا اعلان درج ذیل گوشوارے کے مطابق کیا گیا:

پہلی سہ ماہی ختمہ 31 مارچ 2018 اپریل 2018

دوسری سہ ماہی ختمہ 30 جون 2018 اگست 2018

تیسری سہ ماہی ختمہ 30 ستمبر 2018 اکتوبر 2018

سال ختمہ 31 دسمبر 2018 مارچ 2019

### سالانہ اجلاس عام

حصص یافتگان 70 واں سالانہ اجلاس عام 130 اپریل 2019 کو صبح 9:45 بجے کمپنی کے رجسٹرڈ دفتر، ویسٹ وارہاؤس، ڈاکٹر روڈ، کراچی میں منعقد ہوگا۔ کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولے اور ووٹ دینے کا اہل ہے وہ اپنی جگہ کسی دوسرے ممبر کو اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے پراکسی مقرر کر سکتا/سکتی ہے۔

سرمایہ کاروں کیلئے رابطہ نمبر:

جناب وکیل احمد خان

(نیچر کارپوریٹ سروسز)

ای میل: wakil.khan@pakoxygen.com فون: (021) 32316914 فیکس: (021) 32311809

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

گمشدہ شیئرز سرٹیفکیٹس، ڈیپوٹیشن کی ادائیگی، پتے میں تبدیلی، ٹرانسفر ڈیڈ کی تصدیق اور شیئرز ٹرانسفرز کی معلومات کیلئے برائے مہربانی سی ڈی سی سے درج ذیل پتہ پر رابطہ کریں:

سینئرل ڈپازٹری کمیٹی آف پاکستان، سی ڈی سی ہاؤس، B-99، بلاک 'B'، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی 74400

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

اوقات کار: 9:00 صبح تا 1:00 دوپہر اور 2:30 دن تا 5:30 شام (پیر تا جمعہ) ای میل: info@cdcpk.com

### معلومات عامہ

مالیاتی تجزیہ کار، اشٹاک بروکرز اور سرمایہ کار جو کمپنی کے مالیاتی اسٹیٹمنٹ میں دلچسپی رکھتے ہوں، برائے مہربانی ہماری ویب سائٹ <http://www.pakoxygen.com> ملاحظہ کر سکتے ہیں۔

## PATTERN OF SHAREHOLDING

as at December 31, 2018

Number Of Shareholders	Shareholdings'Slab			Total Shares Held
650	1	to	100	24,510
451	101	to	500	135,532
265	501	to	1000	216,664
307	1001	to	5000	731,151
87	5001	to	10000	618,790
27	10001	to	15000	327,457
24	15001	to	20000	432,700
9	20001	to	25000	200,576
5	25001	to	30000	132,246
2	30001	to	35000	62,253
5	35001	to	40000	190,614
2	40001	to	45000	83,053
1	45001	to	50000	49,242
1	50001	to	55000	51,900
1	55001	to	60000	56,000
2	65001	to	70000	136,139
1	75001	to	80000	78,787
1	80001	to	85000	82,657
1	85001	to	90000	88,376
1	95001	to	100000	100,000
1	120001	to	125000	125,000
1	155001	to	160000	156,000
1	180001	to	185000	181,585
1	195001	to	200000	196,158
2	295001	to	300000	598,183
1	900001	to	905000	901,394
1	1800001	to	1805000	1,802,788
1	3000001	to	3005000	3,004,647
1	6005001	to	6010000	6,009,294
1	8265001	to	8270000	8,265,024
1854				25,038,720

## CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Fawad Anwar	2	13,333	0.05
Siraj Ahmed Dadabhoy	1	13,333	0.05
Shahid Mehmood Umerani	2	1,802,888	7.20
Feroz Rizvi	1	100	0.00
Muhammad Zindah Moin Mohajir	1	100	0.00
Syed Hasan Ali Bukhari	1	642	0.00
<b>Associated Companies, undertakings and related parties</b>			
Adira Capital Holdings (Private) Limited	2	8,272,854	33.04
Hilton Pharma (Private) Limited	1	6,009,294	24.00
Soorty Enterprises (Private) Limited	1	3,004,647	12.00
Al-Karam Textile Mills (Private) Limited	1	13,333	0.05
Alpha Beta Capital Markets (Private) Limited	1	1,200	0.00
<b>Executives</b>	1	7,800	0.03
<b>Public Sector Companies and Corporations</b>	4	480,611	1.92
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	10	569,093	2.27
<b>Mutual Funds</b>			
CDC - Trustee National Investment (Unit) Trust	1	196,158	0.78
CDC - Trustee First Dawood Mutual Fund	1	970	0.00
CDC - Trustee Dawood Islamic Fund	1	970	0.00
<b>General Public</b>			
a. Local	1,764	4,185,715	16.72
b. Foreign	2	29	0.00
Foreign Companies	1	1,300	0.01
Others	55	464,350	1.85
<b>Totals</b>	<b>1,854</b>	<b>25,038,720</b>	<b>100</b>

### Share holders holding 5% or more

Adira Capital Holdings (Private) Limited	8,272,854	33.04
Hilton Pharma (Private) Limited	6,009,294	24.00
Soorty Enterprises (Private) Limited	3,004,647	12.00
Shahid Mehmood Umerani	1,802,888	7.20

# Notice of Annual General Meeting

Notice is hereby given of the Seventieth Annual General Meeting of **PAKISTAN OXYGEN LIMITED** to be held on Tuesday, the **30<sup>th</sup> day of April 2019 at 9:45 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 31 December 2018 and Reports of the Directors and Auditors thereon.
2. To consider and, if thought fit, to authorize the payment of final cash dividend of Rs 2.00 per ordinary share of Rs. 10/= each for the year ended 31 December 2018 as recommended by the Directors of the Company, payable to those Members whose names appear on the Register of Members as at the close of business on 23 April 2019.
3. To appoint the Auditors of the Company and to fix their remuneration.

## SPECIAL BUSINESS:

4. To capitalize a sum of Rs. 75,116,160 out of the un-appropriated profits of the Company for the issuance of 7,511,616 Bonus Shares to the Members of the Company as at the close of business on 23 April 2019 in the proportion of 3 ordinary shares for every 10 ordinary shares held at that date.
5. To approve and authorise the sale of the immovable property of the Company in Lahore, Pakistan.

By Order of the Board

**Mazhar Iqbal**  
Company Secretary

Karachi: 18 March 2019

## NOTES:

1. Transport will be provided to members of the Company from the Parking Area of the Pakistan Stock Exchange Limited at Railway premises, near Merewether Tower. The time for departure will be at 9:00 a.m. sharp on 30 April 2019.
2. The Share Transfer Books of the Company will be closed from 24 April 2019 to 30 April 2019 (both days inclusive).
3. 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.
4. Members are requested to immediately notify any change in their address or bank mandate as registered to the Company's Share Registrar, Central Depository Company of Pakistan Limited, Shares Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi -74400.

5. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1, dated 26 January 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).



#### Payment of Cash Dividend Electronically (Mandatory):

Under second proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc.

Accordingly, the shareholders of the Company are requested to provide the following information for payment of cash dividend to be declared by the Company through electronic mode directly in the bank account designated by them:

Title of Bank Account	
Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

Shareholders will intimate the changes, if any, in the above-mentioned information to the Company's Share Registrar as soon as these occur.

#### 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 31 May 2016, the SECP has allowed (in addition to email), circulation of annual balance sheet and profit and loss account, auditor's 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](http://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.

#### Deduction of Withholding Tax on the amount of Dividend U/S 150 of the Income Tax Ordinance, 2001 (Mandatory):

As per Section 150 of the Income Tax Ordinance, 2001, different rates have been prescribed for deduction of withholding tax on the amount of dividend paid by companies. These rates are as under:

- |     |                                      |   |     |
|-----|--------------------------------------|---|-----|
| (a) | For filers of income tax returns     | : | 15% |
| (b) | For non-filers of income tax returns | : | 20% |

To enable the Company to make a tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised immediately to make sure that their names are entered into ATL by the close of business on 23 April 2019, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%. For any query/problem/information, the investors may contact the Company and/or the Share Registrar.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard, all shareholders who hold shares jointly are requested to furnish shareholding details of Principal shareholder and Joint-holder(s) in respect of shares held by them to the Company's Share Registrar in writing in the following manner by close of business on 23 April 2019:

		Principal Shareholder		Joint Shareholder	
Folio/CDS Account #	Total Shares	Name and CNIC #	Shareholding Proportion (No. of shares)	Name And CNIC #	Shareholding Proportion (No. of shares)

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

#### 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 31 December, 2018, are available on the Company's website ([www.pakoxygen.com](http://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.

<b>Consent for Video Conference Facility</b>
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 _____.
<hr style="width: 20%; margin-left: auto; margin-right: 0;"/> Signature of the Member(s) (Please affix company stamp in case of corporate entity)

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

## Agenda Item No. 4

In the opinion of the Directors the financial position of the Company justifies the capitalization of a sum of Rs. 75,116,160 out of unappropriated profits of the Company for the issuance of Bonus Shares in the ratio of 3 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 23 April 2019 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 75,116,160 (Rupees Seventy five million, one hundred sixteen thousand and one hundred sixty) out of unappropriated profits as of 31 December 2018 be capitalised and distributed, by issuing 7,511,616 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 23 April 2019 in the proportion of 3 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, but shall not be eligible for the dividend declared for the year ended 31 December 2018;
- (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; and
- (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. 5

After setting up the largest gases manufacturing facility in the year 2012 at Sundar Industrial Estate, Lahore, the Company relocated its major production facilities from its site at Shalamar Link Road, Mughalpura, Lahore (the "**Immovable Property**") to Sundar Industrial site.

The Immovable Property, admeasuring in the aggregate 59 Kanals and 19 Marlas, and bearing Khasra Nos: 3454, 3455, 3456, 3457, 3458, 3484, 3485 and 3486 is situated in Mauza Baghbanpura, now Shalamar Link Road, Mughalpura, Lahore. The Immovable Property which is freehold land was acquired by the Company on 9th May 1957, at a cost of Rs. 329,500. The current book value of the Immovable Property is Rs. 329,500 and its revalued amount is Rs. 1.3 billion and its approximate current market price/fair value is Rs. 1.3 billion.

Over time, the Immovable Property has, however lost its industrial significance due to adjoining areas which have been fully converted into residential and commercial areas. As a result, further industrial development at the said location may not be suitable.

Therefore, the Immovable Property is an underutilized asset and the Company is not deriving proportionate benefits from it.

The Board of Directors have therefore thought it prudent to sell the Immovable Property and to utilize the proceeds from such sale for purchasing an alternate site in Lahore and for various capital expenditures planned by the Company as deemed appropriate by the Board of Directors. The Company has as yet not identified a purchaser for the Immovable Property but will be doing so in due course.

The disposal of the Immovable Property shall have no effect on the operational capacity of the Company and there will be no interruption in the Company's production and operations. The existing facility for manufacturing nitrous oxide and gas compression as well as admin office/sales office shall, before the sale of the Immovable Property be shifted to a new location to allow for smooth transition.

In view of the above, the Members are requested to authorize and approve sale of the aforesaid property and in this respect pass the following Resolution as an Ordinary Resolution:

**RESOLVED** that Company do sell its entire estate right title and interest in and to the pieces or parcels of land admeasuring in the aggregate 59 Kanals and 19 Marlas or thereabouts bearing Khasra Nos: 3454, 3455, 3456, 3457, 3458, 3484, 3485 and 3486 situated in Mauza Baghbanpura, now Shalamar Link Road, Mughalpura, Lahore, ("Immovable Property"), to such third party and in such manner and upon such terms and subject to such conditions and for such consideration as may be determined by the Board of Directors of the Company or such persons as may be identified by the Board of Directors, and each of them be and is hereby authorised to take and do, and to authorise others to take and do, all such steps, acts, deeds and things as any of them may think fit for the purposes of and in connection with the negotiation, finalisation, execution and delivery on behalf of the Company of any and all agreements, deeds of conveyance, deeds of assignment, affidavits, undertakings and other deeds and papers as may be required for and in connection with the sale of the Immovable Property, including without limitation the sale deed/conveyance deed.

The Directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.

اس غیر منقولہ جائیداد کی فروخت سے کمپنی کی آپریشنز کی گنجائش پر کوئی فرق نہیں پڑے گا اور نہ ہی کمپنی کی پروڈکشن اور آپریشن میں کوئی خلل پیدا ہوگا۔ کمپنی کی موجودہ نائٹس آکسائیڈ مینوفیکچرنگ اور گیس کمپریشن کی فیسلیٹی کو مع ایڈمن آفس / سیلز آفس روانی کے ساتھ کام جاری رکھنے کیلئے غیر منقولہ جائیداد کی فروخت سے پہلے نئی جگہ پر منتقل کر دیا جائے گا۔

درج بالا کی روشنی میں تمام ممبرز سے درخواست ہے کہ مذکورہ جائیداد کی فروخت کا اختیار اور منظوری دیں اور اس سلسلے میں درج ذیل قرارداد کو بطور عمومی قرارداد پاس کریں:

### طے پایا کہ

کمپنی اپنی پوری زمین جس کی مجموعی پیمائش 59 کنال اور 19 مرلہ، خسرہ نمبر 3454، 3455، 3456، 3457، 3458، 3484، 3485، 3486 موضع باغبان پورہ، واقع نیوشالا مارلنک روڈ، مغل پورہ، لاہور، یا اس کی حدود (غیر منقولہ جائیداد) کے حصوں یا کئی طور پر تھرڈ پارٹی کو اس طرح اور ان شرائط پر اور ان ضوابط کے تحت اس غرض سے فروخت کی جائے جس کا تعین کمپنی کا بورڈ آف ڈائریکٹرز یا وہ شخص جسے بورڈ آف ڈائریکٹرز نے مقرر کیا ہو، اس بات کا مجاز ہوگا اور دوسروں کو مجاز کریں گے کہ وہ کمپنی کی جانب سے سودے کیلئے گفت و شنید، فائنل، عمل درآمد اور ڈیلیوری کے لئے درکار کسی ایک یا تمام معاہدوں، کنونینس کے امور، اسائنمنٹ کے امور، حلف نامے، انڈر ٹیکنگ اور غیر منقولہ جائیداد کے فروخت کے سلسلے میں دیگر کارروائیاں اور مطلوبہ کاغذات کی فراہمی بشمول بلا اطلاع سیل ڈیڈ / کنونینس ڈیڈ کی خدمات انجام دیں۔

ڈائریکٹرز درج بالا کاروبار میں براہ راست یا بالواسطہ کوئی دلچسپی نہیں رکھتے سوائے اس کے کہ ڈائریکٹرز رپورٹ کے ساتھ منسلک ضمیمہ میں شیئرنگ کے طرز کے عنوان سے ان کی سرمایہ کاری کی تفصیلات دی گئی ہیں۔

شیرز کو مکمل شیر کے ساتھ جمع کر کے اسٹاک مارکیٹ میں فروخت کیا جائے گا اور اس طرح ان کو متعلقہ اہلیت کے تناسب سے منافع کا اہل سمجھا جائے گا۔

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

ڈائریکٹرز کی اس معاملے میں کوئی ذاتی دلچسپی نہیں ہے، سوائے اس کے کہ وہ شیر ہولڈر کے طور پر بونس شیرز کی حد تک حقدار ہیں

## ایجنڈا آئٹم نمبر 5

سن 2012 میں سنڈرائنڈسٹرمل اسٹیٹ، لاہور میں سب سے بڑی گیسز تیار کرنے والی فیسلٹی قائم کرنے کے بعد، کمپنی نے اپنی اہم پروڈکشن فیسلٹی، شمال مارلنک روڈ، مغل پورہ لاہور (غیر منقولہ جائیداد) سے سنڈرائنڈسٹرمل سائٹ میں منتقل کر لی۔ یہ غیر منقولہ جائیداد 59 کنال اور 15 مرلہ کے رقبہ پر قائم ہے اور خسرہ نمبر 3454، 3455، 3456،

3457، 3458، 3484، 3485، 3486 موضع باغبان پورہ، نیو شمال مارلنک روڈ، مغل پورہ، لاہور میں واقع ہے۔ یہ غیر منقولہ جائیداد، جو جاگیر کی صورت میں ہے، کمپنی نے 9 مئی 1957 کو 329,500 روپے میں خریدی تھی۔ اس غیر منقولہ جائیداد کی بک ویلیو 329,500 روپے ہے جب کہ دوبارہ مقرر کردہ ویلیو 1.3 بلین روپے ہے۔ اس کی موجودہ مارکیٹ کی قیمت / مروجہ ویلیو 1.3 بلین روپے ہے۔

وقت گزرنے کے ساتھ ساتھ اس غیر منقولہ جائیداد کی صنعتی اہمیت میں کمی آئی ہے کیونکہ اس کے ارد گرد کا علاقہ رہائشی اور دیگر کمرشل پروڈیکٹس میں تبدیل ہو گیا ہے۔ اس بناء پر اس جگہ پر مزید صنعتی ڈیولپمنٹ ہونا ناممکن ہو گیا ہے۔

لہذا اب یہ غیر منقولہ جائیداد غیر استعمال شدہ اثاثہ بن گئی ہے اور کمپنی کو اس سے کوئی فائدہ حاصل نہیں ہو رہا۔

بورڈ آف ڈائریکٹرز کے دانشمندانہ فیصلے کے مطابق اب اس غیر منقولہ جائیداد کو فروخت کیا جائے گا اور اس کی فروخت سے حاصل ہونے والی رقم سے لاہور میں کوئی متبادل سائٹ خریدی جاسکتی ہے یا کمپنی کے مختلف منصوبہ جات میں سے جو بورڈ آف ڈائریکٹرز کے خیال میں مناسب ترین ہو، اس میں سرمایہ کاری کی جاسکتی ہے۔ کمپنی کو ابھی تک اس غیر منقولہ جائیداد کا کوئی معقول خریدار نہیں ملا ہے۔

## 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 کے حامل ہیں، \_\_\_\_\_ پر  
 ویڈیو لنک کی سہولت حاصل کرنا چاہتے ہیں۔

دستخط ممبر (ز)

(کارپوریٹ اکائی کی صورت میں برائے مہربانی کمپنی کی مہربانی ثبت کریں)

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

### ایجنڈا آئٹم نمبر 4

ڈائریکٹرز کی رائے میں کمپنی کی مالیاتی پوزیشن اتنی مناسب ہے کہ ہر 10 عمومی شیئرز کیلئے 3 عمومی شیئرز کے حساب سے بونس شیئرز کے اجراء کیلئے کمپنی کے غیر تخصیص شدہ منافع سے 75,116,160 روپے کی سرمایہ کاری کی جاسکے۔ جن ممبرز کے نام 23 اپریل 2019 کو کاروباری اوقات کے اختتام تک ممبرز کے رجسٹر میں درج ہوں گے، وہ درج بالا تناسب کے لحاظ سے مجوزہ بونس شیئرز کیلئے اہل ہوں 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 برطابق 31 دسمبر 2018، 75,116,160/- روپے (چھتر ملین، ایک سو سولہ ہزار اور ایک سو ساٹھ) کی سرمایہ کاری کی جائے اور کمپنی کے ممبرز کے درمیان، جن کے نام 23 اپریل 2019 کو کاروباری اوقات کے اختتام تک ممبرز کے رجسٹر میں درج ہوں گے، 7,511,616 مکمل ادا شدہ عمومی شیئرز بحساب ہر 10 عمومی شیئرز پر 3 عمومی شیئرز کے حساب سے تقسیم کر کے جاری کر دیئے جائیں۔
- (ii) یہ جاری ہونے والے بونس شیئرز ہر لحاظ سے کمپنی کے موجودہ شیئرز کے مساوی ہوں گے لیکن 31 دسمبر 2018 کو ختم ہونے سے سال کیلئے اعلان کردہ حتمی منافع کے اہل نہیں ہوں گے۔



ورنہ ان کے نقد منافع منقسمہ کی کٹوتی %15 کی بجائے %20 کی شرح سے کردی جائے گی۔ کسی استفسار / مسئلے / معلومات کیلئے انوسٹرز کمپنی اور ایڈیشنل رجسٹرار سے رابطہ کر سکتے ہیں۔

اس کے علاوہ فیڈرل بورڈ آف ریونیو کی جانب سے موصول ہونے والی وضاحت کے مطابق جو انٹ اکاؤنٹ ہونے کی صورت میں وہ ہولڈنگ ٹیکس کی کٹوتی / فائلر / نان فائلر ہونے کی بنیاد پر پرنسپل شیئر ہولڈر اور جو انٹ ہولڈر (ز) کے پاس موجود شیئرز کے تناسب سے کی جائے گی۔ اس سلسلے میں جو انٹ شیئر ہولڈنگ رکھنے والے افراد سے درخواست ہے کہ وہ پرنسپل شیئر ہولڈر اور جو انٹ شیئر ہولڈر (ز) کے پاس موجود شیئرز کی تفصیلات سے درج ذیل کے مطابق 23 اپریل 2019 کو کاروباری اوقات کے اختتام تک لازمی طور پر مطلع کریں:

جو انٹ شیئر ہولڈر		پرنسپل شیئر ہولڈر		کل شیئرز	فولیو / CDS اکاؤنٹ نمبر
نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (تعداد شیئرز)	نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (تعداد شیئرز)		

کارپوریٹ شیئر ہولڈرز، جن کے اکاؤنٹ CDC میں ہیں، اپنے نیشنل ٹیکس نمبر (NTN) کو اپنے متعلقہ شراکت دار کے ساتھ اپ ڈیٹ کر لیں جب کہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے NTN سرٹیفکیٹ کی کاپی کمپنی کے شیئر رجسٹرار کو پہنچائیں۔ شیئر ہولڈرز اپنے NTN یا NTN سرٹیفکیٹ بھیجتے وقت کمپنی کا نام اور متعلقہ فولیو نمبر ضرور درج کریں۔

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 2018 کمپنی کی

ویب سائٹ ([www.pakoxygen.com](http://www.pakoxygen.com)) پر دستیاب ہے۔

ویڈیولنک 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 ایک جغرافیائی حدود میں رہتے ہوں، اجلاس کی تاریخ سے کم از کم 7 دن پہلے اجلاس میں ویڈیولنک کے ذریعہ شرکت کرنے کی درخواست موصول ہو جائے تو کمپنی اس شہر میں دستیابی سے مشروط ویڈیولنک کی سہولت فراہم کر سکتی ہے۔

کمپنی اجلاس عام کی تاریخ سے 5 روز قبل ممبرز کو ویڈیو کانفرنس کی سہولت کے مقام اور وہاں تک پہنچنے کیلئے مکمل معلومات فراہم کرے گی۔ ویڈیولنک 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۔

## غیر دعویٰ شدہ نقد منافع منقسمہ

ان شیئرز ہولڈرز کو، جو کسی بھی وجہ سے اپنے نقد منافع 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 شیئرز رجسٹرار CDC سے فوری رابطہ کریں۔ کمپنیز ایکٹ 2017 کے سیکشن 244 کی شرائط کی پیروی میں کمپنی تمام ضروری کارروائی مکمل کرنے کے بعد تمام ڈیوڈنڈز جو اجراء کی تاریخ سے تین سال یا اس سے زیادہ گزر جانے کے باوجود کلیم نہیں کئے گئے، 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 470(I)/2016 مورخہ 31 مئی 2016، SECP نے (ای میل کے علاوہ) سالانہ بیلنس شیٹ اور نفع نقصان کے حسابات، آڈیٹر 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 470(I)/2016 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 شیئرز رجسٹرار کو بھجوادیں۔ یہ مقررہ درخواست فارم کمپنی کی ویب سائٹ ([www.pakooxygen.com](http://www.pakooxygen.com)) پر دستیاب ہے۔ اگر کوئی ممبر مستقبل میں آڈٹ مالیاتی اسٹیٹمنٹس 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۔

## انکم ٹیکس آرڈیننس، 2001 کے تحت منافع منقسمہ کی رقم سے ودہولڈنگ ٹیکس کی کٹوتی (لازمی)

انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے مطابق کمپنی کی جانب سے ادا کئے جانے والے منافع منقسمہ کی رقم سے ودہولڈنگ ٹیکس کی کٹوتی کی دو مختلف شرح مقرر کی گئی ہیں، جو درج ذیل ہیں:

(ا) انکم ٹیکس ریٹرن کے فائلرز کیلئے : 15%

(ب) انکم ٹیکس ریٹرن کے نان فائلرز کیلئے : 20%

لہذا، کمپنی کو ٹیکس کی کٹوتی 20% کی بجائے 15% سے کرنے کیلئے، ان شیئرز ہولڈرز کو، جن کے نام ایف بی آر کی ویب سائٹ پر موجود فعال ٹیکس گزاروں کی فہرست میں موجود نہیں ہیں، جب کہ اصل میں وہ فائلرز ہیں، ہدایت کی جاتی ہے کہ وہ اس بات کو یقینی بنالیں کہ 23 اپریل 2019 کو کاروباری اوقات کے اختتام سے پہلے ان کے نام ATL میں شامل ہو جائیں،

## جمع کرانا (لازمی) CNIC/NTN

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ایس آر اے 2012/1(831) اور دیگر متعلقہ ضابطوں کے مطابق الیکٹرونک ڈیویڈنڈ پر، 18 سال کے کم عمر افراد اور کارپوریٹ شیئر ہولڈرز کے سوا، رجسٹرڈ شیئر ہولڈر یا مجاز شخص کے کمپیوٹرائزڈ قومی شناختی کارڈ کا نمبر درج ہونا لازمی ہے۔

کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشن 2017 کے ریگولیشن 6 اور کمپنیز ایکٹ 2017 کے سیکشن 243 کے تحت کمپنی شیئر ہولڈر یا مجاز شخص کے شناختی نمبر (CNIC/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 کرائی ہے، ایک مرتبہ پھر درخواست ہے کہ اپنے (CNIC) کی کاپی جلد از جلد شیئر رجسٹرار کے پاس جمع کرا دیں جب کہ کارپوریٹ اداروں سے درخواست ہے کہ وہ اپنا قومی ٹیکس نمبر (NTN) فراہم کریں۔

### نقد منافع منقسمہ کی الیکٹرونک ذریعہ سے ادائیگی (لازمی)

کمپنیز ایکٹ 2017 کے سیکشن 242 کے دوسرے پروویژن کے تحت لسٹڈ کمپنیز کیلئے لازم ہے کہ وہ نقد منافع منقسمہ کی ادائیگی الیکٹرونک ذریعہ سے براہ راست اہل شیئر ہولڈرز کے مقرر کردہ بینک اکاؤنٹ میں کریں۔ اس طرح نقد منافع منقسمہ فوری طور پر ان کے متعلقہ بینک اکاؤنٹ میں جمع ہو جائے گا اور بذریعہ ڈاک ڈیویڈنڈ وارنٹس کے گم ہو جانے، وصول نہ ہونے یا کسی غلط پتے پر پہنچ جانے وغیرہ کا کوئی موقع نہیں ہوگا۔

لہذا کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات جلد از جلد فراہم کریں تاکہ کمپنی کے اعلان کردہ نقد منافع منقسمہ کی ادائیگی الیکٹرونک ذریعہ سے براہ راست ان کے مقرر کردہ بینک اکاؤنٹ میں کی جاسکے:-

بینک اکاؤنٹ بنام:	
اکاؤنٹ نمبر:	
IBAN نمبر:	
بینک کا نام:	
بینک کی برانچ کا نام اور پتہ:	
شیئر ہولڈر کا سیل نمبر:	
شیئر ہولڈر کا لینڈ لائن نمبر:	
شیئر ہولڈر کا ای میل کا پتہ:	

درج بالا معلومات میں کسی بھی تبدیلی کی صورت میں، اگر کوئی ہو، شیئر ہولڈر فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

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۔

۴۔ 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 رجسٹر اری میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، شیئرز رجسٹرار ڈپارٹمنٹ، سی ڈی سی ہاؤس، B-99 بلاک B، ایس۔ ایم۔ سی ایچ۔ ایس، مین شاہراہ فیصل، کراچی 74400 کے پاس رجسٹرڈ ہے۔

۵۔ 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۔

(اے) 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 اکائی ہونے 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۔

(بی) پراکسی 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 کرنا 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 بیفیشیل اونر اور پراکسی کے CNIC یا اصل پاسپورٹ کی تصدیق شدہ کاپیاں منسلک ہونا چاہئے۔

(iv) پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

(v) کارپوریٹ اکائی ہونے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع

نامزد کردہ فرد کے نمونہ کے دستخط (اگر پہلے سے فراہم نہ کئے گئے ہوں) کمپنی کو فراہم کرنا ہوں گے۔

## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ پاکستان آکسیجن لمیٹڈ کا 70 واں سالانہ اجلاس عام مورخہ 30 اپریل 2019 بوقت 9:45 بجے صبح کمپنی کے رجسٹرڈ دفتر بمقام ویسٹ وہارف، ڈاکٹریٹ روڈ پر درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

### عمومی کارروائی:

- ۱- کمپنی کے مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 31 دسمبر 2018 مع ڈائریکٹرز اور آڈیٹرز رپورٹ وصول کرنا اور ان پر غور کرنا۔
- ۲- کمپنی کے ڈائریکٹرز کی سفارشات کے مطابق حتمی نقد منافع منقسمہ بحساب 2.00 روپے برائے- 10 روپے فی عمومی شیئر برائے سال مختتمہ 31 دسمبر 2018 کی ان ممبران کو ادائیگی پر غور کرنا اور درست سمجھے جانے پر اجازت دینا جن کے نام 23 اپریل 2019 کو کاروباری اوقات کے اختتام پر ممبران کے رجسٹر میں موجود ہوں۔
- ۳- کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔

### خصوصی کارروائی:

- ۴- کمپنی کے غیر تخصیص شدہ منافع سے -/75,116,160 روپے کی رقم 7,511,616 بونس شیئرز کے اجراء کے لئے مخصوص کرنا جو 23 اپریل 2019 کو کاروباری اوقات کے اختتام پر موجود ہر 10 عمومی حصص کے عوض 3 عمومی حصص کے تناسب سے کمپنی کے ممبران کو جاری کئے جائیں گے۔
- ۵- کمپنی کی لاہور، پاکستان میں موجود غیر منقولہ جائیداد کی فروخت کے لئے منظوری اور اجازت دینا۔

بحکم بورڈ  
منظہر اقبال  
کمپنی سیکرٹری

کراچی: 18 مارچ 2019

نوٹس:








- ۱- کمپنی کے ممبران کو اجلاس میں شرکت کیلئے ٹرانسپورٹ کی سہولت فراہم کی جائے گی جو ریلوے کی حدود میں پاکستان اسٹاک ایکچینج لمیٹڈ کے پارکنگ ایریا سے 30 اپریل 2019 کو ٹھیک 9:00 بجے روانہ ہوگی۔
- ۲- کمپنی کی شیئر ٹرانسفر بکس مورخہ 24 اپریل تا 30 اپریل 2019 (بشمول دونوں ایام) بند رہیں گی۔
- ۳- 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۔










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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 30th day of April 2019 and at  
adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2019 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 بڈا 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 30 اپریل 2019 کو منعقد ہوگا یا کوئی اتوا شدہ اجلاس ہو، میں شرکت کرنے اور میری / ہماری جگہ ووٹ دینے حقدار مقرر کرتا ہوں / کرتے ہیں۔  
میں / ہم نے آج مورخہ \_\_\_\_\_ 2019 کو درج ذیل کی موجودگی میں دستخط کئے۔

1. دستخط _____	2. دستخط _____
نام _____	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، ڈاکیا روڈ، 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۔
- تینیفیشل اوٹور 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

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

## North-western region

Lahore  
P.O.Box 205  
Shalamar Link Road, Mughalpura  
Phones +92.42.36824091 (4 lines)  
Fax + 92.42.36817573

Rawalpindi  
2nd Floor, Jahangir Multiplex  
Golra Mor, Peshawar Road  
Phones +92.51.2315501 (3 lines)  
Fax +92.51.2315050

Plot No. 705, Sundar Industrial Estate  
Phones +92.42.35297244-47 (4 lines)

## Southern region

Mehmood Kot  
Adjacent to PARCO  
Mid Country Refinery, Mehmood Kot  
Qasba Gujrat, Muzaffargarh  
Phones +92.66.2290751 & 2290484-85  
Fax +92.66.2290752

Karachi  
P.O.Box 4845, West Wharf  
Phones +92.21.32313361 (9 lines)  
Fax +92.21.32312968

Faisalabad  
Deawoo Road near WASA  
Work Station  
Phone: +92 418812400, 8812500

Port Qasim  
Plot EZ/1/P-5(SP-1), Eastern Zone  
Phones +92.21.34740058 & 34740060  
Fax +92.21.34740059

Sukkur  
Plot No. B 91, S.I.T.E. area near  
Madina Marble Factory.  
Phone +92.71.5630871

Pakistan Oxygen Limited  
P.O. Box 4845, Dockyard Road, West Wharf, Karachi-74000, Pakistan  
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