



PAKISTAN SYNTHETICS LIMITED

ANNUAL REPORT

— 2023 —

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# Pakistan Synthetics Limited

## COMPANY INFORMATION



<b>BOARD OF DIRECTORS</b>	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
<b>AUDIT COMMITTEE</b>	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. FARAZ YOUNUS BANDUKDA	
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	MR. FARAZ YOUNUS BANDUKDA MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	
<b>CHIEF FINANCIAL OFFICER</b>	MR. SHAHID YAQOOB	
<b>COMPANY SECRETARY</b>	MR. MUHAMMAD IMRAN	
<b>BANKERS</b>	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 SONERI BANK LIMITED FASAL BANK LIMITED	
<b>AUDITORS</b>	BDO IBRAHIM AND CO. CHARTERED ACCOUNTANTS	
<b>HEAD OF INTERNAL AUDIT</b>	MR. JAFFAR IQBAL	
<b>REGISTRAR</b>	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.	
<b>LEGAL ADVISOR</b>	TASAWUR ALI HASHMI ADVOCATE	
<b>REGISTERED OFFICE</b>	OFFICE # 1504, 15TH FLOOR, EMERALD TOWER, BLOCK 5, CLIFTON, KARACHI.	
<b>FACTORY</b>	F-1, 2, 3, & 13, 14 & 15 HUB INDUSTRIAL TRADING ESTATE DISTRIC LASBELLA, BALOCHISTAN.  PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI.	

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# 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.

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# 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.

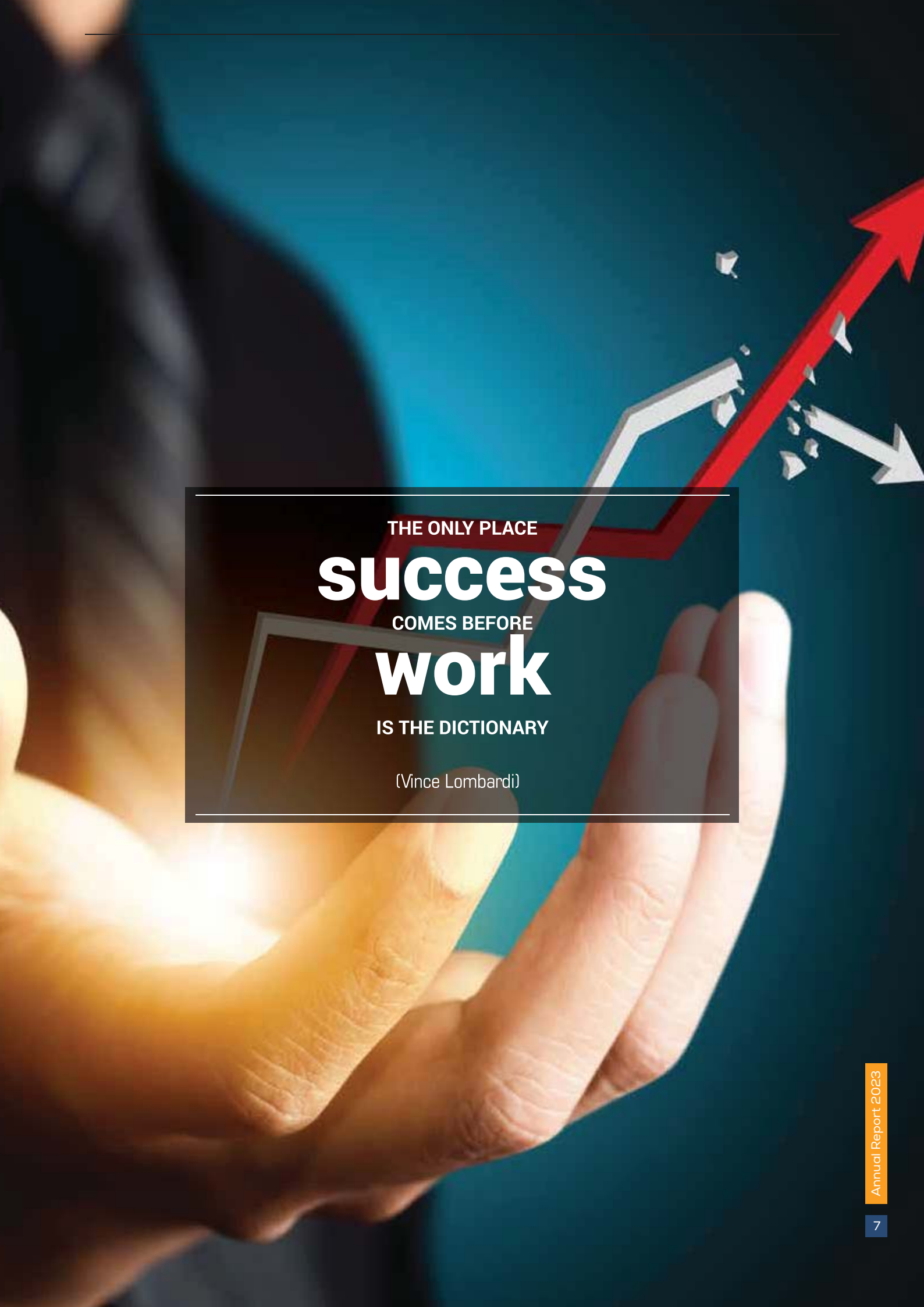
# Pakistan Synthetics Limited

## PERFORMANCE OF THE COMPANY AT A GLANCE

YEAR  
ENDED  
30 JUNE

2023 2022 2021 2020 2019 2018 2017 2016 2015 2014

STATISTICAL SUMMARY		Rupees in million									
Gross sales	<b>17,036</b>	14,491	8,547	7,780	8,213	6,001	3,404	2,006	2,419	5,107	
Profit / (loss) before taxation	<b>1,372</b>	1,481	1,055	(99)	(150)	37	(30)	96	(36)	70	
Taxation	<b>574</b>	495	307	1	26	80	69	(4)	26	(20)	
Profit / (loss) after taxation	<b>798</b>	986	748	(99)	(124)	117	39	92	(10)	50	
Gross assets employed (including capital work-in-progress)	<b>9,608</b>	8,560	5,705	5,100	5,934	6,060	4,896	3,874	2,896	3,348	
Paid-up capital	<b>1,387</b>	925	841	841	560	560	560	560	560	560	
Shareholders' equity	<b>3,911</b>	3,115	2,345	1,602	1,196	1,336	1,222	1,240	1,149	1,167	
EARNINGS AND PAY OUT		Rs. per share of Rs. 10 each									
Earnings/(loss) per share after taxation	<b>5.75</b>	10.67	8.09	(1.39)	(2.21)	2.09	0.69	1.63	(0.18)	0.89	
Break-up value	<b>28.19</b>	33.69	25.36	19.06	21.34	23.86	21.82	22.12	20.50	20.82	
Cash dividend	-	-	2.50	-	-	-	-	1.00	-	1.00	
Bonus issue	<b>50%</b>										
FINANCIAL RATIOS		Ratios									
Current Assets : Current Liabilities	<b>1.08:1</b>	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	
Long-term Debts : Equity	<b>21:79</b>	25:75	19:81	18:82	31:69	30:70	26:74	26:74	19:81	17:83	
PRODUCTION		Quantity									
PET Resin / Polyester Chips - Tons	<b>22,397</b>	22,221	25,312	24,499	25,121	25,782	20,952	-	-	-	
Plastic and Crown Caps - Cartons	<b>619,121</b>	625,325	543,820	434,861	459,345	495,057	409,253	404,813	354,283	301,971	
PET Preform - Octabins	<b>38,034</b>	29,831	20,582	12,360	5,986	1,771	-	-	-	-	



THE ONLY PLACE  
**success**  
COMES BEFORE  
**work**  
IS THE DICTIONARY

(Vince Lombardi)

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# Pakistan Synthetics Limited

## REVIEW REPORT BY THE CHAIRMAN

I am pleased to present this review as required under section 192 of the Companies Act, 2017.

The Board is working well given its organizational model and board structure, with Board members having the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business.

For the financial year ended June 30, 2023, the Board has worked tremendously hard, exercised its power and performed its duties as stated in Companies Act, 2017 and the applicable Code of Corporate Governance. The Company has complied with related provisions of the said code as more fully stated in Company's Statement of Compliance with Code of Corporate Governance for the year ended June 30, 2023. The Board has performed its duties diligently and managed the affairs of the Company in an efficient manner.

The Board recognises that the well-defined corporate governance processes are vital. The Board has established appropriate committees for its support. The Board met frequently during the year 2023 and held 6 meetings in addition to the meeting held by the Committees. The effective role played by the Board was the key to manage the affairs of the Company in a difficult economic environment.

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.



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Khurshid Akhter  
Chairman

Date: September 28, 2023

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE, 2023

The Directors are pleased to present their report, together with the Audited Financial Statements of the Company for the year ended 30 June, 2023

### FINANCIAL AND OPERATING PERFORMANCE

During the year, Company's sales revenue increased to Rs. 14,425 million as compared to last year's turnover of Rs. 12,311 million. This growth of 17.17% in sales is mainly on account of higher sales prices owing to increase cost of input mainly raw material, fuel and imported consumables. Gross profit has increased from Rs. 2,324 million to Rs. 2,578 million. Increase in Distribution and selling cost is mainly attributable to a continuous rise in input cost mainly fuel prices. Rise in other expenses mainly due to higher exchange loss of Rs. 220.555 million as compared to Rs. 150.625 million last year due to the depreciation of Pak Rupee against the USD. Finance cost of the Company increased from Rs. 248.436 million to Rs. 381.289 million as a result of higher Bank discount rates as compared to last year. Despite challenging economic and business conditions, the Company manage to earn net profit after tax for the year amounting to Rs. 797.680 million (2022: 986.213 million).

### EARNING PER SHARE

The Basic earnings per share was Rs. 5.75 as compared to Rs. 7.11 last year.

### DIVIDEND

During the last quarter of the year an Interim Bonus issue was made @ 50%. The Board of Directors have not recommended any cash dividend for the year ended 30 June, 2023. The decision was taken considering prevailing challenging situation in order to meet various financial commitments by the Company in the upcoming period. This includes increasing working capital requirements owing to continuous rise in input cost and long term credit payments.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company continues to employ Risk Management Framework to ensure proactive identification, evaluation and assessment of risks. 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

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

All highlighted risks are prioritized according to their impact and likelihood and actions are devised accordingly.

### BUSINESS OVERVIEW AND FUTURE OUTLOOK

This year was the most challenging year for the country with severe economic and political crises. In order to stabilize the economic situation of the country, several policy actions were undertaken by the Government including raising fuel and electricity prices, Rupee devaluation, controlled exchange rate policy, removing tax subsidies & credits and increasing the discount rate to highest ever in the country's history. This has resulted in massive inflationary pressure for the industry in general and for the petrochemical sector in specific. Despite a challenging operating environment, including inflationary headwinds and supply chain disruption, the Company has shown a growth in its topline.

It is pertinent to mention that unprecedented challenges faced by the Pakistan Economy due to low level of foreign exchange reserves and country's increasing foreign financial bills are creating pressures on all sectors of economy. Continuously rising inflation is deteriorating the buying powers of the consumers. Considering the situation, the company may experience a difficult period going forward.

However, the Management is proactively managing situation against all the aforesaid challenges to maintain existing market share in the industry and remain competitive.

### FORWARD LOOKING STATEMENT

The Company will continue its policy and focus towards sustainable growth. Being cognizant of the operating environment, the Company is focusing on value chain efficiencies and optimizing raw material inventory levels to better manage the costs which will help improve profitability, while driving growth in upcoming periods. The Company's management will continue to monitor the situation and ensure that the cost is effectively and fairly reflected in our prices.

### INVESTMENT IN ASSOCIATED COMPANY

During the year, shareholders have resolved to invest in Petpak Films (Private) Limited (PPFL), an associated company up to the maximum of Rs. 1,500 million. PPFL is a greenfield project incorporated as a private limited company on September 21, 2020 and it is a 52% owned subsidiary of International Packaging Films Limited. Its principal purpose will be the manufacturing and sale of BOPET films. The project is almost in its completion phase. Commercial operations expected to commence from November 2023. Profits are expected to be generated from June 2026.

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

Investment is expected to generate dividend income which will enhance the profitability of the Company and consequently enhance the wealth of the shareholders.

Uptill June 30, 2023, Rs. 1,400 million were invested to procure 140 million shares that represents 23.41% of the total shares of associated company. The investment in associate is accounted for in the financial statements using equity method of accounting as per international accounting standard 28 (IAS-28). Accordingly, proportionate share of loss amounting to Rs. 1.635 million has been recorded in the financial statements.

### IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

Protection of the environment remains a critical component of Company's vision. The Company's production has no negative impact on the environment as our plant and operations comply with international and national environmental standards.

### 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 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.

With an objective to ease the burden of increasing cost of living to local community, mainly in form of medical, education and occupational support, Pakistan Synthetics Limited has contributed Rs. 70 million to local Welfare organization which is renowned and actively involved in helping local communities in field of Health, Education, livelihood etc.

### CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the year the Company has become part of contributing more than Rs. 2,931 million to the Government Treasury on account of Income taxes, sales tax and other duties.

### WEBSITE

All our stakeholders and general public can visit the Company's website, [www.pslpet.com](http://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.

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

### FINANCIAL AND CORPORATE GOVERNANCE FRAMEWORK

The Company has complied with all material requirements of the Listed Companies (Code of Corporate Governance) Regulation 2019.

Following are the statements on financial and corporate governance and control framework:

- 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 ongoing 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.

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

- 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 Financial Statements.
- l) Statement of pattern of shareholding is annexed.

### COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors as at June 30, 2023 is as under;

Independent Directors:	4
Executive Directors:	2
Other Non-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, six (06) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

NAME OF DIRECTOR	NO OF MEETING ATTENDANCE
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I. Mr. Khurshid Akhtar – Non - Executive	5
II. Mr. Yakoob Haji Karim - Chief Executive	6
III. Mr. Abid Umer – Non Executive	5
IV. Mr. Noman Yakoob – Executive	6
V. Mr. Ali Kamal - NIT - Independent	5
VI. Ms. Sadaf Shabbir – Independent	5
VII. Mr. Faraz Younus Bandukda – Independent	6
VIII. Mr. Mubbashir Amin – Non Executive	2

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: -

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

### NAME OF DIRECTOR

### NO OF MEETING ATTENDANCE

I. Mr. Ali Kamal-NIT	4
II. Mr. Faraz Younus Bandukda	4
III. Mr. Mubbashir Amin	1

### 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

### NOMINATION AND RISK MANAGEMENT COMMITTEE:

The name of members of nomination and risk management committee are as follows:

- I. Mr. Yakoob Haji Karim
- II. Mr. Noman Yakoob
- III. Mr. Mubbashir Amin

### 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.

### ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board ensures the adequacy of internal control activities either directly or through its committees. The Board also reviews the Company's financial operations and position at regular intervals by means of regular meetings, reviewing interim accounts, reports, profitability reviews and other financial and statistical information.

### AUDITORS

The present auditors of the Company, BDO Ebrahim & 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 2024.

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# Pakistan Synthetics Limited

## DIRECTOR'S REPORT

### 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



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YAKOOB HAJI KARIM  
CHIEF EXECUTIVE



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KHURSHID AKHTAR  
CHAIRMAN

Karachi  
Dated: September 28, 2023

# پاکستان سنٹیٹکس لمیٹڈ ڈائریکٹرز رپورٹ

جون 2023 کو ختم ہونے والے سال کے لیے ڈائریکٹرز کی رپورٹ  
ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی بیانات انتہائی مسرت کے ساتھ اپنی رپورٹ پیش کرتے ہیں۔

## مالیاتی اور آپریٹنگ پرفارمنس

سال کے دوران کمپنی بیلز ریونیو پچھلے سال کے کاروبار کے مقابلے میں 12,311 ملین سے بڑھ کر 14,425 ملین روپے تک پہنچ گئی۔ فروخت کی قیمتوں میں 17.17 فیصد اضافہ بنیادی طور پر خام مال، ایندھن اور درآمدی استعمال کی اشیاء کی لاگت میں زیادہ اضافے کی وجہ سے ہوا۔ مجموعی منافع 2,324 ملین روپے سے 2,578 ملین روپے تک بڑھ گیا ہے۔ تقسیم اور فروخت کی لاگت میں اضافہ بنیادی طور پر ایندھن کی قیمتوں میں مسلسل اضافے کی وجہ سے ہے۔ دیگر اخراجات میں اضافہ زرمبادلہ کے نقصان کی وجہ سے گزشتہ سال 150.625 ملین روپے کے مقابلے میں 220.555 ملین روپے تک بنیادی طور پر امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے ہے۔ کمپنی کی مالیاتی لاگت 248.436 ملین روپے سے بڑھ کر 381.289 ملین روپے ہو گئی جو کہ پچھلے سال کے مقابلے میں زیادہ بینک ڈسکاؤنٹ ریٹ کے نتیجے میں ہے۔ سخت معاشی اور کاروباری حالات کے باوجود، کمپنی نے 797.680 ملین روپے کا خالص منافع کمایا۔ (2022 : 986.213 ملین روپے)۔

## فی حصص آمدنی

بنیادی آمدنی فی حصص پچھلے سال کے 7.11 روپے کے مقابلے میں 5.75 روپے رہی۔

## ڈیویڈنڈ

سال کی آخری اوٹ کے دوران 50% پر ایک عبوری بونس جاری کیا گیا تھا۔ بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کسی نقد ڈیویڈنڈ کی سفارش نہیں کی ہے۔ یہ فیصلہ موجودہ سخت صورتحال پر غور کرتے ہوئے کیا گیا ہے تاکہ آنے والی مدت میں کمپنی کی جانب سے مختلف مالیاتی وعدوں کو پورا کیا جاسکے۔ اس میں داخلی لاگت اور طویل مدتی ادائیگیوں میں مسلسل اضافے کی وجہ سے بڑھتی ہوئی ورکنگ کیسٹیل کی ضروریات شامل ہیں۔

## بنیادی خطرات اور غیر یقینی صورتحال

کمپنی خطرات کی فعال شناخت، اور تشخیص کو یقینی بنانے کے لیے رسک مینجمنٹ فریم ورک کا استعمال جاری رکھے ہوئے ہے۔ کمپنی بعض خطرات اور غیر یقینی صورتحال سے دوچار ہے۔ تاہم، ہم درج ذیل کو اہم خطرات کے طور پر سمجھتے ہیں۔

- غیر ملکی زرمبادلہ کی شرح اور سامان کی قیمتوں میں منفی تحریک
- صنعتی سہولیات کی قیمتوں میں منفی تحریک
- اسٹیٹ بینک آف پاکستان کی پالیسی کی شرح میں منفی تحریک

تمام نمایاں خطرات کو ان کے اثرات اور امکانات کے مطابق ترجیح دی جاتی ہے اور اسی کے مطابق اقدامات وضع کیے جاتے ہیں۔

# پاکستان سنٹیٹکس لمیٹڈ ڈائریکٹرز رپورٹ

## کاروبار کا جائزہ مستقبل کی صورت حال

یہ سال ملک کے لیے شدید معاشی اور سیاسی بحرانوں کے سبب مشکل سال تھا۔ ملک کی معاشی صورتحال کو مستحکم کرنے کے لیے حکومت کی جانب سے متعدد پالیسی اقدامات کیے گئے جن میں ایندھن اور بجلی کی قیمتوں میں اضافہ، روپے کی قدر میں کمی، کنٹرول ایکسچینج ریٹ پالیسی، ٹیکس سبسڈیز کو ختم کرنا اور ملک میں ڈسکاؤنٹ کی شرح کو پچھلے سے زیادہ کرنا شامل ہے۔ اس کے نتیجے میں صنعت کے لیے بالعموم اور پیٹرولیم کیلے خاص طور پر مہنگائی کے دباؤ میں اضافہ ہوا ہے۔ مشکل آپریٹنگ ماحول کے باوجود، بشمول افراط زر کی لہر اور سپلائی چین میں خلل، کمپنی نے اپنی ٹاپ لائن میں اضافہ دکھایا ہے۔

یہ بات قابل ذکر ہے کہ غیر ملکی زرمبادلہ کے ذخائر کی کم سطح اور ملک کے بڑھتے ہوئے غیر ملکی مالیاتی بلوں کی وجہ سے پاکستانی معیشت کو درپیش بے شمار مشکلات معیشت کے تمام شعبوں پر دباؤ ڈال رہی ہیں۔ مسلسل بڑھتی ہوئی مہنگائی صارفین کی قوت خرید کو متاثر کر رہی ہے۔ صورت حال پر غور کرتے ہوئے، کمپنی کو مستقبل میں مشکل دور کا سامنا کرنا پڑ سکتا ہے۔

تاہم، انتظامیہ صنعت میں موجودہ مارکیٹ شیئر کو برقرار رکھنے اور مسابقتی رہنے کے لیے تمام متذکرہ بالا مشکلات کے خلاف صورتحال کا فعال طور پر انتظام کر رہی ہے۔

## مستقبل کے بارے میں

کمپنی اپنی پالیسی جاری رکھے گی اور پائیدار ترقی کی طرف توجہ دے گی۔ آپریٹنگ ماحول سے واقف ہونے کے ناطے، کمپنی ویلیو چین کی افادیت پر توجہ مرکوز کر رہی ہے اور اخراجات کو بہتر طریقے سے منظم کرنے کے لیے خام مال کے سامان کی سطح کو بہتر بنانے میں مدد ملے گی، جبکہ آنے والے ادوار میں ترقی کی رفتار بڑھے گی۔ کمپنی کی انتظامیہ صورت حال کی گہرائی جاری رکھے گی اور اس بات کو یقینی بنائے گی کہ لاگت ہماری قیمتوں میں مؤثر اور منصفانہ طور پر ظاہر ہو۔

## ایسوسی ایٹڈ کمپنی میں سرمایہ کاری

سال کے دوران، حصص یافتگان نے پیٹ پاک فلز (پرائیویٹ) لمیٹڈ (پی پی ایف ایل) میں 1,500 ملین روپے تک سرمایہ کاری کرنے کا عزم کیا ہے، جو کہ ایک منسلک کمپنی ہے۔ (پی پی ایف ایل) ایک گرین فیلڈ پروجیکٹ ہے جو 21 ستمبر 2020 کو پرائیویٹ لمیٹڈ کمپنی کے طور پر وجود میں آئی ہے اور یہ انٹرنیشنل سیکورٹیز فلز لمیٹڈ کا 52 فیصد ملکیٹی ذیلی ادارہ ہے۔ اس کا بنیادی مقصد BOPET فلموں کی تیاری اور فروخت ہو گا۔ یہ منصوبہ تقریباً تکمیل کے مراحل میں ہے۔ تجارتی آپریشن نومبر 2023 سے شروع ہونے کی توقع ہے۔ جون 2026 تک منافع حاصل ہونے کی توقع ہے۔

سرمایہ کاری سے ڈیویڈنڈ آمدنی پیدا ہونے کی توقع ہے جس سے کمپنی کے منافع میں اضافہ ہو گا اور نتیجتاً شیئر ہولڈرز کی دولت میں اضافہ ہو گا۔

30 جون 2023 تک، 140 ملین شیئرز کی خریداری کے لیے 1,400 ملین روپے کی سرمایہ کاری کی گئی جو کہ متعلقہ کمپنی کے کل حصص کا 23.41 فیصد ہے۔ بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS-28) کے مطابق ایکویٹی اکاؤنٹنگ کے طریقہ کار کا استعمال کرتے ہوئے ایسوسی ایٹ میں سرمایہ کاری کا حساب مالیاتی گوشواروں میں ہوتا ہے۔ اس کے مطابق، 1.635 ملین روپے کے نقصان کا تناسب حصہ مالیاتی گوشواروں میں ریکارڈ کیا گیا ہے۔

## ماحولیات پر کمپنی کے کاروبار کا اثر

ماحول کا تحفظ کمپنی کے وژن کا ایک اہم جز ہے۔ کمپنی کی پیداوار کا ماحول پر کوئی منفی اثر نہیں پڑتا ہے کیونکہ ہمارے پلانٹ اور آپریشنز بین الاقوامی اور قومی ماحولیاتی معیارات کی تعمیل کرتے ہیں۔

# پاکستان سنٹیٹکس لمیٹڈ ڈائریکٹرز رپورٹ

کارپوریٹ سماجی ذمہ داری:

کمپنی ایک ایسے سماجی طور پر ذمہ دار کارپوریٹ شہری کے طور پر اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ پاکستان سنٹیٹکس لمیٹڈ کمپنی شروع سے اعلیٰ معیار کی بیکنگ پروڈکٹس پیش کرنے کے لیے پر عزم ہے، قانونی اور ریگولیٹری تقاضوں کو پورا کرتے ہوئے 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۔

مقامی کمیونٹی پر زندگی کی بڑھتی ہوئی لاگت کے بوجھ کو کم کرنے کے مقصد کے ساتھ، بنیادی طور پر طبی، تعلیم اور پیشہ ورانہ مدد کی صورت میں، پاکستان سنٹیٹکس لمیٹڈ نے مقامی سماجی تنظیم کو 70 ملین روپے دیے ہیں جو صحت، تعلیم، معاش وغیرہ کے شعبوں میں مقامی کمیونٹیز کی مدد کرنے میں مشہور اور فعال ہے۔

## قومی خزانے میں شراکت

سال کے دوران انکم ٹیکس، سیلز ٹیکس اور دیگر ڈیوٹیوں کی مد میں حکومتی خزانے میں کمپنی 2,931 ملین روپے سے زیادہ ادا کر چکی ہے۔

## ویب سائٹ

ہمارے تمام اسٹیٹ ہولڈرز اور عام لوگ کمپنی کی ویب سائٹ پر جاسکتے ہیں، [www.pslpet.com](http://www.pslpet.com) جس میں سرمایہ کاروں کے لیے ایک مخصوص سیکشن ہے جس میں متعلقہ معلومات موجود ہیں۔

## مابعد واقعات

ڈائریکٹرز رپورٹ کرتے ہیں کہ ان اکتشافات کے علاوہ کوئی مادی تبدیلی یا عزم نہیں ہوا ہے جس نے مالی سال کے اختتام سے اس رپورٹ کی تاریخ تک کمپنی کی مالی حالت کو متاثر کیا ہو۔

## مالیاتی اور کارپوریٹ گورننس فریم ورک

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کی تمام مادی ضروریات کی تعمیل کی ہے۔

مالیاتی اور کارپوریٹ گورننس اور کنٹرول فریم ورک سے متعلق بیانات درج ذیل ہیں:

کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔

کمپنی نے کھاتوں کی صحیح کتابیں رکھی ہیں۔

مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

بین الاقوامی اکاؤنٹنگ اور رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں بیرونی کی گئی ہے۔

اندرونی کنٹرول کا نظام اور اس طرح کے دیگر طریقہ کار، جو اپنی جگہ پر ہیں، ڈیزائن کے لحاظ سے درست ہیں اور انتظامیہ کی طرف سے مسلسل بنیادوں پر موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

نظر ثانی کا عمل جاری رہے گا اور کنٹرول میں کسی بھی کمزوری کو دور کیا جائے گا۔ بورڈ آف ڈائریکٹرز اندرونی کنٹرول کے نظام کی نگرانی کرتا ہے۔

جاری توثیق کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی شک نہیں ہے۔

# پاکستان سنٹیٹکس لمیٹڈ

## ڈائریکٹرز رپورٹ

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔ کسی بھی قرض کی ادائیگی میں کوئی ڈیفالٹ نہیں ہوا ہے۔

کمپنی نے ایک موثر ماحولیاتی انتظامی منصوبہ تیار کیا ہے تاکہ یہ یقینی بنایا جاسکے کہ ماحول کے تحفظ اور ماحولیاتی قانون سازی کی تعمیل کے لیے تمام ضروری اقدامات کی نشاندہی اور ان پر عمل درآمد کیا جائے۔ منصوبہ متعلقہ حکام سے منظور کر لیا گیا ہے۔ مزید برآں، کمپنی نے کمپنی کے ملازمین کو ماحولیات کے انتظام کے منصوبے پر کام کرنے کے لیے مناسب تربیت بھی فراہم کی ہے جس کے تحت ملازمین کو خطرناک کیمیکلز کی محفوظ ہینڈلنگ، اسٹوریج اور نقل و حمل کو یقینی بنانے اور دیگر ماحولیاتی تقاضوں پر عمل کرنے کی تربیت دی گئی۔

پچھلے دس سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ شکل میں منسلک کیا گیا ہے۔

بقایا ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشواروں میں دی گئی ہیں۔

شیر ہولڈنگ کے بیٹرن کا بیان منسلک ہے۔

### بورڈ آف ڈائریکٹرز کی تشکیل

30 جون 2023 کو بورڈ آف ڈائریکٹرز کی تشکیل حسب ذیل ہے۔

آزاد ڈائریکٹرز:	4
غیر انتظامی ڈائریکٹرز:	2
انتظامی ڈائریکٹرز:	2

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد آٹھ ہے۔

مرد:	سات
عورت:	ایک

### بورڈ آف ڈائریکٹرز کی میٹنگ

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (06) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:-

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
I. جناب خورشید اختر	5
II. جناب یعقوب حاجی کریم	6
III. جناب عابد عمر	5
IV. جناب نعمان یعقوب	6
V. جناب علی کمال	5
VI. مس صدف شبیر	5
VII. جناب فرانس بانڈو کڈا	6
VIII. جناب مبشر امین	2

بورڈ کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھوٹ دے دی گئی۔

# پاکستان سنٹیٹکس لمیٹڈ ڈائریکٹرز رپورٹ

## آڈٹ کمیٹی کا اجلاس

سال کے دوران آڈٹ کمیٹی کے چار (04) اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:-

ڈائریکٹر کا نام میٹنگ میں حاضری کی تعداد

I. جناب علی کمال	4
II. جناب فرازیونس بانڈو کڈا	4
III. جناب مبشر امین	1

## انسانی وسائل اور ادائیگیوں کی کمیٹی کا اجلاس

سال کے دوران، انسانی وسائل اور ادائیگیوں کی کمیٹی کا ایک (01) اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:-

ڈائریکٹر کا نام میٹنگ میں حاضری کی تعداد

I. جناب فرازیونس بانڈو کڈا	1
II. جناب مبشر امین	1
III. جناب نعمان یعقوب	1

## نامزدگی اور رسک مینجمنٹ کمیٹی:

نامزدگی اور رسک مینجمنٹ کمیٹی کے ارکان کے نام درج ذیل ہیں:

I. جناب یعقوب حاجی کریم
II. جناب نعمان یعقوب
III. جناب مبشر امین

## نون ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کی فیس کا تعین بورڈ و قفا فو قفا کرتا ہے۔

## داخلی مالیاتی کنٹرول کی مناسبت

بورڈ براہ راست یا اپنی کمیٹیوں کے ذریعے اندرونی کنٹرول کی سرگرمیوں کی مناسبت کو یقینی بناتا ہے۔ بورڈ باقاعدگی سے میٹنگوں، عبوری کھاتوں، رپورٹوں، منافع کے جائزوں اور دیگر مالیاتی اور شماریاتی معلومات کا جائزہ لے کر کمپنی کے مالیاتی آپریشنز اور پوزیشن کا باقاعدگی سے جائزہ لیتا ہے۔

# پاکستان سنٹیٹکس لمیٹڈ ڈائریکٹرز رپورٹ

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز، BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کے بعد، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لیے ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کی۔

اعتراف

انتظامیہ اپنے ملازمین اور کارکنوں کی لگن اور محنت کے لئے اپنی تعریف ریکارڈ پر رکھنا چاہے گی۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے



خورشید اختر  
چیئرمین



یعقوب حامی کریم  
چیف ایگزیکٹو

کراچی

بتاریخ: 28 ستمبر 2023

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# 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.

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# 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 Polyester Staple Fibre at competitive prices;
- PSL resolves not to compromise on principles.

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# Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019  
FOR THE YEAR ENDED JUNE 30, 2023

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.
10. No new appointment or change in terms and conditions of Chief Financial Officer, Internal Auditor and Company Secretary took place during the year. The Board has complied with relevant requirements of the Regulations in this regard.

# Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019  
FOR THE YEAR ENDED JUNE 30, 2023

- Chief financial officer and Chief executive officer duly endorse the financial statements before approval of the Board;
- 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

Name of Members	Nomination Committee
1. Mr. Yakoob Karim	Chairman of Committee
2. Mr. Noman Yakoob	Member
3. Mr. Mubbashir Amin	Member

Name of Members	Risk Management Committee
1. Mr. Noman Yakoob	Chairman of Committee
2. Mr. Yakoob Karim	Member
3. Mr. Mubbashir Amin	Member

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

Name of Committee	Number of Meetings held during year from July 1, 2022 to June 30, 2023
Audit Committee	Four
Human Resource and Remuneration Committee	One
Risk Management Committee	Two
Nomination Committee	One

- 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.
- 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

# Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019  
FOR THE YEAR ENDED JUNE 30, 2023

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;

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.
1	<p>It is encouraged that:</p> <p>(i) by June 30, 2020 at least half of the directors on their Boards;</p> <p>(ii) by June 30, 2021 at least 75% of the directors on their Boards; and</p> <p>(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.</p> <p>(iv) Companies are also encouraged to arrange training of at least one head of department every year under the Directors' Training program from July 2022.</p>	<p>Currently, 6 out of 8 directors have obtained DTP certification and one director is exempt.</p> <p>The Company will arrange training for the remaining director and head of department in the ensuing year to comply with the requirement.</p>	<u>19 (1)(3)</u>



Yakoob Haji Karim  
Chief Executive Officer



Khurshid Akhtar  
Chairman

Karachi: September 28, 2023



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Karachi-74200  
Pakistan

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAKISTAN SYNTHETICS LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Synthetics Limited for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 June 30, 2023.

KARACHI

DATED: SEPTMEBER 28, 2023

UDIN: CR202310166UrybzVP3M

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

**BDO Ebrahim & Co. Chartered Accountants**

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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 June 30, 2023, 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, 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 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 June 30, 2023 and of the profit, its other comprehensive loss, its cash flows and the changes in equity for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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



Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Valuation of Trade Debts</b></p> <p>Refer notes 4.8 &amp; 12 to the financial statements.</p> <p>The Company has trade debts balance of Rs. 1,427 million as at the reporting date which is material to the financial statements. In addition, the valuation of trade debts involve provision recognized using Expected Credit Losses (ECLs) which involves significant assumptions and judgements.</p> <p>Based on the above factors, we have considered trade debts as a key audit matter.</p>	<p><b>Our audit procedures amongst others, included the following:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and assessing the design and testing implementation of management’s key internal controls relating to trade debts such as credit process, basis for determination of provision required.</li> <li>• Reviewed the aging analysis of trade debts to determine the total balance and good and doubtful receivables;</li> <li>• Reviewed the method used by management to determine expected credit losses against trade debts and assessed the reasonableness of the assumptions used such as historical default rates and future prospects of the Company; and</li> <li>• Testing accuracy of the data on a sample basis extracted from Company’s accounting system which has been used to calculate the provision required.</li> </ul>
2.	<p><b>Valuation of stock-in-trade</b></p> <p>Refer note 4.7 &amp; 11 to the financial statements.</p> <p>As at the reporting date, the value of the stock-in-stock amounts to 3,200.803 million which form the integral part of the Company’s financial statements.</p> <p>The cost of stock-in-trade has different components, which involves judgment in relation to the allocation of overheads costs and in determining the net realizable value (estimated selling price in ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.</p>	<p><b>Our audit procedures, amongst others included the following:</b></p> <ul style="list-style-type: none"> <li>• Obtained understanding of internal controls over purchases and valuation of stock in trade and their design, implementation and operating effectiveness of controls;</li> <li>• Observed the physical inventory count at the year end and performed tests to identify any obsolete or damaged in the inventory;</li> <li>• Performed test of details, on sample basis, for the purchases including both local and import with supporting documentation;</li> <li>• Recalculated the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process;</li> </ul>



S. No	Key audit matters	How the matter was addressed in our audit
	Due to above factors, we have considered the valuation of stock-in-trade as key audit matter.	<ul style="list-style-type: none"><li>• obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work in process and costs necessary to make the sale and their basis; and</li><li>• Compared NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.</li></ul>

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

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

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

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

#### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

#### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, 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; and
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no Zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter

The financial statements of the Company for the year ended June 30, 2022 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated September 23, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: September 28, 2023

UDIN: AR202310166TFUsRzqN4

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

# Pakistan Synthetics Limited

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 (Rupees in '000)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	3,225,828	3,285,530
Right-of-use asset	6	22,246	32,133
Long term loan to employees	7	1,610	1,880
Long term deposits	8	4,209	8,705
Investment in Associate	9	1,398,365	-
		<b>4,652,258</b>	<b>3,328,248</b>
<b>CURRENT ASSETS</b>			
Stores and spares	10	289,601	340,896
Stock-in-trade	11	3,200,803	2,594,456
Trade debts	12	1,427,591	1,818,260
Loans and advances	13	17,863	318,507
Short term deposits and prepayments	14	10,938	8,815
Short term investments	15	3,846	5,889
Other receivables	16	2,032	91,113
Cash and bank balances	17	3,052	54,060
		<b>4,955,726</b>	<b>5,231,996</b>
		<b>9,607,984</b>	<b>8,560,244</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		1,400,000	1,400,000
140,000,000 (2022: 140,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		1,386,990	924,660
138,699,000 (2022: 92,466,000) ordinary shares of Rs. 10 each	18	2,523,571	2,190,073
Reserves		3,910,561	3,114,733
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	19	811,685	743,741
Lease liability	20	13,485	29,314
Deferred liabilities	21	151,332	129,761
Deferred income - government grant	22	85,909	115,618
Deferred taxation	23	64,074	18,124
		<b>1,126,485</b>	<b>1,036,558</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	2,741,581	2,971,234
Short term borrowings	25	1,380,819	1,183,997
Accrued markup	26	23,306	19,390
Current portion of long term borrowings	19	94,239	139,107
Current portion of lease liability	20	15,831	9,495
Current portion of deferred government grant	22	30,202	28,821
Taxation - net		281,798	51,522
Unclaimed dividend		3,162	5,387
		<b>4,570,938</b>	<b>4,408,953</b>
		<b>9,607,984</b>	<b>8,560,244</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	27		

The annexed notes from 1 to 47 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 JUNE 30, 2023

	Note	2023 (Rupees in '000)	2022
Revenue from contracts with customers	28	14,425,230	12,311,249
Cost of sales	29	(11,847,036)	(9,987,556)
Gross profit		<u>2,578,194</u>	<u>2,323,693</u>
Administrative and general expenses	30	(188,609)	(133,821)
Provision against expected credit losses	12.1	(37,889)	(40,298)
Distribution and selling costs	31	(311,226)	(199,408)
Other operating expenses	32	(325,991)	(270,679)
		<u>(863,715)</u>	<u>(644,206)</u>
Operating profit		1,714,479	1,679,487
Other income	33	38,866	50,095
Finance costs	34	(381,289)	(248,436)
Profit before tax		<u>1,372,056</u>	<u>1,481,146</u>
Taxation	35	(574,376)	(494,933)
Profit for the year		<u><u>797,680</u></u>	<u><u>986,213</u></u>
			(Rupees)
Earning per share - basic and diluted	36	<u><u>5.75</u></u>	<u><u>7.11*</u></u>

\* Earning per share is restated for the effect of bonus share.

The annexed notes from 1 to 47 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 COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023 (Rupees in '000)	2022
Profit for the year	797,680	986,213
Other comprehensive income		
Items that will not be subsequently reclassified in profit or loss (net of tax):		
Remeasurement loss on post employment benefit obligation	(1,852)	(6,209)
Total comprehensive income for the year	<u>795,828</u>	<u>980,004</u>

The annexed notes from 1 to 47 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

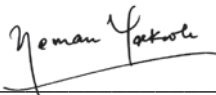
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Reserves			Total reserves	Total
		Capital reserve	Revenue reserves			
			Share premium	General reserve		
(Rupees in '000)						
Balance as at July 1, 2021	840,600	224,160	292,450	987,669	1,504,279	2,344,879
Transactions with owners of the Company						
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)
Total comprehensive income for the year ended June 30, 2022						
Profit for the period	-	-	-	986,213	986,213	986,213
Other comprehensive loss	-	-	-	(6,209)	(6,209)	(6,209)
Balance as at June 30, 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>
Balance as at July 1, 2022	924,660	140,100	292,450	1,757,523	2,190,073	3,114,733
Transactions with owners of the Company						
Bonus shares issued @ 50% of share capital	462,330	-	-	(462,330)	(462,330)	-
Total comprehensive Income for the year						
Profit for the period	-	-	-	797,680	797,680	797,680
Other comprehensive loss	-	-	-	(1,852)	(1,852)	(1,852)
Balance as at June 30, 2023	<u>1,386,990</u>	<u>140,100</u>	<u>292,450</u>	<u>2,091,021</u>	<u>2,523,571</u>	<u>3,910,561</u>

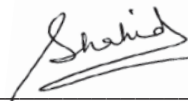
The annexed notes from 1 to 47 form an integral part of these financial statements.



**YAKOOB HAJI KARIM**  
CHIEF EXECUTIVE



**NOMAN YAKOOB**  
DIRECTOR



**SHAHID YAQOOB**  
CHIEF FINANCIAL OFFICER

# Pakistan Synthetics Limited

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees in '000)	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	41	2,114,416	1,293,935
Income tax paid		(298,571)	(95,229)
Financial charges paid		(307,574)	(209,727)
Net cash flows from operating activities		<u>1,508,271</u>	<u>988,979</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(354,543)	(1,423,505)
Proceeds from disposal of property, plant and equipment		8,151	19,701
Investment in Associates		(1,400,000)	-
Profit on saving accounts received		6,063	6,174
Net cash used in investing activities		<u>(1,740,329)</u>	<u>(1,397,630)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability		(12,743)	(11,799)
Repayments of long term borrowings		(133,841)	(204,583)
Proceeds from long term borrowings		128,588	679,831
Short term murabaha, salam and istisna - net		131,586	82,564
Dividend received / (paid)		2,225	(208,982)
Net cash flows generated from financing activities		<u>115,815</u>	<u>337,031</u>
Net decrease in cash and cash equivalents during the year		<u>(116,244)</u>	<u>(71,620)</u>
Cash and cash equivalents at beginning of the year		<u>(171,179)</u>	<u>(99,559)</u>
Cash and cash equivalents at end of the year		<u><u>(287,423)</u></u>	<u><u>(171,179)</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balances	17	3,052	54,060
Running Finance and Running Musharakah	25	(290,475)	(225,239)
		<u><u>(287,423)</u></u>	<u><u>(171,179)</u></u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

**YAKOOB HAJI KARIM**  
CHIEF EXECUTIVE

**NOMAN YAKOOB**  
DIRECTOR

**SHAHID YAQOOB**  
CHIEF FINANCIAL OFFICER

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# 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, Emeraldad 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, in the relevant note to the financial statement.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees ('Rupees' or 'Rs.') which is also the Company's functional and presentation currency.

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## 2.4 Use of estimates and judgements

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
- Financial instruments
- Property, plant and equipment
- Stock-in-trade and stores and spares
- Taxation
- Provisions
- Impairment
- Leases

## 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have any material impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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## 3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

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IFRS 1 First Time Adoption of International Financial Reporting Standards  
IFRS 17 Insurance Contracts

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 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 costs 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 item 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 5.1 to these financial statements. Depreciation on additions is charged for the full month in which an asset is put to use and on disposal up to the month immediately preceding the month of disposal.

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.

## 4.2 Right of use asset

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred.

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

## 4.3 Investment in associate

Entities in which the Company has significant influence directly or indirectly but not control and which are neither subsidiaries nor joint venture of the Company are associates and are accounted for under the equity method of accounting (equity accounted investees).

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These investments are initially recognized at cost. The financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the statement of profit or loss. Distributions received from associates reduce the carrying amount of investment. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Company's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The carrying amount of investment in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

## 4.4 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;
- 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

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- 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.

## 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.

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**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 statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

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

## **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.

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## (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 intend either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

## 4.5 Impairment

### 4.5.1 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.

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).

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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.

## 4.5.2 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 assets 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.

## 4.6 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.

## 4.7 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.

## 4.8 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.

## 4.9 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.

## 4.10 Borrowings and their cost

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

## 4.11 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.

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.

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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.

## 4.12 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.

## 4.13 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.

### 4.14 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.

### 4.15 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.

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.

### 4.16 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.

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## 4.17 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.

## 4.18 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.

## 4.19 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.

## 4.20 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

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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.

## 4.21 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.

## 4.22 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.

## 4.23 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.

## 4.24 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.

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## 4.25 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.

## 4.26 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.

## 4.27 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).

## 4.28 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

	Note	2023 (Rupees in '000)	2022
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>3,148,394</b>	3,181,503
Capital work-in-progress	5.2	<b>77,434</b>	104,027
		<b><u>3,225,828</u></b>	<u>3,285,530</u>

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## 5.1 Operating fixed assets

	June 2023								
	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)								
<b>Net carrying value basis</b>									
<b>year ended June 30, 2023</b>									
Opening net book value	60,038	614,182	2,436,484	-	64,702	2,249	3,302	547	3,181,503
Addition (at cost)	60,850	-	293,352	-	26,718	-	-	216	381,136
Disposal (at NBV)	-	-	-	-	(6,977)	-	-	-	(6,977)
Depreciation charged	(2,099)	(38,557)	(353,296)	-	(11,376)	(644)	(899)	(397)	(407,268)
<b>Closing net book value</b>	<b>118,789</b>	<b>575,625</b>	<b>2,376,540</b>	<b>-</b>	<b>73,067</b>	<b>1,605</b>	<b>2,403</b>	<b>366</b>	<b>3,148,394</b>
<b>Gross carrying value basis</b>									
<b>year ended June 30, 2023</b>									
Cost	130,603	838,908	6,456,623	52,693	122,190	5,189	20,815	7,164	7,634,185
Accumulated depreciation	(11,814)	(263,283)	(4,080,084)	(52,693)	(49,123)	(3,584)	(18,412)	(6,798)	(4,485,791)
<b>Closing net book value</b>	<b>118,789</b>	<b>575,625</b>	<b>2,376,540</b>	<b>-</b>	<b>73,067</b>	<b>1,605</b>	<b>2,403</b>	<b>366</b>	<b>3,148,394</b>
<b>June 2022</b>									
<b>Net carrying value basis</b>									
<b>year ended June 30, 2022</b>									
Opening net book value	19,685	407,715	1,655,256	-	36,103	2,892	791	660	2,123,102
Addition (at cost)	41,635	239,049	1,069,587	-	51,553	-	3,182	388	1,405,394
Disposal (at NBV)	-	-	-	-	(15,510)	-	-	-	(15,510)
Depreciation charged	(1,282)	(32,582)	(288,360)	-	(7,444)	(643)	(671)	(501)	(331,483)
<b>Closing net book value</b>	<b>60,038</b>	<b>614,182</b>	<b>2,436,483</b>	<b>-</b>	<b>64,702</b>	<b>2,249</b>	<b>3,302</b>	<b>547</b>	<b>3,181,503</b>
<b>Gross carrying value basis</b>									
<b>year ended June 30, 2022</b>									
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)
<b>Closing net book value</b>	<b>60,038</b>	<b>614,182</b>	<b>2,436,483</b>	<b>-</b>	<b>64,702</b>	<b>2,249</b>	<b>3,302</b>	<b>547</b>	<b>3,181,503</b>
Useful life (in years)	30 - 99	20	5 - 20	5	8	5	5 - 10	3	
For the year	(2,099)	(38,557)	(353,296)	-	(11,376)	(644)	(899)	(397)	(407,268)

### 5.11 Depreciation for the year has been allocated as follows:

	2023	2022
	(Rupees in '000)	
Cost of sales	29	390,359
Administrative and general expenses	30	12,682
Distribution and selling costs	31	4,227
	<b>407,268</b>	<b>331,483</b>

### 5.12 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 Qasim plant)	Plot No. A-5, N.W.I.Z., Port Qasim Authority, Karachi	20,234 Sq. Meters
Leasehold Land (Hub plant)	Mouza Pathra, Tehsil Hub District Lasbella, Balochistan	28,328 Sq. Meters
Leasehold Land (Hub plant)	A-114 to A-123, Hub Industrial Trading Estate District Lasbella, Balochistan	15,000 Sq. Meters

### 5.13 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	5,985	374	5,611	5,800	189	Negotiation	Mr. Amjad Ali	Third Party
Vehicle	2,300	934	1,366	2,100	734	Negotiation	Muhammad Athar Aftab	Third Party

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	Note	2023 (Rupees in '000)	2022
<b>5.2 Capital work-in-progress</b>			
Advance against capital expenditure		<b>77,434</b>	94,834
Building on leasehold land		-	9,193
	5.2.1	<b>77,434</b>	<b>104,027</b>

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

	Cost			
	As at 01 July 2022	Additions	Transfers	As at 30 June 2023
	----- (Rupees in '000) -----			
Advance against capital expenditure	94,834	94,834	94,834	94,834
Building on leasehold land	9,193	9,193	9,193	9,193
	<b>104,027</b>	<b>104,027</b>	<b>104,027</b>	<b>104,027</b>

	Cost			
	As at 01 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
	<b>85,916</b>	<b>309,370</b>	<b>(291,259)</b>	<b>104,027</b>

	Note	2023 (Rupees in '000)	2022
<b>6. RIGHT-OF-USE ASSET</b>			
Balance as at July 01		<b>32,133</b>	42,020
Depreciation	6.1	<b>(9,887)</b>	(9,887)
Balance as at June 30		<b>22,246</b>	<b>32,133</b>

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

	Note	2023	2022
Administrative and general expenses	30	<b>7,415</b>	7,415
Distribution and selling costs	31	<b>2,472</b>	2,472
		<b>9,887</b>	<b>9,887</b>

## 7. LONG TERM LOAN TO EMPLOYEES

	Note	2023	2022
Considered good - secured	7.1	<b>4,804</b>	7,248
Due from employees		<b>(3,194)</b>	(5,368)
Current portion of long term loans		<b>1,610</b>	1,880

## 7.1 Movement of loan to employees

	2023	2022
Opening balance	<b>7,248</b>	4,838
Additions during the year	<b>5,006</b>	12,444
Repayments during the year	<b>(7,450)</b>	(10,034)
Closing balance	<b>4,804</b>	<b>7,248</b>

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**7.1.1** 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.

	Note	2023 (Rupees in '000)	2022
<b>8. LONG TERM DEPOSITS</b>			
Deposits			
Utility deposits		652	652
Security deposits		4,650	9,147
		<u>5,302</u>	<u>9,799</u>
Less: provision against doubtful deposits		(1,094)	(1,094)
	8.1	<u>4,209</u>	<u>8,705</u>

**8.1** These long term deposits are non-interest bearing.

## 9. INVESTMENT IN ASSOCIATE

Carrying value		1,400,000	-
Less: share of loss from Associate		(1,635)	-
	9.1	<u>1,398,365</u>	<u>-</u>

**9.1.** This represents shareholding of 23.41% (2022: nil) comprising of 140,000,000 shares (2022: nil) of Petpak Films (Private) Limited, original cost of the shares was Rs. 10/share.

### 9.2. Movement of investment in associate are as;

Balance as at July 1,		-	-
Investment during the year		1,400,000	-
Share of loss for the year		(1,635)	-
Balance as at June 30,		<u>1,398,365</u>	<u>-</u>

### 9.2.1 Financial details / position of associate are as;

Total assets		9,292,190	-
Total liabilities		3,340,446	-
Revenue for the year		-	-
Loss for the year		<u>637,362</u>	<u>-</u>

**9.3.** The financial year end of Petpak Films (Private) Limited is June 30. Total assets and liabilities disclosed above are based on audited financial statements for the year ended June 30, 2023

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	Note	2023	2022
(Rupees in '000)			
<b>10. STORES AND SPARES</b>			
Stores and spares in hand		338,082	380,139
in transit		-	9,238
		<u>338,082</u>	<u>389,377</u>
Provision against slow moving stores and spares		(48,481)	(48,481)
		<u>289,601</u>	<u>340,896</u>
<b>11. STOCK-IN-TRADE</b>			
Raw and packing material in hand		1,620,218	1,204,123
in transit		223,011	265,670
		<u>1,843,229</u>	<u>1,469,793</u>
Work-in-process		343,106	55,774
Finished goods		1,014,468	1,068,889
		<u>3,200,803</u>	<u>2,594,456</u>
<b>12. TRADE DEBTS</b>			
Unsecured and considered goods Trade debts		1,745,024	2,097,804
Less: allowance for expected credit losses	12.1	(317,433)	(279,544)
		<u>1,427,591</u>	<u>1,818,260</u>
<b>12.1 Allowance for expected credit losses</b>			
Balance as on July 01		279,544	239,246
Provision for the year		37,889	40,298
Balance as on June 30		<u>317,433</u>	<u>279,544</u>
<b>13. LOANS AND ADVANCES</b>			
Unsecured and considered good Loans			
Current maturity of long term loan to employees	7	3,194	5,368
Advances			
- letters of credit fees and expenses		71	218
- suppliers		18,393	316,716
		<u>18,464</u>	<u>316,934</u>
Less: provision against doubtful advances		(3,795)	(3,795)
		<u>17,863</u>	<u>318,507</u>

**13.1** There are no loans and advances to parties other than those to employees and suppliers of goods and services exceeding one million rupees.



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17. CASH AND BANK BALANCES	Note	2023 (Rupees in '000)	2022
Cash in hand		785	759
With Islamic banks			
- current accounts		1,123	1,821
- saving accounts	17.1	125	80
		<u>1,248</u>	<u>1,901</u>
With conventional banks			
- current accounts		579	3,076
- saving accounts	17.1	440	48,324
		<u>1,019</u>	<u>51,400</u>
		<u><u>3,052</u></u>	<u><u>54,060</u></u>

17.1 Rate of return on saving accounts with Islamic bank and conventional bank is 8.75% and 19.50% per annum respectively (2022: 5.5% and 12.25% per annum).

## 18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023 (Number of shares)	2022		2023 (Rupees in '000)	2022
65,380,000	65,380,000	Ordinary shares of Rs. 10 each fully paid in cash	653,800	653,800
73,319,000	27,086,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	733,190	270,860
<u>138,699,000</u>	<u>92,466,000</u>		<u>1,386,990</u>	<u>924,660</u>

18.1 During the year, the Company issued 1 ordinary share as bonus for every 2 shares held.

19. LONG TERM BORROWINGS - SECURED	Note	2023 (Rupees in '000)	2022
Loans from Islamic financial institutions			
Long Term Finance Facility - Diminishing Musharakah	19.1	313,285	268,560
Islamic SBP Refinance Scheme - payroll	19.2	-	34,978
Islamic Temporary Economic Refinance Facility (ITERF)	19.3	708,750	723,749
		<u>1,022,035</u>	<u>1,027,287</u>
Less: Deferred income - government grant	22	(116,111)	(144,439)
Current portion of loans from Islamic financial institutions			
Long Term Finance Facility - Diminishing Musharakah		(71,739)	(87,879)
Islamic SBP Refinance Scheme - payroll		-	(34,328)
Islamic Temporary Economic Refinance Facility (ITERF)		(22,500)	(16,900)
		<u>(94,239)</u>	<u>(139,107)</u>
		<u><u>811,685</u></u>	<u><u>743,741</u></u>

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	Note	2023	2022
		(Rupees in '000)	
<b>19.1 Diminishing musharkah consist of:</b>			
Meezan Bank Limited	19.1.1	-	13,207
Askari Bank Limited - Islamic Banking Branch	19.1.2	<b>62,516</b>	72,000
Bank Alfalah Limited - Islamic Banking Branch	19.1.3	<b>37,200</b>	62,000
Bank AL Habib Limited - Islamic Banking Branch	19.1.4	<b>213,569</b>	121,353
		<b><u>313,285</u></b>	<b><u>268,560</u></b>

**19.1.1** 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 assets of the Company and 25% margin to be covered through 1st Pari Passu charge over general plant and machinery. The loan amount has been fully settled on November 28, 2022. These carry profit at the rate of 6 months KIBOR + 0.7% per annum. The tenure of the facility was five years including one year grace period. The principal is repayable in 8 equal semi-annual instalments.

**19.1.2** 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. 62.52 million as on June 30, 2023 (2022: Rs. 72 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 December 15, 2026.

**19.1.3** 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. 37.2 million as on June 30, 2023 (2022: Rs. 62 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 July 06, 2024.

**19.1.4** 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 loan was fully settled on May 10, 2023. The tenure of facility was three years including one year grace period. The principal amount was repayable in 24 equal monthly instalments.

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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. 84.98 million as on 30 June 2023 (2022: Rs. 92.71) 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.

During the year, the Company has obtained Rs. 128.59 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. 150 million. This carries profit at the rate of 6 months KIBOR plus 1% per annum with a floor of 6% and cap of 25% per annum. The amount outstanding against this loan amounted to Rs. 128.59 million as on June 30, 2023. 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 March 28, 2028.

**19.2** 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 had 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 was 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 was 1.5% per annum. The tenure of this loan was for two and half years including six months grace period and was repayable in eight equal quarterly instalments of Rs. 7.04 million commencing from January 2021 and ended on December 2022.

The Company had 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 was 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 was for two and half years including six months grace period and was repayable in eight equal quarterly instalments of Rs. 6.92 million commencing from January 2021 and ended on December 2022.

**19.3** 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.

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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.

## 20 LEASE LIABILITY

Rental contract for head office is made for a fixed period of 5 years ending September 30, 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.

Note	2023 (Rupees in '000)	2022
Lease liability at July 01	<b>38,809</b>	46,493
Accretion of interest	<b>3,250</b>	4,115
Lease payments	<b>(12,743)</b>	(11,799)
Lease liability at June 30	<b>29,316</b>	<b>38,809</b>
Current portion	<b>15,831</b>	9,495
Non current portion	<b>13,485</b>	29,314
	<b>29,316</b>	<b>38,809</b>

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	Note	2023 (Rupees in '000)	2022
<b>20.1 Maturity analysis-contractual cash flow</b>			
Less than one year		15,831	9,495
Two to five years		13,485	29,314
More than five years		-	-
Total lease liability		<u>29,316</u>	<u>38,809</u>

## 21. DEFERRED LIABILITIES

Staff retirement benefits	21.1	138,360	89,358
Provision against Gas Infrastructure Development Cess	27.1.2	162,894	157,408
Less: current portion		(149,922)	(117,005)
		12,972	40,403
		<u>151,332</u>	<u>129,761</u>

### 21.1 Staff retirement benefits

#### 21.1.1 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 2023 are as follows:

#### 21.1.2 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.

	2023	2022
<b>21.1.3 Actuarial assumptions</b>		
- Discount rate per annum	15.75%	13.50%
- Expected rate of increase in salary level per annum	15.75%	13.50%
- Normal retirement age - years	60	60
- Death rate - mortality table	SLIC 2001-2005	SLIC 2001-2005

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	2023	2022
	(Rupees in '000)	
<b>21.1.4 The amounts recognised in the statement of financial position are as follows;</b>		
Fair value of plan assets	-	-
Present value of defined benefit obligations	<u>138,360</u>	<u>89,358</u>
Net liability	<u>138,360</u>	<u>89,358</u>

## 21.1.5 Movement in present value of defined benefit obligation

Present value of defined benefit obligation at beginning of the year	<b>89,358</b>	46,769
Current Service cost	<b>17,485</b>	13,948
Interest cost	<b>14,447</b>	6,710
Past Service cost	<b>20,846</b>	24,205
Benefits paid	<b>(6,385)</b>	(11,019)
Re-measurement: Actuarial loss on obligation-OCI	<b>2,609</b>	8,745
Present value of defined benefit obligation at end of the year	<u>138,360</u>	<u>89,358</u>

## 21.1.6 Amounts recognised in the statement of profit or loss:

Current Service cost	<b>17,485</b>	13,948
Interest cost	<b>20,846</b>	6,710
Past Service cost	<b>14,447</b>	24,205
	<u>52,778</u>	<u>44,863</u>

## 21.1.7 Amounts recognised in the statement of other comprehensive income:

Re-measurements: actuarial loss on obligation		
- Loss due to change in experience adjustments	<u>2,609</u>	<u>8,745</u>

**21.1.8** Expected gratuity expense in the following year is Rs. 43.580 million (2022: Rs. 27.3 million).

**21.1.9** Weighted average duration of the defined benefit obligation is 11.03 years (2022: 13.78 years).

## 21.1.10 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	13,464	4,085	28,207	5,006	621,467

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	2023	2022
	(Rupees in '000)	
<b>21.1.11 Analysis of present value of defined benefit obligation</b>		
Vested / Non-Vested	<b>114,321</b>	72,588
- Vested benefits	<b>24,039</b>	16,770
- Non - vested benefits	<b>138,360</b>	89,358
Type of benefits	<b>38,389</b>	11,067
- Accumulated benefit obligation	<b>99,970</b>	78,291
- Amount attributed to future salary increase	<b>138,359</b>	89,358

## 21.1.12 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.

	2023	2022
	(Rupees in '000)	
Discount rate + 1%	<b>124,729</b>	<b>80,555</b>
Discount rate - 1%	<b>154,731</b>	<b>99,931</b>
Long term salary increase + 1%	<b>155,866</b>	<b>100,664</b>
Long term salary decrease - 1%	<b>123,591</b>	<b>79,820</b>
Withdrawal rate increase + 10%	<b>150,773</b>	<b>97,375</b>
Withdrawal rate decrease - 10%	<b>113,380</b>	<b>73,225</b>
Mortality rate increase + 1%	<b>154,943</b>	<b>100,530</b>
Mortality rate decrease - 1%	<b>155,658</b>	<b>100,068</b>

## 22. DEFERRED INCOME - GOVERNMENT GRANT

The value of benefit of below-market interest rate on the loans disclosed in note 19 to these financial statements have been accounted for as government grant under International accounting standard - 20 (IAS-20) Government grants.

	2023	2022
	(Rupees in '000)	
Balance at beginning of the year	<b>144,439</b>	43,612
Deferred grant recorded:		
- under Islamic SBP Refinance Scheme - payroll	-	-
- under Islamic Temporary Economic Refinance Facility (ITERF)	-	124,723
	-	124,723
Amortisation of deferred income - government grant	<b>(28,328)</b>	(23,896)
Balance at end of the year	<b>116,111</b>	144,439
Less: current portion of deferred income - government grant	<b>(30,202)</b>	(28,821)
	<b>85,909</b>	115,618

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## 23. DEFERRED TAXATION

Deferred tax comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2023 (Rupees in '000)	2022
Taxable temporary difference			
Accelerated tax depreciation		260,979	264,056
Deductible temporary differences			
Provision for staff gratuity		(40,124)	(25,914)
Net impact of right of use asset and lease liability		(2,051)	(1,936)
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		(154,730)	(131,682)
Minimum tax asset for the tax year 2020		-	(78,065)
Excess of alternative corporate tax over corporate tax for the tax year 2021		-	(8,335)
		<b>(196,905)</b>	<b>(245,932)</b>
		<b>64,074</b>	<b>18,124</b>

## 24. TRADE AND OTHER PAYABLES

Trade creditors including bills payable		1,779,811	2,442,413
Workers' Profit Participation Fund	24.1	263,667	160,474
Contract Liabilities	24.2	207,728	86,114
Current portion of Gas Infrastructure Development Cess	21	149,922	117,005
Accrued expenses	24.3	174,152	69,171
Workers' Welfare Fund		59,488	53,042
Short term compensated absences		22,344	16,190
Sales tax payable		68,181	8,870
Ijarah payable		-	664
Others		16,288	17,291
		<b>2,741,581</b>	<b>2,971,234</b>

### 24.1 Workers' Profit Participation Fund

Balance as at July 01		160,474	68,150
Interest on funds utilised in the Company's business at 19.98% (2022: 18.75%) per annum		29,506	12,778
		<b>189,980</b>	<b>80,928</b>
Allocation for the year		73,687	79,546
Balance as at June 30		<b>263,667</b>	<b>160,474</b>

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**24.2** 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. 84.323 million (2022: Rs. 2.551 million).

**24.3** This includes provision for Sindh Infrastructure Cess of Rs. 132.12 million (2022: Rs. 66.12 million).

In 2017, Provincial Assembly of Sindh vide its Sindh Development and Maintenance of Infrastructure Cess Act, 2017 dated April 12, 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 cess 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 September 01, 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. 132.12 million as on June 30, 2023 (2022: Rs 66.12 million) to the Director, Excise and Taxation, Karachi. However, as a matter of prudence, full cost has been charged in the statement of profit or loss.

	Note	2023 (Rupees in '000)	2022
<b>25. SHORT TERM BORROWINGS - SECURED</b>			
Conventional			
Running finance under mark-up arrangement	25.1	60	104,771
Islamic			
Murabaha	25.2	149,564	372,934
Salam	25.2	-	26,866
Istisna	25.2	940,780	558,958
Running Musharakah	25.3	290,415	120,468
		<b>1,380,819</b>	<b>1,183,997</b>

**25.1** The facility for running finance is for the purpose of meeting working capital requirements. The rate of mark-up is 15.3% to 22.7% (2022: 8.29% to 15.31%) 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 (2022: Rs. 900 million) out of which the amount remained unutilized as at June 30, 2023 was Rs. 674.94 million (2022: Rs. 429.94 million).

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**25.2** The Company has a facility of Rs. 3,050 million (2022: Rs. 2,650 million) from Islamic banks for short term finance under Murabaha, Salam and Istisna financing arrangement for the purpose of financing working capital requirements. These loans are secured through 1st Pari Passu hypothecation charge over stocks and receivables with 25% margin. 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 25.1. These loans carry profit at rates ranging from 11.59% to 20.82% per annum (2022: 9.37% to 15.07% per annum). The facility amount remained unutilized as at June 30, 2023 is Rs. 1,159.66 million (2022: Rs. 1,474.68 million).

**25.3** The facility for Running Musharakah is for the purpose of meeting working capital requirements. The rate of mark-up is 16.5% to 22.2% annual per annum (2022: 8.46% to 14.81% 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. 600 million (2022: Rs. 200 million) out of which the amount remained unutilized as at 30 June 2023 is Rs. 309.58 million (2022: Rs. 79.53 million).

	2023	2022
	(Rupees in '000)	
<b>26. ACCRUED MARKUP</b>		
Accrued markup on short term borrowing		
Conventional		
Running finance	511	493
Islamic		
Running musharka	5,598	1043
	<u>6,109</u>	<u>1,536</u>
Accrued markup on long term borrowing Loans on		
Islamic financial institutions		
Long Term Finance Facility - Diminishing Musharakah	9,797	8,363
Islamic Temporary Economic Refinance Facility (ITERF)	7,400	9,491
	<u>17,197</u>	<u>17,854</u>
	<u><u>23,306</u></u>	<u><u>19,390</u></u>

## 27. CONTINGENCIES AND COMMITMENTS

### 27.1 Contingencies

**27.1.1** The facility for opening letter of guarantees from a banking company amounted to Rs. 350 million (2022: Rs. 250 million). Bank guarantees amounting to Rs. 326.263 million (2022: Rs. 242.66 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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**27.1.2** 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 year 2020, Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 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 view 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 else where and not in review petition. Therefore, the Company, along with other parties, have file 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 December 24, 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

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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. 3.23 million during the year ended 30 June 2023. Further, as at June 30, 2023, current and non-current portion of GIDC provision has been separately disclosed in the statement of financial position.

**27.1.3** Sui Southern Gas Company Limited had increased rate of Natural Gas, in year 2021, 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 the 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. 38.36 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.

## 27.2 Commitments

### 27.2.1 Letters of credit

The Company has facilities of Rs. 3,150 million (2022: Rs. 3,050 million) for opening letters of credit. At June 30, 2023, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 834.835 million (2022: Rs. 372.84 million).

### 27.2.2 Ijarah financing

The Company has car ijarah facility from Askari Bank Limited - Islamic banking branch amounting to Rs. 68 million (2022.: Rs. 70 million). During the year the Company has settled the complete obligation under Ijarah and got the ownership of the cars from Askari Bank Limited Islamic banking. As per requirement of Islamic financial accounting standards - 2 (IFAS-2) Ijarah financing has been treated as an operating lease.

**2023**                      **2022**  
**(Rupees in '000)**

The total of future ijarah payment under arrangement are as follows:

Not later than one year	-	3,467
Later than one year and not later than five years	-	7,067
	<u>-</u>	<u>10,534</u>

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28. REVENUE FROM CONTRACTS WITH CUSTOMERS	Note	2023 (Rupees in '000)	2022
Local sales		17,035,706	14,490,848
Less: Sales tax		<u>(2,610,476)</u>	<u>(2,179,599)</u>
		<u><b>14,425,230</b></u>	<u><b>12,311,249</b></u>

## 28.1 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 major product lines:

	2023 (Rupees in '000)	2022
<b>Major product lines:</b>	<b>4,418,999</b>	4,815,835
PET resin	<b>5,667,234</b>	3,752,906
Preform	<b>4,334,898</b>	3,710,341
Crowns and plastic caps	<b>4,099</b>	32,167
Others	<u><b>14,425,230</b></u>	<u><b>12,311,249</b></u>
<b>Sales channels</b>	<u><b>14,425,230</b></u>	<u><b>12,311,249</b></u>
Goods sold directly to customers		

## 29. COST OF SALES

Raw and packing material consumed			
- Opening stock		1,469,793	656,254
- Purchases		<u>10,315,562</u>	<u>9,398,201</u>
		<b>11,785,355</b>	<b>10,054,455</b>
- Closing stock		<u>(1,843,229)</u>	<u>(1,469,793)</u>
		<b>9,942,126</b>	<b>8,584,662</b>
Salaries, wages and other benefits	29.1	<b>457,238</b>	354,492
Fuel and power		<b>645,780</b>	440,245
Depreciation	5.1.1	<b>390,359</b>	317,615
Stores and spares consumed		<b>345,904</b>	214,783
Travelling and conveyance		<b>61,616</b>	43,021
Rent, rates and taxes		<b>104,571</b>	80,966
General expenses		<b>33,058</b>	25,802
Insurance		<b>30,384</b>	17,698
Repairs and maintenance		<b>66,596</b>	15,564
Printing and stationary		<b>2,040</b>	2,455
Communication		<b>276</b>	458
		<u><b>12,079,948</b></u>	<u><b>10,097,761</b></u>

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	Note	2023 (Rupees in '000)	2022
Opening stock of work-in-process		55,773	455,328
Closing stock of work-in-process		(343,106)	(55,773)
Cost of goods manufactured		<u>11,792,615</u>	<u>10,497,316</u>
Opening stock of finished goods		1,068,889	559,129
Closing stock of finished goods		(1,014,468)	(1,068,889)
		<u>11,847,036</u>	<u>9,987,556</u>

**29.1** Salaries, wages and other benefits include Rs. 47.21 million (2022: Rs. 35.89 million) in respect of staff gratuity expense.

		2023 (Rupees in '000)	2022
<b>30. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries and other benefits	30.1	44,515	46,093
Charity and donation	30.2	78,710	31,000
Depreciation	5.1.1 & 6.1	20,097	17,816
Legal and professional charges		3,945	8,411
Printing, stationary and subscription fees		9,215	6,396
Travelling and conveyance		11,091	6,276
Insurance		5,165	4,167
Ijarah rental		2,494	3,250
Repair and maintenance		2,836	2,673
Communication		3,878	1,507
Fuel and power		1,157	1,167
Auditor's remuneration	30.3	2,274	2,204
Other expenses		3,232	2,861
		<u>188,609</u>	<u>133,821</u>

**30.1** Salaries and other benefits include Rs. 4.167 million (2022: Rs. 6.73 million) in respect of staff gratuity expense.

## 30.2 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:

	2023 (Rupees in '000)
Dhoraji Association	<u>70,000</u>

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

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	Note	2023 (Rupees in '000)	2022
<b>30.3 Auditor's remuneration</b>			
Annual audit		1,080	1,080
Half yearly review		474	432
Other certifications		324	324
Out of pocket expenses		396	368
		<u>2,274</u>	<u>2,204</u>
<b>31. DISTRIBUTION AND SELLING COSTS</b>			
Salaries and other benefits	31.1	14,838	15,364
Outward freight and handling charges		241,215	170,287
Depreciation	5.1.1 & 6.1	6,699	5,939
Sales promotion, maintenance and warranties		38,000	-
Printing and Stationery		3,072	2,132
Travelling and conveyance		3,697	2,092
Repair and maintenance		945	891
Communication		1,293	502
Fuel and power		386	389
Other expenses		1,081	1,812
		<u>311,226</u>	<u>199,408</u>
<b>31.1</b>	Salaries and other benefits include Rs. 1.389 million (2022: Rs. 2.24 million) in respect of staff gratuity expense.		
		2023	2022
		(Rupees in '000)	
<b>32. OTHER OPERATING EXPENSES</b>			
Exchange loss - net		220,555	150,625
Workers' Profit Participation Fund		73,687	79,546
Workers' Welfare Fund		28,001	31,502
Loss on sale of investments classified as at FVTPL		-	8,902
Share of loss on investment in associate		1,635	-
Bank balance written off		-	104
Unrealised loss on remeasurement of investment		2,113	-
		<u>325,991</u>	<u>270,679</u>
<b>33. OTHER INCOME</b>			
<b>Income and loss from financial instrument</b>			
Profit on saving accounts		6,063	6,174
Dividend income		71	9,589
Unrealised gain on remeasurement of investment		-	2,284
<b>Income from non-financial instrument</b>			
Gain on disposal of property, plant and equipment		1,174	4,191
Amortisation of deferred income - government grant		28,328	23,896
Net remeasurement gain on provision of GIDC		3,230	3,961
		<u>38,866</u>	<u>50,095</u>

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	Note	2023 (Rupees in '000)	2022
<b>34. FINANCE COSTS</b>			
<b>Islamic</b>			
Mark-up on:			
- long term finance		46,586	25,440
- short term murabaha		21,963	30,712
- short term istisna		159,595	103,430
- short term running musharakah		29,180	2,659
- SBP refinance scheme and ITERF		54,794	45,410
		<b>312,118</b>	207,651
<b>Conventional</b>			
Mark-up on:			
- short term running finance	24.1	20,346	10,386
Interest on workers' profit participation fund		29,506	12,778
Interest expense on lease liability		3,250	4,115
Interest expense on GIDC		8,715	9,201
Bank charges		7,354	4,305
		<b>48,825</b>	30,399
		<b>381,289</b>	248,436

**34.1** Mark-up paid amounting to Rs. 209.73 million (2021: Rs. 209.73 million).

## 35. TAXATION

Current	528,426	310,549
Prior year	-	2,596
Deferred	45,950	181,788
	<b>574,376</b>	494,933

### 35.1 Relationship between income tax expense and accounting profit

Accounting profit for the year	1,372,056	1,481,146
Tax at the applicable tax rate of 29% (2022: 29%)	397,896	429,532
Super Tax @ 10% (2022: 4%)	157,994	58,946
Tax effect of prior year adjustments	-	2,596
Tax effect of permanent differences	613	1,239
Others	17,873	2,620
	<b>574,376</b>	494,933
Tax expense for the year	<b>574,376</b>	494,933

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

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## 36. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company to 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.

	Note	2023 (Rupees in '000)	2022
Profit after tax		<b>797,680</b>	986,213
			(Number)
Weighted average number of ordinary shares outstanding during the year (2022: adjusted for Bonus issue)	36.1	<b><u>138,699,000</u></b>	<u>138,699,000</u>
Earnings per share - basic and diluted (Rupees)		<b>5.75</b>	Restated 7.11

**36.1** Earnings per share and weighted average number of ordinary shares for prior year is restated for effect of bonus shares issued during the year @ 50%.

## 37. 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	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in '000)							
Managerial remuneration	6,000	6,000	4,800	4,800	47,683	51,612	58,483	62,412
Gratuity	-	-	-	-	4,024	4,307	4,024	4,307
Leave encashment	-	-	-	-	2,925	2,424	2,925	2,424
Other allowances	-	-	-	-	8,682	8,053	8,682	8,053
	<u>6,000</u>	<u>6,000</u>	<u>4,800</u>	<u>4,800</u>	<u>63,314</u>	<u>66,396</u>	<u>74,114</u>	<u>77,196</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>13</u>	<u>18</u>	<u>15</u>	<u>20</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.

**37.1** An aggregate amount of Rs. 1,960,000 (2022: Rs. 995,000) was paid to Directors during the year on account of meeting fees.

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## 38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial risk management

The Board of Directors of the Company has the overall responsibility for the establishment and over sight 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.

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.

### 38.1 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 meets 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 is as follows :

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	2023	2022
	(Rupees in '000)	
Trade debts	1,427,591	1,818,260
Loan to employees	4,804	7,248
Deposits	13,947	15,760
Other receivables	2,032	2,032
Bank balances	3,052	53,301
	<u>1,451,426</u>	<u>1,896,601</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.

	2023			2022		
	Gross	Expected credit losses	Credit Impaired	Gross	Expected credit losses	Credit Impaired
	----- (Rupees in '000) -----					
Current (not past due)	1,314,674	19,720	No	1,412,744	10,394	No
1-90 days past due	100,225	10,920	No	347,180	4,485	No
91-150 days past due	53,967	11,333	No	32,344	3,198	No
151-210 days past due	1,397	698	No	42,563	20,344	No
211-270 days past due	-	-	No	47,762	25,912	No
271-360 days past due	69,070	69,070	Yes	526	526	Yes
More than 360 days past due	205,691	205,692	Yes	214,685	214,685	Yes
	<u>1,745,024</u>	<u>317,433</u>		<u>2,097,804</u>	<u>279,544</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 12.1.

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.

# Pakistan Synthetics Limited

## 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 (2022: AA- to AAA).

## 38.2 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 25 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):

	2023			
	Contractual cash flows			
	Carrying amount	Total contractual cash flows	Upto one year	Two to five years
----- (Rupees in '000) -----				
<b>Non-derivative Financial liabilities</b>				
Long term borrowings including deferred income and mark up thereon	1,039,231	(1,246,971)	(235,382)	(1,011,589)
Trade and other payables	2,350,245	(2,350,245)	(2,350,245)	-
Short-term borrowings including mark up thereon	1,382,354	(1,382,354)	(1,382,354)	-
Lease Liabilities	29,316	(32,412)	(13,762)	(18,650)
	<u>4,801,146</u>	<u>(5,011,982)</u>	<u>(3,981,743)</u>	<u>(1,030,239)</u>
	2022			
	Contractual cash flows			
	Carrying amount	Total contractual cash flows	Upto one year	Two to five years
	----- (Rupees in '000) -----			
<b>Non-derivative Financial liabilities</b>				
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)
	<u>5,018,331</u>	<u>(5,203,413)</u>	<u>(4,170,555)</u>	<u>(1,032,858)</u>

# Pakistan Synthetics Limited

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

## 38.3 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. Market risk comprises of currency risk, inherent rate risk and other risk. The Company is exposed to currency risk, price risk and interest rate risk only.

### 38.3.1 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:

	2023		
	Rupees	US Dollars	Euro
	----- (In '000) -----		
Foreign creditors	<u>(732,572)</u>	<u>(2,549)</u>	<u>(13)</u>
Gross balance sheet exposure	<u><u>(732,572)</u></u>	<u><u>(2,549)</u></u>	<u><u>(13)</u></u>
	2022		
	Rupees	US Dollars	Euro
	----- (In '000) -----		
Foreign creditors	<u>(927,371)</u>	<u>(4,481)</u>	<u>(20)</u>
Gross balance sheet exposure	<u><u>(927,371)</u></u>	<u><u>(4,481)</u></u>	<u><u>(20)</u></u>

The following exchange rates has been applied:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
USD to PKR	247.00	178.00	287.10	206.00
Euro to PKR	265.00	200.40	314.27	215.75

# Pakistan Synthetics Limited

## 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	
	2023	2022
	(Rupees in '000)	
USD	(36,591)	(46,150)
EURO	(206)	(219)
	<u>(36,797)</u>	<u>(46,369)</u>

## 38.3.2 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 change 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 is as follows:

	Interest rate		Carrying amount	
	2023	2022	2023	2022
	(Percentage)		(Rupees in '000)	
Fixed rate instruments				
Lease liability	10.0%	10.0%	<u>29,316</u>	<u>38,809</u>
Variable rate instruments				
Bank balances (saving accounts)	8.75% to 19.50%	5.5% to 12.25%	<u>565</u>	<u>48,404</u>
Variable rate instruments				
Long term borrowings	1.5% - 23.07%	1.5% - 16.4%	(1,039,231)	(1,045,142)
Short term borrowings	11.59% to 20.82%	9.37% - 15.07%	<u>(1,382,354)</u>	<u>(1,185,532)</u>
			<u>(2,421,585)</u>	<u>(2,230,674)</u>

## 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, 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. 3.45 million (2022: Rs. 2.16 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.

# Pakistan Synthetics Limited

## 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	
	2023	2022
	(Rupees in '000)	
Financial assets		
Bank balance	565	48,404
Financial liability		
Borrowing from banks	(2,421,585)	(2,230,674)
Lease liability	(29,316)	(38,809)
Net balance exposed to interest rate risk	<u>(2,450,336)</u>	<u>(2,221,079)</u>

Loan to employees amounting to Rs. 4.8 million (2022: Rs. 7.25 million) as mentioned in note 7.1 have not been included in the above table as it is not material.

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

	2023				Total
	Other Short term borrowings including markup thereon	Long term borrowings including deferred income and markup thereon	Lease liability	Unclaimed dividend	
	----- (Rupees in '000) -----				
Balance as at July 01 2022	958,758	1,045,142	38,809	5,387	2,048,096
Changes from financing cash flows:					
Repayments of long term borrowings	-	(133,841)	-	-	(133,841)
Proceeds from long term borrowings	-	128,588	-	-	128,588
Lease rentals paid	-	-	(12,743)	-	(12,743)
Dividend paid	-	-	-	-	-
Changes in short term borrowings relating to financing activities	92,708	-	-	-	92,708
Total changes from financing activities	92,708	(5,253)	(12,743)	-	74,712
Other changes:					
Addition to lease	-	-	-	-	-
Amortisation of government grant	-	(28,328)	-	-	(28,328)
Finance cost	181,558	101,380	3,250	-	286,188
Finance cost paid	(142,680)	(73,710)	-	-	(216,390)
Total loan related other changes	38,878	(658)	3,250	-	41,470
Total equity related other changes	-	-	-	(2,225)	(2,225)
Balance as at 30 June 2023	<u>1,090,344</u>	<u>1,039,231</u>	<u>29,316</u>	<u>3,162</u>	<u>2,162,053</u>

# Pakistan Synthetics Limited

	2022				
	Other Short term borrowings including markup thereon	Long term borrowings including deferred income and markup thereon	Lease liability	Unclaimed dividend	Total
	----- (Rupees in '000) -----				
Balance as at July 01, 2022	876,193	556,752	46,493	4,219	1,483,657
Changes from financing cash flows:					
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
<b>Other changes:</b>					
Lease addition and termination - net	-	-	-	-	-
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 June 30, 2022	958,758	1,045,142	38,809	5,387	2,048,096

## 38.3.3 Price risk

Price risk is the risk that the fair value or the future cashflows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to changes in fair value or cash flows of its investment in associate.

## 39 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.



# Pakistan Synthetics Limited

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.

## 40. 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 terms approved by the board of directors of the company.

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

	2023 (Rupees in '000)	2022
Key management personnel compensation Managerial remunerations	<u>58,483</u>	<u>62,412</u>
Others	<u>15,631</u>	<u>14,784</u>
Consultancy services by Mr. Mubbashir Amin (Non-Executive Director)	<u>-</u>	<u>5,700</u>
Payable to Mr. Mubbashir Amin against consultancy services	<u>-</u>	<u>1,500</u>
Investment in PetPak Films Private Limited	<u>1,400,000</u>	<u>-</u>
Share of loss from investment in associate	<u>1,635</u>	<u>-</u>

40.1 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 / Investment
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

# Pakistan Synthetics Limited

40.2 No associated company owns any shares of the Company.

	2023 (Rupees in '000)	2022
<b>41. CASH GENERATED FROM OPERATIONS</b>		
Profit before tax	<b>1,372,056</b>	1,481,146
Adjustment for non cash items:		
Depreciation on property, plant and equipment	<b>407,268</b>	331,483
Depreciation on right of use asset	<b>9,887</b>	9,887
Charge for staff gratuity	<b>52,778</b>	44,863
Profit on saving accounts	<b>(6,063)</b>	(6,174)
Gain on disposal of property, plant and equipment	<b>(1,174)</b>	(4,191)
Unrealised exchange loss	<b>684</b>	45,761
Finance costs	<b>339,818</b>	235,120
Interest expense on lease liability	<b>3,250</b>	4,115
Unrealised loss / (gain) on remeasurement of short term investment	<b>2,113</b>	(2,284)
Amortisation of deferred income - government grant	<b>(28,328)</b>	(23,896)
Net remeasurement gain on provision of GIDC	<b>(3,230)</b>	(3,961)
Interest expense on GIDC	<b>8,715</b>	9,201
Provision against expected credit losses	<b>37,889</b>	40,298
Loss on investment in associate	<b>1,635</b>	-
	<b>2,197,298</b>	2,161,368
Decrease / (increase) in current assets:		
Stores and spares	<b>51,295</b>	(25,368)
Stock in trade	<b>(606,347)</b>	(923,744)
Trade debts	<b>352,780</b>	(830,192)
Loans and advances	<b>298,470</b>	(243,474)
Short term deposits and prepayments	<b>(2,123)</b>	68
Short term investment - net	<b>(70)</b>	(3,057)
Other receivables	<b>89,081</b>	(89,081)
	<b>183,086</b>	(2,114,848)
Increase in current liabilities:		
Trade and other payables	<b>(266,524)</b>	1,258,081
Working capital changes	<b>2,113,860</b>	1,304,601
Long term deposit - net	<b>4,496</b>	814
Long term loan to employees - net	<b>2,444</b>	(461)
Cash generated from operations	<b>2,120,801</b>	1,304,954
Staff gratuity paid	<b>(6,385)</b>	(11,019)
Net cash generated from operating activities	<b>2,114,416</b>	1,293,935

# Pakistan Synthetics Limited

		2023	2022
		(Rupees in '000)	
<b>42.</b>	<b>PLANT CAPACITY AND PRODUCTION</b>		
	Capacity available - Plastic and crown caps	Cartons	558,570
	Actual production - Plastic and crown caps	Cartons	558,570
	Capacity available - PET resin	Metric tons	625,325
	Actual production - PET resin	Metric tons	28,000
	Capacity available - PET preform	Octabins	22,397
	Actual production - PET preform	Octabins	22,221
			52,000
			39,000
			<u>38,034</u>
			<u>29,831</u>

**42.1** 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.

## 43. 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. The company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserve. the gearing ratios as at June 30, 2023 and 2022 are as follows:

	2023	2022
	(Rupees in '000)	
Long term borrowings	905,924	882,848
Lease liability	29,316	38,809
Accrued markup	23,306	19,390
Deferred staff retirement liabilities	151,332	129,761
Short term borrowings	1,380,819	1,183,997
Total Debt	2,490,697	2,254,805
Less: cash and bank balances	(3,052)	(54,060)
Net debt	2,487,645	2,200,745
Share Capital	1,386,990	924,660
Reserve	2,523,571	2,190,073
Total Equity	3,910,561	3,114,733
Total Capital	6,398,206	5,315,478
Gearing Ratio	39%	41%

## 44. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision maker. The chief executive officer has been identified as the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

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# Pakistan Synthetics Limited

	2023	2022
	(Rupees in '000)	
<b>45. NUMBER OF EMPLOYEES</b>		
Total employees of the Company at year end	<u>426</u>	<u>431</u>
Average employees of the Company during the year	<u>413</u>	<u>400</u>

## 46 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation. However there were no major reclassification during the year.

## 47 AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on **September 28, 2023**.

# Pakistan Synthetics Limited

## PATTERN OF SHAREHOLDING - FORM "34

SHAREHOLDERS STATISTICS AS AT JUNE 30, 2023

NUMBER OF SHARE HOLDERS	SHARE HOLDING			TOTAL SHARES
	FROM		TO	HELD
316	1	-	100	9,897
399	101	-	500	108,846
148	501	-	1000	118,988
390	1001	-	5000	833,917
63	5001	-	10000	446,451
17	10001	-	15000	214,740
7	15001	-	20000	130,033
6	20001	-	25000	138,435
4	25001	-	30000	105,786
2	30001	-	35000	67,912
8	35001	-	40000	300,037
2	45001	-	50000	97,425
1	50001	-	55000	50,250
2	55001	-	60000	114,000
1	60001	-	65000	62,025
1	70001	-	75000	72,435
1	75001	-	80000	75,750
1	105001	-	110000	107,910
1	115001	-	120000	117,150
1	240001	-	245000	241,312
1	250001	-	255000	250,476
1	400001	-	405000	400,698
1	1155001	-	1160000	1,155,600
1	2875001	-	2880000	2,875,125
1	3100001	-	3105000	3,102,975
1	3900001	-	3905000	3,900,436
1	10575001	-	10580000	10,577,457
1	10860001	-	10865000	10,864,317
1	11160001	-	11165000	11,161,537
1	11855001	-	11860000	11,856,793
1	21985001	-	21990000	21,985,438
1	27625001	-	27630000	27,626,605
1	29525001	-	29530000	29,528,244
<b>1384</b>				<b>138,699,000</b>

# Pakistan Synthetics Limited

## PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,336	126,945,557	91.53%
2	NIT / ICP	4	3,904,066	2.81%
3	INVESTMENT COMPANIES	12	30,941	0.02%
4	INSURANCE COMPANIES	3	3,105,219	2.24%
5	COMMERCIAL BANK	2	2,626	0.00%
6	JOINT STOCK COMPANIES	17	208,507	0.15%
7	MODARABA	3	1,815	0.00%
8	MUTUAL FUND	3	4,080,975	2.94%
9	OTHERS	4	419,294	0.30%
		<b>1,384</b>	<b>138,699,000</b>	<b>100.00%</b>

Following trade in shares by Directors, Executives and their spouses and minor children was made during the year;

### NIT and ICP

1	National Investment (Unit) Trust	3,900,436
2	Investment Corporation of Pakistan	2,970
3	National Bank of Pakistan Trustee Dept.	495
4	National Bank of Pakistan Trustee Wing	165
		<b>3,904,066</b>

### Directors, CEO & their Spouses

1	Mr. Yakoob Haji Karim - Director	27,626,605
2	Mrs. Shahida (W/o Mr. Yakoob Haji Karim)	10,864,317
3	Mr. Noman Yakoob - Director	29,528,244
4	Mrs. Nida Noman Yaqoob	11,856,793
5	Mubbashir Amin	825
6	Mr. Abid Umer - Director	825
7	Khurshid Akhtar	825
8	Mr. Faraz Younus Bandukda	1,267
9	Ms. Sadaf Shabbir	750
		<b>79,880,451</b>

### Executives

Nil

### Public Sector Companies & Corporation

State Life Insurance Corp. of Pakistan	3,102,975
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### Banks, Development Finance Institutions, Banking

Finance Institutions, Insurance Companies, Modarabas	665,427
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### Mutual Funds

Golden Arrow Selected Stocks Fund Ltd.	2,875,125
CDC-Trustee AKD Opportunity Fund	1,155,600
DCCL - Trustee AKD Islamic Stock Fund	50,250
	<b>4,080,975</b>

### Individuals

47,065,106

**Total 138,699,000**

### Shareholders holding 10% or more

Mr. Noman Yakoob	21.29%	29,528,244
Mr. Yakoob Haji Karim	19.92%	27,626,605
Mr. Anis Yaqoob	15.85%	21,985,438

### Associated Companies, Undertakings & Related Parties

NIL

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# Pakistan Synthetics Limited

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Saturday, October 28, 2023 at 10:30 a.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 20th Extra Ordinary General Meeting of the Company held on June 21, 2023.
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, 2023.
3. To appoint Auditors of the Company and to fix their remuneration. The retiring auditors' M/S. BDO Ebrahim & Co., Chartered Accountants being eligible have offered themselves for reappointment.

To transact any other business with the permission of the Chair

By the Order of the Board

Date: October 06, 2023  
Karachi

**MUHAMMAD IMRAN**  
**COMPANY SECRETARY**

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# 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 Saturday, October 21,

2023 to Saturday, October 28, 2023 (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 20, 2023 will be treated in time to attend the Thirty Eighth 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, duly executed should be deposited at the Registered Office of the Company at least 48 hours before the time of the Thirty Eighth 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 & Bank Account details

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

### 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

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# Pakistan Synthetics Limited

## NOTICE OF ANNUAL GENERAL MEETING

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](mailto: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

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

### 8. TRANSMISSION OF ANNUAL REPORT

In terms of approval of the shareholders of the Company in 20th Extraordinary General Meeting held on 21 June, 2023 and pursuant to SECP's Notification No. SRO 389(1)/2023 dated 21 March 2023, the Annual Report for the financial year ended on 30 June 2023 of the Company containing inter alia the audited financial statements, auditors' report, directors, and chairman's reports thereon may be viewed and downloaded by following the QR code and website as given under:

<b>WEBLINK</b> <a href="https://pslpet.com/annual-reports/">https://pslpet.com/annual-reports/</a>	<b>QR CODE</b> 
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The shareholders who wish to receive a hard copy of the Annual Report may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company [www.pslpet.com](http://www.pslpet.com). The Company then will provide a free-of-cost hard copy of the Annual Report to the shareholders within one week of the request.

### 1. AVAILABILITY ON WEBSITE:

The notice of the Annual General Meeting under Section 134(3) of the Companies Act, 2017 has been placed on the website of the Company [www.pslpet.com](http://www.pslpet.com). In addition to its dispatch to the shareholders.

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# Pakistan Synthetics Limited

## FORM OF PROXY

### THIRTY EIGHTH 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 / or proxy in my / our absence to attend and vote for me / us and on my / our behalf at Thirty Eighth Annual General Meeting of the Company to be held on 28 October, 2023 and / or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Signed by the said \_\_\_\_\_

In the presence of 1. \_\_\_\_\_

2. \_\_\_\_\_

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

Signature on Revenue  
Stamp of Appropriate  
Value

#### IMPORTANT

1. This Proxy Form, duly completed and signed must be received at the Registered Office of the Company at Office # 1504, 155h 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 name 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 will the Proxy Form.





If undelivered please return to:

**PAKISTAN SYNTHETICS LIMITED**

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