

MOVING FORWARD

QUARTERLY REPORT
SEPTEMBER **2021**



Synthetic Products Enterprises Limited



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Company Information

The Board of Directors

Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	CEO
Dr. S. M. Naqi	Director
Mr. Haroon Sharif	Director
Mr. Muhammad Tabassum Munir	Director
Mr. Khawar Anwar Khawaja	Director
Mr. Raza Haider Naqi	Director
Dr. Nighat Arshad	Director
Mr. Sheikh Naseer Hyder	Director
Mr. Abid Saleem Khan	Director

Chief Financial Officer

Mr. Khalil Ahmad Hashmi FCA

Company Secretary

Mr. Muhammad Kamran Farooq ACMA

Audit Committee

Mr. Haroon Sharif	Committee Chairman
Mr. Almas Hyder	Member
Dr. S. M. Naqi	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Raza Haider Naqi	Member

HR & R Committee

Mr. Khawar Anwar Khawaja	Committee Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Dr. Nighat Arshad	Member
Mr. Abid Saleem Khan	Member

Finance Committee

Mr. Almas Hyder	Committee Chairman
Mr. Haroon Sharif	Member
Mr. Zia Hyder Naqi	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Abid Saleem Khan	Member

Registered Office

127-S, Quid-e-Azam Industrial
Estate Kot Lakhpat Lahore
Ph: 042 111 005 005
Fax: 024-35118507

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Head of Internal Audit

Mr. Abu Bakar ACA

Tax Advisors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Cornelius Lane and Mufti

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street 2, DHA, Phase VII, Karachi
Pakistan.

Phone: +92 (21) 111-000-322

Email: secretariat@thk.com.pk

Bankers

Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan)
Limited
Bank Islami Pakistan Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited
Habib Metropolitan Bank Limited

Factories

4-km Off Feroz Pur Road Raiwind
Lilliani Link Road, Pandoki Lahore.
41- Rahim Yar Khan Industrial Estate,
KLP Road, Rahim Yar Khan.
12-A Down Stream Industrial Unit,
Pakistan Steel, Karachi.

Stock Symbol

SPEL

Website

www.spelgroup.com

Synthetic Products Enterprises Limited

Directors' Review of the Condensed Interim Financial Information

For the Quarter ended 30 September 2021

Dear Shareholders,

The Directors of Synthetic Products Enterprises Limited are pleased to present your Company's unaudited condensed interim financial information for the quarter ended 30 September 2021 along with the Directors' review thereon.

Financial Analysis

	Quarter Ended	
	30 Sep 2021	30 Sep 2020
	PKR	PKR
	Millions	Millions
Sales – net	1,432.4	896.8
Cost of Sales	(1,128.4)	(710.1)
Gross Profit	304.0	186.7
Operating Profit	243.3	137.4
Profit before tax	214.5	124.1
Profit after tax	158.5	87.6
EPS – Basic (PKR)	1.71	0.98

During the period under review, the Company has faced hike in the currency exchange rate and other inflationary pressures arising in the country. Despite these challenges your Company has registered 60% growth in its turnover and delivered 81% growth in net profit after tax compared to the same quarter of the previous year due to better utilization of resources.

Outlook

The Company is enlarging its footprints and exploring new markets. Karachi plant has become operational and increasing its production capacity gradually as per the plan.

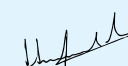
Despite the exchange rate fluctuation & other macro economic challenges the Company remains committed to supplying quality products and delivering on time to its customers as it is our promise of reliability.

Acknowledgment

We would like to thank our valued customers for their confidence and trust in the Company's products. We are also thankful to all other stakeholders including dealers, suppliers, bankers, shareholders and employees for providing continuous support.



Chief Executive Officer



Director

Lahore
25 October 2021

Synthetic Products Enterprises Limited

Condensed Interim Statement of Financial Position

As at 30 September 2021

		Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
	Note		
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5	924,703,780	924,703,780
Share premium		432,604,193	432,604,193
Accumulated profit		1,834,033,909	1,675,496,038
Fair value reserve on investment		(2,308,341)	(1,671,998)
Surplus on revaluation of land		330,031,765	330,031,765
Shareholders' equity		3,519,065,306	3,361,163,778
LIABILITIES			
<u>Non-current liabilities</u>			
Long term loans - secured	6	418,386,161	289,882,825
Lease liabilities	7	9,906,586	6,332,188
Deferred income -Government grant	8	52,140,167	322,160
Deferred taxation		232,171,935	219,550,050
		712,604,849	516,087,223
<u>Current liabilities</u>			
Trade and other payables	9	209,819,702	292,209,676
Short term borrowings	10	487,905,977	112,370,444
Contract Liabilities		11,002,787	25,216,514
Current maturity of long term liabilities	11	186,972,897	213,518,377
Unclaimed dividend		2,870,151	2,870,151
Accrued mark up		16,142,582	9,004,485
		914,714,096	655,189,647
		5,146,384,251	4,532,440,648

Contingencies and commitments


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The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore


Chief Executive Officer


Director



Chief Financial Officer

		Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
	Note		
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment			
- Operating fixed assets	13.1	2,755,735,078	2,404,803,631
- Capital work in progress	13.2	288,672,172	349,520,613
- Right of use assets	13.3	33,620,238	30,498,020
Intangibles		327,751	354,325
Long term investments	14	2,020,335	2,656,679
Long term deposits		14,806,217	14,806,217
		3,095,181,791	2,802,639,485
<u>Current assets</u>			
Stores, spares and loose tools		69,881,264	49,495,183
Stock-in-trade	15	1,012,831,751	708,308,204
Trade debts - unsecured		655,856,733	593,928,707
Advance income tax - net of provision		159,188,203	166,332,104
Advances, deposits, prepayments and other receivables		116,967,234	13,737,520
Short term investments		-	130,000,000
Cash and bank balances		36,477,275	67,999,445
		2,051,202,460	1,729,801,163
		5,146,384,251	4,532,440,648

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Profit or Loss (Un-audited)

For the quarter ended 30 September 2021


		Quarter ended	
		30 September 2021	30 September 2020
	Note	Rupees	Rupees
Sales - net	16	1,432,499,194	896,893,128
Cost of sales	17	(1,128,436,079)	(710,158,337)
Gross profit		304,063,115	186,734,791
Administrative expenses		(52,890,174)	(38,566,008)
Selling and distribution expenses		(7,848,925)	(10,745,108)
Operating profit		243,324,016	137,423,675
Other income		6,935,756	7,005,933
Other charges		(16,959,909)	(10,130,776)
Finance cost	18	(18,722,390)	(10,129,283)
Profit before taxation		214,577,473	124,169,549
Taxation		(56,039,602)	(36,515,758)
Profit after taxation		158,537,871	87,653,791
			<i>Re-stated</i>
Earnings per share - basic and diluted	19	1.71	0.98

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended 30 September 2021


	Quarter ended	
	30 September 2021 Rupees	30 September 2020 Rupees
Profit after taxation	158,537,871	87,653,791
<u>Other comprehensive income/(loss) for the period</u>		
<i>Item that will not be recognized to profit or loss:</i>		
Fair value gain/(loss) on investments at FVOCI	(636,343)	1,275,544
Total comprehensive income for the period	157,901,528	88,929,335

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended 30 September 2021

	Capital Reserve			Revenue Reserve		Total
	Issued subscribed and paid-up capital	Share Premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	
	----- Rupees -----					
Balance as at 30 June 2020 - audited	884,884,000	347,391,050	330,031,765	(2,486,683)	1,303,751,649	2,863,571,781
<u>Total comprehensive income</u>						
Profit for the quarter ended 30 September 2020	-	-	-	-	87,653,791	87,653,791
Other comprehensive income for the quarter ended 30 September 2020	-	-	-	1,275,544	-	1,275,544
	-	-	-	1,275,544	87,653,791	88,929,335
Balance as at 30 September 2020 - un-audited	<u>884,884,000</u>	<u>347,391,050</u>	<u>330,031,765</u>	<u>(1,211,139)</u>	<u>1,391,405,440</u>	<u>2,952,501,116</u>
<u>Total comprehensive income</u>						
Profit for nine months period ended 30 June 2021	-	-	-	-	372,578,998	372,578,998
Other comprehensive income for the nine months period ended 30 June 2020	-	-	-	(460,859)	-	(460,859)
	-	-	-	(460,859)	372,578,998	372,118,139
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2020 @ Rs. 1 per share	-	-	-	-	(88,488,400)	(88,488,400)
Ordinary shares issued during the year (@ Rs. 32 each including premium of Rs. 22 per share)	39,819,780	87,603,516	-	-	-	127,423,296
Transaction cost incurred for issuance of ordinary shares	-	(2,390,373)	-	-	-	(2,390,373)
	39,819,780	85,213,143	-	-	(88,488,400)	36,544,523
Balance as at 30 June 2021 - audited	<u>924,703,780</u>	<u>432,604,193</u>	<u>330,031,765</u>	<u>(1,671,998)</u>	<u>1,675,496,038</u>	<u>3,361,163,778</u>
<u>Total comprehensive income</u>						
Profit for the quarter ended 30 September 2021	-	-	-	-	158,537,871	158,537,871
Other comprehensive income for the quarter ended 30 September 2021	-	-	-	(636,343)	-	(636,343)
	-	-	-	(636,343)	158,537,871	157,901,528
Balance as at 30 September 2021 - unaudited	<u>924,703,780</u>	<u>432,604,193</u>	<u>330,031,765</u>	<u>(2,308,341)</u>	<u>1,834,033,909</u>	<u>3,519,065,306</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended 30 September 2021

	Note	30 September 2021 Rupees	30 September 2020 Rupees
<u>Cash flows from operating activities</u>			
Profit before taxation		214,577,473	124,169,549
<i>Adjustments for non cash items:</i>			
Depreciation on operating fixed assets		56,169,403	44,824,211
Depreciation on right of use assets		802,992	550,554
Amortization of intangibles		26,574	23,917
Finance cost		18,722,390	10,129,283
(Gain)/Loss on disposal of property, plant and equipment		-	(34,589)
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund		16,150,993	9,421,750
		91,872,352	64,915,126
Operating profit before working capital changes		306,449,825	189,084,675
<i>Decrease/(Increase) in current assets:</i>			
Stores, spares and loose tools		(20,386,081)	(7,673,402)
Stock-in-trade		(304,523,547)	88,419,596
Trade debts - unsecured		(61,928,026)	14,673,032
Advances, deposits, prepayments and other receivables		(103,229,714)	16,368,160
		(490,067,368)	111,787,386
<i>Increase/(Decrease) in current liabilities:</i>			
Trade and other payables		(64,266,131)	37,537,447
Contract liabilities		(14,213,727)	(817,552)
		(78,479,858)	36,719,895
		(568,547,226)	148,507,281
Cash (used in)/ generated from operations		(262,097,401)	337,591,956
Workers' Profit Participation Fund & Workers Welfare Fund paid		(34,274,836)	-
Finance cost paid		(11,584,293)	(14,293,136)
Taxes paid		(36,273,816)	(13,457,720)
Long term deposits - net		-	200,000
		(82,132,945)	(27,550,856)
Net cash (used in)/ generated from operating activities		(344,230,346)	310,041,100
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(346,252,409)	(65,539,691)
Proceeds from disposal of property, plant and equipment		-	207,900
Short term investments		-	(100,000,000)
Net cash used in investing activities		(346,252,409)	(165,331,791)
<u>Cash flow from financing activities</u>			
Principal repayment of lease liability		(1,719,026)	(1,582,313)
Long term loan received		201,373,304	112,732,961
Long term loan repaid		(46,229,227)	(26,630,935)
Short term borrowings - net		230,523,928	(84,719,711)
Net cash generated from/(used in) financing activities		383,948,979	(199,998)
Net increase/(decrease) in cash and cash equivalents		(306,533,776)	144,509,311
Cash and cash equivalents at beginning of the period		133,543,329	(111,507,298)
Cash and cash equivalents at end of the period	20	(172,990,447)	33,002,013

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the quarter ended 30 September 2021

1 Legal status and nature of business

1.1 Synthetic Products Enterprises Limited ("the Company") was incorporated in Pakistan on 16 May 1982 as a private limited company. The Company converted into public limited company on 21 July 2008 and subsequently listed on Pakistan Stock Exchange on 10 February 2015. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. The Company is principally engaged in the manufacturing and sale of plastic auto parts, plastic packaging for food and FMCG industry and molds & dies. The production facilities of the Company are located at following geographical locations:

- Sue-e-Asal Lalyani Road, Pandoki, Lahore
- Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
- Rahim Yar Khan Industrial Estate, Rahim Yar Khan, and
- Pakistan Steel Industrial Estate ,Bin Qasim, Karachi

2 Basis of preparation

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 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 (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 30 September 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2021, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity has been extracted from the unaudited condensed interim financial statements for the period ended 30 September 2021.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act").

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency.

3 Judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 30 June 2021.

4 Significant accounting policies

4.1 The accounting policies adopted for the preparation of the financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2021.

5 Issued, subscribed and paid-up capital

	Un-audited 30 September 2021	Audited 30 June 2021	Un-audited 30 September 2021	Audited 30 June 2021
	- - - - Number of shares - - - -		-----Rupees-----	
Ordinary shares of Rs. 10 each, fully paid in cash	23,773,918	23,773,918	237,739,180	237,739,180
Fully paid bonus shares of Rs. 10 each	61,031,460	61,031,460	610,314,600	610,314,600
Shares of Rs. 10 each, issued under scheme of amalgamation	7,665,000	7,665,000	76,650,000	76,650,000
	92,470,378	92,470,378	924,703,780	924,703,780

6 Long term loans - secured

		Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
Type of loans			
6.1	Islamic mode of financing - Diminishing Musharika		
- United Bank Limited	6.1.1	36,815,957	46,809,983
- Bank Islami Pakistan Limited	6.1.2	19,125,000	25,500,000
- Habib Bank Limited	6.1.3	160,755,562	177,267,466
Less: Current maturity		(118,628,155)	(130,062,680)
		98,068,364	119,514,769
6.2	Conventional loans		
- Habib Bank Limited - Salary Refinance	6.2.1	69,591,426	82,939,723
- MCB Bank Limited - For renewable energy	6.2.2	36,040,054	41,252,000
- MCB and Allied Bank Limited - TERF	6.2.3	162,344,018	15,806,685
- Loan from customer	6.2.4	107,644,350	107,644,350
Less: Current maturity		(55,302,051)	(77,274,702)
		320,317,797	170,368,056
		418,386,161	289,882,825

6.1.1 During the period / year, the Company has made repayments amounting to Rs.9.99 million (30 June 2021: Rs. 39.97 million).

6.1.2 During the period / year, the Company has made repayments amounting to Rs. 6.37 million (30 June 2021: Rs. 25.5 million).

6.1.3 During the period / year, the Company has made repayments amounting to Rs. 16.51 million (30 June 2021: Rs. 46.84 million).

6.2.1 During the period / year, the Company has made repayments amounting to Rs.14.36 million (30 June 2021: Rs. 28.72 million).

6.2.2 The Company had obtained loan from MCB Bank Limited for the purpose of installation of Solar System of 582.56 KWP under the SBP Long Term Loan Under Renewable Energy Scheme. Initially the loan was disbursed as Long Term Demand Finance facility from MCB Bank Limited. After successful installation of solar project loan had been converted to SBP Scheme for Renewable Energy. The loan is repayable in 36 equal quarterly installments with grace period of one year. The rate of mark up on Demand Finance was three months KIBOR plus 0.5 %, however, after conversion of loan the rate of mark up is 2% plus a spread of 1.99%.

6.2.3 This represents Syndicated Temporary Economic Refinance Facility ("TERF") offered by MCB Bank limited ("MCB") and Allied Bank limited ("ABL") for setting up a new manufacturing plant in Karachi and for Balancing, Modernization and Replacement ("BMR") of existing plant and machinery ("Project"). The total facility available amounts to Rs. 500 million. The financing is secured against exclusive hypothecation charge over specific Fixed Assets (excluding land & building) of the Company with 25% margin. It carries Markup at the rate of 3MK + 0.5% p.a. payable on quarterly basis. The principal amount is repayable in 32 quarterly instalments, commencing from the end of the 25th month from the date of first Drawdown. The facility has 10 years tenor inclusive of grace period of 2 years commencing from the date of first drawdown. Initially, the banks disburse the amounts as demand finance for retirement of related LCs and subsequently convert the loan amount to SBP - TERF facility after necessary approval of the State Bank of Pakistan. The agreed mark-up rate on TERF facility is the rate of SBP rate i.e. 1 % plus bank spread of 1.05%.

6.2.4 The Company had obtained loan from Honda Atlas Cars (Pakistan) Limited for the purpose of development of molds. The total facility available amounts to Rs. 107.644 million consisting of two separate amounts. SPEL will payback the above mentioned amount along with interest rate of 3 month KIBOR + 1.25% in 36 equal monthly instalments starting from mass production of related products for the customer.

		Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
	Note		
7 Lease liabilities			
Lease liability		11,819,926	9,613,742
Less: Current maturity presented under current liabilities		(1,913,340)	(3,281,554)
		9,906,586	6,332,188

7.1 During the period / year, the Company has made repayments amounting to Rs. 1.71 million (30 June 2021: Rs. 5.09 million).

8 Deferred income - Government grant

This represents long term financing facility availed from different banks under various schemes of the State Bank of Pakistan at reduced mark up rates. These loans have been measured at their fair values in accordance with IFRS 9 (Financial Instruments) using market interest rates at SBP approval date. The differences between fair values of loans and loan proceeds have been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

		Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
	Note		
9 Trade and other payables			
Trade and other creditors		83,708,740	134,679,179
Accrued liabilities		78,522,380	83,324,391
Workers' profit participation fund		11,536,423	34,274,835
Workers' welfare fund		16,800,232	12,185,663
Withholding tax payable		1,334,707	1,363,593
Sales tax payable		-	9,504,255
Provident fund payable		2,246,334	1,844,990
Others		15,670,886	15,032,770
		209,819,702	292,209,676

10 Short term borrowings

Secured:

- Conventional Interest / mark-up based loans	10.1	392,356,354	53,501,668
- Islamic mode of financing	10.2	95,549,623	58,868,776
		487,905,977	112,370,444

Types of short term borrowings

10.1 Conventional Interest / mark-up based loans

Short term running finance	161,074,578	53,501,668
Finance against trust receipts	231,281,776	-
	392,356,354	53,501,668

10.2 Islamic mode of financing

Murabaha and istisna	47,156,480	47,914,328
Running musharika	48,393,143	10,954,448
	95,549,623	58,868,776

11 Current maturity of long term liabilities

Long term loans - secured	6	173,930,206	207,337,382
Lease liabilities	7	1,913,340	3,281,554
Deferred grant	8	11,129,351	2,899,441
		186,972,897	213,518,377

12 Contingencies and commitments

12.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2021 except following:

The Commissioner Inland Revenue (Enforcement) has issued an order against the Company regarding payment of WWF totaling Rs. 41.8 million in respect of seven tax years from TY 2014 to Tax Year 2020. The payment of WWF has already been adjusted out of Income Tax refunds of the Company.

The Company, after consultation with its lawyers, has filed a writ petition before the Honorable Lahore High Court Lahore against the order of the Commissioner Inland Revenue, the decision on the writ petition is pending.

12.2 Commitments

12.2.1 Aggregate commitments for capital expenditure as at 30 September 2021 amounted to Rs. 233.64 million (30 June 2021: Rs. 529.85 million), these include commitments secured against irrevocable letters of credit for purchase of machinery amounting to Rs. 227.79 million (30 June 2021: Rs. 507.65 million).

	Note	Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
12.2.2 Commitments under irrevocable letters of credit for:			
- purchase of machinery		227,791,251	507,650,239
- purchase of raw material		601,929,309	573,432,473
		829,720,560	1,081,082,712
13 Property, plant and equipment			
Operating fixed assets	13.1	2,755,735,078	2,404,803,631
Capital work in progress	13.2	288,672,172	349,520,613
Right of use assets	13.3	33,620,238	30,498,020
		3,078,027,488	2,784,822,264
13.1 Operating fixed assets			
Opening written down value		2,404,803,631	2,177,776,341
Add: Additions during the period / year (cost)	13.1.1	407,100,850	430,443,653
Less: Disposals during the period / year at written down value		-	(16,046,532)
Less: Depreciation charge for the period / year		(56,169,403)	(187,369,831)
Closing written down value		2,755,735,078	2,404,803,631

	Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
13.1.1 Additions during the period / year:		
Buildings on freehold land	7,116,990	35,294,201
Buildings on leasehold land	18,945,773	111,713,534
Plant and machinery	372,657,633	237,032,839
Office equipment	312,092	1,704,825
Tools and equipment	4,514,342	24,112,824
Computer equipment	381,220	2,302,981
Furniture and fittings	-	1,553,942
Vehicles	3,172,800	16,728,506
	<u>407,100,850</u>	<u>430,443,653</u>
13.2 Capital work in progress		
Balance at the beginning of the period / year	349,520,613	139,779,945
Add: Additions during the period / year	341,252,272	611,024,101
Less: Transfers to fixed assets during the period / year	(402,100,713)	(401,283,433)
	<u>288,672,172</u>	<u>349,520,613</u>
13.3 Right of use asset		
Opening written down value	30,498,020	26,916,350
Add: Additions during the period / year (cost)	3,925,210	9,215,580
Less: Disposals/Transferred during the period / year at written down value	-	(2,915,725)
Less: Depreciation charge for the period / year	(802,992)	(2,718,185)
Closing written down value	<u>33,620,238</u>	<u>30,498,020</u>
14 Long term investments		
Investment classified as FVOCI	2,020,335	2,656,679
The breakup of cost and related fair value adjustment is as follows:		
Cost	5,531,860	5,531,860
Fair value adjustment	(3,511,525)	(2,875,181)
	<u>2,020,335</u>	<u>2,656,679</u>
This represents 80,652 ordinary shares having face value of Rs. 10 each (30 June 2021: 80,652 ordinary shares) in Roshan Packages Limited.		
	Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
15 Stock-in-trade		
Raw and packing material	580,655,201	481,931,033
Stock in transit	207,032,970	31,084,852
Work in process	93,143,293	57,528,624
Finished goods	132,000,287	137,763,695
	<u>1,012,831,751</u>	<u>708,308,204</u>

		Quarter ended (Un-audited)	
		30 September 2021	30 September 2020
		Rupees	Rupees
16 Sales - net			
Local		1,688,686,919	1,057,347,515
Export		11,366,631	7,558,798
		1,700,053,550	1,064,906,313
Less: Sales tax		(253,343,178)	(158,533,212)
Discounts		(14,211,178)	(9,479,973)
		1,432,499,194	896,893,128
17 Cost of sales			
Raw and packing materials consumed		878,371,398	498,977,903
Stores, spare parts and loose tools consumed		4,242,248	2,546,658
Salaries, wages and benefits		97,923,766	66,529,422
Security expenses		2,735,540	2,083,086
Electricity, fuel and water charges		89,379,815	76,450,902
Depreciation on property, plant and equipment		50,472,168	40,184,497
Depreciation on right of use asset		802,992	550,554
Repair and maintenance		17,127,832	8,953,774
Insurance		2,353,204	1,776,793
Oil and lubricants		1,044,195	1,245,183
		1,144,453,158	699,298,771
<i>Work in process:</i>			
- At beginning of the period		57,528,624	39,664,866
- At end of the period		(93,143,293)	(44,825,620)
Cost of goods manufactured		1,108,838,489	694,138,017
<i>Finished goods:</i>			
- At beginning of the period		137,763,695	73,275,422
- At end of the period		(132,000,287)	(68,510,505)
		1,114,601,897	698,902,934
Freight and forwarding		13,834,182	11,255,403
Cost of goods sold		1,128,436,079	710,158,337
18 Finance cost			
<i>Mark-up on:</i>			
- long term finance - secured		13,702,507	8,273,101
- lease liabilities		125,608	150,610
- short term borrowings - secured		4,731,805	1,467,640
Bank charges		162,470	237,932
		18,722,390	10,129,283
19 Earnings per share - basic and diluted			
19.1 Basic earnings per share			
Profit for the period after taxation	Rupees	158,537,871	87,653,791
Weighted average number of ordinary shares in issue during the period	Number	92,470,378	89,373,284
Earnings per share	Rupees	1.71	Re-stated 0.98
19.1.1	The earnings per share of comparative period has been restated using weighted average number of shares calculated after taking into impact of right issue made during the last financial year.		
19.2 Diluted earnings per share			
There is no dilutive effect on the basic earnings per share of the Company.			
		Quarter ended (Un-audited)	
		30 September 2021	30 September 2020
		Rupees	Rupees
20 Cash and cash equivalents			
Short term running finance		(161,074,578)	(23,847,661)
Running musharika		(48,393,143)	-
Cash and bank balances		36,477,275	56,849,674
		(172,990,447)	33,002,013

21 Financial instruments - fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Quarter ended 30 September 2021 (Un-audited)						
	Carrying Amount				Fair Value		
	Investments at FVOCI	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----						
Financial assets measured at fair value							
Investment classified at FVOCI	2,020,335	-	-	2,020,335	2,020,335	-	-
<i>Financial assets at amortized cost</i>							
Cash and bank balances	-	36,477,275	-	36,477,275	-	-	-
Deposits and other receivables	-	335,308	-	335,308	-	-	-
Long term deposits	-	14,806,217	-	14,806,217	-	-	-
Trade debts - unsecured, considered good	-	655,856,733	-	655,856,733	-	-	-
	-	707,475,533	-	707,475,533	-	-	-
<i>Financial liabilities measured at amortized cost</i>							
Long term finances and diminishing musharika	-	-	429,972,349	429,972,349	-	-	-
Lease Liabilities	-	-	11,819,926	11,819,926	-	-	-
Trade and other payables	-	-	177,902,006	177,902,006	-	-	-
Unclaimed dividend	-	-	2,870,151	2,870,151	-	-	-
Short term borrowing	-	-	487,905,977	487,905,977	-	-	-
Accrued mark up	-	-	16,142,582	16,142,582	-	-	-
	-	-	1,126,612,991	1,126,612,991	-	-	-

21.1

30 June 2021 (Audited)						
Carrying Amount				Fair Value		
Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note			Rupees			

Financial assets measured at fair value

Investment classified at FVOCI	2,656,679	-	-	2,656,679	2,656,679	-	-
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Financial assets at amortized cost

Cash and bank balances	-	67,999,445	-	67,999,445	-	-	-
Deposits and other receivables	-	283,231	-	283,231	-	-	-
Long term deposits	-	10,439,805	-	10,439,805	-	-	-
Short term Investment	-	130,000,000	-	130,000,000	-	-	-
Trade debts - unsecured, considered good	-	593,928,707	-	593,928,707	-	-	-
	-	802,651,188	-	802,651,188	-	-	-

Financial liabilities measured at amortized cost

Long term finances and diminishing musharika	-	-	539,854,554	539,854,554	-	-	-
Trade and other payables	-	-	233,036,340	233,036,340	-	-	-
Unclaimed dividend	-	-	2,870,151	2,870,151	-	-	-
Lease Liabilities	-	-	9,613,742	9,613,742	-	-	-
Short term borrowing	-	-	112,370,444	112,370,444	-	-	-
Accrued mark up	-	-	9,004,485	9,004,485	-	-	-
21.2	-	-	906,749,716	906,749,716	-	-	-

21.2 The Company has not disclosed the fair values of these financial assets and liabilities as these either are for short term purposes or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

21.3 Land has been carried at revalued amounts determined by professional value's (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's land.

22 Transactions with related parties

The related parties comprise of associated companies, directors of the Company, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except for those disclosed elsewhere are as follows:

			Quarter ended (Un-audited)	
			30 September 2021 Rupees	30 September 2020 Rupees
22.1	Related parties	Relationship	Transactions	
	Provident Fund Trust	Post employment benefit fund	Contribution	6,227,538
		Directors other than key management personnel	Remuneration	5,451,291
		Non-Executive Directors	Meeting fee	425,000
	Key Management Personnel	Key Management Personnel	Remuneration	11,487,124
			(Un-audited) 30 September 2021 Rupees	(Audited) 30 June 2021 Rupees
22.2	Balances with related parties			
	Provident Fund Trust	Post employment benefit fund	2,246,334	1,844,990
22.3	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, full time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.			

23 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2021.

24 Impact of COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the period, the Government of the Punjab from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. However, during the prior period, the Company obtained SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, amounting to Rs. 114.88 million, for paying salaries for the months from April 2020 to September 2020 as explained in note 8.1 to these financial statements. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

25 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 25 Oct 2021.

26 General

Figures have been rounded off to the nearest rupee. Comparative figures have been rearranged and restated wherever required. An expenditure of Rs. 3.9 million in comparative figure has been re-classified from Cost of sales to selling and distribution expenses.


Lahore



Chief Executive Officer



Director



Chief Financial Officer

سینتھیٹک پرائڈکٹس انٹرپرائزز لمیٹڈ ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سینتھیٹک پرائڈکٹس انٹرپرائزز لمیٹڈ کے بورڈ آف ڈائریکٹرز ۳۰ ستمبر ۲۰۲۱ کو ختم ہونے والی مدت کے لیے آپ کی کمپنی کی مالیاتی معلومات ڈائریکٹرز کے جائزے کے ساتھ پیش کر رہے ہیں۔

مالیاتی جائزہ

۳۰ ستمبر ۲۰۲۰ (ملین روپے)	۳۰ ستمبر ۲۰۲۱ (ملین روپے)	سیلز
896.8	1,432.4	
(710.1)	(1,128.4)	کاسٹ آف سیلز
186.7	304.0	گراس منافع
137.4	243.3	آپریٹنگ منافع
124.1	214.5	قبل از ٹیکس منافع
87.6	158.5	بعد از ٹیکس منافع
0.98	1.71	EPS (PKR)

زیر جائزہ مدت کے دوران کمپنی کو کرنسی ایکسچینج ریٹ میں اضافے اور ملک میں پیدا ہونے والے دیگر افراط زر کے چیلنجز کا سامنا کرنا پڑا۔ ان چیلنجز کے باوجود آپ کی کمپنی نے وسائل کے بہتر استعمال کی وجہ سے، گزشتہ سال اسی سہ ماہی کی نسبت سیلز اور بعد از ٹیکس منافع میں بتدریج ۶۰ فیصد اور ۸۱ فیصد اضافہ ریکارڈ کیا ہے۔

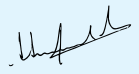
مستقبل قریب کا جائزہ


کمپنی اپنی جغرافیائی حدود کو بڑھا رہی ہے اور نئی مارکیٹوں کی تلاش کر رہی ہے۔ کراچی پلانٹ آپریشنل ہو گیا ہے اور اس کی پیداواری صلاحیت میں پلان کے مطابق اضافہ ہو رہا ہے۔

کرنسی ایکسچینج ریٹ میں کمی بیشی اور دیگر معاشی چیلنجز کے باوجود کمپنی اپنے گاہکوں کو معیاری مصنوعات کی ہر وقت فراہمی کے لیے کوشاں ہے جو کہ ہمارے قابل اعتماد ہونے کا ثبوت ہے۔

اعتراف

ہم اپنے قابل قدر گاہکوں کا کمپنی کی مصنوعات پر اعتماد کے لیے شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے ڈیلرز، سپلائرز، بینکرز، شیئر ہولڈرز اور ملازمین سمیت دیگر تمام اسٹیک ہولڈرز کے بھی مشکور ہیں۔


ڈائریکٹر


چیف ایگزیکٹو آفیسر
لاہور
۲۵ اکتوبر ۲۰۲۱

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