



Synthetic Products Enterprises Limited

## Annual Report 2022

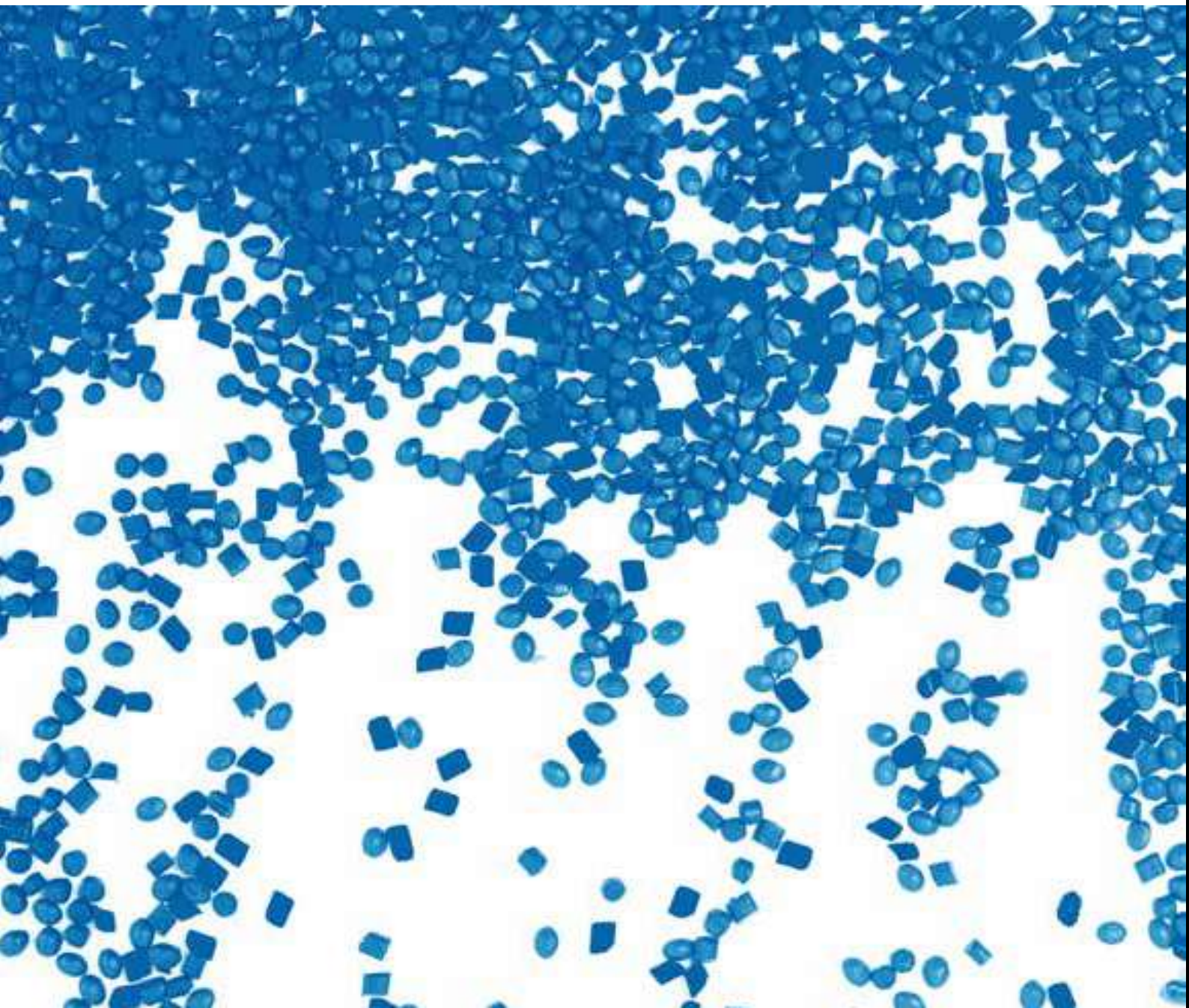


**STRONG, RELIABLE, INNOVATIVE**



## COVER STORY

With over 40 years of experience and expertise, we have built a strong presence in manufacturing high-end products steered by our passion for the utmost excellence. We set out to provide our customers with superior products and unparalleled services through the latest technologies and skilled workforce. We are eager to develop innovative, sustainable and efficient solutions.







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The background of the page is an abstract composition of several wireframe-like geometric structures. These structures are composed of numerous black dots (vertices) connected by thin black lines (edges), forming a complex network of triangles and polygons. The structures are oriented diagonally, creating a sense of depth and movement. The wireframes are filled with semi-transparent colors: a large structure on the right is primarily blue, while others on the left and top-left feature gradients of orange, yellow, and red. The overall effect is a modern, technological, and data-driven aesthetic.

# CORPORATE **INFORMATION**



## BOARD OF DIRECTORS

Mr. Almas Hyder  
Chairman/Non-Executive Director

Mr. Zia Hyder Naqi  
Chief Executive Officer/ Executive Director

Mr. Haroon Sharif  
Independent Non-Executive Director

Mr. Khawar Anwar Khawaja  
Independent Non-Executive Director

Dr. Syed Sohail Hussain Naqvi  
Independent Non-Executive Director

Mr. Raza Haider Naqi  
Non-Executive Director

Dr. Nighat Arshad  
Non-Executive Director

Mr. Sheikh Naseer Hyder  
Non-Executive Director

Mr. Abid Saleem Khan  
Chief Operating Officer/ Executive Director

## CHIEF FINANCIAL OFFICER

Mr. Khalil Ahmad Hashmi, FCA

## COMPANY SECRETARY

Muhammad Kamran Farooq, ACMA

## AUDIT COMMITTEE

Mr. Haroon Sharif  
Committee Chairman

Mr. Almas Hyder  
Member

Mr. Khawar Anwar Khawaja  
Member

Mr. Raza Haider Naqi  
Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Khawar Anwar Khawaja  
Committee Chairman

Mr. Almas Hyder  
Member

Mr. Zia Hyder Naqi  
Member

Dr. Syed Sohail Hussain Naqvi  
Member

Mr. Abid Saleem Khan  
Member

## FINANCE COMMITTEE

Mr. Almas Hyder  
Committee Chairman

Mr. Haroon Sharif  
Member

Mr. Zia Hyder Naqi  
Member

Dr. Syed Sohail Hussain Naqvi  
Member

Mr. Sheikh Naseer Hyder  
Member

Mr. Abid Saleem Khan  
Member

## RISK MANAGEMENT COMMITTEE

Mr. Zia Hyder Naqi  
Committee Chairman

Mr. Haroon Sharif  
Member

Dr. Syed Sohail Hussain Naqvi  
Member

Mr. Sheikh Naseer Hyder  
Member

## REGISTERED OFFICE

127-S Quaid-e-Azam Industrial Estate  
Township,  
Kot Lakhpat, Lahore.

Ph: 042-111-005-005

Fax: 042-35118507

## FACTORIES

### Pandoki Plant

4-km Off Ferozpur Road Raiwind Lilliani  
Link, Road Pandoki Lahore.

### RYK Plant

41 - Rahim Yar Khan Industrial Estate,  
KLP Road, Rahim Yar Khan.

### Karachi Plant

12-A, Down Stream Industrial Unit,  
Pakistan Steel, Karachi.

## SHARE REGISTRAR

THK Associates (Pvt) Ltd  
32-C Jami Commercial St# 2 DHA,  
Phase VII, Karachi.

## STATUTORY AUDITORS

KPMG Taseer Hadi and Co. Chartered  
Accountants

## HEAD OF INTERNAL AUDIT

Mr. Abu Bakar, FCA

## TAX CONSULTANT

PWC A.F. Ferguson & Co. Chartered  
Accountants

## LEGAL ADVISORS

Cornelius Lane and Mufti Advocates &  
Solicitors

## BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
United Bank Limited

## WEBSITE

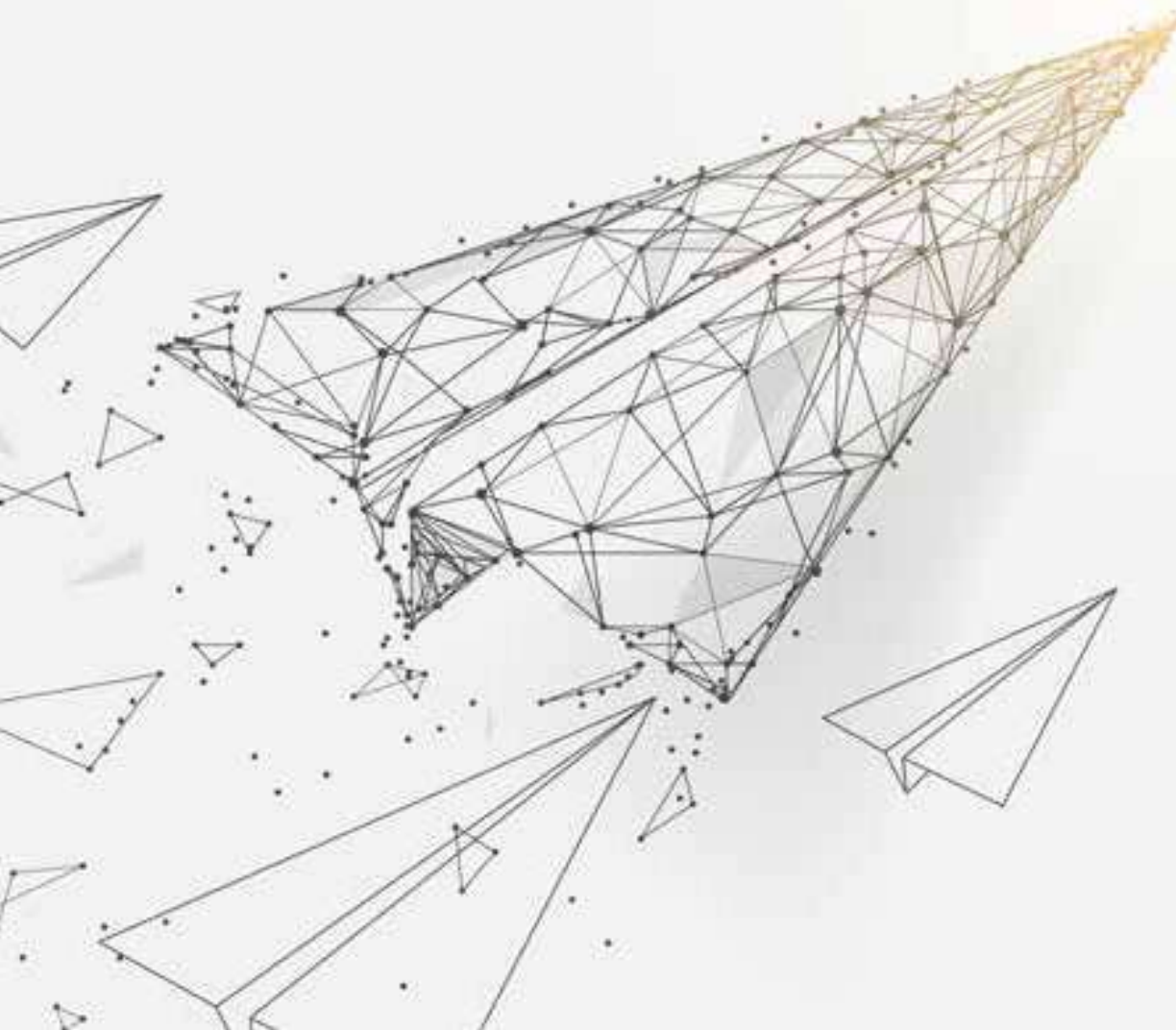
[www.spelgroup.com](http://www.spelgroup.com)

## STOCK SYMBOL

SPEL

## VISION

To become a premium player in the market by building a professional organization, having state-of-the-art technology and expanding product range. Become the most progressive and profitable company in the sector.





## OVER ALL STRATEGIC OBJECTIVES

To become a premium player in the market by building a professional organization, having state-of-the-art technology and expanding product range. Become the most progressive and profitable company in the sector.



# CODE OF CONDUCT, CULTURE AND ETHICAL PRINCIPLES

SPEL is committed to conduct its business with honesty, integrity and in an ethical manner. For this purpose, the Company has developed a code of conduct to manage the Company's affairs.

The code is intended to set out principles relating to the behavior that should be observed in SPEL. This Code includes the following aspects:





# CORE VALUES



## **Respect**

Respect for customers, employees, and all stakeholders  
Business is about human beings, who want to be treated well  
CSR is one way to respect our society



## **Customer Satisfaction**

On-time delivery | Quality | Quick response  
Relationships | Service and support



## **Integrity**

Building trust | Honoring commitments  
Dependability | Staying within ethical and legal boundaries  
Rewarding honesty



## **Ownership**

Empowerment | Punctuality | Value time | Capability  
Responsibility with authority | Delegation  
Train people for growth and continuous improvement  
Prepare leaders



## **Save Environment**

Eliminate waste  
Save energy, water, air and natural resources



## ORGANIZATIONAL OVERVIEW AND **EXTERNAL ENVIRONMENT**

### **A BRIEF ABOUT THE COMPANY**

SPEL is one of the leading manufacturers of technology-intensive engineering and plastic products in Pakistan. SPEL started its operations as a partnership concern in 1978, changed its legal status to a private limited company in 1982 followed by conversion into a public limited company in 2008. During the year 2015, the Company offered its shares to the public and became a listed Company by quoting its shares on the Pakistan Stock Exchange.

SPEL provides complete solutions, from design to product, which are precise, and meet quality and environmental standards. SPEL's capabilities include:

Product Designing, Molds & Dies Making, Injection Molding, Thermoforming, Blow Molding, Extrusion, Printing, Labeling, Shrink Sleeve Labelling, Sticking, etc. SPEL has implemented numerous quality enhancement systems including Quality Control Circles, Total Quality Management, 6S, Kaizen and Toyota Production Systems.

The products of SPEL can broadly be categorized into the following:

- Food Packaging
- FMCG Packaging
- Automotive Parts

### **PRINCIPAL BUSINESS ACTIVITIES**

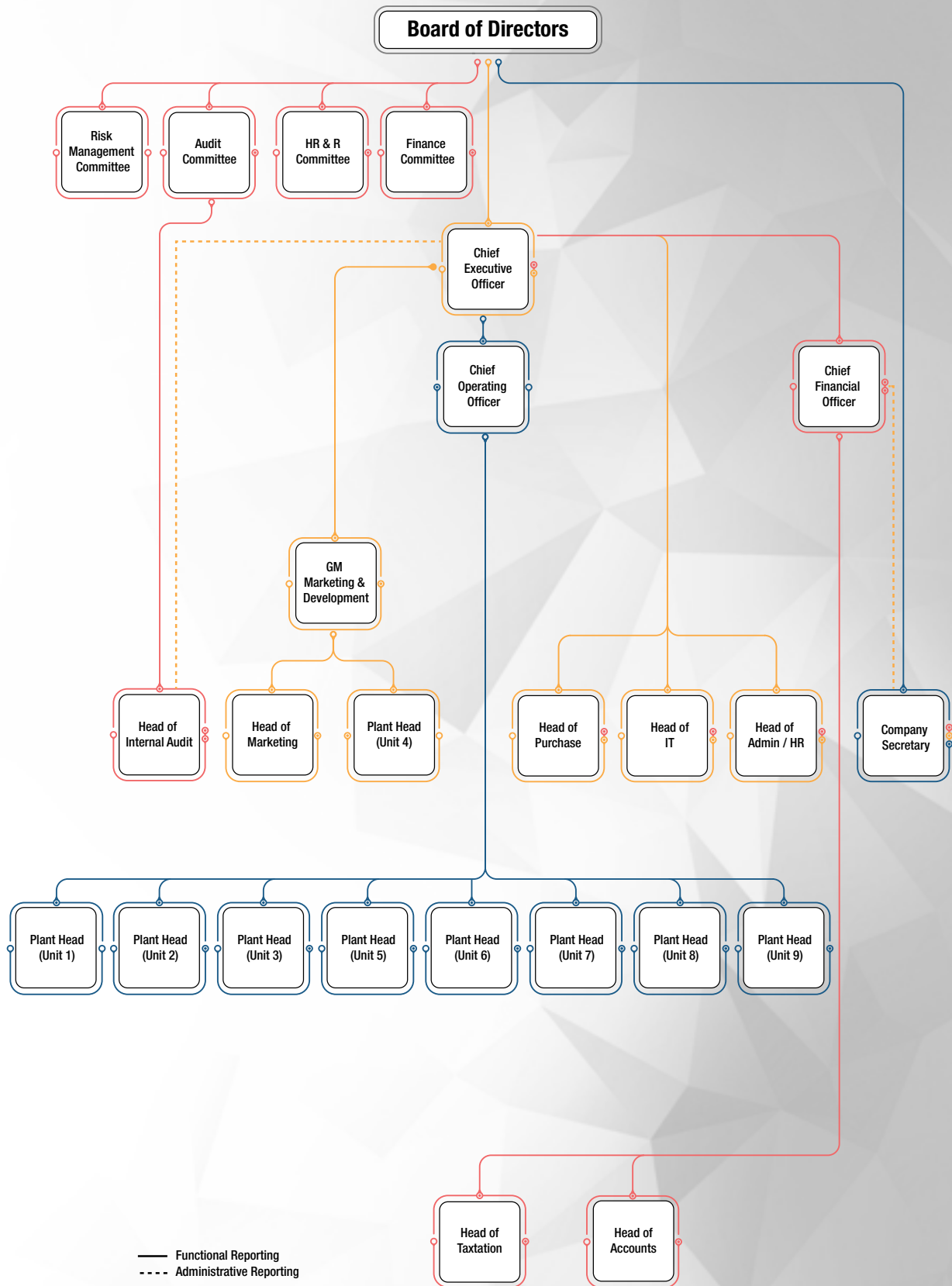
SPEL is a manufacturing company and has B2B (business-to-business) relations with most of its customers. It is principally engaged in the manufacturing and sale of plastic packaging for the food & FMCG industry, plastic parts for the automotive industry, and molds & dies.

## OWNERSHIP **STRUCTURE**

SPEL is a public listed company, apart from sponsors, who hold seventy-five percent shares, the company has shareholders from amongst the general public and institutional investors. SPEL does not have any strategic investment in any other company. All businesses owned by SPEL are conducted under the umbrella of Synthetic Products Enterprises Limited.



# ORGANOGRAM



## FOOD **PACKAGING**

Packaging products for food items need to be safe for human health and such products should not release elements into food products. It is a wider concept that covers the processes involved in the production, processing and even storage of the packaging products.

To cater to the above objectives, SPEL has established clean-shop floors and the Company makes sure that the packaging for food industry meets all the requirements of its customers besides ensuring that food packaging is produced by following the international standards for food safety. In addition to ISO Certifications, SPEL is also compliant with the requirements of FSSC 22000 (Food Safety System Certification) as assessed and certified by an independent certification agency. The company has also obtained Halal Certificate for its food packaging products.

The major products for food industry include 19-liter water bottles, yogurt cups, ice-cream tubs, plastic glasses, disposable containers etc. and our customers in this sector include Nestle, Unilever, Pepsi, KFC, Baskin Robbins, Subway, Qarshi Industries, Sufi, Gourmet, Cakes & Bakes, Doce Foods, etc.







## FMCG PACKAGING

For the FMCG industry, packaging plays an integral role in grabbing the buyer's attention. SPEL's customers have a great need for world-class packaging for its products which builds customers' brand, provides protection to their product, enhances convenience for transportation and reflects good aesthetics.

In order to cater to the demands of its FMCG Customers, SPEL has installed state-of-the-art plant and machinery, developed GMPs and implemented all the required processes. Besides conforming to ISO 9001 standards, SPEL is also compliant with its customer's specific requirements e.g., it is compliant with Unilever's Responsible Sourcing Policy (URSP), Pakistan Tobacco Company's Supplier Quality Performance and Workplace Compliance Requirements.

The products for FMCG industry include shampoo bottles, packaging for detergents, caps for skincare products, etc. and the customers in this sector include Unilever, Colgate Palmolive, Pakistan Tobacco Company, etc.







## AUTO PARTS

The requirements of the Auto Industry are significantly different from the other two sectors as it requires durable, high precision and long-lasting products so that the components do not get reshaped or lose their color and remained functionally fit over a long period and the component get fit with other adjacent components of the vehicle.

SPEL, being a pioneer in the auto-parts industry understands these requirements and can serve these needs to the satisfaction of the customers. SPEL has implemented Toyota Production Systems for providing required quality within the required time frame.

Major customers of the company in the automotive sector include Indus Motors, Honda, Suzuki, Millat Tractors, etc. The auto parts being supplied by the Company include door trims, door handles, garnishes, grills, steering wheels, etc.



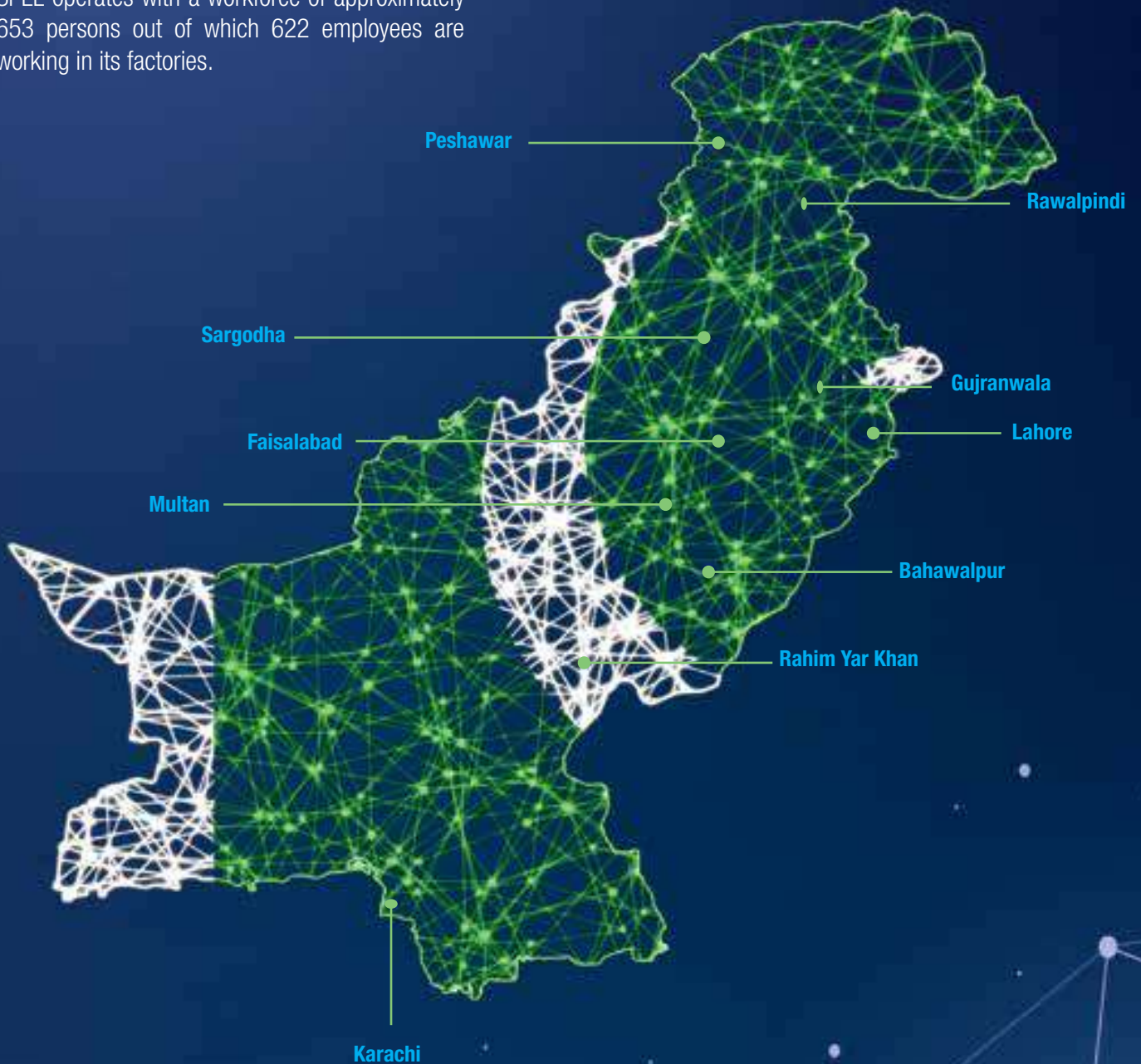


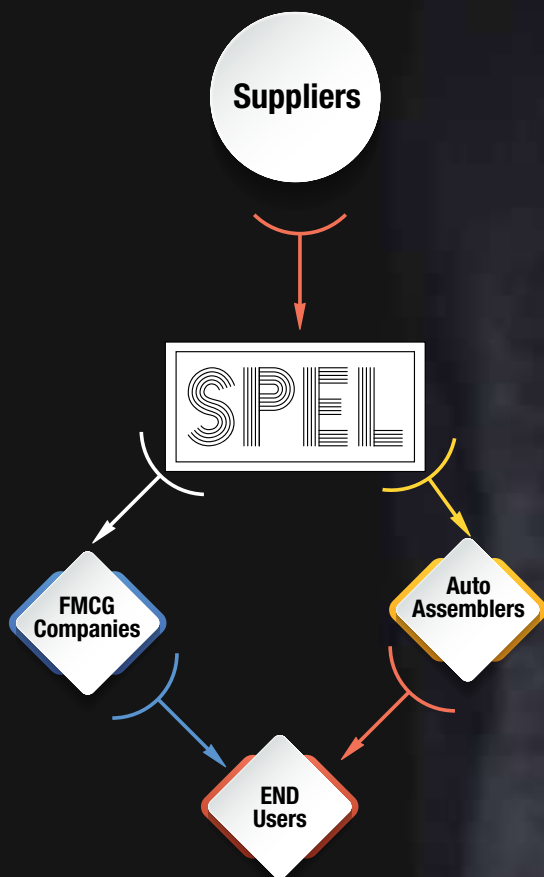


## BUSINESS LOCATIONS

SPEL operates through four locations along with its dealers' network within the country

SPEL operates with a workforce of approximately 653 persons out of which 622 employees are working in its factories.





## POSITION WITHIN THE **VALUE CHAIN**

### STRATEGIC OBJECTIVES

At SPEL, we are committed to be a reliable supplier for our customers by meeting their expectations through innovation, continuous improvement and by utilizing the economic and human resources effectively.

In order to achieve the above objective SPEL has defined a road map in shape of Long, Medium- and Short-Term Objectives which are as follows:

#### Long Term Objective

SPEL aims to develop long-term sustainability of the organization by constantly upgrading its technologies, developing and training

its employees and by following ethical and moral business values. The Company will continue to use resources efficiently to increase shareholders' value.

#### Medium-Term Objective

The Company is focused to be a market leader for quality products and growing continuously by adding products and customers to our portfolio.

#### Short Term Objectives

Our short-term objective is to further upgrade our management systems to manage growth and to manage businesses at multiple locations.



# SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

## **Political**

Government policies  
Law and order

## **Economic**

GDP growth rate  
FOREX fluctuations  
Borrowing rates  
Limited tax net in Pakistan

## **Social**

Population growth rate  
Growing middle class  
Per capita income

## **Technological**

Energy-saving technologies  
Efficient plant and machinery

## **Environmental**

Safe drinking water awareness

## **Legal**

Overall legal infrastructure

## **COMPANY'S RESPONSE TO ABOVE FACTORS**

The Company keeps itself aware of all relevant external factors and aligns its strategies to take associated benefits or avoid associated risks of changes in these factors.

# NEEDS AND INTERESTS OF KEY STAKEHOLDERS AND INDUSTRY TRENDS



Key stakeholders of the Company include shareholders, banks, regulatory authorities and government's institutions. The first need of all our stakeholders is to get the reliable accurate and timely information that Company provides to them on a timely basis while complying with the requirements of all applicable laws.

## SWOT ANALYSIS

- Strengths:
  - Close to the customer
  - Quality and Reliability
  - Ability to invest
  - Good ranking in customer's database
  - Diversified business segments
- Opportunities:
  - Growth in demand
  - New products
  - New customers
- Weaknesses:
  - Import policies
- Threats:
  - Government policies
  - Political Situation

## THE LEGISLATIVE AND REGULATORY ENVIRONMENT

The Company is registered in Pakistan and is listed on the Pakistan Stock Exchange, it has not established any foreign branch or foreign operations, therefore, the applicable corporate laws as enforced in Pakistan are applicable on SPEL.

## THE POLITICAL ENVIRONMENT AND COMPANY'S STRATEGY

Currently, the country is going through a situation of political uncertainty. The recent change in government and its decisions on the economic front would impact all the businesses in Pakistan. SPEL has a strategy to continue as a reliable supplier for all its customer by meeting their expectations either by innovation or by continuous improvement in its systems or by utilizing its resources efficiently and effectively.

## SIGNIFICANT CHANGES IN THE ORGANIZATION AND EXTERNAL ENVIRONMENT

There are no significant changes in the organization, however, the external environment has been affected due to changes in the political scenario and recent economic conditions.



## Critical Performance Indicators

### Sales Revenue (Rs. in million)

2022	6,308
2021	4,171

### Gross Profit (Rs. in million)

2022	1,244
2021	898

### Profit after Tax (Rs. in million)

2022	852
2021	638

### Earnings per Share (Rupees)

2022	2.70
2021	2.30

### Cash Dividend (Percentage) (interim & final)

2022	10
2021	5

### Operating Profit (Rs. in million)

2022	968
2021	696

### Total Assets (Rs. in million)

2022	6,176
2021	4,532

### Shareholders' Equity (Rs. in million)

2022	4,250
2021	3,361

### Bonus Dividend (Percentage)

2022	NIL
2021	8.0

### Current Ratio (Times)

2022	2.52
2021	2.64

### Debt to Equity (Percentage)

2022	19
2021	15

### Breakup Value per Share (Rupees)

2022	42.56
2021	36.35



## Awards and **Recognitions**

### Best Corporate Report Awards 2021

SPEL has been awarded the 4th position at the Best Corporate Report Awards held in September, 2022 by ICAP & ICMAP for its Annual Report 2021 in its category.

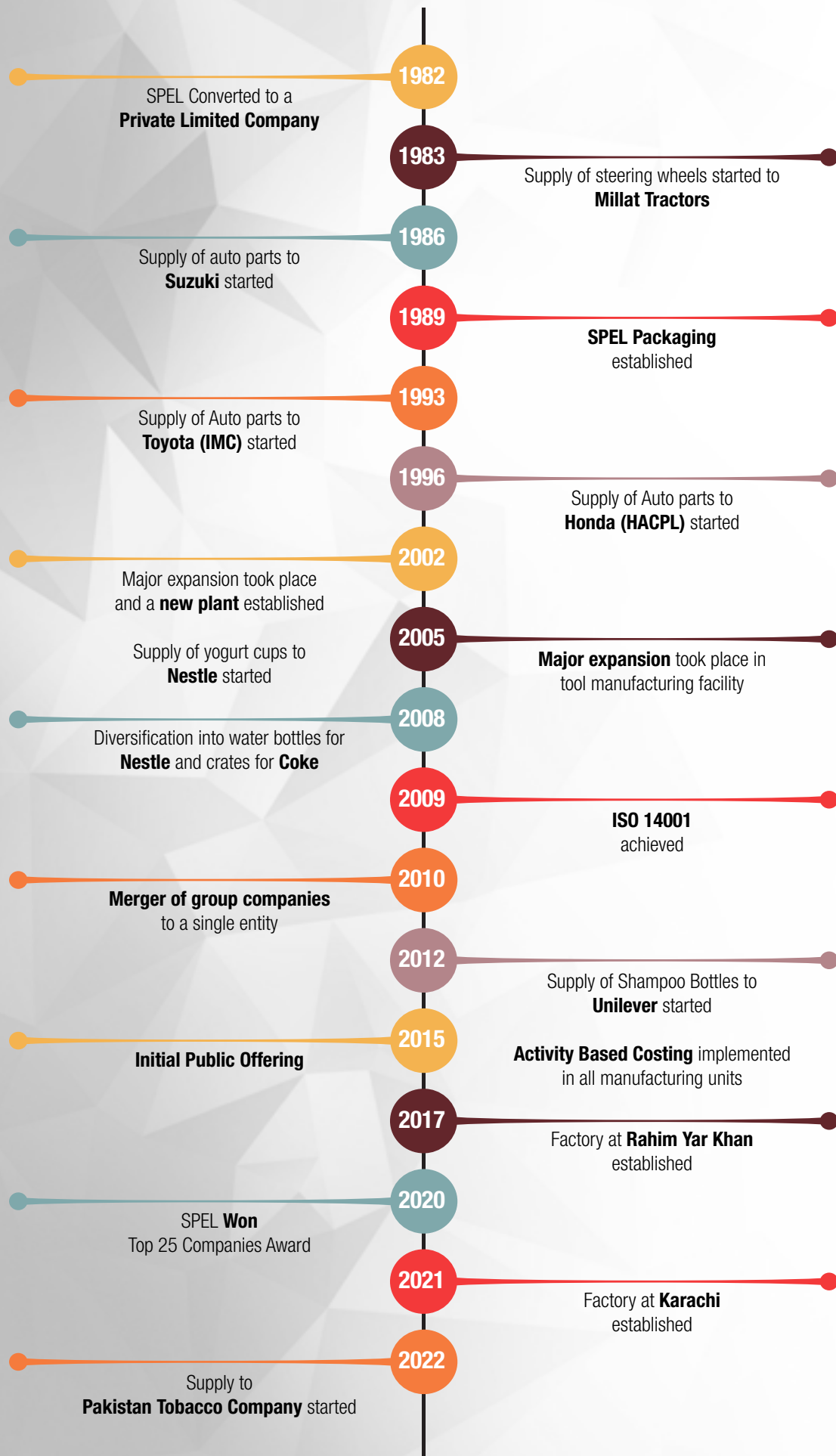


### Top 25 Companies Awards 2020

SPEL has been awarded the Top 25 Companies Award for the year 2020 by Pakistan Stock Exchange in March 2022.



## History Of Major Events



## DETAILS OF SIGNIFICANT EVENTS OCCURRED DURING THE YEAR

Aug 2021	Annual accounts approved by the Board
Oct 2021	Annual General Meeting Held
Oct 2021	Election of Directors conducted
Nov 2021	Final Cash dividend paid to shareholders
Nov 2021	Bonus shares issued to the shareholders
Nov 2021	Corporate briefing held
Nov 2021	Sub-Division of shares executed
Jan 2022	Half-yearly accounts approved by the Board
Feb 2022	First interim cash dividend paid
May 2022	Second interim cash dividend paid
Jun 2022	Second Phase of Solar Project installed





## PROFILE OF THE DIRECTORS



**Mr. Almas Hyder**

Chairman

Mr. Almas Hyder is a renowned and respected figure amongst the business community of the country due to his good understanding of economy and his passion to steer businesses out of the shackles of unnecessary and redundant processes and red tapism. His efforts on EASE OF DOING BUSINESS are recognized by both the business community and the government sector.

Mr. Hyder Graduated from the University of Engineering & Technology Lahore and is a member of the Institute of Engineers Pakistan. He did his OPM Program from Harvard Business School. He is a Charter member of HBS Dubai.

He has served many public organizations at senior positions. To his credit are the 'Engineering Vision 2012 for Pakistan' and the establishment of TUSDEC (Technology up-gradation and Skill Development Company) where he was the Founder Chairman. He was also the first President of the Quaid-e-Azam Industrial Estate Board set up by the Government of Punjab to manage and upgrade the infrastructure of Kot Lakhpat Industrial Estate, Lahore. He has been the Chairman of the Engineering Development Board, Ministry of Industries and Production also.

He has held the following positions:

- \* President of Lahore Chamber of Commerce & Industry
- \* Member of the Board of National Transmission and Dispatch Company Ltd. (NTDC)
- \* Member of the Board of Small and Medium Enterprise Development Authority (SMEDA)
- \* Director, Pakistan Industrial Development Corporation (PIDC).
- \* President, Pakistan Industrial Technical Assistance Centre (PITAC)
- \* Member of the Governing Body of Punjab Industrial Estates Development and Management Company (PIEDMC)
- \* Member of the Board of Technical Education & Vocational Training Authority (TEVTA)
- \* Member of Board, Punjab Vocational Training Council (PVTC).
- \* Vice President of Harvard Club of Pakistan.
- \* Member of the senate of UET Taxila University
- \* Member of the senate of PTUT University.



**Mr. Zia Hyder Naqi**

Chief Executive Officer

Mr. Zia Hyder Naqi completed his Mechanical Engineering from the University of Engineering & Technology in Lahore. He then went on to complete his MBA in Finance from the Institute of Management Sciences. He is a certified Project Management Professional, IT Expert, and has participated in numerous training programs in Japan, Germany and Canada. He has completed the Owner/President Management Program (OPM) from Harvard Business School, USA.

Mr. Zia Hyder Naqi had served as Senior Vice President of the Quaid-e-Azam Industrial Estate, Lahore and as a member of the Executive Committee of Lahore Chamber of Commerce and Industries. He is the founding member of the Collect and Recycle (CoRE) Alliance. The CoRE is the first ever packaging alliance in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection and recycling.

He has been associated with Synthetic Products Enterprises Limited for more than three decades. His current engagement(s) include:

Director, SPEL Technology Support (Private) Limited  
 Director, AJ Power (Private) Limited  
 Director, RT Power (Private) Limited  
 Director, MST Power (Private) Limited  
 President, Advisory Board of Rahim Yar Khan Industrial Estate

He is also affiliated with Superior University Lahore as visiting faculty.



**Mr. Haroon Sharif**  
Independent Director

Mr. Haroon Sharif served as the Minister of State and Chairman of Pakistan's Board of Investment in 2018-19. As a senior member of the Prime Minister's economic team, he actively contributed to major decisions taken by the Cabinet's Economic Coordination Committee and the Cabinet Committee on Privatisation. He was Pakistan's Lead Representative for Industrial Cooperation in the Joint Cooperation Committee (JCC) of China-Pakistan Economic Corridor (CPEC). He championed various reforms for improving Ease of Doing Business, Specialized Economic Zones and facilitating foreign direct investment from China, the Arabian Gulf and East Asia. Pakistan's ranking on the Ease of Doing Business Index improved by 28 places under his leadership. He has been recognized among the top 100 leaders in Pakistan in 2019. He is currently advising United Nations on Financing for Development.

Mr. Sharif worked for the UK's Department for International Development (DFID) as the Head of the Economic Growth Group. He worked as the Regional Advisor to the World Bank Group. He also remained the Executive Director of the Securities and Exchange Commission of Pakistan.

Mr. Haroon Sharif holds postgraduate qualifications in international business and development economics from the London School of Economics and Political Science and the University of Hawaii, USA.



**Mr. Khawar Anwar Khawaja**  
Independent Director

Mr. Khawar Anwar Khawaja holds a bachelor's degree in Mechanical Engineering. He is serving as the Chief Executive Officer of Grays of Cambridge (Pakistan) Limited. He has also been President of the Sialkot Chamber of Commerce and Industry.

Mr. Khawaja also served as the CEO/Chairman of Sialkot International Airport, the only privately built international airport in Pakistan, for 5 years.

Mr. Khawar has traveled widely in connection with his business and has gained immense technical and marketing experience. He has demonstrated his abilities in funds & investment management. Under his effective management and leadership, Grays of Cambridge (Pakistan) Limited has won the top 25 companies award on the Karachi Stock Exchange multiple times.

His current engagement(s) include:

Director, Sialkot International Airport Limited  
Director, Port Services (Private) Limited  
Director, Anwar Khawaja Industries (Private) Limited



**Dr. Syed Sohail Hussain Naqvi**  
Independent Director

Dr. S. Sohail H. Naqvi holds a doctorate degree in Electrical Engineering from Purdue University, USA. He has more than thirty years of visionary leadership in academia, industry and Government, achieving ambitious targets that have had a significant socio-economic impact on society. Proven highly successful record of establishing and leading institutions in Pakistan and Central Asia. Globally recognized by International Multilaterals and Pakistani public and private sector institutions for bringing about a paradigm change in the national system of higher education, spearheading significant and fundamental reform, implementing internationally benchmarked systems of quality, pioneering the development of an entrepreneurial ecosystem in universities and developing systems for alignment of university with the industry. A thought leader and innovator who has extensive international teaching, research and entrepreneurial experience in the US, Pakistan and Central Asia. Awarded Order of the 'Palme Académiques' with the rank of Chevalier, by the French Government, and the Sitare-Imtiaz by the Government of Pakistan for his services to higher education.

After completing his term as Founding Rector, University of Central Asia, Bishkek, Kyrgyz Republic, Dr Naqvi has returned to Pakistan and launched a new venture focusing on developing manpower for the IT Industry.



**Mr. Raza Haider Naqi**  
Non-Executive Director

Mr. Raza Haider is a Chemical Engineer and has an MBA in Marketing. He began his career from manufacturing electronic security systems for both cars and homes. With over 30 years of experience, he has in-depth knowledge and experience in all fields of a business, especially he has a tremendous amount of insight into sales and marketing and he shares useful ideas for the Company. Currently, he is running a real estate business in Canada successfully.





**Dr. Nighat Arshad**  
Non-Executive Director

Dr. Nighat Arshad has been Vice Chairman, Executive Board of the Asia Pacific Region Committee of the (WAGGGS) World Association of Girl Guides and Girl Scouts. She has served on the Executive Board for 6 years (2004-2010) and has travelled widely while gaining invaluable experience in training and management of the Asia Pacific Region Girl Guiding.

In Pakistan, she has been the Deputy National Commissioner of Pakistan Girl Guides Association. She has won many awards nationally and internationally.

Presently she is serving in a volunteer position as Vice Chair of the Friends of AP WAGGGS Executive Board. Further she is an Executive Member Pakistan Girl Guides Association, Punjab.

She has strong academic records at all levels of education. She is a health service provider par excellence, practicing and teaching Homeopathy for over three decades. She also holds an MBA degree in Marketing.



**Mr. Sheikh Naseer Hyder**  
Non-Executive Director

Mr. Naseer Hyder completed his undergraduate degree from Wilfrid Laurier University in Canada and completed his MBA from Cardiff University along with professional education and certifications from Georgia Institute of Technology, Harvard University and Massachusetts Institute of Technology.

Mr. Hyder is a young, dynamic and hardworking professional. During his tenure 2017-2019, he served SPEL as Director Supply Chain. His knowledge and skills coupled with his international exposure in the field of supply chain have greatly helped SPEL in improving its systems resulting in cost savings and better supply chain management.

He has also worked at senior positions in NYSE listed organizations in their American and Canadian operations.



**Mr. Abid Saleem Khan**  
Chief Operating Officer / Executive Director

Mr. Abid Saleem Khan has an MBA from the Institute of Management Sciences. He is a graduate of Management Development Program from Lahore University of Management Sciences (LUMS). He has attended many training programs within & outside Pakistan. He has been working with SPEL for 26 years and has a good understanding of the automobile and FMCG industry and the Japanese systems of management.



# GOVERNANCE

## THE BOARD STRUCTURE AND ITS COMMITTEES

### Composition of the Board

The composition of the Board has been established to ensure the company's need for expertise, capacity and diversity and to ensure that the Board functions well as a collegiate body. To comply with the best practices of Corporate Governance, the Company has three independent directors which are one-third of the total number of board members.

The independent directors meet the criteria of independence given in the law. The Company has two executive Directors including the Chief Executive Officer. One female director has been inducted into the board of directors to improve diversity on the Board. The Chairman of the Company is a non-executive Director.

The composition of the Board is as follows:

Name	Position	Status
Mr. Almas Hyder	Chairman	Non-Executive Director
Mr. Zia Hyder Naqi	CEO	Executive Director
Mr. Haroon Sharif	Director	Independent Non- Executive Director
Mr. Khawar Anwar Khawaja	Director	Independent Non- Executive Director
Dr. Syed Sohail Hussain Naqvi	Director	Independent Non- Executive Director
Dr. Nighat Arshad	Director	Non-Executive Director
Mr. Raza Haider Naqi	Director	Non-Executive Director
Mr. Sheikh Naseer Hyder	Director	Non-Executive Director
Mr. Abid Saleem Khan	Director	Executive Director

### Justification of Independence of Independent Directors.

The independent Directors meet the criteria of independence as defined in the applicable laws.

## BOARD COMMITTEES

### Audit Committee

The Board constitutes an Audit Committee, the composition of the Committee is as follows:

Name	Position	Status
Mr. Haroon Sharif	Committee Chairman	Independent Non- Executive Director
Mr. Almas Hyder	Member	Non-Executive Director
Mr. Khawar Anwar Khawaja	Member	Independent Non- Executive Director
Mr. Raza Haider Naqi	Member	Non-Executive Director



### Salient Features of Terms of Reference of Audit Committee:

Determination of appropriate measures to safeguard the Company's assets;

Review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on major judgmental areas;

- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

Review of preliminary announcements of results prior to publication;

Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of

management, where necessary);

Review of management letter issued by external auditors and management's response thereto;

Ensuring coordination between the internal and external auditors of the listed company;

Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;

Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;



Review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or any other external body;

Determination of compliance with relevant statutory requirements;

Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

Consideration of any other issue or matter as may be assigned by the Board of Directors.

#### Human Resource & Remuneration Committee

The Board constitutes a Human Resource and Remuneration Committee the composition of the Committee is as follows:

Name	Position	Status
Mr. Khawar Anwar Khawaja	Committee Chairman	Independent Non-Executive Director
Mr. Almas Hyder	Member	Non-Executive Director
Dr. Syed Sohail Hussain Naqvi	Member	Non-Executive Director
Mr. Zia Hyder Naqi	Member	Executive Director
Mr. Abid Saleem Khan	Member	Executive Director

The committee shall be responsible for:

Recommending human resource management policies to the board;

Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.



### Finance Committee

The Board constitutes a Finance Committee the composition of the Committee is as follows:

Name	Position	Status
Mr. Almas Hyder	Committee Chairman	Non-Executive Director
Mr. Zia Hyder Naqi	Member	Executive Director
Mr. Haroon Sharif	Member	Independent Non-Executive Director
Dr. Syed Sohail Hussain Naqvi	Member	Independent Non-Executive Director
Mr. Sheikh Naseer Hyder	Member	Non-Executive Director
Mr. Abid Saleem Khan	Member	Executive Director



### Risk Management Committee

The Board constitutes a Risk Management Committee the composition of the Committee is as follows:

Name	Position	Status
Mr. Zia Hyder Naqi	Committee Chairman	Executive Director
Mr. Haroon Sharif	Member	Independent Non-Executive Director
Dr. Syed Sohail Hussain Naqvi	Member	Independent Non-Executive Director
Mr. Sheikh Naseer Hyder	Member	Non-Executive Director

### Companies in which the Executive Directors are affiliated as Non-Executive Director

The CEO is affiliated as President of the Advisory Board of Rahim Yar Khan Industrial Estate and as a Non-Executive Director at Collect and Recycle (CoRE) Alliance on a voluntarily basis. The CoRE is the first ever packaging alliance in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection and recycling.

### BOARD'S OPERATING STYLE

The Chairman sets the agenda of the meeting of the board and all matters critical for the success of the business were put before the Board for guidance and decision making. The Chairman ensures that reasonable time is available for discussion of the same and equal opportunity is provided to all members for asking questions and sharing their views and ideas. All strategic level decisions are taken by the Board and the CEO is given the powers to execute those decisions by using his expertise.

### ANNUAL EVALUATION OF BOARD'S PERFORMANCE

The Board has put in place a mechanism for evaluating the Board's performance by the members of the Board themselves. Some significant matters included in the evaluation criteria are as follows:

- Business strategy
- Quality of Board meetings and discussion
- Internal Board relationships
- Competency and skills of Board members
- Reaction to events
- Attendance and contribution at meetings
- Communication
- Risk and control framework
- Composition
- Terms of reference
- Performance by Board Committees
- Management and administration of meetings
- Timeliness of information



Training  
Succession planning

Evaluation forms are circulated to the members and each member is required to return duly filled forms. The responses are consolidated with identification of the weak areas and are discussed in the Board meeting to formulate a strategy for effecting improvement in the Board's performance.

#### **FORMAL ORIENTATION FOR DIRECTORS**

A formal orientation is conducted after the election of Directors to give them an understanding of the business, its operational structure and significant policies and procedures and about the responsibilities of directors.

#### **DIRECTORS TRAINING PROGRAM**

Currently, seven directors of the Company have either acquired the prescribed certification under the director training program offered by the institutes approved by SECP or are exempted based on their education and experience.

#### **RELATED PARTIES**

The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the applicable International Financial Reporting Standards. All transactions with all related parties were carried on an arm's length basis.

#### **SALIENT FEATURES OF RELATED PARTY TRANSACTIONS POLICY**

The Board of Directors has approved a Policy for Related Party Transactions, which requires the company to carry out transactions with its related parties in accordance with the principles laid down in the Policy. This policy is in line with Companies (Related Party Transaction and Maintenance of Records Regulations), 2018.

In compliance with the Company's policy regarding related party transactions, a comprehensive list of all related parties is maintained and updated continuously. Further, details of transactions entered into with the related parties, nature of relationship and percentage of holding are maintained which is placed first before the Audit

Committee and then before the Board of Directors for its review and approval on a quarterly basis. A summary of transactions with related parties specifying the name of related party, nature of relationship and nature of transaction has been appropriately disclosed in notes to the Financial Statements.

Transactions with related parties are carried at arm's length basis and no undue advantage is given or taken on such transactions. The interest of the Company, however, remains supreme while entering into any transaction/contracts with the associated companies and related parties.

#### **CONFLICT OF INTEREST OF BOARD MEMBERS**

In order to manage any known or perceived conflict of interest, formal disclosure of vested interests is encouraged by the Board members. All Board members are well conversant with the principles provided under the regulatory requirements and the global best practices.

Board members' suggestions and comments during their proceedings are accordingly recorded for evaluation, in addition to description and quantification of any foreseen conflict of interest prior to finalization of the proceedings' agenda.

The board members who have any conflict of interest in any matter or agenda do not participate in relevant part of the meeting. The members are responsible for appropriate self-disclosure in a transparent manner and in the case of a doubtful situation, are advised to discuss it with the Chair of the meeting for guidance.

#### **DISASTER RECOVERY PLAN**

The Company has a comprehensive Disaster Recovery Plan. The critical IT equipment is placed in fireproof premises, in addition, the management has arranged offsite data storage facilities. Employees are aware of the steps required to be taken in case of any emergency.

#### **COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

The Company is fully compliant with best practices of Code of Corporate Governance, the statement of Compliance and auditors' review report is annexed to this report.





#### ROLE OF CHAIRMAN

The position of Chairman is held by a Non-Executive Director who is not involved in the day-to-day operations of the Company.

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer ("CEO").

The Chairman acts as the communicator for Board decisions where appropriate. He is Responsible for:

Ensuring that the Board plays an effective role in fulfilling its responsibilities by providing equal opportunity to all Board members to express their ideas or concerns in a free environment and to contribute their professional input for the betterment of the Company. Ensuring that the Board as a whole is sufficiently equipped with requisite skills, competence, knowledge, experience, philosophical perspective and diversity considered necessary for managing a successful Company.

Promoting highest moral, ethical and professional values and good governance throughout the Company.

Reviewing the performance of the Board and suggest training and development of the Board on an individual and collective basis.

Managing the conflicts of interests, if any.

Reviewing the strategic direction of the company regularly, and counseling and advising the Chief Executive Officer.

#### ROLE OF CEO

The CEO is the Head of the Company's management. This position is held by an Executive Director responsible for the overall operations and performance of the Company. He is primarily responsible:

To lead, in conjunction with the Board, the development of the Company's strategy.

To lead and oversee the implementation of the Company's long and short-term plans in accordance with its strategy.

To ensure the Company is appropriately organized and staffed as necessary to enable it to achieve the approved strategy.

To assess the principal risks of the Company and to ensure that these risks are being monitored and managed.

To ensure effective internal controls and management information systems are in place.

To ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically.

To ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business.

To act as a liaison between management and the Board.

To communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public.

To ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments.

To ensure the integrity of all public disclosure by the Company.

Keeping abreast of changes in the industry and suggesting improvements in the overall strategic plan including diversification, consolidation, mergers and acquisitions etc.

Developing an organizational culture of development, growth, innovation, efficiency and productivity, moral, ethical & professional values and good governance.

To request that special meetings of the Board be called when appropriate.

In concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting.



To sit on committees of the Board where appropriate as determined by the Board.

#### **SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES**

Shares held by Sponsors, Directors and Executives are disclosed in the Pattern of Shareholding annexed with this report.

#### **PRESENCE OF CHAIRMAN AUDIT COMMITTEE AT THE ANNUAL GENERAL MEETING**

The Chairman of the Board Audit Committee had attended last Annual General Meeting of the Company to answer the questions on the audit committee's activities and matters within the scope of the Audit Committee's responsibilities.

The Chairman of the Board Audit Committee has also consented to attend the upcoming Annual General Meeting of the Company.

#### **CHAIRMAN'S SIGNIFICANT COMMITMENTS**

The Chairman of the Board is committed to provide leadership to the Board of Directors of the Company and to keep aligned the strategic direction of the company with best business practices. Further, the Chairman is committed to ensure that Board plays an effective role in managing the business while promoting the highest moral, ethical and professional values.

#### **GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS**

The Company complies with all the requirements of Corporate Laws, Code of Corporate Governance and other Regulations to ensure implementation of the best practices of good governance. In order to further strengthen the Governance structure, the company has adopted the following practices which are not required by law:

##### **Number of Directors on the Board:**

The law requires a listed company to have at least 7 members on its Board; however, SPEL has nine directors on its Board, which greatly helped us in having the core competencies, diversity, requisite skills, knowledge, and experience in the context of the Company's operations.

##### **Timely and detailed announcements to the PSX:**

The Company makes full disclosure of any material information and quarter/semi-annual and annual results to the PSX well before the statutory timelines.

##### **Finance Committee:**

Although the law does not require it, the company has constituted a Board Finance Committee for taking strategic financial decisions. The

members of the Committee are well versed with financial knowledge and have financial expertise.

#### **Consultative Sessions with the Board Members:**

In case of unknown changes in the factors affecting our business or change in economic, political or social landscape, the Company arrange consultative sessions of the senior management with the Board members. Such sessions are useful in making adjustments either in the executive function or in the Board's strategy to keep them aligned with each other.

#### **LINKAGE OF BOARD MEMBERS' REMUNERATION WITH VALUE CREATION**

There is a well-defined policy and procedure for determining the remuneration and incentives of Board members. The annual appraisal of the executive directors is initially carried out by the Human Resource and Remuneration Committee, which considers the individual and collective knowledge, skills, efforts, and contribution of the executive directors.

The Board members give due consideration to the recommendation of the Human Resource and Remuneration Committee and finalize the remuneration ensuring that levels of remuneration are appropriate and commensurate with the level of responsibility, expertise and contribution.

#### **MANAGEMENT'S RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS**

Management of the Company 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 Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### **BOARD MEETINGS OUT OF PAKISTAN**

In order to save the cost of the Company, all meetings of the board are held at the registered office of the Company and no meeting is held outside Pakistan, during the year under review. The board members had the facility to attend meetings through a video conference facility.





# SIGNIFICANT POLICIES

## GOVERNANCE OF RISK AND INTERNAL CONTROL SYSTEM

The Company has a good governance structure for managing risks and has an inhouse internal audit function which has requisite skilled staff headed by a qualified Chartered Accountant who is directly reportable to the Board Audit Committee. The Board Audit Committee makes sure that its internal audit department has qualified and sufficient staff to ensure the soundness of the internal control system.

## POLICY ON BOARD'S DIVERSITY

The Board of Directors of SPEL firmly believes that the diverse mix of gender, knowledge, expertise and skillsets of the members enhances the effectiveness of the Board.

The Board composition will meet the minimum requirement of the applicable laws.

The Board will have adequate female representation

The Board will have such directors who bring along themselves diverse skill sets pertaining to financial matters, legal, marketing, etc.

The Board of Directors believes in merit and does not discriminate on the basis of gender, religion or caste.

## POLICY ON DISCLOSURE ON INTEREST BY THE DIRECTORS/OFFICERS

The Directors and Officers are required to disclose their interests, if any, in any transaction, contracts and arrangement with the Company as per requirements of law.

## DIRECTORS' REMUNERATION POLICY

### Objective:

The objective of the policy is to provide a framework within which the remuneration of Directors will be determined.

### Policy:

It is policy of SPEL to remunerate its directors for performing their services for SPEL. For this purpose, the Directors have been categorized as follows:

- Independent Directors
- Non-Executive Directors
- Executive Directors

Independent Directors and Non-Executive Directors shall be entitled to a meeting fee for attending the meeting of the Board or any of its Committee as per the scale approved by the Board from time to time. However, the directors who are entitled to remuneration shall not be entitled to a meeting fee. If any Non-Executive Director performs extra services, then he/she shall be entitled to remuneration.

Executive Directors shall be entitled to remuneration for managing the organizational functions assigned to them.

As per Articles of Association of the Company, the Board is authorized to determine the remuneration of Directors. In order to keep transparency, the Board shall observe the following principles while determining the remuneration of any Director:

The remuneration package shall encourage value creation within the company.

The remuneration package shall be appropriate to attract and retain directors needed to govern the company successfully.

Levels of remuneration shall not be at a level that could be perceived to compromise their independence.

The Board shall give due consideration to the recommendations of the HR & Remuneration Committee.

No Director shall participate in a part of the meeting in which his/her own remuneration is to be determined.

The details of the aggregate remuneration of executive and non-executive directors, including salary, meeting fee, benefits and performance-linked incentives etc. shall be disclosed separately in the Financial Statements of SPEL.

## POLICY FOR SECURITY CLEARANCE OF FOREIGN DIRECTORS

It is our policy to follow all security clearance processes for foreign director(s), if any. However, currently, SPEL don't has any foreign director on its Board.

## COMMUNICATION WITH STAKEHOLDERS

Communication with stakeholders is key area of concern for the Company. The policies related to communication, relationship, and meeting their legitimate needs and interest are covered in a separate section in this report titled "Stakeholders Relationships and Engagements"

## INVESTORS' RELATIONSHIPS AND GRIEVANCE POLICY

It is policy of SPEL to:

Prohibit the selective disclosure of material, nonpublic information about the Company,

Set forth procedures designed to prevent such disclosure, and Provides for the broad, public distribution of material information regarding SPEL.

At all times SPEL will guard the Company's need for confidentiality about key business and operating strategies & SECP's directive on nonpublic earnings guidance.

## Disclosure Process

SPEL will communicate its anticipated approach to disclosure in general and compliance with the SECP regulation by posting the Investor Relations policy on the website [www.spelgroup.com](http://www.spelgroup.com)

## Communication Channels

The CEO or CFO or their nominee(s) will be the primary contacts who may communicate on behalf of the Company to analysts, securities market professionals, institutional investors, and major shareholders of the Company.

## Quarterly Earnings Release & Analyst Briefing

SPEL will release earnings information quarterly as required by stock exchange soon after the accounts are reviewed by the Board of Directors at a date to be announced publicly and post the same on the Company Web site which may be followed by an Analyst briefing, date and venue to be posted on web site and communicated to the Stock Exchanges.

## Analyst Earnings Models and Reports

SPEL will not share earnings projections and will not provide focused guidance to analysts in their efforts to develop earnings estimates.

## Closed Period

SPEL expects to observe a "closed period," at time of finalizing

quarterly/annual earnings during which the Company will not participate in any further one-on-one or group conversations that relate to the Company's financial performance or current business activities Presentations. Duration of this period to be posted on website.

#### **Responding to Market Rumors**

The Company has the policy to comply with all applicable legal requirements related to rumors in the marketplace. SPEL takes precautions to ensure that it does not become the source of any rumors.

\*\* Investors' Relations section is also available on the Company's website. "<http://spelgroup.com/corporate>"

#### **ENVIRONMENT, HEALTH & SAFETY POLICY**

It is policy of SPEL to:

Place continuous and concerted efforts towards minimizing the impacts on the environment and use of energy and natural resources.

Reduce waste, emission to air, water and land; and to comply with all the applicable legal requirements.

Ensure adequate controls to prevent any adverse effect on the environment and to reduce or eliminate health and safety hazards.

Practice efficient energy management with resource conservation and promote recycling, reuse, reduction and replacement wherever possible.

Promote awareness, responsibility and commitment for the conservation of the global environment as well as health, safety and protection amongst all levels of employees.

Educate employees on the issues of health, safety and environment.

Work in the spirit of cooperation with the relevant authorities.

#### **WHISTLE BLOWING POLICY**

SPEL is committed to do business lawfully, ethically and with integrity.

SPEL encourages a culture to detect, identify and report any activity which is not in line with the Code of Ethics, Corporate Governance, Company's policies, or involves any misuse of Company's properties or any breach of law, etc. which may affect the reputation of the Company.

SPEL encourages whistle blower to raise the issue directly to Chief Executive Officer provided that:

The whistle blower has appropriate evidence(s) substantiating the genuineness of the fact;

The whistle blower understands that his act will add more value than the harm to the Company and he is doing this because of his loyalty with the Company; and

The whistle blower understands the seriousness of his action and is ready to assume his own responsibility.

SPEL shall provide reasonable protection to employee(s) who report the issue(s) as per this policy.

#### **POLICY FOR SAFETY OF RECORDS**

The Company pursues an effective policy for the safety of its records and to ensure that authentic, reliable and usable records are created, captured and stored to meet the needs of Company's business and statutory requirements.

The policy ensures that:

A complete and accurate record of the transactions of the Company is created, captured and stored physically and in soft form along with proper backup;

Records are to be maintained in conditions suitable for the length of time to cater for the Company's needs and statutory requirements;

Records and archives are protected against the risks of unauthorized access, damage caused by fire, natural calamities and physical deterioration.

The records will be available to the authorized persons within the constraints of security, confidentiality, privacy and archival access conditions;

Records are destroyed or disposed of in accordance with the disposal policies, procedures and guidelines of the Company.

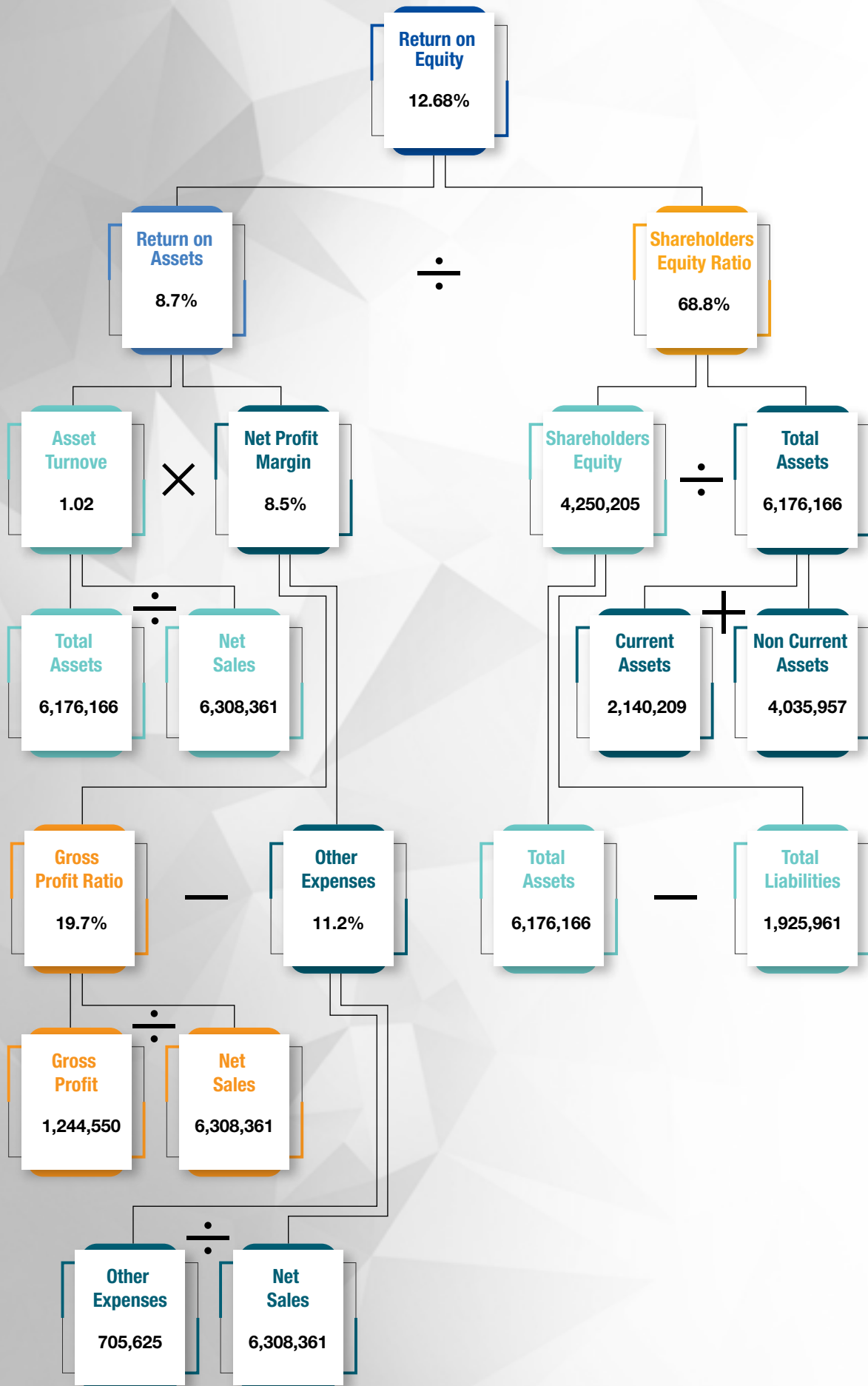
#### **ATTENDANCE BY SHAREHOLDERS IN THE GENERAL MEETING**

SPEL encourages full participation of the members including minority shareholders in the General Meetings by inviting the shareholders through a notice sent at least 21 days before the date of the general meeting with sufficient information enabling them to schedule their participation and attend the meeting on an informed basis. Shareholders are given the option to attend the meeting either in person or by proxy or through video link subject to fulfillment of legal requirements.



# DUPONT ANALYSIS

As at 30 June 2022





**Abstract**

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# STRATEGY AND RESOURCE ALLOCATION

## STRATEGIC OBJECTIVES

At SPEL, we are committed to be a reliable supplier for our customers by meeting their expectations through innovation, continuous improvement and by utilizing the economic and human resources effectively.

In order to achieve the above objective SPEL has defined a road map in shape of Long, Medium- and Short-Term Objectives which are as follows:

### Long Term Objective

SPEL aims to develop long-term sustainability of the organization by constantly upgrading its technologies, developing and training its employees and by following ethical and moral business values. The Company will continue to use resources efficiently to increase shareholders' value.

### Medium-Term Objective

The Company is focused to be a market leader for quality products and growing continuously by adding products and customers to our portfolio.

### Short Term Objectives

Our short-term objective is to further upgrade our management systems to manage growth and to manage businesses at multiple locations.

## STRATEGIES IN PLACE TO ACHIEVE OBJECTIVES

The objectives of the management are well aligned and synchronized with the overall strategic objectives of the Company. The following strategies were adopted by the management to achieve its objectives:

Objective	Strategies to achieve objectives
Reliability	Encouraging a culture of innovation and continuous improvement Providing high-quality products to customers Delivering products on time
Create value for shareholders	Optimally utilizing economics and human resources Earning the highest returns on investments Growing revenue
Ensure long term sustainability	Constantly upgrading technologies Developing and training employees Committed to the ethical business values

The results of these objectives are reflected in our increased profitability and controlled costs. These objectives are the same as the previous years.

## Resources Allocation Plan to Implement the Strategies and Capital Structure

SPEL deploys its resources and relationships in the optimal way to implement its strategies. The Company has different types of resources and has categorized its resources into financial, manufactured, intellectual, human, social & relationship and natural capital.

### Financial Capital

The Company has a policy to finance the capital expenditure necessary to achieve the strategic objectives through equity or long-term loans. The management continuously monitors its cash flows on daily basis and keeps in view its future needs. It re-aligns the financing facilities to optimize the company's operations constantly.

The Company observes a self-defined formula for sustainable growth which requires that the amount invested in expansion plans should approximate the amount of profits earned in the year, plus depreciation. This has greatly helped in managing a strong liquidity position.

### Manufactured Capital

Manufactured capital includes building, equipment and infrastructure. The management has a deliberate focus to utilize its available manufacturing resources optimally to achieve the strategic objectives. The resources are allocated to different parts of business keeping in view their linkage with the objective. The unevenness, if any, created due to changing business environment, is balance-out by filling the gap in the relevant resource.

### Intellectual and Human Capital

The company has established an effective human resource department that is engaged in the hiring and training of employees. The company provides an attractive working environment and career to all its employees.

### Social and Relationship Capital

Social and relationship capital includes relationships within and between communities, groups of stakeholders and other networks, and the ability to enhance individual and collective well-being. SPEL gives equal importance to social and relationship capital and manages this capital by following the cultural norms of the areas in which it operates.

### Natural Capitals

Natural capital includes all renewable and non-renewable environmental resources e.g., air, water, sunlight etc. We are constantly working to reduce and optimize the use of natural resources while having a great focus on environment conservation. SPEL is compliant with the requirement of ISO14001 – Environment Management System and is also a certified company.

## Key resources and capabilities which provide sustainable competitive advantage

SPEL is equipped with state-of-the-art manufacturing facilities and has trained human resources, in addition the sponsors of the company have in-depth knowledge, experience and skills for managing a manufacturing business. SPEL has long-term business relations with blue chip companies who rely on SPEL and have confidence in Company's capabilities and these relations are reciprocal. All these factors contribute toward a sustainable competitive advantage for SPEL.

### Value created by the Business

By doing its business, the company has created value for all its stakeholders. Detailed information is given in another section of this report titled "Wealth Generated and Distributed."

### The Effect of Technological Change, Societal Issues and Environmental Challenges on the Company Strategy and Resource Allocation

We at SPEL, keep ourselves aligned with the changes in technologies, societal issues, and environmental challenges and we adjust our strategy and resources to address such changes on time, therefore, we don't foresee any major change in our strategy and resource allocation.

Processes used to Make Strategic Decisions and Attitude to Risk

Strategic decision-making is a critical aspect of any organization as it significantly impacts business, long-term survival, employees, customers, the market and ultimately the success of the company. At SPEL, the strategic decisions are taken after considering several key factors e.g., needs of the customers, business environment, economic situation and inputs from the relevant stakeholders etc.

Due consideration is also given to risk factors while taking strategic decisions. We try to achieve a balance between assuming too much risk and too little by engaging in risks that are consistent with our vision, objective, culture and our fiscal responsibilities.

### Specific Processes for Strategic Decisions, Organization' Culture and its Monitoring

At SPEL, we believe that the key to a successful organization is to have a culture based on a strongly held and widely shared set of beliefs that are supported by strategy and structure. We define culture as "what people do when the boss is away". Our employees know,

what top management wants them to respond to in any situation and they respond according to the expectations of the management. We monitor our culture by carrying out orientation, training and performance management programs that outline and reinforce the organization's core values.

### Mechanisms for Addressing Integrity and Ethical Issues

The Company has a detailed policy for addressing integrity and ethical issues for raising alerts against any misconduct, deviations from policies, controls, applicable regulations or violation of the code of conduct.

### Corporate restructuring, business expansion and discontinuance of operations etc.

During the year under review, the company has not taken any decision related to corporate restructuring and discontinuance of operations. During the year under review, the company has invested a significant amount in balancing, modernization and expansion of manufacturing facilities. The company has decided to enlarge its footprint in the city of Karachi and has established a new project in Karachi in the year under review.

Business Rationale for Capital Expenditure incurred during the year. During the year under review, the Company has invested a significant amount in expansion balancing, modernization and replacement of fixed assets. These expenditures were necessary to enhance the production facilities of the Company and to cater to the growing needs of our customers.

### Changes in Objectives and Strategies from Prior Year

There are no significant changes in the objectives or strategies as disclosed in the previous year's report.





# RISKS AND OPPORTUNITIES

## Risk Management Framework and Risk Management Methodology

At SPEL, we believe that risk management is an ongoing and iterative process. Developing and implementing a strategy just once is not enough anymore. The risks continue to evolve based on changes in technology, the physical and economic climate, government policies, internal and external environments and many other factors.

SPEL's risk management policies are established to identify and analyze the risks faced by SPEL, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SPEL's activities. SPEL, 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 Board of Directors has overall responsibility for the establishment and oversight of SPEL's risk management framework. The Board is

responsible for developing and monitoring SPEL's risk management policies.

The Audit Committee oversees how management monitors compliance with SPEL's risk management policies and procedures and reviews the adequacy of the risk management framework concerning the risks faced by SPEL. The Audit Committee is assisted in its oversight role by the Internal Audit department. The Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

## Key Risks Assessment

The Company has carried out a robust assessment of the principal risks facing the Company, including those that would threaten the company's operations, business model, future performance, relations with its customers, solvency and liquidity.

Key Risks	Sources	Likelihood	Mitigants
<b>Liquidity Risk</b>			
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.	External	Moderate	Encouraging a culture of innovation and continuous improvement Providing high-quality products to customers Delivering products on time
<b>Credit Risk</b>			
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	External	Moderate	To manage credit risk the Company maintains procedures covering the application for credit approvals and monitoring of exposures against credit limits. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.
<b>Pricing Risk</b>			
With new entrants in the market, there is a likelihood of price competition which might squeeze margins.	External	Moderate	The Company is constantly sourcing competitive suppliers, improving its technology, efficiency and productivity. Also, since SPEL has in-house capability to develop products with a fast turnaround time, that by itself obviates the possibilities of competition affecting SPEL. The Company has developed interdependence with its customers and is considered a strategic supplier.
<b>Competition Risk</b>			
Increasing entrants making their way into the plastic industry.	External	Moderate	SPEL's diversification of business activities and technical expertise make it adequately prepared to face these challenges.
<b>Machine Breakdown Risk</b>			
Machine breakdown due to electricity load shedding may affect the operational performance of the Company.	External	Moderate	Adequate electricity backup systems are in place to overcome the problem. Adequate spares are also kept in stock.
<b>Human Resource Risk</b>			
Increasing competition for skilled human resources may lead to higher turnover causing deterioration in service standards or increased payroll.	External	Moderate	The Company's HR practices include arranging training and developing programs for its employees; a conducive work environment and competitive packages. Constant efforts in improving and training tend to offset this risk.
<b>Technological Risk</b>			
Technological obsolescence	External	Moderate	The company has been constantly upgrading its technologies. In the present expansion plan, the Company acquired new generation technologies which are energy efficient, to stay ahead of the pack.



Regulatory Risk			
Imposition/enhancement of duties, taxes, levies and other conditions may adversely affect the operations.	External	Moderate	New levies go across the board, so we stay competitive.

#### OPPORTUNITIES:

##### Modern Technology

SPEL is using state-of-the-art modern technology which provides an opportunity to lead in the market for premium quality products.

##### In-House Mold Shop

The in-house design and mold shop is the strength that gives a competitive advantage through which SPEL produced most of its innovations. The design & mold shop was established soon after the inception of SPEL. It is now one of the biggest mold shops in Pakistan.

##### Long-Term Business Relationships

SPEL maintains long-term business relationships with its customers and trade partners. Most of the major customers are blue-chip companies and are working with us for many years.

#### INITIATIVES TAKEN BY THE COMPANY TO PROMOTE INNOVATION

SPEL encourages innovation in all fields of its business, the following initiatives are in place for promoting innovations:

- Allocation of budget for research and development;
- Quality Control Circles;
- Rewards for teams for implementing innovative ideas;

##### Determining Level of Risk Tolerance and Establishing Risk Management Policies

The Company has a significant focus on all the risks and its management and continues to determine the company's level of risk tolerance. The Company has a well-developed system for risk management which includes preventative, detective and reactive measures to manage risks. Such measures include good housekeeping, safety audits, fire hydrant systems, internal audit, insurances, and awareness about changing business environment and about technological advancements. A Risk Management Committee has also been formed by the Board.

##### Assessment of Principal Risks facing the Company

SPEL constantly undertakes an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

##### Strategy to Overcome Liquidity Problems

The company is a profit-generating entity, which has significantly helped in strengthening its liquidity position and healthy cash flows. Careful deployment of these funds is a priority of the management.

These factors have added to the sustainable growth of the company, profitability and business stability. At SPEL, we monitor and control the gearing of the Company in line with the business objectives. All installments of leases, long-term loans, musharika finance, FATR, markup, etc are paid on due dates.

Keeping in view the current liquidity position, available short-term finance facilities and future business plans, the management is confident that the company would not face any liquidity issues in the foreseeable future.

##### Capital Adequacy and Capital Structure

Currently, the Company has an optimum capital mix and doesn't have any challenge for capital shortage, as evident from the fact that the Company's debt-to-equity ratio is 19% and the current ratio is 2.52 which shows the strong financial health of the Company. The Company maintains good relationships with reputed banks and has financing arrangements to overcome any liquidity problem (if any) faced by the Company. SPEL is proud in stating that it has never defaulted in payments of any of its debt since its inception.



## STRIVING FOR EXCELLENCE IN **CORPORATE REPORTING**

SPEL intends to share all relevant information with its stakeholders and strive to give maximum information as may be useful for the users of the Annual Report for making their decisions related to the Company.

### **COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

SPEL prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and other applicable standards and legal requirements. It is our utmost effort to comply with all the requirements of the IFRSs. However, in case the requirements of IFRS differ from the local laws, SPEL has the policy to comply with the local laws. A detailed note has been given in the financial statements regarding compliance with the IFRSs.

### **ADOPTION AND STATEMENT OF ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK**

While preparing the annual report, SPEL, among others, use the Integrated Reporting Framework developed by the International Integrated Reporting Council as it greatly helps to promote a more cohesive and efficient approach to corporate reporting that draws on different reporting aspects and communicates the full range of factors that materially affect the ability of an organization to create value over time and support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term.



## **STAKEHOLDERS ENGAGEMENT**

Stakeholders' relationship is of significant importance for the company. Building "stakeholder's engagement", compliance with regulatory requirements and terms and conditions are one of the main business principles by which SPEL abides.

To bring an accurate understanding of the company's management policies and business activities to all its stakeholders, we strive to make full disclosure of all material information to all stakeholders by various announcements on our website, to the Stock Exchange, and other sources available to help investors to make informed decisions.

While increasing management transparency, the company aims to strengthen its relationships and trust with shareholders and investors. Our stakeholders include, but are not limited to, customers, employees, government, shareholders, suppliers, local communities and bankers.

## **COMMUNICATION WITH SHAREHOLDERS**

Shareholder's views are of significant value for the Company. The company has a diverse range of shareholders, including mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, high net worth individuals, housewives, professionals and individuals of varied requirements. The Company regularly interacts with all categories of shareholders, through corporate announcements, quarterly reports etc. The Chief Executive Officer and the Chief Financial Officer remain available to respond to any shareholder/investor's query in person or on the telephone. The Chief Executive Officer updates the non-executive members of the views of the major shareholders about the Company.

## **STEPS TAKEN TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND MEETINGS**

The Company send notices of meetings to all shareholders and also publish the notice of the meeting in Urdu and English newspapers enabling them to schedule their participation and attend the meeting on an informed basis. Shareholders are given the option to attend the meeting either in person or by proxy or through video link subject to fulfillment of legal requirements.

## **INVESTOR RELATIONS SECTION ON COMPANY'S WEBSITE**

The management of the Company is committed to provide equal and fair treatment to all investors/shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors'/ shareholders' complaints.

The Company disseminates information to its investors and shareholders through various means, including its corporate website.

The Company's website is updated regularly to provide detailed and latest Company information including business strategy, financial highlights, investor information, unclaimed history and other requisite information.

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, a specific 'investors' relations' section is also maintained for the purpose on the Company's website.

## **ISSUES RAISED IN LAST AGM**

The 39th Annual General Meeting (AGM) started with a brief by the Chairman of the meeting about the Company's performance for the financial year 2020-21, and an update on the progress of ongoing projects.

Final cash dividend @ 5 % i.e., PKR 0.5/- per share and Final Bonus Dividend @ 8% i.e., 8 shares for every 100 shares was approved by the shareholders in the meeting, which was distributed amongst the entitled shareholders.

It was also decided to reappoint M/s KPMG Taseer Hadi & Co. Chartered Accountants, as external auditors of the company for the year ending June 30, 2022.

After deliberations and necessary discussions on all agenda items of the meeting was concluded, no issues were raised, and the meeting ended with a vote of thanks to the Chairman.

## **CORPORATE BRIEFINGS**

SPEL releases earnings information and shareholders' entitlements at dates to be announced publicly and post the same on the Company's website which may be followed by an analysis briefing. The price-sensitive or material information is disclosed as per the requirements of law. General queries raised by the analysts are responded to without disclosing any inside information.

## **HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS**

To facilitate the stakeholders to register their complaints conveniently, an online form is available on company's website. During the year the company has not received any complaint or grievances, however, certain requests for revalidation of dividend warrants and dispatch of physical reports were received which were addressed to the satisfaction of the shareholders.



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

At SPEL, we believe that protecting the environment and investing in the welfare of society are imperative for sustainable development. SPEL supports the community by spending on health, education, community welfare and on social and national causes.

During the year Company has taken multiple initiatives and plans relating to the various aspects of sustainability and corporate social responsibility.

## ENVIRONMENTAL PROTECTION MEASURES

SPEL has implemented environmental sustainability measures to its core operations. The following measures have been taken to protect the environment:

- Installation of around 1.2MW solar power to partially meet its electricity needs;
- Use of "Canopy Generators" to minimize noise pollution;
- Use of diesel-based generators instead of furnace oil-based generators as the furnace oil-based engines are noisier and more environmentally hazardous;
- Plantation of trees to promote a greener environment;
- Installation of RO plant for providing clean drinking water

## ENERGY CONSERVATION

Pakistan is facing an energy crisis that has affected its economy. To play our part in reducing the energy crises, we are using the following measures:

- Conversion to energy-efficient machinery and equipment.
- Emphasizing the need for minimum consumption and training of employees on energy conservation.
- Placing glass windows and other openings in walls to optimize the usage of daylight.
- Conversion of computer monitors to LCDs.
- Conversion to LED lights.

## COMMUNITY INVESTMENT AND WELFARE SCHEMES

SPEL has invested in the welfare of the community in the following ways:

- Safeguard the environment from emissions and hazards.
- Creating employment opportunities for society.
- Compliant and paying taxes.
- Helping the society through donations and other welfare activities.

SPEL has taken the following initiatives to cater to the welfare of society:

- Provision of scholarship grants to the needy students
- Contribution to charitable institutions for education and welfare purposes.
- Arrangement of free medical camps for the unprivileged

people living in nearby villages.

- Provision of financial assistance to its employees for improving their education.

## CONSUMER PROTECTION MEASURES

We ensure that quality products are delivered to consumers. For food packaging, we use food-grade materials and keep the facility clean as per requirements of international health and safety standards. SPEL has obtained the FSSC 22000 certification to ensure the safety of food and beverage packaging and has also obtained HALAL certification.

## CONCERN FOR EMPLOYEES

SPEL has established rules and procedures for better industrial relations. Employees' motivation and satisfaction is of vital importance. Annual bonuses, market-competitive salaries and benefits, provident fund, leave encashment and other benefits reflect our best efforts for good industrial relations. SPEL is also offering incentive schemes to employees on achieving various milestones; SPEL is an equal opportunity employer.

## EMPLOYMENT OF SPECIAL PERSONS

Special persons are a part of our community who need proper attention, care and opportunities so that they can live independently without becoming a burden on society. As a principle, we welcome special persons to work with us, we consider that providing employment to such persons will help create an egalitarian society.

## OCCUPATIONAL, SAFETY AND HEALTH

SPEL believes that employee health and safety are of the utmost importance. We have implemented employee training programs to create awareness about workplace safety measures.

Furthermore, there are fire safety systems in place to cater to any emergency that may arise. Fire safety drills are carried out periodically. There are regular medical tests conducted for employees from reputed medical laboratories.

SPEL also has a congenial working environment, which serves the social needs of employees. We have ISO certification for standard operating procedures, both to maximize efficiency and to ensure safety of operators.

## BUSINESS ETHICS & ANTICORRUPTION MEASURES

SPEL has built a corruption-free culture. SAP has been implemented as a database management system that ensures transparency.

## CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, SPEL has contributed an amount of Rs. 816 million to the National Exchequer in the form of Income Tax and Sales Tax.

## INTERNATIONAL STANDARDS AND CERTIFICATION



## FORWARD LOOKING STATEMENT

Keeping in view the economic recovery from Covid-19 pandemic and the devastation caused by the recent monsoon rains and floods, the year 2022-23 continues to unfold newer challenges and opportunities; both nationally and internationally. It is hoped that the easing up of global supply chain challenges may bring about some improvement in global economic conditions. Continued tightening of monetary policy by central banks will constrict the money supply. Against this background, businesses with efficient and sustainable resources and working capital management will stand the best chance of remaining healthy.

### Impact of political, economic, social, technological, environmental and legal environment that is likely to be in future and its effects on business performance, strategic objectives and capitals

External Factors	Future Likelihood	Effect on		
		Business Performance	Strategic Objectives	Capitals
Political	Stable	Positive	No Change	No Change
Technological	Improving	Positive	No Change	It may require some investments, which are affordable.
Environmental	Deteriorating	Stimulating	No Change	No Change
Legal	Improving	Positive	No Change	No Change

### Status of the project as was disclosed in the forward-looking statement in the previous year

During last year the company, in its forward-looking statement, disclosed that it was geared to meet the growing needs of its customers in the post-covid economic scenario, and during the year under review the Company has fulfilled the needs of its customers to their satisfaction.

### Performance of the Company Compared to the Forward-Looking Disclosures Made in the Previous Year

Disclosures	Current Status
Growth in Profit	17% profit growth achieved
Investment in operating fixed assets	An amount of Rs 1,133 million invested in capex
Training of staff	5,467 man-hours were invested on training of staff members

### Sources of Information and Assumptions

SPEL puts all its efforts into gathering information and attempts to collect as much information as possible from internal and external sources while working on projections and forecasts. As the Company is working under B2B model, therefore, it gives due weightage to inputs received from its customers which, in turn, greatly helps in getting right information and developing realistic assumptions. If needed, the help of external consultants either formally or informally is also taken, so that a realistic and appropriate image of the future is developed.

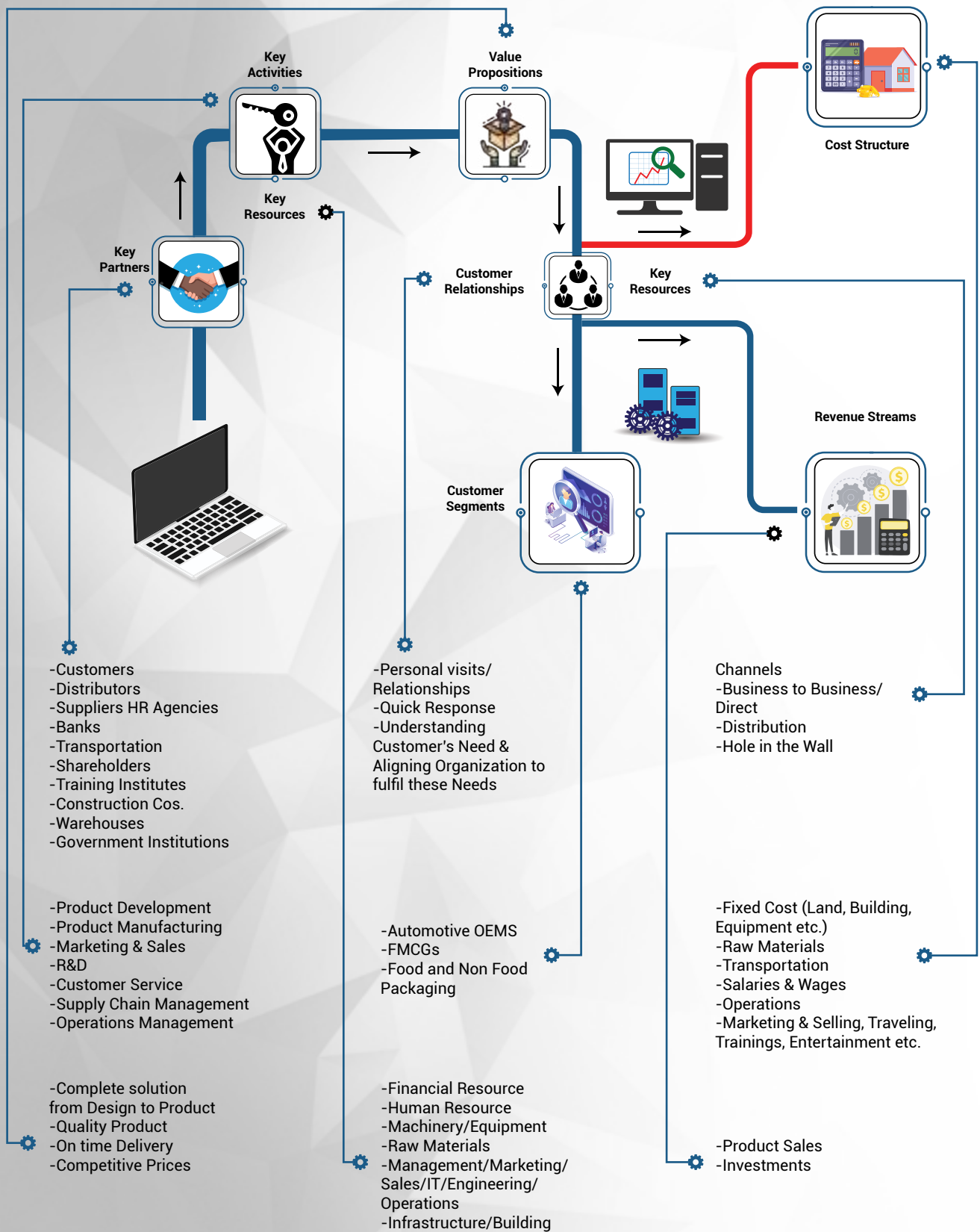
### Dealing with Challenges and Uncertainties

As part of its normal business practices, SPEL always keeps an eye on the upcoming business risks, threats, challenges and uncertainties and constantly keeps on investing to equip itself to face such challenges and uncertainties. For this purpose, the company has identified, and evaluate at regular intervals, its key partners, key activities, value propositions, customer relationship, cost structures and revenue streams and put its efforts in the form of brain-storming sessions to envisage the upcoming challenges and uncertainties and develop strategies to overcome them.





# KEY ELEMENTS OF BUSINESS MODEL



The Board Audit Committed is pleased to present its report:

The Audit Committee of the Company comprises of four non-executive directors including two independent directors. The Chairman of the Committee is an independent Director and have indepth experience of finance and economics.

The Audit Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board of Directors. The Audit Committee has reviewed and recommended the related party transactions. The Committee also concluded its review on the operations of the Company on quarterly basis.

The internal control framework has been implemented through an independent in- house internal audit function established by the Board. The internal audit function is independent of the external audit function.

The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee. Further, the Board Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.

The Head of Internal Audit has direct access to the Chairman of the Board Audit Committee and the Committee has ensured appropriate staffing of personnel with sufficient internal audit wisdom and that the function has all necessary access to Management and the right to seek information and explanations.

The internal audit function team has access to Management and the right to seek information and explanations and that the team is satisfied with the level of co- operation of the Company's staff.

The Committee is of the view that management has issued a comprehensive Annual Report, which gives true and fair view, balanced and understandable information and provides in depth understanding to the shareholders to assess the Company's position and performance, business model and strategy.

The external auditors KPMG Taseer Hadi & Co. Chartered Accountants were allowed direct access to the Audit Committee. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

The auditors attended the General Meetings of the Company during the year and have confirmed attendance of the upcoming Annual General Meeting and have informed in writing their willingness to continue as Auditors.

Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee has recommended to the Board re-appointment of M/s KPMG Taseer Hadi and Co. Chartered Accountants as external auditors for the year 2022-23.

- sd -

**Haroon Sharif**

Chairman Board Audit Committee

Dated: 14 September 2022

Place: Lahore

## CHAIRMAN'S REVIEW

All strategies of the company revolve around the word "Reliability". Customers are looking for reliable products, according to agreed specifications, to be delivered on time every time. We have invested to create capacities to fulfill requirements and growing demands of our customers. Most of our sale is to blue-chip companies. We have gained experience through a long process of learning and developing skills and technologies over the last 40 years. With our experience, learnings, increased capacity and improved quality, SPEL is well prepared and well-positioned to serve its customers.

We have weathered challenging economic environment, global supply chain crises, depreciating Pak Rupees, rising inflation, increasing interest rates and imposition of super tax. In spite of all that has happened in the year, SPEL fulfilled requirements of our customers and managed to achieve a growth of 51% in the topline and growth in profit of 17% after tax.

With latest manufacturing technologies and equipment, trained human resources and good business practices, the Company will continue to address the requirements of our customers.

The Board and its Committees have played an effective role in providing strategic direction and oversight to the Company and performed their duties and responsibilities diligently. All Directors including Independent Directors have made valuable contributions to the decision-making process.

With the current economic challenges and macro-economic situation, your Company considers that in the short to medium term, the outlook of the industry will remain challenging whereas in long-term, the economy will get leaner and stronger. The demand from FMCG customers is steady. The auto industry is slowed down due to restrictions on import of inputs, however, this restriction would be lifted in a few months and robust sales are expected again.

Finally, it gives me immense pleasure to inform you that the Company is running smoothly. We adhere to our values of honesty and integrity which has developed trust relationships with all stakeholders.

I am thankful to our shareholders, customers, suppliers, bankers, business partners, employees and other stakeholders for their confidence and support.

We will continue to strive to make this Company great.

- sd -

**Almas Hyder**

Chairman

Dated: 14 September 2022

Place: Lahore



# DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2022



## Dear Shareholders

The Directors of your Company are pleased to place before you the Company's Annual Report on the results of its operations along with the Audited Financial Statements for the year ended 30 June 2022.

## BUSINESS PERFORMANCE

By the grace of Almighty, the financial year 2021-22 was another successful year for the Company with sales reaching at Rs. 6,308 million (2021: Rs. 4,171 million) registering a growth of 51%.

During the year under review, the Company faced many challenges including increase in the prices of raw materials, currency devaluation, increased interest rate, political uncertainty and imposition of Super Tax. Despite these factors, we are pleased to inform you that your Company showed a growth of 17% in net profit after tax.

To increase capacity and improved capability, the Company invested Rs. 1,133 million (2021: Rs. 430 million) in operating fixed assets. A significant amount has also been spent on technology upgradation and automation to ensure better quality, timely deliveries and improved efficiency.

## Financial Results

The financial results of the Company for the year under review are as follows:

# DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2022

			2022	2021
			Rupees in Million	
Turnover			6,308.36	4,171.02
Gross profit			1,244.55	898.67
Operating profit			968.13	696.24
Finance cost			102.86	46.15
Profit before taxation			852.16	638.83
Taxation			313.24	178.60
Profit after tax			538.92	460.23
<b>Dividends and Appropriations</b>				
Interim Cash Dividend	@ 10 %	(2021: NIL )	99.86	-
Final Cash Dividend	@ Nil %	(2021: @5%)	-	46.24
Final Bonus Dividend	@ Nil %	(2021: @ 8%)	-	73.98
Total Dividend	@ 10 %	(2021: @13%)	99.86	120.22

The Company has already paid 10 percent interim cash dividend during the year under review. Due to current economic conditions and keeping in view the liquidity position and future cash requirements of the Company, the Board has decided to pass over the final cash dividend.

## Earnings Per Share

The earnings per share for the current and the previous year are as follows:

Basic and diluted EPS – 2022	Rs. 2.70
Basic and diluted EPS – 2021 (Re-stated)	Rs. 2.30

During the year under review the Company has sub-divided the face value of the shares of the Company from Rs. 10 to Rs. 5 each and issued bonus shares @ 8% as approved by the shareholders on 27 October 2021. The EPS of the comparative period has been restated accordingly.

## Corporate Social Responsibility

SPEL believes in supporting the community and has a policy to contribute as our CSR. We recognize our responsibilities to sustainability and environmental stewardship. We strive to make sure that these responsibilities not only address our commitment to our employees and our plant sites, but also extend beyond our gates to other stakeholders, including the communities in which we operate.

Some other CSR activities taken up during the fiscal year includes:

- Donations to non-profit organizations
- Scholarship Grant to the needy student(s) under UET's Financial Aid Program
- Financial assistance to employees who wished to enhance their education
- Donations to flood affectees

## Human Resource:

We are proud of the commitment and dedication of our employees. The Company values its employees and encourages a culture of teamwork, innovations, open communication, continuous development and training of personnel. During the period under review, Company invested 5,467 (2021: 3,600) man hours on the training of its employees. The Company used both Internal and External resources to improve its employee's skills, knowledge, and abilities.

The trainings included courses on Supervisory Skills, Fire & Safety, Kaizen, 6S, QCC and Technical & Managerial modules of different departments & units of the organization.

## Composition of the Board

The Election of Directors was held during the year under the view as per requirement of the law. The Board was reconstituted on 27 October 2021 for a period of three years. The composition of the Board has been established to fulfil the company's need for expertise, capacity and diversity requirements of code of corporate governance and to ensure that the Board functions well as a collegiate body.

Total number of Directors of the Company is as follows:

Male Directors	08
Female Directors	01

The composition of the Board is as follows:

Independent Non-Executive Directors	03
Other Non-Executive Directors	04
Executive Directors	02

### Remuneration Policy for Non-Executive Directors and Independent Directors

The Board has approved a policy for remuneration to directors. As per the policy, Independent Directors and Non-Executive Directors shall be entitled to a meeting fee for attending the meetings of the Board or any of its Committees as per the scale approved by the Board from time to time. If any Non-Executive Director performs extra services, then he/she shall be entitled to remuneration. The directors who are entitled to remuneration shall not be entitled to receive any type of meeting fee.

### Meetings of the Board and Attendance

During the year under review, five (05) Board meetings were held and attendance by each director is given below:

Name	Status	Meetings Attended
Mr. Almas Hyder	Chairman/Non-Executive Director	5
*Dr. S. M. Naqi	Non-Executive director	2
Mr. Zia Hyder Naqi	CEO/Executive director	5
Mr. Haroon Sharif	Independent Non-Executive Director	5
Mr. Khawar Anwar Khawaja	Independent Non-Executive Director	4
*Mr. Muhammad Tabassum Munir	Independent Non-Executive Director	2
*Dr. Syed Sohail Hussain Naqvi	Independent Non-Executive Director	3
Mr. Raza Haider Naqi	Non-Executive Director	3
Dr. Nighat Arshad	Non-Executive Director	5
Mr. Sheikh Naseer Hyder	Non-Executive Director	5
Mr. Abid Saleem Khan	Executive Director	5

\*Dr. S. M. Naqi & Mr. Muhammad Tabassum Munir retired on 27 Oct 2021, Dr. Syed Sohail Hussain Naqvi joined the Board on 27 Oct 2021.

The Board acknowledges the valuable contributions made by the outgoing Directors and welcomes the new member on the Board.

Leaves of absence were granted to the members who could not attend the Board Meeting(s).

### Board Audit Committee

During the year under review, four (04) Board Audit Committee meetings were held and attendance by each member is given below:

Name	Status	Meetings Attended
Mr. Haroon Sharif	Committee Chairman	4
Mr. Almas Hyder	Member	4
*Dr. S. M. Naqi	Member	2
*Mr. Khawar Anwar Khawaja	Member	2
*Mr. Muhammad Tabassum Munir	Member	2
Mr. Raza Haider Naqi	Member	2



# DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2022

The committee was reconstituted after the election of Directors held on 27 Oct 2021. Dr. S. M. Naqi & Mr. Muhammad Tabassum Munir retired on 27 Oct 2021, Mr. Khawar Anwar Khawaja joined the Committee after reconstitution of the Committee.

Leave of absence was granted to the members who could not attend the meeting.

## Human Resource & Remuneration Committee

During the year under review 02 (Two) meetings of the Human Resource and Remuneration Committee (HR Committee) were held. The composition of the HR Committee and the attendance by each member is as follows:

Name	Status	Meetings Attended
Mr. Khawar Anwar Khawaja	Committee Chairman	2
Mr. Almas Hyder	Member	2
Mr. Zia Hyder Naqi	Member	2
*Dr. Syed Sohail Hussain Naqvi	Member	1
*Dr. Nighat Arshad	Member	1
Mr. Abid Saleem Khan	Member	2

The committee was reconstituted after the election of Directors held on 27 Oct 2021. After reconstitution of the Board and formation of new committees, Dr. Nighat Arshad was not a member of the Committee whereas Dr. Syed Sohail Hussain Naqvi joined the Committee.

## Finance Committee

The composition of the Finance Committee is as follows:

Name	Status
Mr. Almas Hyder	Committee Chairman
Mr. Zia Hyder Naqi	Member
Mr. Haroon Sharif	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Abid Saleem Khan	Member

## Risk Management Committee

The composition of the Risk Management Committee is as follows:

Name	Status
Mr. Zia Hyder Naqi	Committee Chairman
Mr. Haroon Sharif	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Sheikh Naseer Hyder	Member

## Training by Directors

At the reporting date, seven (07) directors of the Company are certified under the Directors Training Program (DTP) as envisaged in the Listed Companies (Code of Corporate Governance) Regulations, 2019, one director is exempted from the requirement of DTP.

### Performance Evaluation of the Board

The Board has put in place a mechanism for evaluating the performance of the Board and of its committees. During the year under review, a formal evaluation was carried by the individual members of the Board and collective results were discussed during a Board Meeting with emphasis on areas of improvement. Overall the performance was found to be satisfactory.

Some significant matters included in the evaluation criteria are as follows:

- Evaluation of Overall Board
- Evaluation of Board Committees
- Evaluation of skills of all members
- Business Strategy
- Succession Planning

### Investor Relations and Grievances

The company places significant importance on its relations with investors and has established a grievance reporting mechanism which seeks to resolve any complaints or unattended issues. To ensure that the stakeholders can register their complaints conveniently, an online form is also available on company's website. During the year, the Company has not received any complaint or grievances, however, certain requests for revalidation of dividend warrants and despatch of physical reports were received which were addressed to the satisfaction of the shareholders.

### Pattern of Shareholding

The pattern of shareholding is annexed to this report.

### Corporate and Financial Reporting Framework

The company is in compliance with the requirements of the Corporate and Financial Reporting Framework as enumerated in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and we confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure(s) therefrom, if any, has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- Key operating and financial data for the last six years is annexed.
- Information about taxes and levies is given in notes to the Financial Statements.
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.
- There is no material risks and uncertainties specific to our Company except political and economic risks.
- There is no material impact of our business on the environment.
- The aggregate amount of remuneration paid to the directors is available on note no. 42 to the notes to the financial statements.
- The Company operates a contributory Provident Fund Scheme for all its eligible employees. The value of investment as on 30 June 2022 of the investments made by the Company's Provident and other relevant information has been mentioned in notes to the Financial Statements.
- The Board has reviewed and decided that any employee of SPEL having monthly gross salary of Rs. 100,000 or above should be considered as "Executive" for the purposes of reporting transaction(s) in the shares of the Company as required by Rule 5.6.4 of the PSX Rule Book.
- There have been no material changes since 30 June 2022 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

To The Shareholders

For the year ended 30 June 2022

## Future outlook

With the current economic challenges and macro-economic situation, your Company considers that in short to medium term, the outlook of the industry will continue to remain challenging. In the long-term, the outlook on industry is positive. Demand from FMCG customers is steady. Auto industry is slowed down due to restriction imposed on inputs. However, this restriction would be lifted in a few months and robust sales are expected.

SPEL's healthy financial position and cash generating ability is anticipated to further support the Company's Vision to improve operational efficiencies as well as to make new investments, which can bring in sales and further improvement in efficiencies that will enhance shareholders' value.

## Acknowledgement

We are pleased to acknowledge that the relation with employees remained congenial throughout the year. The management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work without which this performance could not have been possible.

We would also like to appreciate our valuable customers for their continued support and reliance on our products. The support extended by financial institutions was a source of strength and we extend our gratitude to them also.



Chairman



Director

Dated: 14 September 2022

Place: Lahore







## ANALYSIS OF FINANCIAL INFORMATION

### ANALYSIS OF FINANCIAL AND NON-FINANCIAL TARGETS

There is a well-organized structure by which the key performance indicators (KPIs) and relevant targets are set and monitored throughout the year through regular review meetings.

Financial targets are set for sales, costs, profitability, gearing, liquidity etc., while non-financial targets are set for production efficiencies, quality improvements, automation, 6S, health and safety, quality control circles, human resource development, growth/expansion etc.

The targets are translated into numbers in the form of a budget which is duly approved by the Board of Directors.

### EXPLANATION OF CHANGES IN PERFORMANCE

During the year under review, there is a growth of 51% in sales revenue and the Company was able to achieve 17% increase in profit after tax despite high inflation in the Country.

### SALES

There is a significant growth of 51% in the sales of the Company increased in FY 2021-22 as compared to the previous year. Sales to the food and FMCG Packaging industry are seasonal, and accordingly, the sale in the second quarter is comparatively low as compared to other quarters.

### OPERATING PROFIT

The operating profit represents the operational performance of the Company. The operating profit of the Company is increased 39% from last year.

### COST OF SALES

The Company kept its focus on cost control. The cost of sales is significantly under pressure as compared to the previous year.

### SEGMENT REVIEW

The Company has different manufacturing units the management of the Company reviews the internal management reports of each segment separately on a monthly basis for decision making about allocating resources to the segment and assessing its performance. The detail of each segment is available in notes to the financial statements

### Information on Dividends

The Company paid dividend to its shareholders keeping in view the profitability, cash position and future requirements.

### Overdue Taxes and Duties

All taxes, levies and duties are paid on time and there are no overdue taxes and duties.

### VIDEO PRESENTATION

A video presentation on the company's business performance of the year, the company business strategy to improve and views on future outlook is available at the Company's website ([www.spelgroup.com](http://www.spelgroup.com))

# IT GOVERNANCE AND CYBERSECURITY

## Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

Keeping in view the developing cyber threats, the Company's IT team regularly undertakes operational and technical measures like capacity development, penetration testing and security hardening and to reduce technology-related risks in a timely manner. As mandated by Company's Internal Audit Plan, the audit team thoroughly inspect the elements of IT Security. The observations of the audit are presented to SPEL's Senior Management for timely rectification of risks and for future planning. The significant observations are also presented to the Board's Audit Committee during quarterly committee meetings, which helps the Company to promptly address high-priority risks and to adopt solutions to the existing and potential risks.

## IT Governance Programs, Policies and Procedures

Information Technology Governance is an integral part of SPEL's corporate governance and greatly helps the Company in achieving its business strategies and goals, complying with legal, statutory and regulatory obligations and providing assurance to stakeholders. SPEL understand the connection between IT Governance and cybersecurity and keeps them aligned with its long-term and short-term goals by making and implementing programs, policies and procedures. SPEL's Policy, Vision and Mission, Core Values, Code of Conduct, Strategy and Management System Procedures, along with cybersecurity hardware and software solutions and skilled human resources are the main elements of its governance structure.

## Oversight of IT Governance by a Board Committee

SPEL's focus on IT Governance provides guidelines to ensure effective input and decision-making, the Board Risk Committee considers, evaluates and ensures that the IT Strategy is aligned with Company's business objectives, and effective controls are in place to safeguard its information assets.

## Controls and Procedures to address Cybersecurity Risks

SPEL ensures that the requirements of its information security management system are adequately met and place significant focus on improving e its systems. To address the cybersecurity risks, effective controls and procedures are in place, which include

- Antivirus and Firewall
- Endpoint Detection and Response
- Web Gateway
- Threat and Vulnerability Management
- Patching and Configuration Management
- Cybersecurity Awareness
- Backup and Recovery

## Security Assessment of Technology Environment

SPEL has devised management system procedures to incorporate provisions for security assessments of its technology environment. As part of SPEL's compliance management program, it engages with relevant professionals for Vulnerability assessment, penetration testing, data and information system security, and plans to continue expanding its professional associations in the future as well.

## Disaster Recovery Plan (DRP)

The Company has a comprehensive Disaster Recovery Plan. The critical IT equipment is placed in fireproof premises, in addition, the management has arranged offsite data storage facilities. Employees are aware of the steps required to be taken in case of any emergency. SPEL has a structured approach for responding to unexpected events which threaten Company's IT infrastructure including hardware, software, networks, processes and people. Regular DRP drills are conducted to test and improve the efficacy of recovery procedures and processes and to ensure readiness of the Company in terms of infrastructure capabilities.

## Leveraging Advancement in Digital Transformation

SPEL encourages the adoption of modern business processes to improve transparency, governance and reporting. SPEL has implemented an ERP application i.e. SAP B1 which is one of the world's leading ERP application. Our team along with the application partner strives to improve its functionality on a continuous basis by mapping/automating its business-related processes to get accurate analysis and to get support for decision making.

The Company has a philosophy to implement new technologies and systems only after making sure that all the risks associated with it have been mitigated or addressed to a level so that the safety of the data is not compromised.

## Training and Education to mitigate Cybersecurity Risks

SPEL understands the importance of imparting knowledge about the latest risks in cybersecurity to its employees. In-house training sessions are been conducted for all employees covering various aspects of cybersecurity. Any news or information on cybersecurity risks and international developments is closely monitored and shared with employees on an immediate basis.



Financial Summary		2022	2021	2020	2019	2018	2017
<b>Balance Sheet</b>							
Share capital	Rs. in 000	998,680	924,704	884,884	850,850	850,850	850,850
No of shares (closing)	No. in 000	99,868	92,470	88,488	85,085	85,085	85,085
Fixed assets	Rs. in 000	4,014,130	2,784,822	2,344,473	2,230,299	2,194,146	1,875,868
Total assets	Rs. in 000	6,176,166	4,532,441	3,872,619	3,725,600	3,490,539	2,985,184
Equity	Rs. in 000	4,250,205	3,361,164	2,863,572	2,655,133	2,499,747	2,094,928
Long term loans & leases	Rs. in 000	634,658	296,215	282,522	271,388	323,132	202,292
Current assets	Rs. in 000	2,140,209	1,729,801	1,515,028	1,426,999	1,281,467	1,086,233
Stocks	Rs. in 000	1,304,465	757,803	669,672	594,567	654,310	448,138
Debtors	Rs. in 000	605,194	593,929	509,335	487,003	325,902	339,046
Cash and bank Balances	Rs. in 000	100,258	67,999	8,880	42,021	17,419	57,874
Creditors	Rs. in 000	359,047	320,296	157,292	167,975	168,491	164,643
Current liabilities	Rs. in 000	848,628	655,190	507,617	591,034	480,881	510,596
Non-Current liabilities	Rs. in 000	1,077,333	516,087	501,431	479,433	509,911	379,660
Total liabilities	Rs. in 000	1,925,961	1,171,277	1,009,048	1,070,467	990,792	890,256
Short term finances	Rs. in 000	457,296	325,889	344,451	416,876	307,027	342,313
Working capital	Rs. in 000	1,550,611	1,031,436	991,500	887,914	784,831	602,087
<b>Profit and Loss Account</b>							
Sales	Rs. in 000	6,308,361	4,171,022	3,097,558	3,431,045	2,987,315	2,699,673
Cost of sales	Rs. in 000	5,063,811	3,272,352	2,524,615	2,857,843	2,373,059	1,983,897
Gross profit	Rs. in 000	1,244,550	898,670	572,943	573,202	614,256	715,776
Profit before taxation	Rs. in 000	852,164	638,835	322,005	288,088	370,647	463,962
Depreciation	Rs. in 000	270,691	190,088	182,201	186,447	158,711	132,582
Amortization	Rs. in 000	106	135	140	1,851	1,907	1,922
<b>Financial cost</b>	Rs. in 000	102,860	46,158	73,715	76,045	46,249	32,744
Profit after tax	Rs. in 000	538,925	460,233	258,814	241,186	344,272	417,161
EBIT	Rs. in 000	955,025	684,993	395,720	364,133	416,897	496,706
EBITDA	Rs. in 000	1,225,822	875,216	578,061	552,431	577,514	631,211
<b>Cash Flow Statement</b>							
Cash flow from operating activities	Rs. in 000	466,282	780,232	377,347	281,387	293,035	403,894
Cash flow from investing activities	Rs. in 000	(986,114)	(617,784)	(296,424)	(230,235)	(367,692)	(430,278)
Cash flow from financing activities	Rs. in 000	442,354	(82,603)	(45,461)	(131,968)	(15,017)	49,113
Opening cash & cash equivalents	Rs. in 000	133,543	(111,507)	(146,969)	(66,154)	23,521	793
Closing cash & cash equivalents	Rs. in 000	56,066	(31,663)	(111,507)	(146,969)	(66,154)	23,521
<b>Free Cash flows</b>	Rs. in 000	(519,831)	162,448	80,922	51,153	(74,658)	(26,385)

\* Cash and cash equivalents represents the cash & bank balances net of short term running finances.



Significant Ratios		2022	2021	2020	2019	2018	2017
<b>Profitability</b>							
Gross profit ratio	%age	20%	22%	18%	17%	21%	27%
Net profit ratio	%age	9%	11%	8%	7%	12%	15%
EBIDTA margin to sales	%age	19%	21%	19%	16%	19%	23%
Return on equity	%age	13%	14%	9%	9%	14%	20%
Return on capital employed	%age	13%	14%	9%	8%	13%	20%
<b>Liquidity / Leverage</b>							
Current ratio	Times	2.52	2.64	2.98	2.41	2.66	2.13
Quick/Acid test ratio	Times	0.98	1.48	1.67	1.41	1.30	1.25
Cash to current liabilities	%age	12%	10%	2%	7%	4%	11%
Cash flow from operations to sales	%age	11%	22%	17%	13%	14%	19%
<b>Activity/Turnover Ratios</b>							
Inventory turnover ratio	Times	4.91	4.58	3.99	4.58	4.31	5.07
No of days in inventory	Days	74.32	79.61	91.39	79.75	84.78	71.94
Debtor turnover ratio	Times	10.52	7.56	6.22	8.44	8.99	8.71
No of days in receivables	Days	34.69	48.27	58.70	43.24	40.62	41.93
Creditor turnover ratio	Times	14.91	13.70	15.52	16.99	14.25	13.56
No of days in payables	Days	24.48	26.64	23.51	21.49	25.62	26.92
Fixed assets turnover ratio	Times	1.57	1.50	1.32	1.54	1.36	1.44
Total assets turnover ratio	Times	1.02	0.92	0.80	0.92	0.86	0.90
Operating cycle	Days	84.53	101.25	126.58	101.51	99.79	86.94
<b>Investment/Market Ratios</b>							
Earning per share - Reported	Rs.	2.70	2.30	2.89	2.73	4.05	4.90
Dividend yield ratio	%age	3.1%	3.0%	2.4%	4.5%	2.0%	3.3%
Dividend cover ratio	Times	5.40	1.77	2.89	2.73	4.05	1.96
Dividend per share**	Rs.	0.50	1.30	1.00	1.00	1.00	2.50
Market value per share at the year/ period end*	Rs.	16.33	43.01	41.58	22.19	51.1	75.45
Breakup value per share (without land's revaluation surplus)	Rs.	34.27	32.78	28.63	27.33	25.50	21.95
Breakup value per share (with land's revaluation surplus)	Rs.	42.56	36.35	32.36	31.21	29.38	24.62
<b>Cash Flow Statement</b>							
Financial leverage ratio	Times	0.26	0.19	0.22	0.26	0.25	0.26
Weighted average cost of debt	%age	12%	7%	11%	12%	8%	7%
Debt to equity ratio	Times	0.19	0.15	0.14	0.14	0.15	0.12
Interest cover ratio	Times	9.28	14.84	5.37	4.79	9.01	15.17
<b>Return to Shareholders</b>							
R.O.E. before tax	%age	20%	19%	11%	11%	15%	22%
R.O.E. after tax	%age	13%	14%	9%	9%	14%	20%
EPS	Rs.	2.70	2.30	2.89	2.73	4.05	4.90
<b>Solvency</b>							
Debtors turnover	Times	10.52	7.56	6.22	8.44	8.99	8.71
Creditors turnover	Times	14.91	13.70	15.52	16.99	14.25	13.56
<b>Other Information</b>							
Sale growth rate	%age	51%	35%	-10%	15%	11%	16%

\* Source of information is Pakistan stocks exchange website.

\*\* This includes interim dividend paid during the year (cash & stock).

# CASH FLOW STATEMENT - DIRECT METHOD

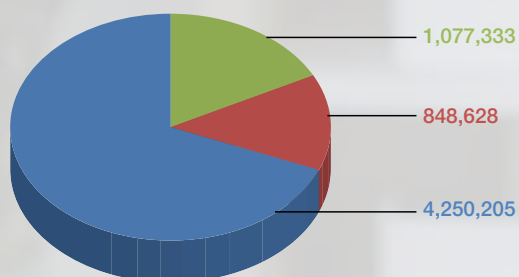


	Note	2022 Rupees	2021 Rupees
<b>Cash flows from operating activities</b>			
Cash receipts from customers		6,297,010,427	4,082,843,116
Cash paid to suppliers and employees		(5,589,527,196)	(3,160,478,703)
Cash generated from operations		707,483,231	922,364,413
Workers' Profit Participation Fund paid		(34,378,633)	(17,264,337)
Mark up paid on Islamic mode of financing		(30,509,206)	(12,128,369)
Interest paid on conventional loans		(41,088,584)	(30,306,837)
Taxes paid		(129,939,063)	(78,447,634)
Long term deposits - net		(5,285,600)	(3,985,258)
		(241,201,086)	(142,132,435)
Cash generated from operating activities		466,282,145	780,231,978
<b>Cash flows from investing activities</b>			
<b>Acquisition of property, plant and equipment</b>		(994,036,876)	(636,625,547)
Intangibles acquired		(288,530)	-
Proceeds from disposal of property, plant and equipment		8,211,857	18,841,407
Net cash used in investing activities		(986,113,549)	(617,784,140)
<b>Cash flows from financing activities</b>			
<b>Principal repayment of lease liability</b>		(8,738,580)	(6,555,895)
Proceeds from issuance of right shares - net of transaction cost		-	125,032,923
Long term loan received		590,328,956	248,176,119
Long term loan repaid		(188,649,461)	(144,541,670)
Short term borrowings received / (repaid)		194,273,185	(51,805,383)
Cash dividend paid		(144,860,107)	(87,703,305)
<b>Net cash generated from / (used in) financing activities</b>		442,353,993	82,602,789
Net increase / (decrease) in cash and cash equivalents		(77,477,411)	245,050,627
Cash and cash equivalents at beginning of the year		133,543,329	(111,507,298)
Cash and cash equivalents at end of the year		56,065,918	133,543,329
		56,065,918	133,543,329



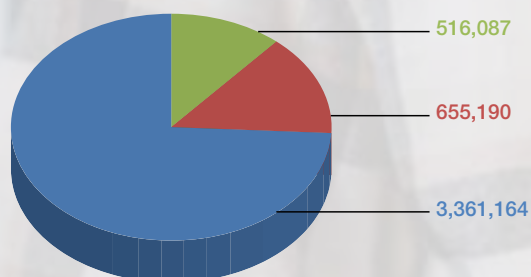
# GRAPHIC PRESENTATION

2022 Equity And Liabilities (Rs. In 000)



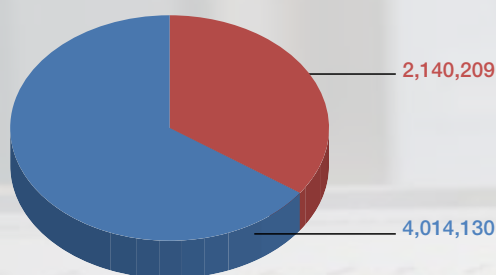
■ Equity ■ Current liabilities ■ Non-Current liabilities

2021 Equity And Liabilities (Rs. In 000)



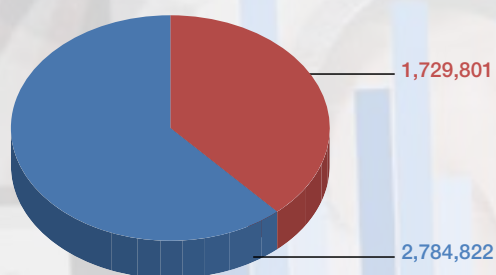
■ Equity ■ Current liabilities ■ Non-Current liabilities

2022 (Rs. In 000)



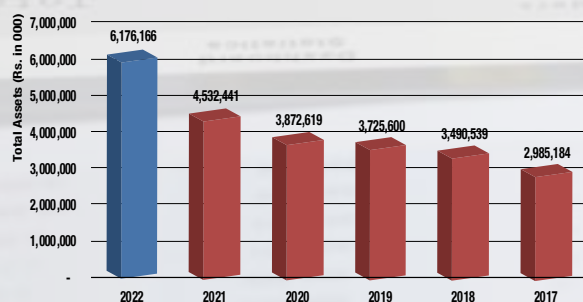
■ Fixed assets ■ Current assets

2021 (Rs. In 000)

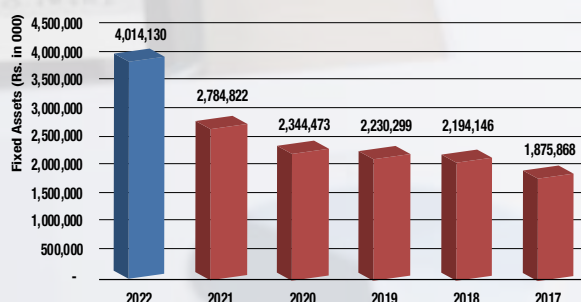


■ Fixed assets ■ Current assets

Total Assets (Rs. In 000)

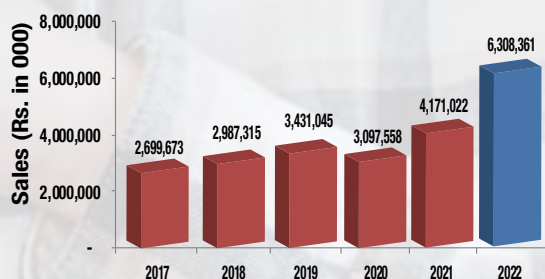


Fixed Assets (Rs. In 000)

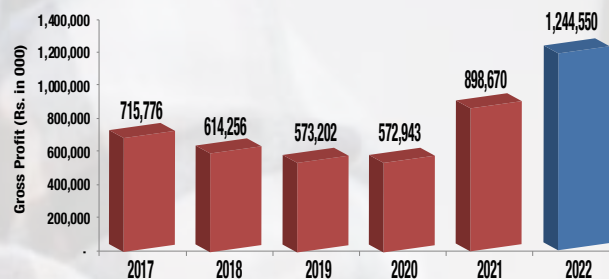




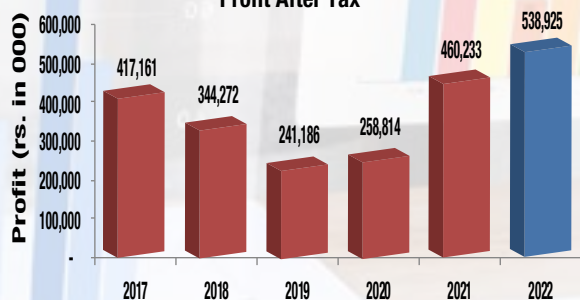
### Sales



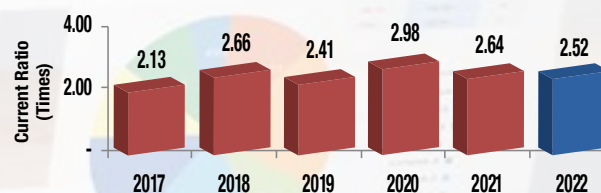
### Gross Profit



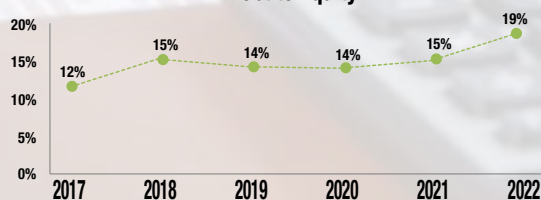
### Profit After Tax



### Current Ratio



### Debt to Equity



# HORIZONTAL FINANCIAL ANALYSIS

	2022		2021		2020		2019		2018		2017	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
<b>Nomenclature</b>												
Equity and reserves	3,422,496	12.91	3,031,132	19.64	2,533,540	8.96	2,325,101	7.16	2,169,715	16.15	1,867,985	16.07
Surplus on revaluation of land	827,709	150.80	330,032	-	330,032	-	330,032	-	330,032	45.42	226,943	-
Long term loans	621,875	114.53	289,883	5.25	275,420	4.94	262,445	(15.59)	310,923	61.55	192,458	682.81
Non current liabilities	455,458	101.35	226,204	0.09	226,011	4.16	216,988	9.05	198,988	6.30	187,202	6.29
Total current liabilities	848,628	29.52	655,190	29.07	507,617	(14.11)	591,034	22.91	480,881	(5.82)	510,596	15.00
	6,176,166	36.27	4,532,441	17.04	3,872,619	3.95	3,725,600	6.73	3,490,539	16.93	2,985,184	20.32
Property plant and equipment	4,014,130	44.14	2,784,822	18.78	2,344,473	5.12	2,230,299	1.65	2,194,146	16.97	1,875,868	23.79
Long term investments	1,198	(54.89)	2,657	46.92	1,808	67.81	1,078	(43.09)	1,893	(70.05)	6,321	1,342.41
Non current assets - others	20,628	36.07	15,161	34.04	11,310	(83.18)	67,225	415.82	13,033	(22.25)	16,762	(22.12)
Stores spares and loose tools	48,701	(1.60)	49,495	63.81	30,214	17.65	25,681	(4.50)	26,891	31.47	20,454	18.03
Stock in trade	1,255,763	77.29	708,308	10.77	639,457	12.41	568,886	(9.33)	627,420	46.70	427,684	35.11
Trade debts	605,194	1.90	593,929	16.61	509,335	4.59	487,003	49.43	325,902	(3.88)	339,046	20.59
Income tax receivables	88,470	(46.81)	166,332	(38.81)	271,851	4.74	259,543	16.19	223,379	21.72	183,516	25.40
Short term investment	-	(100.00)	130,000	100.00	-	100.00	-	100.00	-	100.00	-	(100.00)
Advances, deposits, prepayments and other receivables	41,822	204.44	13,738	(75.15)	55,291	26.05	43,865	(27.45)	60,458	4.85	57,659	2.44
Cash and bank balances	100,258	47.44	67,999	665.77	8,880	(78.87)	42,021	141.24	17,419	(69.90)	57,874	13.34
	6,176,166	36.27	4,532,441	17.04	3,872,619	3.95	3,725,600	6.73	3,490,539	16.93	2,985,184	20.32
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Nomenclature</b>												
Sales - net	6,308,361	51.24	4,171,022	34.66	3,097,558	(9.72)	3,431,045	14.85	2,987,315	10.65	2,699,673	16.27
Cost of sales	5,063,811	54.75	3,272,352	29.62	2,524,615	(11.66)	2,857,843	20.43	2,373,059	19.62	1,983,897	14.06
<b>Gross profit</b>	1,244,550	38.49	898,670	56.85	572,943	(0.05)	573,202	(6.68)	614,256	(14.18)	715,776	22.88
Admin expenses	235,840	39.65	168,885	9.43	154,336	(6.78)	165,558	5.15	157,446	16.20	135,498	16.08
Selling and distribution expenses	40,580	20.97	33,546	30.71	25,663	19.76	21,429	14.09	18,782	(64.91)	53,525	12.81
<b>Operating profit</b>	968,130	39.05	696,240	77.19	392,944	1.74	386,215	(11.83)	438,028	(16.84)	526,752	25.92
Other charges	61,670	14.11	54,045	64.04	32,946	(9.19)	36,279	(6.58)	38,835	(12.87)	44,570	49.10
Finance cost	102,860	122.84	46,158	(37.38)	73,715	(3.06)	76,045	64.42	46,249	41.24	32,744	(14.82)
	803,600	34.82	596,037	108.20	286,283	4.52	273,890	(22.40)	352,944	(21.47)	449,438	28.41
Other income	48,565	13.47	42,798	19.81	35,722	151.60	14,198	(19.80)	17,703	21.89	14,524	(66.65)
<b>Profit before tax</b>	852,164	33.39	638,835	98.39	322,005	11.77	288,088	(22.27)	370,647	(20.11)	463,962	17.89
Taxation	313,239	75.38	178,602	182.64	63,191	34.73	46,902	77.83	26,375	(43.64)	46,801	23.97
<b>Profit after tax</b>	538,925	17.10	460,233	77.82	258,814	7.31	241,186	(29.94)	344,272	(17.47)	417,161	17.25

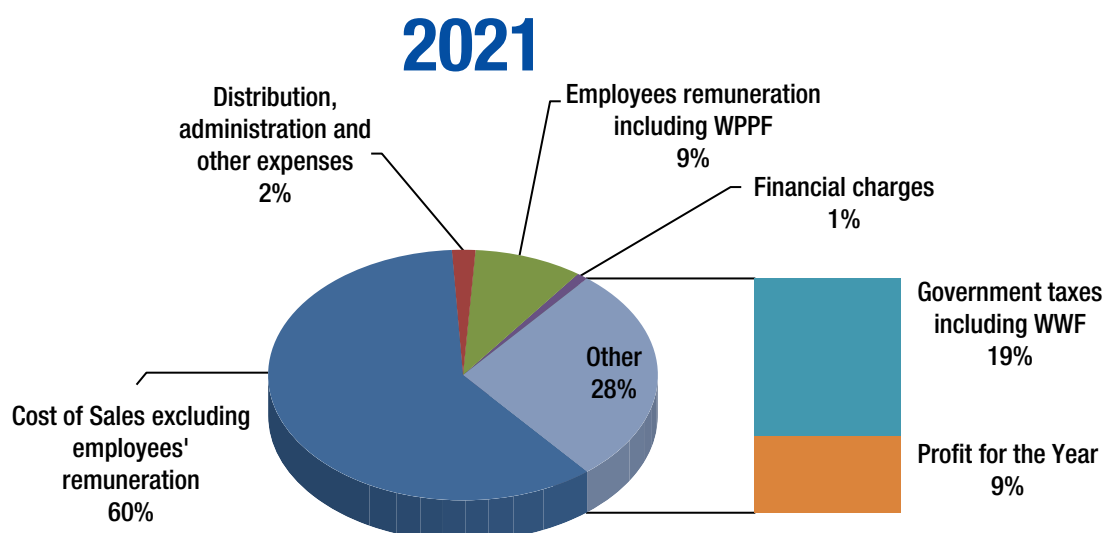
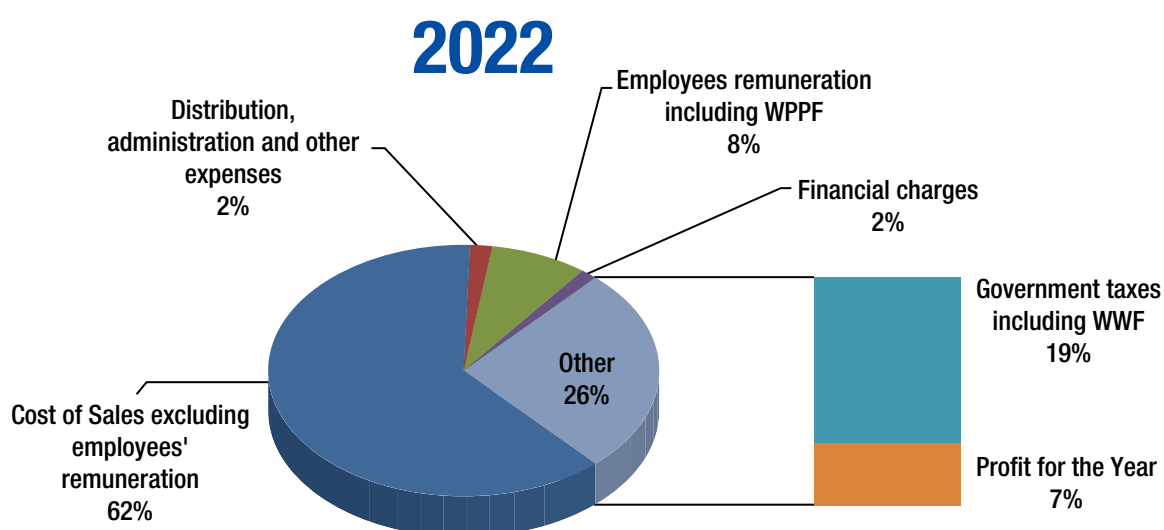
Nomenclature	2022		2021		2020		2019		2018		2017	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Equity and reserves	3,422,496	55.41	3,031,132	66.88	2,533,540	65.42	2,325,101	62.41	2,169,715	62.16	1,867,985	62.58
Surplus on revaluation of land	827,709	13.40	330,032	7.28	330,032	8.52	330,032	8.86	330,032	9.46	226,943	7.60
Long term loans	621,875	10.07	289,883	6.40	275,420	7.11	262,445	7.04	310,923	8.91	192,458	6.45
Non current liabilities	455,458	7.37	226,204	4.99	226,011	5.84	216,988	5.82	198,988	5.70	187,202	6.27
Total current liabilities	848,628	13.74	655,190	14.46	507,617	13.11	591,034	15.86	480,881	13.78	510,596	17.10
	6,176,166	100.00	4,532,441	100.00	3,872,619	100.00	3,725,600	100.00	3,490,539	100.00	2,985,184	100.00
Property plant and equipment	4,014,130	64.99	2,784,822	61.44	2,344,473	60.54	2,230,299	59.86	2,194,146	62.86	1,875,868	62.84
Long Term Investments	1,198	0.02	2,657	0.06	1,808	0.05	57,732	1.55	1,893	0.05	6,321	0.21
Non current assets - Others	20,628	0.33	15,161	0.33	11,310	0.29	10,571	0.28	13,033	0.37	16,762	0.56
Stores spares and loose tools	48,701	0.79	49,495	1.09	30,214	0.78	25,681	0.69	26,891	0.77	20,454	0.69
Stock in trade	1,255,763	20.33	708,308	15.63	639,457	16.51	568,886	15.27	627,420	17.97	427,684	14.33
Trade debts	605,194	9.80	593,929	13.10	509,335	13.15	487,003	13.07	325,902	9.34	339,046	11.36
Income Tax Receivables	88,470	1.43	166,332	3.67	271,851	7.02	259,543	6.97	223,379	6.40	183,516	6.15
Short Term Investment	-	-	130,000	2.87	-	-	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables	41,822	0.68	13,738	0.30	55,291	1.43	43,865	1.18	60,458	1.73	57,659	1.93
Cash and Bank Balances	100,258	1.62	67,999	1.50	8,880	0.23	42,021	1.13	17,419	0.50	57,874	1.94
	6,176,166	100.00	4,532,441	100.00	3,872,619	100.00	3,725,600	100.00	3,490,539	100.00	2,985,184	100.00
Nomenclature												
Sales - net	6,308,361	100.00	4,171,022	100.00	3,097,558	100.00	3,431,045	100.00	2,987,315	100.00	2,699,673	100.00
Cost of sales	5,063,811	80.27	3,272,352	78.45	2,524,615	81.50	2,857,843	83.29	2,373,059	79.44	1,983,897	73.49
Gross profit	1,244,550	19.73	898,670	21.55	572,943	18.50	573,202	16.71	614,256	20.56	715,776	26.51
Admin expenses	235,840	3.74	168,885	4.05	154,336	4.98	165,558	4.83	157,446	5.27	135,498	5.02
Selling and distribution expenses	40,580	0.64	33,546	0.80	25,663	0.83	21,429	0.62	18,782	0.63	53,525	1.98
Operating profit	968,130	15.35	696,240	16.69	392,944	12.69	386,215	11.26	438,028	14.66	526,752	19.51
Other charges	61,670	0.98	54,045	1.30	32,946	1.06	36,279	1.06	38,835	1.30	44,570	1.65
Finance cost	102,860	1.63	46,158	1.11	73,715	2.38	76,045	2.22	46,249	1.55	32,744	1.21
	803,600	12.74	596,037	14.29	286,283	9.24	273,890	7.98	352,944	11.81	449,438	16.65
Other income	48,565	0.77	42,798	1.03	35,722	1.15	14,198	0.41	17,703	0.59	14,524	0.54
Profit before tax	852,164	13.51	638,835	15.32	322,005	10.40	288,088	8.40	370,647	12.41	463,962	17.19
Taxation	313,239	4.97	178,602	4.28	63,191	2.04	46,902	1.37	26,375	0.88	46,801	1.73
Profit after tax	538,925	8.54	460,233	11.03	258,814	8.36	241,186	7.03	344,272	11.52	417,161	15.45



# Statement of Wealth Generated and Distributed

	2022		2021	
	Rs. 000	%	Rs. 000	%
Total Revenue inclusive of sales tax	7,420,417	99.35%	4,907,711	99.14%
Other Income	48,565	0.65%	42,798	0.86%
	7,468,982	100.00%	4,950,509	100.00%
Wealth Distribiton				
Cost of Sales excluding employees' remuneration	4,652,245	62.29%	2,973,705	60.07%
Distribution, administration and other expenses	137,431	1.84%	96,244	1.94%
Employees remuneration including WPPF	599,198	8.02%	446,491	9.02%
Financial charges	102,860	1.38%	46,158	0.93%
Government taxes including WWF	1,438,323	19.26%	927,678	18.74%
Profit for the Year	538,925	7.22%	460,233	9.30%
	7,468,982	100.00%	4,950,509	100.00%

\* Cash and cash equivalents represents the cash & bank balances net of short term running finances.





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Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Synthetic Products Enterprises Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Synthetic Products Enterprises Limited ("the Company") for the year ended 30 June 2022 in accordance with the requirements of regulation No. 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

Lahore

Date: 27 September 2022

UDIN: CR2022101195jrSqHlEa

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

# Statement of **Compliance** with Listed Companies (Code of Corporate Governance) Regulations, 2019

## **Synthetic Products Enterprises Limited** **Year Ended 30 June 2022**

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

1. The total number of directors are nine as per the following:

- a) Male: Eight
- b) Female: One

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Haroon Sharif Mr. Khawar Anwar Khawaja Dr. Syed Sohail Hussain Naqvi
Non-Executive Directors	Mr. Almas Hyder Mr. Raza Haider Naqi Mr. Sheikh Naseer Hyder
Executive Directors	Mr. Zia Hyder Naqi Mr. Abid Saleem Khan
Female Non Executive Director	Dr. Nighat Arshad

- 3. The directors have confirmed that none of them is serving as a director on 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 powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
- 8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The following Directors are certified under the Directors Training Program and one Director is exempted from the requirement of DTP.

Mr. Almas Hyder	Certified
Mr. Zia Hyder Naqi	Certified
Mr. Haroon Sharif	Certified
Mr. Sheikh Naseer Hyder	Certified
Mr. Khawar Anwar Khawaja	Exempted
Dr. Nighat Arshad	Certified
Mr. Abid Saleem Khan	Certified

- 10. The board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;





12. The board has formed committees comprising of members given below:-

**a) Audit Committee**

Mr. Haroon Sharif	Chairman
Mr. Almas Hyder	Member
Mr. Raza Haider Naqi	Member
Mr. Khawar Anwar Khawaja	Member

**b) HR and Remuneration Committee**

Mr. Khawar Anwar Khawaja	Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Abid Saleem Khan	Member

**c) Finance Committee**

Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	Member
Mr. Haroon Sharif	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Abid Saleem Khan	Member

**d) Risk Management Committee**

Mr. Zia Hyder Naqi	Chairman
Mr. Haroon Sharif	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Sheikh Naseer Hyder	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

- a) Audit Committee – Quarterly
  - b) HR and Remuneration Committee – Annually
  - c) Finance Committee – (No meeting held during the year)
  - d) Risk management Committee (No meeting held during the year)
15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
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 other requirements of regulations 3,6,7,8,27,32,33and 36 of the Regulations have been complied with.
19. Currently seven directors of the Company have either attained the director training program (DTP) certification or are exempted from the requirement. The Company will arrange the DTP for the remaining directors in the coming years to ensure that 100% of the eligible Directors have attained the DTP certification.



Chairman



Director

Dated: 14 Sep 2022  
Lahore



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022







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Chartered Accountants  
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Lahore 54000 Pakistan  
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## INDEPENDENT AUDITOR'S REPORT

To the members of Synthetic Products Enterprises Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Synthetic Products Enterprises Limited ("the Company"), which comprise the statement of financial position as at 30 June 2022, 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 30 June 2022 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

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## KPMG Taseer Hadi & Co.

Following are the key audit matters.

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Revenue recognition</b></p> <p>Refer to notes 3.9 and 27 to the financial statements</p> <p>The Company recognized revenue of Rs. 6.3 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2022.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls;</li> <li>• assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards;</li> <li>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, outward gate pass and other relevant underlying documents;</li> <li>• comparing a sample of sale transactions recorded around the year end with the sales orders, sales invoices, delivery challans, outward gate pass and other relevant underlying documentation to assess if the revenue was recorded in the appropriate accounting period;</li> <li>• comparing on a sample basis, specific sales transactions recorded just before and just after the financial year end to determine whether the sale had been recognized in the appropriate financial period; and</li> <li>• scanning for any manual journal entries relating to sale recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.</li> </ul>
2.	<p><b>Capitalization of Property, Plant and Equipment</b></p> <p>Refer to notes 3.1, 18 and 18.1 to the financial statements.</p> <p>The Company has incurred significant capital expenditure amounting to Rs. 994 million during the year, amongst which Rs. 978 million pertains to capital work in progress and Rs. 16 million pertains to operating fixed assets.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• understanding the design and implementation of management controls over capitalization;</li> <li>• testing, on a sample basis, the costs incurred on projects with supporting documentation and contracts;</li> </ul>

KPMG





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Sr. No.	Key audit matters	How the matters were addressed in our audit
	We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	<ul style="list-style-type: none"> <li>assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and</li> <li>inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date.</li> </ul>

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

Management is responsible for the other information. Other information comprises the information included in the Company's annual report for the year ended 30 June 2022 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.

KPMG



## KPMG Taseer Hadi & Co.

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);

4/11/21



KPMG Taseer Hadi & Co.

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

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

Lahore

Date: 27 September 2022

UDIN: AR2022101190cqtT11jy

  
KPMG Taseer Hadi & Co.  
Chartered Accountants



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 Rupees	2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital of Rs. 5 each (2021: Rs. 10 each)	5	1,500,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5	998,680,080	924,703,780
Share premium	6	358,627,893	432,604,193
Accumulated profit		2,068,318,014	1,675,496,038
Fair value reserve on investment		(3,130,185)	(1,671,998)
Surplus on revaluation of land	7	827,709,345	330,031,765
<b>Shareholders' equity</b>		<b>4,250,205,147</b>	<b>3,361,163,778</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term loans - secured	8	621,875,264	289,882,825
Deferred grant	9	105,444,915	322,160
Lease liabilities	10	12,782,948	6,332,188
Deferred taxation	11	337,230,019	219,550,050
		<b>1,077,333,146</b>	<b>516,087,223</b>
<b>Current liabilities</b>			
Trade and other payables	12	324,184,344	292,209,676
Short term borrowings	13	286,379,626	112,370,444
Contract Liabilities	14	30,749,820	25,216,514
Current maturity of long term liabilities	15	170,916,056	213,518,377
Unclaimed dividend		4,113,241	2,870,151
Accrued mark up	16	32,285,053	9,004,485
		<b>848,628,140</b>	<b>655,189,647</b>
		<b>6,176,166,433</b>	<b>4,532,440,648</b>
<b>Contingencies and commitments</b>	17		

The annexed notes 1 to 49 form an integral part of these financial statements.

Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.



Director



Director



Chief Financial Officer

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
- Operating fixed assets	18.1	3,759,428,716	2,404,803,631
- Capital work in progress	18.8	210,127,307	349,520,613
- Right of use assets	18.9	44,574,361	30,498,020
Intangible assets	19	536,557	354,325
Long term investments	20	1,198,491	2,656,679
Long term deposits	21	20,091,817	14,806,217
		4,035,957,249	2,802,639,485
<b>Current assets</b>			
Stores, spares and loose tools		48,701,294	49,495,183
Stock-in-trade	22	1,255,763,341	708,308,204
Trade debts - unsecured	23	605,194,117	593,928,707
Advance income tax - net of provision		88,470,411	166,332,104
Advances, deposits, prepayments and other receivables	24	41,821,990	13,737,520
Short term investments	25	-	130,000,000
Cash and bank balances	26	100,258,031	67,999,445
		2,140,209,184	1,729,801,163
		6,176,166,433	4,532,440,648

The annexed notes 1 to 49 form an integral part of these financial statements.

Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.



Director



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Sales - net	27	6,308,360,779	4,171,021,974
Cost of sales	28	(5,063,810,532)	(3,272,351,507)
<b>Gross profit</b>		1,244,550,247	898,670,467
Administrative expenses	29	(235,840,374)	(168,884,667)
Selling and distribution expenses	30	(40,579,656)	(33,545,564)
<b>Operating profit</b>		968,130,217	696,240,236
Other income	31	48,564,612	42,797,865
Other charges	32	(61,670,210)	(54,045,428)
Finance cost	33	(102,860,322)	(46,157,908)
<b>Profit before taxation</b>		852,164,297	638,834,765
Taxation	34	(313,239,124)	(178,601,976)
<b>Profit after taxation</b>		538,925,173	460,232,789

		Rupees	Rupees Restated
<b>Earnings per share - basic and diluted</b>	35	2.70	2.30

The annexed notes 1 to 49 form an integral part of these financial statements.

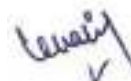
Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.



Director



Director



Chief Financial Officer



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022



	2022 Rupees	2021 Rupees
<b>Profit after taxation</b>	538,925,173	460,232,789
<b>Other comprehensive income</b>		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Fair value (loss)/ gain on investment classified as FVOCI	(1,458,187)	814,685
Surplus on revaluation of land	497,677,580	-
<b>Total comprehensive income for the year</b>	1,035,144,566	461,047,474

The annexed notes 1 to 49 form an integral part of these financial statements.

Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.

Director

Director

Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued, subscribed and paid-up capital	Capital reserve			Revenue reserve	Total
		Share premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	
Rupees						
As at 30 June 2020	884,884,000	347,391,050	330,031,765	(2,486,683)	1,303,751,649	2,863,571,781
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	460,232,789	460,232,789
Other comprehensive income for the year:						
Fair value gain on investment classified as FVOCI	-	-	-	814,685	-	814,685
	-	-	-	814,685	460,232,789	461,047,474
Transactions with owners of the Company						
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	39,819,780	87,603,516	-	-	-	127,423,296
(@ Rs. 32 each including premium of Rs. 22 per share)						
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	924,703,780	432,604,193	330,031,765	(1,671,998)	1,675,496,038	3,361,163,778
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	538,925,173	538,925,173
Other comprehensive income for the year:						
Surplus on revaluation of land	-	-	497,677,580	-	-	497,677,580
Fair value (loss) on investment classified as FVOCI	-	-	-	(1,458,187)	-	(1,458,187)
	-	-	497,677,580	(1,458,187)	538,925,173	1,035,144,566
Transaction with owners of the Company						
Final cash dividend for the year ended						
30 June 2021 @ Rs. 0.50 per share	-	-	-	-	(46,235,189)	(46,235,189)
Bonus shares issued during the period	73,976,300	(73,976,300)	-	-	-	-
1st Interim cash dividend for the year ended						
30 June 2022 @ Rs. 0.25 per share	-	-	-	-	(49,934,004)	(49,934,004)
2nd Interim cash dividend for the year ended						
30 June 2022 @ Rs. 0.25 per share	-	-	-	-	(49,934,004)	(49,934,004)
	73,976,300	(73,976,300)	-	-	(146,103,197)	(146,103,197)
As at 30 June 2022	998,680,080	358,627,893	827,709,345	(3,130,185)	2,068,318,014	4,250,205,147

The annexed notes 1 to 49 form an integral part of these financial statements.

Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.

  
Director

  
Director

  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2022



	Note	2022 Rupees	2021 Rupees
<b>Cash flows from operating activities</b>			
<b>Cash generated from operations</b>	36	707,483,231	918,139,703
Workers' Profit Participation Fund paid	12.1	(34,378,633)	(17,264,337)
Mark up paid on Islamic mode of financing		(30,509,206)	(12,128,369)
Interest paid on conventional loans		(41,088,584)	(26,082,127)
Taxes paid		(129,939,063)	(78,447,634)
Long term deposits - net		(5,285,600)	(3,985,258)
<b>Net cash generated from operating activities</b>		466,282,145	780,231,978
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(994,036,876)	(636,625,547)
Acquisition of intangibles		(288,530)	-
Proceeds from disposal of property, plant and equipment	18.7	8,211,857	18,841,407
<b>Net cash used in investing activities</b>		(986,113,549)	(617,784,140)
<b>Cash flows from financing activities</b>			
Principal repayment of lease liability		(8,738,580)	(6,555,895)
Proceeds from issuance of right shares - net of transaction cost		-	125,032,923
Long term loan received		590,328,956	248,176,119
Long term loan repaid		(188,649,461)	(144,541,670)
Short term borrowings received / (repaid)		194,273,185	(51,805,383)
Cash dividend paid		(144,860,107)	(87,703,305)
<b>Net cash generated from financing activities</b>		442,353,993	82,602,789
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(77,477,411)	245,050,627
<b>Cash and cash equivalents at beginning of the year</b>		133,543,329	(111,507,298)
<b>Cash and cash equivalents at end of the year</b>	37	56,065,918	133,543,329

The annexed notes 1 to 49 form an integral part of these financial statements.

Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.

Director

Director

Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 1. Corporate and general information

### 1.1 Legal status and nature of business

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 moulds & dies. The production facilities of the Company are located at following geographical locations:

- Sue-e-Asal Lalyani Link Road, Pandoki
- Rahim Yar Khan Industrial Estate, Rahim Yar Khan
- Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore, and
- Pakistan Steel Industrial Estate, Bin Qasim, 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 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 the IFRS, 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 for.

- translation of foreign currency at spot / average rate;
- Pland at revalued amount as referred in note 3.1; and
- certain financial instruments at fair value through other comprehensive income as referred in note 3.7.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

### 2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

#### 2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 18.1.

#### 2.3.2 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting



date.

### 2.3.3 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

### 2.3.4 Expected credit loss / loss allowances against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

### 2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Company's functional and presentation currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

## 3 Summary of Significant Accounting Policies

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

### 3.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, with the exception of freehold land, which is measured at revalued amount less accumulated impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.11.

The Company recognizes depreciation by applying reducing balance method, over the useful life of each item of property, plant and equipment, except freehold land using rates specified in note 18.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the date at which the asset becomes available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Costs incurred subsequently on renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

The gain or loss on disposal or retirement of an asset is represented by the difference between the sale proceeds and the carrying amount of the asset. Net gain or loss on disposal of assets is presented in other income or other charges.

Land is recognized at revalued amount based on valuation by external independent valuer. Revaluation surplus is credited to other reserves (capital reserves) in shareholders' equity and presented as separate line item in statement of financial position.

Revaluation of land measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amount in proportion to the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as 'Surplus on revaluation on land', except to the extent that it reverses

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of land relating to a previous revaluation of that asset.

Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit. All transfers to / from revaluation surplus on property, plant and machinery account are net of applicable deferred income tax. Further, the revaluation surplus on land shall be utilized in accordance with IAS 16 - Property, plant and equipment.

## Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. Cost includes the expenditures on material, labor, appropriate directly attributable overheads and includes borrowing cost in respect of qualifying assets. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

## 3.2 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases vehicles and properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The lease hold land classified as right-of-use asset is depreciated using the straight line method over the lease term. Leased vehicles classified as right of use asset are depreciated using reducing balance method over shorter of lease term or useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

## 3.3 Intangibles

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit or loss on a straight-line basis at the rate of specified in note 19 of the financial statements. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

## 3.4 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. The Company reviews the carrying amount of stores and spares on a regular basis and creates provision for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. Impairment is also recognized for slow moving items.

## 3.5 Stock in trade

Stock in trade is valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

- |                     |                            |
|---------------------|----------------------------|
| – Raw materials     | Moving average             |
| – Packing materials | Moving average             |
| – Work in process   | Average manufacturing cost |
| – Finished goods    | Average manufacturing cost |

- Stock in transit Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

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

### 3.6 Employee benefits

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 10% of basic salary. The Company's contribution is charged to profit or loss.

### 3.7 Financial instruments

#### 3.7.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

#### 3.7.2 Classification and subsequent measurement

##### Financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### Amortized cost

A financial asset is measured at amortized cost 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 to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss account.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, term deposit receipts, trade debts and other receivables.

##### Debt Instrument - FVOCI

A debt investment 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.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

##### Equity Instrument - FVOCI

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.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

## **Fair value through profit or loss (FVTPL)**

All financial assets not classified as measured at amortized 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 amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss account.

## **Financial assets – Business model assessment:**

For the purposes of the assessment, '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 a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, 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 this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

## **Financial liabilities**

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss account.

Financial liabilities comprise trade and other payables, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend, long term deposits and short term borrowings.

### **3.7.3 Derecognition**

#### **Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### **3.7.4 Trade Debts, deposits and other receivables**

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss



experience over past years is used to base the calculation of expected credit loss.

### 3.7.5 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

### 3.7.6 Investments

Investment in Listed securities are classified at fair value through other comprehensive income and is initially measured at fair value and is subsequently measured at fair value determined using the market value of securities at each reporting date. Net gains and losses are recognized in the statement of other comprehensive income.

### 3.7.7 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### 3.7.8 Impairment

#### Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime 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 ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

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

The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

## **3.8 Provisions**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

## **3.9 Revenue recognition**

Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and after deduction of any trade discounts. Specific revenue and other income recognition policies are as follows:

### **3.9.1 Sale of goods**

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which in case of local sales is when the goods are dispatched to the customers, for customer having "ex-factory" terms of delivery and when goods are delivered to the customers, for customers having "delivery" term of delivery on the basis of current agreements. Further in case of export sale, revenue is recorded upon transfer of control to customer, majorly at 'Ex-works'.

### **3.9.2 Interest income**

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

### **3.9.3 Contract liabilities**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

## **3.10 Deferred grant**

The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented under the heading 'other income' in the statement of profit or loss.

## **3.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

## **3.12 Taxation**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, or equity, in which case it is recognized in other comprehensive income, or equity, as the case may be.

### **Current taxation**

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

### **Deferred taxation**

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.13 Earnings per share (EPS)**

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### **3.14 Cash and cash equivalents**

Cash and cash equivalents comprise running finances, cash balances and term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

### **3.15 Foreign currency transactions and balances**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

### **3.16 Dividend to ordinary shareholders**

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, in the Company's financial statements in the year in which the dividends are approved.

### **3.17 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### **3.18 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of the business separately for the purpose of making decisions regarding resource allocation and performance assessment. All operating segments operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The business of the Company has nine reportable operating segments i.e. Unit 1, Unit 2, Unit 3, Unit 4, Unit 5, Unit 6, Unit 7, Unit 8 and Unit 9.

Segment results that are reported for review and performance evaluation include segment net sales and cost of sales. Segment assets represent the carrying amount of plant and machinery held within individual segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 4 New or Amendments / Interpretations to Existing Standards, Interpretations

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2022 and are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

### 4.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2022:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications.

This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those



amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

The above improvements are likely to have no impact on the Company's financial statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements are likely to have no impact on the Company's financial statements.

## 5 Share capital

### 5.1 Authorized share capital

	2022 (Number of shares)	2021	2022 Rupees	2021 Rupees
Ordinary shares of Rs. 5 each (2021: Rs. 10 each)	300,000,000	100,000,000	1,500,000,000	1,000,000,000
<b>5.2 Issued, subscribed and paid-up capital</b>				
Ordinary shares of Rs. 5 each (2021: Rs. 10 each), fully paid in cash	47,547,836	23,773,918	237,739,180	237,739,180
Fully paid bonus shares of Rs. 5 each (2021: Rs. 10 each)	136,858,180	61,031,460	684,290,900	610,314,600
Shares of Rs. 5 each (30 June 2021: Rs. 10 each), issued under scheme of amalgamation	15,330,000	7,665,000	76,650,000	76,650,000
	199,736,016	92,470,378	998,680,080	924,703,780

	Note	2022 Number of shares	2022 Face value of share	2022 Rupees
<b>5.2.1 Reconciliation of share capital</b>				
Balance as at 30 June 2021		92,470,378	10	924,703,780
Issue of bonus shares	5.2.1.1	7,397,630	10	73,976,300
		99,868,008		998,680,080
Effect of sub division of shares	5.2.1.2	99,868,008		-
		199,736,016	5	998,680,080

**5.2.1.1** During the year company issued bonus shares at the rate of 8 shares for every 100 shares. Bonus shares have been issued from share premium account.

**5.2.1.2** The shareholders of the Company, in their Annual General Meeting held on 27 October 2021, resolved to increase the number of shares by reducing the face value of shares of the Company. The sub-division has been performed in the ratio of 2 shares with face value of Rs 5 per share for every one share of Rs 10 per share.

**5.3** Directors hold 132,299,822 (30 June 2021: 65,914,626) ordinary shares of Rs. 5 each (30 June 2021: Rs. 10 each) of the Company.

	2022 Rupees	2021 Rupees
<b>6 Share premium</b>		
<b>Reconciliation of Share premium</b>		
Opening Balance	432,604,193	347,391,050
Received during the year	-	87,603,516
Transaction cost incurred	-	(2,390,373)
Bonus shares issued during the year	(73,976,300)	-
Closing Balance	358,627,893	432,604,193

## 7 Surplus on revaluation of land

The freehold land of the company was revalued by independent valuers in years 2014, 2018 and 2022. The latest revaluation was conducted by M/s Hamid Mukhtar & Co. (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) as at 30 June 2022, that resulted in a further surplus of Rs. 497.68 million. These revaluations had resulted in a cumulative surplus of Rs. 827.71 million, which has been included in the carrying values of free hold land and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for freehold land is as follows:

### Freehold Land:

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. The most significant input into this valuation approach was price per Kanal/acre for land.

## 8.1 Long term loans - secured

### Type of loans

	Note	2022 Rupees	2021 Rupees
<b>8.1 Islamic mode of financing - Diminishing Musharika</b>			
- United Bank Limited	8.2.1	8,294,910	46,809,983
- Bank Islami Pakistan Limited	8.2.2	-	25,500,000
- Habib Bank Limited	8.2.3	111,219,850	177,267,466
Less: Current maturity		(74,342,549)	(130,062,680)
		45,172,211	119,514,769
<b>8.2 Conventional loans</b>			
- Habib Bank Limited - Salary Refinance	8.2.4	28,720,441	86,161,324
- MCB Bank Limited - For renewable energy	8.2.5	108,854,111	41,252,000
- MCB and Allied Bank Limited - TERF	8.2.6	425,681,220	15,806,685
- Habib Bank Limited - Demand Finance	8.2.7	104,000,000	-
- Loan from customer	8.2.8	102,427,899	107,644,350
- Less: Impact of government grant	8.2.9	(125,146,661)	(3,221,601)
- Less: Current maturity		(67,833,957)	(77,274,702)
		576,703,053	170,368,056
		621,875,264	289,882,825

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 8.2.1** The facility amounting to Rs. 200 million (2021: Rs. 200 million) has been obtained from United Bank Limited, Islamic Banking Branch ("UBL Ameen") to finance the acquisition of machinery and equipment. As per the terms of the Diminishing Musharika Agreement (DMA), musharika units are repayable in sixty monthly instalments. As per agreement, profit payment starts from the month of disbursement and principal payment starts to redeem from 13th month from the date of disbursement in arrears. The finance carries mark-up at six months KIBOR plus a spread of 1% (2021: six months KIBOR plus a spread of 1%) per annum, payable monthly. The facility is secured in favor of UBL Ameen by way of specific charge over the diminishing musharika assets.
- 8.2.2** The facility amounting to Rs. 200 million (2021: Rs. 200 million) has been obtained from Bank Islami Pakistan Limited (BIPL) to finance the import of machinery and equipment. As per the terms of the DMA, musharika units are repayable in sixty monthly instalments. As per agreement, profit payment starts from the month of disbursement and principal payment starts to redeem from 13th month from the date of disbursement in arrears. The finance carries mark-up at six months KIBOR plus a spread of 1% (2021: six months KIBOR plus a spread of 1%) per annum, payable monthly. The facility is secured in favor of BIPL by way of specific charge over the diminishing musharika assets. The repayments due as per the DMA has been paid by the company and resultantly the carrying value of loan is nil as at statement of financial position date.
- 8.2.3** The facility amounting to Rs. 280 million (2021: Rs. 280 million) has been obtained from Habib Bank Limited to finance the import of machinery and equipment. As per the terms of the DMA, musharika units are repayable in forty-eight monthly instalments. As per agreement, profit payment starts from the month of disbursement and principal payment starts to redeem from 13th month from the date of disbursement in arrears. The finance carries mark-up at three months KIBOR plus spread of 0.90% (2021: three months KIBOR plus a spread of 0.90%) per annum, payable monthly. The facility is secured in favor of HBL by way of specific charge over the diminishing musharika assets.
- 8.2.4** This represents long term financing facility availed from Habib Bank Limited under State Bank of Pakistan's (SBP) refinance scheme for payment of wages and salaries to the workers and employees of business concerns ('Refinance Scheme'). Under this scheme, the company agreed and declared that no employee or worker has been laid off since 01 April 2020 nor will any such employee be dismissed for the period of the loan. The facility amounts to Rs. 114.88 million (2021: Rs. 114.88 million).
- The financing is secured against first exclusive charge over fixed assets comprising of the machinery which includes 'Injection Blow Molding Machine'. It carries mark-up at the rate of 3% per annum, payable on quarterly basis. The principal amount is repayable in 8 equal quarterly instalments starting from 01 January 2021 after a grace period of six months. The difference between the fair values and net disbursement amounts is recognized as deferred grant.
- 8.2.5** This represents long term financing facility availed from MCB Bank Limited for financing new Solar power project to enhance its existing capacity to 1.2MV. The total available limit under this facility amounts to Rs. 110 million (2021: Rs. 110 million). The financing is secured against first exclusive charge of Rs. 147 million over Solar machinery imported through MCB and Blow molding machine Parker EBM -05 (FA-03644), Blow molding machine Parker EBM -06 (FA-03644-1). The principal amount is repayable in 36 equal quarterly instalments and having 10 years tenure inclusive of one year grace period. This facility has been partially converted to SBP - Refinance facility for renewable energy "SBP-RFRE" amounting to Rs 41 million, while rest of the amount will be converted to SBP - RFRE after necessary approval of State bank of Pakistan. This carries markup at the rate of SBP rate i.e. 2% plus bank spread of 1.99%. However during the transition period before conversion to SBP-RFRE applicable rate of mark-up is 3 months KIBOR + 0.5% p.a (2021: 3 months KIBOR + 0.5% p.a), payable on quarterly basis.
- 8.2.6** 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 financing available limit amounts to Rs. 500 million (2021: Rs. 500 million) equally split between both financial institutions. Total amount availed under this facility is Rs. 429 million (2021: Rs. 19.3 million), comprising of Rs. 181 million (2021: Rs. 9.6 million) from MCB and Rs. 248 million (2021: Rs. 9.6 million) from ABL. The financing is secured against exclusive hypothecation charge over specific Fixed Assets (excluding land & building) of the Company with 25% margin. The demand finance carries mark-up at the rate of 3 months KIBOR + 0.5% p.a. (2021: 3 months KIBOR + 0.5% p.a.) payable on quarterly basis. The principal amount is repayable in 32 quarterly instalments, commencing from the end of the 27th month from the date of first drawdown. The tenure of facility is 10 years, inclusive of grace period of 2 years commencing from the date of first drawdown. After conversion to SBP - TERF facility after approvals of State Bank of Pakistan applicable mark-up rate is SBP rate i.e. 1 % plus bank spread of 1.05%. The difference between the fair values and net disbursement amounts is recognized as deferred grant.
- 8.2.7** The facility amounting to Rs. 104 million (2021: Nil) has been obtained from Habib Bank Limited (HBL) to finance the import of machinery and equipment. Total financing available under the facility amounts to Rs. 300 million. Total financing available under the facility amounts to Rs. 300 million. The tenure of the facility is 5 years, including 1 year grace period. As per terms of the finance agreement the mark-up shall be paid from the month of disbursement and the principal repayment shall start



from 13th month of disbursement. This carries mark-up at 3 months KIBOR plus spread of 0.10% per annum (2021: Nil), payable quarterly basis. The facility is secured in favor of HBL by way of specific charge over the hypothecated assets.

**8.2.8** This represents long term financing facility availed from Customer Honda Atlas Cars Pakistan Limited (HACPL) in order to develop tooling (dies/molds) for upcoming product of HACPL, thus SPEL is bound to use this amount only for the development of tooling (dies/molds) and for the parts for HACPL. The total facility available amounts to Rs. 108 million (2021 Rs. 108 million). After successful achievement of desired quality requirements SPEL will payback the above mentioned amount along with interest rate of 3 months KIBOR + 1.25% (2021: 3 months KIBOR + 1.25%) in 36 equal monthly instalments from mass production. In case of failure of meeting desired quality requirements, SPEL will pay back the above mentioned amount in 12 equal installments along with interest rate of 3 month KIBOR + 1.25%. KIBOR will reset at every calendar quarter however, the initial rate of KIBOR will be of the date of disbursement.

**8.2.9** This represents deferred government grant on financing at discounted rates, obtained under schemes from Government of Pakistan. Total deferred grant amounts to Rs. 125.1 million (2021: 3.2 million), comprising of Rs. 124.6 million (2021: Nil) on loan under Temporary Economic Refinance Facility (TERF), and Rs. 0.5 million (2021: Rs. 3.2 million) on loan under State Bank of Pakistan's (SBP) refinance scheme of for payment of wages and salaries to the workers and employees of business concerns.

	2022 Rupees	2021 Rupees
<b>9 Deferred grant</b>		
Balance as at 01 July	3,221,601	-
Recognized during the year	134,847,932	8,260,996
Amortization during the year	(12,922,872)	(5,039,395)
Balance as at 30 June	125,146,661	3,221,601
Non - current portion	105,444,915	322,160
Current portion	19,701,746	2,899,441

## 10 Lease liabilities

### Salient features of the leases are as follows:

	2022	2021
Discounting factor	12%	12%
Period of lease	12 to 36 months	36 to 60 months
Security deposits	20% to 60%	20% to 49%
Maturity range	2022 to 2025	2021 to 2026

The Company has entered into finance lease arrangements with one of its Customer i.e. Pak Suzuki for lease of vehicles. The liabilities under this arrangement are payable in monthly installments. Interest rates implicit in the leases are used as discounting factor to determine the present value of minimum lease payments. The Company's finance lease liability is interest / markup based.

All lease agreements carry purchase option at the end of lease term and the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid by the Company at inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by the lessee.

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	-----Rupees-----		
Not later than one year	9,942,468	904,664	9,037,804
Later than one year and not later than five year	13,307,270	524,322	12,782,948
	23,249,738	1,428,986	21,820,752

	2021		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	-----Rupees-----		
Not later than one year	3,690,812	409,258	3,281,554
Later than one year and not later than five year	6,510,247	178,059	6,332,188
	10,201,059	587,317	9,613,742

## 11 Deferred taxation

The liability for deferred taxation comprises temporary differences relating to:

	2022 Rupees	2021 Rupees
<i>Deferred tax liability arising on:</i>		
- accelerated tax depreciation	348,423,873	241,293,798
<i>Deferred tax asset arising on:</i>		
- finance lease transactions - net	(7,200,848)	(2,787,986)
- Others	(3,993,006)	(18,955,762)
	337,230,019	219,550,050

### 11.1 Movement in deferred tax balances is as follows:

	2022 Rupees	2021 Rupees
As at 01 July	219,550,050	218,909,269
Recognized in profit or loss:		
- accelerated tax depreciation	107,130,075	9,037,423
- finance lease transactions - net	(4,412,862)	129,024
- Effect of rate change	30,343,328	
- provisions and others	(15,380,572)	(8,525,666)
	117,679,969	640,781
	337,230,019	219,550,050

	Note	2022 Rupees	2021 Rupees
<b>12 Trade and other payables</b>			
Trade and other creditors		125,307,511	134,679,179
Accrued liabilities		94,491,845	83,324,391
Workers' Profit Participation Fund	12.1	45,536,412	34,274,835
Workers' Welfare Fund	12.2	12,971,590	12,185,663
Withholding tax payable		2,051,344	1,363,593
Sales tax payable		16,032,386	9,504,255
Provident fund payable		2,282,292	1,844,990
Others	12.3	25,510,964	15,032,770
		324,184,344	292,209,676
<b>12.1 Workers' Profit Participation Fund</b>			
Balance as at July 01		34,274,835	17,264,337
Expense charged for the year	32	45,536,412	34,274,835
Interest expense		103,798	-
Payment during the year		(34,378,633)	(17,264,337)
Balance as at June 30		45,536,412	34,274,835
<b>12.2 Workers' Welfare Fund</b>			
Balance as at July 01		12,185,663	5,803,895
Expense charged for the year	32	13,027,528	12,387,108
Adjustment made during the year		(12,241,601)	(6,005,340)
Balance as at June 30		12,971,590	12,185,663
12.3	This includes an amount of Rs. 20.71 million (2021: Rs. 14.25 million) representing deductions made from employees salary against the cars provided by the Company as per Company's policy.		
<b>13 Short term borrowings</b>			
<b>Secured:</b>			
- Conventional Interest / mark-up based loans	13.1	128,955,699	53,501,668
- Islamic mode of financing	13.2	157,423,927	58,868,776
		286,379,626	112,370,444
<b>Types of short term borrowings</b>			
<b>13.1 Conventional Interest / mark-up based loans</b>			
Short term running finance	13.1.1	42,743,699	53,501,668
Finance against trust receipts	13.1.2	86,212,000	-
		128,955,699	53,501,668

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
<b>13.2 Islamic mode of financing</b>			
Murabaha and Istisna	13.2.1	155,975,513	47,914,328
Running Musharika	13.2.2	1,448,414	10,954,448
		157,423,927	58,868,776

**13.1.1** This represents short term facilities of running finance from commercial banks aggregating Rs. 460 million (2021: Rs.385 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.5% to 0.6% (2021: one month to three months KIBOR plus a spread of 0.5% to 0.75% ) per annum.

**13.1.2** This represents short term facilities of term loan from commercial banks aggregating Rs. 570 million (2021: Rs.480 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.3% to 0.6% (2021: one month to three months KIBOR plus a spread of 0.5% to 0.75% ) per annum.

**13.2.1** This represents short term facilities of murabaha and istisna aggregating Rs. 350 million (2021: Rs. 350 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.5% (2021: one month to six months KIBOR plus a spread of 0.5%) per annum.

**13.2.2** This represents short term facilities of running musharika aggregating Rs. 300 million (2021: Rs. 250 million). These carry mark-up rate of one month to three months KIBOR plus a spread of 0.5% (2021: one month to three months KIBOR plus a spread of 0.5%) per annum.

**13.3** All above facilities are secured by joint pari passu registered hypothecation charge over present and future current assets of the Company.

## 14 Contract Liabilities

The contract liabilities primarily relates to the advances received from customers out of which Rs. 25.2 million (2021: Rs.8.38 million) pertains to the revenue recognized at point in time. Further, during the year, the Company has received advances amounting to Rs.30.75 million (2021: Rs.25.21 million).

	Note	2022 Rupees	2021 Rupees
<b>15 Current maturity of long term liabilities</b>			
Long term loans - secured	8	142,176,506	207,337,382
Deferred grant	9	19,701,746	2,899,441
Lease liabilities	10	9,037,804	3,281,554
		170,916,056	213,518,377
<b>16 Accrued mark up</b>			
Long term loans - secured			
-Conventional Interest / mark-up based loans		21,813,463	6,210,054
-Islamic mode of financing		-	-
Short term borrowings			
-Conventional Interest / mark-up based loans		5,216,962	945,759
-Islamic mode of financing		5,254,628	1,848,672
		32,285,053	9,004,485



## 17 Contingencies and commitments

### 17.1 Contingencies

Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 90.6 million (2021: Rs. 65.38 million).

### 17.2 Commitments

Commitments under irrevocable letters of credit for:

	2022 Rupees	2021 Rupees
- Purchase of machinery	28,057,200	507,650,239
- Purchase of raw material	575,694,452	573,432,473
	603,751,652	1,081,082,712

	Note	2022 Rupees	2021 Rupees
<b>18 Property, plant and equipment</b>			
Operating fixed assets	18.1	3,759,428,716	2,404,803,631
Capital work in progress	18.8	210,127,307	349,520,613
Right of use assets	18.9	44,574,361	30,498,020
		4,014,130,384	2,784,822,264

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 18.1 Operating fixed assets

2022									
	Cost / Revalued amount				Accumulated depreciation				Net book value as at 30 June 2022
	As at 1 July 2021	Additions	Revaluation surplus for the year	Disposals	As at 30 June 2022	Rate %	As at 1 July 2021	For the year	As at 30 June 2022
Rupees									
<b>Owned</b>									
Freehold land									
- cost	98,790,635	975,020	-	-	99,765,655	-	-	-	-
- revaluation	330,031,765	-	497,677,580	-	827,709,345	-	-	-	-
	428,822,400	975,020	497,677,580	-	927,475,000	-	-	-	-
Buildings on freehold land	287,267,514	11,865,427	-	-	299,132,941	10%	98,020,881	19,711,754	117,732,635
Buildings on leasehold land	111,713,534	89,832,150	-	-	201,545,684	10%	930,946	16,613,820	17,544,766
Plant and machinery	2,740,651,258	993,490,667	-	(19,463,541)	3,714,678,384	10%	1,148,329,413	219,309,112	1,354,983,278
Office equipment	15,246,135	2,206,923	-	-	17,453,058	10%	5,630,786	1,020,578	6,651,364
Tools and equipment	36,491,513	24,394,365	-	-	60,885,878	10%	6,141,660	3,984,282	10,125,942
Computer equipment	9,678,223	2,420,836	-	-	12,099,059	30%	6,565,488	1,068,714	7,634,202
Furniture and fittings	29,131,875	825,735	-	-	29,957,610	10%	12,416,287	1,707,483	14,123,770
Vehicles	40,442,199	7,419,060	-	(2,892,904)	44,968,355	20%	16,605,559	5,518,833	19,961,295
	3,699,444,651	1,133,430,183	497,677,580	(22,356,445)	5,308,195,969		1,294,641,020	269,934,576	1,548,767,252
									3,759,428,716
2021									
	Cost / Revalued amount				Accumulated depreciation				Net book value as at 30 June 2021
	As at 1 July 2020	Additions	Revaluation surplus for the year	Disposals	As at 30 June 2021	Rate %	As at 1 July 2020	For the year	As at 30 June 2021
Rupees									
<b>Owned</b>									
Freehold land									
- cost	98,790,635	-	-	-	98,790,635	-	-	-	-
- revaluation	330,031,765	-	-	-	330,031,765	-	-	-	-
	428,822,400	-	-	-	428,822,400	-	-	-	-
Buildings on freehold land	251,973,313	35,294,201	-	-	287,267,514	10%	78,139,678	19,881,203	98,020,881
Buildings on leasehold land	-	111,713,534	-	-	111,713,534	10%	-	930,946	930,946
Plant and machinery	2,530,343,598	237,032,839	-	(26,725,179)	2,740,651,258	10%	1,008,695,960	156,317,132	1,148,329,413
Office equipment	13,541,310	1,704,825	-	-	15,246,135	10%	4,678,659	952,127	5,630,786
Tools and equipment	12,378,689	24,112,824	-	-	36,491,513	10%	4,641,868	1,499,792	6,141,660
Computer equipment	7,375,242	2,302,981	-	-	9,678,223	30%	5,891,535	673,953	6,565,488
Furniture and fittings	27,577,933	1,553,942	-	-	29,131,875	10%	10,717,271	1,699,016	12,416,287
Vehicles	42,497,021	16,728,506	-	(18,783,328)	40,442,199	20%	23,968,194	5,415,661	16,605,559
	3,314,509,506	430,443,653	-	(45,508,507)	3,699,444,652		1,136,733,165	187,369,831	1,294,641,021
									2,404,803,631

- 18.2** Freehold of the Company are located at Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore, measuring 0.55 acres, Sue-e-Asal, Link Lalyani Road, Pandoki, measuring 23.09 acres, Rahim Yar Khan Industrial Estate, Rahim Yar Khan, measuring 8.58 acres and leasehold land located at Pakistan Steel Industrial Estate, Bin Qasim, Karachi measuring 4 acres.

The buildings on freehold and leasehold land and other immovable assets of the Company are constructed / located at above mentioned freehold and leasehold land as mentioned in note 18.9.2 to these financial statements respectively.

- 18.3** The depreciation charge for the year has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Cost of goods sold			
Capital work in progress	28	239,351,772	166,645,570
Administrative expenses		2,689,346	669,777
Selling and distribution expenses	29	13,446,729	9,368,492
Work in process - stock in trade	30	13,446,729	9,368,492
		-	1,317,501
		268,934,576	187,369,832

- 18.4** As at 30 June 2022, the carrying value of freehold land would have been Rs. 99.77 million (2021: Rs. 98.79 million), had there been no revaluation.

- 18.5** As per the revaluation conducted in current financial year as at 30 June 2022, the forced sale value of land is Rs. 778.35 million

- 18.6** The Company had acquired land in Rahim Yar Khan from Punjab Industrial Estates Development and Management Company for Rs. 72.9 million for construction of production facility in 2018, however, the title of the land is in the process to transfer in the Company's name.

- 18.7** Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
Rupees								
<b>Plant and machinery</b>								
IMM FCS 520 Ton M-07	15,162,480	9,609,366	5,553,114	2,761,790	(2,791,324)	Negotiation	Third party	Muhammad Ikram
IMM Haixing 128 Ton - FPD M-10	1,708,365	1,205,840	502,525	543,915	41,390	Negotiation	Third party	Muhammad Ikram
	16,870,845	10,815,206	6,055,639	3,305,705	(2,749,934)			
Various assets having net book value								
less than Rs. 500,000	5,485,600	3,993,138	1,492,462	4,906,152	3,413,690	Negotiation	Third party	Miscellaneous
<b>2022</b>	22,356,445	14,808,344	7,548,101	8,211,857	663,756			
2021	45,508,507	29,461,975	16,046,532	18,841,407	2,794,875			

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022				
	Note	As at 1 July 2021	Additions	Transfers	As at 30 June 2022
Capital Work In Progress					
Capital Work In Progress -					
other than advances		265,035,438	928,520,440	1,043,763,979	149,791,899
Advances to supplier		84,485,175	49,079,114	73,228,881	60,335,408
	18.8.1	349,520,613	977,599,554	1,116,992,860	210,127,307

	2021			
	As at 1 July 2020	Additions	Transfers	As at 30 June 2022
Capital Work In Progress -				
other than advances	130,981,155	535,337,716	401,283,433	265,035,438
Advances to supplier	8,798,790	75,686,385	-	84,485,175
	139,779,945	611,024,101	401,283,433	349,520,613

	Note	2022 Rupees	2021 Rupees
<b>18.8.1</b> The breakup is as follows:			
Plant and machinery	18.8.2	141,359,700	214,642,347
Building		8,432,200	50,393,091
Advances to suppliers		60,335,408	84,485,175
		210,127,308	349,520,613

**18.8.2** This includes borrowing cost amounting to Rs. 9.60 million (2021: 4.71 million) capitalized during the year at the rate ranging from 8.70% - 13.2% (2021: 7.92% - 8.70%) .



## 18.9 Right of use assets

	Note	2022		
		Cost		
		Lease hold land	Leased Vehicles	Total
		Rupees		
Opening as at 01 July 2021	22,083,915	20,115,597	42,199,512	
Additions during the year	-	20,945,590	20,945,590	
Matured during the year	-	(6,072,367)	(6,072,367)	
Closing as at 30 June 2022	22,083,915	34,988,820	57,072,735	

		2022		
		Accumulated depreciation		
		Lease hold land	Leased Vehicles	Total
		Rupees		
Opening as at 01 July 2021		4,273,893	7,427,599	11,701,492
Depreciation for the year	28	297,427	4,148,080	4,445,507
Matured during the year		-	(3,648,625)	(3,648,625)
Closing as at 30 June 2022		4,571,320	7,927,054	12,498,374
<b>Net Book Value 30 June 2022</b>		17,512,595	27,061,766	44,574,361

	Note	2021		
		Cost		
		Lease hold land	Leased Vehicles	Total
		Rupees		
Opening as at 01 July 2020		22,083,915	16,168,699	38,252,614
Additions during the year		-	9,215,580	9,215,580
Matured during the year		-	(5,268,682)	(5,268,682)
Closing as at 30 June 2021		22,083,915	20,115,597	42,199,512

	2021		
	Accumulated depreciation		
	Lease hold land	Leased Vehicles	Total
	Rupees		
Opening as at 01 July 2020	3,905,092	7,431,172	11,336,264
Depreciation for the year	368,801	2,349,384	2,718,185
Matured during the year	-	(2,352,957)	(2,352,957)
Closing as at 30 June 2021	4,273,893	7,427,599	11,701,492
Net Book Value	17,810,022	12,687,998	30,498,020

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 18.9.1 Disposal of right of use assets

Particulars	Cost	Accumulated depreciation	Written down value	Adjustment against total deductions against salary	Gain	Mode of disposal	Relationship with the Company
Rupees							
<b>Leased vehicles</b>							
Suzuki WagonR (LEA-17A-1084)	1,332,195	781,120	551,075	1,094,000	542,925	Company Policy	Employee
Suzuki WagonR (LEA-16A-2146)	1,327,064	768,903	558,161	1,054,000	495,839	Company Policy	Employee
Suzuki WagonR (LEB-17-5813)	1,283,486	780,608	502,878	1,054,000	551,122	Company Policy	Employee
Suzuki WagonR (LEB-16-5471)	1,262,932	781,225	481,707	1,004,000	522,293	Company Policy	Employee
Suzuki Mehran (LEB-16-6804)	866,690	536,769	329,921	683,000	353,079	Company Policy	Employee
<b>2022</b>	<b>6,072,367</b>	<b>3,648,625</b>	<b>2,423,742</b>	<b>4,889,000</b>	<b>2,465,258</b>		
2021	5,268,682	2,352,956	2,915,726	5,157,000	2,241,274		

**18.9.2** Leasehold land comprises of land which was obtained by the Company on lease and is being amortized over the term of 60 years. The title of land remains with the lessor at end of the lease term. The Company had constructed its Karachi production facility (Unit 8,9) on this land. Leasehold land is located at Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, measuring 4 acres.

	Note	2022 Rupees	2021 Rupees
<b>19 Intangible assets</b>			
Cost		10,915,816	10,627,286
Accumulated amortization		(10,379,259)	(10,272,961)
As at 30 June	19.1	536,557	354,325
<b>19.1</b> Balance as at 01 July		354,325	489,486
Additions during the year		288,530	-
Amortization charge for the year		(106,298)	(135,161)
Balance as at 30 June		536,557	354,325
Amortization rate		20%	20%
<b>20 Long term investments</b>			
Investment classified as FVOCI	20.1	1,198,491	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		(4,333,369)	(2,875,181)
		1,198,491	2,656,679

**20.1** This represents 80,652 ordinary shares having face value of Rs. 10 each (2021: 80,652 ordinary shares) in Roshan Packages Limited.

		2022 Rupees	2021 Rupees
<b>21</b>	<b>Long term deposits</b>		
	Utility companies and regulatory authorities	10,439,805	10,439,805
	Others	9,652,012	4,366,412
		20,091,817	14,806,217
<b>22</b>	<b>Stock-in-trade</b>		
	Raw and packing material	946,496,907	481,931,033
	Stock in transit	48,225,954	31,084,852
	Work in process	76,359,299	57,528,624
	Finished goods	184,681,181	137,763,695
		1,255,763,341	708,308,204
<b>22.1</b>	The amount of stock-in-trade recognized as an expense during the year on account of adjustment to net realizable value (NRV) amounted to Rs. 2.72 (2021: Rs. 8.29) million.		
	Note	2022 Rupees	2021 Rupees
<b>23</b>	<b>Trade debts - unsecured</b>		
	Considered good	605,194,117	593,928,707
	Considered doubtful	3,624,734	8,756,245
		608,818,851	602,684,952
	Less: Impairment loss allowance (ECL)	23.1 (3,624,734)	(8,756,245)
		605,194,117	593,928,707
<b>23.1</b>	<b>Movement of impairment loss allowance</b>		
	Balance as at 01 July	8,756,245	5,171,423
	Expected credit loss charge for the year	32 -	3,584,822
	Reversal for expected credit loss	31 (5,131,511)	-
	Balance as at 30 June	3,624,734	8,756,245
<b>24</b>	<b>Advances, deposits, prepayments and other receivables</b>		
	Advances - unsecured, considered good:		
	- Advances to suppliers for supplies and services	13,803,091	1,921,324
	- Amounts paid against future shipments	17,739,825	2,823,485
	Advances - secured, considered good:		
	-Amounts due from employees	338,189	181,289
	Prepaid insurance	9,834,673	8,709,480
	Other receivables	106,212	101,942
		41,821,990	13,737,520

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 25 Short term investments

This represents investments that were made in term deposits of Allied Bank Limited having maturity of one month ranging from 22 to 29 July 2021 at a mark-up rate ranging from 6.05% -7.00% per annum. These investments have been matured during the financial year ended 30 June 2022.

	Note	2022 Rupees	2021 Rupees
<b>26 Cash and bank balances</b>			
Cash in hand		390,500	354,500
Cash at bank			
- Conventional banks	26.1	50,092,196	36,972,088
- Islamic banks	26.2	49,775,335	30,672,857
		99,867,531	67,644,945
		100,258,031	67,999,445
<b>26.1 Conventional Banks</b>			
- current accounts in local currency		40,520,305	31,312,226
- current accounts in foreign currency		5,181,470	2,678,869
- savings accounts in local currency	26.1.1	4,390,421	2,971,993
		50,092,196	36,972,088
<b>26.2 Islamic Banks</b>			
- current accounts in local currency		23,190,361	30,605,335
- savings accounts in local currency	26.2.1	26,584,974	66,522
		49,775,335	30,672,857

**26.1.1** These carry return at 5.5% to 12.25% per annum (2021: 2.5% to 5.5% per annum).

**26.2.1** These carry return at 2.5% to 5.2% per annum (2021: 2.5% to 5.5% per annum). This represents deposits placed under an arrangement permissible under Shariah.

	Note	2022 Rupees	2021 Rupees
<b>27 Sales-net</b>			
Local		7,432,313,558	4,926,446,884
Export		39,028,549	21,282,011
		7,471,342,107	4,947,728,895
Less: Sales tax		(1,112,056,168)	(736,688,971)
Discounts		(50,925,160)	(40,017,950)
	27.1	6,308,360,779	4,171,021,974



	Note	2022 Rupees	2021 Rupees
<b>27.1 Disaggregation of Revenue</b>			
<b>27.1.1 Primary Products</b>			
Auto division and molds		2,410,401,626	1,397,484,187
Food and packaging division		3,897,959,153	2,773,537,787
		6,308,360,779	4,171,021,974
<b>27.1.2 Primary Geographical Markets (Net Sales)</b>			
Pakistan		6,269,332,229	4,149,739,963
Turkey		3,996,549	3,289,671
Belgium		6,198,902	5,060,295
France		4,899,416	4,335,625
Italy		13,974,412	5,776,406
United Kingdom		5,079,990	528,203
United States of America		4,879,281	2,291,811
Total		6,308,360,779	4,171,021,974
<b>28 Cost of sales</b>			
Raw and packing materials consumed		3,876,534,850	2,450,885,024
Stores, spares and loose tools consumed		21,765,810	13,870,108
Salaries, wages and benefits	28.1	398,680,379	290,178,325
Security guard expense		12,885,616	8,468,392
Electricity, fuel and water charges		405,001,558	287,426,756
Depreciation on property, plant and equipment	18.3	239,351,772	166,645,570
Depreciation on right of use asset	18.9	4,445,507	2,718,185
Repairs and maintenance		93,934,186	67,873,622
Insurance		9,597,401	7,167,131
Oil and lubricants		3,527,493	3,773,957
		5,065,724,572	3,299,007,070
<i>Work in process:</i>			
- At beginning of the year		57,528,624	39,664,866
- At end of the year		(76,359,299)	(57,528,624)
<b>Cost of goods manufactured</b>		5,046,893,897	3,281,143,312
<i>Finished goods</i>			
- At beginning of the year		137,763,695	73,275,422
- At end of the year		(184,681,181)	(137,763,695)
		4,999,976,411	3,216,655,039
		63,834,121	55,696,468
Other cost of sale - Freight and forwarding		5,063,810,532	3,272,351,507

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

**28.1** Salaries, wages and benefits include Rs. 9.2 million (2021: Rs. 7.42 million) in respect of defined contribution plan.

	Note	2022 Rupees	2021 Rupees
<b>29 Administrative expenses</b>			
Salaries, wages and benefits	29.1	63,629,180	45,657,967
Directors' remuneration	42 & 29.2	51,842,294	47,112,801
Meeting fee	42.3	1,700,000	2,000,000
Traveling expenses		47,368,109	23,406,143
Legal and professional charges		2,507,621	2,196,821
Vehicle running expenses		11,951,333	9,779,572
Security guard expense		1,046,300	1,075,143
Insurance		2,928,085	2,283,732
Repairs and maintenance		4,898,431	3,037,632
Telephone and postage		5,936,747	4,741,863
Depreciation on property, plant and equipment	18.3	13,446,729	9,368,492
Amortization on intangibles	19.1	106,298	135,161
Printing and stationery		4,780,389	3,247,958
Staff training and development		750,518	733,094
Fee and subscription		16,460,351	8,520,133
Rent, rates and taxes		2,762,906	3,059,289
Entertainment		3,042,392	1,944,056
Miscellaneous expenses		682,691	584,810
		235,840,374	168,884,667

**29.1** Salaries, wages and benefits include Rs. 2.45 million (2021: Rs. 1.97 million) in respect of defined contribution plan.

**29.2** Director's remuneration includes Rs. 0.64 million (2021: Rs. 0.54 million) in respect of defined contribution plan opted by one of the executive directors.

	Note	2022 Rupees	2021 Rupees
<b>30 Selling and distribution expenses</b>			
Salaries and benefits	30.1	24,924,157	18,799,016
Depreciation on property, plant and equipment	18.3	13,446,729	9,368,492
Advertisement		837,923	971,170
Sales promotion expenses		1,370,847	4,406,886
		40,579,656	33,545,564

**30.1** Salaries, wages and benefits include Rs. 1.12 million (2021: Rs. 0.72 million) in respect of defined contribution plan.

	Note	2022 Rupees	2021 Rupees
<b>31 Other income</b>			
<b><i>Income from financial assets</i></b>			
Profit on bank deposits		1,236,043	6,584,108
Income on unwinding of long term receivable		-	6,763,183
Amortization of deferred grant		12,922,872	5,039,395
Gain on foreign currency transactions- Net		11,069	-
Provision for doubtful debts reversed during the year		5,131,509	-
		19,301,493	18,386,686
<b><i>Income from non-financial assets</i></b>			
Scrap sales		24,712,086	13,634,944
Gain on disposal of property, plant and equipment		3,129,014	5,036,149
Other income		1,422,019	5,740,086
		29,263,119	24,411,179
		48,564,612	42,797,865
<b>32 Other charges</b>			
Workers' Profit Participation Fund		45,536,412	34,274,835
Workers' Welfare Fund		13,027,528	12,387,108
Auditors' remuneration	32.1	2,001,000	1,495,000
Donations	32.2	1,105,270	2,186,499
Loss on foreign currency transactions- Net		-	117,164
Expected credit loss charge for the year		-	3,584,822
		61,670,210	54,045,428
<b>32.1 Auditors' remuneration</b>			
Statutory audit fee		1,260,000	1,000,000
Half yearly review		315,000	225,000
Certifications and others		300,000	200,000
Out of pocket expenses		126,000	70,000
		2,001,000	1,495,000

**32.2** These include donations made to different organizations which does not exceed one million rupees.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
<b>33 Finance cost</b>			
<i>Mark-up on:</i>			
- long term finance - secured	33.1	60,354,536	35,780,982
- lease liabilities		793,157	592,036
- short term borrowings - secured	33.2	41,018,150	8,547,640
Bank charges		694,479	1,237,250
		102,860,322	46,157,908
<b>33.1 Long term finance - secured</b>			
- Conventional Interest / mark-up based loans		41,484,186	8,943,997
- Islamic mode of financing		18,870,350	26,836,985
		60,354,536	35,780,982
<b>33.2 Short term borrowings - secured</b>			
- Conventional Interest / mark-up based loans		25,908,327	4,350,830
- Islamic mode of financing		15,109,823	4,196,810
		41,018,150	8,547,640
<b>34 Taxation</b>			
<i>Current:</i>			
- for the year		195,559,155	160,003,484
- prior year		-	17,957,711
<i>Deferred:</i>			
- for the year		117,679,969	640,781
		313,239,124	178,601,976
<b>34.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		852,164,297	638,834,765
Tax at 29%		247,127,646	185,262,082
Tax effect of:			
- Poverty alleviation tax		26,108,756	-
- Effect of rate change		40,901,340	-
- income under Final Tax Regime		(1,134,475)	212,820
- tax credits		(19,838,086)	(16,231,216)
- prior year tax		-	17,957,711
- others		20,073,943	(8,599,421)
		313,239,124	178,601,976



### 35 Earning per share - basic and diluted

	Note	2022 Rupees	2021 Rupees
<b>35.1 Basic earning per share</b>			
Profit for the year after taxation	Rupees	538,925,173	460,232,789
Weighted average number of ordinary shares in issue during the year	Number	199,736,016	199,736,016
Earning per share	Rupees	2.70	2.30
<b>35.2 Weighted average number of ordinary shares</b>			
Outstanding number of shares		92,470,378	92,470,378
Add: Element of bonus issue in numbers of shares at the start of the year		7,397,630	7,397,630
Add: Effect of shares split at the start of the year		99,868,008	99,868,008
		199,736,016	199,736,016

35.2 There is no dilutive effect on the basic earnings per share as the Company has no commitment for such potentially issuable shares which has any dilutive effect.

	Note	2022 Rupees	2021 Rupees
<b>36 Cash generated from operations</b>			
Profit before taxation		852,164,297	638,834,765
<i>Adjustments for non-cash items:</i>			
Finance cost	33	102,165,843	46,157,908
Depreciation on property, plant and equipment	18.3	268,934,576	186,052,331
Depreciation on right of use assets	18.9	4,445,507	2,718,185
Amortization of intangibles	29	106,298	135,161
Amortization of deferred grant		(12,922,872)	(5,039,395)
(Gain)/loss on disposal of property, plant and equipment	31	(3,129,014)	(5,036,149)
Expected credit loss (reversal) / charge for the year	32	(5,131,509)	3,584,822
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund	32	58,563,940	46,661,943
		413,032,769	275,234,806
<b>Operating profit before working capital changes</b>		1,265,197,066	914,069,571
<i>Decrease / (increase) in current assets:</i>			
Stores, spares and loose tools		793,889	(19,281,046)
Stock-in-trade		(547,455,137)	(68,850,825)
Trade debts		(11,350,352)	(88,178,858)
Advances, deposits, prepayments and other receivables		(28,084,470)	41,553,490
		(586,096,070)	(134,757,239)
<i>Increase in current liabilities:</i>			
Trade and other payables		22,848,929	121,989,895
Contract Liabilities		5,533,306	16,837,476
		707,483,231	918,139,703

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
<b>37 Cash and cash equivalents</b>			
Short term running finance	13	(42,743,699)	(53,501,668)
Running musharika	13	(1,448,414)	(10,954,448)
Cash and bank balances	26	100,258,031	67,999,445
Short term investments	25	-	130,000,000
		56,065,918	133,543,329

## 38 Related party transactions and balances

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 those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	Note	2022 Rupees	2021 Rupees
a) Provident Fund Trust	Post employment benefit fund	Contribution		26,533,678	20,817,324
		Payable balance at year end		2,282,292	1,844,990
b) Directors	Directors	Cash dividend - as shareholders		104,627,126	62,086,735
		Bonus shares - as shareholders		52,839,570	-
		Right Shares- as shareholders		-	94,251,712
	Directors - Other than key management personnel	Remuneration/Advisory Fee	42	27,353,931	21,023,416
	Non-Executive Directors	Meeting Fee	42.3	1,700,000	2,000,000
	Non-Executive Director	Purchase of Vehicle		-	2,850,000
c) Key Management Personnel	Key Management Personnel	Remuneration	42	45,844,305	38,901,589
		Cash dividend - as shareholders		67,582	2,237
		Right shares- as shareholders		-	1,297,184
		Bonus shares - as shareholders		34,210	-

**38.1** 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, whole time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.

## 39 Financial risk management

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 has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company's risk management policies are established to identify and analyze 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's audit committee oversees how management monitors compliance with the Company's risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**39.1** The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

#### 39.1.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals and monitoring of exposures against credit limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

#### 39.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2022 Rupees	2021 Rupees
Long term deposits	21	10,439,805	10,439,805
Trade debts	23	605,194,117	593,928,707
Deposits and other receivables	24	444,401	283,231
Short term Investments	25	-	130,000,000
Bank balances	26	99,867,531	67,644,945
		715,945,854	802,296,688

#### 39.1.3 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	Note	2022 Rupees	2021 Rupees
Customers		605,194,117	593,928,707
Banking companies and financial institutions		99,867,531	197,730,972
Others		10,884,206	10,637,009
		715,945,854	802,296,688

#### 39.1.4 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

##### 39.1.4.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, short term investments/ (TDRs) and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Rating		Rating Agency	2022	2021
	Short term	Long term		Rupees	Rupees
<b>Bank</b>					
Bank Islami Pakistan Limited	A1	A+	PACRA	20,087,488	30,585,844
Habib Bank Limited	A-1+	AAA	JCR-VIS	27,598,666	3,278,284
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,016,309	30,606,335
MCB Bank Limited	A1+	AAA	PACRA	4,390,709	2,972,281
Meezan Bank Limited	A-1+	AAA	JCR-VIS	3,091,482	-
National Bank of Pakistan	A1+	AAA	PACRA	100,159	100,159
United Bank Limited	A-1+	AAA	JCR-VIS	26,620,494	102,042
Standard Chartered Pakistan	A1+	AAA	PACRA	16,962,224	
				99,867,531	67,644,945
<b>Short term investment - Term deposit receipts</b>					
Allied Bank Limited	A1+	AAA	PACRA	-	130,086,027
				99,867,531	197,730,972

## 39.1.4.2 Counterparties without external credit ratings

These primarily include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 3.7. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2022 was determined as follows:

The aging of trade debts at the reporting date is:

	2022		2021	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	Rupees			
Not due	547,433,913	1,083,544	485,286,329	432,941
Past due 0 - 90 days	56,906,942	863,577	91,178,588	517,958
Past due 91 - 180 days	2,185,277	381,696	10,840,226	1,039,346
Past due 181 - 270 days	1,410,115	550,752	11,338,706	3,172,742
Past due 271 - 360 days	262,276	124,837	704,511	256,666
Past due 360 days	620,328	620,328	3,336,592	3,336,592
	608,818,851	3,624,734	602,684,952	8,756,245

## 39.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. 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. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

### 39.2.1 Exposure to liquidity risk

#### 39.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities of financial liabilities at the reporting date. The cash flows are undiscounted, and include estimated interest payments.



	2022						
	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
	Rupees						
<b>Financial liabilities at amortized cost</b>							
Long term finances	8	889,198,431	1,079,832,319	199,841,640	351,811,020	225,373,418	302,806,241
Lease liabilities	10	21,820,752	23,249,738	9,942,468	13,307,270	-	-
Trade and other payables	12	245,310,320	245,310,320	245,310,320	-	-	-
Unclaimed dividend		4,113,241	4,113,241	4,113,241	-	-	-
Short term borrowings	13	286,379,626	286,379,626	286,379,626	-	-	-
Accrued mark up	16	32,285,053	32,285,053	32,285,053	-	-	-
		1,479,107,423	1,671,170,297	777,872,348	365,118,290	225,373,418	302,806,241
	2021						
	Note	Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
	Rupees						
<b>Financial liabilities at amortized cost</b>							
Long term finances	8	539,854,554	576,865,877	233,400,987	166,892,242	176,572,648	-
Lease liabilities	10	9,613,742	10,201,040	5,097,312	5,103,728	-	-
Trade and other payables	12	233,036,340	233,036,340	233,036,340	-	-	-
Unclaimed dividend		2,870,151	2,870,151	2,870,152	-	-	-
Short term borrowings	13	112,370,444	112,370,444	112,370,444	-	-	-
Accrued mark up	16	9,004,485	9,004,485	9,004,485	-	-	-
		906,749,716	944,348,337	595,779,720	171,995,970	176,572,648	

### 39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### 39.3.1 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

##### 39.3.1.1 Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities is as follows:

	Note	2022 Rupees	2021 Rupees
Investment in equity securities		1,198,491	2,656,679

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 39.3.1.2 Sensitivity analysis

A 10.00% increase / (decrease) share prices at year end would have increased / (decreased) the Company's fair value gain on investment as follows:

	Equity	
	2022	2021
	(Rupees in thousand)	
<b>Long term investment at fair value through other comprehensive income</b>		
Effect of increase	119,849	265,668
Effect of decrease	(119,849)	(265,668)

## 39.3.2 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currency in which these transactions is primarily denominated is US dollars.

### 39.3.2.1 Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2022			
	EURO	YEN	USD	Total (Rupees)
<b>Assets</b>				
Cash in hand	-	3,000	-	4,500
Bank balances	15,170	-	9,264	5,181,470
<b>Liabilities</b>	-	-	-	-
<b>Net Statement of financial position exposure</b>	15,170	3,000	9,264	5,185,970
<b>Off statement of financial position items</b>				
- Outstanding letters of credit	(1,138)	(5,849,116)	(2,836,478)	(593,392,157)
<b>Net exposure</b>	14,032	(5,846,116)	(2,827,214)	(588,206,187)

	2021			
	EURO	YEN	USD	Total (Rupees)
<b>Assets</b>				
	-	3,000	-	4,290
Cash in hand	10,811	-	4,145	2,687,869
Bank balances				
<b>Liabilities</b>	-	-	-	-
<b>Net Statement of financial position exposure</b>	10,811	3,000	4,145	2,692,159
<b>Off statement of financial position items</b>				
- Outstanding letters of credit	-	(63,065,502)	(6,289,306)	(1,085,780,808)
<b>Net exposure</b>	10,811	(63,062,502)	(6,285,161)	(1,083,088,649)

### 39.3.2.2 Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	EURO		YEN		USD	
	2022	2021	2022	2021	2022	2021
	-----Rupees-----					
Reporting date spot rate						
- buying	215.23	188.12	1.50	1.43	205.50	157.80
- selling	215.75	188.71	1.51	1.43	206.00	158.30
Average rate for the year	201.95	188.91	1.47	1.48	181.90	163.28

### 39.3.2.3 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the EURO, YEN and US Dollar would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Note	2022 Rupees	2021 Rupees
<b>Effect on profit and loss</b>			
EURO		302,740	204,004
YEN		(882,764)	(9,017,938)
USD		(58,240,608)	(99,494,099)
		(58,820,632)	(108,308,033)

### 39.3.2.4 Currency risk management

Since the maximum amount exposed to currency risk is only 0.073% (2021: 0.034%) of the Company's financial assets, any adverse / favorable movement in functional currency with respect to US dollar and Yen will not have any material impact on the operational results.

### 39.3.3 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 39.3.3.1 Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2022		2021	
	Financial asset	Financial liability	Financial asset	Financial liability
	-----Rupees-----			
<b>Non-derivative financial instruments</b>				
Fixed rate instruments	-	585,076,524	-	9,613,742
Variable rate instruments	30,975,395	612,322,285	133,038,515	557,258,060

## Fair value sensitivity analysis for fixed rate instruments

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

## 39.3.3.2 Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit	
	2022	2021
	-----Rupees-----	
<b>Increase of 100 basis points</b>	(5,813,469)	(5,572,581)
Decrease of 100 basis points	5,813,469	5,572,581

## 39.3.3.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short and long term borrowings of the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

## 39.4 Fair values

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.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).



### 39.4.1 Fair values of financial instruments

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

Note	Carrying Amount			Fair Value			
	Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities	Total	Leve 1	Leve 2	Leve 3
Rupees							
<b>On-Balance sheet financial instruments</b>							
<b>30 June 2022</b>							
<b>Financial assets measured at fair value</b>							
Investment classified at FVOCI	1,198,491	-	-	1,198,491	1,198,491	-	-
	1,198,491	-	-	1,198,491	1,198,491	-	-
<b>Financial assets at amortized cost</b>							
Cash and bank balances	-	100,258,031	-	100,258,031	-	-	-
Deposits and other receivables	-	444,401	-	444,401	-	-	-
Long term deposits	-	10,439,805	-	10,439,805	-	-	-
Short term Investment	-	-	-	-	-	-	-
Trade debts - unsecured, considered good	-	605,194,117	-	605,194,117	-	-	-
39.4.2	-	716,336,354	-	716,336,354	-	-	-
<b>Financial liabilities measured at fair value</b>							
-	-	-	-	-	-	-	-
<b>Financial liabilities measured at amortized cost</b>							
Long term finances and diminishing musharika	-	-	889,198,431	889,198,431	-	-	-
Liabilities against leased assets	-	-	-	-	-	-	-
Trade and other payables	-	-	245,310,320	245,310,320	-	-	-
Unclaimed dividend	-	-	4,113,241	4,113,241	-	-	-
Lease Liabilities	-	-	21,820,752	21,820,752	-	-	-
Short term borrowing	-	-	286,379,626	286,379,626	-	-	-
Accrued mark up	-	-	32,285,053	32,285,053	-	-	-
39.4.2	-	-	1,479,107,423	1,479,107,423	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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	Note	Carrying Amount			Fair Value			
		Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities	Total	Leve 1	Leve 2	Leve 3
Rupees								
<b>On-Balance sheet financial instruments</b>								
<b>On 30 June 2021</b>								
<b>Financial assets measured at fair value</b>								
Investment classified at FVOCI		2,656,679	-	-	2,656,679	2,656,679	-	-
		2,656,679	-	-	2,656,679	2,656,679	-	-
<b>Financial assets at amortized cost</b>								
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	-	-	-
	39.4.2	-	802,651,188	-	802,651,188	-	-	-
<b>Financial liabilities measured at fair value</b>								
	-	-	-	-	-	-	-	-
<b>Financial liabilities measured at amortized cost</b>								
Long term finances and diminishing musharika		-	-	539,854,554	539,854,554	-	-	-
Lease Liabilities		-	-	9,613,742	9,613,742	-	-	-
Trade and other payables		-	-	233,036,340	233,036,340	-	-	-
Unclaimed dividend		-	-	2,870,151	2,870,151	-	-	-
Short term borrowing		-	-	112,370,444	112,370,444	-	-	-
Accrued mark up		-	-	9,004,485	9,004,485	-	-	-
	39.4.2	-	-	906,749,716	906,749,716	-	-	-

**39.4.2** The Company has not disclosed the fair values of these financial assets and liabilities as these reprice over a short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**39.4.3** Land has been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market values as disclosed in note 18.5. 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 after performing inquiries in the vicinity of land and information obtained from estate dealers of the area. The effect of changes in the unobservable inputs used in the valuation can not be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements."

## 40 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2022	2021
Total debt	Rupees	1,229,683,862	631,430,479
<b>Total Equity</b>	Rupees	4,250,205,147	3,361,163,778
<b>Total capital employed</b>	Rupees	5,479,889,009	3,992,594,257
<b>Gearing</b>	Percentage	22.44%	15.82%

Total debt comprises of long term loans from banking companies and customer, accrued markup on borrowings, deferred grant, lease liabilities and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, share premium, accumulated profits, fair value reserve on investment and surplus on revaluation of fixed assets.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

## 41 Operating segments

### 41.1 Basis of segmentation

The Company has nine manufacturing units, which are its reportable segments. These units offer more than one products, and are managed separately.

The Company's Chief Executive Officer reviews the internal management reports of each unit separately on a monthly basis for the purpose decision making about allocating resources to the segment and assessing its performance.

### 41.2 Information about reportable segments

Information related to each reportable segments is set out below. Segment gross profit is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Total
	Rupees									
Segment net sales	749,993,864	1,390,100,273	1,982,173,984	177,970,000	822,298,560	389,272,814	308,552,297	376,878,863	111,120,124	6,308,360,779
Segment cost of sales	(666,789,777)	(1,055,061,429)	(1,592,235,965)	(217,058,835)	(618,584,707)	(263,025,611)	(230,980,822)	(322,124,149)	(97,949,237)	(5,063,810,532)
Segment gross profit	83,204,087	335,038,844	389,938,019	(39,088,835)	203,713,853	126,247,203	77,571,475	54,754,714	13,170,887	1,244,550,247
Segment assets - plant and machinery	151,492,075	229,561,745	788,662,750	124,571,821	366,123,022	183,092,213	105,302,193	322,383,735	88,495,552	2,359,685,106

	2021									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Total
	Rupees									
Segment net sales	591,769,837	809,873,147	1,463,261,494	82,700,000	745,749,186	227,840,067	246,079,164	3,749,079	-	4,171,021,974
Segment cost of sales	(455,100,797)	(618,464,270)	(1,208,511,919)	(104,398,959)	(555,495,515)	(146,026,237)	(181,233,884)	(3,119,926)	-	(3,272,351,507)
Segment gross profit	136,669,040	191,408,877	254,749,575	(21,698,959)	190,253,671	81,813,830	64,845,280	629,153	-	898,670,467
Segment assets - plant and machinery	166,793,432	248,793,293	525,835,666	79,611,271	353,082,097	72,801,823	36,178,742	109,225,521	-	1,592,321,845

**41.2.1** Sales to three customers (2021: three customers) represent approximately Rs. 3,239 million (2021: Rs. 2,443 million) of the Company's total net sales.

## 41.3 Reconciliations of information on reportable segments to IFRS measures

	2022	2021
	Rupees	
<b>41.3 Assets</b>		
Total assets for reportable segments	2,359,685,106	1,592,321,845
Other unallocated amounts	3,816,481,327	2,940,118,803
Total assets	6,176,166,433	4,532,440,648



## 42 Remuneration of chief executive, directors and executives

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

2022					
	Directors				Executives
	Chairman	Chief Executive	Non-Executive	Executive	
	Rupees				
Managerial remuneration	10,720,000	11,658,000		6,432,000	33,765,298
Utilities and house rent	5,280,000	5,742,000	-	3,168,000	16,630,669
Post employment benefits	-	-	-	640,000	2,502,943
Advisory fee	-	-	2,400,000	-	4200,000
Bonus and rewards	-	-	-	2,933,333	10,430,141
Others benefits	334,540	526,325	1,806,058	202,038	-
	16,334,540	17,926,325	4,206,058	13,375,371	67,529,051
<b>Number of persons</b>	1	1	1	1	14

2021					
	Directors				Executives
	Chairman	Chief Executive	Non-Executive	Executive	
	Rupees				
Managerial remuneration	8,040,000	9,648,000	-	5,467,200	24,432,173
Utilities and house rent	3,960,000	4,752,000	-	2,692,800	11,334,234
Post employment benefits	-	-	-	544,000	1,690,719
Advisory fee	-	-	6,000,000	-	-
Bonus and rewards	-	-	-	2,493,329	6,435,730
Other benefits	654,744	276,983	2,368,672	215,073	-
	12,654,744	14,676,983	8,368,672	11,412,402	43,892,856
<b>Number of persons</b>	1	1	1	1	7

- 42.1** Executive means employees, other than the chief executive and directors, whose basic salary exceed twelve hundred thousand rupees in a financial year.
- 42.2** The Company also provides the chairman, chief executive and some of the directors and executives the Company's maintained cars and certain other benefits.
- 42.3** Meeting fee amounting to Rs. 1,700,000 (2021: Rs. 2,000,000) was paid to seven (2021: six directors) directors during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Installed processing capacity		Actual processing	
	2022	2021	2022	2021
<b>43 Plant capacity and actual production</b>				
Small, medium and large				
Moulds making facility	60 to 70 molds	60 to 70 molds	30 moulds	30 molds
Injection molds facility	7,100 tons plastic	5,700 tons plastic	2,900 tons plastic	2,100 tons plastic
Blow molding facility	4,600 tons plastic	4,200 tons plastic	2,700 tons plastic	2,600 tons plastic
Extrusion	6,500 tons plastic	6,500 tons plastic	5,000 tons plastic	3,600 tons plastic
Thermoforming	2,900 tons plastic	2,900 tons plastic	2,500 tons plastic	1,800 tons plastic

Actual capacity utilization is lower than installed capacity due to market demand fluctuations during the year.

## 44 Provident Fund related disclosure

The investments by the provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

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

	30 June 2022						
	Liabilities						
	Issued, subscribed and paid-up capital	Share Premium	Long term loan Islamic mode	Long term loan conventional	Lease liabilities	Short term borrowings	Unclaimed dividend
	Rupees						
<b>Balance as at 01 July 2021</b>	924,703,780	432,604,193	249,577,449	250,864,359	9,613,742	112,370,444	2,870,151
<b>Changes from financing activities</b>							
Proceeds from issuance of right shares - net of transaction cost	73,976,300	(73,976,300)	-	-	-	-	-
Repayment of short term borrowings - net	-	-	-	-	-	174,009,182	-
Long term loan obtained - net	-	-	-	518,819,312	-	-	-
Diminishing Musharika paid - net	-	-	(130,062,689)	-	-	-	-
Repayment of finance lease liabilities	-	-	-	-	(8,738,580)	-	-
Dividend paid	-	-	-	-	-	-	(144,860,107)
<b>Total changes from financing cash flows</b>	73,976,300	(73,976,300)	(130,062,689)	518,819,312	(8,738,580)	174,009,182	(144,860,107)
<b>Other liability related changes</b>							
Additions in lease liabilities	-	-	-	-	20,945,590	-	-
Dividend declared	-	-	-	-	-	-	146,103,197
<b>Total liability related other changes</b>				-	20,945,590	-	146,103,197
<b>Closing as at 30 June 2022</b>	998,680,080	358,627,893	119,514,760	769,683,671	21,820,752	286,379,626	4,113,241

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

	30 June 2021							
	Liabilities							
	Issued, subscribed and paid-up capital	Share Premium	Long term loan Islamic mode	Long term loan conventional	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees							
Balance as at 01 July 2020	884,884,000	347,391,050	362,351,182	34,456,178	10,058,654	220,106,929	2,085,056	629,057,999
<i>Changes from financing activities</i>								
Proceeds from issuance of right shares -	39,819,780	85,213,143.00	-	-	-	-	-	125,032,923
Repayment of short term borrowings - net	-	-	-	-	-	(107,736,485)	-	(107,736,485)
Long term loan acquired	-	-	-	216,408,181	-	-	-	216,408,181
Diminishing Musharika paid - net	-	-	(112,773,733)	-	-	-	-	(112,773,733)
Repayment of finance lease liabilities	-	-	-	-	(6,555,895)	-	-	(6,555,895)
Dividend paid	-	-	-	-	-	-	(87,703,305)	(87,703,305)
Total changes from financing cash flows	39,819,780	85,213,143	(112,773,733)	216,408,181	(6,555,895)	(107,736,485)	(87,703,305)	26,671,686
<i>Other liability related changes</i>								
Assets acquired on finance lease	-	-	-	-	6,110,983	-	-	6,110,983
Change in running finance	-	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	88,488,400	88,488,400
Total liability related other changes	-	-	-	-	6,110,983	-	88,488,400	94,599,383
Balance as at 30 June 2021	924,703,780	432,604,193	249,577,449	250,864,359	9,613,742	112,370,444	2,870,151	750,329,068

#### 46 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 previous years, the Government of Pakistan, from time to time announced a temporary smart lock downs as a measure to reduce the spread of the COVID-19, however, no lock down was announced during the year. 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 significant. The Company, during the last year, obtained term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, of Rs. 114.8 million, for paying salaries. Furthermore, company also availed financing under State Bank of Pakistan (SBP) Temporary Economic Refinance Facility (TERF), for setting up a new manufacturing plant and for Balancing, Modernization and Replacement ("BMR") of existing plant and machinery, amounting to Rs. 500 million. Balance amount of the loan is appearing in note 8 to these financial statements. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 47 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	Number of Employees	
	2022	2021
Number of employees as at 30 June	653	565
Average number of employees during the year	621	530

**47.1** The number of factory employees as at 30 June 2022 are 601 employees (June 2021: 504 employees).

## 48 Events after the reporting date

There are no events subsequent to the reporting date that could have and impact on these financial statements.

## 49 General

**49.1** These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 14 September 2022.

**49.2** Figures have been rounded off to the nearest rupee.

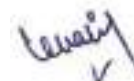
Note: Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.



Director



Director



Chief Financial Officer



# Pattern of Shareholding

As at 30 June 2022



No. of Shareholders	Shareholdings		Shares held	Percentage
	From	To		
218	1	100	6319	0.0032
306	101	500	97796	0.0490
167	501	1000	156435	0.0783
1308	1001	5000	2384270	1.1937
131	5001	10000	983125	0.4922
63	10001	15000	764467	0.3827
23	15001	20000	419238	0.2099
28	20001	25000	632060	0.3164
16	25001	30000	433318	0.2169
9	30001	35000	288946	0.1447
6	35001	40000	220676	0.1105
9	40001	45000	386246	0.1934
8	45001	50000	379360	0.1899
9	50001	55000	475750	0.2382
7	55001	60000	407688	0.2041
6	60001	65000	373044	0.1868
3	65001	70000	207104	0.1037
2	70001	75000	140400	0.0703
2	75001	80000	155500	0.0779
5	80001	85000	413616	0.2071
5	85001	90000	437940	0.2193
2	90001	95000	186800	0.0935
3	95001	100000	291318	0.1459
4	100001	105000	407964	0.2043
3	105001	110000	325816	0.1631
2	110001	115000	225358	0.1128
1	115001	120000	117720	0.0589
2	120001	125000	242650	0.1215
2	125001	130000	258520	0.1294
3	130001	135000	399012	0.1998
1	150001	155000	152280	0.0762
1	160001	165000	165000	0.0826
3	165001	170000	503900	0.2523
1	175001	180000	180000	0.0901
2	180001	185000	369164	0.1848
1	200001	205000	201960	0.1011
1	210001	215000	211680	0.1060
1	215001	220000	215814	0.1080
1	225001	230000	226190	0.1132
2	245001	250000	499818	0.2502
4	255001	260000	1029366	0.5154
1	295001	300000	295920	0.1482
1	300001	305000	302400	0.1514
1	305001	310000	308880	0.1546

# Pattern of Shareholding

As at 30 June 2022

No. of Shareholders	Shareholdings		Shares held	Percentage
	From	To		
1	335001	340000	335960	0.1682
1	340001	345000	341268	0.1709
2	355001	360000	716040	0.3585
1	365001	370000	367632	0.1841
1	430001	435000	435000	0.2178
1	440001	445000	442052	0.2213
1	495001	500000	500000	0.2503
1	540001	545000	545000	0.2729
1	655001	660000	655474	0.3282
1	670001	675000	673512	0.3372
1	730001	735000	734832	0.3679
1	735001	740000	736794	0.3689
1	745001	750000	750000	0.3755
1	890001	895000	892080	0.4466
1	920001	925000	924470	0.4628
1	960001	965000	963570	0.4824
1	975001	980000	977616	0.4895
1	1095001	1100000	1096314	0.5489
1	1105001	1110000	1109718	0.5556
1	1355001	1360000	1358000	0.6799
1	1380001	1385000	1382834	0.6923
1	1595001	1600000	1599720	0.8009
1	1605001	1610000	1609200	0.8057
1	2020001	2025000	2022342	1.0125
1	2245001	2250000	2247534	1.1253
1	3730001	3735000	3730432	1.8677
1	4860001	4865000	4863240	2.4348
1	4945001	4950000	4949978	2.4783
1	6065001	6070000	6069240	3.0386
1	11245001	11250000	11248250	5.6316
2	24660001	24665000	49320924	24.6931
1	79255001	79260000	79256162	39.6805
2408			199,736,016	100.0000

# Category Wise Shareholding

As at 30 June 2022



Sr. No.	Particulars	No. of Shares	Percentage
1	Directors, CEO and their Spouses and minor Children		
	* Mr. Almas Hyder	79,256,162	39.680
	* Mr. Zia Hyder Naqi	26,043,296	13.039
	* Mr. Raza Haider Naqi	25,770,180	12.902
	Mr. Sheikh Naseer Hyder	926,470	0.464
	Dr. Nighat Arshad	257,048	0.129
	Mr. Abid Saleem Khan	1,080	0.001
	Mr. Khawar Anwar Khawaja	1,334	0.001
	Mr. Haroon Sharif	41,172	0.021
	Dr. Syed Sohail Hussain Naqvi	3,080	0.002
2	Associated Companies, Undertakings and Related Parties	17,317,490	8.670
3	NIT and ICP	-	0.000
4	Banks, DFI And NBFI	120,150	0.060
5	Insurance Companies	5,951,854	2.980
6	Modarabas and Mututal Funds	5,718,874	2.863
7	General Public		
	a) Local	29,906,276	14.973
	b) Foreign	3,219,340	1.612
8	Others	5,202,210	2.605
	Total	199,736,016	100.000

\* Shareholders having more than 10% shareholding.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of the shareholders of Synthetic Products Enterprises Limited (the "Company") will be held on Friday 21 October 2022 at 3:00 PM at Jinnah Auditorium of Lahore Chamber of Commerce & Industries, Shahrah Aiwane-e-Tijarat, Lahore to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2022 together with Directors' and Auditors' Report thereon;
2. To appoint auditors of the Company for the financial year 2022-23 and fix their remuneration. The Board has recommended, as suggested by the Board Audit Committee, the appointment of M/s KPMG Taseer Hadi and Co., Chartered Accountants. They are the retiring auditors, and being eligible, have offered themselves for re-appointment; and
3. To transact, with the permission of the Chairman, any other business which may be transacted at an Annual General Meeting.

By Order of the Board



28 September 2022  
Lahore

Muhammad Kamran Farooq  
Company Secretary

## Notes:

1. The share transfer books of the Company will remain closed from 15 October 2022 to 21 October 2022 (both days inclusive). Transfers received in order at the Shares Department of M/s THK Associates (Pvt.) Limited, Plot no. 32-C Jami Commercial Street 2, D.H.A. Phase VII, Karachi, Pakistan at the close of business on 14 October 2022 will be treated. Only those persons whose names appear in the Register of Members of the Company as on 14 October 2022 are entitled to attend, participate in and vote at the Annual General Meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint any other person as his/her proxy to attend and vote. A member shall not be entitled to appoint more than one proxy to attend this meeting. Proxies, in order to be effective, must be received at the Registered Office of the Company, 127-S Quaid-e-Azam Industrial Estate Township Kot Lakhpat, Lahore duly stamped and signed not less than 48 hours before the time of the meeting. A proxy need not be a member of the Company. The proxy shall produce his/her original CNIC or passport at the time of the meeting.
3. CDC account holders will have to follow the guidelines as laid down in Circular 1 dated 26 January 2000 for attending meetings and appointing proxies. The individual members entitled to attend this meeting must bring his/her original CNIC or passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC/passport. Representatives of corporate members should bring the Board Resolution / Power of Attorney.
4. Pursuant to SECP's Circular No 10 dated 21 May 2014 read with section 132(2) & 134(1)(b) of the Companies Act 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit it to the registered address of the Company at least 10 days before the date of AGM.

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Synthetic Products Enterprises Limited holder \_\_\_\_\_ Ordinary share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

5. Pursuant to SECP's Circular No 5 and 25 of 2020 shareholders can attend the meeting through video link facility.

The shareholders who wish to attend the Annual General Meeting through video link are requested to get themselves registered by sending their particulars at the designated email address corporate@spelgroup.com, giving particulars as per below table on or before October 19, 2022.

Name of Shareholder	CNIC No./ NTN No.	CDC Participant ID/Folio No.	Cell No	Email address	Signature

The webinar link would be emailed to the registered shareholders/proxies who have provided all the requested information.

6. Pursuant to SECP Companies Postal Ballot Regulations, 2016, Members can exercise their voting right to vote through e-voting or postal ballots by giving their consent in writing at least 10 days before the date of the meeting.
7. Members are requested to promptly notify any change of address to the Company's Share Registrar.

#### **8 Availability of Audited Financial Statements on Company's Website:**

The audited financial statements of the Company for the year ended June 30, 2022 have been made available on the Company's website [www.spelgroup.com](http://www.spelgroup.com) in addition to annual and quarterly financial statements for the prior years.

#### **9 Deposit of Physical Shares in to Book Entry Form (CDC-Account)**

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.



سرٹیفائیڈ ڈائریکٹرز/منتخبی ہیں جیسا کہ لٹھ کپینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں بیان کیا گیا ہے۔

### بورڈ کی کارکردگی کا جائزہ

بورڈ نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لئے ایک لائحہ عمل قائم کیا ہے۔ جائزہ کے تحت سال کے دوران، بورڈ کے انفرادی ارکان کی طرف سے ایک رکی تشخیص کی گئی تھی اور بہتری کے شعبوں پر زور دینے کے ساتھ بورڈ کے اجلاس کے دوران اجتماعی نتائج پر تبادلہ خیال کیا گیا تھا۔ مجموعی طور پر کارکردگی اطمینان بخش پائی گئی۔

تشخیص کے معیار میں شامل کچھ اہم معاملات مندرجہ ذیل ہیں:

• مجموعی طور پر بورڈ کی تشخیص

• بورڈ کمیٹیوں کی تشخیص

• تمام ارکان کی مہارت کی تشخیص

• کاروباری حکمت عملی

• جانشینی کی منصوبہ بندی

### سرمایہ کاروں کے تعلقات اور شکایات

کمپنی سرمایہ کاروں کے ساتھ اپنے تعلقات کو نمایاں اہمیت دیتی ہے اور شکایت کی رپورٹنگ کا ایک طریقہ کار قائم کیا ہے جو کسی بھی شکایات کا غیر حل شدہ مسائل کو حل کرنے کی کوشش کرتا ہے۔ اس بات کو یقینی بنانے کے لئے کہ سٹیک ہولڈرز آسانی سے اپنی شکایات درج کر سکتے ہیں، کمپنی کی ویب سائٹ پر ایک آن لائن فارم بھی دستیاب ہے۔ سال کے دوران، کمپنی کو کوئی شکایت موصول نہیں ہوئی تھی، تاہم، ڈیٹیلڈ وائٹس کی دوبارہ توثیق اور مالی رپورٹوں کی ترسیل کے لئے کچھ درخواستیں موصول ہوئی تھیں۔ شیئرز ہولڈرز کا متعلقہ مسئلہ تسلی بخش طریقے سے حل کیا گیا۔

### شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کا پیٹرن اس رپورٹ سے منسلک ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کپینیز ایکٹ 2017 اور لسٹڈ کپینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں درج شدہ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تمام ضروریات کو پورا کرنے پر عمل پیرا ہے اور ہم اس بات کی تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ فنانشل سٹیٹمنٹس، کمپنی کے موجودہ امور، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔
- کمپنی کے اکاؤنٹس بالکل صحیح طور سے بنائے گئے ہیں۔
- مناسب اکاؤنٹنگ کی پالیسیوں کو فنانشل سٹیٹمنٹس کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور دانشمندانہ فیصلوں پر مبنی ہے۔
- فنانشل سٹیٹمنٹس کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار، جیسا کہ پاکستان میں لاگو ہیں، کی پیروی کی گئی ہے اور اس سے کسی بھی قسم کی غیر مطابقت، اگر کوئی ہو تو، کو مناسب طریقے سے ظاہر کر کے وضاحت کی گئی ہے۔
- انٹرل کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور مؤثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے۔
- کمپنی کے رواں دواں رہنے کی صلاحیت پر کوئی شکوک و شبہات نہیں ہیں۔

• گزشتہ چھ سالوں کے لئے کلیدی آپریٹنگ اور مالی اعداد و شمار کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

• ٹیکس اور محصولات کے بارے میں معلومات مالیاتی بیانات کے نوٹ میں دی گئی ہیں۔

• کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے سلسلے میں کسی بھی ادائیگی میں تاخیر یا ڈیفالٹ کا کوئی امکان نہیں ہے۔

• سیاسی اور اقتصادی خطرات کے علاوہ ہماری کمپنی کے لئے مخصوص کوئی مادی خطرات اور غیر یقینی صورتحال نہیں ہے۔

• ماحول پر ہمارے کاروبار کا کوئی مادی اثر نہیں ہے۔

• ڈائریکٹرز کو ادا کیے جانے والے معاوضے کی تفصیلات فنانشل سٹیٹمنٹس کے نوٹ نمبر 4.2 میں دستیاب ہے۔

• کمپنی اپنے تمام اہل ملازمین کے لیے ایک کنٹری بیوٹری پروویڈنٹ فنڈ سکیم چلاتی ہے۔ کمپنی کے پروویڈنٹ فنڈ کی مدد میں کی جانے والی سرمایہ کاری کی فیئر ویلویو 30 جون 2022 کے مطابق اور دیگر متعلقہ معلومات کا ذکر فنانشل سٹیٹمنٹس کے نوٹ میں کیا گیا ہے۔

• بورڈ نے جائزہ لے کر فیصلہ کیا ہے کہ سٹیکل کا کوئی بھی ملازم جس کی ماہانہ مجموعی تنخواہ 100,000 روپے یا اس سے زیادہ ہے، اسے PSX رول بک کے قاعدہ 5.6.4 کے مطابق "ایگزیکٹو" سمجھا جاتا ہے۔

• 30 جون 2022 سے لے کر اس رپورٹ کی تاریخ تک کوئی مادی تبدیلی نہیں کی گئی ہے اور کمپنی نے اس مدت کے دوران کوئی ایسا معاہدہ نہیں کیا ہے، جس سے کمپنی کی مالی حیثیت پر منفی اثر پڑے۔

### مستقبل کا نقطہ نظر

موجودہ اقتصادی چیلنجوں اور سیکر و اقتصادی صورتحال کے ساتھ، آپ کی کمپنی کے آرائیں مختصر سے درمیانی مدت میں، انڈسٹری مشکلات کا شکار رہے گی، طویل مدت میں انڈسٹری کا مستقبل مثبت ہے۔ ایف ایم سی جی صارفین کی مانگ مستحکم ہے۔ ایمپوٹ پر پابندی کی وجہ سے آٹو انڈسٹری سست روی کا شکار ہے۔ تاہم، یہ پابندی چند ماہ میں ختم کر دی جائے اور بہتر بلز کی توقع ہے۔

سٹیکل کی صحت مند مالیاتی پوزیشن اور نقد رقم پیدا کرنے کی صلاحیت، آپریشنل استعداد کار کو بہتر بنانے اور نئی سرمایہ کاری کرنے کے دژن میں مزید معاون ہوگی۔ جس سے سلیز میں اضافہ ہوگا جو شیئر ہولڈرز کی قدر میں اضافہ کرے گی۔

### اعتراف

ہمیں یہ تسلیم کرتے ہوئے خوشی ہو رہی ہے کہ ملازمین کے ساتھ تعلقات پورے سال سازگار رہے۔ انتظامیہ تمام ملازمین کی مسلسل لگن، عزم اور سخت محنت تسلیم کرتی ہے اور ان کی مخلصانہ تعریف کو بکا رکھتی ہے، جس کے بغیر یہ کارکردگی ممکن نہیں ہو سکتی تھی۔

ہم اپنے معزز گاہکوں کے مسلسل تعاون اور ہماری مصنوعات پر اعتماد کے لئے مشکور ہیں۔ مالیاتی اداروں کی جانب سے فراہم کی جانے والی سپورٹ طاقت کا ایک ذریعہ ہے اور ہم ان کا شکریہ ادا کرتے ہیں۔

ڈائریکٹر

چیرمین

تاریخ: 14 ستمبر 2022ء

لاہور

27 اکتوبر 2021 کو ہونے والے ڈائریکٹرز کے انتخاب کے بعد کمیٹی کی تشکیل نو کی گئی تھی۔ ڈاکٹر ایس ایم نقی صاحب اور جناب محمد تبسم منیر صاحب 27 اکتوبر 2021 کو ریٹائر ہوئے، جناب خاور انور خواجہ صاحب نے کمیٹی کی تشکیل نو کے بعد کمیٹی میں شمولیت اختیار کی۔

میٹنگ میں شرکت نہ کرنے والے ارکان کو غیر حاضری کی باقاعدہ اجازت دی گئی تھی۔

#### ہیومن ریسورس اینڈ ریمینیو ریشن کمیٹی

زیر جائزہ سال کے دوران ہیومن ریسورس اینڈ ریمینیو ریشن کمیٹی (ایچ آر کمیٹی) کے 02 (دو) اجلاس منعقد ہوئے۔ ایچ آر کمیٹی کی تشکیل اور ہر رکن کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	میٹنگز میں شرکت
خاور انور خواجہ صاحب	کمیٹی چیئر مین	2
الماس حیدر صاحب	ممبر	2
ضیاء حیدر نقی صاحب	ممبر	2
* ڈاکٹر سید سہیل نقوی صاحب	ممبر	1
* نگہت ارشد صاحبہ	ممبر	1
عابد سلیم خان صاحب	ممبر	2

27 اکتوبر 2021 کو ہونے والے ڈائریکٹرز کے انتخاب کے بعد کمیٹی کی تشکیل نو کی گئی تھی۔ بورڈ کی تشکیل نو اور نئی کمیٹیوں کی تشکیل کے بعد ڈاکٹر نگہت ارشد صاحبہ کمیٹی کی رکن نہیں رہیں جبکہ ڈاکٹر سید سہیل حسین نقوی صاحب کمیٹی میں شامل ہوئے۔

#### فنانس کمیٹی

فنانس کمیٹی کی تشکیل مندرجہ ذیل ہے:

نام	عہدہ
الماس حیدر صاحب	کمیٹی چیئر مین
ضیاء حیدر نقی صاحب	ممبر
بارون شریف صاحب	ممبر
ڈاکٹر سید سہیل نقوی صاحب	ممبر
شیخ نصیر حیدر صاحب	ممبر
عابد سلیم خان صاحب	ممبر

#### رسک مینجمنٹ کمیٹی

رسک مینجمنٹ کمیٹی کی تشکیل مندرجہ ذیل ہے:

نام	عہدہ
ضیاء حیدر نقی صاحب	کمیٹی چیئر مین
بارون شریف صاحب	ممبر
سید سہیل حسین نقوی صاحب	ممبر
شیخ نصیر حیدر صاحب	ممبر

#### ڈائریکٹرز کی تربیت

کمیٹی کے سات (07) ڈائریکٹرز پورنگنگ کی تاریخ پڑ ڈائریکٹرز ٹریننگ پروگرام (ڈی ٹی پی) کے تحت

#### نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کے لئے معاوضہ کی پالیسی

بورڈ نے ڈائریکٹرز کو معاوضہ دینے کی پالیسی کی منظوری کی ہے۔ پالیسی کے مطابق آزاد ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز بورڈ کی جانب سے منظور شدہ سکیل کے مطابق بورڈ یا اس کی کسی بھی کمیٹی کے اجلاس میں شرکت کے لیے میٹنگ فیس کے حقدار ہوں گے۔ اگر کوئی نان ایگزیکٹو ڈائریکٹر اضافی خدمات انجام دیتا ہے تو وہ معاوضے کا حقدار ہوگا۔ وہ ڈائریکٹرز جو اس معاوضے کے حقدار ہیں وہ کسی بھی قسم کی میٹنگ فیس وصول کرنے کے حقدار نہیں ہوں گے۔

#### بورڈ کے اجلاس اور حاضری

جائزہ کے تحت سال کے دوران، پانچ (05) بورڈ کے اجلاس منعقد کیے گئے تھے اور ہر ڈائریکٹر کی طرف سے حاضری ذیل میں دی گئی ہے:

نام	عہدہ	میٹنگز میں شرکت
الماس حیدر صاحب	چیئر مین / نان ایگزیکٹو ڈائریکٹر	5
* ڈاکٹر ایس ایم نقی صاحب	نان ایگزیکٹو ڈائریکٹر	2
ضیاء حیدر نقی صاحب	سی ای او / ایگزیکٹو ڈائریکٹر	5
بارون شریف صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	5
خاور انور خواجہ صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	4
* محمد تبسم منیر صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	2
* ڈاکٹر سید سہیل حسین نقوی صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	3
رضا حیدر نقی صاحب	نان ایگزیکٹو ڈائریکٹر	3
ڈاکٹر نگہت ارشد صاحبہ	نان ایگزیکٹو ڈائریکٹر	5
شیخ نصیر حیدر صاحب	نان ایگزیکٹو ڈائریکٹر	5
عابد سلیم خان صاحب	ایگزیکٹو ڈائریکٹر	5

\* ڈاکٹر ایس ایم نقی صاحب اور جناب محمد تبسم منیر صاحب 27 اکتوبر 2021 کو ریٹائر ہوئے، ڈاکٹر سید سہیل حسین نقوی صاحب نے 27 اکتوبر 2021 کو بورڈ میں شمولیت اختیار کی۔  
بورڈ سبکدوش ہونے والے ڈائریکٹرز کی قابل قدر خدمات کا اعتراف کرتا ہے اور بورڈ میں نئے ممبر کا خیر مقدم کرتا ہے۔  
میٹنگ میں شرکت نہ کرنے والے ارکان کو غیر حاضری کی باقاعدہ اجازت دی گئی تھی۔

#### بورڈ آڈٹ کمیٹی

زیر نظر سال کے دوران، بورڈ آڈٹ کمیٹی کے چار (04) اجلاس منعقد کیے گئے اور ہر رکن کی طرف سے حاضری ذیل میں دی گئی ہے:

نام	سٹیٹس	میٹنگز میں شرکت
بارون شریف صاحب	کمیٹی چیئر مین	4
الماس حیدر صاحب	ممبر	4
* ڈاکٹر ایس ایم نقی صاحب	ممبر	2
* خاور انور خواجہ صاحب	ممبر	2
محمد تبسم منیر صاحب	ممبر	2
رضا حیدر نقی صاحب	ممبر	2

## ڈائریکٹر رپورٹ مالی سال 30 جون 2022ء

### فی شیئر آمدنی

موجودہ اور پچھلے سال کے لئے فی شیئر آمدنی مندرجہ ذیل ہیں:

Rs. 2.70	Basic and diluted EPS - 2022
Rs. 2.30	Basic and diluted EPS - 2021 (Re-stated)

### محترم شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی بیانات کے ساتھ ساتھ آپریشنز کے نتائج پر کمپنی کی سالانہ رپورٹ آپ کے سامنے پیش کرنے پر خوش ہیں۔

### کاروباری کارکردگی

اللہ تعالیٰ کے فضل و کرم سے مالی سال 2021-22ء کمپنی کے لیے ایک اور کامیاب سال رہا جس میں سلیئر 51 فیصد اضافے کے ساتھ 6,308 ملین روپے (Rs. 4,171,202: 2021 ملین روپے) تک پہنچ گئی۔

زیر نظر سال کے دوران کمپنی کو خام مال کی قیمتوں میں اضافہ، کرنسی کی قدر میں کمی، شرح سود میں اضافہ، سیاسی غیر یقینی صورتحال اور سپر ٹیکس کے نفاذ سمیت کئی چیلنجز کا سامنا کرنا پڑا۔ ان عوامل کے باوجود، ہم آپ کو یہ بتاتے ہوئے خوش ہیں کہ آپ کی کمپنی نے بعد از ٹیکس منافع میں 17 فیصد اضافہ دیکھا دیا ہے۔ صلاحیت کو بہتر بنانے اور بڑھانے کے لئے کمپنی نے آپریٹنگ فیکسڈ اسسٹس میں 1,331 ملین روپے (Rs. 430: 2021 ملین روپے) کی سرمایہ کاری کی۔ بہتر معیار، بروقت ترسیل اور بہتر کارکردگی کو یقینی بنانے کے لئے ٹیکنالوجی کی اپ گریڈیشن اور آٹومیشن پر بھی ایک قابل ذکر رقم خرچ کی گئی ہے۔

### مالی نتائج

زیر نظر سال کے لئے کمپنی کے مالی نتائج مندرجہ ذیل ہیں:

	2021	2022
	روپے (ملین میں)	روپے (ملین میں)
سلیئر	4,171.02	6,308.36
مجموعی منافع	898.67	1,244.55
آپریٹنگ منافع	694.24	926.13
فنانس کے اخراجات	46.15	102.86
قبل از ٹیکس منافع	638.86	852.16
ٹیکس	178.60	313.24
بعد از ٹیکس منافع	460.23	538.92

### انسانی وسائل:

ہمیں اپنے ملازمین کے عزم اور لگن پر فخر ہے۔ کمپنی اپنے ملازمین کی قدر کرتی ہے اور ٹیم ورک، جدت، کمیونیکیشن، مسلسل ترقی اور اہلکاروں کی تربیت کی حوصلہ افزائی کرتی ہے۔ زیر جائزہ مدت کے دوران کمپنی نے اپنے ملازمین کی تربیت پر (3,600,546: 2021) گھنٹے کی سرمایہ کاری کی۔ کمپنی نے اپنے ملازمین کی مہارت، علم اور صلاحیتوں کو بہتر بنانے کے لئے اندرونی اور بیرونی دونوں وسائل کا استعمال کیا۔ ان تربیتوں میں سپروائزری سکول، فائز اینڈ سٹیفٹ، 6S-Kaizen، کیو سی سی اور تنظیم کے مختلف حکموں اور کانیوں کے ٹیکنیکل اور مینیجرل ماڈیولز کے کورسز شامل تھے۔

### بورڈ کی تشکیل:

ڈائریکٹرز کا انتخاب قانون کے تقاضے کے مطابق سال کے دوران کیا گیا تھا۔ بورڈ کی تشکیل نو 27 اکتوبر 2021 کو تین سال کی مدت کے لئے کی گئی تھی۔ بورڈ کی تشکیل کو ڈ آف کارپوریٹ گورنس اور کمپنی کی ضروریات کو پورا کرنے کے لئے قائم کیا گیا ہے کہ بورڈ ایک مابجلیٹ باڈی کے طور پر احسن طرح سے کام کرتا ہے۔

کمپنی کے ڈائریکٹرز کی کل تعداد مندرجہ ذیل ہے:

مرد ڈائریکٹرز: 08

خواتین ڈائریکٹرز: 01

بورڈ کی تشکیل مندرجہ ذیل ہے:

آزادانان ایگزیکٹو ڈائریکٹرز: 03

دیگر انان ایگزیکٹو ڈائریکٹرز: 04

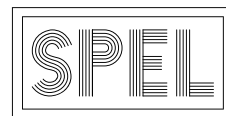
### ڈیویڈنڈ اور تحفظات

	2021	2022
	روپے (ملین میں)	روپے (ملین میں)
انٹرم کیش ڈیویڈنڈ 10% @ (2021 : NIL)	99.86	—
فائل کیش ڈیویڈنڈ 5% @ (2021 : NIL)	—	46.24
فائل بونس ڈیویڈنڈ 8% @ (2021 : NIL)	—	73.98
ٹوٹل ڈیویڈنڈ 10% @ (2021 : 13%)	99.86	120.22

کمپنی اس سال کے دوران 10 فیصد انٹرم کیش ڈیویڈنڈ ادا کر چکی ہے۔ موجودہ معاشی حالات کی وجہ سے اور لیکویڈیٹی پوزیشن اور کمپنی کی مستقبل کی کیش کی ضروریات کو مد نظر رکھتے ہوئے بورڈ نے فائل کیش ڈیویڈنڈ کو مؤخر کرنے کا فیصلہ کیا ہے۔

# Form of Proxy

**Synthetic Products Enterprises Limited**  
127-S, Q.I.E. Township, Kot Lakhpat, Lahore.



I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Synthetic Products Enterprises Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_ Folio / CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ or failing him, Mr. \_\_\_\_\_ Folio / CDC Account No. \_\_\_\_\_ of \_\_\_\_\_, as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 40th Annual General Meeting of the Company to be held on October 21, 2022 and at any adjournment thereof.

Signed under my / our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Signature of Proxy

\_\_\_\_\_  
Signature of Member  
(Signature across Rs. 5  
Revenue Stamp)

## Signed in the presence of:

Signature of Witnesses \_\_\_\_\_

Signature of Witnesses \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
CNIC No. \_\_\_\_\_

\_\_\_\_\_  
CNIC No. \_\_\_\_\_

## Important:

1. In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along with power of attorney, or other instruments (if any), must be deposited at the registered office of the company at 127-S Quaid-e-Azam Industrial Estate Kot Lakhpat, Lahore at least 48 hours before the time of the meeting.
2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid.
3. In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's computerized national identity card (CNIC) or passport, account and participant's ID numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, board of directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his / her original CNIC or passport at the time of meeting.

AFFIX  
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The Company Secretary,  
**SYNTHETIC PRODUCTS ENTERPRISES LIMITED**  
127-S, Q.I.E. Township,  
Kot Lakhpat, Lahore.



# مختارنامہ (پراکسی فارم)

Synthetic Products Enterprises Limited  
127-S, Q.I.E. Township, Kot Lakhpat, Lahore.



میں/ہم مسمیٰ/مسماۃ \_\_\_\_\_  
ساکن \_\_\_\_\_ ضلع \_\_\_\_\_  
بحیثیت رکن (ممبر) سینٹھیک پراڈکٹس انٹرپرائزز لمیٹڈ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں مسمیٰ/مسماۃ \_\_\_\_\_  
ساکن \_\_\_\_\_  
کو بطور میرا/ہمارا مختار (پراکسی) سینٹھیک پراڈکٹس انٹرپرائزز لمیٹڈ کے سالانہ اجلاس عام میں جو مورخہ 21 اکتوبر 2022 کو بوقت 15:00 بجے منعقد ہو رہا ہے  
یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور میری/ہماری جگہ میری/ہماری طرف سے حق رائے دہی استعمال کرے۔  
مورخہ \_\_\_\_\_ 2022 کے میرے/ہمارے دستخط سے جاری ہوا۔

دستخط

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

## گواہ نمبر 2

دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_  
پتہ \_\_\_\_\_

## گواہ نمبر 1

دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_  
پتہ \_\_\_\_\_

## ہدایات:

- 1- ممبر (رکن) کے دستخط، نمونہ دستخط شدہ/اندراج شدہ دستخط سے مماثلت ضروری ہے۔
- 2- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختارنامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ اداروں کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- 3- مختارنامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرار آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل جمع کرنا ضروری ہے۔

AFFIX  
CORRECT  
POSTAGE

The Company Secretary,  
**SYNTHETIC PRODUCTS ENTERPRISES LIMITED**  
127-S, Q.I.E. Township,  
Kot Lakhpat, Lahore.





**Synthetic Products Enterprises Limited**  
127-S QIE Township Kot Lakhpat Lahore.  
Phone: 042 111 005 005 | Fax: 042 351 18507