

PARTNERS IN  
PROGRESS



# QUARTERLY REPORT

MARCH 31, 2023  
(UN-AUDITED)

Descon Oxychem Limited



## VISION

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

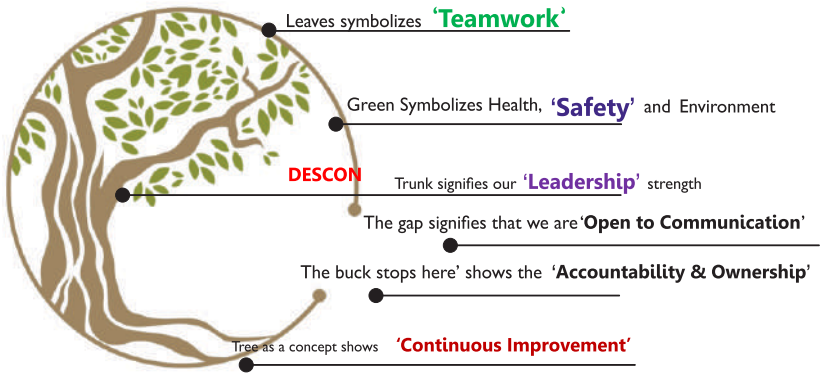


## MISSION

We are determined to:

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

# Our Core Values



## Continuous Improvement

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



## Leadership

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



## Accountability and Ownership

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



## Team Work

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



## Open Communication

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



## Safety

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

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## Company Information

### Board of Directors

Faisal Dawood	Chairman
Farooq Nazir	Non-Executive Director
Mehreen Dawood	Non-Executive Director
Taimur Dawood	Non-Executive Director
Asif Qadir	Non-Executive Director
Jehanzeb Khan	Independent Director
Muhammad Zahir	Independent Director
Muhammad Mohsin Zia	Chief Executive Officer

### Muhammad Rizwan Qaiser

Chief Financial Officer

### Abdul Sohail

Company Secretary

### Auditors

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

### Internal Auditors

M/s KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

M/s Hassan & Hassan Advocates

### Bankers

Allied Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab

### Share Registrar

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

### Registered Office

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

### Plant Site

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

### Web Presence

Updated Company's Information  
together with the latest Annual Report  
can be accessed at Descon's website,  
[www.desconoxychem.com](http://www.desconoxychem.com)

## DIRECTORS REPORT TO THE SHAREHOLDERS

For the nine months ended March 31, 2023

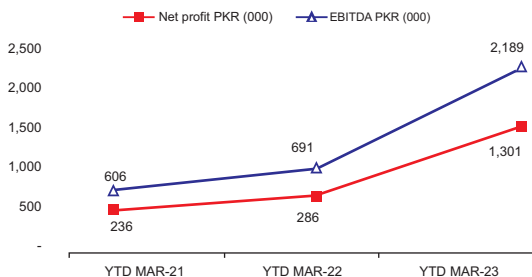
The Board of Directors of the company are pleased to present the nine months report along with the Financial Statements for the period ended March 31, 2023

Your Company has performed well as compared to last year due to strong demand and improved pricing. Despite increased RLNG and energy cost the company, due to improved planning, better placement of volume and optimal price implementation, tailored to market conditions, has been able to increase profitability. The summarized financial performance appears below.

### Financial Highlights

	Quarter ended		Nine Month ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees in Million		Rupees in Million	
Sales	1,699	982	5,183	2,907
Cost of goods sold	(1,133)	(887)	(2,947)	(2,309)
Gross profit	567	95	2,236	599
Profit from operations	446	47	1,899	435
EBITDA	552	135	2,189	691
Profit before taxation	440	36	1,879	399
Tax	(147)	(10)	(578)	(113)
Profit for the period	293	26	1,301	286
Earnings per share – Basic	1.67	0.15	7.43	1.64

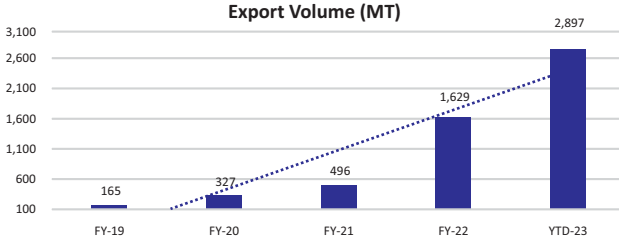
Your company generated an EBITDA of PKR 2.2bn vs PKR 691 million in the corresponding period last year (Increase of 217%). In line with EBITDA your company also delivered a net profit of PKR 1,301 million during the nine months compared with a net profit of PKR 286 million in the corresponding period last year (Increase of 354%). The increased profitability is driven by companies' strict control over costs and the ability to price the product in line with market conditions.



The development of the export market during recent years has improved the Company's ability to place volumes at better prices and into new industries while delivering sustainable profitability and earning much needed foreign exchange for the country. The company has achieved the highest ever volume of export sales during this period opening avenues for new product applications and markets while improving its ability to service its customers in the chosen markets.

## DIRECTORS REPORT TO THE SHAREHOLDERS

For the nine months ended March 31, 2023



With strong downstream demand and governments export focused approach the company foresees robust sales in both short term and long term. In addition to existing market demand, the company is focused on development of additional segments of the market creating increased market size in future.

The company's cash flow before working capital changes has also improved to PKR 2.1 billion from PKR 691 million in the corresponding period last year (Increase of 213%). Based on improved EBITDA, the company has been able to avoid high interest cost being faced by many market players. In line with the increased profitability company has also incurred income tax expense of PKR 578million significantly contributing to the national exchequer.

### Future Outlook

The challenge for your Company is to sustain the strong financial performance by maintaining its margins in an environment of significant cost increases. The management is consistently working on strategies to ensure these challenges are met effectively and new markets are developed to sustain profitability. Efforts to penetrate new segments and markets have been successfully implemented alongside organic growth in Textile, Food and Mining sectors. The company is also targeting consistent improvement in raw material consumption in line with the management target to achieve economies of scale. Our target is to become the least cost producer in order to become a dominant player in the region by implementing a well thought through manufacturing excellence and international market development programs. The business continues to invest in areas which reinforce its advantageous position in safety, manufacturing efficiency and building market leadership in key geographies.

We would like to thank all stakeholders for their contribution and support.

**For and on behalf of the Board**

Lahore  
April 17, 2023

  
CHIEF EXECUTIVE

  
DIRECTOR

## ڈائریکٹرز رپورٹ برائے حصص داران

31 مارچ 2023 کو ختم ہونے والی نو ماہی کے لیے ڈائریکٹرز کی حصص داران کو رپورٹ

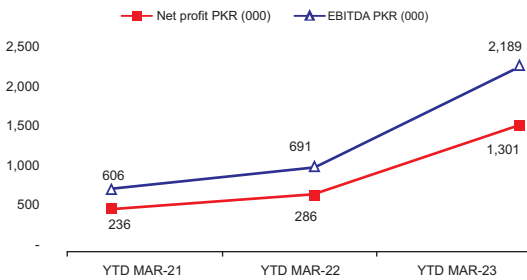
کمپنی کے بورڈ آف ڈائریکٹرز 31 مارچ 2023 کو ختم ہونے والی مدت کے مالیاتی گوشوارے معہ نو ماہی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

آپ کی کمپنی نے مضبوط طلب اور بہتر قیمت کے باعث گزشتہ سال کے مقابلے میں اچھی کارکردگی کا مظاہرہ کیا ہے۔ RLNG اور توانائی کی لاگت میں اضافے کے باوجود کمپنی بہتر منصوبہ بندی، حجم کی بہتر پلٹسمٹ اور قیمت کے بہترین نفاذ، مارکیٹ کے حالات کی مطابقت کی وجہ سے، منافع میں اضافہ کرنے میں کامیاب رہی ہے۔ مالیاتی کارکردگی کا خلاصہ حسب ذیل ہے:

مالیاتی جھلکیاں

تختہ نو ماہی		تختہ سر ماہی		تفصیل
2023 مارچ 31	2022 مارچ 31	2023 مارچ 31	2022 مارچ 31	
روپے ملین میں		روپے ملین میں		
2,907	5,183	982	1,699	فروخت
(2,309)	(2,947)	(887)	(1,133)	فروخت ایشیا کی لاگت
599	2,236	95	567	مجموعی منافع
435	1,899	47	446	آپریٹنگ سے منافع
691	2,189	135	552	EBITDA
399	1,879	36	440	گیس سے سپلائی منافع
(113)	(578)	(10)	(147)	گیس
286	1,301	26	293	مدت کے لیے منافع
1.64	7.43	0.15	1.67	فی شیئر آمدنی - بنیادی

آپ کی کمپنی نے گزشتہ سال کی اسی مدت میں 691 ملین روپے کے مقابلے میں 2.2 بلین روپے کا EBITDA کمایا (217% اضافہ)۔ EBITDA کے مطابق آپ کی کمپنی نے نو ماہی کے دوران 1,301 ملین روپے کا خالص منافع فراہم کیا ہے جبکہ پچھلے سال کی اسی مدت میں 286 ملین روپے کا خالص منافع ہوا تھا (354% اضافہ)۔ منافع میں اضافہ کمپنیوں کے لاگت پر سخت کنٹرول اور مارکیٹ کے حالات کے مطابق پروڈکٹ کی قیمت کی وجہ سے ہوا ہے۔

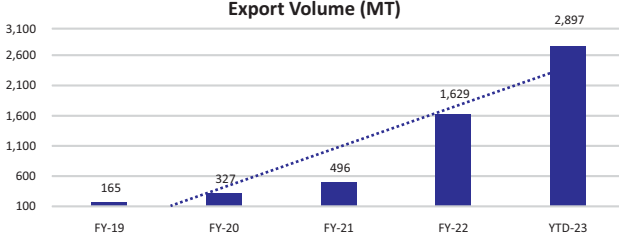


حالیہ برسوں کے دوران برآمدی منڈی کی ترقی نے پائیدار منافع کی فراہمی اور ملک کے لیے بہت زیادہ ضروری زرمبادلہ کمانے کے ساتھ ساتھ بہتر قیمتوں اور نئی صنعتوں میں حجم رکھنے کی کمپنی کی صلاحیت کو بہتر بنایا ہے۔ کمپنی نے اس عرصے کے دوران برآمدی فروخت کا اب تک سب سے زیادہ حجم حاصل کیا ہے جس نے نئی مصنوعات کی اینٹی کیشنز اور مارکیٹوں کے لیے نئی راہیں کھولی ہیں جبکہ منتخب مارکیٹوں میں اپنے صارفین کو خدمات فراہم کرنے کی اپنی صلاحیت کو بہتر بنایا ہے۔



## ڈائریکٹرز رپورٹ برائے حصص داران

31 مارچ 2023 کو ختم ہونے والی نو ماہی کے لیے ڈائریکٹرز کی حصص داران کو رپورٹ



کم ہوتی طلب کو مشروط کرنے اور کھتوں کے برآمدی نقطہ نظر کے ساتھ کمپنی دونوں مختصر اور طویل مدت میں مستحکم فروخت کی پیش گوئی کرتی ہے۔ موجودہ مارکیٹ کی طلب کے علاوہ، کمپنی مارکیٹ کے مزید شعبوں کی ترقی پر توجہ مرکوز کر رہی ہے جس سے مستقبل میں مارکیٹ کا سائز بڑھتا جا رہا ہے۔

ورلڈ کیپٹل کی تبدیلیوں سے پہلے کمپنی کا کیش فلوی بھی بہتر ہو کر 2.1 ملین روپے ہو گیا ہے جو پچھلے سال کی اسی مدت میں 691 ملین روپے تھا (%213 کا اضافہ)۔ بہتر EBITDA کی بنیاد پر کمپنی مارکیٹ کے بہت سے پلیئرز کو درپیش سود کی زیادہ لاگت سے بچنے میں کامیاب رہی ہے۔ منافع میں اضافے کے مطابق کمپنی نے 578 ملین روپے کے گم ٹیکس کے اخراجات بھی برداشت کئے ہیں جو فی خزانے میں نمایاں حصہ ہیں۔

## مستقبل کا نقطہ نظر

لاگت میں نمایاں اضافہ کے ماحول میں اپنے مارجن کو برقرار رکھنے ہونے مضبوط مالی کارکردگی کو برقرار رکھنا آپ کی کمپنی کے لیے ایک چیلنج ہے۔ انتظامیہ مسلسل حکمت عملیوں پر کام کر رہی ہے تاکہ یہ یقینی بنایا جاسکے کہ ان چیلنجوں کا مؤثر طریقے سے مقابلہ کیا جائے اور منافع کو برقرار رکھنے کے لیے نئی مارکیٹیں تیار کی جائیں۔ ٹیکسٹائل، خوراک اور کان کنی کے شعبوں میں نامیاتی نمونے کے ساتھ ساتھ نئے شعبوں اور منڈیوں تک رسائی کی کوششوں کو کامیابی کے ساتھ نافذ کیا گیا ہے۔ کمپنی بڑی معیشتوں کو حاصل کرنے کے انتظامی ہدف کے مطابق خام مال کی کھپت میں مسلسل بہتری کو بھی ہدف بنا رہی ہے۔ ہمارا ہدف میٹوٹ چارج ایکسی لینس اور بین الاقوامی مارکیٹ کی ترقی کے پروگراموں کے ذریعے اچھی سوچ کولا کوکر کے خطے میں ایک ترقیاتی کھلاڑی بننے کے لیے سب سے کم لاگت پر ڈیوسر بنانا ہے۔ کاروبار ان شعبوں میں سرمایہ کاری کرتا رہتا ہے جو حفاظت، مینوفیکچرنگ کی کارکردگی اور کلیدی جغرافیوں میں مارکیٹ کی قیادت کی تعمیر میں اس کی فائدہ مند پوزیشن کو تقویت دیتے ہیں۔

ہم تمام اسٹیک ہولڈرز کی شراکت اور تعاون کے لیے ان کا شکریہ ادا کرتے ہیں۔

منجانب/ برائے یورڈ آف ڈائریکٹرز

*Signature*  
ڈائریکٹر

*Signature*  
چیف ایگزیکٹو

لاہور

17 اپریل 2023ء

# DESCON OXYCHEM LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 220,000,000 (June 30, 2022: 220,000,000) ordinary shares of Rs 10 each		2,200,000	2,200,000
Issued, subscribed and paid up capital 175,031,084 (June 30, 2022: 175,031,084) ordinary shares of Rs 10 each		1,750,311	1,750,311
Share premium		3,022	3,022
Accumulated profits		1,206,417	605,642
		2,959,750	2,358,975
<b>NON CURRENT LIABILITIES</b>			
Long term finances - secured	5	104,931	257,865
Lease liabilities		3,847	10,482
Deferred taxation		236,849	240,370
Deferred grant		18,657	24,188
		364,284	532,905
<b>CURRENT LIABILITIES</b>			
Current portion of non current liabilities		41,646	83,325
Finances under mark up arrangements - secured		6,000	14,620
Current portion of deferred grant		7,623	8,567
Trade and other payables	6	587,408	766,457
Income tax payable		435,759	128,084
Dividend payable		9,842	3,237
Accrued finance cost		3,843	8,849
		1,092,121	1,013,139
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
		4,416,155	3,905,019
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	2,404,681	2,489,830
Intangible assets		20,649	26,972
Long term loans - secured		8,300	6,025
Long term deposits		64,512	23,423
		2,498,142	2,546,250
<b>CURRENT ASSETS</b>			
Stores and spares	9	434,566	509,916
Stock in trade	10	525,079	248,816
Trade debts		256,391	237,383
Advances, deposits, prepayments and other receivables	11	66,448	106,483
Short term investment	12	542,948	150,000
Bank balances		92,581	106,171
		1,918,013	1,358,769
		4,416,155	3,905,019

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023

	Note	Three-month period ended		Nine-month period ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(Rupees in thousand)					
Sales	13	1,699,937	982,107	5,182,648	2,907,122
Cost of sales	14	(1,133,393)	(887,476)	(2,947,098)	(2,308,619)
<b>Gross profit</b>		566,544	94,631	2,235,550	598,503
Administrative expenses		(51,199)	(27,870)	(125,634)	(83,981)
Distribution and selling costs		(65,674)	(19,254)	(143,853)	(55,675)
Other income		30,925	3,175	71,586	10,598
Other operating expenses		(34,563)	(3,383)	(139,135)	(34,639)
<b>Profit from operations</b>		446,033	47,299	1,898,514	434,806
Finance costs		(6,353)	(11,318)	(19,854)	(35,679)
<b>Profit before taxation</b>		439,680	35,981	1,878,660	399,127
Taxation		(146,594)	(10,265)	(577,761)	(112,898)
<b>Profit for the period</b>		<b>293,086</b>	<b>25,716</b>	<b>1,300,899</b>	<b>286,229</b>
<b>Earnings per share</b>					
- basic and diluted - Rupees	15	1.67	0.15	7.43	1.64

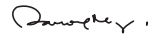
The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# DESCON OXYCHEM LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023

	Three-month period ended		Nine-month period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	.....(Rupees in thousand).....			
Profit for the period	293,086	25,716	1,300,899	286,229
<b>Other comprehensive income</b>				
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
- Items that will not be reclassified subsequently to profit or loss	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>293,086</b>	<b>25,716</b>	<b>1,300,899</b>	<b>286,229</b>


The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

	Share capital	Capital reserve	Revenue reserve	Capital and reserves
	Ordinary share capital	Share premium	Accumulated profits	Total
	.....(Rupees in thousand).....			
<b>Balance as on July 1, 2021 (audited)</b>	1,750,311	3,022	309,796	2,063,129
Profit for the period	-	-	286,229	286,229
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	286,229	286,229
<b>Transactions with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2021 @ 10% (Rs 1 per share)	-	-	(175,031)	(175,031)
<b>Balance as on March 31, 2022 (Un-audited)</b>	<u>1,750,311</u>	<u>3,022</u>	<u>420,994</u>	<u>2,174,327</u>
<b>Balance as on July 1, 2022 (audited)</b>	1,750,311	3,022	605,642	2,358,975
Profit for the period	-	-	1,300,899	1,300,899
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	1,300,899	1,300,899
<b>Transactions with owners, recognised directly in equity</b>				
Final dividend for the year ended June 30, 2022 @ 20% (Rs 2 per share)	-	-	(350,062)	(350,062)
Interim dividend for the period ended Dec 31, 2022 @ 20% (Rs 2 per share)			(350,062)	(350,062)
<b>Balance as on March 31, 2023 (un-audited)</b>	<u>1,750,311</u>	<u>3,022</u>	<u>1,206,417</u>	<u>2,959,750</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

	Note	Nine-month period ended	
		March 31, 2023	March 31, 2022
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	1,803,022	760,836
Finance cost paid		(20,043)	(46,688)
Profit received on deposits		22,779	5,355
Net income tax paid		(273,607)	(78,785)
Long term loan to employee		(3,000)	-
<b>Net cash generated from operating activities</b>		<b>1,529,151</b>	<b>640,718</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(200,055)	(315,056)
Proceeds from sale of short term investments		790,632	560,622
Purchase of short term investments		(1,172,037)	-
Long term deposits		(41,459)	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(622,919)</b>	<b>245,566</b>
<b>Cash flows from financing activities</b>			
Repayments of long term finances - secured		(200,415)	(654,138)
Principal element of lease payments		(17,268)	(9,988)
Ordinary dividends paid		(693,519)	(173,575)
<b>Net cash used in financing activities</b>		<b>(911,202)</b>	<b>(837,701)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,970)</b>	<b>48,583</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>91,551</b>	<b>(194)</b>
<b>Cash and cash equivalents at the end of the period</b>	18	<b>86,581</b>	<b>48,389</b>


The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023****1. The Company and its operations**

The Company was incorporated in Pakistan as a private limited company on November 12, 2004 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into a public limited company with effect from February 28, 2008. Subsequently, on September 15, 2008, it was listed on Karachi Stock Exchange (now Pakistan Stock Exchange). The registered office of the Company is situated at 18-KM Ferozepur Road, Lahore and the factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore. The Company is principally engaged in the manufacture, procurement and sale of hydrogen peroxide and allied products. The Company commenced its commercial production on March 1, 2009.

**2. Basis of preparation****2.1 Statement of compliance**

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

- International Accounting Standard ('IAS') 34, Interim Financial Reporting, issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2022.

**3. Significant accounting policies and estimates**

**3.1** The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2022. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2022, except for estimation of provision for taxation as referred to in note 4.

**3.2 Standards, amendments and interpretations to published approved accounting standards****3.2.1 Standards, amendments and interpretations to existing standards effective in the current period**

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on July 1, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

## 4. Taxation

The provision for taxation for the quarter and nine months ended March 31, 2023 has been made using the tax rate that would be applicable to expected total annual earnings.

	<b>Un-audited March 31, 2023 (Rupees in thousand)</b>	<b>Audited June 30, 2022</b>
<b>5. Long term finances - secured</b>		
Opening balance	325,069	1,107,648
Less: Recognition of deferred grant	-	(10,592)
	<u>325,069</u>	<u>1,097,056</u>
Add: Accretion of finance cost	9,173	17,675
Less: Repayments during the period / year	(200,415)	(789,662)
	<u>133,827</u>	<u>325,069</u>
Less: current portion shown under current liabilities	(28,896)	(67,204)
	<u>104,931</u>	<u>257,865</u>
<b>6. Trade and other payables</b>		
Trade creditors	160,120	235,360
Bills payable	37,422	215,660
Contract liability	34,668	114,385
Accrued liabilities	213,292	132,479
Worker's profit participation fund	102,945	42,740
Worker's welfare fund	35,998	25,787
Other liabilities	2,963	46
	<u>587,408</u>	<u>766,457</u>
<b>7. Contingencies and commitments</b>		
<b>7.1 Contingencies</b>		
i) Descon Oxychem Limited has issued guarantees to the following parties:		
Against performance of contracts:		
Sui Northern Gas Pipelines Limited	144,371	104,482
Pakistan State Oil Company Limited	3,500	3,500
Al-Technique Corporation of Pakistan	28,407	18,700
	<u>176,278</u>	<u>126,682</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023

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

Pursuant to the order of the HSCP, Sui Northern Gas Pipelines Limited ('SNGPL') raised a demand for the collection of the GIDC arrears. The company filed a writ petition under article 199 of the Constitution of Islamic Republic of Pakistan, 1973 in the Honorable Lahore High Court ('HLHC') against the demand raised, pleading that demanding arrears of GIDC are illegal, unlawful and ultra vires to the first proviso to section 8 (2) of the Gas Infrastructure Development Cess Act, 2015. The writ petition was decided in favor of the Company by HLHC vide its order dated June 17, 2021. SNGPL has filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Company's legal advisor is of the opinion that the judgement does not apply to arrears under the Gas Infrastructure Development Cess Act, 2011 and Gas Infrastructure Development Ordinance 2014 that are, in terms of first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first provision of section 8 (2) is subject to the determination by High Level Committee ('Committee') of Sui Northern Gas Pipelines Limited. The decision has not been made by the Committee on its applicability and the amount to be paid by the Company. Accordingly, the Company has not recognised the estimated provision of Rs 55.32 million (June 30, 2022: Rs 55.32 million) in these condensed interim financial statements. However, the Company has provided guarantee of Rs 55.32 million (June 30, 2022: Rs 55.32 million) to SNGPL.

## 7.2 Commitments

- (i) Letters of credit for capital expenditure Rs 19 million (June 30, 2022: Rs 10.52 million).
- (ii) Letters of credit other than capital expenditure aggregating to Rs 348.15 million (June 30, 2022: Rs 188.68 million).
- (iii) Post dated cheques issued in favour of National Tariff Commission of Pakistan, Collector of customs and Commissioner Inland Revenue amounting to Rs 0.87 million (June 30, 2022: Rs 0.87 million), Rs 1.26 million (June 30, 2022 :Rs 1.26 million) and Rs 68.7 million (June 30, 2022 : Nil) respectively.

		Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
<b>8. Property, plant and equipment</b>			
Operating assets			
- Owned assets	8.1	2,116,030	2,127,348
- Right of use assets		13,525	23,092
Capital work-in-progress [including in transit of Rs 11.48 million (June 30, 2022: Rs 6.98 million)]		147,084	228,530
Major spare parts, catalysts and standby equipment		128,042	110,860
		<u>2,404,681</u>	<u>2,489,830</u>
<b>8.1 Owned assets</b>			
Opening book value		2,127,348	2,168,190
Add: Additions during the period / year	8.1.1	262,430	286,199
		<u>2,389,778</u>	<u>2,454,389</u>
Less: Disposals during the period / year (at book value)	8.1.2	(1,442)	(2)
Less: Depreciation charged during the period / year		(272,306)	(327,039)
Closing book value		<u>2,116,030</u>	<u>2,127,348</u>
<b>8.1.1 Additions during the period / year</b>			
Buildings on freehold land		10,620	21,287
Plant, machinery and equipment		234,070	245,407
Plant, machinery and equipment - catalyst		-	4,301
Laboratory equipment		191	204
Material handling		560	-
Tools and equipment		4,673	3,047
Computer equipment		5,593	7,330
Office equipment		6,273	1,918
Furniture and fixture		450	2,705
		<u>262,430</u>	<u>286,199</u>
<b>8.1.2 Disposals during the period / year</b>			
Computer equipment		(855)	(2)
Office equipment & appliances		(265)	-
Furniture and fixture		(322)	-
		<u>(1,442)</u>	<u>(2)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023

		<b>Un-audited March 31, 2023 (Rupees in thousand)</b>	<b>Audited June 30, 2022</b>
<b>9. Stores and spares</b>			
General stores and spares [including in transit of Rs 0.54 million(June 30, 2022: Rs 8.17 million)]	9.1	315,895	321,141
Working solution		230,341	195,433
Provision for obsolescence		(111,670)	(6,658)
		434,566	509,916
<b>9.1</b>	General stores and spares include raw material for working solution of Rs 96.40 million (June 30, 2022: Rs 127 million).		
<b>10. Stock in trade</b>			
Raw materials [including in transit of Rs 126.612 million (June 30, 2022: Rs 92.45 million)]		448,915	206,166
Work-in-process		34,931	16,748
Finished goods			
- purchased for resale		639	639
- own manufactured [including in transit Rs Nil. (June 30, 2022: Rs 0.04 million)]		40,594	25,263
		525,079	248,816
<b>11.</b>	These includes sales tax recoverable of Rs 17.44 million (June 30, 2022: Rs 45.28 million).		
<b>12.</b>	This represents short term investment made in money market fund amounting to Rs 543 million (June 30, 2022: Rs 150 million).		
		<b>Un-audited</b>	<b>Un-audited</b>
		<b>Three-month period ended</b>	<b>Nine-month period ended</b>
		<b>March</b>	<b>March</b>
		<b>31, 2023</b>	<b>31, 2022</b>
		.....(Rupees in thousand).....	
<b>13. Sales</b>			
Gross sales:			
- Local		1,940,173	1,160,264
- Export		87,076	7,955
		2,027,249	1,168,219
Less: Commission and discount on sales		(39,329)	(21,436)
Less: Sales tax		(287,983)	(164,676)
		1,699,937	982,107
		5,597,019	3,423,486
		511,504	37,755
		6,108,523	3,461,241
		(113,826)	(65,233)
		(812,049)	(488,886)
		5,182,648	2,907,122

	Un-audited		Un-audited	
	Three-month period ended		Nine-month period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>14. Cost of sales</b>	.....(Rupees in thousand).....			
Raw and packing material consumed	704,630	374,755	1,814,243	1,178,410
Salaries, wages and other benefits	60,325	35,014	156,034	106,145
Fuel and power	170,892	120,858	485,605	328,460
Services through contractors	14,778	10,820	48,382	39,408
Repair and maintenance	35,545	24,660	78,751	53,962
Shutdown expenses	-	37,148	-	37,148
Quality assurance	483	417	3,035	1,578
Travelling	4,531	68	12,131	1,089
Communication	1,078	289	1,881	779
Rent & rates	3,413	4,212	7,574	7,980
Depreciation on property, plant and equipment:				
- owned assets	90,303	81,818	270,357	239,280
- right of use assets	5,417	3,673	14,709	11,019
Amortization of intangible assets	1,918	1,896	5,753	5,687
Insurance	3,594	3,522	10,777	10,512
Safety items consumed	540	1,435	2,235	2,514
Miscellaneous	5,850	4,855	14,659	10,450
	<u>1,103,297</u>	<u>705,440</u>	<u>2,926,126</u>	<u>2,034,421</u>
Add: Opening work in process	22,492	11,495	16,748	13,942
Less: Closing work in process	(34,931)	(17,862)	(34,931)	(17,862)
	<u>(12,439)</u>	<u>(6,367)</u>	<u>(18,183)</u>	<u>(3,920)</u>
Cost of goods produced	<u>1,090,858</u>	<u>699,073</u>	<u>2,907,943</u>	<u>2,030,501</u>
Add: Opening finished goods	83,129	29,791	25,263	35,214
Less: Closing finished goods	(40,594)	(18,392)	(40,594)	(18,392)
	<u>42,535</u>	<u>11,399</u>	<u>(15,331)</u>	<u>16,822</u>
Cost of goods sold - own manufactured	<u>1,133,393</u>	<u>710,472</u>	<u>2,892,612</u>	<u>2,047,323</u>
Cost of goods sold - purchase for resale	-	168,922	54,486	229,691
Cost of services	-	8,082	-	31,605
	<u>1,133,393</u>	<u>887,476</u>	<u>2,947,098</u>	<u>2,308,619</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023

	Un-audited		Un-audited	
	Three-month period ended		Nine-month period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>15. Earnings per share</b>				
<b>15.1 Basic earnings per share</b>				
Profit for the period Rupees in thousand	293,086	25,716	1,300,899	286,229
Weighted average number of ordinary shares Rupees in thousand	175,031	175,031	175,031	175,031
Earnings per share Rupees	1.67	0.15	7.43	1.64

**15.2 Diluted earnings per share**

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2023 and March 31, 2022, which would have any effect on the earnings per share if the option to convert is exercised.

**16. Transactions and balances with related parties**

Relationship with the Company	Nature of transaction	Un-audited	
		Nine-month period ended	
		March 31, 2023	March 31, 2022
(Rupees in thousand)			
i. Associated companies	Purchase of goods and services	32,748	41,674
	Sale of goods	59	601
	Share of common expenses charged to the company	33,473	27,269
	Share of common expenses charged by the company	4,266	2,771
	Payment of ordinary dividend	432,215	108,054
	Royalty charged to the company	25,913	14,538
	ii. Directors	Meeting fee	1,375
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	6,641	4,732
iv. Key management personnel	Salaries and other employee benefits	64,679	50,075

Un-audited March 31, 2023	Audited June 30, 2022
---------------------------------	-----------------------------

(Rupees in thousand)

### Period-end balances

Payable to related parties	23,741	44,677
Advances to related parties	172	-
Advances from related parties	28	-

### Un-audited

#### Nine-month period ended

March 31, 2023	March 31, 2022
-------------------	-------------------

(Rupees in thousand)

### 17. Cash generated from operations

Profit before taxation	1,878,660	399,127
Adjustments for:		
- Depreciation on property, plant and equipment:		
- owned assets	272,306	239,653
- right of use assets	14,709	11,019
- Amortization of intangible assets	8,213	5,838
- Finance costs	19,854	35,679
- Interest on bank deposits	(22,779)	(5,355)
- Gain on sale of Fixed Assets	(60)	
- Unrealised gain on investment	(1,550)	
- Exchange (gain)/ loss	(5,121)	4,917
<b>Cashflows before working capital changes</b>	<b>2,164,232</b>	<b>690,878</b>

### Effect on cash flow due to working capital changes

- Decrease / (Increase) in stores and spares	75,350	(70,585)
- Decrease / (Increase) in stock-in-trade	(276,263)	(8,228)
- Decrease / (Increase) in trade debts	(19,008)	(106,252)
- Decrease / (Increase) in advances, deposits, prepayments and other receivables	37,760	(103,333)
- (Decrease) / Increase in trade and other payables	(179,049)	358,356
	(361,210)	69,958

Cash generated from operations

1,803,022      760,836

### 18. Cash and cash equivalents

Bank balances	92,581	62,342
Finances under mark up arrangements - secured	(6,000)	(13,953)
	<u>86,581</u>	<u>48,389</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2023**

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**19 Fair value of financial instruments**

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

Specific valuation techniques used to value financial instruments include:

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

As at March 31, 2023 the Company held investment in money market fund carried at fair value based on level 1 input. Except for this short term investment, there were no Level 1, 2 or 3 assets or liabilities during current or prior period.

**20. 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, cash flow interest rate risk, price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2022.

There have been no significant changes in the risk management policies since the year end.

**21. Subsequent event**

There are no significant events after the statement of financial position date.

**22. Date of authorization for issue**

These condensed interim financial statements were authorized for issue on Apr 17, 2023 by the Board of Directors of the Company.

## 23. Corresponding figures

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.


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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR







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