

PARTNERS IN  
PROGRESS



QUARTERLY  
**REPORT**  
SEPTEMBER 30, 2024  
(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.

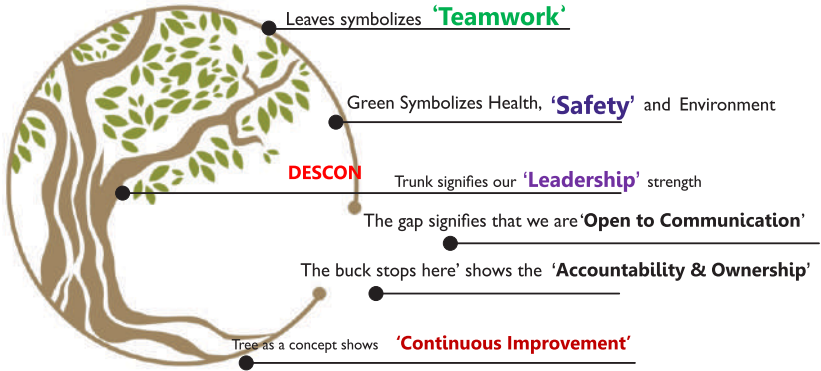


## MISSION

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
Taimur Dawood	Non-Executive Director
Mehreen Dawood	Non-Executive Director
Farooq Nazir	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 Crowe Hussain Chaudhury & Co.  
Chartered Accountants

### Internal Auditors

M/s KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

M/s Hassan & Hassan Advocates

### Bankers

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

### 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 quarter ended September 30, 2024

The Board of Directors are pleased to present the consolidated financial statements of the Company for the quarter ended September 30, 2024. The financial highlights for the quarter are.

	Quarter ended	
	September 30, 2024	September 30, 2023
	Rupees in '000'	
Total Local Sales (MT)	9,771	9,782
Export Sales (MT)	779	813
Sales value	1,513,771	1,498,401
Cost of sales	1,116,782	1,111,836
Gross profit	396,989	386,565
Profit from operations	289,889	321,386
Profit after tax	189,813	198,849
Earnings per share – Basic – Rupees	1.08	1.14

During the quarter the company faced challenges in implementing its pricing strategy due to the increased imports however, the company has made efforts to improve average selling price by targeting high margin customer portfolio especially in the North region. The cost of sales has also increased due to high energy costlinked to global inflation. However, the slowdown of demand from the textile sector in Pakistan has shown improvement having a positive impact on the overall outlook.

Post capacity expansion in 2020 the company has taken advantage of increased volumes available for adding new segments and markets which has partially helped in hedging drop in margins. In addition, the increased capacity has also led to reduced raw material consumption per ton and helped in strengthening the company's position in the local as well as international H2O2 market. Going forward your company strives to enhance its presence in the regional markets in existing& new segments.

Despite reduced after-tax profit as compared to last period the company has been able to improve cash generated from operations through improved payable days. In addition, the company has been able to maintain Zero working capital utilization due to favorable terms of trade. The management believes that its stringent controls over fixed costs will continue to contribute towards sustainability in margins.

**Future Outlook**

The challenge for your Company is to maintain the margins in an environment of significant cost increases owing to increased raw material costs and in a persistent inflation. Your company is consistently working on strategies to ensure these challenges are mitigated effectively. Efforts to penetrate new segments and markets have been successfully implemented. Your company is also targeting improved consumption factors in line with the management target to maintain margins and achieve economies of scale. Our target is to become the lowest cost producer in the region by implementing a well thought through manufacturing excellence program. Your company also targets to enhance its footprint in the international arena diversifying against local price/demand fluctuations. The business continues to invest in areas which reinforce its advantageous position in quality of H2O2, safety, manufacturing efficiency and building market leadership in key geographies.

We would like to thank all stakeholders for their contribution and support in the past year.

For and on behalf of the Board

Lahore  
October 17,2024
  
CHIEF EXECUTIVE

  
DIRECTOR

## ڈائریکٹرز رپورٹ برائے تخصص داران

سہ ماہی 30 ستمبر 2024 کا اختتام

بورڈ آف ڈائریکٹرز سہ ماہی 30 ستمبر 2024 کا اختتام کو ختم ہونے والی سہ ماہی کے لئے ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں

تفصیل		سہ ماہی ختم شدہ	
		30 ستمبر 2023	30 ستمبر 2024
--- روپے ہزاروں میں ---			
کل متای فروخت (MT)	9,771	9,782	
فروخت برآمدات (MT)	779	813	
فروخت واپس	1,513,771	1,498,401	
فروخت کی لاگت	1,116,782	1,111,836	
مجموعی منافع	396,989	386,565	
آپریٹنگ سے منافع	289,889	321,386	
منافع بعد از ٹیکس	189,813	198,849	
آمدنی فی شخص، بنیادی روپے	1.08	1.14	

رواں سہ ماہی کے دوران کھپنی کو بڑھتی ہوئی درآمدات کی وجہ سے اپنی مصنوعات کی قیمتوں کی تعین کی حکمت عملی کو نافذ کرنے میں چیلنجز کا سامنا کرنا پڑا تاہم کھپنی نے خاص طور پر شمالی خطے میں اعلیٰ مارجن کسٹمر پورٹولیو کو ہدف بنا کر اوسط فروخت کی قیمت کو بہتر بنانے کی کوششیں کی ہیں۔ توانائی کی لاگت سے منسلک عالمی افراط زر کی وجہ سے فروخت کی لاگت میں بھی اضافہ ہوا ہے۔ تاہم پاکستان میں ٹیکسٹائل سیکٹر کی طلب میں کمی نے مجموعی آؤٹ لک کو بہتر بناتے ہوئے بہتری ترقی دکھائی ہے۔

2020ء میں صلاحیت میں توسیع کے بعد کھپنی نے نئے سیکمینٹس اور مارکیٹوں کو شامل کرنے کے لئے دستیاب حجم میں اضافے کا فائدہ اٹھایا ہے جس سے مارجن کو کم کرنے میں بڑی طور پر مدد ملی ہے۔ اس کے علاوہ بڑھتی ہوئی صلاحیت نے خام مال کے عوامل کو بھی کم کیا ہے اور مقامی اور بین الاقوامی H2O1 مارکیٹ میں کھپنی کی پوزیشن کو مضبوط بنانے میں مدد کی ہے۔

گذشتہ مدت کے مقابلے میں کم از کم ٹیکس منافع کے باوجود کھپنی بہتر ادائیگی کے دنوں کے ذریعے آپریٹنگ سے پیدا ہونے والی رقم کو بہتر بنانے میں کامیاب رہی ہے۔ اس کے علاوہ کھپنی نقدی کی تبدیلی کے دور کے مومو اختتام کی وجہ سے زبردور ٹیکس کٹھن کے استعمال کو برقرار رکھنے میں کامیاب رہی ہے۔ انتظامیہ کا خیال ہے کہ مقررہ لاگت پر اس کا سخت کنٹرول مارجن میں پائیداری میں اپنا حصہ ڈالتا رہے گا۔

## مستقبل کا نقطہ نظر:

آپ کی کھپنی کے لئے چیلنج نام مال کی بڑھتی ہوئی لاگت اور اعلیٰ افراط زر کی وجہ سے لاگت میں نمایاں اضافہ کے ماحول میں مارجن کو برقرار رکھنا ہے۔ آپ کی کھپنی مسلسل حکمت عملیوں پر عمل کر رہی ہے تاکہ یہ یقینی بنایا جاسکے کہ ان چیلنجز کو مومو طریقے سے کم کیا جائے۔ نئے حصوں اور منڈیوں میں گھسٹ کی کوششوں کو کامیابی کے ساتھ نافذ کیا گیا ہے۔ آپ کی کھپنی مارجن کو برقرار رکھنے اور پیمانے کی مہیشوں کو حاصل کرنے کیلئے انتظامی ہدف کے مطابق کھپت کے بہتر عوامل کو بھی ہدف بنا رہی ہے۔ ہمارا ہدف مینوفیکچرنگ ایکٹیلنس پروگرام کے ذریعے ایک اچھی سوچ کو لاگو کر کے خطے میں سب سے کم لاگت پر ڈیو پور بنانا ہے۔ آپ کی کھپنی مقامی قیمت اہمالیہ کے اتار چڑھاؤ کے خلاف متنوع بین الاقوامی میدان میں اپنے نقش کو بڑھانے کو بھی ہدف رکھتی ہے۔ کاروبار ان شعبوں میں سرمایہ کاری کرتا رہتا ہے جو حفاظت، مینوفیکچرنگ کی کارکردگی اور ٹیکنی جنریٹوں میں مارکیٹ کی قیادت کی تعمیر میں اس کی فائدہ مند پوزیشن کو تقویت دیتے ہیں۔

گذشتہ سال کے دوران مسلسل تعاون اور حمایت کے لئے ہم اپنے تمام سٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں۔

مغایانہ/ برائے بورڈ آف ڈائریکٹرز

Sanjeev .  
ڈائریکٹر

چیف ایگزیکٹو

لاہور

17 اکتوبر 2024ء

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2024

	Note	Un-audited September 30, 2024 (Rupees in thousand)	Audited June 30, 2024
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 300,000,000 (June 30, 2024: 300,000,000) ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid up capital 175,031,084 (June 30, 2024: 175,031,084) Ordinary shares of Rs 10 each		1,750,311	1,750,311
Share Premium		3,022	3,022
Accumulated Profit		1,602,777	1,427,127
		3,356,110	3,180,460
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - unsecured	5	81,921	86,405
Deferred grant		12,567	10,814
Lease Liabilities		-	-
Deferred taxation		198,055	204,072
		292,543	301,291
<b>CURRENT LIABILITIES</b>			
Current Portion of Non Current Liabilities		24,902	28,896
Finances under mark up arrangements - secured		-	-
Trade and other payables		753,509	585,834
Income tax payable		1,605,214	-
Dividend payable		10,888	11,243
Accrued finance cost		1,301	1,241
		2,395,814	627,214
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
		6,044,467	4,108,965

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



<b>ASSETS</b>	<b>Note</b>	<b>Un-audited September 30, 2024 (Rupees in thousand)</b>	<b>Audited June 30, 2024</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,989,468	1,992,978
Intangible assets	8.2	14,877	16,404
Long term investment		1,964	1,964
Long term loans - secured		4,483	4,483
Long term deposits and prepayments		20,204	20,204
		<u>2,030,996</u>	<u>2,036,033</u>
<b>CURRENT ASSETS</b>			
Stores and spares		502,643	523,937
Stock-in-trade	9	646,078	631,425
Trade debts - unsecured		394,370	321,461
Advances, deposits, prepayments and other receivables		107,242	53,209
Short Term Investments		544,910	140,055
Income tax recoverable		1,687,038	127,530
Cash and bank balances	10	131,190	275,315
		4,013,471	2,072,932
		<u>6,044,467</u>	<u>4,108,965</u>



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## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Note	Three-month period ended	
		September 30, 2024	September 30, 2023
		.....(Rupees in thousand).....	
Sales	11	1,498,759	1,498,401
Cost of goods sold	12	(1,116,782)	(1,111,836)
<b>Gross profit</b>		381,977	386,565
Administrative expenses		(52,512)	(47,470)
Distribution and selling costs		(46,425)	(45,876)
Other income		15,395	53,525
Other operating expenses		(23,338)	(25,030)
<b>Profit from operations</b>		275,097	321,714
Finance cost		(3,388)	(6,995)
<b>Profit before taxation</b>		271,709	314,719
Taxation		(96,059)	(115,542)
<b>Profit for the period</b>		<b>175,650</b>	<b>199,177</b>
<b>Earnings per share</b>			
- Basic & Diluted - Rupees	13.1	1.00	1.14

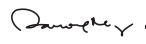
The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	<b>Three-month period ended</b>	
	<b>September 30, 2024</b>	<b>September 30, 2023</b>
	...(Rupees in thousand)...	
Profit for the period	175,650	199,177
<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>	<u>175,650</u>	<u>199,177</u>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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CHIEF FINANCIAL OFFICER



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Share Capital		Revenue Reserves	
	Ordinary share capital	Preference share capital	Accumulated loss / profit	Total
.....(Rupees in thousand).....				
<b>Balance as on July 1, 2023 (audited)</b>	1,750,311	3,022	1,306,150	3,059,483
Profit for the period	-	-	199,177	199,177
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	199,177	199,177
<b>Balance as on September 30, 2023 (un-audited)</b>	1,750,311	3,022	1,505,327	3,258,660
<b>Balance as on July 1, 2024 (audited)</b>	1,750,311	3,022	1,427,127	3,180,460
Profit for the period	-	-	175,650	175,650
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	175,650	175,650
<b>Balance as on September 30, 2024 (un-audited)</b>	1,750,311	3,022	1,602,777	3,356,110

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Note	Three-month period ended	
		September 30, 2024	September 30, 2023
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	427,636	330,999
Finance cost paid		(3,328)	(5,102)
Profit on deposits received		8,439	7,634
Income tax paid		(56,370)	(136,652)
<b>Net cash generated from operating activities</b>		<b>376,377</b>	<b>196,879</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure (including intangibles)		(108,567)	(47,385)
Sale / (Purchase) of Short Term Investment		(404,855)	(40,676)
Long Term Deposits		-	-
<b>Net cash (used in) / generated from investing activities</b>		<b>(513,422)</b>	<b>(88,061)</b>
<b>Cash flows from financing activities</b>			
Net payments against long term finance		(6,725)	(11,675)
Principle element of lease payments		-	-
Dividend paid		(355)	-
<b>Net cash used in financing activities</b>		<b>(7,080)</b>	<b>(11,675)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(144,125)</b>	<b>97,143</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>275,315</b>	<b>137,974</b>
<b>Cash and cash equivalents at the end of the period</b>	16	<b>131,190</b>	<b>235,117</b>

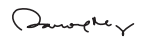
The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024****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 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. It is principally engaged in the manufacturing, 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 These condensed interim unconsolidated 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 unconsolidated 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, 2024.

**3. Significant accounting policies**

3.1 The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of preceding annual published unconsolidated financial statements of the Company for the year ended June 30, 2024. Further, the basis of significant estimates are same as those that were applied to the unconsolidated financial statements for the year ended June 30, 2024, except for estimation of provision for taxation as referred to in note 4 and adoption of accounting policy as set out in note 3.2.

**3.2 Government grants**

3.2.1 Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**3.3 Standards, amendments and interpretations to published approved accounting standards**

### 3.3.1 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, 2024, 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 unconsolidated financial statements.

### 3.3.2 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, 2024 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 unconsolidated financial statements.

## 4. Taxation

The provision for taxation for the quarter ended September 30, 2024 has been made using the tax rate that would be applicable to expected total annual earnings.

	Note	Un-audited September 2024 (Rupees in thousand)	Audited June 2024
<b>5 Long term finance - secured</b>			
Temporary economic refinance facility (TERF) 5.1		108,820	109,171
		108,820	109,171
Less : Current portion shown under current liabilities		(26,899)	(22,766)
		<u>81,921</u>	<u>86,405</u>

### 5.1 Temporary Economic Refinance Facility (TERF)

This represents the amount converted from the portion of STFF obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility.

#### Terms of markup

The facility carries markup at 2.00% per annum. The mark-up has been accrued using effective rates method. Mark-up is payable quarterly in arrears.

#### Terms of repayment

It is repayable in twenty six equal quarterly installments commencing from September 23, 2022.

#### Security

Along with the STFF, it is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Company.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**6. Deferred grant**

Deferred grant has been recognized as the difference between the fair value and proceeds received under TERF as referred to in note 5.1 in accordance with the accounting policy as referred to in note 3.2. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date. The grant will be amortized in line with the tenure of the TERF.

**7. Contingencies and commitments**

**7.1 Contingencies**

- (i) Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract of Rs 151.28 million (June 30, 2024: Rs 151.28 million).
- (ii) Guarantee issued to Pakistan State Oil against the performance of a contract of Rs 3.5 million (June 30, 2024: Rs 3.5 million).
- (iii) Guarantee issued to Al-Technique Corporation of Pakistan against the performance of a contract of Rs 28.407 million (June 30, 2024: Rs 28.407 million).
- (iv) 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 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 SNGPL. The decision has not been made by the Committee on its applicability and the amount to be paid by the Company. Accordingly, the Company has not recognized the estimated provision of Rs. 55.32 million (June 30, 2024: Rs. 55.32 million) in these financial statements. However, the Company has provided guarantee of Rs. 55.32 million (June 30, 2024: Rs. 55.32 million) to SNGPL.



## 7.2 Commitments

- i) Letter of credit other than capital expenditure amounting to Rs 158.549 million (June 30, 2024: Rs 158.5 million)
- ii) Post dated cheques issued in favor of National Tariff Commission of Pakistan and Collector of customs aggregating to Rs 42.14 million (June 30, 2024: 42.14 million).

	Note	Un-audited September 30, 2024 (Rupees in thousand)	Audited June 30, 2024
<b>8 Property, plant and equipment</b>			
Operating assets:			
- Owned Assets	8.1	1,738,466	1,843,325
- Right of Use Assets		8,686	-
Capital work-in-progress		71,306	58,447
Major spare parts, catalysts and standby equipment [including in transit of Rs. NIL (June 30, 2024: Rs. NIL)]		171,010	91,206
		<u>1,989,468</u>	<u>1,992,978</u>
<b>8.1 Operating assets</b>			
Opening book value		1,843,325	2,068,782
Add: Additions during the period / year	8.1.1	7,218	156,487
		<u>1,850,543</u>	<u>2,225,269</u>
Less: Disposals during the period / year (at book value)	8.1.2	-	(34)
Less: Depreciation charged during the period / year		(112,077)	(381,910)
Closing book value		<u>1,738,466</u>	<u>1,843,325</u>
<b>8.1.1 Additions during the period / year</b>			
Buildings on freehold land		840	59,116
Plant, machinery and equipment		2,759	63,094
Plant, machinery and equipment - catalyst		-	3,208
Material handling		-	158
Tools and equipment		425	13,783
IT equipments		1,270	6,082
Office equipment & Appliances		1,924	4,842
Furniture and fixture		-	6,204
		<u>7,218</u>	<u>156,487</u>
<b>8.1.2 Disposals during the period / year</b>			
IT equipments		-	(34)
		<u>-</u>	<u>(34)</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Un-audited September 30, 2024 (Rupees in thousand)	Audited June 30, 2024
<b>8.2 Intangible assets</b>		
Opening net book value	16,404	25,161
Additions during the year	-	-
Amortization charge during the year	(1,527)	(8,757)
Closing net book value	14,877	16,404
<b>9 Stock in trade</b>		
Raw material	449,581	494,569
Work-in-process	5,618	17,994
Finished goods	190,879	118,862
	646,078	631,425
<b>10 Cash and bank balances</b>		
At banks on:		
- Current accounts	63,012	181,842
- Saving accounts	68,178	93,473
	131,190	275,315
	<b>Un-audited</b>	
	<b>Three-month period ended</b>	
	<b>September</b>	<b>September</b>
	<b>30, 2024</b>	<b>30, 2023</b>
	(Rupees in thousand)	
<b>11 Sales</b>		
Gross sales:		
- Local	1,731,744	1,687,011
- Export	73,569	105,842
	1,805,313	1,792,853
Less: Commission on sales	(41,878)	(37,624)
Less: Sales tax	(264,676)	(256,828)
	1,498,759	1,498,401

		Un-audited	
		Three-month period ended	
		September 30, 2024	September 30, 2023
		(Rupees in thousand)	
<b>12</b>	<b>Cost of goods sold</b>		
	Raw material consumed	620,574	613,940
	Salaries, wages and other benefits	81,098	61,997
	Repair and maintenance	11,066	64,235
	Fuel and power	283,260	259,875
	Packing material	3,057	2,635
	Freight And Forwarding	7,066	-
	Quality assurance	704	1,105
	Services through contractors	21,833	21,430
	Travelling	4,074	2,308
	Communication	489	540
	Rent & rates	2,183	748
	Depreciation on property, plant and equipment	111,315	99,653
	Insurance	5,943	6,312
	Safety items consumed	1,031	1,201
	Provision for slow moving raw materials	21,302	-
	Miscellaneous	1,428	3,366
		1,176,423	1,139,345
	Add: Opening work in process	17,994	33,513
	Less: Closing work in process	(5,618)	(35,203)
		12,376	(1,690)
	Cost of goods produced	1,188,799	1,137,655
	Add: Opening finished goods	118,862	123,608
	Less: Closing finished goods	(190,879)	(149,427)
		(72,017)	(25,819)
	Cost of goods sold - own manufactured	1,116,782	1,111,836
		1,116,782	1,111,836
<b>13</b>	<b>Earnings per share</b>		
<b>13.1</b>	<b>Basic earnings per share</b>		
	Profit for the period	<b>Rupees in thousand</b>	175,650
	Weighted average number of ordinary shares	<b>Number in thousand</b>	175,031
	Earnings per share	<b>Rupees</b>	1.00
			199,177
			175,031
			1.14

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**
**13.3 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 September 30, 2024 and September 30, 2023, which would have any effect on the earnings per share if the option to convert is exercised.

**14. Transactions with related parties**

Relationship with the Company	Nature of transaction	Un-audited	
		Three-month period ended	
		September 30, 2024	September 30, 2023
		(Rupees in thousand)	
i. Related parties other than holding company	Purchase of goods and services	5,137	3,520
	Sale of Goods	57,989	-
	Share of common expenses charged to the Company	20,879	19,834
	Share of common expenses charged by the Company	1,458	1,227
	Royalty charged to the Company	20,951	7,492
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,483	2,536
iii. Key management personnel	Salaries and other employee benefits	37,787	30,878

**15 Cash generated from operations**

Profit before taxation	271,709	314,719
Adjustments for:		
- Depreciation on property, plant and equipment & amortization	113,604	101,839
- Finance cost	3,388	6,995
- Interest on bank deposits	(8,439)	(7,634)
- Exchange gain / (loss)	1,082	1,631
<b>Cashflows before working capital changes</b>	<b>381,344</b>	<b>417,550</b>
<b>Effect on cash flow due to working capital changes</b>		
- Increase in stores and spares	21,294	(30,849)
- (Increase) / Decrease in stock-in-trade	(14,653)	18,497
- (Increase) / Decrease in trade debts	(72,909)	7,256
- (Increase) / Decrease in advances, deposits, prepayments and other receivables	(54,033)	30,363
- Increase / (Decrease) in trade and other payables	166,593	(111,818)
	46,292	(86,551)
Cash generated from operations	427,636	330,999

		<b>Un-audited September 30, 2024</b>	<b>Un-audited September 30, 2023</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
<b>16</b>	<b>Cash and cash equivalents</b>		
	Cash and bank balances	131,190	235,117
		131,190	235,117

**17 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 of reporting date, There were no Level 1, 2 or 3 assets or liabilities during prior or current period.

**18 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 unconsolidated financial information does not include all financial risk management information and disclosures required in the annual unconsolidated financial statements, and should be read in conjunction with the Company's annual unconsolidated financial statements as at June 30, 2024.

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

**19 Date of authorization for issue**

These condensed interim unconsolidated financial statements were authorized for issue on October 16, 2024 by the Board of Directors of the Company.

**20 Subsequent events**

The members of the Company at their Annual General Meeting held on October 16, 2024 has approved the final cash dividend of Rs. 2 per share for the year ended June 30, 2024 as proposed by the Board of Directors at their meeting held on September 06, 2024. These Unconsolidated Financial Statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved

**21 Corresponding figures**

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



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DIRECTOR

# CONSOLIDATED

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2024

	Note	Un-audited September 30, 2024 (Rupees in thousand)	Audited June 30, 2024
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
300,000,000 (June 30, 2024: 300,000,000)			
ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid up capital			
175,031,084 (June 30, 2024: 175,031,084)			
Ordinary shares of Rs 10 each		1,750,311	1,750,311
Share Premium		3,022	3,022
Accumulated Profit		1,652,673	1,462,860
Translation reserve		(467)	(467)
		3,405,539	3,215,726
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - unsecured	5	81,921	86,405
Deferred grant		12,567	10,814
Lease Liabilities		-	-
Deferred taxation		198,055	204,072
		292,543	301,291
<b>CURRENT LIABILITIES</b>			
Current Portion of Non Current Liabilities		24,902	28,896
Finances under mark up arrangements - secured		-	-
Trade and other payables		756,298	588,334
Income tax payable		1,605,214	-
Dividend payable		10,888	11,243
Accrued finance cost		1,301	1,241
		2,398,603	629,714
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
		6,096,685	4,146,731

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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	Note	Un-audited September 30, 2024 (Rupees in thousand)	Audited June 30, 2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,989,468	1,992,978
Intangible assets	8.2	14,877	16,404
Long term loans - secured		4,483	4,483
Long term deposits and prepayments		20,204	20,204
		<u>2,029,032</u>	<u>2,034,069</u>
<b>CURRENT ASSETS</b>			
Stores and spares		502,643	523,937
Stock-in-trade	9	646,078	631,425
Trade debts - unsecured		336,857	175,646
Advances, deposits, prepayments and other receivables		109,709	53,935
Short Term Investments		544,910	140,055
Income tax recoverable		1,684,822	125,904
Cash and bank balances	10	242,635	461,760
		4,067,653	2,112,662
		<u>6,096,685</u>	<u>4,146,731</u>



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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Note	Three-month period ended	
		September 30, 2024	September 30, 2023
...(Rupees in thousand)...			
Sales	11	1,513,771	1,498,401
Cost of goods sold	12	(1,116,782)	(1,111,836)
<b>Gross profit</b>		396,989	386,565
Administrative expenses		(52,731)	(47,800)
Distribution and selling costs		(46,425)	(45,876)
Other income		15,395	53,525
Other operating expenses		(23,338)	(25,028)
<b>Profit from operations</b>		289,889	321,386
Finance cost		(3,417)	(6,995)
<b>Profit before taxation</b>		286,472	314,391
Taxation		(96,659)	(115,542)
<b>Profit for the period</b>		<b>189,813</b>	<b>198,849</b>
<b>Earnings per share</b>			
- Basic & Diluted - Rupees	13.1	1.08	1.14

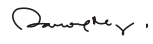
The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Three-month period ended	
	September 30, 2024	September 30, 2023
	...(Rupees in thousand)...	
Profit for the period	189,813	198,849
<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>	<u>189,813</u>	<u>198,849</u>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	(Rupees in thousand)				
	Share Capital		Revenue Reserves	Translation reserve	Total
	Ordinary share capital	Preference share capital	Accumulated loss / profit		
.....(Rupees in thousand).....					
Balance as on July 1, 2023 (audited)	1,750,311	3,022	1,305,908	-	3,059,241
Profit for the period	-	-	198,849	-	198,849
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	198,849	-	198,849
<b>Balance as on September 30, 2023 (un-audited)</b>	<u>1,750,311</u>	<u>3,022</u>	<u>1,504,757</u>	<u>-</u>	<u>3,258,090</u>
Balance as on July 1, 2024 (audited)	1,750,311	3,022	1,462,860	(467)	3,215,726
Profit for the period	-	-	189,813	-	189,813
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	189,813	-	189,813
<b>Balance as on September 30, 2024 (un-audited)</b>	<u>1,750,311</u>	<u>3,022</u>	<u>1,652,673</u>	<u>(467)</u>	<u>3,405,539</u>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Note	Three-month period ended	
		September 30, 2024	September 30, 2023
<b>(Rupees in thousand)</b>			
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	352,675	330,999
Finance cost paid		(3,357)	(5,102)
Profit on deposits received		8,439	7,634
Income tax paid		(56,380)	(136,652)
<b>Net cash generated from operating activities</b>		<b>301,377</b>	<b>196,879</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure (including intangibles)		(108,567)	(47,385)
Sale / (Purchase) of Short Term Investment		(404,855)	(40,676)
Long Term Deposits		-	-
<b>Net cash (used in) / generated from investing activities</b>		<b>(513,422)</b>	<b>(88,061)</b>
<b>Cash flows from financing activities</b>			
Net payments against long term finance		(6,725)	(11,675)
Principle element of lease payments		-	-
Dividend paid		(355)	-
<b>Net cash used in financing activities</b>		<b>(7,080)</b>	<b>(11,675)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(219,125)</b>	<b>97,143</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>461,760</b>	<b>137,974</b>
<b>Cash and cash equivalents at the end of the period</b>	16	<b>242,635</b>	<b>235,117</b>


The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024****1. The Group and its operations****1.1 Holding Company**

Descon Oxychem Limited ("the Holding Company/the Parent Company") was incorporated in Pakistan as a private limited Company on November 12, 2004 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into a public limited company with effect from February 28, 2008 as approved by the Securities and Exchange Commission of Pakistan (SECP) vide letter no. ARL 16222 dated March 14, 2008. Subsequently, on September 15, 2008, it was listed on Pakistan Stock Exchange. The registered office of the Company is situated at 18-KM Ferozpur Road, Lahore and the Company's business unit and factory is situated at 18-KM Lahore-Sheikhupura Road, Lahore. The Company is principally engaged in manufacture, procurement and sale of hydrogen peroxide and allied products. The Company commenced its trial production on December 1, 2008 and commercial production on March 1, 2009.

**1.2 Subsidiary Company**

Descon Oxychem FZE, a limited liability company incorporated in Hamriyah Free Zone, Sharjah UAE on April 26, 2023. The principal line of business of subsidiary is import, export and trading of chemicals & related products, detergents & disinfectants, water treatment & purification chemicals and raw materials. The subsidiary is yet to commence its operations.

**2. Basis of preparation**

**2.1** These condensed interim consolidated 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 consolidated 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, 2024.

### 3. Significant accounting policies

3.1 The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of preceding annual published consolidated financial statements of the Company for the year ended June 30, 2024. Further, the basis of significant estimates are same as those that were applied to the consolidated financial statements for the year ended June 30, 2024, except for estimation of provision for taxation as referred to in note 4 and adoption of accounting policy as set out in note 3.2.

### 3.2 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### 3.3 Standards, amendments and interpretations to published approved accounting standards

#### 3.3.1 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, 2024, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2024 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

### 4. Taxation

The provision for taxation for the quarter ended September 30, 2024 has been made using the tax rate that would be applicable to expected total annual earnings.

	Note	Un-audited September 2024 (Rupees in thousand)	Audited June 2024
<b>5. Long term finance - secured</b>			
Temporary economic refinance facility (TERF)	5.1	108,820	109,171
		108,820	109,171
Less : Current portion shown under current liabilities		(26,899)	(22,766)
		<u>81,921</u>	<u>86,405</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024****5.1 Temporary Economic Refinance Facility (TERF)**

This represents the amount converted from the portion of STFF obtained from Allied Bank Limited under the SBP's Temporary Economic Refinance Facility.

**Terms of markup**

The facility carries markup at 2.00% per annum. The mark-up has been accrued using effective rates method. Mark-up is payable quarterly in arrears.

**Terms of repayment**

It is repayable in twenty six equal quarterly installments commencing from September 23, 2022.

**Security**

Along with the STFF, it is secured against first charge by way of hypothecation over all present and future fixed assets (excluding land and building) of the Company.

**6. Deferred grant**

Deferred grant has been recognized as the difference between the fair value and proceeds received under TERF as referred to in note 5.1 in accordance with the accounting policy as referred to in note 3.2. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date. The grant will be amortized in line with the tenure of the TERF.

**7. Contingencies and commitments****7.1 Contingencies**

- i) Guarantee issued to Sui Northern Gas Pipeline Limited against the performance of a contract of Rs 151.28 million (June 30, 2024: Rs 151.28 million).
- ii) Guarantee issued to Pakistan State Oil against the performance of a contract of Rs 3.5 million (June 30, 2024: Rs 3.5 million).
- iii) Guarantee issued to Al-Technique Corporation of Pakistan against the performance of a contract of Rs 28.407 million (June 30, 2024: Rs 28.407 million).
- iv) 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 Group filed a writ petition under article 199 of the Constitution of Islamic Republic of Pakistan, 1973 in the Honorable Lahore High Court ('HLHC') against the demand raised, pleading that demanding arrears of GIDC are illegal, unlawful and ultra vires to the first proviso to section 8 (2) of the Gas Infrastructure Development Cess Act, 2015. The writ petition was decided in favor of the Group by HLHC vide its order dated June 17, 2021. SNGPL filed an intra court appeal in HLHC which was decided against SNGPL vide order of HLHC dated September 21, 2022.

The Group's legal advisor is of the opinion that the judgement does not apply to arrears under the Gas Infrastructure Development Cess Act, 2011 and Gas Infrastructure Development Ordinance 2014 that are, in terms of first proviso of section 8 (2) of the Gas Infrastructure Development Cess Act, 2015, not to be collected. The applicability of first provision of section 8 (2) is subject to the determination by High Level Committee ('Committee') of SNGPL. The decision has not been made by the Committee on its applicability and the amount to be paid by the Group. Accordingly, the Group has not recognized the estimated provision of Rs. 55.32 million (June 30, 2024: Rs. 55.32 million) in these consolidated financial statements. However, the Group has provided guarantee of Rs. 55.32 million (June 30, 2024: Rs. 55.32 million) to SNGPL.

## 7.2 Commitments

- i) Letter of credit other than capital expenditure amounting to Rs 158.549 million (June 30, 2024: Rs 158.5 million)
- ii) Post dated cheques issued in favor of National Tariff Commission of Pakistan and Collector of customs aggregating to Rs 42.14 million (June 30, 2024: 42.14 million).

		Un-audited September 30, 2024	Audited June 30, 2024
		(Rupees in thousand)	
<b>8</b>	<b>Property, plant and equipment</b>	<b>Note</b>	
	Operating assets:		
	- Owned Assets	8.1	1,738,466
	- Right of Use Assets		8,686
	Capital work-in-progress		71,306
	Major spare parts, catalysts and standby equipment [including in transit of Rs. NIL (June 30, 2024: Rs. NIL)]		58,447
			171,010
			91,206
			1,989,468
			1,992,978
<b>8.1</b>	<b>Operating assets</b>		
	Opening book value		1,843,325
Add:	Additions during the period / year	8.1.1	7,218
			1,850,543
			2,225,269
Less:	Disposals during the period / year (at book value)	8.1.2	-
			(34)
Less:	Depreciation charged during the period / year		(112,077)
			(381,910)
	Closing book value		1,738,466
			1,843,325

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	<b>Un-audited September 30, 2024</b>	<b>Audited June 30, 2024</b>
	<b>(Rupees in thousand)</b>	
<b>8.1.1 Additions during the period / year</b>		
Buildings on freehold land	840	59,116
Plant, machinery and equipment	2,759	63,094
Plant, machinery and equipment - catalyst	-	3,208
Material handling	-	158
Tools and equipment	425	13,783
IT equipments	1,270	6,082
Office equipment & Appliances	1,924	4,842
Furniture and fixture	-	6,204
	<u>7,218</u>	<u>156,487</u>
<b>8.1.2 Disposals during the period / year</b>		
IT equipments	-	(34)
	<u>-</u>	<u>(34)</u>
<b>8.2 Intangible assets</b>		
Opening net book value	16,404	25,161
Additions during the year	-	-
Amortization charge during the year	(1,527)	(8,757)
Closing net book value	<u>14,877</u>	<u>16,404</u>
<b>9 Stock in trade</b>		
Raw material	449,581	494,569
Work-in-process	5,618	17,994
Finished goods	190,879	118,862
	<u>646,078</u>	<u>631,425</u>
<b>10 Cash and bank balances</b>		
At banks on:		
- Current accounts	174,457	181,842
- Saving accounts	68,178	93,473
	<u>242,635</u>	<u>275,315</u>

		Un-audited	
		Three-month period ended	
		September 30, 2024	September 30, 2023
		(Rupees in thousand)	
<b>11</b>	<b>Sales</b>		
	Gross sales:		
	- Local	1,746,756	1,687,011
	- Export	73,569	105,842
		<u>1,820,325</u>	<u>1,792,853</u>
	Less: Commission on sales	(41,878)	(37,624)
	Less: Sales tax	(264,676)	(256,828)
		<u>1,513,771</u>	<u>1,498,401</u>
<b>12</b>	<b>Cost of goods sold</b>		
	Raw material consumed	620,574	613,940
	Salaries, wages and other benefits	81,098	61,997
	Repair and maintenance	11,066	64,235
	Fuel and power	283,260	259,875
	Packing material	3,057	2,635
	Freight And Forwarding	7,066	-
	Quality assurance	704	1,105
	Services through contractors	21,833	21,430
	Travelling	4,074	2,308
	Communication	489	540
	Rent & rates	2,183	748
	Depreciation on property, plant and equipment	111,315	99,653
	Insurance	5,943	6,312
	Safety items consumed	1,031	1,201
	Provision for slow moving raw materials	21,302	-
	Miscellaneous	1,428	3,366
		<u>1,176,423</u>	<u>1,139,345</u>
	Add: Opening work in process	17,994	33,513
	Less: Closing work in process	(5,618)	(35,203)
		<u>12,376</u>	<u>(1,690)</u>
	Cost of goods produced	<u>1,188,799</u>	<u>1,137,655</u>
	Add: Opening finished goods	118,862	123,608
	Less: Closing finished goods	(190,879)	(149,427)
		<u>(72,017)</u>	<u>(25,819)</u>
	Cost of goods sold - own manufactured	<u>1,116,782</u>	<u>1,111,836</u>
		<u>1,116,782</u>	<u>1,111,836</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

		Un-audited	
		Three-month period ended	
		September 30, 2024	September 30, 2023
<b>13</b>	<b>Earnings per share</b>		
<b>13.1</b>	<b>Basic earnings per share</b>		
	Profit for the period	189,813	198,849
	Weighted average number		
	of ordinary shares	175,031	175,031
	Earnings per share	1.08	1.14

**13.2 Diluted earnings per share**

Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at September 30, 2024 and September 30, 2023, which would have any effect on the earnings per share if the option to convert is exercised.

**14 Transactions with related parties**

		Un-audited	
		Three-month period ended	
Relationship with the Company	Nature of transaction	September 30, 2024	September 30, 2023
		(Rupees in thousand)	
i. Related parties other than holding company	Purchase of goods and services	5,137	3,520
	Sale of Goods	57,989	-
	Share of common expenses charged to the Company	20,879	19,834
	Share of common expenses charged by the Company	1,458	1,227
	Royalty charged to the Company	20,951	7,492
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	1,483	2,536
iii. Key management personnel	Salaries and other employee benefits	37,787	30,878

		<b>Un-audited</b>	
		<b>Three-month period ended</b>	
		<b>September 30, 2024</b>	<b>September 30, 2023</b>
		<b>(Rupees in thousand)</b>	
<b>15</b>	<b>Cash generated from operations</b>		
	Profit before taxation	286,472	314,391
	Adjustments for:		
	- Depreciation on property, plant and equipment & amortization	113,604	101,839
	- Finance cost	3,417	6,995
	- Interest on bank deposits	(8,439)	(7,634)
	- Exchange gain / (loss)	1,082	1,631
	<b>Cashflows before working capital changes</b>	<b>396,137</b>	<b>417,222</b>
	<b>Effect on cash flow due to working capital changes</b>		
	- Increase in stores and spares	21,294	(30,849)
	- (Increase) / Decrease in stock-in-trade	(14,653)	18,497
	- (Increase) / Decrease in trade debts	(161,211)	7,256
	- (Increase) / Decrease in advances, deposits, prepayments and other receivables	(55,774)	30,363
	- Increase / (Decrease) in trade and other payables	166,882	(111,818)
		<b>(43,462)</b>	<b>(86,551)</b>
	Cash generated from operations	<b>352,675</b>	<b>330,671</b>
		<b>Un-audited September 30, 2024</b>	<b>Un-audited September 30, 2023</b>
		<b>(Rupees in thousand)</b>	
<b>16</b>	<b>Cash and cash equivalents</b>		
	Cash and bank balances	242,635	235,117
		<b>242,635</b>	<b>235,117</b>
		<b>Note</b>	
		10	
<b>17</b>	<b>Fair value of financial instruments</b>		

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 Group 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).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

- 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 of reporting date, There were no Level 1, 2 or 3 assets or liabilities during prior or current period.

**18 Financial risk management**

The Group'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 consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at June 30, 2024.

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

**19 Date of authorization for issue**

These condensed interim consolidated financial statements were authorized for issue on October 16, 2024 by the Board of Directors of the Company.

**20 Subsequent events**

The members of the Holding Company at their Annual General Meeting held on October 16, 2024 has approved the final cash dividend of Rs. 2 per share for the year ended June 30, 2024 as proposed by the Board of Directors at their meeting held on September 06, 2024. These consolidated Financial Statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved

**21 Corresponding figures**

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

## NOTE

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# BOOK POST



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