

Pakistan Synthetics Limited

ANNUAL REPORT
2022



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Pakistan Synthetics Limited

COMPANY INFORMATION



BOARD OF DIRECTORS	MR. KHURSHID AKHTAR MR. YAKOOB HAJI KARIM MR. NOMAN YAKOOB MR. ABID UMER MR. MUBBASHIR AMIN MR. ALI KAMAL MR. FARAZ YOUNUS BANDUKDA MS. SADAF SHABBIR	CHAIRMAN - INDEPENDENT CHIEF EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE INDEPENDENT INDEPENDENT INDEPENDENT
AUDIT COMMITTEE	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. FARAZ YOUNUS BANDUKDA	
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. FARAZ YOUNUS BANDUKDA MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	
CHIEF FINANCIAL OFFICER	MR. SHAHID YAQOOB	
COMPANY SECRETARY	MR. MUHAMMAD IMRAN	
BANKERS	ASKARI BANK LIMITED BANK AL HABIB LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED BANK ISLAMI PAKISTAN LIMITED DUBAI ISLAMIC BANK PAKISTAN LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED MEEZAN BANK LIMITED	
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	MR. JAFFAR IQBAL	
REGISTRAR	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.	
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE	
REGISTERED OFFICE	OFFICE # 1504, 15TH FLOOR, EMERALD TOWER, BLOCK 5, CLIFTON, KARACHI.	
FACTORY	F-1, 2, 3, & 13, 14 & 15 HUB INDUSTRIAL TRADING ESTATE DISTRICT LASBELLA, BALOCHISTAN. PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI.	

Pakistan Synthetics Limited

COMPANY PROFILE



The Company was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange (formerly they were listed on all Stock Exchanges of Pakistan) with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic and Crown Caps, PET Resin, PET Preform and BOPET Resin. The registered office of the Company is situated in Karachi.

Due to continuing depressed polyester staple fibre market situation, the Board had decided on April 20, 2015 to convert polyester staple fibre plant into PET Resin manufacturing plant by making necessary modifications

and addition then to existing plant. PET Resin manufacturing facility has started its commercial production in October 2016.

The commencement of PET Resin manufacturing has enabled the Company to go further downstream in packaging industry and provide complete one window solution to beverage industry customers which has shown continuous growth over years. The Company is now poised to participate in growing needs of beverage consumption by playing an integral role by being a priority one-window supplier to multinational bottlers and local brand owners in Pakistan.

Pakistan Synthetics Limited

PRODUCT INFORMATION



Plastic and Crown Caps

The role of caps and closure is to seal and preserve the product inside each bottle. Pakistan Synthetics Limited (PSL) provides bottlers capping solutions that provide secure sealing, safe opening, consistent and consumer friendly removal torques, effective tamper evidence and application optimization. PSL understands how important excellent application performance and line efficiency are for bottlers. The caps by PSL reflect the bottler's individual brand identity; we have a wide range of colors and offer customized printing while fully maintaining product integrity and safety.

PET Resin and PET Preform

Polyethylene terephthalate (PET) is the most common thermoplastic polymer resin of the polyester family. Because PET is an excellent water and moisture barrier material, plastic bottles made from PET are used for soft drinks, still water, edible oil industry and pharmaceutical sector. The convenience attached with plastic packaging is paramount in increasing the consumption of PET in Pakistan.


Pakistan Synthetics Limited

PERFORMANCE OF THE COMPANY AT A GLANCE

YEAR
ENDED
30 JUNE

2022 2021 2020 2019 2018 2017 2016 2015 2014 2013

STATISTICAL SUMMARY		Rupees in million									
Gross sales	14,491	8,547	7,780	8,213	6,001	3,404	2,006	2,419	5,107	5,359	
Profit / (loss) before taxation	1,481	1,055	(99)	(150)	37	(30)	96	(36)	70	66	
Taxation	495	307	1	26	80	69	(4)	26	(20)	(23)	
Profit / (loss) after taxation	986	748	(99)	(124)	117	39	92	(10)	50	43	
Gross assets employed (including capital work-in-progress)	8,560	5,705	5,100	5,934	6,060	4,896	3,874	2,896	3,348	3,101	
Paid-up capital	925	841	841	560	560	560	560	560	560	560	
Shareholders' equity	3,115	2,345	1,602	1,196	1,336	1,222	1,240	1,149	1,167	1,118	
EARNINGS AND PAY OUT		Rs. per share of Rs. 10 each									
Earnings/(loss) per share after taxation	10.67	8.09	(1.39)	(2.21)	2.09	0.69	1.63	(0.18)	0.89	0.77	
Break-up value	33.69	25.36	19.06	21.34	23.86	21.82	22.12	20.50	20.82	19.94	
Cash dividend	-	2.50	-	-	-	-	1.00	-	1.00	-	
FINANCIAL RATIOS		Ratios									
Current Assets : Current Liabilities	1.19:1	1.16:1	0.94:1	0.78:1	1:1	0.99:1	1.01:1	1.15:1	1.20:1	1.28:1	
Long-term Debts : Equity	25:75	19:81	18:82	31:69	30:70	26:74	26:74	19:81	17:83	20:80	
PRODUCTION		Quantity									
PET Resin / Polyester Chips - Tons	22,221	25,312	24,499	25,121	25,782	20,952	-	-	-	-	
Plastic and Crown Caps - Cartons	625,325	543,820	434,861	459,345	495,057	409,253	404,813	354,283	301,971	201,986	
PET Preform - Octabins	29,831	20,582	12,360	5,986	1,771	-	-	-	-	-	

A close-up photograph of a hand holding a glowing, golden-yellow orb. Overlaid on the image is a 3D line graph with a red line trending upwards and a grey line trending downwards. The red line is thicker and more prominent, ending in a large red arrowhead. The grey line is thinner and ends in a grey arrowhead. The background is a dark teal color.

THE ONLY PLACE
success
COMES BEFORE
work
IS THE DICTIONARY

(Vince Lombardi)

Pakistan Synthetics Limited

REVIEW REPORT BY THE CHAIRMAN

It gives me great pleasure to place before you the Annual Report of Pakistan Synthetics Limited for the year ended June 30, 2022.

Overall Business Performance

During the year under review, the Company has seen remarkable growth in sales in monetary terms. Gross profit increased from Rs. 1,454 million to Rs. 2,324 million. The Company earned net profit after tax of Rs. 986.213 million as compared to Rs. 748.366 million last year.

The key factors for this significant improvement in profit were favorable sales prices and increased sales volume as compared to last year.

Overall Board Performance

The Company complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the Composition, procedures and meetings of Board of Directors and its committees. Code of Corporate Governance requires an annual evaluation of Board of Directors and its committees. The purpose of this evaluation is to bring improvement in the overall governance of the Company, efficiencies in Board process, enhancement of role of individual directors and sound support of Board Committees facilitating in discharging its responsibilities to achieve the objectives set for the Company.

During the year, previous Board completed its term and new election of Board was held on April 1, 2022. The Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

In the end, I would like to commend my fellow directors for their commitment and the contribution they make to our strategic deliberations. On behalf of the Board, I would also like to thank every one of our stakeholders for their valuable contribution for the success of the Company.

Karachi

Date: September 20, 2022



KHURSHID AKHTAR
Chairman

Pakistan Synthetics Limited

DIRECTORS' REPORT

The Directors are pleased to present their report, together with the Audited Financial Statements of the Company for the year ended 30 June 2022.

FINANCIAL AND OPERATING PERFORMANCE

During the year under review, Company has achieved higher gross turnover of Rs. 12,311 million as compared to last year's turnover of Rs. 7,251 million. Growth in sales is mainly on account of rise in sales volume by 25.5%. The other growth is attributable to expensive feed stock prices which are reflected in the topline. Gross profit has increased from Rs. 1,454 million to Rs. 2,324 million. Distribution and selling cost increased in line with sales volume and higher fuel prices as compared to last year. Rise in other expenses is mainly due to exchange loss of Rs. 150.625 million and impact of profitability related provisions. Finance cost of the Company increased from Rs. 189.464 million to Rs. 248.436 million as a result of increase in discount rates as compared to last year. Accordingly, the Company earned net profit after tax for the year amounting to Rs. 986.213 million (2021: 748.366 million).

EARNING PER SHARE

The net profit per share, after providing for taxation, for the year ended June 30, 2022 was Rs. 10.67 (June 30, 2021: Profit per share of Rs. 8.09).

DIVIDEND

Company remains committed to increasing its shareholder wealth and provide sustainable return over longer period. Despite uncertain time arising due to increasing foreign exchange rates, rising inflation & interest rates and political instability, the Company has continued to invest in its existing business in order to cater customer wide ranging product demand and striving to bring efficiencies in fuel and energy consumption by using alternate sources. In view of above, the Directors have not proposed any dividend for the year ended June 30, 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices
- Adverse movement in industrial utilities pricing
- Adverse movement in policy rate of State Bank of Pakistan

Pakistan Synthetics Limited

DIRECTORS' REPORT

BUSINESS OVERVIEW AND FUTURE OUTLOOK

Instability in commodity prices continues to pose challenges to the businesses. The recent Russia-Ukraine conflict has further aggravated this volatility resulting in higher fuel and energy prices. The volatility in international market has had a direct impact on our National economy. The ongoing political instability has deteriorated the economic position of the Country. This combination of high international fuel and commodity prices and locally uncertain political environment has exerted pressure on foreign exchange reserves resulting in a significant depreciation of the Pak Rupee against the US Dollar has resulted in massive inflationary pressure for the industry in general and for the petrochemical sector in specific. The recent floods in the country have impacted a major portion of country's population estimated to be around 35 million. This will have negative impact on the spending power of the masses too.

However, the Management is proactively managing situation against all the aforesaid challenges to maintain existing market share in the industry while also keeping the profit margins intact. To pursue further growth, investment in existing businesses has been made in order to cater customer wide-ranging product demand. The Company will continue to pace itself with the dynamic business environment to meet the changing demand of its customer ensuring sustainable growth and profitability.

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

Protection of the environment remains a critical component of Company's vision. Water, waste and resource conservation; emissions management and regulatory compliance; are all essential areas of focus for us. We are committed to ensuring that our operations remain environment friendly. The Company has a dedicated and qualified staff to meet the statutory and regulatory compliances of Environment protection.

CORPORATE SOCIAL RESPONSIBILITY

The Company is fully conscious of its responsibilities as a good Socially Responsible Corporate Citizen. Pakistan Synthetics Limited is committed to offer high quality Food Packaging Products originating from company, conforming to the legal, statutory and regulatory requirement to enforce and assuring workers & consumer's safety during all pre-production, production and post-production processes.

In order to provide health, education and medical facilities to needy, Pakistan Synthetics Limited has contributed Rs. 30 million to a local welfare organization which is renowned and actively involved in helping local communities in field of Health, Education, Medical etc.

WEBSITE

All our stakeholders and general public can visit the Company's website www.pslpet.com which has a designated section for investors containing relevant information

SUBSEQUENT EVENT

The Directors report that no material change or commitment has taken place, other than those disclosed which has affected the financial position of the company from the end of the financial year up to the date of this report.

Pakistan Synthetics Limited

DIRECTORS' REPORT

FINANCIAL REPORTING FRAME WORK

As required under the Code of Corporate Governance, the Directors confirm compliance with the Corporate and Financial Reporting Frame Work for the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting and Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control and other such procedures, which are in place, are sound in design and have been effectively implemented and monitored on an on going basis by the management. The process of review will continue and any weakness in control will be removed. The Board of Directors oversees the system of internal control.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) There has been no default on payment on any debt.
- i) The Company has developed an efficient and effective Environment Management Plan to ensure that all necessary measures are identified and implemented in order to protect the environment and comply with the environmental legislation. The Plan has been approved from relevant authorities. Further, The Company has also provided appropriate training to employees of the Company to work on environment management plan whereby employees were trained to ensure safe handling, storage and transportation of hazardous chemicals and to follow other environmental requirements.
- j) Key operating and financial data for the last ten years in summarized form is annexed.
- k) Information about outstanding taxes and levies are given in the Notes to the Financial Statements.

Pakistan Synthetics Limited

DIRECTORS' REPORT

COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors as at June 30, 2022 is as under:

Independent Directors	4
Other Non-Executive Directors	2
Executive Directors	2

The total number of directors is eight as per the following:

- a. Male Seven
- b. Female One

MEETING OF THE BOARD OF DIRECTORS

During the year, four (04) meetings of the Board of Directors were held. Attendance by each Director was as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDANCE
I. Mr. Khurshid Akhtar - Non - Executive	2
II. Mr. Yakoob Haji Karim - Chief Executive	4
III. Mr. Abid Umer - Non Executive	4
IV. Mr. Noman Yakoob - Executive	4
V. Mr. Ali Kamal - NIT - Independent	4
VI. Mrs. Saeed Fatima Naqvi - Independent	1
VII. Ms. Sadaf Shabbir - Independent	1
VIII. Mr. Faraz Younus Bandukda - Independent	4
IX. Mr. Mubbashir Amin - Non Executive	3

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

MEETING OF THE AUDIT COMMITTEE

During the year, four (04) meetings of the Audit Committee were held. Attendance by each Director was as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDANCE
I. Mr. Ali Kamal-NIT	4
II. Mr. Mubbashir Amin	3
III. Mr. Abid Umer	4

MEETING OF THE HR AND REMUNERATION COMMITTEE

During the year, one (01) meeting of the HR and Remuneration Committee was held. Attendance by each Director was as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDANCE
I. Mr. Faraz Younus Bandukda	1
II. Mr. Mubbashir Amin	1
III. Mr. Noman Yakoob	1

Pakistan Synthetics Limited

DIRECTORS' REPORT

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

PATTERN OF SHARE HOLDING

The pattern of shareholding as on June 30, 2022 is annexed.

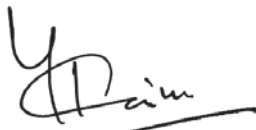
AUDITORS

The present auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Directors endorsed recommendation of the Audit Committee for their re-appointment for the year ending 30 June 2023.

ACKNOWLEDGEMENT

The Management would like to place on record its appreciation for dedication and hard work rendered by its employees and workers.

For and on behalf of the Board of Directors



YAKOOB HAJI KARIM
Chief Executive



NOMAN YAKOOB
Director

Karachi
Dated: September 20, 2022

پاکستان سینٹیاکس لمیٹڈ

ڈائریکٹرز رپورٹ

30 جون 2022 کو ختم ہونے والے سال کے لئے ہم سالانہ رپورٹ کمپنی کے آڈٹ کردہ مالی حسابات کے ساتھ پیش کرتے ہیں۔

مالیاتی نتائج اور کارکردگی کا جائزہ

رواں مالی سال کے دوران، کمپنی نے پچھلے سال کے 7,251 ملین روپے کے کاروبار کے مقابلے میں 12,311 ملین روپے کا اعلیٰ مجموعی کاروبار حاصل کیا ہے۔ سیلز میں اضافہ بنیادی طور پر سیلز کے حجم میں 25.5 فیصد اضافے کی وجہ سے ہے۔ دوسری ترقی فیڈ اسٹاک کی مہنگی قیمتوں سے منسوب ہے جو ٹاپ لائن میں ظاہر ہوتی ہے۔ مجموعی منافع 1,454 ملین روپے سے 2,324 ملین روپے تک بڑھ گیا ہے۔ پچھلے سال کے مقابلے میں فروخت کے حجم اور ایندھن کی زیادہ قیمتوں کے مطابق تقسیم اور فروخت کی لاگت میں اضافہ ہوا ہے۔ دیگر اخراجات میں اضافہ بنیادی طور پر روپے کے زر مبادلہ کے 150.625 ملین روپے نقصان کی وجہ سے اور منافع سے متعلق دفعات کے اثرات سے ہے۔ کمپنی کی مالیاتی لاگت گزشتہ سال کے مقابلے میں رعایتی شرحوں میں اضافے کے نتیجے میں 189.464 ملین روپے سے بڑھ کر 248.436 ملین روپے ہو گئی ہے۔ اس کے مطابق، کمپنی نے سال کے لیے بعد از ٹیکس خالص منافع 986.213 ملین روپے کا کمایا۔ (2021: 748.366 ملین)۔

فی حصص آمدنی

30 جون 2022 کو ختم ہونے والے سال کے لئے، ٹیکس فراہم کرنے کے بعد، فی حصہ خالص آمدنی 10.67 روپے تھا (30 جون 2021: فی حصہ خالص آمدنی 8.09 روپے)

ڈیویڈنڈ

کمپنی اپنے حصص یافتگان کی دولت کو بڑھانے اور طویل مدت میں پائیدار واپسی فراہم کرنے کے لیے پرعزم ہے۔ غیر ملکی زرمبادلہ کی بڑھتی ہوئی شرحوں، بڑھتی ہوئی افراط زر اور شرح سود اور سیاسی عدم استحکام کی وجہ سے پیدا ہونے والے غیر یقینی وقت کے باوجود، کمپنی نے صارفین کی وسیع پیمانے پر مصنوعات کی طلب کو پورا کرنے کے لیے اپنے موجودہ کاروبار میں سرمایہ کاری جاری رکھی ہے اور متبادل ذرائع کا استعمال کرتے ہوئے ایندھن اور توانائی کی کھپت میں استعداد کار لانے کی کوشش کی ہے۔ مذکورہ بالا کے پیش نظر، ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے کوئی ڈیویڈنڈ تجویز نہیں کیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو کچھ خطرات اور غیر یقینی صورتحال کا سامنا ہے۔ تاہم، ہم اہم خطرات کے طور پر مندرجہ ذیل پر غور کرتے ہیں:

غیر ملکی کرنسی کی شرح اور سامان کی قیمتوں میں منفی تحریک

صنعتی سہولیات کی قیمتوں کے تعین میں منفی تحریک

اسٹیٹ بینک آف پاکستان پالیسی کی شرح میں منفی تحریک

پاکستان سینٹیٹیکس لمیٹڈ

ڈائریکٹرز رپورٹ

کاروباری جائزہ اور مستقبل کی صورت حال

اجناس کی قیمتوں میں عدم استحکام کاروباری اداروں کے لیے چیلنجز کا باعث بن رہا ہے۔ حالیہ روس-یوکرین تنازعہ نے اس اتار چڑھاؤ کو مزید بڑھا دیا ہے جس کے نتیجے میں ایندھن اور توانائی کی قیمتیں زیادہ ہیں۔ بین الاقوامی منڈی میں اتار چڑھاؤ کا براہ راست اثر ہماری قومی معیشت پر پڑا ہے۔ جاری سیاسی عدم استحکام نے ملک کی معاشی حالت کو خراب کر دیا ہے۔ ایندھن اور اجناس کی اونچی بین الاقوامی قیمتوں اور مقامی طور پر غیر یقینی سیاسی ماحول کے اس امتزاج نے زرمبادلہ کے ذخائر پر دباؤ ڈالا ہے جس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی واقع ہوئی ہے جس کے نتیجے میں صنعتوں اور پیٹرو کیمیکل سیکٹر کے لیے بڑے پیمانے پر افراط زر کا دباؤ ہے۔ ملک میں حالیہ سیلاب نے ملک کی آبادی کا ایک بڑا حصہ متاثر کیا ہے جس کا تخمینہ لگ بھگ 35 ملین ہے۔ اس سے عوام کی قوتِ خرچ پر بھی منفی اثرات مرتب ہوں گے۔

تاہم، انتظامیہ کمپنی میں موجودہ مارکیٹ شیئر کو برقرار رکھنے کے ساتھ ساتھ منافع کے مارجن کو بھی برقرار رکھنے کے لیے مذکورہ بالا تمام چیلنجز کے خلاف صورتحال کا فعال طور پر انتظام کر رہی ہے۔ مزید ترقی کو آگے بڑھانے کے لیے، موجودہ کاروباروں میں سرمایہ کاری کی گئی ہے تاکہ صارفین کی وسیع پیمانے پر مصنوعات کی طلب کو پورا کیا جا سکے۔ کمپنی پائیدار ترقی اور منافع کو یقینی بناتے ہوئے اپنے صارفین کی بدلتی ہوئی مانگ کو پورا کرنے کے لیے کوشش جاری رکھے گی۔

ماحولیات پر کمپنی کے کاروبار کا اثر

ماحولیات کا تحفظ کمپنی کے وژن کا ایک اہم جزو ہے۔ پانی، فضلہ اور وسائل کا تحفظ اخراج کا انتظام اور ریگولیٹری تعمیل ہمارے لیے توجہ کے تمام ضروری شعبے ہیں۔ ہم اس بات کو یقینی بنانے کے لیے پرعزم ہیں کہ ہماری کارروائیاں ماحول دوست رہیں۔ ماحولیاتی تحفظ کے قانونی اور ریگولیٹری تعاملات کو پورا کرنے کے لیے کمپنی کے پاس ایک سرشار اور اہل عملہ ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی ایک اچھے سماجی طور پر ذمہ دار کارپوریٹ شہری کے طور پر اپنی ذمہ داریوں سے پوری طرح باخبر ہے۔ پاکستان سنتھیٹکس لمیٹڈ کمپنی سے شروع ہونے والی اعلیٰ معیار کی فوڈ پیکنگ پروڈکٹس پیش کرنے کے لیے پرعزم ہے، جو کہ تمام پری پروڈکشن، پروڈکشن اور پوسٹ پروڈکشن کے عمل کے دوران ورکرز اور صارفین کی حفاظت کو نافذ کرنے اور یقینی بنانے کے لیے قانونی ضابطے کی ضرورت کے مطابق ہے۔

ضرورت مندوں کو صحت، تعلیم اور طبی سہولتیں فراہم کرنے کے لیے پاکستان سنتھیٹکس لمیٹڈ نے 30 ملین روپے کا عطیہ مقامی فلاحی تنظیم کو دیا ہے۔ جو صحت، تعلیم، طبی وغیرہ کے شعبوں میں مقامی کمیونٹی کی مدد کرنے میں مشہور اور فعال ہے۔

پاکستان سینتیاکس لمیٹڈ

ڈائریکٹرز رپورٹ

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عام عوام کمپنی کی ویب سائٹ www.pstpet.com ملاحظہ کریں جس میں سرمایہ کاروں کے لئے نامزد کردہ سیکشن ہے جس میں متعلقہ معلومات شامل ہیں۔

مابعد واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی پوزیشن کو متاثر کرنے والی ذمہ داریاں یا کوئی اہم تبدیلی نہیں ہوئی۔

کارپوریٹ گورننس

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹر مندرجہ ذیل کارپوریٹ اور مالی رپورٹنگ فریم ورک کے ساتھ عمل کی تصدیق کرتے ہیں۔

کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں سے اس کے معاملات کی حالات، اس کے آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

کمپنی نے اکاؤنٹس کی مناسب کتابیں تیار کر لی ہیں

کمپنی کے مالیاتی گوشواروں کی تیاری میں مستقل طور پر درست شماریاتی پالیسیوں کا اطلاق کیا جاتا ہے اور شماریاتی تخمینے قابل فہم اور محتاط اندازوں پر مبنی ہیں۔

کمپنی کے مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات، کی پاسداری کی گئی ہے۔

کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور موثر طور پر اس کا اطلاق اور مانیٹرنگ کا گیا ہے بورڈ اس عمل کی نگرانی کرتا ہے۔

ایک چلتے کاروبار کے طور پر کمپنی کی جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک موجود نہیں ہیں۔

کارپوریٹ گورننس کے بہترین طریقوں سے قطعی کوئی انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔

قرض کی ادائیگی پر کوئی نادہندگی نہیں ہوئی۔

کمپنی نے ماحول کو تحفظ فراہم کرنے اور ماحولیاتی قانون سازی کے مطابق عمل کرنے کے لئے تمام ضروری اقدامات کی شناخت اور لاگو کرنے کے لئے ایک مؤثر ماحولیات مینجمنٹ پلان تیار کیا ہے۔ منصوبہ متعلقہ حکام سے منظور کیا گیا ہے۔ اس کے علاوہ، کمپنی نے ملازمین کو ماحولیاتی انتظام کی منصوبہ بندی پر کام کرنے کے لئے مناسب تربیت فراہم کی ہے جس کے تحت ملازمین کو خطرناک کیمیکلوں کے محفوظ ہینڈلنگ، اسٹوریج اور نقل و حمل کو یقینی بنانے اور دوسری ماحولیاتی ضروریات کو پورا کرنے کے لئے تربیت دی گئی ہے۔

آخری دس سالوں کے آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ رپورٹ میں موجود ہے

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بقایا ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی حسابات کے ساتھ منسلک نوٹس میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز کی ترتیب

بورڈ آف ڈائریکٹرز کی ترتیب 30 جون 2022 میں یہ ہے

4	آزاد ڈائریکٹر
2	غیر انتظامی ڈائریکٹر
2	انتظامی ڈائریکٹر

مندرجہ ذیل کے مطابق ڈائریکٹر کی کل تعداد آٹھ ہے۔

(۱) مرد: سات

(۲) عورت: ایک۔

سال کے دوران منعقدہ بورڈ کے اجلاس

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کے گئے ہیں جن میں ڈائریکٹرز کی حاضری مندرجہ ذیل کے مطابق رہی:

عہدہ	حاضری	ڈائریکٹرز کے نام
آزاد	2	جناب خورشید اختر
انتظامی	4	جناب یعقوب حاجی کریم
غیر انتظامی	4	جناب عابد عمر
انتظامی	4	جناب نعمان یعقوب
آزاد۔ این آئی ٹی	4	جناب علی کمال
آزاد	1	مسز سعید فاطمہ نقوی
آزاد	1	مس صدف شبیر
آزاد	4	جناب فراز یونس بانڈوکڑا
غیر انتظامی	4	جناب مبشر امین

ان ڈائریکٹرز کو جو بورڈ کے اجلاس میں حاضر نہیں ہو سکتے تھے غیر حاضری کی چھوٹ دی گئی تھی۔

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سال کے دوران منعقدہ آڈٹ کمیٹی کے اجلاس

اس سال آڈٹ کمیٹی کے چار اجلاس منعقد کیے گئے ہیں، جس میں ڈائریکٹرز کی حاضری مندرجہ ذیل کے مطابق رہی:

ڈائریکٹرز کے نام	حاضری
جناب علی کمال - این آئی ٹ	4
جناب عابد عمر	4
جناب مبشر امین	3

سال کے دوران منعقدہ انسانی وسائل اور ادائیگیوں کی کمیٹی کے اجلاس

اس سال انسانی وسائل اور ادائیگیوں کی کمیٹی کا ایک اجلاس منعقد کیا گیا، جس میں ڈائریکٹرز کی حاضری مندرجہ ذیل کے مطابق رہی:

ڈائریکٹرز کے نام	حاضری
جناب فراز یونس بانڈوکڑا	1
جناب مبشر امین	1
جناب نعمان یعقوب	1

غیر انتظامی ڈائریکٹرز کی مشاہرہ پالیسی

غیر انتظامی اور آزاد ڈائریکٹرز کی کمپنی کے بورڈ اور کمیٹی میٹنگوں میں شرکت کے لئے فیس بورڈ کی طرف سے وقتاً فوقتاً متعین کی جاتی ہے۔

حصہ داری کا نمونہ

30 جون 2022 پر حصہ داری کے نمونہ کا بیان موجود ہے۔

پاکستان سینٹیاکس لمیٹڈ

ڈائریکٹرز رپورٹ

آڈیٹرز

موجودہ آڈیٹر، KPMG ٹائیر ہادی & کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر اور اہل، نے دوبارہ اپنی تعیناتی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز، کمپنی کے لیے بطور آڈیٹر برائے سال مختتمہ 30 جون 2023 باہمی متفقہ فیس پر، ان کی دوبارہ تعیناتی کے لئے آڈٹ کمیٹی کی سفارش کو منظور کرتا ہے۔

اعتراف

یہ بورڈ عملے کے تمام اراکین اور ورکرز کو بہترین کارکردگی اور محنت پر شکریہ ادا کرتا ہے۔

بورڈ کی جانب سے

جناب یعقوب حاجی کریم
چیف ایگزیکٹو

جناب نعمان یعقوب
ڈائریکٹر

کراچی
تاریخ: 20 ستمبر 2022

Pakistan Synthetics Limited

MISSION STATEMENT

Our Mission

Our Mission is to be the most efficient manufacturer of high performance packaging requirements of Industry in Pakistan.



Our Vision

To be an End to End solution provider for our partners, instead of working in a vendor-supplier model whereby all needs of our customers is catered by Pakistan Synthetics Limited.

Pakistan Synthetics Limited

STATEMENT OF ETHICS AND BUSINESS PRACTICES

- PSL resolves to always place the company's interest first;
- PSL resolves to excel through resource management namely, human (professional & technical both), financial and other infrastructural facilities and to ensure reasonable return to all the stakeholders;
- PSL conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate culture;
- PSL expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;
- PSL resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality product at competitive prices;
- PSL resolves not to compromise on principles.

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight as per the following details:
 - a. Male seven
 - b. Female one
2. The composition of the board is as follows:

Independent Directors	four (including one female Director)
Executive Director	two
Other Non-Executive Directors	two
3. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company;
4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ['Act'] and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six out of eight members of Board of Directors comply with the requirements of Directors' Training as required under clause 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

10. No new appointment or change in terms and conditions of Chief Financial Officer and Company Secretary took place during the year. The Board has approved the appointment of Head of internal audit including his remuneration and terms and conditions. The Board has complied with relevant requirements of the Regulations;
11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed following Committees as required under CCG, 2019 which comprises of members given below:

Name of Members	Audit Committee
1. Mr. Ali Kamal	Chairman of Committee
2. Mr. Faraz Younus Bandukda	Member
3. Mr. Mubbashir Amin	Member

Name of Members	Human Resource and Remuneration Committee
1. Mr. Faraz Younus Bandukda	Chairman of Committee
2. Mr. Mubbashir Amin	Member
3. Mr. Noman Yakoob	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:

Name of Committee	Number of Meetings held during year from July 1, 2021 to June 30, 2022
Audit Committee	Four
Human Resource and Remuneration Committee	One

15. The Board has set up an effective Internal Audit function experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non- mandatory requirements) are below:

S.No	Requirement	Explanation	Reg. No.
<u>1</u>	No person shall be appointed as the head of internal audit unless he/she has five years of relevant experience in audit or finance or compliance function and: (a) is a Certified Internal Auditor; or (b) is a Certified Fraud Examiner; or (c) is a Certified Internal Control Auditor; or (d) has a post graduate degree in business, finance from a university or equivalent recognized and approved by the Higher Education Commission of Pakistan and is a member of a professional body relevant to such qualification, if applicable;	The Head of Internal Audit is qualified Associated Chartered Certified Accountant (ACCA) and in the process of obtaining his membership from the relevant professional body.	<u>23 (ii)</u>
<u>2</u>	It is encouraged that: (i) by June 30, 2020 at least half of the directors on their Boards; (ii) by June 30, 2021 at least 75% of the directors on their Boards; and (iii) by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Currently, 6 out of 8 directors have obtained DTP certification and one director is exempt. The Company will arrange training for the remaining director to comply with the requirement.	<u>19 (1)</u>



YAKOOB HAJI KARIM
Chief Executive



KHURSHID AKHTAR
Chairman

Karachi

Date: September 20, 2022



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Synthetics Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Pakistan Synthetics Limited** (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi
Date: 23 September 2022

UDIN: CR2022101022EISpW83B



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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Synthetics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan Synthetics Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a



KPMG Taseer Hadi & Co.

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No. Key audit matters	How the matter was addressed in our audit
<p data-bbox="443 808 799 844">1. Revenue Recognition</p> <p data-bbox="523 857 895 920">Refer notes 3.15 and 24 to the financial statements.</p> <p data-bbox="523 936 927 1167">The Company is engaged in sales of different products namely Plastic Caps, Crown Caps, PET resin, Preform and BoPET resin. The Company generates revenue from sale of goods to various customers.</p> <p data-bbox="523 1182 943 1512">We identified recognition of revenue (against the sale of goods) as a key audit matter because revenue is one of the key performance indicators of the Company which gives rise to risk that revenue may be recognized without transferring of control and may not be recognized in the appropriate period.</p>	<p data-bbox="970 857 1445 987">Our audit procedures to assess the recognition of revenue recognized from the sale of products included but were not limited to the following:</p> <ul data-bbox="970 1003 1455 1971" style="list-style-type: none"><li data-bbox="970 1003 1455 1200">• obtaining an understanding of and assessing the design and testing of the implementation and operating effectiveness of controls to ensure that revenue is recognized in the appropriate accounting period;<li data-bbox="970 1216 1455 1413">• assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with accounting and reporting standards as applicable in Pakistan;<li data-bbox="970 1429 1455 1720">• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challan and other relevant underlying documents to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies.<li data-bbox="970 1736 1455 1971">• comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and



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S. No. Key audit matters

How the matter was addressed in our audit

2. Valuation of Trade Debts

Refer notes 3.2, 3.3 and 11 to the financial statements.

The Company has a significant balance of trade debts. Provision against doubtful trade debts is based on loss allowance for Expected Credit Losses (ECLs).

We identified recoverability of trade debts as a key audit matter as it involves judgement in determining the allowance for expected credit losses.

- inspecting, on a sample basis, credit notes issued to record sales returns subsequent to year end, if any, to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period.

Our audit procedures to assess the valuation of trade debts, amongst others, included but were not limited to the following:

- obtaining an understanding of and assessing the design and testing implementation of management's key internal controls relating to credit control process;
- obtaining an understanding of the basis for the determination of provision required at the year end and the receivables collection process;
- assessing the method used by the company for recognition of the allowance for ECL in accordance with the applicable standard and assessing the reasonableness of assumptions used; and
- testing accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.



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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



KPMG Taseer Hadi & Co.

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

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

Report on Other Legal and Regulatory Requirements

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

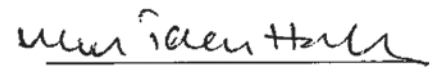
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together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

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: 23 September 2022

Karachi

UDIN: AR20221010204fO1jW6H


KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Synthetics Limited

Statement of Financial Position

AS AT 30 JUNE 2022

	Note	2022	2021
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,285,530	2,209,018
Right-of-use asset	5	32,133	42,020
Long term loan to employees	6	1,880	1,419
Long term deposits	7	8,705	9,519
Deferred tax asset - net	8	-	161,128
		3,328,248	2,423,104
Current assets			
Stores and spares	9	340,896	315,528
Stock-in-trade	10	2,594,456	1,670,712
Trade debts	11	1,818,260	1,028,366
Loans and advances	12	318,507	75,033
Short term deposits and prepayments	13	8,815	8,883
Investments classified as at fair value through profit or loss (FVTPL)	14	5,889	548
Other receivables	15	91,113	2,032
Taxation - net		-	166,397
Cash and bank balances	16	54,060	14,167
		5,231,996	3,281,666
TOTAL ASSETS		8,560,244	5,704,770
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital of 140,000,000 (30 June 2021: 140,000,000) ordinary shares of Rs. 10 each		1,400,000	1,400,000
Issued, subscribed and paid-up capital	17	924,660	840,600
Reserves		2,190,073	1,504,279
		3,114,733	2,344,879
Non-current liabilities			
Long term borrowings	18	743,741	302,367
Lease liability	5	29,314	38,808
Deferred liabilities	19	129,761	153,127
Deferred income - government grant	20	115,618	33,175
Deferred tax liability - net	8	18,124	-
		1,036,558	527,477
Current liabilities			
Trade and other payables	21	2,971,234	1,607,319
Accrued markup		19,390	6,775
Short term borrowings	22	1,183,997	989,919
Current portion of lease liability	5	9,495	7,685
Unclaimed dividend		5,387	4,219
Taxation - net		51,522	-
Current portion of long term borrowings	18	139,107	206,060
Current portion of deferred income - government grant	20	28,821	10,437
		4,408,953	2,832,414
TOTAL EQUITY AND LIABILITIES		8,560,244	5,704,770
Contingencies and commitments			
	23		

The annexed notes from 1 to 40 form an integral part of these financial statements.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

NOMAN YAKOOB
DIRECTOR

SHAHID YAQOOB
CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited

Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2022


	Note	2022 (Rupees in '000)	2021
Revenue from contracts with customers	24	12,311,249	7,250,594
Cost of sales	25	(9,987,556)	(5,796,701)
Gross profit		2,323,693	1,453,893
Administrative and general expenses	26	(133,821)	(78,592)
(Provision) / reversal against expected credit losses	11.1	(40,298)	11,934
Distribution and selling costs	27	(199,408)	(127,502)
Other operating expenses	28	(270,679)	(78,223)
		(644,206)	(272,383)
Operating profit		1,679,487	1,181,510
Other income	29	50,095	63,391
Finance costs	30	(248,436)	(189,464)
Profit before tax		1,481,146	1,055,437
Taxation	31	(494,933)	(307,071)
Profit after tax		986,213	748,366
		(Rupees)	
Earnings per share - basic and diluted	32	10.67	8.09*

The annexed notes from 1 to 40 form an integral part of these financial statements.

*Earnings per share is restated for the effect of bonus shares.


 YAKOOB HAJI KARIM
 CHIEF EXECUTIVE


 NOMAN YAKOOB
 DIRECTOR


 SHAHID YAQOOB
 CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 (Rupees in '000)	2021
Profit for the year		986,213	748,366
Other comprehensive loss:			
<i>Items that will not be reclassified to statement of profit or loss</i>			
Remeasurement of post employment benefit obligations	19.1.7	(8,745)	(8,084)
Related tax effect		2,536	2,344
		(6,209)	(5,740)
Total comprehensive income for the year		980,004	742,626

The annexed notes from 1 to 40 form an integral part of these financial statements.



YAKOOB HAJI KARIM
CHIEF EXECUTIVE



NOMAN YAKOOB
DIRECTOR



SHAHID YAQOOB
CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited


Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed and paid-up capital	Reserves			Total reserves	Total
		Capital reserve	Revenue reserves			
			Share premium	General reserve		
(Rupees in '000)						
Balance as at 1 July 2020	840,600	224,160	292,450	245,043	761,653	1,602,253
<i>Total comprehensive income for the year ended 30 June 2021</i>						
Profit after tax	-	-	-	748,366	748,366	748,366
Other comprehensive loss - net of tax	-	-	-	(5,740)	(5,740)	(5,740)
	-	-	-	742,626	742,626	742,626
Balance as at 30 June 2021	840,600	224,160	292,450	987,669	1,504,279	2,344,879
<i>Transactions with owners of the Company - Distribution</i>						
Bonus shares issued @ 10% of share capital	84,060	(84,060)	-	-	(84,060)	-
Final cash dividend for the year ended 30 June 2021 @ Rs. 2.5 per share	-	-	-	(210,150)	(210,150)	(210,150)
<i>Total comprehensive Income for the year ended 30 June 2022</i>						
Profit after tax	-	-	-	986,213	986,213	986,213
Other comprehensive loss - net of tax	-	-	-	(6,209)	(6,209)	(6,209)
	-	-	-	980,004	980,004	980,004
Balance as at 30 June 2022	<u>924,660</u>	<u>140,100</u>	<u>292,450</u>	<u>1,757,523</u>	<u>2,190,073</u>	<u>3,114,733</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


YAKOOB HAJI KARIM
CHIEF EXECUTIVE


NOMAN YAKOOB
DIRECTOR


SHAHID YAQOOB
CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,481,146	1,055,437
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment	4.1.1	331,483	252,784
Depreciation on right of use asset	5.2	9,887	11,147
Charge for staff gratuity	19.1.6	44,863	9,855
Profit on saving accounts	29	(6,174)	(193)
Gain on disposal of property, plant and equipment	29	(4,191)	(3,469)
Gain on termination of lease	29	-	(4,111)
Unrealised exchange loss		45,761	7,566
Finance costs		235,120	183,803
Interest expense on lease liability	30	4,115	4,619
Unrealised gain on remeasurement of investment	29	(2,284)	(26)
Amortisation of deferred income - government grant	29	(23,896)	(8,531)
Net remeasurement gain on provision of GIDC	29	(3,961)	(17,454)
Interest expense on GIDC	30	9,201	-
Reversal against slow moving and obsolete stock-in-trade		-	(607)
Provision / (reversal) against expected credit losses	11.1	40,298	(11,934)
		2,161,368	1,478,886
Working capital changes	37	(856,767)	(296,773)
Long term deposit - net		814	519
Long term loan to employees - net		(461)	76
Cash generated from operations		1,304,954	1,182,708
Staff gratuity paid	19.1.5	(11,019)	(7,266)
Financial charges paid		(209,727)	(193,036)
Taxes (paid) / refund received		(95,229)	30,193
Net cash generated from operating activities		988,979	1,012,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,423,505)	(410,022)
Proceeds from disposal of property, plant and equipment		19,701	13,959
Profit on saving accounts received		6,174	193
Net cash used in investing activities		(1,397,630)	(395,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	5.3	(11,799)	(10,277)
Repayment of long term borrowing		(204,583)	(91,158)
Proceeds from long term borrowing		679,831	284,829
Short term murabaha, salam and istisna - net		82,564	(572,936)
Dividend paid		(208,982)	-
Net cash generated from / (used in) financing activities		337,031	(389,542)
Net (decrease) / increase in cash and cash equivalents		(71,620)	227,187
Cash and cash equivalents at beginning of the year		(99,559)	(326,746)
Cash and cash equivalents at end of the year		(171,179)	(99,559)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	16	54,060	14,167
Running Finance and Running Musharakah	22.1 & 22.3	(225,239)	(113,726)
		(171,179)	(99,559)

The annexed notes from 1 to 40 form an integral part of these financial statements.



YAKOOB HAJI KARIM
CHIEF EXECUTIVE



NOMAN YAKOOB
DIRECTOR



SHAHID YAQOOB
CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited ("the Company") was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps, Crown Caps, PET resin, Preform and BOPET resin. The registered office of the Company is situated at office no. 1504, 15th floor, Emerald Tower, Block 5, Clifton, Karachi.

The manufacturing facility of the Company is situated at F-1, 2, 3 and 13, 14 & 15, Hub Industrial Trading Estate, District Lasbella Balochistan and Plot No. A-5, N.W.I.Z, Port Qasim Authority, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise.

2.3 Functional and presentation currency

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

Pakistan Synthetics Limited

2.4 Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that may have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

- Staff retirement benefits and other benefits (refer note 3.1)
- Financial instruments (refer note 3.2)
- Property, plant and equipment (refer notes 3.12)
- Stock-in-trade and stores and spares (refer notes 3.14 and 3.13)
- Taxation (refer note 3.11)
- Provisions (refer note 3.10)
- Impairment (refer notes 3.3)
- Leases (refer note 3.21)

2.5 Change in accounting standards, interpretations and amendments to published approved accounting standards

- a) Standards, interpretations and amendments to published approved accounting standards that are effective.

There are certain new or amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2021, but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these financial statements.

- b) The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations there to will be effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Pakistan Synthetics Limited

- The following annual improvements to IFRS 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf, when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Pakistan Synthetics Limited

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the IASB has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Pakistan Synthetics Limited

The Company is in the process of assessing the impact of the above amendments and improvements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements.

3.1 Staff retirement benefits and other benefits

Defined benefit scheme

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognised immediately in statement of comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Interest cost and current service cost are recognised in statement of profit or loss. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for the permanent employees as per the service rules of the Company.

3.2 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is trade debts without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade debts without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

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

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

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

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

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

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

Business model assessment

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objectives for managing the financial assets are achieved and how cash flows are realised.

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Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as "profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Subsequent measurement

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective yield method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of other comprehensive income and are never reclassified to statement of profit or loss.

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Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(iv) Derecognition

The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognized from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or derecognition of the financial assets and liabilities is taken to statement of profit or loss or other comprehensive income.

(v) Offsetting of financial assets and financial liabilities

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

3.3 Impairment

3.3.1 Financial assets

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception;
- loans and advances; and
- other receivables

Loss allowances for trade receivables are always measured at an amount equal to life time ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Company considers a financial asset in default when it is more than 270 days past due.

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Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are the portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

The adoption of the expected loss approach has not resulted in any material change in impairment provision for financial asset other than trade debts.

3.3.2 Non-financial assets

The carrying amounts of non-financial assets other than inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized as an expense in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.5 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the statement of profit or loss.

3.6 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in statement of profit or loss over the period of borrowings on an effective interest basis.

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Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.7 Trade receivables, loans and advances, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances on current, saving accounts, running finance and running musharakah under mark-up arrangements. Short term running finances that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.9 General reserve

General reserve is created by keeping aside a part of profit earned by the business during the course of an accounting period for fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, paying dividends to the shareholders.

3.10 Provisions

Provisions, if any, are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Restructuring cost provisions comprise staff redundancy payments, relocation and dismantling of factory, and are recognized in the period in which the Company becomes legally or constructively committed to incur.

3.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

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Deferred

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

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred taxation on the amount of minimum tax paid for a period in excess of tax based on taxable income is accounted for in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan.

3.12 Property, plant and equipment

Operating assets

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

- (a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and
- (c) borrowing costs, if any.

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

Subsequent expenditure (including normal repairs and maintenance)

Expenditures incurred to replace a significant component of an item of property, plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including normal repairs and maintenance) is recognised in the statement of profit or loss as an expense when it is incurred.

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Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 4.1 to these financial statements.

Depreciation on additions to property, plant and equipment is charged from the quarter the asset is available for use up to the quarter prior to disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in the statement of profit or loss.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.13 Stores and spares

Stores and spares are stated at lower of weighted average cost and net realizable value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.14 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost of work-in-process and finished goods consists of direct materials, labour and applicable production overheads. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. The management continuously reviews its inventory for existence of any item which may be obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

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Items in-transit are valued at lower of cost and net realisable value. Cost comprises invoice value plus other charges paid thereon up to the reporting date.

Scrap is valued at estimated realizable value.

3.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognised when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of Plastic caps, Crown caps, PET Resin, BoPET Resin and Preform which generally include single performance obligation. The Company's contract performance obligations are fulfilled at the point in time when the goods are delivered to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax.

Dividend income is recognized when the Company's right to receive the payment is established

Return on savings accounts is recognized on time proportion basis, taking effect of the effective interest rate.

Miscellaneous income is recognized on accrual basis.

3.16 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupees at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Pakistani Rupees at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss and presented with in other operating expenses.

3.17 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

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3.18 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognised on the Company's statement of financial position and payments made under Ijarah financing are recognised in the statement of profit or loss on a straight line basis over the term of the lease.

3.19 Dividend and appropriation

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognised in the period in which these are approved.

3.20 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.21 Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate applicable in the market for such leases.

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The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related right of use (ROU) asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying assets.

3.22 Operating segment

The financial statements are prepared on the basis of single reporting segment consistent with the information reviewed by the chief operating decision maker of the Company.

3.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.24 Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

3.25 Contingent liabilities

A contingent liabilities are disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can not be measured with sufficient reliability.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Operating fixed assets	4.1	3,181,503	2,123,102
Capital work-in-progress	4.2	104,027	85,916
		<u>3,285,530</u>	<u>2,209,018</u>

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4.1 Operating fixed assets

The following is a summary of the Company's operating fixed assets:

	2022								Total
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and Office Equipment	Computer accessories	
	(Rupees in '000)								
As at 1 July 2021									
Cost	28,118	599,859	5,093,684	52,693	73,474	5,189	17,633	6,560	5,877,210
Accumulated depreciation	(8,433)	(192,144)	(3,438,428)	(52,693)	(37,371)	(2,297)	(16,842)	(5,900)	(3,754,108)
Net book value	19,685	407,715	1,655,256	-	36,103	2,892	791	660	2,123,102
Additions	41,635	239,049	1,069,587	-	51,553	-	3,182	388	1,405,394
Disposal									
Cost	-	-	-	-	(19,870)	-	-	-	(19,870)
Accumulated depreciation	-	-	-	-	4,360	-	-	-	4,360
Depreciation charge for the year	(1,282)	(32,582)	(288,360)	-	(7,444)	(643)	(671)	(501)	(331,483)
Closing net book value	60,038	614,182	2,436,483	-	64,702	2,249	3,302	547	3,181,503
As at 30 June 2022									
Cost	69,753	838,908	6,163,271	52,693	105,157	5,189	20,815	6,948	7,262,734
Accumulated depreciation	(9,715)	(224,726)	(3,726,788)	(52,693)	(40,455)	(2,940)	(17,513)	(6,401)	(4,081,231)
Net book value	60,038	614,182	2,436,483	-	64,702	2,249	3,302	547	3,181,503
Useful life (in years)	30 - 99	20	5 - 20	5	8	5	5 - 10	3	
	2021								
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and office equipment	Computer accessories	Total
	(Rupees in '000)								
As at 1 July 2020									
Cost	28,118	498,194	4,819,886	52,693	56,620	1,976	17,279	6,114	5,480,880
Accumulated depreciation	(7,776)	(166,096)	(3,218,127)	(52,693)	(37,525)	(1,976)	(16,267)	(5,463)	(3,505,923)
Net book value	20,342	332,098	1,601,759	-	19,095	-	1,012	651	1,974,957
Additions	-	101,665	273,798	-	31,943	3,213	354	446	411,419
Disposal									
Cost	-	-	-	-	(15,089)	-	-	-	(15,089)
Accumulated depreciation	-	-	-	-	4,599	-	-	-	4,599
Depreciation charge for the year	(657)	(26,048)	(220,301)	-	(4,445)	(321)	(575)	(437)	(252,784)
Closing net book value	19,685	407,715	1,655,256	-	36,103	2,892	791	660	2,123,102
As at 30 June 2021									
Cost	28,118	599,859	5,093,684	52,693	73,474	5,189	17,633	6,560	5,877,210
Accumulated depreciation	(8,433)	(192,144)	(3,438,428)	(52,693)	(37,371)	(2,297)	(16,842)	(5,900)	(3,754,108)
Net book value	19,685	407,715	1,655,256	-	36,103	2,892	791	660	2,123,102
Useful life (in years)	30 - 99	20	5 - 20	5	8	5	5 - 10	3	

4.1.1 Depreciation for the year has been allocated as follows:

	2022	2021
	(Rupees in '000)	
Cost of sales	25	242,363
Administrative and general expenses	26	7,816
Distribution and selling costs	27	2,605
	331,483	252,784

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

Particulars	Location	Total area
Leasehold Land (Hub plant)	F-1,2,3 & 13, 14 & 15, Hub Industrial Trading Estate District Lasbella, Balochistan	65,500 Sq. Meters
Leasehold Land (Port Gasim plant)	Plot No. A-5, N.W.I.Z., Port Gasim Authority, Karachi	20,234 Sq. Meters
Leasehold Land (Hub)	Mouza Pathra, Tehsil Hub District Lasbella, Balochistan	28,328 Sq. Meters

4.1.3 The details of property, plant and equipment having net book value of Rs. 500,000 and above sold / disposed of during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser	Relationship with the purchaser
	(Rupees in '000)							
Vehicle	2,009	1,506	503	1,801	1,298	Negotiation	Syed Mazhar Ali	Employee
Vehicle	11,456	1,623	9,833	10,000	167	Negotiation	Muhammad Athar Aftab	Third Party
Vehicle	5,341	167	5,174	7,300	2,126	Negotiation	Auto Centre	Third Party

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4.2 Capital work-in-progress	Note	2022	2021
		(Rupees in '000)	
Plant and machinery		-	43,989
Advance against capital expenditure		94,834	1,500
Building on leasehold land		9,193	40,427
		<u>104,027</u>	<u>85,916</u>

4.2.1 The movement of capital work-in-progress (cost) is as under:

	Cost			
	As at 1 July 2021	Additions	Transfers	As at 30 June 2022
(Rupees in '000)				
Plant and machinery	43,989	4,211	(48,200)	-
Advance against capital expenditure	1,500	96,844	(3,510)	94,834
Building on leasehold land	40,427	208,315	(239,549)	9,193
	<u>85,916</u>	<u>309,370</u>	<u>(291,259)</u>	<u>104,027</u>

	Cost			
	As at 1 July 2020	Additions	Transfers	As at 30 June 2021
(Rupees in '000)				
Plant and machinery	-	118,191	(74,202)	43,989
Advance against capital expenditure	27,652	1,500	(27,652)	1,500
Building on leasehold land	59,661	54,659	(73,893)	40,427
	<u>87,313</u>	<u>174,350</u>	<u>(175,747)</u>	<u>85,916</u>

5. LEASES

Rental contract for head office is made for a fixed period of 5 years ending 30 September 2025. The future lease payments have been discounted using average borrowing rate applicable at inception of lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities at inception of lease is 10% per annum.

5.1 Right-of-use asset		2022	2021
		(Rupees in '000)	
Balance as at 1 July		42,020	14,925
Additions		-	49,436
Derecognition		-	(11,194)
Depreciation	5.2	(9,887)	(11,147)
Balance as at 30 June		<u>32,133</u>	<u>42,020</u>

5.2 This relates to rental agreement of head office. Depreciation charge on right-of-use asset for the year has been allocated to as follows:

Administrative and general expenses	26	7,415	8,360
Distribution and selling costs	27	2,472	2,787
		<u>9,887</u>	<u>11,147</u>

5.3 Lease Liability	Note	2022	2021
(Rupees in '000)			
Lease liability at 1 July		46,493	18,020
Additions		-	49,436
Derecognition		-	(15,305)
Accretion of interest		4,115	4,619
Lease payments		(11,799)	(10,277)
Lease liability at 30 June		<u>38,809</u>	<u>46,493</u>
Current portion		9,495	7,685
Non current portion		29,314	38,808
		<u>38,809</u>	<u>46,493</u>

6. LONG TERM LOAN TO EMPLOYEES - SECURED

Considered good - secured

Due from employees	6.1	7,248	4,838
Current portion of long term loans		(5,368)	(3,419)
		<u>1,880</u>	<u>1,419</u>

6.1 Movement of loan to employees

Opening balance	4,838	4,914
Additions during the year	12,444	4,621
Repayments during the year	(10,034)	(4,697)
Closing balance	<u>7,248</u>	<u>4,838</u>

These loans are interest free and granted to executives and employees of the Company in accordance with the Company's policy for purchase of cars, motor cycles, household appliances and construction or renovation of house. The loans are recoverable in instalments over a period of 1 to 58 months. These are secured against staff retirement benefits of such employees.

7. LONG TERM DEPOSITS

Deposits

- Utility deposits	652	634
- Security deposits	9,147	9,979
	<u>9,799</u>	<u>10,613</u>
Less: Provision against doubtful deposits	(1,094)	(1,094)
	<u>8,705</u>	<u>9,519</u>

7.1 These long term deposits are non-interest bearing.

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8. DEFERRED TAXATION - NET	Note	2022	2021
(Rupees in '000)			
Deferred tax comprises of taxable / (deductible) temporary differences in respect of the following:			
Taxable temporary difference			
Accelerated tax depreciation		264,056	197,537
Deductible temporary differences			
Provision for staff gratuity		(25,914)	(13,563)
Net impact of right of use asset and lease liability		(1,936)	(1,297)
Provision against expected credit losses, doubtful advances and deposits, slow moving stores and spares, compensated absences, sindh infrastructure cess, unrealized gain on remeasurement of investments and GIDC		(131,682)	(82,991)
Minimum tax asset for the tax year 2020		(78,065)	(252,479)
Excess of alternative corporate tax over corporate tax for the tax year 2021		(8,335)	(8,335)
		(245,932)	(358,665)
		18,124	(161,128)
9. STORES AND SPARES			
Stores and spares			
- in hand		380,139	354,009
- in transit		9,238	10,000
		389,377	364,009
Provision against slow moving stores and spares	9.1	(48,481)	(48,481)
		340,896	315,528
9.1 Provision against slow moving stores and spares			
Balance as at 1 July			
		48,481	48,481
Charge during the year			
		-	-
Balance as at 30 June			
		48,481	48,481
10. STOCK-IN-TRADE			
Raw and packing material			
- in hand		1,204,123	361,732
- in transit		265,670	294,522
		1,469,793	656,254
Work-in-process			
		55,774	455,329
Finished goods			
		1,068,889	559,129
		2,594,456	1,670,712
11. TRADE DEBTS			
Unsecured and non-interest bearing			
Trade debts			
		2,097,804	1,267,612
less: Allowance for expected credit losses	11.1	(279,544)	(239,246)
		1,818,260	1,028,366

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11.1 Allowance for expected credit losses	Note	2022 (Rupees in '000)	2021
Balance as on 1 July		239,246	251,180
Net provision / [reversal] for the year		40,298	(11,934)
Balance as on 30 June		<u>279,544</u>	<u>239,246</u>
12. LOANS AND ADVANCES			
Unsecured and non-interest bearing			
Loans			
Current maturity of long term loan to employees	6	5,368	3,419
Advances			
- employees against salary		-	101
- letters of credit fees and expenses		218	565
- suppliers		316,716	74,743
		<u>316,934</u>	<u>75,409</u>
Less: Provision against doubtful advances		(3,795)	(3,795)
		<u>318,507</u>	<u>75,033</u>
12.1 There are no loans and advances to parties other than those to employees and suppliers of goods and services exceeding one million rupees.			
13. SHORT TERM DEPOSITS AND PREPAYMENTS			
Short term deposits		7,055	7,720
Prepayments		1,760	1,163
		<u>8,815</u>	<u>8,883</u>
14. INVESTMENTS CLASSIFIED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)			
Units of mutual fund	14.1	588	548
Shares of listed Company	14.2	5,301	-
		<u>5,889</u>	<u>548</u>
14.1 This represents the investment in units of ABL Islamic Income fund. As at 30 June 2022, the Company held 57,356 units (2021: 53,579 units) and the net assets value (NAV) of the units was Rs. 10.24 (2021: Rs. 10.21) per unit.			
14.2 This represents investment in shares of Octopus Digital Limited. As at 30 June 2022, the Company held 74,336 shares (2021: Nil) and the fair value was Rs. 71.31 per share.			
14.3 Movement of investments:			
Opening investments		548	522
Investments made during the year		774,305	-
Bonus units received		39	-
Realized fair value loss		(8,902)	-
Unrealized gain on remeasurement of investments	29	2,284	26
Investments disposed off during the year		(762,385)	-
		<u>5,889</u>	<u>548</u>

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15. OTHER RECEIVABLES - CONSIDERED GOOD	Note	2022	2021
(Rupees in '000)			
Sales tax refundable		89,081	-
Others		2,032	2,032
		<u>91,113</u>	<u>2,032</u>
16. CASH AND BANK BALANCES			
<i>With Islamic banks</i>			
- current accounts		1,821	11,640
- saving accounts	16.1	80	54
		<u>1,901</u>	<u>11,694</u>
<i>With conventional banks</i>			
- current accounts		3,076	1,892
- saving accounts	16.1	48,324	-
		<u>51,400</u>	<u>1,892</u>
		<u>53,301</u>	<u>13,586</u>
Cash in hand		759	581
		<u>54,060</u>	<u>14,167</u>
17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
		2022	2021
		(Number of shares)	
		65,380,000	65,380,000
		Ordinary shares of Rs. 10 each fully paid in cash	
		653,800	653,800
		27,086,000	18,680,000
		Ordinary shares of Rs. 10 each issued as fully paid bonus shares	
		270,860	186,800
		<u>92,466,000</u>	<u>84,060,000</u>
17.1 Rate of return on saving accounts with islamic bank and conventional bank is 5.5% and 12.25% per annum respectively (2021: 5.5% per annum)			
17.1 During the year, the Company issued 1 ordinary share as bonus for every 10 shares held.			
18. LONG TERM BORROWINGS - SECURED			
Loans from islamic financial institutions			
Long Term Finance Facility - Diminishing Musharakah	18.1	268,560	246,318
Islamic SBP Refinance Scheme - payroll	18.2	34,978	90,846
Islamic Temporary Economic Refinance Facility (ITERF)	18.3	723,749	214,875
		<u>1,027,287</u>	<u>552,039</u>
Less: Deferred income - government grant	20	(144,439)	(43,612)
Less: Current portion of long term borrowings			
Loans from islamic financial institutions			
Long Term Finance Facility - Diminishing Musharakah		(87,879)	(142,464)
Islamic SBP Refinance Scheme - payroll		(34,328)	(55,868)
Islamic Temporary Economic Refinance Facility (ITERF)		(16,900)	(7,728)
		<u>(139,107)</u>	<u>(206,060)</u>
		<u>743,741</u>	<u>302,367</u>
18.1 The Company has entered into Diminishing Musharakah arrangements with following banks as under:			
Meezan Bank Limited	18.1.1	13,207	39,621
Askari Bank Limited - Islamic Banking Branch	18.1.2	72,000	37,500
MCB Islamic Bank Limited		-	22,500
Bank Alfalah Limited - Islamic Banking Branch	18.1.3	62,000	86,800
Bank AL Habib Limited - Islamic Banking Branch	18.1.4	121,353	59,897
		<u>268,560</u>	<u>246,318</u>

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- 18.1.1** The Company has obtained Rs. 97.7 million under Diminishing Musharakah arrangements with Meezan Bank Limited for the purpose of capital expenditure which are secured against 1st exclusive charge over specific fixed asset of the Company and 25% margin to be covered through 1st Pari Passu charge over general plant and machinery. The amount outstanding against these loans amounted to Rs. 13.21 Million as on 30 June 2022 (2021: Rs. 39.62 million). These carry profit at the rate of 6 months KIBOR + 0.7% per annum. The tenure of the facility is five years including one year grace period. The principal is repayable in 8 equal semi-annual instalments and last instalment is payable on 28 November 2022.
- 18.1.2** The Company has obtained Rs. 72 million under Diminishing Musharakah arrangements with Askari Bank Limited - Islamic banking branch for the purpose of capital expenditure which are secured against 1st Pari Passu charge over all present and future plant and machinery of the Company, duly registered with SECP with 15% margin. The amount outstanding against these loans amounted to Rs. 72 million as on 30 June 2022 (2021: Rs. 37.5 million). The facility carries profit at the rate of 3 months KIBOR + 1% per annum with a floor of 4% and cap of 25% per annum. The tenure of the facility is five years including one year grace period. The principal is repayable in 16 equal quarterly instalments and the last instalment is payable on 15 December 2026.
- 18.1.3** The Company has obtained Rs. 124 million under Diminishing Musharakah arrangement with Bank Al Falah Limited - Islamic banking branch for the purpose of capital expenditure which is secured against 1st exclusive/specific hypothecation charge of Rs. 125 million over imported plant and machinery financed through the facility, duly registered with SECP, along with first pari passu charge of Rs. 40 million over the Company's existing un-encumbered plant and machinery to cover 25% margin requirement. The amount outstanding against this loan amounted to Rs. 62 million as on 30 June 2022 (2021: Rs. 86.8 million). This carries profit at the rate of 6 months KIBOR plus 0.85% per annum with a floor of 5% and cap of 15% per annum. The tenor of facility is six years including one year grace period. The principal amount is repayable in 10 equal semi-annual instalments and last instalment is payable on 6 July 2024.
- 18.1.4** The Company has obtained Rs. 62.502 million under Diminishing Musharakah arrangement with Bank Al Habib Limited - Islamic banking branch for the purpose of capital expenditure which is secured against registered pari passu hypothecation charge over plant and machinery for Rs. 80.8 million. This carries profit at the rate of 6 months KIBOR plus 1.50% per annum with a floor of 6% and cap of 20% per annum. The amount outstanding against this loan amounted to Rs. 28.65 million as on 30 June 2022 (2021: Rs. 59.90 million) The tenure of facility is three years including one year grace period. The principal amount is repayable in 24 equal monthly instalments and last instalment is payable on 10 May 2023.

The Company has also obtained Rs. 92.71 million under Diminishing Musharakah arrangement with Bank Al Habib Limited - Islamic banking branch for the purpose of capital expenditure which is secured against registered pari passu hypothecation charge over plant and machinery for Rs. 106.433 million. This carries profit at the rate of 6 months KIBOR plus 1% per annum with a floor of 6% and cap of 20% per annum. The amount outstanding against this loan amounted to Rs. 92.70 million as on 30 June 2022 (2021: Nil) The tenure of facility is four years including one year grace period. The principal amount is repayable in 36 equal monthly instalments and last instalment is payable on 16 March 2026.

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- 18.2** Due to the effects of COVID-19 pandemic, State Bank of Pakistan (SBP) took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Company has obtained long term loans of Rs. 56.35 million from Askari Bank Limited - Islamic banking branch for financing its salaries and wages under SBP Refinance Scheme for payment of wages and salaries which is secured against 1st Pari Passu hypothecation charge with 15% margin over all present and future plant and machinery of the company, duly registered with SECP. The rate of markup on this loan is 1.5% per annum. The tenure of this loan is for two and half years including six months grace period and is repayable in eight equal quarterly instalments of Rs. 7.04 million commencing from January 2021 and ending on December 2022.

The Company has also obtained long term loans of Rs. 55.39 million from Meezan Bank Limited for financing its salaries and wages under SBP Refinance Scheme for payment of wages and salaries which is secured against 1st exclusive charge over specific plant and machinery of the Company. The rate of markup on these loans is 2.5% per annum. The tenure of these loans is for two and half years including six months grace period and are repayable in eight equal quarterly instalments of Rs. 6.92 million commencing from January 2021 and ending on December 2022.

- 18.3** The Company has obtained loans under SBP Islamic Temporary Economic Refinance Facility (ITERF) from various Islamic banks. SBP introduced this scheme to support the companies for purchase of plant and machinery at subsidized rate of borrowings.

The Company has obtained long term loans of Rs. 300 million from Dubai Islamic Bank Limited under SBP Islamic Temporary Economic Refinance Facility (ITERF) which are secured against 1st exclusive charge over plant and machinery of the Company, duly registered with SECP. The rate of markup on these loans is 3.75% per annum. The tenure of these loans is seven years including two years grace period and is repayable in twenty equal quarterly instalments commencing after the grace period and the last instalment is payable in October 2028.

The Company has also obtained long term loan of Rs. 80 million from Meezan Bank Limited under SBP Islamic Temporary Economic Refinance Facility (ITERF) which are secured against 1st pari pasu charge over plant and machinery with 25% margin. The rate of markup on this loan is 4% per annum. The tenure of the loan is ten years including two years grace period and is repayable in thirty-two equal quarterly instalments commencing after the grace period and the last instalment is payable in February 2031.

The Company has also obtained long term loans of Rs. 350 million from Bank Al Falah Limited - Islamic banking branch under SBP Islamic Temporary Economic Refinance Facility (ITERF) which are secured against 1st exclusive charge over the Company's plant and machinery financed through the facility and 1st Pari Passu charge over the Company's existing un-encumbered plant and machinery to cover 25% margin requirement. The rate of markup on these loans is 3% and 3.5% per annum. The tenure of these loans is five years including one year grace period and ten years including two years grace period and is repayable in sixteen and thirty-two equal quarterly instalments commencing after the grace period and the last instalment is payable in December 2031.

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19. DEFERRED LIABILITIES	Note	2022	2021
(Rupees in '000)			
Staff retirement benefits	19.1	89,358	46,769
Provision against Gas Infrastructure Development Cess	23.1.2	157,408	152,170
Less: Current portion		(117,005)	(45,812)
		40,403	106,358
		129,761	153,127

19.1 Staff retirement benefits

19.1.1 Defined benefit gratuity scheme

Principal actuarial assumptions used in the actuarial valuation of the fund carried out under Projected Unit Credit Method as at 30 June 2022 are as follows:

19.1.2 Risk on behalf of defined benefits plan

Final salary risk:

The risk that the final salary at the time of cessation of service will be greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation:

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities.

19.1.3 Actuarial assumptions	2022	2021
- Discount rate per annum	13.50%	10.25%
- Expected rate of increase in salary level per annum	13.50%	10.25%
- Normal retirement age - years	60	60
- Death rate - mortality table	SLIC 2001-2005	SLIC 2001-2005

19.1.4 Statement of financial position reconciliation

	2022	2021
(Rupees in '000)		
Fair value of plan assets	-	-
Present value of defined benefit obligations	89,358	46,769
Net liability	89,358	46,769

19.1.5 Movement in present value of defined benefit obligation

Present value of defined benefit obligation at beginning of the year	46,769	36,096
Current Service cost	13,948	6,852
Interest cost	6,710	3,003
Past Service cost	24,205	-
Benefits paid	(11,019)	(7,266)
Re-measurement: Actuarial loss on obligation	8,745	8,084
Present value of defined benefit obligation at end of the year	89,358	46,769

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19.1.6 Amounts recognised in statement of profit or loss:

Current Service cost	13,948	6,852
Interest cost	6,710	3,003
Past Service cost	24,205	-
	<u>44,863</u>	<u>9,855</u>

19.1.7 Amounts recognised in statement of other comprehensive income:

Re-measurements: Actuarial loss on obligation		
- Loss due to change in experience adjustments	<u>8,745</u>	<u>8,084</u>

19.1.8 Expected gratuity expense in the following year is Rs. 27.3 million (2021: Rs. 13.29 million)

19.1.9 Weighted average duration of the defined benefit obligation is 13.78 years (2021: 14.97 years)

19.1.10 Maturity profile of the defined benefit obligation - undiscounted payments

	(Time in years)				
	1	2	3	4	5 and above
	(Rupees in '000)				
Distribution of timing of benefit payments					
- Gratuity	7,980	2,175	3,458	19,225	487,813

19.1.11 Analysis of present value of defined benefit obligation

2022 2021
(Rupees in '000)

Type of Members:

- Management	41,692	26,384
- Non - management	47,666	20,385
	<u>89,358</u>	<u>46,769</u>

Vested / Non-Vested

- Vested benefits	72,588	31,413
- Non - vested benefits	16,770	15,356
	<u>89,358</u>	<u>46,769</u>

Type of benefits

- Accumulated benefit obligation	11,067	19,330
- Amount attributed to future salary increase	78,291	27,439
	<u>89,358</u>	<u>46,769</u>

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19.1.11	Analysis of present value of defined benefit obligation	Note	2022	2021
			(Rupees in '000)	
<i>Type of Members:</i>				
	- Management		41,692	26,384
	- Non - management		47,666	20,385
			89,358	46,769
<i>Vested / Non-Vested</i>				
	- Vested benefits		72,588	31,413
	- Non - vested benefits		16,770	15,356
			89,358	46,769
<i>Type of benefits</i>				
	- Accumulated benefit obligation		11,067	19,330
	- Amount attributed to future salary increase		78,291	27,439
			89,358	46,769

19.1.12 Sensitivity analysis

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

Discount rate + 1%	80,555	42,169
Discount rate - 1%	99,931	52,303
Long term salary increase + 1%	100,664	52,687
Long term salary decrease - 1%	79,820	41,777
Withdrawal rate increase + 10%	97,375	50,965
Withdrawal rate decrease - 10%	73,225	38,325
Mortality rate increase + 1%	100,530	52,617
Mortality rate decrease - 1%	100,068	52,375

20. DEFERRED INCOME - GOVERNMENT GRANT

The value of benefit of below-market interest rate on the loan disclosed in note 18 to these financial statements has been accounted for as government grant under IAS - 20 Government grants.

Balance at beginning of the year	43,612	2,770
Deferred grant recorded:		
- under Islamic SBP Refinance Scheme - payroll	-	6,598
- under Islamic Temporary Economic Refinance Facility (ITERF)	124,723	42,775
	124,723	49,373
Amortisation of deferred income - government grant	(23,896)	(8,531)
Balance at end of the year	144,439	43,612
Less: current portion of deferred income - government grant	(28,821)	(10,437)
	115,618	33,175

21. TRADE AND OTHER PAYABLES

Trade creditors including bills payable		2,442,413	1,375,688
Workers' Profit Participation Fund	21.1	160,474	68,150
Contract Liabilities	21.2	86,114	7,703
Current portion of Gas Infrastructure Development Cess	19	117,005	45,812
Accrued expenses	21.3	69,171	11,226
Workers' Welfare Fund		53,042	21,540
Short term compensated absences		16,190	7,687
Sales tax payable		8,870	51,684
Ijarah payable		664	377
Due to employees		184	16,842
Others	21.4	17,107	610
		2,971,234	1,607,319

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21.1	Workers' Profit Participation Fund	Note	2022	2021
			(Rupees in '000)	
	Balance as at 1 July		68,150	10,425
	Interest on funds utilised in the Company's business at 18.75% (2021: 10%) per annum	30	12,778	1,042
			<u>80,928</u>	<u>11,467</u>
	Allocation for the year		79,546	56,683
	Balance as at 30 June		<u>160,474</u>	<u>68,150</u>

21.2 The contract liabilities primarily relate to the advance consideration received from customers for future sales as per the Company's policy, for which revenue is recognised at a point in time. Revenue recognized from contract liabilities during the year amounted to Rs. 2.551 million (2021: Rs. 31.38 million).

21.3 This includes provision for Sindh Infrastructure Cess of Rs. 66.12 million (2021: Rs. 8.99 million) In 2017, Provincial Assembly of Sindh vide its Sindh Development and Maintenance of Infrastructure Cess Act, 2017 dated 12 April 2017 has levied infrastructure cess on the goods entering or leaving the Province from outside the country by air or sea.

During the prior year, the Company had challenged the levy of infrastructure in the Honourable High Court of Sindh. The Court granted an interim relief whereby the Company was required to pay 50% of the cess amount and furnish bank guarantee for remaining 50%. On 4 June 2021, the levy of Infrastructure cess case was upheld by the High Court of Sindh, therefore, the Company along with other industrial importers challenged the decision of the High Court of Sindh in the Supreme Court of Pakistan. On 1 September 2021, the Supreme Court granted an interim relief whereby, the petitioners have been required to furnish fresh bank guarantees against 100% of the amount of Infrastructure cess involved. The Company has furnished bank guarantee of Rs. 66.12 million as on 30 June 2022 (2021: Rs 8.99 million) to the Director, Excise & Taxation, Karachi. However, as a matter of prudence, full cost has been charged in the statement of profit or loss.

21.4 This includes Rs. 15 million (2021: Nil) payable against purchase of land. This also includes Rs. 1.5 million (2021: Nil) payable to Mubbashir Amin (Non-Executive Director) against receiving consultancy service from him.

22.	SHORT TERM BORROWINGS - SECURED		2022	2021
			(Rupees in '000)	
	<i>Conventional</i>			
	Running finance under mark-up arrangement	22.1	104,771	65,373
	<i>Islamic</i>			
	Murabaha	22.2	372,934	271,769
	Salam	22.2	26,866	-
	Istisna	22.2	558,958	604,424
	Running Musharakah	22.3	120,468	48,353
			<u>1,183,997</u>	<u>989,919</u>

22.1 The facility for running finance is for the purpose of meeting working capital requirements. The rate of mark-up is 1-month KIBOR plus 1.00% (2021: 1-month KIBOR plus 1.00%) per annum. The facility is renewable on the expiry of twelve months. The arrangement is secured against registered joint Pari Passu hypothecation charge over Company's stocks and book debts. The facility available under this arrangement amounted to Rs. 900 million (2021: Rs. 900 million) out of which the amount remained unutilized as at 30 June 2022 was Rs. 429.94 million (2021: Rs. 744.05 million).

22.2 The Company has a facility of Rs. 2,650 million (2021: Rs. 1,964.22 million) from Islamic banks for short term finance under Murabaha, Salam and Istisna financing arrangement for the purpose of financing working capital requirements. This includes Rs. 800 million from a Islamic bank which is a sub-limit of running finance facility of Rs. 900 million as disclosed in note 22.1. These loans carry profit at rates ranging from 9.37% to 15.07% per annum (2021: 6.86% to 13.70% per annum). The facility amount remained unutilized as at 30 June 2022 amounted to Rs. 1,474.68 million (2021: Rs. 981.38 million).

22.3 The facility for Running Musharakah is for the purpose of meeting working capital requirements. The rate of mark-up is KIBOR plus 0.75% and 1% per annum (2021: KIBOR plus 1% per annum). The facility is renewable on the expiry of twelve months. The arrangement is secured against joint Pari Passu charge over stocks and receivables with 25% margin and 1st Pari Passu hypothecation charge over all present and future stocks and/or receivables of the Company, duly registered with SECP. The facility available under this arrangement amounted to Rs. 200 million (2021: Rs. 50 million) out of which the amount remained unutilized as at 30 June 2022 was Rs. 79.53 million (2021: Rs. 1.65 million).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The facility for opening letter of guarantees from a banking company amounted to Rs. 250 million (2021: Rs. 150 million). Bank guarantees amounting to Rs. 242.66 million (2021: Rs. 136.514 million) have been issued in favour of Sui Southern Gas Company Limited and Collector of Customs for payment of gas bills and clearance of import consignment while submitting bank guarantee against excise duty and income tax to be deposited with national exchequer at import stage.

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23.1.2 In 2011, the Gas Infrastructure Development Cess (GIDC) was levied via GIDC Act, 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan (SCP). The SCP declared GIDC Act, 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law Gas Infrastructure Development Cess Act, 2015 (the Act) by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 200/MMBTU on captive power consumption and at Rs. 100/MMBTU on industrial connection from the date of passing of that Act with retrospective application against which the Company had obtained a stay order from the Honourable High Court of Sindh (SHC). Accordingly, the Company started recognizing charge against GIDC from the date of passing of the Act.

In the prior year, Supreme Court of Pakistan (SCP) vide its judgement dated 13 August 2020 dismissed all the previous appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC and decided the case against the industry. The Supreme Court has also held that "the provisions of Section 8 of the Act, which give retrospective effect to the charge and recovery of 'Cess' levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.". The Company, along with other parties filed a review petition with the Supreme Court of Pakistan to seek relief of the pre-act cess payable imposed under the GIDC Act 2015. However, in November 2020, the Supreme Court of Pakistan has dismissed all the review petitions with a relief for payment of GIDC in 48 monthly installments and clarified that the remedy to seek relief granted under Section 8(2) of the GIDC Act, 2015 lies elsewhere and not in review petition. Therefore, the Company, along with other parties, have filed a petition in the High Court of Sindh (SHC) challenging the levy of GIDC Cess to the industrial gas connection in violation of section 8(2) of GIDC Cess Act, 2015 and the SHC has issued a stay order dated 24 December 2020 restraining any coercive action against the Company. Accordingly, management in consultation with its legal advisor has not recognized provision approximately amounting to Rs. 69.8 million (inclusive of sales tax) pertaining to period from 2011 to 2015 as it is confident that the Company has strong grounds of appeal in this respect.

Considering these events and developments in GIDC case, the Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. in 48 monthly instalment commencing from August 2020, as referred to in the aforementioned decision on the review petition by the SCP), the Company has remeasured its previously undiscounted provision at its present value using the risk free rate to incorporate the effect of time value of money arising from the expected settlement based on an instalment plan and has accordingly, recognized remeasurement gain amounting to Rs. 3.96 million during the year ended 30 June 2022. Further, as at 30 June 2022, current and non-current portion of GIDC provision has been separately disclosed in the statement of financial position.

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23.1.3 During the prior year, Sui Southern Gas Company Limited increased rate of Natural Gas being supplied to industrial consumers. The said increase was challenged in the High Court of Sindh by the Company along with other industrial consumers. The court passed interim order in favour of Company restraining Sui Southern Gas Company Limited from taking any coercive action against the Company for non-payment of gas bill at the increased Natural Gas Tariff. Furthermore, the Court directed SSGC to issue revised bill at the rate applicable before increased notification and advised the Company to pay the revised bill and deposit the cheque of balance amount to the Nazir High Court as guarantee. The Company has deposited cheques of Rs. 29.67 million including of sales tax of Rs. 4.31 million to the Nazir High Court in this regard. The case is pending adjudication as at the reporting date. Based on consultation with legal advisor, the management is of the view that they have a strong and arguable case.

23.2 Commitments

23.2.1 Letters of credit

The Company has facilities of Rs. 3,050 million (2021: Rs. 2,500 million) for opening letters of credit. At 30 June 2022, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 372.84 million (2021: Rs. 516.58 million).

23.2.2 Ijarah financing

The Company has car ijarah facility from Askari Bank Limited - Islamic banking branch amounting to Rs. 70 million (2021: Rs. 70 million) out of which Rs. 14.99 million (2021: 31.58 million) were utilized. The ownership of the cars are with Askari Bank Limited Islamic banking branch during the tenor of the facility of each vehicle. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease.

	2022	2021
	(Rupees in '000)	
The total of future Ujarah payment under arrangement are as follows:		
Not later than one year	3,467	3,154
Later than one year and not later than five years	6,067	7,912
	<u>9,534</u>	<u>11,066</u>

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

- Local sales	14,490,848	8,539,433
- Export sales	-	7,271
Gross sales	<u>14,490,848</u>	<u>8,546,704</u>
Less: Sales tax	(2,179,599)	(1,296,110)
	<u>12,311,249</u>	<u>7,250,594</u>

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24.1 Disaggregation of Revenue

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

<i>Note</i>	2022	2021
	(Rupees in '000)	
Primary geographical markets:		
Pakistan	12,311,249	7,243,323
Bangladesh	-	2,736
China	-	4,535
	<u>12,311,249</u>	<u>7,250,594</u>
Major product lines:		
PET resin	4,815,835	3,025,947
Preform	3,752,906	1,684,672
Crowns and plastic caps	3,710,341	2,436,794
Others	32,167	103,181
	<u>12,311,249</u>	<u>7,250,594</u>
Sales channels		
Goods sold directly to customers	12,311,249	7,250,594
	<u>12,311,249</u>	<u>7,250,594</u>

25. COST OF SALES

Raw and packing material consumed		
- Opening stock	656,254	616,220
- Purchases	9,398,201	5,186,832
	<u>10,054,455</u>	<u>5,803,052</u>
- Closing stock	(1,469,793)	(656,254)
	<u>8,584,662</u>	<u>5,146,798</u>
Salaries, wages and other benefits	<i>25.1</i>	354,492
Fuel and power		440,245
Depreciation	<i>4.1.1</i>	317,615
Stores and spares consumed		214,783
Travelling and conveyance		43,021
Rent, rates and taxes		80,966
General expenses		25,802
Insurance		17,698
Repairs and maintenance		15,564
Provision/ (Reversal) against slow moving and obsolete stock		-
Printing and stationary		2,455
Communication		458
		<u>10,097,761</u>
Opening stock of work-in-process		455,328
Closing stock of work-in-process		(55,773)
Cost of goods manufactured		<u>10,497,316</u>
Opening stock of finished goods		559,129
Closing stock of finished goods		(1,068,889)
		<u>9,987,556</u>

25.1 Salaries, wages and other benefits include Rs. 35.89 million (2021: Rs. 7.56 million) in respect of staff gratuity expense.

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26. ADMINISTRATIVE AND GENERAL EXPENSES

		2022	2021
	Note	(Rupees in '000)	
Salaries and other benefits	26.1	46,093	35,511
Rent, rates and taxes		-	1,213
Charity and donation	26.2	31,000	-
Depreciation	4.1.1 & 5.2	17,816	16,176
Legal and professional charges		8,411	2,350
Printing, stationary and subscription fees		6,396	4,858
Travelling and conveyance		6,276	2,518
Insurance		4,167	2,050
Ijarah rental		3,250	4,459
Repair and maintenance		2,673	2,205
Communication		1,507	2,039
Fuel and power		1,167	971
Other expenses		2,861	2,499
Auditor's remuneration	26.3	2,204	1,743
		<u>133,821</u>	<u>78,592</u>

26.1 Salaries and other benefits include Rs. 6.73 million (2021: Rs. 1.75 million) in respect of staff gratuity expense.

26.2 Donations

Details of donations given to a single party exceeding Rs. 1 million or 10% of the Company's total amount of donations, whichever is higher:

	2022
	(Rupees in '000)
Dhoraji Association	<u>30,000</u>

26.2.1 No director of the Company has any interest in Dhoraji Association.

26.3 Auditor's remuneration

	2022	2021
	(Rupees in '000)	
Annual audit	1,080	900
Half yearly review	432	350
Other certifications	324	324
Out of pocket expenses	368	169
	<u>2,204</u>	<u>1,743</u>

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27.	DISTRIBUTION AND SELLING COSTS	Note	2022	2021
			(Rupees in '000)	
	Salaries and other benefits	27.1	15,364	11,806
	Outward freight and handling charges		170,287	104,129
	Depreciation	4.1.1 & 5.2	5,939	5,392
	Printing and stationery		2,132	1,620
	Travelling and conveyance		2,092	839
	Repair and maintenance		891	735
	Communication		502	680
	Fuel and power		389	324
	Other expenses		1,812	1,977
			199,408	127,502
27.1	Salaries and other benefits include Rs. 2.24 million (2021: Rs. 0.55 million) in respect of staff gratuity expense.			
28.	OTHER OPERATING EXPENSES			
	Exchange loss - net		150,625	-
	Workers' Profit Participation Fund		79,546	56,683
	Workers' Welfare Fund		31,502	21,540
	Loss on sale of investments classified as at FVTPL		8,902	-
	Bank balance written off		104	-
			270,679	78,223
29.	OTHER INCOME			
	Income from financial instrument			
	Profit on saving accounts		6,174	193
	Unrealised gain on remeasurement of investment		2,284	26
	Dividend income		9,589	-
	Income from non-financial instrument			
	Gain on termination of lease		-	4,111
	Gain on disposal of property, plant and equipment		4,191	3,469
	Exchange gain - net		-	29,607
	Amortisation of deferred income - government grant		23,896	8,531
	Net remeasurement gain on provision of GIDC		3,961	17,454
			50,095	63,391

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30. FINANCE COSTS

Note

2022

2021

(Rupees in '000)

Islamic

Mark-up on:

- long term finance

- short term murabaha

- short term istisna

- short term running musharakah

Interest expense against refinance facility for payment of wages and salaries and ITERF loans

25,440	25,674
30,712	9,877
103,430	112,403
2,659	904
45,410	12,997
207,651	161,855

Conventional

Mark-up on:

- short term running finance

Interest on workers' profit participation fund

Interest expense on lease liability

Interest expense on GIDC

Bank charges

21.1

10,386	16,675
12,778	1,042
4,115	4,619
9,201	-
4,305	5,273
30,399	10,934
248,436	189,464

30.1 Mark-up paid amounting to Rs. 209.73 million (2021: Rs. 193.04 million).

31. TAXATION

Current

Prior year

Deferred

310,549	278,231
2,596	-
181,788	28,840
494,933	307,071

31.1 Relationship between income tax expense and accounting profit

Accounting profit for the year

Tax at the applicable tax rate of 29% (2021: 29%)

Super Tax @ 4% (2021: Nil)

Tax effect of prior year adjustments

Tax effect of permanent differences

Others

Tax expense for the year

1,481,146	1,055,437
429,532	306,076
58,946	-
2,596	995
1,239	-
2,620	-
494,933	307,071
494,933	307,071

The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that provision made in the the sufficient provision for the purpose of taxation is available. According to management, the tax financial statements is sufficient.

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32. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2022	2021
	(Rupees in '000)	
Profit after tax	986,213	748,366
	————— (Number) —————	
Weighted average number of ordinary shares outstanding during the year (2021: adjusted for Bonus issue)	<u>92,466,000</u>	<u>92,466,000</u>
	————— (Rupees) —————	
Earnings per share - basic and diluted	10.67	8.09*

* Earnings per share and weighted average number of ordinary shares for prior year is restated for effect of bonus shares.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

	Chief Executive		Executive Director		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	————— (Rupees in '000) —————							
Managerial remuneration	6,000	6,000	4,800	4,800	51,612	40,327	62,412	51,127
Gratuity	-	-	-	-	4,307	1,848	4,307	1,848
Leave encashment	-	-	-	-	2,424	2,170	2,424	2,170
Other allowances	-	-	-	-	8,053	6,844	8,053	6,844
	<u>6,000</u>	<u>6,000</u>	<u>4,800</u>	<u>4,800</u>	<u>66,396</u>	<u>51,189</u>	<u>77,196</u>	<u>61,989</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>18</u>	<u>13</u>	<u>20</u>	<u>15</u>

Executive means an employee of a listed Company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The chief executive and certain executives of the Company are provided with free use of cars. Executives are also provided with medical facilities in accordance with their entitlements.

33.1 An aggregate amount of Rs. 995,000 (2021: Rs. 925,000) was paid to Directors during the year on account of meeting fees.

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors are responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

34.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Customers of Plastic caps, Crown caps, PET Resin, BoPET Resin and Preform are mostly food and beverages companies.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, loan to employees, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk.

	2022 (Rupees in '000)	2021
Trade debts	1,818,260	1,028,366
Loan to employees	7,248	4,838
Deposits	15,760	17,239
Other receivables	2,032	2,032
Bank balances	53,301	13,586
	<u>1,896,601</u>	<u>1,066,061</u>

Impairment losses and past due balances

The following table provides information about the exposure to credit risk and ECLs for trade debts as at reporting date.

	2022			2021		
	Gross	Expected credit losses	Credit Impaired	Gross	Expected credit losses	Credit Impaired
	(Rupees in '000)					
Current (not past due)	1,412,744	10,394	No	774,332	2,409	No
1-90 days past due	347,180	4,485	No	231,378	67	No
91-150 days past due	32,344	3,198	No	15,754	510	No
151-210 days past due	42,563	20,344	No	14,387	4,499	No
211-270 days past due	47,762	25,912	No	12,400	12,400	No
271-360 days past due	526	526	Yes	4,121	4,121	Yes
More than 360 days past due	214,685	214,685	Yes	215,240	215,240	Yes
	<u>2,097,804</u>	<u>279,544</u>		<u>1,267,612</u>	<u>239,246</u>	

Above balances are unsecured. None of the other financial assets are past due or impaired other than those which have been provided. Movement of allowance for expected credit losses against trade debts is disclosed in note 11.1.

Weighted average loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that the impairment on trade debts past have been appropriately accounted for in these financial statements.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

Settlement risk

All transactions are settled / paid for upon delivery as per the advice of the management. The Company's policy is to enter into financial instrument contract by internal guidelines such as approving counter parties and approving credits.

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Bank balances

Bank balances are held with reputable banks with high quality credit ratings. At year end, the Company has bank balances with banks having credit ratings ranging from AA- to AAA (30 June 2021: AA- to AAA).

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, by having credit lines available as disclosed in note 22 to these financial statements. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Following are the contractual maturities of undiscounted financial liabilities, including interest payments (based on the remaining period to maturity):

	2022			
	Carrying amount	Total contractual cash flows	Upto one year	Two to five years
	(Rupees in '000)			
Non-derivative Financial liabilities				
Long term borrowings including deferred income and mark up thereon	1,045,142	(1,223,877)	(223,432)	(1,000,445)
Trade and other payables	2,748,848	(2,748,848)	(2,748,848)	-
Short-term borrowings including mark up thereon	1,185,532	(1,185,532)	(1,185,532)	-
Lease Liabilities	38,809	(45,156)	(12,743)	(32,413)
	5,018,331	(5,203,413)	(4,170,555)	(1,032,858)
	2021			
	Carrying amount	Total contractual cash flows	Upto one year	Two to five years
	(Rupees in '000)			
Non-derivative Financial liabilities				
Long term borrowings including deferred income and mark up thereon	556,752	(624,769)	(233,129)	(391,640)
Trade and other payables	1,465,775	(1,465,775)	(1,465,775)	-
Short-term borrowings including mark up thereon	991,981	(991,981)	(991,981)	-
Lease Liabilities	46,493	(56,955)	(11,799)	(45,156)
	3,061,001	(3,139,480)	(2,702,684)	(436,796)

All the financial liabilities of the Company are unsecured, except as mentioned in note 18 and note 22 to these financial statements.

34.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

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34.3.1 Currency risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on bank balance and import of raw materials that are denominated in a foreign currency. The Company's exposure to foreign currency risk is as follows:

	2022		
	Rupees	US Dollars (In '000)	Euro
Foreign creditors	(927,371)	(4,481)	(20)
Gross balance sheet exposure	<u>(927,371)</u>	<u>(4,481)</u>	<u>(20)</u>
	2021		
	Rupees	US Dollars (In '000)	Euro
Foreign creditors	(493,521)	(2,773)	(289)
Gross balance sheet exposure	<u>(493,521)</u>	<u>(2,773)</u>	<u>(289)</u>

The following exchange rates has been applied:

	Average rate		Reporting date rate	
	2022	2021	2022	2021
USD to PKR	178.00	160.30	206.00	158.30
Euro to PKR	200.40	191.13	215.75	188.71

Sensitivity analysis

A five percent depreciation of the rupee against the following currencies at 30 June would have decreased the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity and profit or loss	
	2022	2021
	(Rupees in '000)	
USD	(46,150)	(21,949)
EURO	(219)	(2,727)
	<u>(46,369)</u>	<u>(24,676)</u>

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34.3.2 Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from long term finance and short term borrowings.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Interest rate		Carrying amount	
	2022 (Percentage)	2021	2022 (Rupees in '000)	2021
Fixed rate instruments				
Lease liability	10.0%	10.0%	38,809	46,493
Variable rate instruments				
Bank balances (saving accounts)	5.5% to 12.25%	5.5%	48,404	54
Variable rate instruments				
Long term borrowings	1.5% - 16.4%	1.5% - 14.35%	(1,045,142)	(556,752)
Short term borrowings	9.37% - 15.07%	6.8% - 14.70%	(1,185,532)	(991,981)
			(2,230,674)	(1,548,733)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 2.16 million (2021: Rs. 1.79 million). This analysis assumes that all other variables, in particular foreign currency.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Interest rate analysis of the financial instruments

A summary of the Company's interest rate gap position, analysed by the earlier of contractual repricing or maturity date is as follows:

	Carrying value	
	2022 (Rupees in '000)	2021
<i>Financial assets</i>		
Bank balance	48,404	54
<i>Financial liability</i>		
Borrowing from banks	(2,230,674)	(1,548,733)
Lease liability	(38,809)	(46,493)
Net balance exposed to interest rate risk	(2,221,079)	(1,595,172)

Loan to employees amounting to Rs. 7.25 million (2021: Rs. 4.84 million) as mentioned in note 6.1 have not been included in the above table as it is not material.

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Reconciliation of movements of liabilities to cash flows arising from financing activities

	2022				
	Other Short term borrowings including markup thereon	Long term borrowings including deferred income and markup thereon	Lease liability	Unclaimed dividend	Total
Balance as at 1 July 2021	876,193	556,752	46,493	4,219	1,483,657
<i>Changes from financing cash flows:</i>					
Repayments of long term borrowings	-	(204,583)	-	-	(204,583)
Proceeds from long term borrowings	-	679,831	-	-	679,831
Lease rentals paid	-	-	(11,799)	-	(11,799)
Dividend paid	-	-	-	(208,982)	(208,982)
Changes in short term borrowings relating to financing activities	82,564	-	-	-	82,564
Total changes from financing activities	82,564	475,248	(11,799)	(208,982)	337,031
<i>Other changes:</i>					
Addition to lease	-	-	-	-	-
Amortisation of government grant	-	(23,896)	-	-	(23,896)
Finance cost	134,142	70,850	4,115	-	209,107
Finance cost paid	(134,141)	(33,812)	-	-	(167,953)
Total loan related other changes	1	13,142	4,115	-	17,258
Total equity related other changes	-	-	-	210,150	210,150
Balance as at 30 June 2022	958,758	1,045,142	38,809	5,387	2,048,096
	(Rupees in '000)				
	2021				
	Other Short term borrowings including markup thereon	Long term borrowings including deferred income and markup thereon	Lease liability	Unclaimed dividend	Total
Balance as at 1 July 2020	1,449,129	360,473	18,020	4,219	1,831,841
<i>Changes from financing cash flows:</i>					
Repayments of long term borrowings	-	(91,158)	-	-	(91,158)
Proceeds from long term borrowings	-	284,829	-	-	284,829
Lease rentals paid	-	-	(10,277)	-	(10,277)
Dividend paid	-	-	-	-	-
Changes in short term borrowings relating to financing activities	(572,936)	-	-	-	(572,936)
Total changes from financing activities	(572,936)	193,671	(10,277)	-	(389,542)
<i>Other changes:</i>					
Lease addition and termination - net	-	-	34,131	-	34,131
Amortisation of government grant	-	(8,531)	-	-	(8,531)
Finance cost	122,280	38,671	4,619	-	165,570
Finance cost paid	(122,280)	(27,532)	-	-	(149,812)
Total loan related other changes	-	2,608	38,750	-	41,358
Total equity related other changes	-	-	-	-	-
Balance as at 30 June 2021	876,193	556,752	46,493	4,219	1,483,657
	(Rupees in '000)				

Pakistan Synthetics Limited

34.4 Fair value of financial instruments

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

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 fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

Pakistan Synthetics Limited

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

	2022					
	Carrying amount			Fair value		
	Assets at amortised cost	Fair value	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Loan to employees	7,248	-	-	-	-	-
Long and short term deposits	15,760	-	-	-	-	-
Trade debts	1,818,260	-	-	-	-	-
Other receivables	2,032	-	-	-	-	-
Cash and bank balances	54,060	-	-	-	-	-
Financial assets measured at fair value						
Short term investment	-	5,889	-	5,889	-	-
Financial liabilities not measured at fair value						
Long term borrowings including deferred income and mark up thereon	-	-	1,045,142	-	-	-
Trade and other payables	-	-	2,748,848	-	-	-
Short-term borrowings including mark up thereon	-	-	1,185,532	-	-	-
Lease Liabilities	-	-	38,809	-	-	-
	2021					
	Carrying amount			Fair value		
	Assets at amortised cost	Fair value	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Loan to employees	4,838	-	-	-	-	-
Long and short term deposits	17,239	-	-	-	-	-
Trade debts	1,028,366	-	-	-	-	-
Other receivables	2,032	-	-	-	-	-
Cash and bank balances	14,167	-	-	-	-	-
Financial assets measured at fair value						
Short term investment	-	548	-	548	-	-
Financial liabilities not measured at fair value						
Long term borrowings including deferred income and mark up thereon	-	-	556,752	-	-	-
Trade and other payables	-	-	1,465,775	-	-	-
Short-term borrowings including mark up thereon	-	-	991,981	-	-	-
Lease Liabilities	-	-	46,493	-	-	-

The estimated fair value of all financial assets and liabilities is considered not significantly different from carrying values as the items are either short - term in nature or periodically repriced.

Pakistan Synthetics Limited

35. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of entities over which the Company is able to exercise significant influence, entities with common directors, major shareholders, staff retirement benefits plan, directors and key management personnel. Transactions with related parties are entered into at agreed terms, as per the terms of employment and actuarial advice, as the case may be.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2022	2021
	(Rupees in '000)	
Key management personnel compensation		
Managerial remunerations	<u>62,412</u>	<u>51,127</u>
Others	<u>14,784</u>	<u>10,862</u>
Consultancy services by Mr. Mubbashir Amin (Non-Executive Director)	<u>5,700</u>	<u>-</u>
Payable to Mr. Mubbashir Amin against consultancy services	<u>1,500</u>	<u>-</u>

35.1 The following are the related parties of the Company and there has been no transactions and balances with these related parties:

Name of the Related Party	Relationship
Amna Industries (Private) Limited	Associated Company due to common directorship
Petpak Films (Private) Limited	Associated Company due to common directorship
3M Industries (Private) Limited	Associated Company due to common directorship
Al-Hilal Shariah Advisors (Private) Limited	Associated Company due to common directorship
Al-Hilal Securities Advisors (Private) Limited	Associated Company due to common directorship
Akaz Brands (Private) Limited	Associated Company due to common directorship

35.2 No associated company owns any shares of the Company.

36. PLANT CAPACITY AND PRODUCTION

		2022	2021
Capacity available - Plastic and crown caps	<i>Cartons</i>	<u>558,570</u>	<u>558,570</u>
Actual production - Plastic and crown caps	<i>Cartons</i>	<u>625,325</u>	<u>543,820</u>
Capacity available - PET resin	<i>Metric Tons</i>	<u>28,000</u>	<u>28,000</u>
Actual production - PET resin	<i>Metric Tons</i>	<u>22,221</u>	<u>25,312</u>
Capacity available - PET preform	<i>Octabins</i>	<u>39,000</u>	<u>31,000</u>
Actual production - PET preform	<i>Octabins</i>	<u>29,831</u>	<u>20,582</u>

36.1 Since the production of crown / plastic caps, PET resin and PET preform is purely demand driven therefore variance is mainly attributed to the reduced or increased demand.

37. WORKING CAPITAL CHANGES

	2022	2021
	(Rupees in '000)	
<i>Increase in current assets:</i>		
Stores and spares	(25,368)	(40,131)
Stock in trade	(923,744)	(521,231)
Trade debts	(830,192)	(139,820)
Loans and advances	(243,474)	(61,653)
Short term deposits and prepayments	68	1,648
Short term investment - net	(3,057)	-
Other receivables	(89,081)	1,091
	<u>(2,114,848)</u>	<u>(760,096)</u>
<i>Increase in current liabilities:</i>		
Trade and other payables	1,258,081	463,323
	<u>(856,767)</u>	<u>(296,773)</u>

38. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

Pakistan Synthetics Limited

39. NUMBER OF EMPLOYEES	2022	(Number)	2021
The details of number of employees are as follows:			
Average employees of the Company during the year	<u>400</u>		<u>352</u>
Total employees of the Company at year end	<u>431</u>		<u>369</u>

40. GENERAL

40.1 Events occurring after balance sheet date

The Board of Directors of the Company in their meeting held on 20 September 2022 has proposed a final cash dividend of Rs. NIL per share (2021: Rs. 2.5 per share) amounting to Rs. NIL (2021: Rs. 210.15 million) and bonus issue of NIL (2021: 1 share for each 10 shares held) amounting to book value of Rs. NIL (2021: Rs. 84.06 million).

40.2 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.


	Rearranged / Reclassified from	Rearranged / Reclassified to	30 June 2021 Rupees in '000
Long term borrowings	Long term borrowings	Deferred income - government grant	<u>33,175</u>
	Current portion of long term borrowings	Current portion of deferred income - government grant	<u>10,437</u>
Printing and stationery	Administrative and general expenses	Distribution and selling costs	<u>1,620</u>
Auditor's remuneration	Other operating expenses	Administrative and general expenses	<u>1,743</u>
Insurance	Cost of sales	Administrative and general expenses	<u>2,050</u>

40.3 Authorisation for Issue

These financial statements were authorised for issue by the Board of Directors of the Company on 20 September 2022..


 YAKOOB HAJI KARIM
 CHIEF EXECUTIVE


 NOMAN YAKOOB
 DIRECTOR


 SHAHID YAQOOB
 CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2022

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
331	1	-	100	9,402
392	101	-	500	85,554
239	501	-	1000	168,314
286	1001	-	5000	638,207
41	5001	-	10000	293,844
13	10001	-	15000	164,480
9	15001	-	20000	158,425
7	20001	-	25000	169,025
2	25001	-	30000	51,425
3	30001	-	35000	99,500
3	35001	-	40000	116,500
2	40001	-	45000	83,850
1	45001	-	50000	48,290
1	70001	-	75000	71,940
1	75001	-	80000	78,100
1	80001	-	85000	81,950
1	90001	-	95000	90,650
1	100001	-	105000	102,300
1	140001	-	145000	142,800
1	160001	-	165000	160,875
1	165001	-	170000	166,984
1	190001	-	195000	191,450
1	265001	-	270000	267,132
1	770001	-	775000	770,900
1	1915001	-	1920000	1,916,750
1	2065001	-	2070000	2,068,650
1	2675001	-	2680000	2,675,291
1	6830001	-	6835000	6,831,138
1	7240001	-	7245000	7,242,878
1	7245001	-	7250000	7,248,025
1	7900001	-	7905000	7,904,529
1	14350001	-	14355000	14,354,259
1	18325001	-	18330000	18,327,087
1	19685001	-	19690000	19,685,496
1350				92,466,000

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2022

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,300	84,347,917	91.22%
2	JOINT STOCK COMPANIES	21	383,637	0.41%
3	INVESTMENT COMPANIES	10	15,898	0.02%
4	INSURANCE COMPANIES	3	2,070,146	2.24%
5	BANK	2	1,751	0.00%
6	MODARABA	3	1,210	0.00%
7	MUTUAL FUND	7	5,365,911	5.80%
8	OTHERS	4	279,530	0.30%
		1,350	92,466,000	100%

NIT and ICP			
1	National Investment (Unit) Trust		2,675,291
2	Investment Corporation of Pakistan		1,980
3	National Bank of Pakistan Trustee Dept.		330
4	National Bank of Pakistan Trustee Wing		110
			2,677,711
Directors, CEO & their Spouses			
1	Mr. Yakoob Haji Karim - Director		18,327,087
2	Mrs. Shahida Yakoob		7,242,878
3	Mr. Noman Yakoob - Director		19,685,496
4	Mrs. Nida Noman Yaqoob		7,904,529
5	Mr. Mubbashir Amin		550
6	Mr. Abid Umer - Director		550
7	Mr. Khurshid Akhtar		550
8	Mr. Ali Kamal		-
9	Mr. Faraz Younus Bandukda		825
10	Ms. Sadaf Shabbir		500
			53,162,965
Executives			Nil
Public Sector Companies & Corporation			
	State Life Insurance Corp. of Pakistan		2,068,650
Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies, Modarabas and Others			683,522
Mutual Funds			
	CDC-Trustee AKD Opportunity Fund		770,900
	Golden Arrow Selected Stocks Fund Ltd.		1,916,750
	Asian Stock Funds Limited		550
			2,688,200
Individuals			31,184,952
		Total	92,466,000
Shareholders holding 10% or more			
	Mr. Noman Yakoob	21.29%	19,685,496
	Mr. Yakoob Haji Karim	19.82%	18,327,087
	Mr. Anis Yaqoob	15.53%	14,358,109
Associated Companies, Undertakings & Related Parties			NIL

Pakistan Synthetics Limited

Following trade in the shares by Directors was made during the year:

Name	Date	Nature of transaction	No. of Shares
Mr. Yakoob Haji Karim	24/09/2021	Purchased	6,500
Mr. Yakoob Haji Karim	27/09/2021	Purchased	25,000
Mr. Yakoob Haji Karim	28/12/2021	Purchased	45,000

Pakistan Synthetics Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Monday, October 17, 2022 at 3:00 p.m. in Auditorium Hall of Institute of Chartered Accountants of Pakistan (ICAP) located at Chartered Accountant Avenue, Clifton, Karachi, Pakistan to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 17th Extra Ordinary General Meeting of the Company held on April 01, 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with Directors' and Auditor's Report thereon for the year ended June 30, 2022.
3. To appoint Auditors of the Company and to fix their remuneration. The retiring auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

By the Order of the Board

MUHAMMAD IMRAN
COMPANY SECRETARY

Karachi
Dated: September 24, 2022

Pakistan Synthetics Limited

NOTICE OF ANNUAL GENERAL MEETING

1. Closure of Share Transfer Books

The Shares Transfer Books of the Company will remain closed from Monday, October 10, 2022 to Monday, October 17, 2022 (both days inclusive). Transfer received at the office of the Company, s share registrar M/s F.D. Registrar Services (Private) Limited, 1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi, at the close of business on October 7, 2022 will be treated in time to attend the Thirty Seventh Annual General Meeting of the Company.

2. Participation in General Meeting

- A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given either personally or by proxy or by attorney, and in case of a corporation by a representative duly authorized.
- The instrument of proxy, as per form attached, duly executed should be deposited at the Registered Office of the Company at least 48 hours before the time of the Thirty Seventh Annual General Meeting.
- In case of corporate entity, the Board of Directors, resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

3. Change of Address

The Shareholders are requested to notify if there is any change in their addresses and the contact numbers immediately to our Share Registrar, M/s F.D. Registrar Services (Private) Limited.

4. Submission of CNIC

CNIC numbers of shareholders are mandatorily required for dividend distribution. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Share Registrar, M/s F.D. Registrar Services (Private) Limited.

Pakistan Synthetics Limited

NOTICE OF ANNUAL GENERAL MEETING

5. **Transmission of Financial Statements and Notices through email**

Pursuant to Notification vide SRO 787(1)/2014 of 08 September 2014; SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail at headoffice@pslpet.com. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

6. **Uncollected Shares and unclaimed dividend**

Shareholders who have not yet collected their dividend / physical shares are advised to contact our Share Registrar immediately to collect / enquire about their unclaimed dividend or shares.

7. **E-Voting and Postal Ballot**

Members can exercise their right to poll subject to meeting of requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

Pakistan Synthetics Limited

FORM OF PROXY

THIRTY SEVENTH ANNUAL GENERAL MEETING

I/We _____

of _____

being a member(s) of Pakistan Synthetics Limited holding _____

Ordinary Shares hereby appoint _____

of _____ or failing him/her _____

of _____ who is / are also member(s) of Pakistan Synthetics Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at Thirty Seventh Annual General Meeting of the Company to be held on 17 October 2022 and / or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2022

Signed by the said _____

in the presence of 1. _____

2. _____

Please Quote Folio # /
Participant ID# & A/c#

Signature on
Revenue Stamp
of Appropriate value

The signature should agree
with the specimen registered
with the Company.

IMPORTANT

1. This Proxy Form, duly completed and signed must be received at the Registered Office of the Company at Office # 1504, 15th Floor, Emerald Tower, Clifton Block 5, Karachi. not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

1. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

پاکستان سینٹیاکس لمیٹڈ

مختار نامہ (پراکسی فارم)

میں/ہم

ساکن

بجائیت رکن (ممبر) پاکستان سینٹیاکس لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسلمی / مسماة

ساکن

کو یا ان کی غیر حاضری میں مسلمی / مسماة

ساکن

کو جو خود بھی پاکستان سینٹیاکس لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) پاکستان سینٹیاکس لمیٹڈ کے سالانہ اجلاس عام میں جو ۱۷ اکتوبر ۲۰۲۲ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ ۲۰۲۲ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۲

گواہ نمبر ۱

دستخط

دستخط

نام

نام

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

پتہ

پتہ

ہدایات:

- ۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲۔ ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴۔ مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔



If undelivered please return to:

PAKISTAN SYNTHETICS LIMITED

Office # 1504, 15th Floor, Emerald Tower,
Block 5, Clifton, Karachi.