



Synthetic Products Enterprises Limited

QUARTERLY REPORT
30 SEPTEMBER 2022



STRONG, RELIABLE, INNOVATIVE

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Company Information

The Board of Directors

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

Chief Financial Officer

Mr. Khalil Ahmad Hashmi, FCA

Audit Committee

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

HR & R Committee

Mr. Khawar Anwar Khawaja	Committee Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Dr. 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 Quid-e-Azam Industrial Estate
Township Kot Lakhpat, Lahore
Ph: 042 111 005 005
Fax: 024-35118507

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Head of Internal Audit

Mr. Abu Bakar, FCA

Tax Advisors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Cornelius Lane and Mufti Advocates & Solicitors

Share Registrar

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

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

Email: secretariat@thk.com.pk

Bankers

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

Factories

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

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

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

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

Stock Symbol

SPEL

Website

www.spelgroup.com

SYNTHETIC PRODUCTS ENTERPRISES LIMITED

Directors' Review of the Condensed Interim Financial Information
For the Quarter ended 30 September 2022

Dear Shareholders'

The Directors of Synthetic Products Enterprises Limited are pleased to present your Company's un-audited condensed interim financial information for the quarter ended 30 September 2022 along with the Directors' review thereon.

Financial Analysis

	Quarter Ended	
	30 Sep 2022 PKR Millions	30 Sep 2021 PKR Millions
Sales – net	1,490.00	1,432.50
Cost of Sales	(1,296.69)	(1,128.44)
Gross Profit	193.31	304.06
Operating Profit	119.68	243.32
Profit before tax	80.42	214.58
Profit after tax	57.75	158.54
		<i>Restated</i>
EPS – Basic (PKR)	0.29	0.79

The period under review was a challenging one due to the overall economic situation. The slowdown of the auto sector due to import restrictions, sudden and exorbitant increase in energy prices and massive devaluation affecting raw material prices, happened simultaneously, all contributed to a lower than expected results. However, the Company was able to sustain its sales by adding new customers and by focusing on sales to its customers in the FMCG sector.

During the period under review, the electricity rates were increased exorbitantly besides rising currency exchange rates and higher inflation resulting in pressure on the gross margins of the Company. Necessary remedial measures are underway to bring the results back on track.

Outlook

The results in the next few months are expected to improve as the sales of Auto sector are projected to increase during the second quarter.

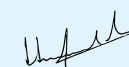
The Company remains committed to supplying quality products and delivering on time to its customers as it is our promise of reliability. The current situation should be short-lived, but the culture of the company of integrity and quality will ensure long term success.

Acknowledgment

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



Chief Executive Officer



Director

Lahore
26 October 2022

سینتھٹک پراڈکٹس انٹرپرائزز لمیٹڈ

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سینتھٹک پراڈکٹس انٹرپرائزز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے آپ کی کمپنی کی مالیاتی معلومات ڈائریکٹرز کے جائزے کے ساتھ پیش کر رہے ہیں۔

مالیاتی جائزہ

30 ستمبر 2021	30 ستمبر 2022	
(ملین روپے)	(ملین روپے)	سیلز
1,432.50	1,490.00	کاسٹ آف سیلز
(1,128.44)	(1,296.69)	گراس منافع
304.06	193.31	آپریٹنگ منافع
243.32	119.68	قبل از ٹیکس منافع
214.58	80.42	بعد از ٹیکس منافع
158.54	57.75	
Restated		
0.79	0.29	EPS (PKR)

مجموعی اقتصادی صورتحال کی وجہ سے زیر جائزہ مدت ایک چیلنجنگ مدت تھی۔ درآمدی پابندیوں کی وجہ سے آٹو سیکٹر کی سست روی، بجلی کی قیمتوں میں اچانک اور بے تحاشہ اضافہ اور خام مال کی قیمتوں کو متاثر کرنے والے بڑے پیمانے پر روپے کی قدر میں کمی بیک وقت ہوئی۔ ان سب عوامل کی وجہ سے نتائج توقعات سے کم رہے۔ تاہم کمپنی نئے گاہکوں کو شامل کر کے اور FMCG سیکٹر میں اپنے صارفین کو مزید فروخت پر توجہ کر کے اپنی سیلز کو برقرار رکھنے میں کامیاب رہی۔


زیر جائزہ مدت کے دوران، کرنسی ایکسچینج ریٹ میں اضافہ اور ملک میں پیدا ہونے والے دیگر افراط زر کے چیلنجز کا سامنا کرنا پڑا۔ اس کے علاوہ بجلی کے نرخوں میں جو اضافہ کیا گیا اس کے نتیجے میں کمپنی کے مجموعی مارجن پر دباؤ پڑا۔ نتائج کو دوبارہ پٹری پر لانے کے لیے ضروری اقدامات کیے جا رہے ہیں۔


مستقبل قریب کا جائزہ

اگلے چند مہینوں میں نتائج میں بہتری کی توقع ہے کیونکہ دوسری سہ ماہی کے دوران آٹو سیکٹر کی فروخت میں اضافہ متوقع ہے۔ کمپنی معیاری مصنوعات کی فراہمی اور اپنے صارفین کو وقت پر ڈیلیوری کرنے کے لیے پرعزم ہے کیونکہ یہ ہماری قابل اعتماد ہونے کی علامت ہے۔ موجودہ صورت حال قلیل المدتی ہونی چاہیے۔ کمپنی کا دیانتداری اور معیار کا کلچر طویل مدتی کامیابی کو یقینی بناتا ہے۔

اعتراف

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


ڈائریکٹر


چیف ایگزیکٹو آفیسر

لاہور

26 اکتوبر 2022

Synthetic Products Enterprises Limited

Condensed Interim Statement of Financial Position

As at 30 September 2022

		Un-audited 30 September 2022 Rupees	Audited 30 June 2022 Rupees
	Note		
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital of Rs. 5 each (2022: Rs. 5 each)		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	5	998,680,080	998,680,080
Share premium		358,627,893	358,627,893
Accumulated profit		2,126,064,385	2,068,318,014
Fair value reserve on investment		(3,042,273)	(3,130,185)
Surplus on revaluation of land		827,709,345	827,709,345
Shareholders' equity		4,308,039,430	4,250,205,147
LIABILITIES			
<u>Non-current liabilities</u>			
Long term loans - secured	6	611,184,924	621,875,264
Deferred grant	7	100,320,522	105,444,915
Lease liabilities	8	14,495,171	12,782,948
Deferred taxation		339,980,069	337,230,019
		1,065,980,686	1,077,333,146
<u>Current liabilities</u>			
Trade and other payables	9	223,550,418	324,184,344
Short term borrowings	10	502,477,818	286,379,626
Contract Liabilities		11,540,970	30,749,820
Current maturity of long term liabilities	11	146,245,458	170,916,056
Unclaimed dividend		4,064,241	4,113,241
Accrued mark up		35,663,538	32,285,053
		923,542,443	848,628,140
		6,297,562,559	6,176,166,433

Contingencies and commitments

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

		Un-audited 30 September 2022	Audited 30 June 2022
	Note	Rupees	Rupees
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment			
- Operating fixed assets	13.1	3,838,875,466	3,759,428,716
- Capital work in progress	13.2	75,520,517	210,127,307
- Right of use assets	13.3	48,441,005	44,574,361
Intangibles		509,983	536,557
Long term investments	14	1,286,402	1,198,491
Long term deposits	-	21,228,317	20,091,817
		3,985,861,690	4,035,957,249
<u>Current assets</u>			
Stores, spares and loose tools		55,335,085	48,701,294
Stock-in-trade	15	1,433,272,023	1,255,763,341
Trade debts - unsecured		616,997,363	605,194,117
Advance income tax - net of provision		145,773,364	88,470,411
Advances, deposits, prepayments and other receivables		35,847,441	41,821,990
Cash and bank balances		24,475,593	100,258,031
		2,311,700,869	2,140,209,184
		6,297,562,559	6,176,166,433

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Synthetic Products Enterprises Limited

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

For the quarter ended 30 September 2022

		Quarter ended	
		30 September 2022	30 September 2021
	Note	Rupees	Rupees
Sales - net	16	1,490,004,543	1,432,499,194
Cost of sales	17	(1,296,690,880)	(1,128,436,079)
Gross profit		193,313,663	304,063,115
Administrative expenses		(64,999,860)	(52,890,174)
Selling and distribution expenses		(8,636,431)	(7,848,925)
Operating profit		119,677,372	243,324,016
Other income		10,580,441	6,935,756
Other charges		(7,377,803)	(16,959,909)
Finance cost	18	(42,455,850)	(18,722,390)
Profit before taxation		80,424,160	214,577,473
Taxation		(22,677,789)	(56,039,602)
Profit after taxation		57,746,371	158,537,871
			Re-stated
Earnings per share - basic and diluted	19	0.29	0.79

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

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter ended 30 September 2022

	Quarter ended	
	30 September 2022 Rupees	30 September 2021 Rupees
Profit after taxation	57,746,371	158,537,871
<u>Other comprehensive income/(loss) for the period</u>		
<i>Item that will not be recognized to profit or loss:</i>		
Fair value gain/(loss) on investments at FVOCI	87,912	(636,343)
Total comprehensive income for the period	57,834,283	157,901,528

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

Synthetic Products Enterprises Limited

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

For the quarter ended 30 September 2022

	Capital Reserve			Revenue Reserve		Total
	Issued, subscribed and paid-up capital	Share Premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	
	----- Rupees -----					
Balance as at 30 June 2021 - audited	924,703,780	432,604,193	330,031,765	(1,671,998)	1,675,496,038	3,361,163,778
<u>Total comprehensive income</u>						
Profit for the quarter ended 30 September 2021	-	-	-	-	158,537,871	158,537,871
Other comprehensive income/(loss) for the period:						
Fair value (loss) on investment classified as FVOCI	-	-	-	(636,343)	-	(636,343)
	-	-	-	(636,343)	158,537,871	157,901,528
Balance as at 30 September 2021 - unaudited	924,703,780	432,604,193	330,031,765	(2,308,341)	1,834,033,909	3,519,065,306
<u>Total comprehensive income</u>						
Profit for nine months period ended 30 June 2021	-	-	-	-	380,387,302	380,387,302
Other comprehensive income/(loss) for the period:						
Surplus on revaluation of land	-	-	497,677,580	-	-	497,677,580
Fair value (loss) on investment classified as FVOCI	-	-	-	(821,844)	-	(821,844)
	-	-	497,677,580	(821,844)	380,387,302	877,243,038
<u>Transactions with owners of the Company</u>						
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)
Balance as at 30 June 2022 - audited	998,680,080	358,627,893	827,709,345	(3,130,185)	2,068,318,014	4,250,205,147
Profit for the quarter ended 30 September 2022	-	-	-	-	57,746,371	57,746,371
Other comprehensive income/(loss) for the period:						
Fair value income on investment classified as FVOCI	-	-	-	87,912	-	87,912
	-	-	-	87,912	57,746,371	57,834,283
Balance as at 30 September 2022 - unaudited	998,680,080	358,627,893	827,709,345	(3,042,273)	2,126,064,385	4,308,039,430

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended 30 September 2022

	Note	30 September 2022 Rupees	30 September 2021 Rupees
<u>Cash flows from operating activities</u>			
Profit before taxation		80,424,160	214,577,473
<i>Adjustments for non cash items:</i>			
Depreciation on operating fixed assets		74,181,742	56,169,403
Depreciation on right of use assets		1,527,497	802,992
Amortization of intangibles		26,574	26,574
Finance cost		42,455,850	18,722,390
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund		5,836,052	16,150,993
		124,027,715	91,872,352
Operating profit before working capital changes		204,451,875	306,449,825
<i>Decrease/(Increase) in current assets:</i>			
Stores, spares and loose tools		(6,633,791)	(20,386,081)
Stock-in-trade		(177,508,682)	(304,523,547)
Trade debts - unsecured		(11,803,246)	(61,928,026)
Advances, deposits, prepayments and other receivables		5,974,549	(103,229,714)
		(189,971,170)	(490,067,368)
<i>Increase/(Decrease) in current liabilities:</i>			
Trade and other payables		(66,469,978)	(64,266,131)
Contract liabilities		(19,208,850)	(14,213,727)
		(85,678,828)	(78,479,858)
		(275,649,998)	(568,547,226)
Cash (used in)/ generated from operations		(71,198,123)	(262,097,401)
Workers' Profit Participation Fund paid		(40,000,000)	(34,274,836)
Mark up paid on Islamic mode of financing		(7,998,964)	(5,202,500)
Interest paid on conventional loans		(31,078,401)	(6,381,793)
Taxes paid		(77,230,692)	(36,273,816)
Long term deposits - net		(1,136,500)	-
		(157,444,557)	(82,132,945)
Net cash (used in)/ generated from operating activities		(228,642,680)	(344,230,346)
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(19,021,702)	(346,252,409)
Net cash used in investing activities		(19,021,702)	(346,252,409)
<u>Cash flow from financing activities</u>			
Principal repayment of lease liability		(3,336,641)	(1,719,026)
Long term loan received		-	201,373,304
Long term loan repaid		(40,830,608)	(46,229,227)
Dividend paid		(49,000)	-
Short term borrowings - net		52,553,978	230,523,928
Net cash generated from/(used in) financing activities		8,337,729	383,948,979
Net increase/(decrease) in cash and cash equivalents		(239,326,653)	(306,533,776)
Cash and cash equivalents at beginning of the period		56,065,918	133,543,329
Cash and cash equivalents at end of the period	20	(183,260,734)	(172,990,447)

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

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

For the quarter ended 30 September 2022

1 Legal status and nature of business

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

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

2 Basis of preparation

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 30 September 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2022, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity has been extracted from the unaudited condensed interim financial statements for the period ended 30 September 2022.

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

2.2 Functional and presentation currency

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

3 Judgments and estimates

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 30 June 2022.

4 Significant accounting policies

4.1 The accounting policies adopted for the preparation of the financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2022.

5 Issued, subscribed and paid-up capital

	Un-audited 30 September 2022	Audited 30 June 2022	Un-audited 30 September 2022	Audited 30 June 2022
	----- Number of shares -----		----- Rupees -----	
Ordinary shares of Rs. 5 (30 June 2022: Rs. 5) each, fully paid in cash	47,547,836	47,547,836	237,739,180	237,739,180
Fully paid bonus shares of Rs. 5 (30 June 2022: Rs. 5) each, fully paid in cash	136,858,180	136,858,180	684,290,900	684,290,900
Shares of Rs.5 (30 June 2022 Rs: 5) each, issued under scheme of amalgamation	15,330,000	15,330,000	76,650,000	76,650,000
	199,736,016	199,736,016	998,680,080	998,680,080

5.1 Directors hold 132,299,822 (30 June 2022: 132,299,822) ordinary shares of Rs.5 (30 June 2022: Rs 5) each of the Company.

6 Long term loans - secured

		Un-audited 30 September 2022 Rupees	Audited 30 June 2022 Rupees
Type of loans			
6.1	Islamic mode of financing - Diminishing Musharika		
- United Bank Limited	6.1.1	3,360,405	8,294,910
- Habib Bank Limited	6.1.2	94,707,946	111,219,850
Less: Current maturity		(60,212,778)	(74,342,549)
		37,855,573	45,172,211
6.2	Conventional loans		
- Habib Bank Limited - Salary Refinance	6.2.1	14,360,220	28,720,441
- MCB Bank Limited - For renewable energy	6.2.2	107,708,222	108,854,111
- MCB and Allied Bank Limited - TERF	6.2.3	425,681,220	425,681,220
- Habib Bank Limited - Demand Finance	6.2.4	104,000,000	104,000,000
- Loan from customer	6.2.5	98,549,810	102,427,899
- Less: Impact of government grant		(119,957,748)	(125,146,661)
- Less: Current maturity		(57,012,373)	(67,833,957)
		573,329,351	576,703,053
		611,184,924	621,875,264

6.1.1 During the period / year, the Company has made repayments amounting to Rs. 4.93 million (30 June 2022: Rs. 38.51 million).

6.1.2 During the period / year, the Company has made repayments amounting to Rs. 16.51 million (30 June 2022: Rs. 66.04 million).

6.2.1 During the period / year, the Company has made repayments amounting to Rs. 14.36 million (30 June 2022: Rs. 57.44 million).

6.2.2 During the period / year, the Company has made repayments amounting to Rs. 1.14 million (30 June 2022: Rs. 1.14 million).

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 (2022: Rs. 110 million). This facility had 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 (2022: 3 months KIBOR + 0.5% p.a), payable on quarterly basis.

6.2.3 This represents Syndicated Temporary Economic Refinance Facility ("TERF") offered by MCB Bank limited ("MCB") and Allied Bank limited ("ABL") for setting up a new manufacturing plant in Karachi and for Balancing, Modernization and Replacement ("BMR") of existing plant and machinery ("Project"). The total financing available limit amounts to Rs. 500 million (2022: Rs. 500 million) equally split between both financial institutions. Total amount availed under this facility is Rs. 429 million (2022: Rs. 429 million), comprising of Rs. 181 million (2022: Rs. 181 million) from MCB and Rs. 248 million (2022: Rs. 248 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. (2022: 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 tenor 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.

6.2.4 The facility amounting to Rs. 104 million (2022: Rs. 104 million) 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. The tenor 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 1% per annum payable on quarterly basis. The facility is secured in favor of HBL by way of specific charge over the hypothecated assets.

6.2.5 During the period / year, the Company has made repayments amounting to Rs. 3.87 million (30 June 2022: Rs. 5.21 million).

		Un-audited 30 September 2022 Rupees	Audited 30 June 2022 Rupees
	Note		
7 Deferred grant			
Balance at the beginning of the period / year		125,146,661	3,221,601
Recognized during the year		-	134,847,932
Amortization during the year		(5,188,913)	(12,922,872)
Balance at the end of the period / year		119,957,748	125,146,661
Non - current portion		100,320,522	105,444,915
Current portion		19,637,226	19,701,746
8 Lease liabilities			
Lease liability		23,878,252	21,820,752
Less: Current maturity presented under current liabilities		(9,383,081)	(9,037,804)
		14,495,171	12,782,948
8.1 During the period/ year, the Company has made repayments amounting to Rs. 3.07 million (30 June 2022: Rs. 8.13 million).			
9 Trade and other payables			
Trade and other creditors		77,614,679	125,307,511
Accrued liabilities		84,360,276	94,491,845
Workers' profit participation fund		9,849,423	45,536,412
Workers' welfare fund		14,494,631	12,971,590
Withholding tax payable		1,703,972	2,051,344
Sales tax payable		-	16,032,386
Provident fund payable		2,788,121	2,282,292
Others		32,739,316	25,510,964
		223,550,418	324,184,344
10 Short term borrowings			
Secured:			
- Conventional Interest / mark-up based loans	10.1	237,786,847	128,955,699
- Islamic mode of financing	10.2	189,690,971	157,423,927
		427,477,818	286,379,626
Unsecured:			
- Interest free financing		75,000,000	-
		502,477,818	286,379,626
Types of short term borrowings			
10.1 Conventional Interest / mark-up based loans			
Short term running finance		74,717,847	42,743,699
Finance against trust receipts		163,069,000	86,212,000
		237,786,847	128,955,699
10.2 Islamic mode of financing			
Murabaha and istisna		56,672,491	155,975,513
Running musharika		133,018,480	1,448,414
		189,690,971	157,423,927
11 Current maturity of long term liabilities			
Long term loans - secured	6	117,225,151	142,176,506
Deferred grant	7	19,637,226	19,701,746
Lease liabilities	8	9,383,081	9,037,804
		146,245,458	170,916,056

12 Contingencies and commitments

12.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2022.

12.2 Commitments

Commitments under irrevocable letters of credit for:

	Note	Un-audited 30 September 2022 Rupees	Audited 30 June 2022 Rupees
- purchase of machinery		19,236,000	28,057,200
- purchase of raw material		296,450,024	575,694,452
		315,686,024	603,751,652

13 Property, plant and equipment

Operating fixed assets	13.1	3,838,875,466	3,759,428,716
Capital work in progress	13.2	75,520,517	210,127,307
Right of use assets	13.3	48,441,005	44,574,361
		3,962,836,988	4,014,130,384

13.1 Operating fixed assets

Opening written down value		3,759,428,716	2,404,803,631
Add: Additions during the period / year (cost)	13.1.1	153,628,492	1,133,430,183
Add: Revaluation surplus on land		-	497,677,580
Less: Disposals during the period / year at written down value		-	(7,548,102)
Less: Depreciation charge for the period / year		(74,181,742)	(268,934,576)
Closing written down value		3,838,875,466	3,759,428,716

13.1.1 Additions during the period / year:

Freehold Land	1,017,919	975,020
Buildings on freehold land	1,429,270	11,865,427
Buildings on leasehold land	-	89,832,150
Plant and machinery	145,865,027	993,490,667
Office equipment	-	2,206,923
Tools and equipment	4,450,831	24,394,365
Computer equipment	865,445	2,420,836
Furniture and fittings	-	825,735
Vehicles	-	7,419,060
	153,628,492	1,133,430,183

13.2 Capital work in progress

Balance at the beginning of the period / year	210,127,307	349,520,613
Add: Additions during the period / year	17,223,377	977,599,554
Less: Transfers to fixed assets	(151,830,167)	(1,116,992,860)
Balance at the end of the period / year	75,520,517	210,127,307

		Un-audited 30 September 2022 Rupees	Audited 30 June 2022 Rupees
13.3	Right of use asset		
	Opening written down value	44,574,362	30,498,020
	Add: Additions during the period / year (cost)	5,394,140	20,945,590
	Less: Matured/Transferred during the period / year at written down value	-	(2,423,742)
	Less: Depreciation charge for the period / year	(1,527,497)	(4,445,507)
	Closing written down value	48,441,005	44,574,361
14	Long term investments		
	Investment classified as FVOCI	1,286,402	1,198,491
	The breakup of cost and related fair value adjustment is as follows:		
	Cost	5,531,860	5,531,860
	Fair value adjustment	(4,245,458)	(4,333,369)
		1,286,402	1,198,491
This represents 80,652 ordinary shares having face value of Rs. 10 each (30 June 2022: 80,652 ordinary shares) in Roshan Packages Limited.			
15	Stock-in-trade		
	Raw and packing material	1,068,563,267	946,496,907
	Stock in transit	114,701,683	48,225,954
	Work in process	78,931,294	76,359,299
	Finished goods	171,075,779	184,681,181
		1,433,272,023	1,255,763,341
		Quarter ended (Un-audited)	
		30 September 2022 Rupees	30 September 2021 Rupees
16	Sales - net		
	Local	1,750,344,497	1,688,686,919
	Export	18,812,258	11,366,631
		1,769,156,755	1,700,053,550
	Less: Sales tax	(261,437,348)	(253,343,178)
	Discounts	(17,714,864)	(14,211,178)
		1,490,004,543	1,432,499,194

Note

		Quarter ended (Un-audited)	
		30 September 2022 Rupees	30 September 2021 Rupees
17	Cost of sales		
	Raw and packing materials consumed	904,314,200	878,371,398
	Stores, spare parts and loose tools consumed	3,625,105	4,242,248
	Salaries, wages and benefits	106,429,948	97,923,766
	Security expenses	3,342,541	2,735,540
	Electricity, fuel and water charges	155,551,082	89,379,815
	Depreciation on property, plant and equipment	71,257,846	50,472,168
	Depreciation on right of use asset	1,527,496	802,992
	Repair and maintenance	15,704,441	17,127,832
	Insurance	2,371,465	2,353,204
	Oil and lubricants	829,283	1,044,195
		1,264,953,407	1,144,453,158
	<i>Work in process:</i>		
	- At beginning of the period	76,359,299	57,528,624
	- At end of the period	(78,931,294)	(93,143,293)
	Cost of goods manufactured	1,262,381,412	1,108,838,489
	<i>Finished goods:</i>		
	- At beginning of the period	184,681,181	137,763,695
	- At end of the period	(171,075,779)	(132,000,287)
		1,275,986,814	1,114,601,897
	Freight and forwarding	20,704,066	13,834,182
	Cost of goods sold	1,296,690,880	1,128,436,079
18	Finance cost		
	<i>Mark-up on:</i>		
	- long term finance -secured 18.1	23,928,928	13,702,507
	- lease liabilities	270,176	125,608
	- short term borrowings -secured 18.2	18,101,241	4,731,805
	Bank charges	155,505	162,470
		42,455,850	18,722,390
18.1	Long term finance - secured		
	Conventional interest/mark-up based loans	19,454,436	8,622,403
	Islamic mode of financing	4,474,492	5,080,104
		23,928,928	13,702,507
18.2	Short term borrowings - secured		
	Conventional interest/mark-up based loans	10,698,223	2,821,056
	Islamic mode of financing	7,403,018	1,910,749
		18,101,241	4,731,805
19	Earnings per share - basic and diluted		
19.1	Basic earnings per share		
	Profit for the period after taxation <i>Rupees</i>	57,746,371	158,537,871
	Weighted average number of ordinary shares in issue during the period <i>Number</i>	199,736,016	Re-stated 199,736,016
	Earnings per share <i>Rupees</i>	0.29	Re-stated 0.79
19.1.1	The earnings per share of comparative period has been restated using weighted average number of shares calculated after taking into impact of bonus issue and share split.		
19.2	Diluted earnings per share		
	There is no dilutive effect on the basic earnings per share of the Company.		
20	Cash and cash equivalents		
		(74,717,847)	(161,074,578)
	Short term running finance	(133,018,480)	(48,393,143)
	Running musharika	24,475,593	36,477,275
	Cash and bank balances	(183,260,734)	(172,990,447)

21.1

30 June 2022 (Audited)						
Carrying Amount				Fair Value		
Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
<i>Note</i>				Rupees		

Financial assets measured at fair value

Investment classified at FVOCI	1,198,491	-	-	1,198,491	1,198,491	-	-
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Financial assets at amortized cost

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	-	-	-
Trade debts - unsecured, considered good	-	605,194,117	-	605,194,117	-	-	-
	-	716,336,354		716,336,354	-	-	-

Financial liabilities measured at amortized cost

Long term finances and diminishing musharika	-	-	889,198,431	889,198,431	-	-	-
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	-	-	-
	21.2	-	1,479,107,423	1,479,107,423	-	-	-

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

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

21 Financial instruments - fair values

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

	Quarter ended 30 September 2022 (Un-audited)					
	Carrying Amount			Fair Value		
	Investments at FVOCI	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2 Level 3
	----- Rupees -----					
Financial assets measured at fair value						
Investment classified at FVOCI	1,286,402	-	-	1,286,402	1,286,402	-
<u>Financial assets at amortized cost</u>						
Cash and bank balances	-	24,475,593	-	24,475,593	-	-
Deposits and other receivables	-	1,411,141	-	1,411,141	-	-
Long term deposits	-	21,228,317	-	21,228,317	-	-
Trade debts - unsecured, considered good	-	616,997,363	-	616,997,363	-	-
	-	664,112,414	-	664,112,414	-	-
<u>Financial liabilities measured at amortized cost</u>						
Long term finances and diminishing musharika	-	-	848,367,823	848,367,823	-	-
Lease Liabilities	-	-	23,878,252	23,878,252	-	-
Trade and other payables	-	-	194,714,271	194,714,271	-	-
Unclaimed dividend	-	-	4,064,241	4,064,241	-	-
Short term borrowing	-	-	502,477,818	502,477,818	-	-
Accrued mark up	-	-	35,663,538	35,663,538	-	-
	-	-	1,609,165,943	1,609,165,943	-	-

22 Transactions with related parties

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

				Quarter ended (Un-audited)	
				30 September 2022 Rupees	30 September 2021 Rupees
22.1	Related parties	Relationship	Transactions		
	Provident Fund Trust	Post employment benefit fund	Contribution	7,060,020	6,227,538
	Directors and relatives	Directors and relatives	Remuneration/Advisory fee	6,032,829	5,451,291
		Non-Executive Directors	Meeting Fee	375,000	425,000
	Key Management Personnel	Key Management Personnel (Employer-Employee)	Remuneration	9,942,881	11,487,124
				(Un-audited) 30 September 2022 Rupees	(Audited) 30 June 2022 Rupees
22.2	Balances with related parties				
	Provident Fund Trust	Post employment benefit fund		2,788,121	2,282,292
22.3	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, full time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.				

23 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2022.

24 Impact of COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the 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 period. 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. 425 million. Management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

25 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 26-Oct-2022.

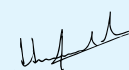
26 General

Figures have been rounded off to the nearest rupee.

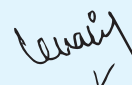
Lahore



Chief Executive Officer



Director



Chief Financial Officer



Synthetic Products Enterprises Limited
127-S QIE Township Kot Lakhpat Lahore.
Phone: 042 111 005 005 | Fax: 042 351 18507