



Synthetic Products Enterprises Limited



PARTNER YOU CAN TRUST

Annual Report 2024

Cover Story



Partner You Can Trust

With over 42 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.

About This Report

We are pleased to present our Annual Report for the year ended June 30, 2024. The objective of this report is to provide all stakeholders with a transparent and balanced appraisal of the material events and challenges that the business faced during the year under review. This report should be read in conjunction with the full financial statements.

Scope and Limitation of this Report

This annual report is for the period from July 1, 2023 to June 30, 2024 and provides an account of the Company's operational, financial, social, economic and environmental

performance as well as corporate governance.

Annual Financial Statements

These financial statements are also available on our website (www.spelgroup.com) and provide a detailed insight into the financial position of the Company for the period under review.

Forward-Looking Statements

This report contains certain 'forward-looking statements' which are related to the future. These statements include known and unknown risks and opportunities, uncertainties and important factors that could turn

out to be materially different from current expectations following the publication of these results. These statements are as of the date of this document. The Company undertakes no obligation to update publicly or release any provisions pertaining to these forward-looking statements.

Feedback

We value the feedback of our stakeholders and use it to continuously improve our reporting and to ensure that we are sharing information about matters relevant to them. Your emails are welcomed at corporate@spelgroup.com



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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

CFO & CO. SECRETARY

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

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.

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

SHARE REGISTRAR

THK Associates (Pvt) Limited
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

A.F. Ferguson & Co.
Chartered Accountants
(A member firm of the PWC network)

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

STOCK SYMBOL

SPEL

Vision & Mission

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.

Mission

At SPELs Group of Companies, our mission is to continuously strive for excellence in all aspects of our operations. We are committed to leveraging cutting-edge technology, fostering a culture of professionalism and diversifying our product range to exceed customer expectations. Our aim is to emerge as the foremost leader in the industry, driving progress and profitability while maintaining our commitment to innovation and customer satisfaction.



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. Established initially as a partnership firm in 1978, SPEL transitioned to a private limited Company in 1982. Building on its growth, the Company became a public limited entity in 2008 and listed its shares on the Pakistan Stock Exchange in 2015.

Distinguished for its end-to-end solutions, SPEL excels in various phases of product development, ranging from initial design to the finished product. The Company adheres to rigorous quality and environmental standards and its operational capabilities span a wide range of processes including Product Designing, Molds & Dies Making, Injection Molding, Extrusion, Thermoforming and Blow Molding. In addition, SPEL offers value-added services like Printing, Labeling, Shrink Sleeve Labelling and Sticking.

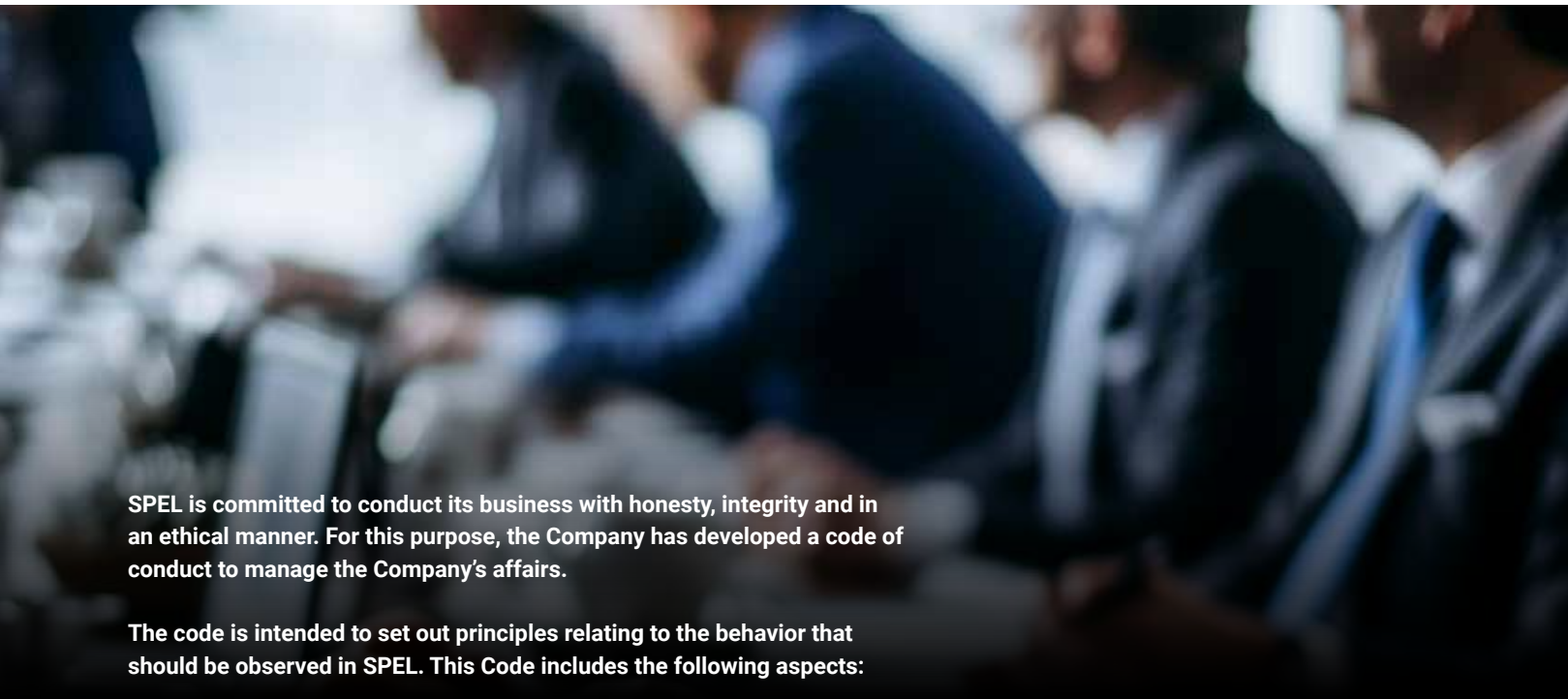
Committed to quality excellence, SPEL has integrated a series of quality management initiatives such as Quality Control Circles, Total Quality Management, 6S, Kaizen and Toyota Production Systems. These initiatives affirm SPEL's steadfast commitment to quality, efficiency and environmental sustainability, making it a dependable partner for both domestic and international stakeholders.

Business Locations

- SPEL operates through four locations along with its dealers' network within the country
- SPEL operates with a workforce of approximately **539** employees out of which **440** employees are working in its factories.



Code of Conduct, Culture and Ethical Principles



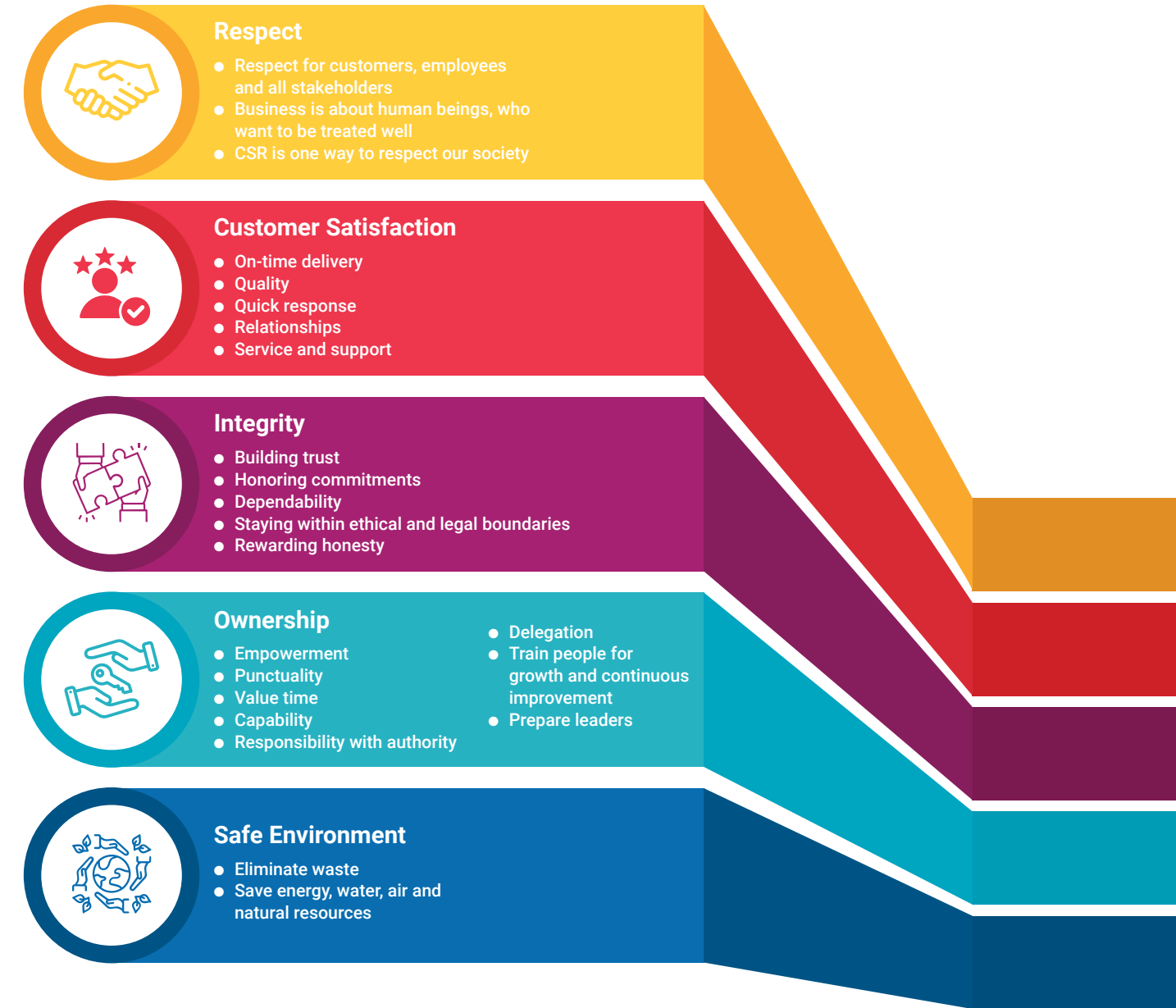
SPEL is committed to conduct its business with honesty, integrity and in an ethical manner. For this purpose, the Company has developed a code of conduct to manage the Company's affairs.

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

The following are core values embedded within the culture of SPEL:



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

- Food and Personal Care Products Sector – Packaging
- Automobile Parts & Accessories Sector

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, Docé Foods, etc.



Personal Care Products / FMCG Packaging

For the Personal Care Products / 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 Pakistan Limited, Colgate Palmolive Pakistan Limited, Pakistan Tobacco Company Limited, etc.



Automobile Parts and Accessories

The requirements of the Auto Industry are significantly different from the above 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 Company Limited, Honda Atlas Cars (Pakistan) Limited, Pak Suzuki Motor Company Limited, Millat Tractors Limited, etc. The auto parts being supplied by the Company include door trims, door handles, garnishes, grills, steering wheels, etc.



Ownership Structure

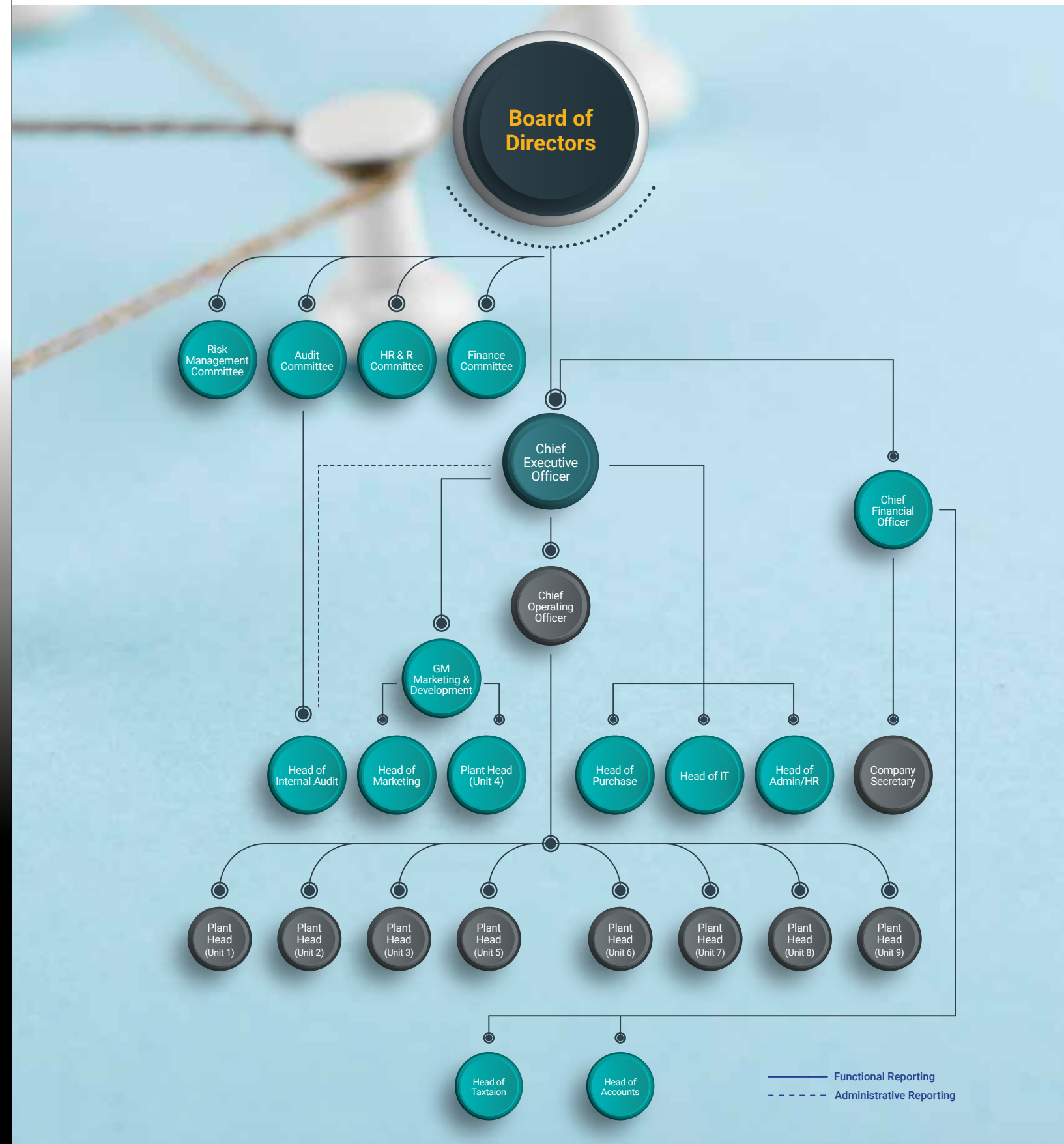
SPEL operates as a publicly-listed entity. Aside from our sponsors, who hold a majority of the shares, our shareholder base comprises a mix of general public investors and institutional stakeholders. Importantly, SPEL has not made strategic investments in any other businesses or companies. All of our operations are conducted under the single corporate umbrella of Synthetic Products Enterprises Limited. The Company operates exclusively in Pakistan but boasts a wide customer base, both domestically and internationally.

Disclosure of Beneficial Ownership and Group Shareholding Relationships

For the sake of transparency, it's essential to clarify that SPEL does not have direct investments in any affiliated or subsidiary companies nor does it have any holding Company. Any associations we have with other businesses exist only due to shared directorships and do not involve any form of financial investments.



Organizational Chart



General Review of the Performance of the Company for the Year and Major Improvements from Last Year

During the year under review, the Company demonstrated steady growth, with turnover increasing by 8.3% to Rs. 6,965.11 million, compared to Rs. 6,430.97 million in 2023. The gross profit also saw a marginal improvement, rising to Rs. 1,322.07 million from Rs. 1,313.25 million. The profit before taxation increased to Rs. 907.82 million from Rs. 859.59 million. The favourable ruling by the Honourable Lahore High Court on the super tax allowed

the Company to reverse Rs. 32.25 million, contributing to a reduced effective tax rate. As a result, the profit after tax surged to Rs. 640.97 million from Rs. 491.010 million last year. Dividends were also enhanced, with the total dividend rising to Rs. 151.80 million in 2024 compared to Rs. 144.55 million in 2023.

During the year under review, SPEL has expanded its footprint in the international market by increasing

export sales. This substantial boost reflects the Company's successful expansion into international markets, aligning well with its market development strategy. Such growth not only strengthens our global presence but also demonstrates the effectiveness of its strategies in capturing and expanding its share in international markets.

Description of the Performance of the Segments of the Company

During the year 2024, the Company achieved a notable increase in its topline. This growth was primarily driven by the local market, which contributed PKR 6.71 billion, up from PKR 6.38 billion in the previous year. Exports experienced a significant surge, increasing by nearly 392%, from PKR 52 million in 2023 to PKR 256 million in 2024. This remarkable

growth in exports reflects the Company's expanding presence in international markets.

In 2024, the automobile parts and accessories sector contributed 21.57% of the total revenue, while the food and personal care products (FMCG) sector accounted for 78.43%. This marks an

improvement in the FMCG sector's share compared to 2023, where it represented 77.61% of the total revenue. The increase in FMCG composition reflects the Company's growing focus and success in this segment, while the automobile sector maintained a steady contribution, decreasing slightly from 22.39% in 2023.

Position within the Value Chain



Raw Material

The Company procures the finest quality raw material from world renowned suppliers and converts it to finished goods based on customer demand and specifications. The Packaging business is also conducted on the same norms so as to maintain a high product quality.



Customers

Food
Personal Care
Automotive
Market



Conversion, Manufacturing & Printing



Final Products



Significant Factors Affecting the External Environment

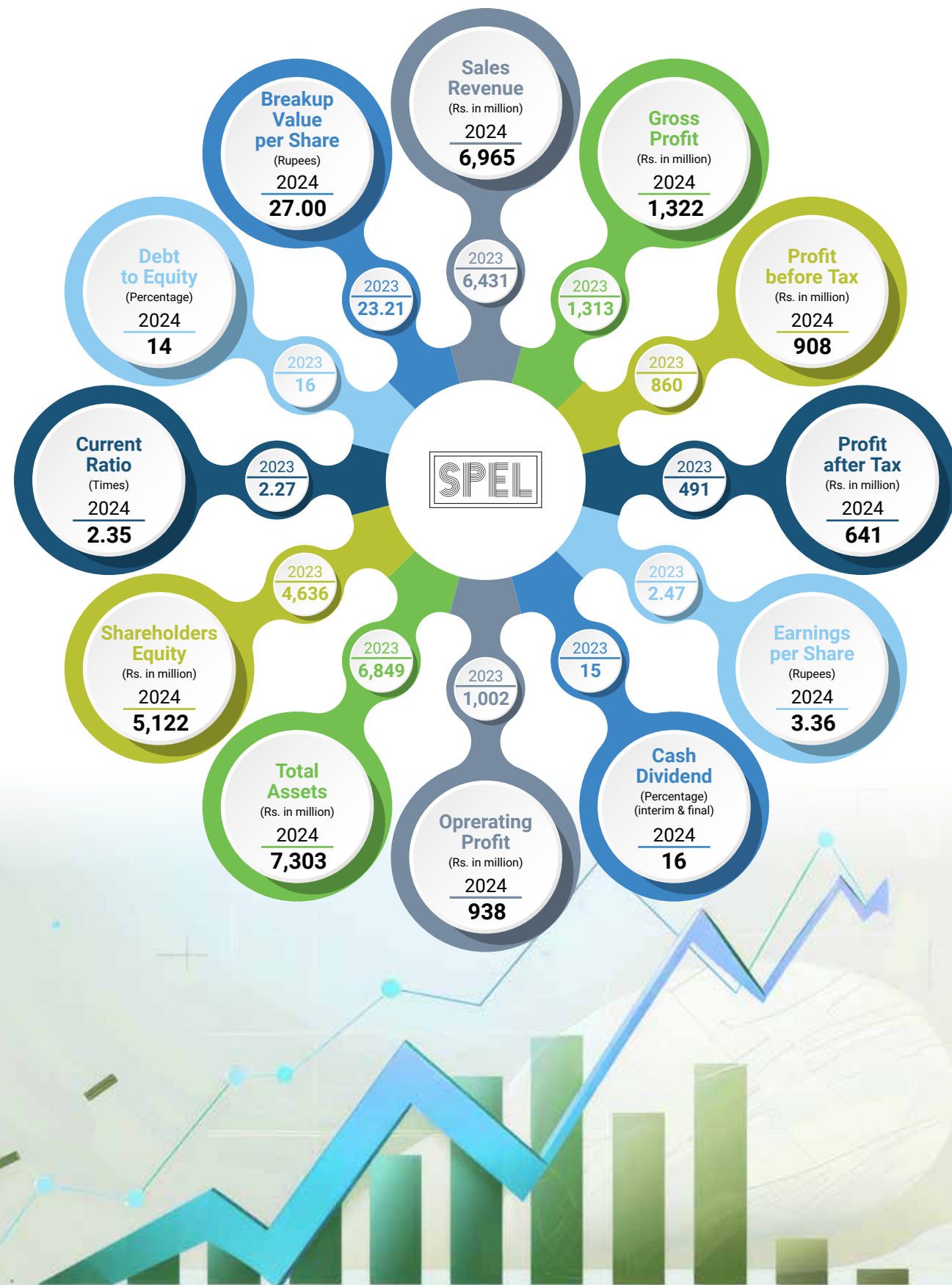
The performance of the Company is impacted by certain external factors. These key external factors include:



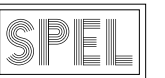
Company's Response to above Factors

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.

Key Performance Indicators



Awards and Recognitions



SOUTH ASIAN FEDERATION OF ACCOUNTANTS (SAFA) AWARD FOR BEST ANNUAL REPORT 2022

Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure 2022

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.



The Effect of Seasonality on Business in Terms of Production and Sales

At SPEL, seasonality has a moderate impact on our business performance, particularly in terms of sales and production. Generally, we observe a pattern where the first two quarters of the fiscal year experience marginally lower sales volumes. This is followed by an uptick in the latter two quarters, where sales figures tend to improve.

This seasonal trend is largely influenced by consumer behavior in the food and personal care sectors. Typically, consumers in these

industries demonstrate increased purchasing activity in the later half of the year, resulting in a corresponding boost in our sales. Consequently, we adjust our production schedules and inventory management strategies to align with these seasonal shifts, ensuring that we are adequately prepared to meet the elevated demand in the later quarters.

This understanding of seasonality allows us to plan effectively, optimizing resources to meet market demand.

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.

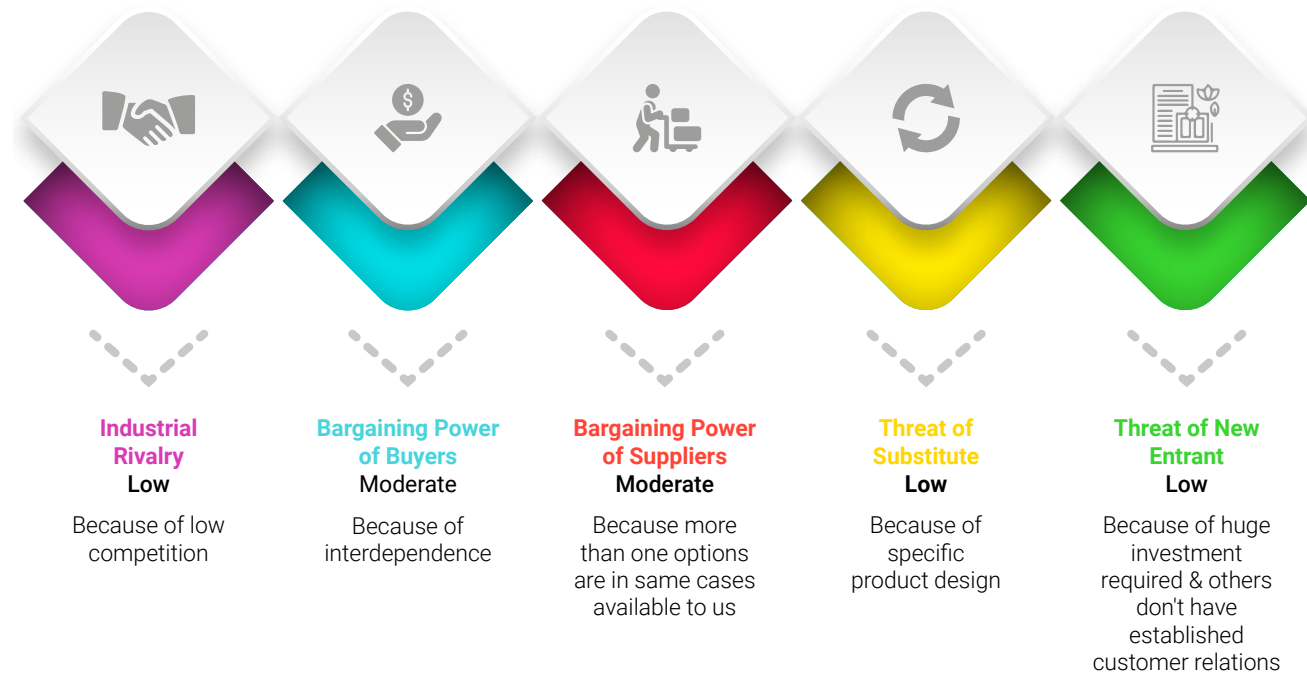
The Legitimate Needs and Interests of Key Stakeholders and Industry Trends

Key stakeholders in SPEL comprise a diverse group, including shareholders, banks, regulatory authorities, its employees and governmental institutions. The paramount need across all these entities is for reliable, accurate and timely information. SPEL is committed to meeting this need by regularly disseminating critical business data and financial reports, all while ensuring compliance with applicable laws and regulations.

SPEL is keenly attuned to the needs of its stakeholders and the prevailing industry trends. Our strategies are developed to meet these requirements and anticipate future developments, reinforcing our commitment to transparency, accountability and long-term value creation.



Competitive Landscape and Market Positioning



The Political Environment and Company's Strategy

In the current climate of political uncertainty, marked by recent changes in government and ensuing economic decisions, businesses across Pakistan, including SPEL, are navigating a complex landscape. However, even in these unpredictable times, our core strategy remains unaltered: **to be a reliable supplier to all our customers.**

Strategic Focus:

Innovation: We continuously invest in research and development to introduce innovative solutions that meet our customers' evolving needs, thereby adding value to their operations.

Continuous Improvement:

We are committed to the constant refinement of our systems and processes to enhance efficiency, reduce costs and improve the quality of our products and services.

Resource Optimization:

By leveraging our resources efficiently and effectively, we ensure operational excellence and a strong competitive edge.

Our strategic objectives are aligned to mitigate the risks presented by the political landscape. We employ a proactive approach to monitoring policy changes and economic trends, enabling us to adapt swiftly and maintain business continuity.

In summary, despite the prevailing political uncertainties, SPEL is steadfast in its commitment to meeting customer expectations through innovation, continuous improvement and resource optimization. Our agile strategy positions us well to navigate challenges while seizing opportunities for sustainable growth.

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.

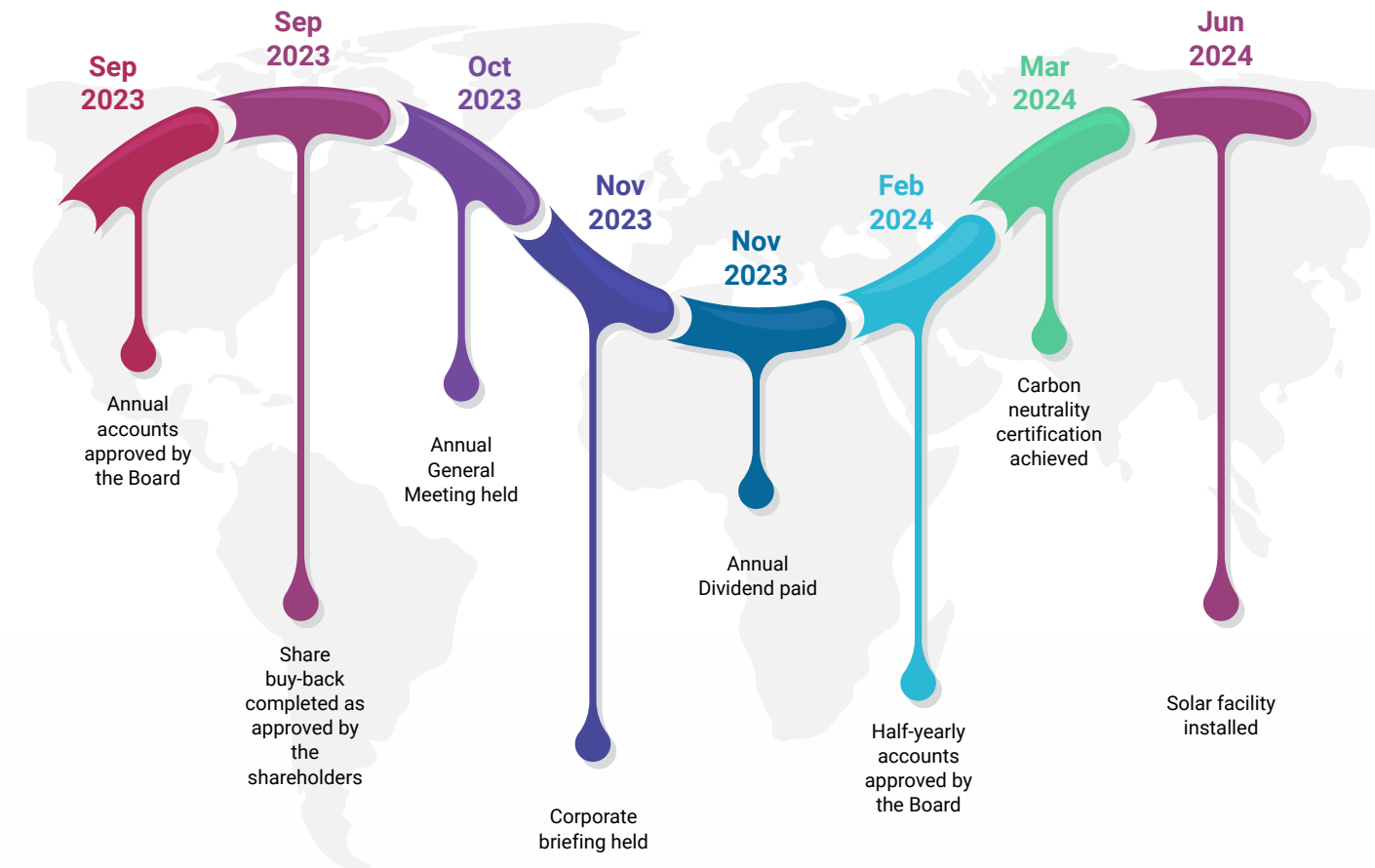


History of Major Events



Details of Significant Events

occurred during the year and after the Reporting Period



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:

Objectives	Strategies to achieve objectives
Reliability	<ul style="list-style-type: none"> Encouraging a culture of innovation and continuous improvement Providing high-quality products to customers Delivering products on time
Create value for shareholders	<ul style="list-style-type: none"> Optimally utilizing economics and human resources Earning the highest returns on investments Growing revenue
Ensure long-term sustainability	<ul style="list-style-type: none"> 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.

Human Capital

Human capital is integral to achieving our strategic objectives and we invest significantly in talent acquisition, development and retention. Our approach to human capital is data-driven and performance-oriented, ensuring alignment with Company goals and optimized outcomes. The

management continually assesses the skill sets needed for our evolving business environment and adapts training programs to fill any gaps. This strategic focus on human capital has been pivotal in driving innovation, enhancing productivity and maintaining a competitive edge.

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 balanced out by filling the gap in the relevant resource.

Intellectual Capital

Intellectual Capital is a cornerstone in achieving our long-term strategic goals and sustaining competitive advantage. The Company actively invests in research and development, intellectual property rights and knowledge management systems to foster innovation and improve operational efficiencies.

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 Capital

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.

Capabilities and Resources which provide Sustainable Competitive Advantage

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.

SPEL is equipped with state-of-the-art manufacturing facilities complemented by a highly skilled workforce, creating a robust foundation for operational excellence. Our Company's leadership brings unparalleled expertise, deep-rooted experience and specialized skills in managing sophisticated manufacturing enterprises. We have fostered enduring partnerships with blue-chip organizations that not only trust SPEL's capabilities but also engage in mutually beneficial relationships with us. These synergistic elements collectively confer a sustainable competitive advantage, fortifying SPEL's market position and long-term business prospects.

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."



Strategy and Resource Allocation



Company's Strategy on Market Development and Product Development

The Company remains focused on expanding its market reach and strengthening its position in key sectors through adopting following strategies:

- offering and enhancing our distribution networks
- participating in trade shows and exhibitions
- positioning our products as premium quality among the prestigious customers
- customer satisfaction through state-of-the-art quality products.

In terms of product development the Company is committed to innovation:

- by adopting advanced manufacturing techniques
- by quality control circles
- through arranging brainstorming sessions
- through customer feed back
- by staying updated with global trends in plastic manufacturing.

The Effect of Technological Change, ESG Reporting & Challenges, Initiatives Taken by the Company in Promoting & Enabling Innovation and Resource Shortages.

The Effect of Technological Change

Technological advancements present both opportunities and challenges for SPEL. On one side, they enable us to automate processes, enhance efficiency and improve product quality. Conversely, the rapid pace of technological change necessitates investments in upskilling our workforce and updating our equipment. To effectively respond to these dynamics, SPEL adopts a proactive approach, monitoring technological trends and strategically integrating beneficial innovations into our operations.

ESG Reporting & Challenges

SPEL recognizes the increasing importance of Environmental, Social and Governance (ESG) considerations in today's business landscape. We are committed to transparent and

comprehensive ESG reporting to meet stakeholder expectations and regulatory requirements. However, balancing short-term financial goals with long-term sustainability targets poses a unique set of challenges. We are actively developing frameworks to align our ESG objectives with our strategic goals, ensuring responsible corporate behavior.

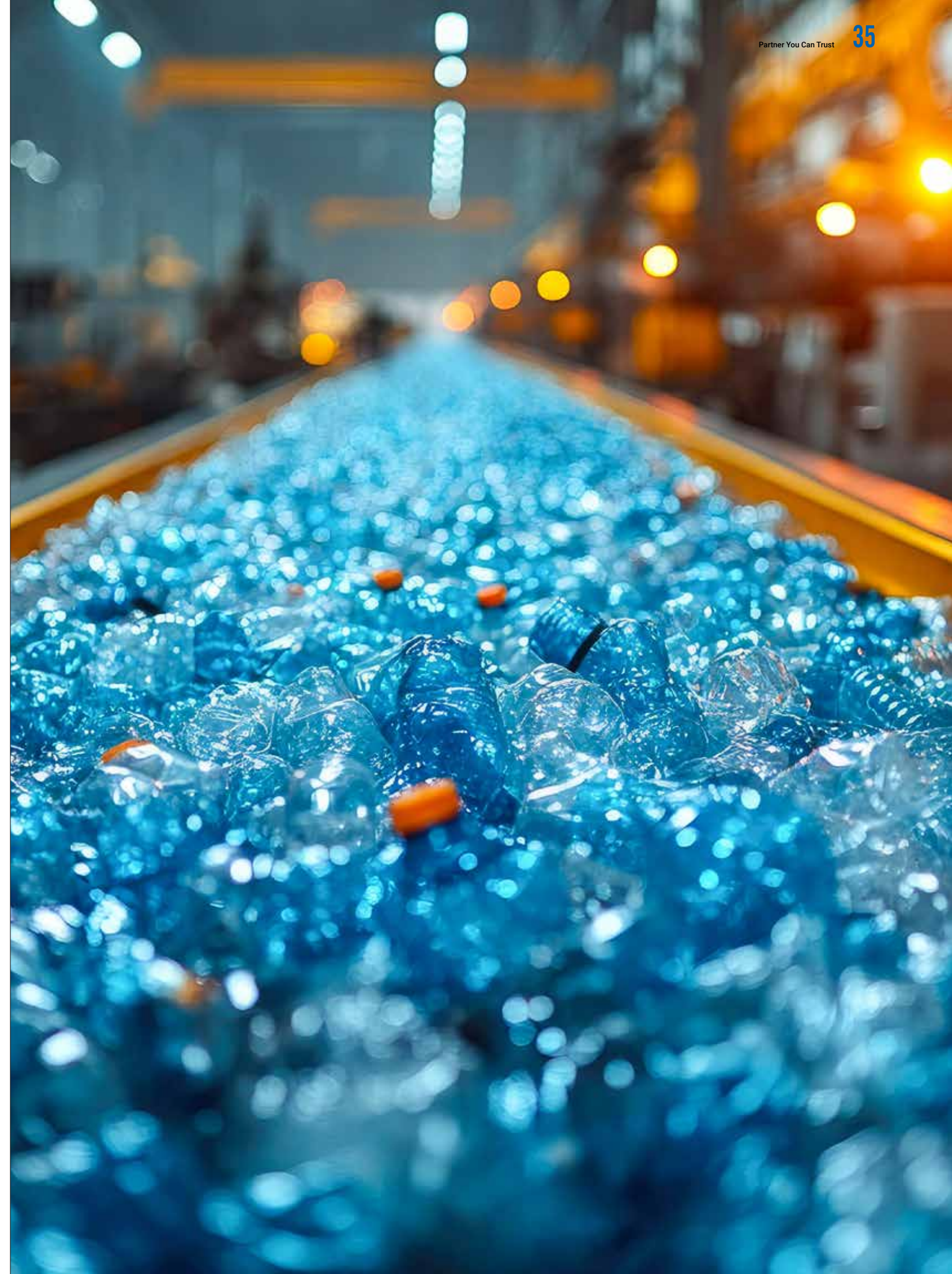
Initiatives Taken by the Company in Promoting & Enabling Innovation

Innovation is an integral part of our corporate ethos and strategic planning. One of our key initiatives is the Quality Control Circle (QCC), designed to tap into the collective intelligence of our workforce. Through the QCC, employees from various departments collaborate to identify areas for improvement and propose innovative solutions, thereby fostering a culture of continuous improvement and collective problem-solving.

Additionally, we have allocated a dedicated budget specifically for Research & Development (R&D). This financial commitment enables us to invest in new technologies. Together, these initiatives not only promote a culture of innovation but also position SPEL as a forward-thinking leader in our industry.

Resource Shortages

The global market has seen increased volatility, leading to occasional shortages in key resources. SPEL has developed a multi-faceted strategy to mitigate this risk. This includes diversifying supplier networks, maintaining strategic stockpiles and implementing resource-efficient manufacturing processes.



Key Performance Indicators (KPIs)

The comprehensive set of Key Performance Indicators outlined on page 24 serves as a robust framework for monitoring SPEL's financial health and operational efficiency. These indicators, ranging from Sales Revenue to Book Value of Share, have been carefully chosen for their enduring relevance and universal applicability in assessing financial performance. Looking ahead, we anticipate that these KPIs will continue to remain relevant.

The Company's Sustainability Strategy with Objectives

At SPEL, sustainability is embedded in our business model. Our commitment to sustainable practices aligns with our broader business goals of delivering value to our shareholders, empowering our workforce and making a positive impact on communities and the environment.

Below are our key sustainability objectives:

Environmental Sustainability

- Reduce Carbon Footprint
- Waste Management
- Energy Efficiency

Social Responsibility

- Employee Wellbeing
- Community Investment

Economic Sustainability

- Supply Chain Responsibility
- Sustainable Products
- Transparency
- Ethical Conduct
- Board Diversity

Each of these objectives is periodically reviewed and updated to ensure alignment with global sustainability standards and best practices. By putting these measurable objectives into action, we aim to achieve long-term sustainability that harmonizes with

our financial and operational goals, thereby creating a lasting legacy for generations to come.

The linkage of strategic objectives with the Company's overall mission, vision and objectives

SPEL's strategic objectives are designed to align with its mission and vision. To achieve operational excellence, the Company focuses on enhancing efficiency and effectiveness. Leveraging state-of-the-art technology supports the goal of becoming a premium market player. Building a culture of professionalism aligns with the vision of creating a professional organization. Expanding the product range through new launches strengthens market position, while driving industry leadership through innovation supports both the mission of leadership and the vision of being progressive and profitable. Enhancing customer satisfaction through continuous innovation aligns with the mission's commitment to

innovation. Detailed action plans and KPIs will guide and measure progress, ensuring alignment with the Company's long-term goals.

Board's Statement on the Significant Plans and Decisions such as Corporate Restructuring, Business Expansion, Major Capital Expenditure or Discontinuance of Operations

During the reporting period, the Board of Directors undertook and implemented key strategic initiatives to propel the Company's growth and fortify its resilience. This included expanding into new markets and authorizing significant capital expenditures that align with our long-term vision. These actions were aimed at strengthening our competitive advantage, fostering sustainable growth and maximizing stakeholder value. Throughout this process, the Board remained steadfast in its commitment to rigorous risk management,

establishing clear risk tolerance policies and assessing principal risks, including potential threats to our business model, future performance, solvency and liquidity.

No defaults in any payment of any debts

We are pleased to report that SPEL has consistently honored all of its debt payment obligations. Our record in this regard stands as a reflection of our fiscal discipline, operational efficiency and steadfast commitment to our financial responsibilities. This track record not only enhances our standing in the credit markets but also reinforces our reputation for financial reliability among investors, suppliers and other key stakeholders.

Strategy to Overcome Liquidity Problems

SPEL operates as a consistently profitable organization, a factor that has substantially bolstered our liquidity position and enabled healthy

cash flows. Management places a high emphasis on the judicious allocation of these financial resources, aligning fund deployment with both short-term needs and long-term strategic objectives.

Our financial health has been instrumental in fostering sustainable growth, managing profitability and ensuring overall business stability. We actively manage our financial leverage or gearing, to keep it in sync with our broader business goals. This proactive approach ensures timely payments on all financial obligations, including lease installments, long-term loans, musharika finance, FATR and markup, among others.

Given our current liquidity position, the range of short-term financial facilities at our disposal and our forward-looking business plans, management is highly confident that SPEL will remain immune to liquidity challenges in the foreseeable future.



STANDARDS

Risks and Opportunities

KEY RISKS ASSESSMENT

The Company assesses the principal risks facing the Company on a regular basis, 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
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.	External	Low	The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due under both normal and stressed conditions. The Company finances its operations through equity, long-term and short-term borrowings to maintain adequate working capital. With a view to maintain an appropriate mix between various sources of finance to minimize risks. The management aims to maintain flexibility in funding by keeping regular committed credit lines with reputed banks.
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.	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.
Pricing Risk			
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.
Competition Risk			
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.
Machine Breakdown Risk			
Machine breakdown due to electricity load shedding may affect the operational performance of the Company.	Internal	Moderate	Adequate electricity backup systems are in place to overcome the problem. Adequate spares are also kept in stock.
Human Resource Risk			
Increasing competition for skilled human resources may lead to higher turnover causing deterioration in service standards or increased payroll.	Internal	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.
Technological Risk			
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.

STATEMENTS FROM THE BOARD ON RISK TOLERANCE AND RISK ASSESSMENT

The Board of Directors is cognizant of the vital importance of risk management in the sustainable growth and operational effectiveness of SPEL. Recognizing that risk management is a dynamic and continuous process, a statement outlining the Company's risk tolerance and the assessment of principal risks have been explained in the Directors' Report and reflect our commitment to managing risks proactively while pursuing opportunities judiciously. It is our belief that well-articulated risk management policies are essential for setting the course of the Company in alignment with our strategic objectives and stakeholder expectations.

RISK MANAGEMENT FRAMEWORK AND RISK MANAGEMENT METHODOLOGY

At SPEL, we view risk management as a continual, adaptive process that is crucial for both operational and strategic planning. The risk landscape is ever-changing due to technological advances, regulatory shifts and market dynamics and as such, SPEL's approach to risk management is flexible and iterative.

Risk Management Policies and Limits

SPEL's risk management policies aim to:

- Identify the diverse range of risks that SPEL may encounter
- Analyze these risks using qualitative and quantitative methods
- Set Limits by specifying acceptable risk levels
- Control risks through appropriate mitigation strategies
- Monitor adherence to these established policies and limits.



Risks and Opportunities

These policies are periodically reviewed to remain in alignment with the changing business and external environment.

Governance and Organizational Structure

The Board of Directors has acknowledged the importance of specialized focus on risk management by establishing a Risk Management Committee. The terms of reference of this Committee include the following:

- To develop, revise and oversee SPEL's risk management policies and guidelines
- To periodically review assessments of various risks prepared by management
- To align SPEL's risk appetite with its business strategy and make appropriate recommendations to the Board.

Risk Appetite

SPEL's risk appetite is clearly defined and aligned with our strategic objectives. It is segmented into different levels based on the type and impact of each risk, ensuring that all business decisions align with our risk tolerance levels.

Risk Reporting

Regular risk reports, including assessments, control measures and audit findings, are shared with the Audit Committee and the Board of Directors. These reports serve as crucial inputs for decision-making at the highest levels of the organization.

SPECIFIC STEPS TO MITIGATE OR MANAGE KEY RISKS AND CREATE VALUE FROM OPPORTUNITIES

At SPEL, we adopt a proactive and systematic approach to managing key risks while simultaneously seeking opportunities for value creation. Our strategy involves the following specific steps:

- 1. Risk Identification and Analysis:** We rigorously identify and assess a broad spectrum of potential risks using both qualitative and quantitative methods. This includes evaluating technological, regulatory and market-related risks.
- 2. Risk Limits and Controls:** We establish clear risk limits and implement control measures to manage identified risks. These controls are designed to mitigate the impact of adverse events and ensure risks remain within acceptable levels.
- 3. Regular Monitoring and Review:** Our risk management policies are continuously monitored and reviewed to adapt to the evolving business environment and external factors. This iterative process ensures that our risk management strategies remain relevant and effective.
- 4. Governance and Oversight:** The Risk Management Committee oversees the development, revision and implementation of risk management policies. This committee ensures that our risk appetite aligns with our strategic objectives and provides recommendations to the Board for any necessary adjustments.
- 5. Risk Reporting and Transparency:** We maintain a robust framework for risk reporting. Regular reports, including risk assessments and control measures, are shared with the Audit Committee and the Board of Directors to support informed decision-making.
- 6. Opportunity Optimization:** By carefully analyzing and managing risks, we are better positioned to seize opportunities that arise. This approach helps us leverage favorable conditions and create additional value for the Company.

Through these steps, SPEL aims to not only mitigate potential risks but also harness opportunities to drive growth and enhance overall performance.

STRATEGIC OBJECTIVES, STRATEGIES AND PLANS

Liquidity Risk Mitigation

Objective: Ensure sufficient liquidity to meet short and long-term obligations.

Strategy: Maintain a mix of short-term and long-term financing options.

Plan: Quarterly financial planning with a focus on liquidity ratios.

Targets: Maintain a current ratio above 2.0 and a debt-to-equity ratio below 25%.

KPIs: Current ratio, quick ratio, debt-to-equity ratio.

Credit Risk Management

Objective: Minimize defaults and maximize revenue from credit sales.

Strategy: Implement stringent credit evaluation processes.

Plan: Monthly credit risk assessment and review.

Targets: Keep bad debts to less than 2% of annual revenue.

KPIs: Bad debt ratio, Accounts Receivable Turnover.

Pricing and Competition Risk Management

Objective: Maintain profitable margins while staying competitive.

Strategy: Leverage economies of scale and technology.

Plan: Periodic pricing reviews and market surveys.

Targets: Achieve a gross margin of at least 20%.

KPIs: Gross Margin, Market Share.

Policies: Develop and implement sector-specific risk policies that are reviewed semi-annually.

SUPPLY CHAIN DISRUPTION RISKS

Objective: Ensure continuity of operations and minimize disruptions in the supply chain.

Strategy: Build a resilient and flexible supply chain by diversifying suppliers and implementing contingency plans.

Plan:

- 1. Supplier Diversification:** Identify and engage multiple suppliers for critical raw materials to reduce dependency on a single source.
- 2. Inventory Management:** Maintain optimal inventory levels to buffer against potential supply chain interruptions.
- 3. Contingency Planning:** Develop and regularly update contingency plans for key supply chain disruptions, including alternative sourcing and logistics options.
- 4. Regular Audits:** Conduct periodic audits of the supply chain to identify and address potential vulnerabilities.

Targets: Reduce lead times for critical supplies, ensure key suppliers have contingency plans in place, maintain safety stock levels to cover at least 60 days of operations.

KPIs: Supplier On-Time Delivery Rate, Inventory Turnover Ratio, Percentage of Suppliers with Contingency Plans, Lead Time for Critical Supplies

By implementing these strategies and closely monitoring these KPIs, SPEL aims to mitigate supply chain disruptions effectively and ensure operational continuity.

ENVIRONMENTAL RISKS

Monitoring: Regular environmental audit.

Mitigation: Partner only with suppliers adhering to environmental standards.

SOCIAL RISKS

Monitoring: Regular assessment of supplier labor practices.

Mitigation: Insist on third-party certification for ethical labor practices for all suppliers.

GOVERNANCE RISKS

Monitoring: Regular governance and compliance audits for all suppliers.

Mitigation: Develop a contingency plan including alternative suppliers and logistics options.

By adhering to these strategic objectives, plans and policies and monitoring them through clearly defined KPIs and targets, SPEL aims to effectively manage risks while also leveraging opportunities for value creation.



Trainings and Social Activities



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.

BOARD'S STATEMENT FOR ADOPTION OF BEST PRACTICES FOR CSR

At SPEL, Corporate Social Responsibility (CSR) is a core element of our business philosophy. We are committed to adopting responsible practices that support sustainable growth, ethical governance and positive community impact.

Board's Commitment to Best Practices:

The Board is dedicated to:

- Sustainability and Ethics:** Ensuring that our business operations are ethical and sustainable, contributing to environmental protection and social well-being.
- Community Engagement:** Focusing on programs that support education, health and economic empowerment in the communities we serve.
- Governance:** Upholding high standards of transparency, ethics and accountability throughout the organization and our supply chain.

Commitment to Continuous Improvement:

We acknowledge that CSR must evolve with changing societal expectations and business priorities.



The Board is committed to:

- Periodic Reviews:** Regularly reviewing and updating our CSR initiatives to ensure they remain relevant and effective.
- Progress Updates:** Providing periodic reports to stakeholders on the implementation of CSR strategies and achievements.
- Strategic Integration:** Embedding CSR practices into our broader business strategies and decision-making processes.

By continuously improving our CSR practices, we aim to create long-term value for all stakeholders while promoting positive social and environmental impact.

BOARD'S STATEMENT ABOUT THE COMPANY'S STRATEGIC OBJECTIVES ON ESG AND SUSTAINABILITY REPORTING

The Board of Directors of SPEL acknowledges the increasing importance of Environmental, Social and Governance (ESG) factors in business today. We recognize that

sustainable business practices are not merely an obligation but an essential prerequisite for long-term success.

Our ESG framework reflects our dedication to integrating sustainable practices into all aspects of our operations. We strive to reduce our environmental footprint, invest in social initiatives that benefit our stakeholders and govern ourselves with transparency and ethics.

Our strategic objectives in this area include:

Environmental Stewardship: To minimize waste, reduce energy consumption and moving towards renewable energy, contributing to the global fight against climate change.

Social Impact: To engage with our employees, customers and communities, promoting inclusivity, diversity and well-being for all.

Governance and Ethics: To operate under a framework of robust corporate governance, ensuring accountability and compliance with all relevant laws and regulations.

Company's Specific Sustainability - Related Risk Opportunities

Type	Risk/Opportunity	Description	Impact	Mitigation/Initiatives
Short Term				
Risks	Energy Price Instability	Volatile energy markets may result in rising and unpredictable operational costs.	Short-term financial strain, potentially eroding profit margins.	Installation of in-house solar power plants, Introduce energy-saving technologies.
	Regulatory Shifts	Changes in environmental laws may impose additional compliance and operational costs.	Immediate increases in compliance expenditures and potential disruptions.	Keep abreast with changes in law. Adjust operations to meet new standards.
Opportunities	Efficiency Gains in Energy Usage	Investing in advanced energy-efficient solutions can lower consumption and costs.	Reduced energy usage leading to significant operational cost reductions.	Implement energy management systems, upgrade lighting to LEDs and optimize HVAC systems.
	Strengthened Market Position	Integrating sustainable practices can enhance brand value and attract eco-conscious customers.	Improved customer loyalty, potentially driving higher sales and brand trust.	Highlight sustainability achievements and deepen engagement in CSR activities.
Medium Term				
Risks	Climate-Related Disruptions	Increased frequency of extreme weather events could disrupt manufacturing operations.	Production delays, higher operational expenses and infrastructure damage.	Strengthen infrastructure to withstand climate risks and establish contingency plans
	Low-Carbon Transition Costs	Transitioning to greener technologies and energy sources requires significant upfront investment.	Medium-term capital outlays for renewable energy and technology integration.	Phase in renewable energy use and secure financing for sustainable technology investments.
Opportunities	Eco-Friendly Product Development	Developing sustainable products can capture new markets and differentiate the brand.	Higher revenue potential from eco-conscious consumer segments.	Invest in research and development (R&D) focused on sustainable materials and product innovation.
	Local Community Engagement	Strong relationships with local communities can foster goodwill and operational support.	Enhanced brand perception and smoother operational continuity in local areas.	Build partnerships with local stakeholders and invest in community-driven projects.
Long Term				
Risks	Regulatory Compliance Pressure	Compliance with evolving environmental and legal requirements may increase operational and legal risks.	Long-term compliance costs and possible legal challenges due to stricter regulations.	Develop a strategic approach to regulatory compliance and participate in industry advocacy.
	Resource Constraints	Limited availability of critical resources (e.g., water, raw materials) could hinder production capabilities.	Increased production costs and potential supply chain interruptions.	Invest in resource conservation, explore alternative raw materials and secure supply chains.
Opportunities	Carbon Neutrality Leadership	Achieving carbon neutrality positions the Company as a leader in corporate sustainability, enhancing its brand.	Improved reputation, operational savings and industry leadership in sustainability.	Commit to carbon-neutral goals by using renewable energy, carbon offsets and process improvements.
	Sustainable Competitive Edge	Early adoption of sustainable practices offers a long-term competitive advantage over rivals.	Long-term growth opportunities and sustained market leadership.	Continue to innovate in sustainability and maintain operational excellence in green practices.



DISCLOSURES ON FOUR-PILLARS CORE CONTENT

SPEL Limited remains dedicated to delivering clear and comprehensive reporting on its sustainability initiatives. This document outlines the core content across four primary pillars: Governance, Strategy, Risk Management and Metrics and Targets. Additionally, we present the key metrics designed to illustrate our performance and progress within these areas.



1. GOVERNANCE

A. Governance Framework

SPEL's governance system ensures strong oversight, accountability and commitment to sustainable practices. Key components of our governance structure include:

- **Board of Directors:** Tasked with establishing strategic objectives, monitoring sustainability progress and upholding governance standards.
 - **Sustainability Oversight Committee:** A specialized committee within the Board focused on sustainability policies, execution and reporting. This body ensures the alignment of SPEL's operations with its sustainability goals.
 - **Management Team:** Responsible for the day-to-day implementation of sustainability programs, monitoring operational performance and reporting progress to the Board.
- #### B. Governance Metrics
- **Board Composition:** The proportion of board members from diverse backgrounds.
 - **Sustainability Education:** Percentage of board members and senior leaders who have completed training on sustainability topics.

2. STRATEGY

A. Strategic Vision

SPEL's sustainability approach emphasizes the integration of environmental care, social responsibility and transparent governance throughout its operations. Key areas of focus include:

- **Environmental Responsibility:** Focusing on reducing greenhouse gas emissions, improving energy efficiency and adopting sustainable practices.
 - **Social Commitment:** Emphasizing community engagement, enhancing employee well-being and promoting inclusion and diversity.
 - **Governance Excellence:** Ensuring transparency, accountability and strong ethical conduct across the organization.
 - **Technological Innovation:** Utilizing advancements in technology to support sustainable growth and operational improvements.
- #### B. Strategic Metrics
- **Reduction in Carbon Emissions:** Reduction in total emissions relative to a defined baseline.
 - **Community Investment:** Annual contributions towards community upliftment projects.
 - **Employee Development:** Total training hours provided to employees each year.



3. RISK MANAGEMENT

A. Risk Management Approach

SPEL has established a comprehensive risk management process to identify, assess and mitigate risks related to sustainability. This includes:

- **Risk Identification:** Regular evaluations to identify potential risks stemming from environmental, social or governance factors.
- **Risk Evaluation:** Assessing the impact and likelihood of identified risks on SPEL's business operations and reputation.
- **Risk Mitigation:** Implementing preventive measures such as policy changes, process improvements and contingency plans to address potential risks.

B. Risk Management Metrics

- **Mitigation Success:** The percentage of risks with clear mitigation strategies in place.
- **Incident Resolution:** The number of sustainability-related incidents reported and resolved within a specific timeframe.

4. METRICS AND TARGETS

A. Performance Indicators

SPEL tracks and reports on its sustainability performance using specific metrics, such as:

- **Energy Usage:** Total energy consumed in relation to production volumes.
- **Water Utilization:** Total water usage relative to production output.
- **Waste Management:** Total waste generated in proportion to production activities.

B. Sustainability Goals

- **Achieving Carbon Neutrality:** Aiming for carbon neutrality through emissions reduction initiatives and carbon offset projects.
- **Gender Diversity:** Targeting female representation in senior leadership positions.
- **Sustainable Supply Chain:** Ensuring that our suppliers adhere to sustainability standards.



C. Reporting Progress

- **Annual Sustainability Review:** A detailed report on sustainability progress, highlighting key metrics and achievements.
- **Periodic Updates:** Quarterly reports to the Board and stakeholders, providing progress on sustainability goals and adjustments as needed.

SPEL's focus on governance, strategic planning, risk management and performance tracking underscores its commitment to ensuring that sustainability initiatives are effectively executed and transparently communicated. Through these four pillars, SPEL seeks to continually enhance its contribution to environmental, social and governance goals.



Sustainability and Corporate Social Responsibility

Disclosures of material information about sustainability-related risks and opportunities throughout a Company's value chain together with specific examples of initiatives taken by the Company.

1. INBOUND LOGISTICS

Sustainability Risks:

- Environmental impact of sourcing raw materials (e.g., plastic, polymers) that contribute to carbon emissions, deforestation or depletion of natural resources.
- Supplier practices related to labor rights and working conditions.

Opportunities:

Partnering with suppliers who follow ethical and sustainable practices (e.g., using renewable energy or fair labor practices).

Initiative taken:

Supplier Code of Conduct:

Implementing guidelines for suppliers to ensure adherence to environmental and ethical standards, with regular follow ups.

2. OPERATIONS (Manufacturing)

Sustainability Risks:

- High energy consumption and greenhouse gas (GHG) emissions during production.
- Generation of plastic waste and hazardous by-products.

Opportunities:

- Improving energy efficiency and using renewable energy sources (e.g., solar panels).
- Implementing lean manufacturing and circular economy practices to reduce waste.

Example Initiative:

6S and Lean Manufacturing:

Introducing these practices to minimize material wastage, optimize resource use and reduce the carbon footprint in the manufacturing process.

3. OUTBOUND LOGISTICS

Sustainability Risks:

- Emissions from transportation and distribution of products.
- Excessive use of non-recyclable packaging.

Opportunities:

Switching to green logistics by optimizing delivery routes, using electric or hybrid vehicles and reducing packaging waste.

Example Initiative:

Sustainable Packaging:

Transitioning to recyclable packaging like trollies etc.

4. MARKETING & SALES

Sustainability Risks:

Lack of awareness or communication regarding the Company's sustainable products or practices, missing out on growing market demand for eco-friendly solutions.

Opportunities:

- Building a brand around sustainable practices, appealing to environmentally and socially conscious consumers.
- Collaborating with certification bodies to showcase verifiable sustainable initiatives, which can differentiate products in the market.

Example Initiative:

Launching marketing campaigns that educate consumers about how choosing sustainable packaging or materials (e.g., reusable bottles, biodegradable plastics) reduces environmental impact.

5. SERVICE (After-Sales Support)

Specific Examples of Initiatives:

Renewable Energy Adoption:

Installing solar panels at manufacturing plants to reduce reliance on fossil fuels.

Water Management:

Spreading awareness to conserve water.

Carbon Neutrality Commitment:

Setting targets to become carbon-neutral involving the reduction of GHG emissions across all stages of the value chain.

Product Innovation:

Developing lightweight, durable products that require fewer resources, reducing environmental impact in both the auto and FMCG sectors.



Disclosure about Company's climate-related risks and opportunities, as required in IFRS S2 including explanation of the specific methodologies and tools used by the Company.

Climate-Related Risks:

1. PHYSICAL RISKS

- **Risk:** Increased severity of extreme weather events can disrupt operations and supply chains.
- **Methodology:** We use climate risk modeling tools to assess the potential impact of extreme weather on our facilities and supply chain, enabling us to develop contingency plans and enhance infrastructure resilience.

2. TRANSITION RISKS

- **Risk:** Policy changes and technological advancements related to climate action may affect operational costs and market competitiveness.
- **Methodology:** We conduct scenario analysis to evaluate the impact of potential regulatory changes and technological shifts on our business. This analysis helps us adapt our strategies and invest in sustainable technologies.

Climate-Related Opportunities:

1. OPERATIONAL EFFICIENCY

- **Opportunity:** Implementing energy-efficient technologies can reduce costs and lower carbon emissions.
- **Methodology:** We utilize energy management systems to track and optimize energy use across our operations, identifying areas for improvement and cost savings.

2. MARKET POSITION

- **Opportunity:** Developing sustainable products can enhance our market position and meet growing consumer demand for environmental friendly solutions.
- **Methodology:** Market analysis tools help us identify trends and opportunities in sustainable product development, allowing us to align our product offerings with market demands.

CHAIRMAN'S OVERVIEW ON HOW THE COMPANY'S SUSTAINABLE PRACTICES AFFECT FINANCIAL PERFORMANCE

In the Chairman's Review Report, the Chairman provides a view on how sustainability is both a moral compass and a strategic lever for our organization. He has outlined several key commitments that align with the Company's strategic and financial goals. These commitments focus on enhancing corporate social responsibility (CSR) efforts and embedding Environmental, Social and Governance (ESG) principles into the core business strategy.

Below is a summary of the Chairman's commitments:

- **Strategic Goals:** Expanding market presence, enhancing operational efficiency and fostering innovation with a customer-centric approach.
- **Corporate Social Responsibility (CSR):** Reinforcing dedication to social responsibility through initiatives aimed at reducing the Company's carbon footprint and increasing community engagement.
- **Environmental, Social and Governance (ESG):** Taking an integrated approach to ESG, ensuring that these principles are embedded in the Company's strategy to support financial performance and create long-term value for stakeholders.

These commitments will continue to guide the Company toward sustainable growth and value creation for all stakeholders.

HIGHLIGHTS OF THE COMPANY'S PERFORMANCE, POLICIES, INITIATIVES AND PLANS IN PLACE RELATING TO THE VARIOUS ASPECTS OF SUSTAINABILITY AND CSR

During the year Company has taken multiple initiatives and plans relating to the various aspects of sustainability and corporate social responsibility. The details are given below:

Community and Social Impact Initiatives:

Medical Outreach:

To enhance the well-being of our local community, we organized several medical camps throughout the year. These camps provided free

Sustainability and Corporate Social Responsibility

health consultations by a team of qualified doctors and specialists, addressing a wide range of medical issues. In addition to personalized consultations, we distributed essential medicines to those in need, completely free of charge. This initiative sought to support individuals who might not have easy access to healthcare services, improving community health and raising awareness about disease prevention and healthy living practices.

Educational Support:

Understanding the transformative power of education, we implemented a scholarship program aimed at both deserving students and employees. These scholarships were based on merit and financial need, ensuring that individuals with potential could pursue their academic ambitions without financial constraints. This initiative not only aimed to foster academic growth but also to enhance the skill set of our workforce, empowering employees through professional development opportunities. Additionally, to further expand educational access, we organized seminars at our factory to inform employees about the free educational opportunities available through well-known colleges and universities under Social Security programs. These seminars helped raise awareness and guided participants on how to leverage these resources to further their education and career prospects.

Support for Golden Ring Economic Forum (GREF):

In line with our commitment to fostering economic development and collaboration, we have made a donation to the Golden Ring Economic Forum (GREF). GREF plays a pivotal role in promoting economic cooperation, innovation

and sustainable growth within key regions. Our contribution helps support initiatives aimed at strengthening ties between industries, fostering innovation and driving inclusive economic development, which aligns with our values of creating long-term social and economic impact.

Research and Development Initiatives:

Financial Support to Polymer Endowment Fund (UET):

As part of our commitment to sustainability and environmental responsibility, we have made donation to the Polymer Endowment Fund at the University of Engineering and Technology (UET) for carrying our research and development. This fund is dedicated to advancing research on recycling materials, with a focus on developing innovative methods for the efficient reuse of plastics and polymers. By supporting this initiative, we aim to contribute to the reduction of waste and the promotion of circular economy practices in the polymer industry, ensuring a more sustainable future for both our business and the community at large.

Donation to PCSIR Labs Skardu:

In our efforts to support scientific research and community development, we donated a 5KW generator to PCSIR Labs Skardu, a facility located in a remote area, to assist them in meeting their electricity needs. This contribution will help ensure that PCSIR's operations, including essential research and development activities, continue uninterrupted. In return, PCSIR Labs Skardu has committed to giving back to the local community by conducting free training programs for both male and female participants. These programs will focus on gemstone cutting and

polishing, woodworking and textile designing, offering valuable skills development and employment opportunities in these specialized fields.

Environmental initiatives:

Policy and Legislative Contributions:

Leveraging our industry expertise, we contributed to a government body in the creation of laws and regulations pertaining to environmental protection. Our participation ensures that the regulations reflect practical, sustainable approaches that benefit both the industry and the environment.

Membership in CoRE (Collect and Recycle):

As active members of CoRE, an incorporated Company NGO dedicated to Collect and Recycle initiatives, we have participated in discussions and actions aimed at promoting sustainable waste management practices. Our involvement supports efforts to reduce waste and foster a circular economy.

Carbon Neutral Initiatives:

We have successfully made both our head office and one of our production facilities carbon neutral. This is just the first step in our broader vision of achieving carbon neutrality across all our facilities in the near future.

Tree Plantation and Green Initiatives:

As part of our ecological commitment, we have undertaken tree plantation drives, contributing to carbon sequestration and promoting biodiversity. These efforts also align with our broader goal of environmental preservation.

Water Conservation Awareness:

Understanding the importance of

water as a critical resource, we have worked to spread awareness about water conservation. Our efforts focus on educating employees, stakeholders and the community on how to use water responsibly and reduce wastage.

Technological Innovation:

Solar Power Installation:

We have added 1.32MW of solar power to our operations, significantly reducing our reliance on non-renewable energy sources and minimizing our carbon footprint. This investment reflects our commitment to green energy and environmental sustainability.

Investment in Energy-Efficient Plant and Machinery:

To further our commitment to sustainability and operational efficiency, we have made reasonable investments in new plant and machinery designed with energy efficiency in mind. This modern equipment not only enhances our production capabilities but also reduces energy consumption, contributing to lower operational costs and a smaller environmental footprint. By adopting these advanced technologies, we aim to support our sustainability goals while maintaining high standards of productivity and efficiency across our operations.

Information on consumption and management of materials, energy, water, emissions and waste:

Our Company is committed to the responsible consumption and management of resources, focusing on minimizing our environmental impact. We have implemented energy-efficient systems, including the installation of **1.32MW solar power**, to reduce our energy footprint. Water conservation is

another key focus, with initiatives to **raise awareness and reduce consumption** throughout our operations. To manage emissions, we continuously monitor and aim to **minimize greenhouse gas output**, striving towards **carbon neutrality** in our head office and production facilities. Additionally, we have established comprehensive waste management protocols, ensuring that waste is either **recycled or disposed** of in an environmentally responsible manner.

STATUS OF ADOPTION / COMPLIANCE OF THE CORPORATE SOCIAL RESPONSIBILITY (VOLUNTARY) GUIDELINES, 2013 ISSUED BY THE SECP

The Company acknowledges the importance of the Corporate Social Responsibility (CSR) Guidelines, 2013 issued by the SECP, recognizing them as a valuable framework for fostering responsible business practices. We are steadily implementing the principles outlined in these guidelines in a gradual yet consistent manner, taking into account the operational and resource constraints we face. While we strive to adopt as many aspects as feasible at this stage, our long-term goal is to fully embrace and comply with these guidelines in the coming years, reflecting our ongoing commitment to CSR.

ISO CERTIFICATIONS ACQUIRED FOR BEST SUSTAINABILITY AND CSR PRACTICES

SPEL continuously strives for excellence in sustainability and corporate social responsibility. To validate and further our commitments, we have acquired important certifications and joined

alliances that align with our values and objectives:

Certifications:

ISO 14064-3 for meeting the requirements of PAS 2060:2014:

This certification ensures that we are measuring, reporting and verifying our greenhouse gas emissions, a critical step in achieving **carbon neutrality**. It reflects our dedication to transparency and accountability in reducing our carbon footprint.

ISO 14000 Certification:

This globally recognized certification affirms our commitment to responsible environmental management. It outlines our comprehensive approach to minimizing our environmental impact and ensures that we are in compliance with relevant laws and regulations.

ISO 22000 Certification:

Specializing in food safety, this certification assures that our food and beverage packaging operations adhere to international health and safety standards.



Director's Profile



Mr. Almas Hyder
Chairman

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

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 has served many public organizations and universities.

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 has been the Chairman of the Engineering Development Board, Ministry of Industries and Production.

He has been the President of Lahore Chamber of Commerce & Industry. 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 also held the following positions:

- Member of the Board of National Transmission and Dispatch Company Limited (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 completed his certificate as Project Management Professional, is an IT Expert and has participated in numerous training programs in Japan, Germany and Canada. He has completed his Owner/ President Management Program (OPM) and is an alumnus of Harvard Business School, USA .

Mr. Zia Hyder Naqi had served as Senior Vice President of the Quaid-e-Azam Industrial Estate, Lahore, as President, Advisory Board of Rahim Yar Khan Industrial Estate and as a member of the Executive Committee of Lahore Chamber of Commerce and Industries. He is also 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.

Under his leadership and assumption of the position of Chief Executive Officer in 2013, he has successfully steered the Company to become Top brand in all the Category Verticals. He successfully transitioned the Company's outdated Enterprise Resource Planning (ERP) system to SAP, a modern software solution well-suited to the demands of today's dynamic environment. The Company is now implementing advanced business intelligence tools to enhance management's decision-making capabilities and is committed to keeping the Company aligned with the technological advancements.

As an advocate for environmental protection, Mr. Zia Hyder initiated three solar power projects, enabling SPEL to generate approximately 20% of its annual electricity needs through solar power, reflecting his commitment to reducing the carbon footprint and promoting green energy.

He also supports gender balance in the workplace. Under his leadership, a significant number of female employees have been included in SPEL's head office, demonstrating his dedication to creating an inclusive and diverse work environment.

Mr. Zia Hyder is also striving for the reform and development of environmental laws and is actively working with the industry and the government to align these laws with international standards. His efforts reflect a commitment to creating a cleaner and greener Pakistan.

In addition to his professional responsibilities, he is also actively involved in social and philanthropic activities. His contributions to various social causes highlight his commitment to the betterment of society and the welfare of those in need.

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

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



Mr. Haroon Sharif
Independent Director

Mr. Haroon Sharif is a well-known global expert of international development, economic diplomacy, corporate governance and regional cooperation. He has negotiated transformational regional initiatives in South and Central Asia. He is currently providing public policy advice to several governments, think tanks, companies and the United Nations. He is the founder and Senior Fellow of Pakistan Regional Economic Forum (PREF) which provides a strategic convening and advisory space for China and partner countries to leverage the potential of regional connectivity. As a renowned public policy speaker, he delivers lectures at the leading universities and think tanks across the globe.

Mr. Sharif served as the Minister of State and Chairman of Pakistan's Board of Investment in 2018-19. As a senior member of Prime Minister's economic team, he remained a member of key Cabinet Committees including the Economic Coordination Committee, Cabinet Committee for Privatisation and Investment. 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 Ease of Doing Business Index improved by 28 places under his leadership. He also served as Senior Regional Advisor to the World Bank Group for promoting economic cooperation in South and Central Asia. He holds postgraduate qualifications from the London School of Economics and University of Hawaii.



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

Director's Profile



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 Sitar-e-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 is a certified Director. She 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 traveled widely while gaining invaluable experience in training and management of the Asia Pacific Region Girl Guiding.

She has also served as the Vice Chair of Friends of Asia Pacific WAGGGS (FAPW), which works for supporting the leadership development of Young leaders in Asia Pacific Region Girl Guiding.

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

إِنَّا لِلَّهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ

Surely we belong to Allah & to Him we shall return

A Tribute to A Legend



In everlasting memory of
DR. S.M. NAQI
 1927 - 2023

A Teacher, Writer and Philanthropist
Founding Chairman of SPEL Group of Companies

Professor S M Naqi, was a remarkable soul who touched countless lives. He was a visionary and an iconic man ahead of his times, whose business acumen and passion for teaching was unparalleled. With unwavering patience and an infectious enthusiasm, he transformed the work place and classrooms into a sanctuary of enlightenment, where minds were nurtured and dreams were born. Beyond academia, Professor Naqi's influence extended far and wide. He possessed a unique ability to make an impact in every work he ventured into. Professor Naqi was a man of duty and dreams, never compromising one for the other. His legacy extends beyond the walls of the classroom and the communities he touched. He was the father of Mr. Almas Hyder (Chairman SPEL), Mr. Zia Hyder Naqi (CEO SPEL), Mr. Raza Hyder Naqi, Dr. Nighat Arshad, Dr. Itrat Ahmed, Dr. Rubab Tahira, who are all eminent in their respective fields.

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.

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

The CEO was affiliated as President of the Advisory Board of Rahim Yar Khan Industrial Estate and serves as a Non-Executive Director at Collect and Recycle (CoRE) Alliance on a voluntary 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.

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.

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.

BOARD'S COMMITMENT TO ESTABLISH HIGH LEVEL OF ETHICS AND COMPLIANCE IN THE COMPANY

The Board of Directors at SPEL is committed to maintaining the highest standards of ethics and compliance across the organization. We prioritize integrity, transparency and accountability in all aspects of our operations. To this end, the Board has implemented a comprehensive Code of Ethics and ensures full compliance with applicable laws and regulations. We foster a zero-tolerance approach to fraud and corruption, encouraging ethical conduct through strong internal controls and a whistleblower policy. Continuous training and clear leadership from the Board support a Company-wide culture of ethical

Governance



responsibility, promoting sustainable success and stakeholder trust.

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.

The Board of Directors is dedicated to upholding high standards of governance and performance. While we have considered the option of engaging an external consultant for the evaluation process, we have not yet pursued this route. Currently, the performance review is conducted internally to provide an objective assessment of the Board's effectiveness and to pinpoint areas for improvement.



FORMAL ORIENTATION FOR DIRECTORS

A formal orientation was 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.

EXTERNAL OVERSIGHT OF VARIOUS FUNCTIONS LIKE SYSTEMS AUDIT OR INTERNAL AUDIT BY AN EXTERNAL SPECIALIST AND OTHER MEASURES TAKEN TO ENHANCE THE CREDIBILITY OF INTERNAL CONTROLS AND SYSTEMS

To ensure the credibility and effectiveness of our internal controls and systems, the Company engages external specialists for oversight across various functions. Our operating and manufacturing systems, as well as our social systems, have undergone rigorous audits by Alcumus ISOQAR Limited for ISO 14001:2015 and ISO 9001:2015 certifications. Additionally, our Food Safety Systems have been audited by Bureau Veritas for compliance with Food Safety Systems 22000 and we have received certification from the Punjab Food Authority to confirm adherence to local regulations.

Furthermore, the Company maintains compliance with several international standards, including SEDEX, URSA,

SQA and WCA. These measures collectively enhance the credibility of our internal controls and ensure that we uphold the highest standards in our operations.

RELATED PARTIES

Approved Policy for Related Party Transactions

Our Board of Directors has approved a Policy on Related Party Transactions. This policy is developed in accordance with requirements of the Companies (Related Party Transaction and Maintenance of Records Regulations), 2018, thereby ensuring adherence to the highest governance standards.

Details of All Related Parties Transactions

In line with our commitment to full disclosure and transparency, we maintain an up-to-date list of all transactions involving related parties. This list describes the nature of each transaction, the common directorship involved and the percentage of shareholding of the related parties. Each of these transactions undergoes a two-tiered review process, initially by the Audit Committee and subsequently receiving formal approval from our Board of Directors on a quarterly basis.

Contract or Arrangement Outside Ordinary Course of Business

All transactions with related parties are conducted in the ordinary course of business and at arm's length, ensuring ethical practices and fiduciary responsibility. Any exception to this rule would be backed by adequate justification and would also be disclosed transparently in compliance with our policy.

Disclosure of Director's Interest in Related Party Transactions

Any director who has a direct or indirect interest in any related party transaction is required to disclose such interest. These disclosures are then examined by the Board and duly considered while making decisions as part of our commitment to transparency and corporate governance.

Management and Monitoring of Conflicts

In the rare event that a conflict of interest arises in relation to a related party transaction, our Board takes immediate and decisive action to manage and resolve such a conflict. Procedures and protocols are in place to ensure that the conflict is transparently and effectively addressed, thereby safeguarding the interests of the Company and its stakeholders.

By meticulously adhering to these disclosures and protocols, we aim to maintain the utmost integrity, transparency and ethical conduct in all our related party transactions.



Significant Policies



A 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.

B Policy on Diversity

SPEL is committed to cultivating a diverse and inclusive workforce that enhances the overall effectiveness of the organization. We believe that a diverse mix of gender, knowledge, expertise and skillsets among our employees contributes to greater innovation and operational success.

Our Company will comply with all applicable laws and regulations regarding diversity and inclusion. We are dedicated to ensuring that our workforce reflects adequate female representation and includes individuals with a wide range of skills and expertise across various domains, including financial management, legal affairs, marketing and more.

We are committed to a merit based approach in all our employment practices. SPEL does not discriminate based on gender, religion, caste or any other personal characteristic. Our focus remains on recruiting, retaining and promoting employees based on their qualifications, experience and ability to contribute to the Company's objectives.

By embracing diversity and inclusion, we aim to create a dynamic and equitable work environment that drives our collective success and fosters a culture of respect and collaboration.

C Policy on Disclosure of Interest by the Directors / Officers

In accordance with legal requirements and best practices in corporate governance, the Directors and Officers of the Company are obligated to disclose any personal interests they may have in transactions, contracts or arrangements involving the Company. This disclosure is a fundamental aspect of ensuring transparency and avoiding potential conflicts of interest.

The requirement mandates that Directors and Officers provide a full and timely declaration of any financial, professional or personal

interests that could potentially influence or appear to influence their decision-making process. This includes interests in any agreements or dealings where they, their family members or related entities have a stake.

Such disclosures must be made promptly upon any potential conflict arising and are to be recorded in the Company's official registers and minutes of meetings. These declarations are reviewed periodically and during relevant Board or committee meetings to ensure that all interests are managed appropriately and that decisions are made in the best interest of the Company.

By adhering to these disclosure requirements, the Company fosters a culture of accountability and integrity, thereby reinforcing stakeholder trust and ensuring compliance with legal and regulatory standards.

D 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.

E Policy on Retention of External Board fees by Executive Director

In the interest of transparency and good governance, our Company allows the Executive Director to retain board fees earned for services rendered as a Non-Executive Director in other companies. The Executive Director must disclose his/her outside directorship annually and the Board will assess whether the role interferes with the Director's duties to this Company. This policy is aligned with the best practices and is subject to period review.

F Policy for Security Clearance of Foreign Directors

Our policy requires strict adherence to all security clearance procedures for any foreign director(s) who may be appointed to the Board. This policy is designed to ensure that all necessary

checks and approvals are completed in accordance with regulatory and security standards before any foreign national is officially appointed as a director.

The security clearance process involves comprehensive background checks and evaluations to assess any potential security risks associated with the appointment. These procedures are in place to safeguard the interests of the Company and ensure compliance with relevant laws and regulations.

At present, SPEL does not have any foreign directors on its Board. Consequently, the security clearance procedures have not been triggered. However, should the need arise to appoint a foreign director in the future, we are committed to following these established procedures rigorously to maintain the highest standards of governance and security.

G Board Meetings held outside Pakistan

In alignment with SPEL's commitment to operational efficiency and cost-saving, all board meetings are conducted within Pakistan. To accommodate directors who are located outside of Pakistan, we provide a video link facility to ensure active and inclusive participation without incurring additional travel expenses.

H Human Resource Management and Succession Plan

Policy Statement: SPEL is committed to fostering an inclusive, dynamic and growth-oriented work environment. Our Human Resource Management and Succession Planning policies are designed to support our employees' professional development and ensure the effective management of talent within the organization.

Significant Policies

- 1. Succession Planning:** SPEL shall establish and maintain a comprehensive succession plan to identify and prepare potential leaders within the organization. This plan will be reviewed and updated on a regular basis to align with the Company's long-term strategic goals and operational needs.
- 2. Merit-Based Recruitment:** All recruitment activities at SPEL will be conducted on a merit-based basis. The Company will ensure that hiring decisions are made based on the qualifications, skills and potential of candidates, thereby fostering fairness and objectivity in the recruitment process.
- 3. Performance-Based Appraisal System:** The employees will be evaluated on a performance-based appraisal system. This system will form the basis for decisions related to promotions, rewards and other recognitions.
- 4. Promotion, Reward and Motivation:** The Company is committed to promoting individuals based on their performance and achievements. SPEL will establish mechanisms to reward and recognize high performers and will create an environment that motivates employees to excel.
- 5. Training and Development:** SPEL will invest in continuous training and development programs to enhance employee skills and support career advancement. Employees will have access to opportunities for professional growth that align with their career aspirations.
- 6. Gender and Race Diversity:** SPEL will actively promote gender

and racial diversity within its workforce. The Company is dedicated to providing equal opportunities for all employees and ensuring a diverse and inclusive work environment.

- 7. Appointment of/Quota for People with Disabilities:** The Company is committed to supporting individuals with disabilities by setting quotas and providing necessary accommodations. SPEL will ensure that employment practices are inclusive and accessible to people with disabilities.
- 8. Employee Engagement and Feedback:** SPEL will conduct regular employee engagement surveys and implement feedback mechanisms to assess and address employee satisfaction. The Company will use this feedback to improve the work environment and enhance overall employee engagement.

Social and Environmental Responsibility

SPEL is committed to conducting its business in a socially responsible and environmentally sustainable manner. Our social and environmental responsibility policy aims to integrate ethical and sustainable practices into all aspects of our business, recognizing that our activities have a direct and indirect impact on the communities and environments in which we operate. We adhere to all applicable local, national and international laws and regulations concerning social and environmental matters. Further, we seek to go beyond mere compliance by engaging in initiatives that advance environmental conservation, social well-being and economic prosperity. We expect all employees, suppliers and partners to uphold

these principles in alignment with our Company's values.

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."

Dividend Policy

SPEL's dividend policy is to distribute dividends to its shareholders while taking into account the Company's profitability, internal cash requirements, future growth opportunities and market conditions. The decision to declare dividends is made with a balance between rewarding shareholders and ensuring sufficient resources are retained for operational needs, reinvestment and long-term sustainability. The Board regularly reviews the dividend policy to align with the Company's financial health and strategic objectives, ensuring value creation for both the business and its shareholders.

Investors' Relationships and Grievance Policy

It is policy of SPEL to:

- Prohibit the selective disclosure of material, non-public 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.

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 Website 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 www.spelgroup.com

Environment, Employee Health, Safety and Protection

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,

Significant Policies

- 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.

Company's approach to Managing and Reporting Policies on Procurement, Waste and Emissions

SPEL is dedicated to fostering a culture of responsibility and accountability in its operational and business activities. This includes a strong focus on sustainable procurement practices, waste management and emissions reduction. Our procurement policy mandates the prioritization of suppliers who adhere to ethical, environmental and social governance criteria, aiming to build a supply chain that is both resilient and responsible.

In terms of waste and emissions, SPEL has implemented rigorous monitoring and reporting mechanisms. These are designed to not only comply with relevant legal and regulatory standards but also to achieve continuous improvement in our performance metrics. We are committed to reducing our carbon footprint through various initiatives, including energy-efficient practices and the adoption of cleaner technologies.

BUSINESS CONTINUITY / DISASTER RECOVERY PLAN

SPEL has developed a comprehensive Business Continuity and Disaster Recovery Plan to ensure operational resilience in the face of unforeseen challenges and threats. We have employed multi-layered safeguards to protect our critical IT infrastructure,



including the strategic placement of vital IT equipment within fire-resistant facilities.

To further bolster data integrity and availability, we've established secure offsite data storage solutions that undergo frequent backup and encryption protocols. Our employees are not only well-informed but also regularly trained on the necessary actions and protocols to enact in various emergency scenarios. This preparedness extends from immediate incident response to long-term recovery strategies, ensuring a coordinated and effective approach to managing and mitigating risks.

This advanced Business Continuity and Disaster Recovery Plan serves as a testament to SPEL's commitment to safeguarding its operations, data and stakeholders, thereby upholding its standards for excellence, reliability and trust.

COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The Company diligently adheres to all the mandatory requirements set out by the Companies (Code of Corporate Governance) Regulation, 2017. Our statutory auditors have verified this compliance and have issued a clean report. The Statement of Compliance and the Auditors' Review Report are both annexed to this report for complete transparency.

SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES

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

DETAILS ABOUT BOARD MEETINGS AND ITS 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
Mr. Zia Hyder Naqi	CEO/Executive director	5
Mr. Haroon Sharif	Independent Non-Executive Director	5
Mr. Khawar Anwar Khawaja	Independent Non-Executive Director	5
Dr. Syed Sohail Hussain Naqvi	Independent Non-Executive Director	5
Mr. Raza Haider Naqi	Non-Executive Director	4
Dr. Nighat Arshad	Non-Executive Director	5
Mr. Sheikh Naseer Hyder	Non-Executive Director	4
Mr. Abid Saleem Khan	Executive Director	5

SALIENT FEATURES OF TERMS OF REFERENCE OF THE BOARD COMMITTEES

Board Audit Committee

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

Name	Status	Meetings Attended
Mr. Haroon Sharif	Committee Chairman	4
Mr. Almas Hyder	Member	4
Mr. Khawar Anwar Khawaja	Member	4
Mr. Raza Haider Naqi	Member	4

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 composition of Human Resource & Remuneration Committee (HR&R) is as follows:

Name	Status
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

Salient Features of Terms of Reference of Human Resource & Remuneration Committee

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.

Significant Policies



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

Salient Features of Terms of Reference of Finance Committee

- Review and recommend annual budgets to the Board of Directors;
- Review and advise on the organization's long-term financial planning and sustainability;
- Review and recommend changes to the organization's investment policies and strategies.

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

Salient Features of Terms of Reference of Risk Management Committee

The terms of reference of Risk Management Committee include the following:

- Identifies and evaluates risks that impact the Company's strategic goals and operations.
- Oversees the creation and implementation of risk management policies and frameworks.
- Regularly monitors key risks and reviews the effectiveness of mitigation measures.
- Recommends appropriate risk appetite levels to align with business objectives.
- Coordinates with Internal Audit and other committees to ensure comprehensive risk oversight.
- Ensures compliance with regulatory requirements related to risk management.
- Provides regular risk reports and recommendations to the Board of Directors.
- Oversees crisis management and contingency planning to address unforeseen events.

DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on 15 August 2024.

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.

DISCLOSURE ON COMPANY'S USE OF ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE

We are committed to achieving operational excellence and delivering robust performance to our stakeholders. As part of this commitment, we have implemented SAP that integrates various functional domains within our organization. Below, we detail how our ERP system aligns with our business goals and objectives.

a) Integration of Core Business Processes

Our ERP system serves as a unified platform that integrates key business processes including Finance, Human Resources (HR), Supply Chain and Inventory Management. This integration allows for streamlined operations and enhanced decision-making.

b) Management Support in Effective Implementation and Continuous Updation

Executive and middle management are fully supportive of the ERP

implementation and its usage. Ongoing updates and continuous improvement are supported by a dedicated in-house team that liaises with the software provider.

c) User Training

We have instituted a comprehensive user training program to ensure that all employees are proficient in using the ERP system. This includes initial training modules, periodic refresher courses and a helpdesk for real-time troubleshooting.

d) Risk Management

Given that we have successfully implemented SAP, our focus has shifted toward managing operational risks. We utilize SAP's in-built analytics and reporting tools to monitor various risk parameters, which include:

- Data Integrity Checks
- Functional Uptime
- Usage Metrics

e) System Security and Access Control

Security is a top priority for our ERP system:

System Security: We employ firewalls, encryption and multi-factor authentication to protect against unauthorized access.

Access to Sensitive Data:

Role-based access ensures only authorized personnel have access to sensitive information.

Segregation of Duties: Our ERP system is configured to prevent any conflicts of interest or segregation of duties issues by implementing strong internal controls.

We believe our ERP system is a crucial tool for achieving organizational efficiency and we remain committed to its ongoing optimization.

GOVERNMENT'S POLICIES RELATED TO COMPANY'S BUSINESS/SECTOR

We remain vigilant about regulatory changes that directly impact our business operations. The impact of recent government legislation concerning our business and its potential effect on our Company's sales volume and overall performance, is discussed in detail within this Directors' Report.

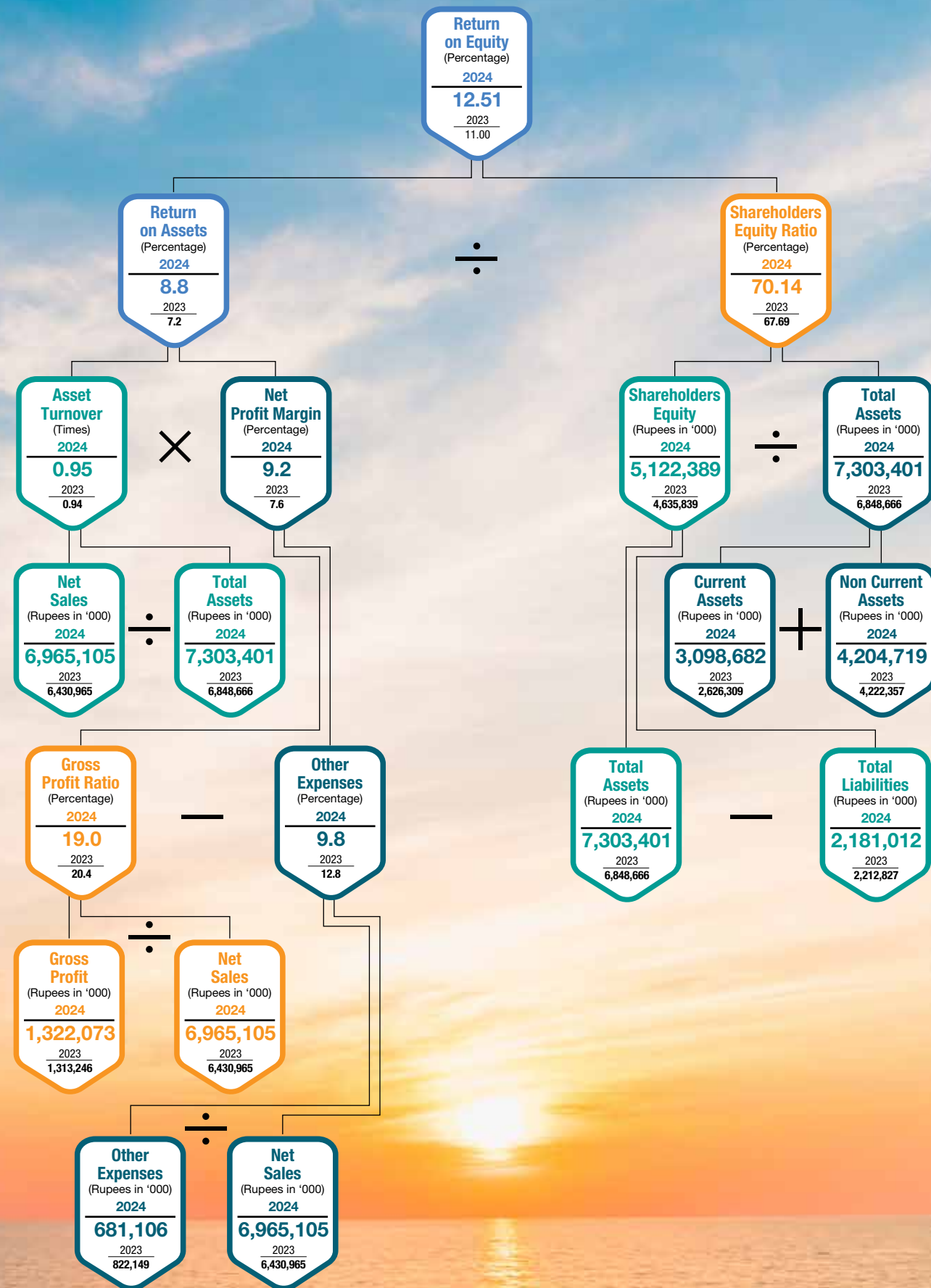
Information on Company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)

During the year we have made payments to national exchequer in terms of duty, income tax and sales tax amounting Rs. 1,716 million. The export sales of the Company have increased to 256 million which was 52 million in last financial year with tremendous growth of 392%.



DuPont Analysis

as at 30 June 2024



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

In a year that posed numerous challenges on multiple fronts from economic situation and the reduced buying power of consumer. Despite the challenges, we are pleased to report that SPEL has remained steadfast and on growing trend in its financial performance. Our commitment to sustainability and responsible business practices has not only been ethically sound but also financially rewarding.

Key Highlights

Sales Growth: Despite the turbulence in the market, we managed to grow our sales volume, by having focus on product quality and customer service.

Profitability: Net profit margin of the Company is increased from the last financial year.

Commitment to Stakeholders: We have continued to uphold our responsibilities towards our employees, shareholders and the communities we operate in, without compromising on our financial commitments.

Methods and Assumptions used in Compiling the Indicators

The Company diligently monitors key performance indicators that accurately reflect its overall performance.

This includes a comprehensive analysis of its market position, competitors and the broader market conditions when formulating these indicators. Additionally, the Company conducts regular assessments of its sales, gross profit, after-tax profits and earnings per share to assess its financial performance and profitability.

These fundamental metrics serve as essential benchmarks for evaluating the Company's financial health. The Company's stock market price, meanwhile, serves as a barometer of its standing in the market. The recent increase in the Company's share price is primarily attributed to its exceptional performance during challenging times.

To gain insights into how the Company manages its short-term capital, a comparison between cash flow from operating activities and pre-tax profits is made. The Company consistently

analyzes its cash flows with the goal of maintaining a positive trajectory. This positive trend is primarily a result of increased turnover, improved profit margins and efficient management of working capital.

Information about Business Segment and Non-Business Segment

Segment Review and Analysis Business Segments:

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 detailed segment analysis of each segment is available in notes to the financial statements.

Non-Business Segments:

The non-business segments of SPEL encompass essential support functions such as human resources, finance and investments, IT, research and development, health, safety and environment and corporate governance. These segments do not directly generate revenue but play a crucial role in supporting the operational and strategic objectives of the business segments, ensuring that SPEL maintains its competitive edge and operates smoothly across all areas of the Company.

Share Price Sensitivity Analysis:

The following are some factors which may affect the share price of the Company in the stock exchange.

- 1. Demand Growth:** An uptick in demand for our products can lead to improved profitability and earnings per share (EPS), ultimately boosting the share price.
- 2. Variable Cost Fluctuations:** Any rise in variable costs can have a

notable impact on gross margins. If these cost increases cannot be passed on to customers, it may lead to reduced profitability and EPS, negatively affecting our share price.

- 3. Raw Material Price Volatility:** The cost of raw material plays a pivotal role in product costs. Fluctuations in raw material prices, especially when they cannot be transferred to customers, can impact profitability and, subsequently, the share price.
- 4. Fixed Cost Escalation:** An increase in fixed costs can erode profitability, thereby affecting EPS and the share price negatively.
- 5. Change in Government Policies:** Changes in government policies related to Food, Customer Care and Automotive sectors may affect the share price. A positive change would increase the share price and a negative change would reduce the share price.

Composition of Local vs Imported Material

Our business relies heavily on the importation of materials, with approximately 80% of our inventory coming from foreign sources. This leaves only 20% of materials that are sourced locally. The high percentage of imported goods creates a significant exposure to foreign exchange (forex) rate fluctuations, which can impact our costs.

Sensitivity Analysis due to Foreign Currency Fluctuations

Sensitivity Analysis due to Foreign Currency Fluctuations is given below.

Potential Risks

Cost Variability: Because a large proportion of our materials is imported, any significant change in forex rates can substantially impact our costs.

Cash Flow Risks: Sudden forex spikes can also lead to cash flow

issues, particularly if the change is unfavorable and immediate payment is required.

Global Events: Political instability, economic downturns or other events affecting our suppliers' countries can compound forex risks.

Competitive Positioning: If we cannot pass the additional costs onto our customers, we may be less competitive in pricing compared to businesses sourcing mostly local materials.

Mitigating Measures

Pass-through Arrangements:

Operating in a B2B environment allows us to have special arrangements with our customers. We have clauses that allow us to pass on the impact of forex fluctuations to them, effectively neutralizing the potential impact on our margins.

Hedging: We could also consider financial instruments like forward contracts to lock in current rates and hedge against future forex volatility.

Diversification of Suppliers: To mitigate this risk further, we may consider sourcing from a variety of countries to distribute forex risks.

While the composition of our materials makes us sensitive to forex fluctuations, our B2B nature and special arrangements with clients work in our favor, allowing us to pass on these costs. However, it's crucial to keep evaluating these arrangements and the broader forex landscape to ensure we remain agile and resilient to any sudden changes in currency values.

Market Share of the Company and its Products and Services

SPEL holds a strong market share in the manufacturing of plastic

packaging for the food and FMCG industries, with a growing presence in the molds & dies sector. We are continuously striving to expand our market share in FMCG packaging. While our market share in the automotive sector is more modest, we continue to service key clients with precision-engineered components. Additionally, SPEL is keenly focused on expanding its export share, particularly in the plastic packaging and auto sector foreign markets, to capitalize on international growth opportunities. Our commitment to innovation and quality positions us well to enhance our market share domestically and globally.

Statement of Value Added and its Distribution with Graphical Presentation

- Employees as remuneration;
- Government as taxes (separately direct and indirect);
- Shareholders as dividends;
- Providers of financial capital as financial charges;
- Society as donation; and
- Retained within the business.

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).

Comments on Financial Analysis



COMMENTS ON RATIOS

Profitability:

The Company has been performing well over the last six years. The net profit ratio has increased to 9.2% as compared to 7.6% in the previous year.

Liquidity:

With better profitability, improved cash flows and equity injection to finance the fixed capital expenditure, the liquidity of the Company has strengthened during the last six years.

Activity / Turnover:

The Company maintains reasonable inventory and debtor turn-over ratios as per the industry practice. The Company strives to implement efficient and effective inventory management systems which are helping in maintaining the inventory turnover at optimum level. Most of the raw materials of the Company are imported; hence, the Company must maintain reasonable levels

of stocks. The Company extends credit to its customers keeping in view the creditworthiness of the customer. The Company has strong relations with creditors to assure a smooth supply of goods and services for which the Company must keep creditors turnover at an attractive level.

Capital Structure:

The Company continuously monitors its capital structure and aims to keep it at its optimum level. Currently, the Company has optimum debt and equity ratio having lesser interest cost, as compared to the other industry players and lower credit risk.

COMMENTS ON HORIZONTAL ANALYSIS

The Company has been performing well over the last six years. During the last six years, liquidity of the Company has improved significantly and the capital structure has also strengthened.

COMMENTS ON VERTICAL ANALYSIS

The gross profit ratio of the Company has decreased from 20.42% to 18.98% as compared to immediately preceding year. This decline is due to increased electricity cost and other variable costs which are not passed to the customer due to low buying power. However other costs are reduced to maintain the profitability of the Company.

Financing Arrangements:

The Company has good business relations with reputed banks and financial institutions of the country. Adequate unutilized financing facilities are available at the Company's disposal.

The Company has good arrangements with the reputed banks to manage short-and-long-term financing needs. The management is confident to maintain this relationship in the future.

Future Outlook

FORWARD LOOKING STATEMENT

As we navigate through the fiscal year 2023-24, we are mindful of emerging challenges and opportunities both nationally and internationally, particularly in the context of record-high interest rates, elevated inflation and the evolving economic landscape. We remain optimistic about our prospects, particularly because of our focus on efficient and sustainable resource and trust of our customers on our products, which we believe will position us well to navigate these challenges.

We anticipate continued growth in revenues. Over the medium term and long term, we aim for sustained revenue growth, underpinned by diversification into new product categories. These forward-looking statements are based on internal analytics and market research and are made assuming stable political conditions and no major fluctuations in forex rates.

Performance of the Company compared to the Forward-looking Disclosures made in the previous year:

Disclosures	Current Status
Growth in revenue	8.3% growth achieved in revenue
Revenue from export	There is growth of 392% in export revenue with tremendous increase.
Growth in net profit	There is growth of 31% in net profit from last year.

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 we anticipate continued growth in revenue during the year under review. The Company has achieved growth in revenue as anticipated.

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 be taken, so that a realistic and appropriate image of the future is developed.

Company's Future Research & Development Initiatives:

Company has taken initiative for research and development in collaboration with University of Engineering and Technology (UET) for recycling of plastic waste. Moreover, Company also supports the delegates from different institutions for research and development programs. We also promote the quality control circles within the organization to promote new ideas.



IT Governance and Cybersecurity



The Board Responsibility Statement on Cyber Risks

The Board, in collaboration with the Audit Committee and internal audit department, takes responsibility for the evaluation and enforcement of legal and regulatory implications concerning cyber risks. Significant observations related to cyber risks are presented during quarterly Audit Committee meetings for prompt action.

The internal audit department (IAD) is entrusted with several critical mandates concerning Cyber Risks, outlined as follows:

Identification and Assessment

Regularly assess the existing cybersecurity framework: IAD will evaluate the efficacy and completeness of the organization's current cyber risk management systems and controls.

Identify Vulnerabilities: Carry out routine scans and tests to identify potential security loopholes within the IT infrastructure that could be exploited.

Monitoring and Reporting

Continuous Monitoring: The IAD is tasked with the continuous monitoring of cyber activities to detect unauthorized or suspicious actions that may pose a risk to the organization.

Incident Reporting: Establish a real-time incident reporting mechanism for flagging any cybersecurity incidents or breaches.

Compliance and Regulation:

Regulatory Oversight: Ensure that the Company is compliant with all legal and regulatory requirements concerning cyber risks.

Policy Development and Enforcement:

Develop and periodically review cyber risk policies to align with both internal objectives and external legal requirements.

Communication and Training

Employee Training: Educate staff on the latest cyber threats and preventative measures, ensuring a first line of defense through awareness.

Communication: Maintain open lines of communication with both the Audit Committee and the Board, updating them on the state of cyber risks and defenses.

Review and Audit

Quarterly Reviews: Conduct comprehensive audits and reviews of cyber risk management strategies, which will be presented during the quarterly Audit Committee meetings for prompt action.

Feedback Loop: Work closely with the Audit Committee and the Board to ensure that audit findings are acted upon effectively and in a timely manner.

Through these mandates, the internal audit department aims to provide a robust framework for identifying, managing and mitigating cyber risks, thereby ensuring the integrity and security of the organization's data and IT systems. This collaborative approach involving the Board, Audit Committee and the internal audit department demonstrates a strong commitment to managing cyber risks effectively.

IT Governance and Cybersecurity Programs, Policies and Procedures

SPEL maintains a robust IT governance framework that includes programs, policies and procedures designed to align with both short-term and long-term Company goals. This framework incorporates cybersecurity measures, involving hardware and software solutions and skilled human resources.

Cybersecurity in Board's Risk Oversight Function

The Board Risk Management Committee has a vital role in ensuring that IT strategy aligns with the Company's business objectives and that effective controls are in place to protect information assets, thereby incorporating cybersecurity into the Board's overall risk oversight function.

Board-Level Committee Oversight

Oversight of IT governance and cybersecurity matters is conducted by the Board Risk Management Committee, this committee has

been mandated to ensure that the IT strategy aligns with the Company's objectives and that effective controls safeguard its information assets.

Early Warning System

SPEL employs a series of controls and procedures to serve as an "early warning system" for identifying and addressing cybersecurity risks. These include Web Gateway, Endpoint Detection and Response, Cybersecurity Awareness and more.

Independent Security Assessment

SPEL regularly engages external professionals for comprehensive security assessments of its technology environment, including network penetration testing and security hardening. The last such review was conducted as part of our ongoing compliance management program.

Contingency and Disaster Recovery Plan

SPEL has established a comprehensive Business Continuity and Disaster Recovery Plan. Critical

IT equipment is housed in fireproof premises and offsite data storage facilities have been arranged. Regular DRP drills are conducted to ensure organizational readiness.

Digital Transformation and Industry

SPEL has leveraged advancements in digital transformation, including the use of SAP and Robotic Process Automation (RPA), to improve transparency, reporting and governance. These technologies have been implemented only after ensuring that the associated risks have been mitigated.

Education and Training Efforts

SPEL recognizes the importance of training and education in mitigating cybersecurity risks. Regular in-house training sessions are conducted, covering various aspects of cybersecurity. Updates on cybersecurity risks and international developments are shared with employees promptly.



Stakeholders Relationship and Engagement

Stakeholders Engagement Policy

Stakeholders policy outlines how SPEL will identify, engage and collaborate with its stakeholders. Stakeholders' relationship is of significant importance for SPEL. Primary objective of the policy is foster sustainable long term relationships with stakeholders. 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.

Identification of Stakeholders

SPEL has identified its key stakeholders through a comprehensive analysis of its business operations, industry Environment analysis and the impact of its activities. The stakeholders are categorized based on their relationship with the Company, their influence on or interest in Company's operations and the impact that Company's decisions may have on them.

Stakeholders Engagement Process

Stakeholder's views are of significant value for the Company. The Company has a diverse range of stakeholders, 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 stakeholders.

Stakeholders	Why they are important	Nature of engagement	Frequency
Shareholders	1. Owners of the Company. 2. Expect a fair return on their investment. 3. Decisions are made in line with increasing shareholder value.	1. AGM 2. EOGM 3. Interim reports 4. Annual report 5. Website	1. Annually 2. If/when needed 3. Quarterly 4. Annually 5. Continuously available
Customers	1. Buy our products, which drives our revenue. 2. Customer feedback help us to refine our products 3. Are our business partners.	1. Direct relationships 2. Connecting with customers on personal level by aligning with their values, beliefs and preferences 3. Continuous meetings 4. Website	1. Continuous/ongoing 2. Regularly 3. Regularly 4. Continuously available
Employees	1. Are our key assets. 2. Deliver the Company's success in achieving the highest possible stakeholder value. 3. Skilled employees enable organizations to adapt to changes in the market, technology and industry trends.	1. Open door policy of Interaction with management 2. Performance appraisals 3. Employee events 4. Training & development	1. At all times 2. Annual 3. Annually 4. Regularly
Suppliers	1. Reliable and reasonable provision of raw materials. 2. Are our business partners.	1. Direct relationships 2. Meetings 3. Trade shows	1. Continuous/ongoing 2. Regularly 3. Regularly
Regulators	Determine and implement policies that could positively or negatively impact the Company.	1. Specific meetings/ discussions/ correspondence 2. Submission of statutory returns & reports 3. Attending seminars held by regulators 4. Website	1. As required 2. As per legal requirement 3. As required 4. Continuously available
Local Community	1. Provide manpower for our operations. 2. Positive engagements with local community enhance the Company's image and build trust 3. Key target of our CSR initiatives	1. Free medical camp 2. Education support program to students in different universities 3. Donations to welfare institutions	1. Annual 2. Continuous 3. Continuous
Banks	Provision of finance and trade facilities	1. Direct relationships 2. Meetings 3. Financial reporting 4. Website	1. Continuous/ongoing 2. As needed 3. Periodic 4. Continuously available

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 41st Annual General Meeting started with a brief by the Chairman of the meeting about the Company's performance for the financial year 2022-23. The Chief Financial Officer delivered a presentation on the financial performance and financial position of the Company. The shareholders asked questions on the financial statements regarding mark up rates on Islamic Bank Accounts, Advisory Fee & Directors' Remuneration, calculation of WPPF and WWF, etc. Additionally,

members raised queries related to future business plans and operational performance of the Company. All the questions were addressed to the satisfaction of the attendees fostering a transparent and informative discussion.

After deliberations and necessary discussions on all agenda items of the meeting were concluded 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. During Financial Year 2024 the Company has conducted 1 corporate briefings.

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.

Corporate Benefits to Shareholders

SPEL is committed to maximizing shareholder value through a comprehensive approach that includes consistent stock price appreciation, regular dividend payments and strategic share buybacks. Recently, our share value has seen a significant increase, reflecting the market's confidence in our growth strategies and financial performance. In addition to offering a competitive dividend yield, we have implemented share buy-back programs

that further enhance earnings per share and provide additional value to our shareholders. Through these initiatives, coupled with our focus on sustainable long-term growth, SPEL continues to deliver exceptional returns and build a strong future for all our investors.

Explanation of any Material Changes in the Entity's Business Model during the year

During the year 2024, there has been a notable shift in the composition of our sales across different sectors. Specifically, export sales have seen a significant increase, rising to 3.7% of our total sales from 0.8% in the previous year.

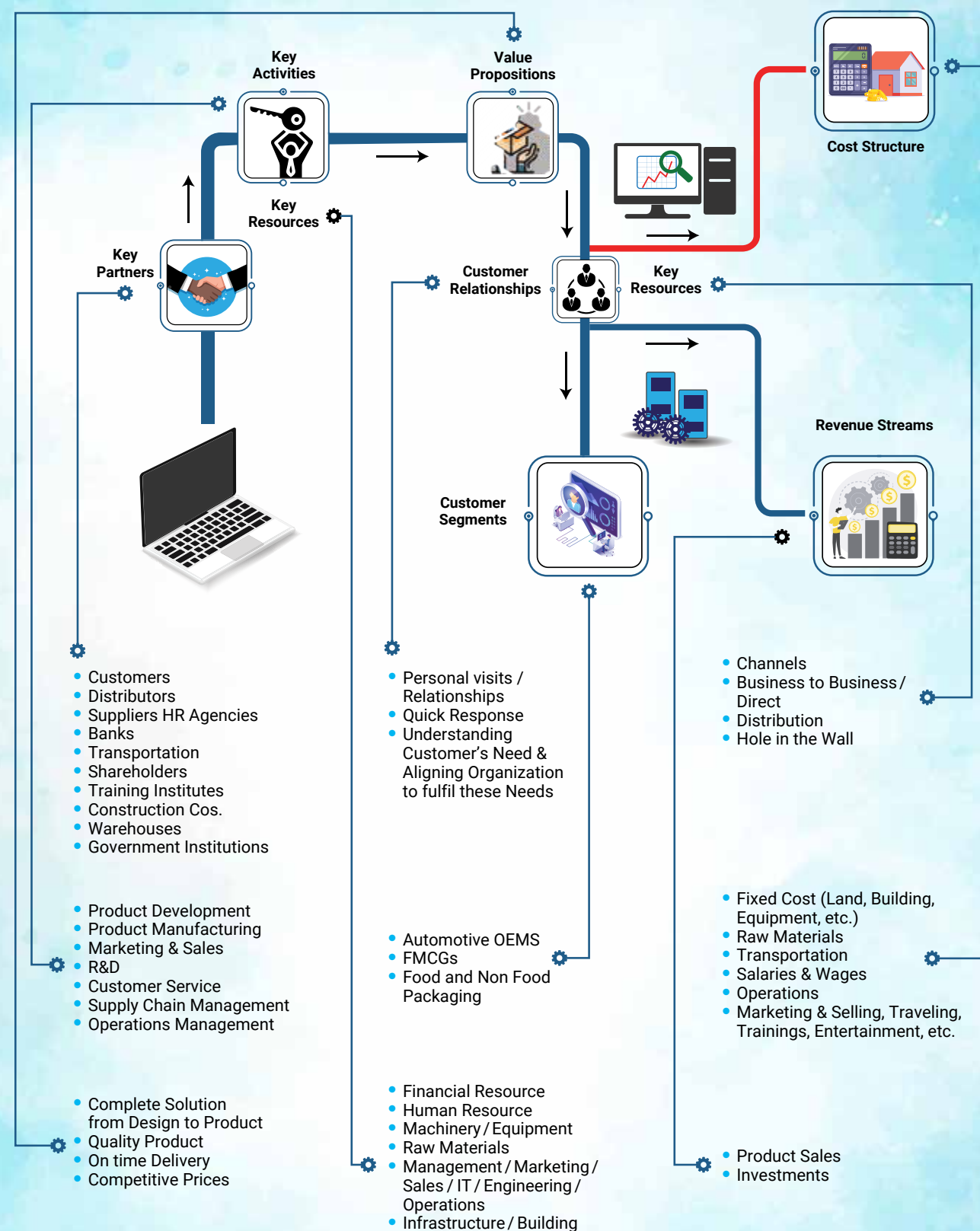
Striving for Excellence in Corporate Reporting

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

The Board is committed to upholding full compliance with applicable financial accounting and reporting standards in Pakistan including the International Financial Reporting Standards in Pakistan issued by the International Accounting Standards Board (IASB). A statement to this effect has been made in the Directors' Report. It is our utmost effort to comply with all the requirements of the IFRS. 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 IFRS.

SPEL's Business Model



EXPLANATION OF ANY MATERIAL CHANGES IN THE ENTITY'S BUSINESS MODEL DURING THE YEAR:

During the year 2024, no notable changes were made in the business model of the entity.

Report of the Board Audit Committee

Dear Shareholders,

We are pleased to present the **Audit Committee Report, detailing the significant activities and responsibilities carried out by the committee during the fiscal year. The committee comprises non-executive and independent directors, including the Chairman of the Audit Committee. The committee members collectively possess financial literacy, ensuring a comprehensive understanding of financial matters.**

Composition of the Committee

The Audit Committee consists of four members, each bringing unique expertise and perspectives to the committee. The committee adheres to regulatory requirements, with all members being non-executive and independent directors. The Chairman of the Audit Committee ensures effective leadership and coordination of the committee's activities.

Role in Discharging Responsibilities

The committee played a pivotal role in addressing significant issues related to the financial statements. We reviewed the financial statements to ensure accuracy, transparency and compliance with relevant accounting standards and regulations. Our engagement involved close collaboration with the management and external auditors to identify and mitigate potential risks. Through analysis and thorough discussions, we have ensured the accuracy and reliability of the financial information presented in the Annual Report.

Approach to Risk Management and Internal Control

The committee places a strong emphasis on risk management and internal control processes. We continuously assess the effectiveness of these processes to safeguard the Company's assets and maintain financial integrity. We are committed to enhancing our approach to risk management and internal controls on a continuous basis.

Role of Internal Audit

We recognize the critical role of Internal Audit in enhancing risk management and internal control. Our approach ensures that Internal Audit has direct access to the Audit Committee. We evaluate the performance of the Internal Auditor based on the quality and effectiveness of their audits in identifying control gaps and proposing improvements.

Staff and Management Reporting

We have established mechanisms for staff and management to report concerns about actual or potential improprieties in financial and other matters. This proactive approach allows us to address issues promptly and institute remedial measures to protect the Company's interests.

External Audit Process and Auditor Independence

We rigorously evaluate the effectiveness of the external audit process. Our approach to appointing or reappointing the external auditor involves a thorough assessment of their qualifications and track record.

Recommendation of External Auditors

In line with regulatory requirements, we provide reasons if recommending external auditors other than the retiring auditors within three consecutive years. However, this provision was not applicable during this reporting period.

Annual Report

The committee is of the view that the 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.

Evaluation of Committee Performance

The evaluation of the Committee's performance was conducted by the Board and the results reflect a level of satisfaction that underscores our commitment to excellence.

Whistle-Blowing Incidences

This year, no whistle-blowing incidents were reported to the Audit Committee. In conclusion, the Audit Committee remains dedicated to upholding high standards of corporate governance, financial transparency and accountability. We look forward to contributing to the sustained growth and success of the Company in the upcoming fiscal year.

Sincerely,

-SD-

Mr. Haroon Sharif
Chairman, Audit Committee

Date: 15 August 2024
Place: Lahore

Chairman's Review Report



Dear Shareholders,

The past year has been a testament to our resilience and commitment to growth in a rapidly evolving business environment. Over the past year, we focused on expanding our export portfolio and I am proud to report that we achieved significant growth in this area. Our exports now represent a sizable and growing portion of our overall revenue, which will greatly help us mitigate local market challenges and shield against the volatility of foreign exchange fluctuations related to imports.

Sustainable practices and their effect on the financial performance of the Company

Our dedication to sustainability continues to drive our strategic initiatives. I am pleased to announce that we have successfully achieved carbon neutrality certification for our head office and Kot Lakhapt production facility by meeting the requirements of PAS 2060:2014. This marks a critical milestone in our journey toward environmental responsibility.

Furthermore, we made substantial progress in our renewable energy efforts with the installation of a 1.3 MW solar power generation facility, enabling us to meet 20% of our energy requirements. This investment not only aligns with our sustainability goals but also positions us favorably to manage future energy costs and environmental obligations.

Our employee wellness programs, aimed at creating a sustainable work environment, have resulted in a notable decrease in employee turnover, reducing costs associated with hiring and training. This focus on employee well-being has strengthened our workforce and operational efficiency.

In addition, our sustainable procurement practices have helped us better manage price fluctuations in raw materials. This approach has provided more stability in our margins and contributed to a stronger operational performance, showcasing the value of integrating sustainability into our business strategy.

At the heart of our Company's approach is the principle of "Reliability." By consistently delivering reliable products and services, we have earned our customers' trust, fulfilled our promises and generated strong returns. With decades of

experience, advanced technologies and a commitment to quality, we are well-positioned to continue serving our customers in the future.

PERFORMANCE OF THE BOARD

Board's Commitment to Governance, Company's structure, Processes and Internal Control Systems

The Board is deeply committed to upholding the highest standards of governance, ensuring that the Company operates with transparency, accountability and integrity. Our Company's structure is designed to promote clear lines of responsibility and effective oversight, enabling informed decision-making at every level. The internal control system plays a fundamental role in this framework, with robust processes in place to safeguard assets, ensure accuracy in financial reporting and comply with regulatory requirements. The Board reviews the internal control system through the Audit Committee, which is supported by the Chief Internal Auditor. The Auditor ensures and reports on quarterly basis both the adequacy and effective implementation of these controls, keeping them aligned with evolving risks and business needs to foster sustainable growth and operational excellence.

Board Self-Evaluation

The Board conducted a comprehensive self-evaluation, the process identified areas for further improvement in line with global best practices. The primary focus remained on strategic growth, business opportunities, risk management, board composition and management oversight.

Committee Leadership

The Board Audit Committee is under the leadership of Mr. Haroon Sharif, while the Board Human Resource & Remuneration Committee is chaired by Mr. Khawar Anwar Khawaja. Both



of these individuals are independent directors who bring a wealth of knowledge, skills and experience to their respective roles, ensuring the effective performance of their functions.

Chairman's Significant Commitments

Throughout the year, I have remained fully committed to the strategic, financial, corporate social responsibility (CSR) and Environmental, Social and Governance (ESG) priorities that drive our Company's continued growth and sustainability. Strategically, I focused on expanding our market presence, enhancing operational efficiency and fostering innovation with a customer-centric approach.

In terms of CSR and ESG, I reinforced our dedication to social responsibility and environmental stewardship, implementing initiatives to reduce our carbon footprint and increase community engagement. This year, we took a more integrated approach to ESG, embedding these principles into our core business strategy to not only support financial performance but also create long-term value for all stakeholders.

Acknowledgment of Stakeholder Contributions

On behalf of the Board, I hereby acknowledge the valuable

contributions of all stakeholders, including shareholders, directors, customers, employees, bankers and suppliers. I extend my gratitude to our management team and employees, who have demonstrated remarkable resilience and dedication in these challenging times. Their commitment has been instrumental in sustaining our performance.

While we acknowledge that economic conditions may remain challenging in the ensuing year, we are confident that the Board and management are well-prepared to face these challenges with commitment and optimism. I would like to extend my heartfelt gratitude to our shareholders, customers, suppliers, bankers, business partners, employees and other stakeholders for their confidence and support.

Our mission remains unwavering - to make this Company even greater.

Sincerely,

Almas Hyder
Chairman

Lahore: 15 August 2024

Directors' Report to the Shareholders for the year ended 30 June 2024



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 2024.

Business Performance

By the grace of Almighty, the financial year 2023-24 was another successful year for the Company with sales reaching at Rs. 6,965 million (2023: Rs. 6,431 million) registering a growth of 8.31%.

To increase capacity and improve capability, the Company invested Rs. 280 million (2023: Rs. 604 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:

	2024	2023
	Rupees in million	
Turnover	6,965.10	6,430.96
Gross profit	1,322.07	1,313.25
Operating profit	938.02	1,002.23
Profit before taxation	907.82	859.59
Taxation	266.85	368.50
Profit after tax	640.97	491.10

Dividends and Appropriations

Interim Cash Dividend	[.]	(2023: @ 5%)	[.]	49.68
Final Cash Dividend	(2024:@16%)	(2023: @10%)	151.80	94.87
Total Dividend	(2024:@16%)	(2023: @15%)	151.80	144.55

Earnings Per Share

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

Basic and diluted EPS – 2024	Rs. 3.36
Basic and diluted EPS – 2023	Rs. 2.47

During the year under review, the tax charge has been reduced primarily due to some favourable developments. During the year under review, the Honourable Lahore High Court passed an order in favour of the Company regarding the retrospective application of super tax for Tax Year 2023. As a result, the provision for super tax recorded in the previous year has been partially reversed during the current year, amounting to Rs.32.25 million. Additionally, the Company's exports have increased during the year, leading to a reduction in the effective tax rate for Tax Year 2024.

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;
- Donations for educational and learning purposes;
- Financial assistance to employees who wished to enhance their education.

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 4,749 (2023: 5,658) 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 and Safety, Kaizen, 6S, QCC and Technical & Managerial modules of different departments and units of the organization.



Composition of the Board

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:

Female Directors	01
Male Directors	08

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
Mr. Zia Hyder Naqi	CEO/Executive director	5
Mr. Haroon Sharif	Independent Non-Executive Director	5
Mr. Khawar Anwar Khawaja	Independent Non-Executive Director	5
Dr. Syed Sohail Hussain Naqvi	Independent Non-Executive Director	5
Mr. Raza Haider Naqi	Non-Executive Director	4
Dr. Nighat Arshad	Non-Executive Director	5
Mr. Sheikh Naseer Hyder	Non-Executive Director	4
Mr. Abid Saleem Khan	Executive Director	5

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

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
Mr. Khawar Anwar Khawaja	Member	4
Mr. Raza Haider Naqi	Member	4

Directors' Report to the Shareholders

**Human Resource & Remuneration Committee**

The composition of Human Resource and Remuneration Committee (HR Committee) is as follows:

Name	Status
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

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 dispatch 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 in note no. 42 to the notes to the financial statements.
- The Company operates a contributory Provident Fund Scheme for all its eligible employees. The 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. 500,000 or more 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 2024 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.

Significant Plans and Decisions

During the reporting period, the Board of Directors deliberated and executed key strategic initiatives to drive the

Company's growth and resilience. This encompassed expanding our business footprint into new markets and approving major capital expenditures that align with our long-term vision. These measures were taken to enhance our competitive edge, foster sustainable growth and maximize stakeholder value. Throughout this process, the Board maintained a steadfast commitment to rigorous risk management, ensuring that the Company's risk tolerance was established through well-defined policies. Furthermore, an assessment of principal risks was considered, taking into account potential threats to our business model, future performance, as well as solvency and liquidity.

Strategic Objectives on ESG and Sustainability Reporting

Our dedication to Environmental, Social and Governance (ESG) excellence is strong and unwavering. The Board is committed to including sustainable practices in our strategic goals. This means taking care of the environment, promoting inclusivity in society and upholding good corporate governance. By following ESG principles, we aim to create value in the long run, build trust with stakeholders and ensure our organization's lasting growth.

Sustainability and Diversity, Equity & Inclusion (DE&I) Initiatives

The Board of Directors is committed to ensuring that sustainability-related risks are carefully assessed and effectively managed. Our approach includes identifying key environmental, social and governance (ESG) risks that may impact the Company's operations and implementing risk management strategies to mitigate these. We would establish frameworks to address these risks, including regular monitoring and reporting

Directors' Report to the Shareholders

mechanisms. Additionally, we recognize the importance of diversity, equity and inclusion (DE&I) in fostering an innovative and inclusive work environment. We would implement several initiatives aimed at promoting DE&I across all levels of the Company, ensuring that our workforce reflects the diverse communities we serve and that equal opportunities are available to all employees. These efforts are integral to our long-term success and are continuously refined to align with best practices and evolving stakeholder expectations.

Business Continuity and Disaster Recovery

The Board carefully examined and strengthened the plans for business continuity and disaster recovery. These steps are meant to reduce possible problems and make sure our operations keep running smoothly even during unexpected situations.

Cyber Risk Management and Enforcement

Recognizing the evolving landscape of cyber risks, the Board understands its role in evaluating, monitoring and enforcing cyber risk management strategies. The Board has entrusted the management team to safeguard sensitive information and uphold data privacy. In the event of any breach, the management should take immediate action to mitigate the impact, ensuring the protection of our stakeholders' interests and maintaining trust in our digital operations.

Financial Accounting and Reporting Standards Compliance

The Board is committed to upholding full compliance with applicable financial accounting and reporting standards in Pakistan, including the International Financial Reporting



Standards (IFRS) issued by the International Accounting Standards Board (IASB), Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan and Provisions of and directives issued under the Companies Act, 2017. We recognize the critical importance of accurate and transparent financial reporting and our dedication to adhering to these standards underscores our commitment to maintaining the highest levels of integrity and accountability.

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 other market factors, hopefully the industry will recover soon in the near future.

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.

Chief Executive Officer

Director

Dated: 15 August 2024
Place: Lahore

Six Years Financial Information



Financial Summary		2024	2023	2022	2021	2020	2019
Balance Sheet							
Share capital	Rs. in 000	998,680	998,680	998,680	924,704	884,884	850,850
No of shares (closing)	No. in 000	199,736	199,736	199,736	92,470	88,488	85,085
Fixed assets	Rs. in 000	4,166,688	4,195,700	4,014,130	2,784,822	2,344,473	2,230,299
Total assets	Rs. in 000	7,303,401	6,848,666	6,176,166	4,532,441	3,872,619	3,725,600
Equity	Rs. in 000	5,122,389	4,635,839	4,250,205	3,361,164	2,863,572	2,655,133
Long term loans & leases	Rs. in 000	365,567	519,684	634,658	296,215	282,522	271,388
Current assets	Rs. in 000	3,098,682	2,626,309	2,140,209	1,729,801	1,515,028	1,426,999
Stocks	Rs. in 000	1,635,728	1,592,636	1,304,465	757,803	669,672	594,567
Debtors	Rs. in 000	712,937	628,875	605,194	593,929	509,335	487,003
Cash and bank Balances	Rs. in 000	161,134	37,653	100,258	67,999	8,880	42,021
Creditors	Rs. in 000	600,343	530,020	324,184	292,210	146,828	166,244
Current liabilities	Rs. in 000	1,316,706	1,155,558	848,628	655,190	507,617	591,034
Non-Current liabilities	Rs. in 000	864,306	1,057,269	1,077,333	516,087	501,431	479,433
Total liabilities	Rs. in 000	2,181,012	2,212,827	1,925,961	1,171,277	1,009,048	1,070,467
Short term finances	Rs. in 000	656,760	586,278	488,046	351,105	352,830	416,876
Working capital	Rs. in 000	1,684,297	1,627,264	1,536,773	1,010,027	1,001,965	889,645
Profit or Loss Account							
Sales	Rs. in 000	6,965,105	6,430,965	6,308,361	4,171,022	3,097,558	3,431,045
Cost of sales	Rs. in 000	5,643,032	5,117,719	5,063,811	3,272,352	2,524,615	2,857,843
Gross profit	Rs. in 000	1,322,073	1,313,246	1,244,550	898,670	572,943	573,202
Profit before taxation	Rs. in 000	907,819	859,594	852,164	638,835	322,005	288,088
Depreciation	Rs. in 000	323,869	319,604	273,380	190,088	182,575	186,447
Amortization	Rs. in 000	164	164	106	135	140	1,851
Financial cost	Rs. in 000	133,274	135,481	102,860	46,158	73,715	76,045
Profit after tax	Rs. in 000	640,967	491,098	538,925	460,233	258,814	241,186
EBIT	Rs. in 000	1,041,093	995,075	955,025	684,993	395,720	364,133
EBITDA	Rs. in 000	1,365,127	1,314,843	1,228,511	875,216	578,435	552,431
Cash Flow Statement							
Cash flow from operating activities	Rs. in 000	869,633	756,080	466,282	780,232	377,347	281,387
Cash flow from investing activities	Rs. in 000	(90,151)	(453,318)	(986,114)	(617,784)	(296,424)	(230,235)
Cash flow from financing activities	Rs. in 000	(370,713)	(398,981)	442,354	(82,603)	(45,461)	(131,968)
Opening cash & cash equivalents	Rs. in 000	(40,152)	56,066	133,543	(111,507)	(146,969)	(66,154)
Closing cash & cash equivalents	Rs. in 000	368,617	(40,152)	56,066	(31,663)	(111,507)	(146,969)
Free Cash flows	Rs. in 000	779,482	302,763	(519,831)	162,448	80,922	51,153

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

Six Years Financial Information

Significant Ratios		2024	2023	2022	2021	2020	2019
Profitability							
Gross profit ratio	%age	19%	20%	20%	22%	18%	17%
Net profit ratio	%age	9%	8%	9%	11%	8%	7%
EBIDTA margin to sales	%age	20%	20%	19%	21%	19%	16%
Operating leverage ratio	%age	9%	33%	13%	27%	-9%	-12%
Return on equity	%age	13%	11%	13%	14%	9%	9%
Return on capital employed	%age	12%	10%	13%	14%	9%	8%
Shareholder's funds	Rs. in 000	5,122,389	4,635,839	4,250,205	3,361,164	2,863,572	2,655,133
Return on shareholder's funds	%age	13%	11%	13%	14%	9%	9%
Liquidity / Leverage							
Current ratio	Times	2.35	2.27	2.52	2.64	2.98	2.41
Quick/Acid test ratio	Times	1.11	0.89	0.98	1.48	1.67	1.41
Cash to current liabilities	%age	12%	3%	12%	10%	2%	7%
Cash flow from operations to sales	%age	19%	18%	11%	22%	17%	13%
Cash flow to capital expenditures	Times	2.95	1.51	0.31	1.24	1.27	1.26
Cash flow coverage ratio	Times	1.21	1.05	0.58	1.53	0.93	0.74
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.50	3.53	4.91	4.58	3.99	4.58
No of days in inventory	Days	104	103	74.32	79.61	91.39	79.75
Debtor turnover ratio	Times	10.38	10.42	10.52	7.56	6.22	8.44
No of days in receivables	Days	35	35	34.69	48.27	58.70	43.24
Creditor turnover ratio	Times	9.98	11.98	16.43	14.91	16.13	17.10
No of days in payables	Days	37	30	22.21	24.49	22.63	21.34
Fixed assets turnover ratio	Times	1.67	1.53	1.57	1.50	1.32	1.54
Total assets turnover ratio	Times	0.95	0.94	1.02	0.92	0.80	0.92
Operating cycle	Days	103	108	86.80	103.40	127.46	101.65
Investment / Market Ratios							
Earning per share - Reported	Rs.	3.36	2.47	2.70	2.30	2.89	2.73
Price earnings ratio	Times	4.74	4.21	5.28	18.73	14.53	7.83
Price to book ratio	Times	0.62	0.45	0.67	1.19	1.30	0.68
Dividend yield ratio	%age	5.0%	7.2%	3.5%	3.0%	2.4%	4.7%
Dividend payout ratio	%age	23.8%	30.4%	18.5%	56.5%	34.6%	36.6%
Dividend cover ratio	Times	4.20	3.29	5.40	1.77	2.89	2.73
Dividend per share**	Rs.	0.80	0.75	0.50	1.30	1.00	1.00
Market value per share at the year / period end*	Rs.	15.92	10.4	14.26	43.08	42.00	21.37
Breakup value per share (without land's revaluation surplus)	Rs.	21.50	19.07	17.14	32.78	28.63	27.33
Breakup value per share (with land's revaluation surplus)	Rs.	27.00	23.21	21.28	36.35	32.36	31.21
Free cash flows	Rs. in 000	779,482	302,763	(519,831)	162,448	80,922	51,153
Capital Structure Ratios							
Financial leverage ratio	Times	0.20	0.24	0.26	0.19	0.22	0.26
Weighted average cost of debt	%age	13%	12%	12%	7%	11%	12%
Debt to equity ratio - book value	Times	0.14	0.16	0.19	0.15	0.14	0.14
Debt to equity ratio - market value	Times	0.23	0.35	0.28	0.13	0.11	0.21
Net assets per share	Times	25.65	23.21	21.28	36.35	32.36	31.21
Interest cover ratio	Times	7.81	7.34	9.28	14.84	5.37	4.79
Return to Shareholders							
R.O.E. before tax	%age	18%	19%	20%	19%	11%	11%
R.O.E. after tax	%age	13%	11%	13%	14%	9%	9%
EPS	Rs.	3.36	2.47	2.70	2.30	2.89	2.73
Solvency							
Debtors turnover	Times	10.38	10.42	10.52	7.56	6.22	8.44
Creditors turnover	Times	9.98	11.98	16.43	14.91	16.13	17.10
Other Information							
Sale growth rate	%age	8%	2%	51%	35%	-10%	15%
Non-Financial Ratios							
% of Plant Availability	%age	51%	55%	62%	52%	55%	55%
Production per Employee	Tons	21.15	20.73	20.06	17.88	21.97	20.61
Revenue per Employee	Rs. in 000	12,922	11,088	9,661	7,382	5,957	6,149
Staff turnover ratio	%age	7%	7%	-17%	-2%	6%	0%

* Source of information is Pakistan stocks exchange website.

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

Cash Flow Statement - Direct Method

	2024 Rupees	2023 Rupees
Cash flows from operating activities		
Cash receipts from customers	6,935,615,799	6,370,499,088
Cash paid to suppliers / service providers and employees	(5,578,404,783)	(5,203,973,068)
Cash generated from operations	1,357,211,016	1,166,526,020
Worker's Profit Participation Fund paid	(46,165,096)	(45,536,412)
Workers' Welfare Fund paid	(14,338,720)	(13,027,528)
Mark up paid on Islamic mode of financing	(4,802,166)	(35,323,126)
Interest paid on conventional loans	(78,218,603)	(76,403,577)
Final taxes paid	(1,920,553)	-
Taxes paid	(325,113,722)	(233,962,188)
Long term deposits - net	(17,019,025)	(6,192,700)
Cash generated from operating activities	869,633,131	756,080,489
Cash flows from investing activities		
Acquisition of property, plant and equipment	(327,679,736)	(489,015,055)
Acquisition of intangibles	-	-
Advances to suppliers	(19,993,000)	-
Proceeds from disposal of long term investment	-	781,463
Proceeds from disposal of property, plant and equipment	257,521,534	34,915,735
Net cash used in investing activities	(90,151,202)	(453,317,857)
Cash flows from financing activities		
Principal repayment of lease liability	(55,490,363)	(16,735,492)
Repurchase of treasury shares	(59,542,295)	(55,362,743)
Long term loan received	-	-
Long term loan repaid	(81,626,541)	(44,333,854)
Diminishing musharika paid	(26,422,218)	(74,342,526)
Short term borrowings (repaid) / received	(53,356,201)	(158,834,513)
Cash dividend paid	(94,275,138)	(49,371,445)
Net (used in) / cash generated from financing activities	(370,712,756)	(398,980,573)
Net (decrease) in cash and cash equivalents	408,769,173	(96,217,941)
Cash and cash equivalents at beginning of the year	(40,152,023)	56,065,918
Cash and cash equivalents at end of the year	368,617,150	(40,152,023)

Graphic Presentation

Equity and Liabilities

(Rs. in thousand)



5,122,389 | Equity
1,316,706 | Current Liabilities
864,306 | Non-Current Liabilities

Equity and Liabilities

(Rs. in thousand)



4,635,839 | Equity
1,155,558 | Current Liabilities
1,057,269 | Non-Current Liabilities

Fixed and current assets

(Rs. in thousand)



4,166,688 | Fixed assets
3,098,682 | Current assets

Fixed and current assets

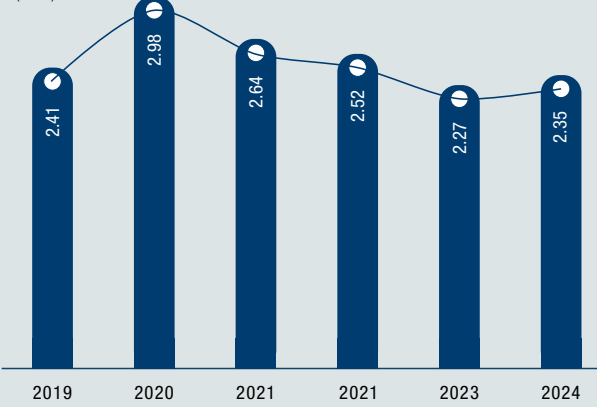
(Rs. in thousand)



4,195,700 | Fixed assets
2,626,309 | Current assets

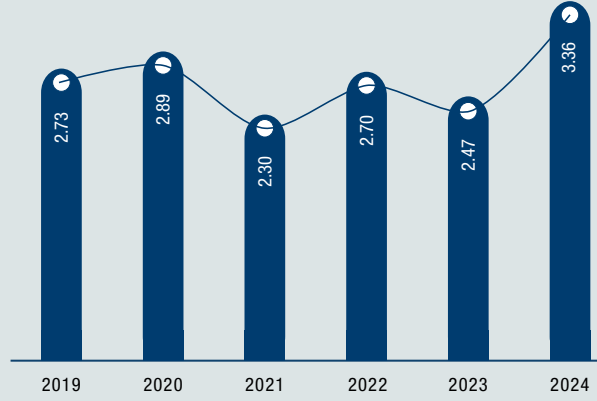
Current Ratio

(Time)



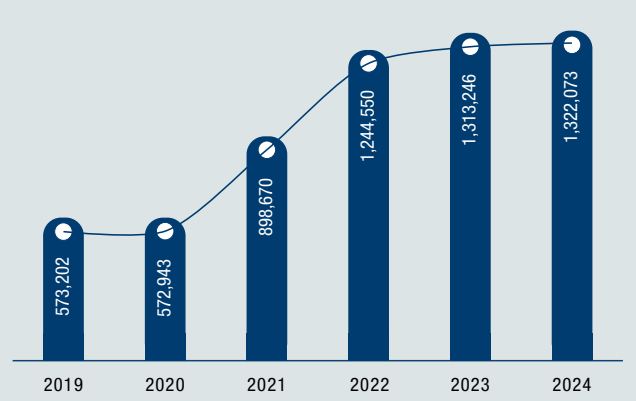
EPS

(Rupees)



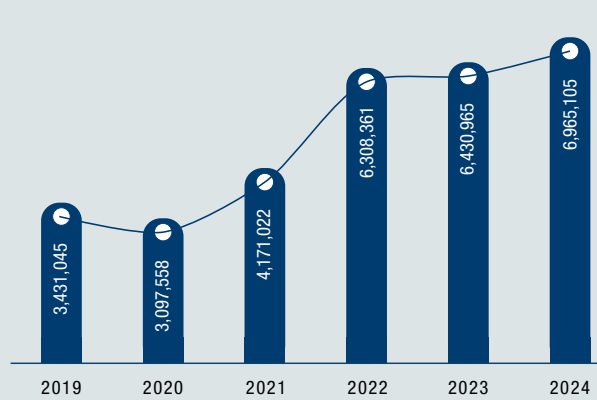
Gross Profit

(Rs. in thousand)



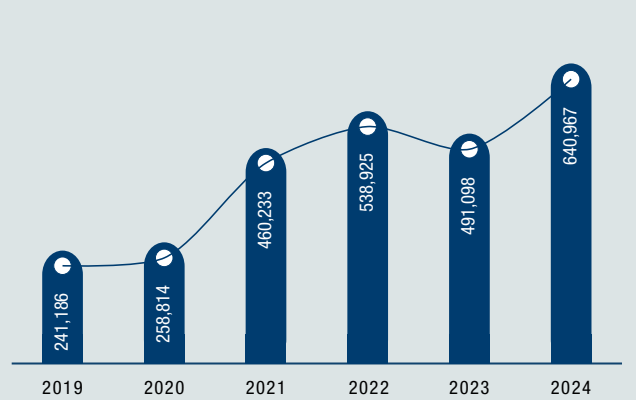
Sales

(Rs. in thousand)



Profit After Tax

(Rs. in thousand)



Statement of Value Added and its Distribution with Graphical Presentation



	2024		2023	
	Rs. 000	%	Rs. 000	%
Total Revenue inclusive of sales tax	8,265,040	97.78%	7,601,727	99.20%
Other Income	187,835	2.22%	61,275	0.80%
	8,452,875	100.00%	7,663,002	100.00%
Wealth Distribiton				
Employees as remuneration	716,717	8.48%	604,809	7.89%
Government as direct taxes	287,992	3.41%	386,039	5.04%
Government as indirect taxes	1,443,809	17.08%	1,283,307	16.75%
Shareholders as dividends	151,800	1.80%	49,934	0.65%
Providers of financial capital as financial charges	133,274	1.58%	135,481	1.77%
Cost of Sales excluding employees' remuneration	5,019,868	59.39%	4,598,991	60.02%
Distribution, administration and other expenses	207,709	2.46%	162,584	2.12%
Society as donation	2,538	0.03%	694	0.01%
Retained within the business	489,167	5.79%	441,164	5.76%
	8,452,875	100.00%	7,663,002	100.00%



- 52 | Cost of sales
- 4 | Distribution, admin & other expenses
- 6 | Retained profit
- 8 | Employees remuneration
- 3 | Direct taxes
- 25 | Indirect taxes
- 2 | Financial charges
- 60 |
- 3 |
- 6 |
- 8 |
- 5 |
- 16 |
- 2 |



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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 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 2024.

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 27 September 2024

UDIN: CR202410119Byufk12Up

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

Synthetic Products Enterprises Limited Year Ending 30 June 2024

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
	Mr. Zia Hyder Naqi
Executive Directors	Mr. Abid Saleem Khan
	Dr. Nighat Arshad
Female Director (Non-Executive)	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.

Name	Status 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 except that the same person is holding the position of Chief Financial Officer and Company Secretary. As the Code allows the Companies to either comply or explain the reason otherwise, therefore, the Company has adopted the explanation approach in this matter. The management of the view that the Current Chief Financial Officer and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both roles. In addition, it is also a cost-effective measure.

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

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

b) HR and Remuneration Committee

Name	Role
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

Name	Role
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

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

e) Sustainability Committee

Subsequent to year end, the Board of Directors has assigned additional responsibilities to the Risk Management Committee to assist the Board in overseeing, governing and addressing the sustainability related risks & Opportunities of the Company.

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



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:

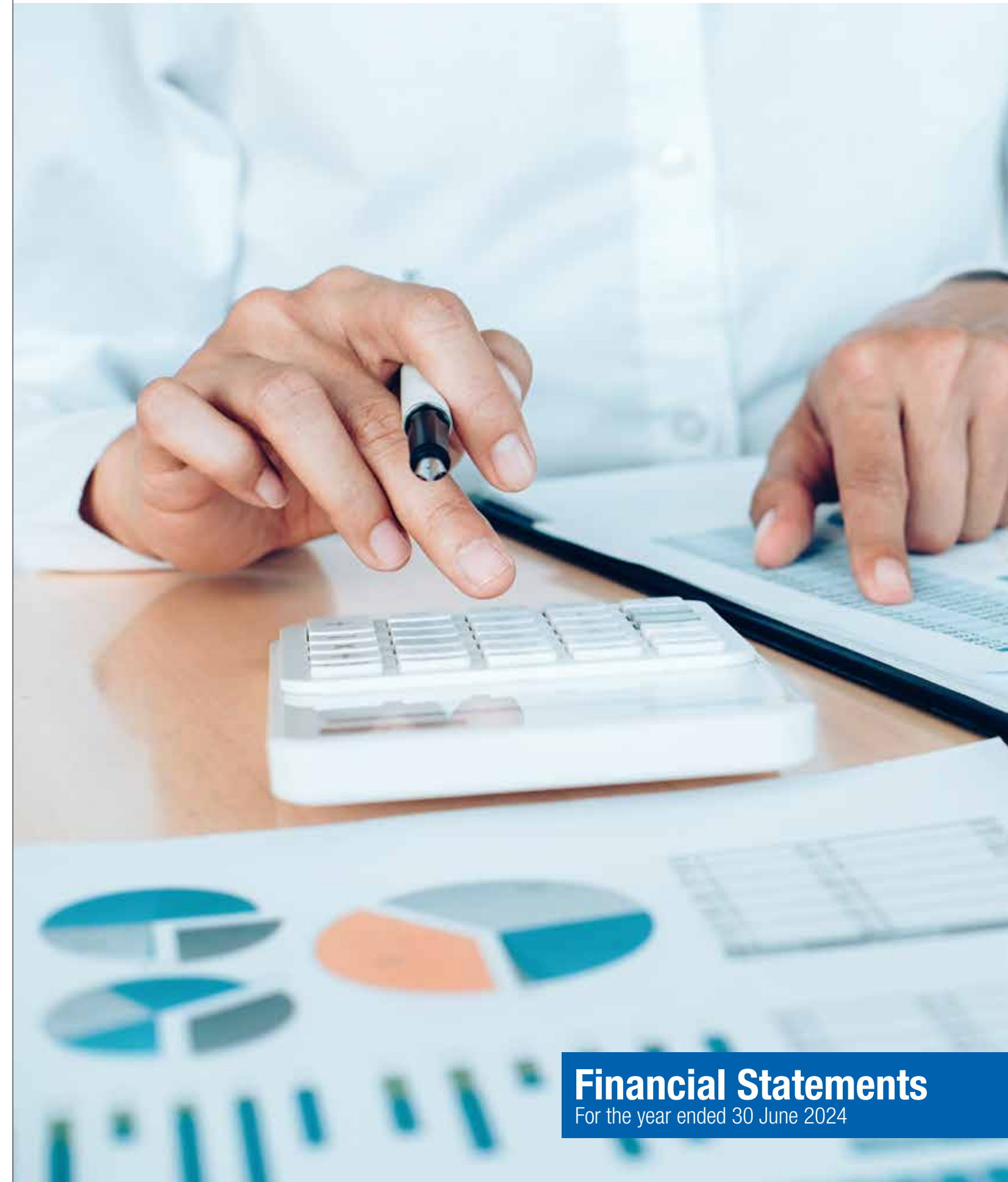
Committee	Frequency
Audit Committee	Quarterly
HR and Remuneration Committee	Annually
Finance Committee	Annually
Risk Management Committee	As required

15. The Board has set up an effective internal audit function and the staff 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. Explanations for non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been given in paragraph 10.

Chief Executive Officer

Director

Dated: 15 August 2024
Place: Lahore



Financial Statements
For the year ended 30 June 2024



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Chartered Accountants
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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 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 2024 and of the profit, and other 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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Following is the key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>Refer to notes 3.10 and 27 to the financial statements.</p> <p>The Company recognized revenue of Rs. 6.97 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2024.</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 to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of relevant key internal controls over recording of revenue; Assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end to determine whether the revenue had been recognized in the appropriate financial period; and Scanning for any journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.

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 2024, 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.



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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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:

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

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

Lahore

Date: 27 September 2024

UDIN: AR2024101199k0PiRsUo

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 30 June 2024

	Note	2024 Rupees	2023 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital of Rs. 5 each (2023: Rs. 5 each)	5	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	5	998,680,080	998,680,080
Treasury shares	6	(114,905,038)	(55,362,743)
Share premium	7	358,627,893	358,627,893
Accumulated profit		3,052,276,831	2,506,184,337
Fair value reserve on investment		-	-
Surplus on revaluation of land	8	827,709,345	827,709,345
Shareholders' equity		5,122,389,111	4,635,838,912
LIABILITIES			
Non-current liabilities			
Long term loans - secured	9	353,624,878	500,752,181
Deferred grant	10	65,536,099	84,783,158
Lease liabilities	11	11,941,731	18,931,971
Deferred taxation	12	433,203,097	452,801,701
		864,305,805	1,057,269,011
Current liabilities			
Trade and other payables	13	600,343,233	530,019,851
Short term borrowings	14	210,207,336	371,575,980
Contract Liabilities	15	93,515,854	11,226,518
Current maturity of long term liabilities	16	353,037,211	203,475,618
Unclaimed dividend		5,025,308	4,425,800
Accrued mark up	17	54,577,231	34,834,375
		1,316,706,173	1,155,558,142
		7,303,401,089	6,848,666,065
Contingencies and commitments	18		

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

	Note	2024 Rupees	2023 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
- Operating fixed assets	19.1	3,798,403,398	4,026,511,265
- Capital work in progress	19.7	141,906,550	94,686,807
- Right of use assets	19.8	226,377,906	74,502,000
Advances to suppliers		19,993,000	-
Intangible assets	20	208,549	372,553
Long term deposits	21	17,829,242	26,284,517
		4,204,718,645	4,222,357,142
Current assets			
Stores, spares and loose tools		64,025,147	64,226,737
Stock-in-trade	22	1,571,703,297	1,528,409,077
Trade debts - unsecured	23	712,937,157	628,874,655
Advance income tax - net of provision		108,171,128	69,507,738
Advances, deposits, prepayments and other receivables	24	93,018,028	87,219,759
Short term investments	25	387,693,281	210,417,567
Cash and bank balances	26	161,134,406	37,653,390
		3,098,682,444	2,626,308,923
		7,303,401,089	6,848,666,065

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Statement of Profit or Loss

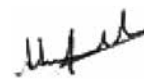
For the year ended 30 June 2024

	Note	2024 Rupees	2023 Rupees
Sales - net	27	6,965,104,667	6,430,965,444
Cost of sales	28	(5,643,031,815)	(5,117,718,987)
Gross profit		1,322,072,852	1,313,246,457
Administrative expenses	29	(325,482,587)	(263,712,146)
Selling and distribution expenses	30	(58,565,460)	(47,301,484)
Operating profit		938,024,805	1,002,232,827
Other income	31	187,834,600	61,275,166
Other charges	32	(82,204,920)	(68,433,167)
Finance cost	33	(133,274,247)	(135,480,743)
Profit before income taxes and final taxes		910,380,238	859,594,083
Final taxes	34	(2,561,370)	-
Profit before taxation		907,818,868	859,594,083
Taxation	34	(266,851,728)	(368,496,543)
Profit after taxation		640,967,140	491,097,540
		Rupees	Rupees
Earnings per share - basic and diluted	35	3.36	2.47

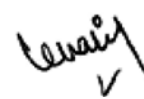
The annexed notes 1 to 48 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Statement of Comprehensive Income

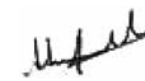
For the year ended 30 June 2024

	2024 Rupees	2023 Rupees
Profit after taxation	640,967,140	491,097,540
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Fair value (loss) / gain on investment classified as FVOCI	-	(417,028)
Total comprehensive income for the year	640,967,140	490,680,512

The annexed notes 1 to 48 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Statement of Changes in Equity

For the year ended 30 June 2024

Note	Issued, subscribed and paid-up capital	Capital reserve				Revenue reserve	Total
		Treasury share reserve	Share premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	
Rupees							
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
Total comprehensive income for the year							
Profit after taxation	-	-	-	-	-	491,097,540	491,097,540
<i>Other comprehensive income for the year:</i>							
Fair value (loss) on investment classified as FVOCI	-	-	-	-	(417,028)	-	(417,028)
Loss of investment classified as FVOCI realized on disposal	-	-	-	-	3,547,213	(3,547,213)	-
	-	-	-	-	3,130,185	487,550,327	490,680,512
Transactions with owners of the Company							
Purchase of treasury shares	6	-	(55,362,743)	-	-	-	(55,362,743)
1st Interim cash dividend for the year ended 30 June 2023 @ Rs. 0.25 per share		-	-	-	-	(49,684,004)	(49,684,004)
		(55,362,743)	-	-	-	(49,684,004)	(105,046,747)
Balance as at 30 June 2023	998,680,080	(55,362,743)	358,627,893	827,709,345	-	2,506,184,337	4,635,838,912
Total comprehensive income for the year							
Profit after taxation	-	-	-	-	-	640,967,140	640,967,140
<i>Other comprehensive income for the year:</i>							
Fair value (loss) on investment classified as FVOCI	-	-	-	-	-	-	-
	-	-	-	-	-	640,967,140	640,967,140
Transaction with owners of the Company							
Purchase of treasury shares	6	-	(59,542,295)	-	-	-	(59,542,295)
Final cash dividend for the year ended 30 June 2023 @ Rs. 0.5 per share		-	-	-	-	(94,874,646)	(94,874,646)
		(59,542,295)	-	-	-	(94,874,646)	(154,416,941)
As at 30 June 2024	998,680,080	(114,905,038)	358,627,893	827,709,345	-	3,052,276,831	5,122,389,111

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Statement of Cash Flow

For the year ended 30 June 2024

	Note	2024 Rupees	2023 Rupees
Cash flows from operating activities			
Cash generated from operations	36	1,357,211,016	1,166,526,020
Workers' Profit Participation Fund paid	13.1	(46,165,096)	(45,536,412)
Workers' Welfare Fund paid	13.2	(14,338,720)	(13,027,528)
Mark up paid on Islamic mode of financing		(4,802,166)	(35,323,126)
Interest paid on conventional loans		(78,218,603)	(76,403,577)
Final taxes paid		(1,920,553)	-
Income Taxes paid		(325,113,722)	(233,962,188)
Long term deposits - net		(17,019,025)	(6,192,700)
Net cash generated from operating activities		869,633,131	756,080,489
Cash flows from investing activities			
Acquisition of property, plant and equipment		(327,679,736)	(489,015,055)
Acquisition of intangibles		-	-
Advances to suppliers		(19,993,000)	-
Proceeds from disposal of long term investment		-	781,463
Proceeds from disposal of property, plant and equipment	19.6	257,521,534	34,915,735
Net cash used in investing activities		(90,151,202)	(453,317,857)
Cash flows from financing activities			
Principal repayment of lease liability		(55,490,363)	(16,735,492)
Repurchase of treasury shares		(59,542,295)	(55,362,743)
Long term loan repaid - net		(81,626,541)	(44,333,854)
Diminishing musharika paid - net		(26,422,218)	(74,342,526)
Short term borrowings repaid - net		(53,356,201)	(158,834,513)
Cash dividend paid		(94,275,138)	(49,371,445)
Net cash used in financing activities		(370,712,756)	(398,980,573)
Net Increase / (decrease) in cash and cash equivalents		408,769,173	(96,217,941)
Cash and cash equivalents at beginning of the year		(40,152,023)	56,065,918
Cash and cash equivalents at end of the year	37	368,617,150	(40,152,023)

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Financial Statements

For the year ended 30 June 2024

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
- Provision 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;
- land at revalued amount as referred in note 3.2; and
- certain financial instruments at fair value through other comprehensive income as referred in note 3.8.

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 19.1.

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.

2.5 Material accounting policy information

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (30 June 2023: Significant accounting policies).

3. Material Accounting Policy Information

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

3.1 Change in Accounting policy- IAS 12

The Institute of Chartered Accountants of Pakistan (ICAP) vide circular 07/2024 dated 15 May 2024 issued the application guidance on accounting for minimum taxes and final taxes, based on IAS 12 Income Taxes, developed by Accounting Standards Board.

Notes to the Financial Statements

For the year ended 30 June 2024

Accordingly the Company has applied the accounting policy of IAS 12 as per guidance. There is no material impact on the Company's financial statements regarding reclassification and restatement of comparative figures of prior period. The detailed policy with regards to the IAS 12 is described in note 3.13.

3.2 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 3.12.

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 19.1 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 or 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 of land', except to the extent that it reverses 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. 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, labour, 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.

3.3 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, solar plant 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 and solar plant 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.

3.4 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 20 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.

3.5 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.

3.6 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.

The exchange gain / loss arising on translation and / or payment of foreign currency vendors is recorded in cost of sales in the statement of profit or loss.

3.7 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.

Notes to the Financial Statements

For the year ended 30 June 2024

3.8 Financial instruments

3.8.1 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.

3.8.2 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 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 and short term borrowings.

3.8.3 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.

3.8.4 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.

Notes to the Financial Statements

For the year ended 30 June 2024

3.8.5 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.

3.8.6 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.

3.8.7 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.

3.8.8 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.

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.

3.9 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.

3.10 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:

3.10.1 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'.

3.10.2 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.

3.10.3 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.

3.11 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.

3.12 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,

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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.

3.13 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.

The Policy of the entity as per the guidance issued by Institute of Chartered Accountants of Pakistan in the context of provision of income tax ordinance 2001 with respect to IAS 12 application guidance on accounting for minimum taxes and final taxes is as follows;

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

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.

The Policy of the entity as per the guidance issued by Institute of Chartered Accountants of Pakistan in the context of accounting for minimum taxes and final taxes and related impact on the deferred taxes is as follows;

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax for the purpose of deferred tax calculation.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 Treasury shares

When shares recognized as equity are repurchased, the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in treasury share reserve.

3.20 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.

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 2024 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 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. 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.
- Non-current Liabilities with Covenants (Amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with

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conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above)

- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- Lack of Exchangeability (Amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 01 January 2026. Earlier application is permitted.

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

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5. Share capital

5.1 Authorized share capital

	2024 (Number of shares)	2023	2024 Rupees	2023 Rupees
Ordinary shares of Rs. 5 each (2023: Rs. 5 each)	300,000,000	300,000,000	1,500,000,000	1,500,000,000

5.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each (2023: 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 each (2023: Rs. 5 each)	136,858,180	136,858,180	684,290,900	684,290,900
Shares of Rs. 5 each (30 June 2023: 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

5.2.1 Reconciliation of share capital

Balance as at 1 July	199,736,016	199,736,016	998,680,080	998,680,080
Issue of bonus shares	-	-	-	-
Sub division of shares	-	-	-	-
Balance as at 30 June	199,736,016	199,736,016	998,680,080	998,680,080

5.3 Directors hold 149,876,812 (30 June 2023: 132,299,822) ordinary shares of Rs. 5 each (30 June 2023: Rs. 5 each) of the Company.

6. Treasury shares

The reserve comprises 9,986,801 (2023: 5,000,000) ordinary shares of the Company, repurchased and held as treasury shares.

The shareholders of the Company in their Extraordinary General Meeting held on 24 March 2023 have approved to buy back shares of the Company through Pakistan Stock Exchange Limited up to maximum of 9,986,801 shares constituting 5% of the issued and paid up ordinary shares of the face value of Rs. 5/- each and to held these as Treasury Shares under Section 88 of the Companies Act, 2017 read with Listed Companies (Buy Back of Shares) Regulations, 2019. The purchase period has been started on 31 March 2023 and shall end on 20 September 2023 or till such date the purchase is complete, whichever is earlier. The entire purchase has been completed during the year. The movement in treasury shares is as follows;

	2024 Rupees	2023 Rupees
Balance as at 1 July	55,362,743	-
Treasury shares purchased	59,542,295	55,362,743
Balance as at 30 June	114,905,038	55,362,743

The treasury shares are held in CDC blocked account in freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the Company, except for "bonus issue".

	2024 Rupees	2023 Rupees
7. Share premium		
Share premium	358,627,893	358,627,893

8. 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.

9. Long term loans - secured

Type of loans

	Note	2024 Rupees	2023 Rupees
9.1 Islamic mode of financing - Diminishing Musharika			
- Habib Bank Limited	9.1.1	18,750,016	45,172,234
Less: Current maturity	16	(18,750,016)	(26,066,654)
		-	19,105,580
9.2 Conventional loans			
- Habib Bank Limited - Sales and lease back	9.2.1	67,333,333	-
- MCB Bank Limited - For renewable energy	9.2.2	91,240,321	103,361,555
- MCB and Allied Bank Limited - TERF	9.2.3	382,721,721	415,560,363
- Habib Bank Limited - Demand Finance	9.2.4	-	104,000,000
- Loan from customer	9.2.5	64,974,590	85,863,480
- Less: Impact of government grant	9.2.6	(84,783,156)	(105,444,915)
- Less: Current maturity	16	(167,861,931)	(121,693,882)
		353,624,878	481,646,601
		353,624,878	500,752,181

9.1.1 The facility amounting to Rs. 280 million (2023: 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 installments. 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 facility carries mark-up at three months KIBOR plus spread of 0.90% (2023: three months KIBOR plus a spread of 0.90% per annum), payable monthly. The facility is secured in favour of HBL by way of specific charge over the diminishing musharika assets.

Notes to the Financial Statements

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9.2.1 The facility amounting to Rs. 101 million (2023: Nil) obtained from Habib Bank Limited under sale and lease back arrangement of different plastic injection molding and cap assembling machines. As the transfer of the assets did not meet the criteria of sales under IFRS 15 Revenue from Contracts with Customers therefore the said transaction has been treated under IFRS 9. The facility carries mark-up of 3 months KIBOR+ 1% per annum and is repayable in 6 equal quarterly installments. The mark-up rate charged during the year on the outstanding balance ranged from 21.66% to 22.54% per annum. The facility is secured in favour of HBL by way of exclusive charge of Rs. 144 million over plant and machinery.

9.2.2 This represents long term financing facility availed from MCB Bank Limited for financing Solar power project to enhance its existing capacity to 1.2MW. The total available limit under this facility amounts to Rs. 110 million (2023: Rs. 110 million). The facility is secured against first exclusive charge of Rs.147 million over Solar machinery imported through MCB, Blow molding machine Parker EBM -05 (FA-03644) and Blow molding machine Parker EBM-06 (FA-03644-1).

The principal amount is repayable in 36 equal quarterly installments and having 10 years tenor inclusive of one year grace period. This facility was partially converted to SBP - Refinance facility for renewable energy "SBP-RFRE" amounting to Rs 41.3 million in 2022, and Rs. 67.8 million has been converted to SBP - RFRE after necessary approval of State bank of Pakistan in 2023, while Rs. 0.9 million of the remaining balance was not approved for conversion and has been repaid by the company in 2023. This facility carries mark-up at the SBP rate i.e. 2% plus bank spread of 1.99% per annum (2023: 2% plus bank spread of 1.99% per annum). However during the transition period before conversion to SBP-RFRE applicable rate of mark-up was 3 months KIBOR + 0.5% per annum payable on quarterly basis.

9.2.3 This represents Syndicated Temporary Economic Refinance Facility ("TERF") offered by MCB Bank limited ("MCB") and Allied Bank limited ("ABL") for setting up a 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 (2023: Rs. 500 million) equally split between both financial institutions. Total amount availed under this facility was Rs. 429 million, comprising of Rs. 181 million from MCB and Rs. 248 million from ABL. The complete loan has been converted to SBP - TERF facility after approvals of State Bank of Pakistan, except for Rs. 9 million, which was not converted, and has been repaid by the company in 2023. The financing is secured against exclusive hypothecation charge over specific fixed assets (excluding land & building) of the Company with 25% margin. The demand finance carried mark-up at the rate of 3 months KIBOR + 0.5% per annum. (2023: 3 months KIBOR + 0.5% per annum) payable on quarterly basis. The principal amount is repayable in 32 equal quarterly installments, 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% per annum. The difference between the fair values and net disbursement amounts is recognized as deferred grant.

9.2.4 This represents long term financing facility availed 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 was 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 shall be repaid in 16 equal quarterly installments, commencing from the end of 15th month from date of disbursement. This facility carries mark-up at 3 months KIBOR plus spread of 1.00% per annum (2023: 3 months KIBOR plus spread of 1.00% per annum), payable quarterly basis. The facility is secured in favour of HBL by way of specific charge of Rs. 144 million over the hypothecated assets, including IMM-MARS III (MA1600), IMM-MARS III (MA3200), IMM-MARS III (MA10000), IMM-MARS III (MA5300), Plastic Injection Molding Machine (MA2500), Plastic Injection Molding Machine (MA3800), Plastic Injection Molding Machine (MA2500) and IMM Machine 530 ton. Company has fully repaid the total outstanding loan during the period.

9.2.5 This represents long term financing facility availed from customer Honda Atlas Cars Pakistan Limited (HACPL) in order to develop tooling (dies / molds) for products of HACPL and the Company is bound to use this amount only for development of tooling (dies / molds) and for parts for HACPL. The total facility available amounts to Rs. 108 million (2023: Rs. 108 million). After successful achievement of desired quality requirements the Company will payback the above mentioned amount along with interest rate of 3 months KIBOR + 1.25% per annum (2023: 3 months KIBOR + 1.25%) in 36 equal monthly installments from mass production. In case of failure of meeting desired quality requirements, Company will pay back the above mentioned amount in 12 equal installments along with interest rate of 3 month KIBOR + 1.25% per annum. KIBOR will reset at every calendar quarter however, the initial rate of KIBOR will be of the date of disbursement.

9.2.6 This represents deferred government grant on financing at discounted rates, obtained under schemes from the Government of Pakistan. Total deferred grant amounts to Rs. 84.78 million (2023: 105.4 million), comprising of loan under Temporary Economic Refinance Facility (TERF).

	Note	2024 Rupees	2023 Rupees
10. Deferred grant			
Balance as at 01 July		105,444,915	125,146,661
Recognized during the year		-	-
Amortization during the year	31	(20,661,757)	(19,701,746)
Balance as at 30 June	9.2.6	84,783,158	105,444,915
Current portion	16	19,247,059	20,661,757
Non - current portion		65,536,099	84,783,158

11. Lease liabilities

Salient features of the leases are as follows:

	2024	2023
Discounting factor for vehicles	12%	12%
Discounting factor for Solar Plant	KIBOR+1.5%	Nil
Period of lease	12 to 36 months	12 to 60 months
Maturity range	2024 to 2027	2023 to 2026

The Company has entered into lease arrangements with customers i.e. Pak Suzuki and Honda Atlas 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 lease liability is interest / markup based.

The Company has also obtained Solar Plant on lease from Pak Kuwait Investment Company Limited having capacity of 1.32 MW. 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 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 been already paid by the Company at inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessors except the lease of Solar Plant which is secured by exclusive charge of Rs. 200 million over specified moulding and labeling machines. Taxes, repairs, replacements and insurance costs are borne by the lessee.

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

	2024		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	Rupees		
Not later than one year	148,825,175	1,646,970	147,178,205
later than 1 year and not later than 5 year	12,418,248	476,517	11,941,731
	161,243,423	2,123,487	159,119,936

	2023		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	Rupees		
Not later than one year	36,374,941	1,321,616	35,053,325
later than 1 year and not later than 5 year	19,745,582	813,611	18,931,971
	56,120,523	2,135,227	53,985,296

12. Deferred taxation

The liability for deferred taxation comprises temporary differences relating to:

	2024 Rupees	2023 Rupees
<i>Deferred tax liability arising on:</i>		
- accelerated tax depreciation	427,578,751	410,609,947
<i>Deferred tax asset arising on:</i>		
- Lease transactions - net	(19,659,078)	(6,247,550)
- Effect of rate change	-	61,314,549
- Others	25,283,424	(12,875,245)
	433,203,097	452,801,701

12.1 Movement in deferred tax balances is as follows:

As at 01 July	452,801,701	337,230,019
Recognized in profit or loss:		
- accelerated tax depreciation	16,968,804	62,186,074
- Lease transactions - net	(13,411,528)	953,298
- Effect of rate change	-	61,314,549
- provisions and others	(23,155,880)	(8,882,239)
	(19,598,604)	115,571,682
	433,203,097	452,801,701

	Note	2024 Rupees	2023 Rupees
13. Trade and other payables			
Trade and other creditors		362,080,354	342,568,055
Accrued liabilities		100,870,578	79,997,009
Workers' Profit Participation Fund	13.1	48,892,601	46,165,096
Workers' Welfare Fund	13.2	21,727,267	17,486,798
Withholding tax payable		1,260,177	2,472,157
Sales tax payable - net		3,827,691	-
Provident fund payable		3,282,414	2,682,715
Final tax payable		640,817	-
Others	13.3	57,761,334	38,648,021
		600,343,233	530,019,851

13.1 Workers' Profit Participation Fund

Balance as at July 01		46,165,096	45,536,412
Expense charged for the year	32	48,892,601	46,165,096
Payment during the year		(46,165,096)	(45,536,412)
Balance as at June 30		48,892,601	46,165,096

13.2 Workers' Welfare Fund

Balance as at July 01		17,486,798	12,971,590
Expense charged for the year	32	18,579,189	17,542,736
Payment during the year		(14,338,720)	(13,027,528)
Balance as at June 30		21,727,267	17,486,798

13.3 This includes an amount of Rs. 49.89 million (2023: Rs. 33.45 million) representing deductions made from employees salary against the cars provided by the Company as per Company's policy.

	Note	2024 Rupees	2023 Rupees
14. Short term borrowings			
Secured:			
- Conventional Interest / mark-up based loans	14.1	80,344,824	193,637,902
- Islamic mode of financing	14.2	129,862,512	115,438,078
		210,207,336	309,075,980
Unsecured:			
- Interest free financing	14.4	-	62,500,000
		210,207,336	371,575,980

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	Note	2024 Rupees	2023 Rupees
Types of short term borrowings			
14.1 Conventional Interest / mark-up based loans			
Short term running finance	14.1.1	80,344,824	172,784,902
Finance against trust receipts	14.1.2	-	20,853,000
		80,344,824	193,637,902
14.2 Islamic mode of financing			
Murabaha and Istisna	14.2.1	29,996,799	-
Running Musharika	14.2.2	99,865,713	115,438,078
		129,862,512	115,438,078

14.1.1 This represents short term facilities of running finance from commercial banks aggregating Rs. 400 million (2023: Rs.400 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.4% to 0.5% (2023: one month to three months KIBOR plus a spread of 0.4% to 0.6%) per annum.

14.1.2 This represents short term facilities of term loan from commercial banks aggregating Rs. 550 million (2023: Rs.550 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.4% to 0.5% (2023: one month to three months KIBOR plus a spread of 0.4% to 0.5%) per annum.

14.2.1 This represents short term facilities of murabaha and istisna aggregating Rs. 300 million (2023: Rs. 350 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.4% (2023:one month to three months KIBOR plus a spread of 0.5%) per annum.

14.2.2 This represents short term facilities of running musharika aggregating Rs. 450 million (2023: Rs. 450 million). These carry mark-up rate of one month to three months KIBOR plus a spread of 0.4% to 0.5% (2023: one month to three months KIBOR plus a spread of 0.4% to 0.5%) per annum.

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

14.4 This relates to interest free loan received from one of the Company's customer under the customer's vendor support program. The entire loan has been repaid during the year.

	Note	2024 Rupees	2023 Rupees
15. Contract Liabilities			
Balance as at 1 July		11,226,518	30,749,820
Advance received during the year		93,515,854	11,226,518
Revenue recognized during the year	15.1	(11,226,518)	(30,749,820)
Balance as at 30 June		93,515,854	11,226,518

15.1 The contract liabilities primarily relates to the advances received from customers out of which Rs. 11.23 million (2023: Rs.30.75 million) pertains to the revenue recognized at point in time. Further, the Company has received advances amounting to Rs. 93.52 million (2023: Rs.11.23 million).

	Note	2024 Rupees	2023 Rupees
16. Current maturity of long term liabilities			
Long term loans - secured	9	186,611,947	147,760,536
Deferred grant	10	19,247,059	20,661,757
Lease liabilities	11	147,178,205	35,053,325
		353,037,211	203,475,618
17. Accrued mark up			
Long term loans - secured			
- Conventional Interest / mark-up based loans		35,023,787	26,210,138
- Islamic mode of financing		317,782	108,545
Short term borrowings			
- Conventional Interest / mark-up based loans		3,710,356	3,671,581
- Islamic mode of financing		15,525,306	4,844,111
		54,577,231	34,834,375

18. Contingencies and commitments

18.1 Contingencies

The Company, being a trans-provincial entity, discharges its WWF liability by depositing the amount under the relevant Federal law i.e. Workers Welfare Fund Ordinance,1971. However, the Deputy Commissioner Sindh Revenue Board (SRB) through orders issued on 28 November 2023 raised demand on account of WWF amounting to Rs. 6.3 million for FY 2019-20, Rs.13 million for FY 2020-21 and Rs. 13.6 million for FY 2021-22 and directed the Company to deposit these amounts into the account of Sindh's Worker Welfare Fund. The Company has filed appeals against these orders before the Commissioner SRB (Appeals-III) and obtained a stay order against the recovery on 01 January 2024. The matter is still pending for adjudication. Based on the opinion of advisor, the Company is expecting a favourable outcome.

18.2 Commitments

18.2.1 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 145.86 million (2023: Rs. 254.52 million).

	Note	2024 Rupees	2023 Rupees
18.2.2 Commitments under irrevocable letters of credit for:			
- Purchase of machinery		132,811,225	244,266,699
- Purchase of raw material		279,564,685	310,118,522
		412,375,910	554,385,221

19. Property, plant and equipment

	Note	2024 Rupees	2023 Rupees
Operating fixed assets	19.1	3,798,403,398	4,026,511,265
Capital work in progress	19.7	141,906,550	94,686,807
Right of use assets	19.8	226,377,906	74,502,000
		4,166,687,854	4,195,700,072

Notes to the Financial Statements

For the year ended 30 June 2024

19.7 Capital Work In Progress

	2024				As at 30 June 2024 (Note 19.7.1)
	As at 01 July 2023	Additions	Reversals	Transfers	
Capital Work In Progress	94,686,807	317,982,517	-	(270,762,774)	141,906,550

	2023				As at 30 June 2023 (Note 19.7.1)
	As at 01 July 2022	Additions	Reversals	Transfers	
Capital Work In Progress	210,127,307	504,500,076	(19,273,600)	(600,666,976)	94,686,807

	Note	2024 Rupees	2023 Rupees
19.7.1 The breakup is as follows:			
Plant, machinery and others	19.7.2	118,641,679	94,580,687
Building		23,264,871	106,120
		141,906,550	94,686,807

19.7.2 This includes borrowing cost amounting to Nil (2023: 0.85 million) capitalized during the year at the rate of Nil (2023: 15.16% - 15.77% per annum).

19.8 Right of use assets

	2024			
	Lease hold land	Lease Solar	Leased Vehicles	Total
Opening as at 01 July 2023	22,083,915	-	68,044,973	90,128,888
Additions during the year	-	150,000,000	27,955,000	177,955,000
Matured during the year	-	-	(14,481,294)	(14,481,294)
Closing as at 30 June 2024	22,083,915	150,000,000	81,518,679	253,602,594

	2024			
	Lease hold land	Lease Solar	Leased Vehicles	Total
Opening as at 01 July 2023	4,902,579	-	10,724,309	15,626,888
Depreciation for the year	28	331,259	2,172,599	17,297,289
Matured during the year	-	-	(5,699,489)	(5,699,489)
Closing as at 30 June 2024	5,233,838	2,172,599	19,818,251	27,224,688
Net Book Value as at 30 June 2024	16,850,077	147,827,401	61,700,428	226,377,906

	2023		
	Lease hold land	Leased Vehicles	Total
Opening as at 01 July 2022	22,083,915	34,988,820	57,072,735
Additions during the year	-	47,862,229	47,862,229
Matured during the year	-	(14,806,076)	(14,806,076)
Closing as at 30 June 2023	22,083,915	68,044,973	90,128,888

	2023		
	Lease hold land	Leased Vehicles	Total
Opening as at 01 July 2022	4,571,320	7,927,054	12,498,374
Depreciation for the year	331,259	8,196,777	8,528,036
Matured during the year	-	(5,399,522)	(5,399,522)
Closing as at 30 June 2023	4,902,579	10,724,309	15,626,888
Net Book Value as at 30 June 2023	17,181,336	57,320,664	74,502,000

19.8.1 Disposal of right of use assets

	Cost	Accumulated depreciation	Written down value	Adjustment against total deductions against salary	Gain (Note 31)	Mode of disposal	Relationship with the Company
Suzuki Swift	2,524,000	555,534	1,968,466	2,499,000	530,534	Company Policy	Employee
Alto 660cc	1,398,000	646,483	751,517	1,398,000	646,483	Company Policy	Employee
Suzuki WagonR	1,094,000	757,356	336,644	1,094,000	757,356	Company Policy	Employee
Alto 660cc	1,422,974	726,223	696,751	1,398,000	701,249	Company Policy	Employee
Suzuki Alto	2,003,500	452,419	1,551,081	1,951,004	399,923	Company Policy	Employee
Cultus AGS	2,342,300	991,451	1,350,849	2,272,000	921,151	Company Policy	Employee
Alto 660cc	1,398,000	777,337	620,663	1,398,000	777,337	Company Policy	Employee
Suzuki Cultus	2,298,520	792,686	1,505,834	2,244,000	738,166	Company Policy	Employee
2024	14,481,294	5,699,489	8,781,805	14,254,004	5,472,199		
2023	14,806,076	5,399,522	9,406,554	14,651,000	5,244,446		

19.8.2 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 on this land. Leasehold land is located at Pakistan Steel Industrial Estate, Bin Qasim, Karachi, measuring 4 acres.

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 Rupees	2023 Rupees
20. Intangible assets			
Cost		10,915,816	10,915,816
Accumulated amortization		(10,707,267)	(10,543,263)
As at 30 June	20.1	208,549	372,553
20.1			
Balance as at 01 July		372,553	536,557
Additions during the year		-	-
Amortization charge for the year	20.2	(164,004)	(164,004)
Balance as at 30 June		208,549	372,553
Amortization rate		20%	20%

20.2 As mentioned in note 29, amortization charge is included in administrative expenses.

	2024 Rupees	2023 Rupees
21. Long term deposits		
Utility companies and regulatory authorities	10,439,805	10,439,805
Others	7,389,437	15,844,712
	17,829,242	26,284,517

	2024 Rupees	2023 Rupees
22. Stock-in-trade		
Raw and packing material	954,394,915	1,006,408,951
Stock in transit	285,191,176	205,578,012
Work in process	192,396,924	125,531,231
Finished goods	139,720,282	190,890,883
	1,571,703,297	1,528,409,077

22.1 The amount of stock-in-trade recognized as at year end on account of adjustment to net realizable value (NRV) amounted to Rs. 27.24 million (2023: Rs. 17.22 million).

	Note	2024 Rupees	2023 Rupees
23. Trade debts - unsecured			
Considered good		712,937,157	628,874,655
Considered doubtful		11,149,643	4,322,831
		724,086,800	633,197,486
Less: Impairment loss allowance (ECL)	23.1	(11,149,643)	(4,322,831)
		712,937,157	628,874,655

	Note	2024 Rupees	2023 Rupees
23.1 Movement of impairment loss allowance			
Balance as at 01 July		4,322,831	3,624,734
Expected credit loss charge for the year	32	6,826,812	698,097
Balance as at 30 June		11,149,643	4,322,831

	Note	2024 Rupees	2023 Rupees
24. Advances, deposits, prepayments and other receivables			
<i>Advances - unsecured, considered good:</i>			
- Advances to suppliers for supplies and services		25,005,044	10,411,469
- Amounts paid against future shipments		8,489,473	28,983,355
<i>Advances - secured, considered good:</i>			
- Amounts due from employees		16,886	54,977
Prepaid insurance		15,956,654	12,537,208
Short term deposits		4,035	-
Sales tax receivable		-	31,819,752
Other receivables		43,545,936	3,412,998
		93,018,028	87,219,759

25. Short term investments

Treasury bills

	Note	2024 Rupees	2023 Rupees
Allied Bank Limited	25.1	-	76,445,960
Habib Bank Limited	25.2	382,205,240	129,475,890
MCB Bank Limited	25.3	5,488,041	4,495,717
		387,693,281	210,417,567

25.1 These carry mark-up at rate of 21.90% - 22.00% per annum (2023: 21.90% - 22.00% per annum), having maturity of three months to twelve months. The investment has been matured during the period.

25.2 These carry mark-up at rate ranging from 21.10% - 21.34% per annum (2023: 21.80% - 21.97% per annum), having maturity of three months to twelve months ranging from 28 November 2024 to 26 December 2024.

25.3 These carry mark-up at rate of 18.49% per annum (2023: 22.37% per annum), having maturity of twelve months on 26 June 2025.

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 Rupees	2023 Rupees
26. Cash and bank balances			
Cash in hand		848,658	1,100,950
Cash at bank			
- Conventional banks	26.1	57,573,621	26,053,841
- Islamic banks	26.2	102,712,127	10,498,599
		160,285,748	36,552,440
		161,134,406	37,653,390
26.1 Conventional Banks			
- current accounts in local currency		38,066,750	15,258,766
- current accounts in foreign currency		19,460,226	10,781,716
- savings accounts in local currency	26.1.1	46,645	13,359
		57,573,621	26,053,841
26.2 Islamic Banks			
- current accounts in local currency		42,711,961	10,384,763
- savings accounts in local currency	26.2.1	60,000,166	113,836
		102,712,127	10,498,599
26.1.1 These carry return at 15.08% to 20.50% per annum (2023: 15.08% to 20.05% per annum).			
26.2.1 These carry return at 8% to 20% per annum (2023: 5.0% to 8.0% per annum). This represents deposits placed under an arrangement permissible under Shariah.			
27. Sales-net			
Local		8,180,794,182	7,650,423,999
Export		256,137,033	52,078,523
		8,436,931,215	7,702,502,522
Less: Sales tax		(1,299,935,687)	(1,170,761,658)
Discounts		(171,890,861)	(100,775,420)
	27.1	6,965,104,667	6,430,965,444
27.1 Disaggregation of Revenue			
27.1.1 Primary Products			
Automobile parts and accessories sector		1,502,482,448	1,439,935,792
Food and personal care products sector - packaging		5,462,622,219	4,991,029,652
		6,965,104,667	6,430,965,444

		2024 Rupees	2023 Rupees
27.1.2 Primary Geographical Markets (Net Sales)			
Pakistan		6,708,967,634	6,378,886,921
Hungary		180,956,713	-
Turkey		5,515,239	4,206,659
Belgium		5,801,435	3,633,688
France		4,990,510	8,518,057
Italy		26,168,530	11,968,327
United Kingdom		13,110,733	10,923,682
United States of America		18,217,970	12,828,110
China		1,375,903	-
Total		6,965,104,667	6,430,965,444
28. Cost of sales			
Raw and packing materials consumed		3,843,380,442	3,750,940,101
Stores, spares and loose tools consumed		26,913,091	17,604,820
Salaries, wages and benefits	28.1	459,826,055	391,790,424
Security guard expense		19,464,109	14,392,256
Electricity, fuel and water charges		703,552,491	534,490,039
Depreciation on property, plant and equipment	19.3	272,174,708	276,170,126
Depreciation on right of use asset	19.8	17,297,289	8,528,036
Repairs and maintenance		102,603,828	83,674,591
Insurance		12,154,054	10,365,641
Oil and lubricants		4,539,538	3,651,824
		5,461,905,605	5,091,607,858
Work in process:			
- At beginning of the year	22	125,531,231	76,359,299
- At end of the year	22	(192,396,924)	(125,531,231)
Cost of goods manufactured		5,395,039,912	5,042,435,926
Finished goods:			
- At beginning of the year	22	190,890,883	184,681,181
- At end of the year	22	(139,720,282)	(190,890,883)
		5,446,210,513	5,036,226,224
Other cost of sale - Freight and forwarding	28.2	196,821,302	81,492,763
		5,643,031,815	5,117,718,987

28.1 Salaries, wages and benefits include Rs. 13.8 million (2023: Rs. 11.3 million) in respect of defined contribution plan.

28.2 Other cost of sales - Freight and forwarding includes export freight of Rs. 115.76 million (2023: Rs. 0.59 million) paid during the year.

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 Rupees	2023 Rupees
29. Administrative expenses			
Salaries, wages and benefits	29.1	76,915,645	70,040,512
Directors' remuneration	42 & 29.2	76,515,102	54,505,726
Meeting fee	42	2,995,000	1,500,000
Traveling expenses		71,878,350	62,972,062
Legal and professional charges		1,739,000	2,087,000
Vehicle running expenses		19,332,422	14,580,003
Security guard expense		2,670,281	1,997,246
Insurance		4,046,673	3,429,897
Repairs and maintenance		5,400,201	4,127,353
Telephone and postage		8,590,330	5,875,729
Depreciation on property, plant and equipment	19.3	15,665,834	15,897,699
Amortization on intangibles	20.1	164,004	164,004
Printing and stationery		6,744,229	4,038,340
Staff training and development		3,071,243	950,163
Fee and subscription		21,612,263	13,962,059
Rent, rates and taxes		2,005,456	2,975,808
Entertainment		5,488,417	3,821,640
Miscellaneous expenses		648,137	786,905
		325,482,587	263,712,146

29.1 Salaries, wages and benefits include Rs. 3.15 million (2023: Rs. 2.65 million) in respect of defined contribution plan.

29.2 Directors' remuneration includes Rs. 0.91 million (2023: Rs. 0.74 million) in respect of defined contribution plan opted by one of the executive directors.

	Note	2024 Rupees	2023 Rupees
30. Selling and distribution expenses			
Salaries and benefits	30.1	32,108,196	26,414,897
Depreciation on property, plant and equipment	19.3	15,665,834	15,897,699
Advertisement		9,121,956	4,129,125
Sales promotion expenses		1,669,474	859,763
		58,565,460	47,301,484

30.1 Salaries, wages and benefits include Rs. 1.50 million (2023: Rs. 1.29 million) in respect of defined contribution plan.

	Note	2024 Rupees	2023 Rupees
31. Other income			
Income from financial assets			
Profit on bank deposits	31.1	84,632,014	22,808,202
Amortization of deferred grant	10	20,661,757	19,701,746
Gain on foreign currency transactions - Net	31.2	-	360,625
		105,293,771	42,870,573
Income from non-financial assets			
Scrap sales		16,057,918	16,108,051
Gain on disposal of property, plant and equipment	19.6 & 19.8.1	60,997,970	-
Other income		5,484,941	2,296,542
		82,540,829	18,404,593
		187,834,600	61,275,166

31.1 These include profit of Rs. 1.18 million (2023: Rs. 0.05 million) earned on deposits maintained under Shariah Compliant Agreements.

31.2 These include net foreign exchange gain of Nil (2023: Rs. 2.71 million) earned on actual currency during the year.

	Note	2024 Rupees	2023 Rupees
32. Other charges			
Workers' Profit Participation Fund	13.1	48,892,601	46,165,096
Workers' Welfare Fund	13.2	18,579,189	17,542,736
Loss on disposal of property, plant and equipment	19.6 & 19.8.1	-	787,538
Loss on foreign currency transactions - Net	32.3	2,363,174	-
Auditors' remuneration	32.1	3,005,004	2,600,000
Charity and Donations	32.2	2,538,140	639,700
Expected credit loss charge for the year	23.1	6,826,812	698,097
		82,204,920	68,433,167

32.1 Auditors' remuneration

Statutory audit fee		2,100,000	1,700,000
Half yearly review		400,000	400,000
Certifications and others		300,000	300,000
Out of pocket expenses		205,004	200,000
		3,005,004	2,600,000

32.2 Charity and Donations

University of Engineering and Technology	32.2.1	1,150,000	-
Other donees	32.2.1	1,388,140	639,700
		2,538,140	639,700

Notes to the Financial Statements

For the year ended 30 June 2024

32.2.1 None of the directors or their spouses have any interest in the University of Engineering and Technology and other donees.

32.3 These include net foreign exchange loss of Rs. 0.6 million (2023: Nil) on actual currency during the year.

	Note	2024 Rupees	2023 Rupees
33. Finance cost			
<i>Mark-up on:</i>			
- long term finance - secured	33.1	80,194,302	89,383,163
- lease liabilities		8,144,303	1,037,807
- short term borrowings - secured	33.2	43,231,080	44,594,608
Bank charges		1,704,562	465,165
		133,274,247	135,480,743
33.1 Long term finance - secured			
- Conventional Interest / mark-up based loans		72,387,756	74,596,328
- Islamic mode of financing		7,806,546	14,786,835
		80,194,302	89,383,163
33.2 Short term borrowings - secured			
- Conventional Interest / mark-up based loans		35,345,028	24,360,289
- Islamic mode of financing		7,886,052	20,234,319
		43,231,080	44,594,608
34. Income Taxes and Final Taxes			
<i>Final Taxes</i>			
- Taxes on Exports	34.1	2,561,370	-
		2,561,370	-

34.1 This represents final taxes paid under section 154 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

	2024 Rupees	2023 Rupees
Income Taxes		
<i>Current:</i>		
- for the year	318,698,917	252,924,862
- Prior year adjustment	(32,248,585)	-
	286,450,332	252,924,862
<i>Deferred:</i>		
- for the year	(19,598,604)	115,571,681
	266,851,728	368,496,543

	2024 Rupees	2023 Rupees
34.2 Relationship between tax expense and accounting profit		
Profit before taxation	907,818,868	859,594,083
Tax at 29%	263,267,472	249,282,284
<i>Tax effect of:</i>		
- Super tax under section 4C	90,730,733	71,992,288
- Effect of rate change	-	61,314,549
- Prior year tax	(32,248,585)	-
- Income under Final Tax Regime	-	520,785
- Tax credits	(32,589,572)	(25,864,052)
- Others	(22,308,320)	11,250,689
	266,851,728	368,496,543

34.3 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2024 Rupees	2023 Rupees
Current tax liability for the year as per applicable tax laws	289,011,702	252,924,862
Portion of current tax liability as per tax laws, representing		
income tax under IAS 12	(286,450,332)	(252,924,862)
Portion of current tax computed as per tax laws, representing		
levy in terms of requirements of IFRIC 21/IAS 37	(2,561,370)	-
Difference	-	-

34.4 The aggregate of final tax and income taxes, amounting to 289.01 million (2023: 252.92 million) represents the tax liability of the company under the relevant provisions of the income tax ordinance, 2001.

34.5 The deferred tax amount does not affect cash flows of current year and it is an accounting adjustment in accordance with International Financial Reporting Standards (IFRS).

	2024	2023
35. Earning per share - basic and diluted		
35.1 Basic earning per share		
Profit for the year after taxation	Rupees 640,967,140	491,097,540
Weighted average number of ordinary shares in issue during the year	Number 190,708,728	198,801,008
Earning per share	Rupees 3.36	2.47

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 Rupees	2023 Rupees
35.2 Weighted average number of ordinary shares			
Outstanding number of shares		198,801,008	199,736,016
Add: Element of bonus Issue in number of shares		-	-
Add: Effect of shares split		-	-
Less: Effect of treasury shares	6	(8,092,280)	(935,008)
		190,708,728	198,801,008

35.3 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	2024 Rupees	2023 Rupees
36. Cash generated from operations			
Profit before income taxes and final taxes		910,380,238	859,594,083
<i>Adjustments for non-cash items:</i>			
Finance cost	33	131,569,685	135,015,578
Depreciation on property, plant and equipment	19.3	306,572,097	311,076,287
Depreciation on right of use assets	19.8	17,297,289	8,528,036
Amortization of intangibles	29	164,004	164,004
Amortization of deferred grant	31	(20,661,757)	(19,701,746)
Gain / (loss) on disposal of property, plant and equipment	32 & 31	(60,997,970)	787,538
Expected credit loss charge / (reversal) for the year	31 & 32	6,826,812	698,097
Net realisable value adjustment for the year - net	22.1	10,015,483	17,220,735
Provision for Workers' Profit Participation Fund	32	48,892,601	46,165,096
Provision for Workers' Welfare Fund	32	18,579,189	17,542,736
		458,257,433	517,496,361
Operating profit before working capital changes		1,368,637,671	1,377,090,444
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		201,590	(15,525,443)
Stock-in-trade		(53,309,703)	(289,866,471)
Trade debts		(111,778,204)	(40,943,054)
Advances, deposits, prepayments and other receivables		(5,798,269)	(45,397,769)
		(170,684,586)	(391,732,737)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		76,968,595	200,691,615
Contract Liabilities		82,289,336	(19,523,302)
		1,357,211,016	1,166,526,020

	Note	2024 Rupees	2023 Rupees
37. Cash and cash equivalents			
Short term running finance	14	(80,344,824)	(172,784,902)
Running musharika	14	(99,865,713)	(115,438,078)
Cash and bank balances	26	161,134,406	37,653,390
Short term investments	25	387,693,281	210,417,567
		368,617,150	(40,152,023)

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	2024 Rupees	2023 Rupees
a) Provident Fund Trust	Post employment benefit fund	Contribution		38,029,654	31,602,873
		Payable balance at year end	13	3,282,414	2,682,715
b) Directors	Directors	Cash dividend - as shareholders		75,217,954	37,609,977
	Directors - Other than key management personnel	Remuneration	42	24,210,008	27,913,041
	Non-Executive Directors	Meeting Fee	42	2,995,000	1,500,000
c) Key Management Personnel	Key Management Personnel	Remuneration	42	70,533,611	51,102,857
		Cash dividend - as shareholders		29,455	14,728

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 analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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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	2024 Rupees	2023 Rupees
Long term deposits	21	10,439,805	10,439,805
Trade debts	23	712,937,157	628,874,655
Deposits and other receivables	24	43,562,822	3,467,975
Short term Investments	25	387,693,281	210,417,567
Bank balances	26	160,285,748	36,552,440
		1,314,918,813	889,752,442

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:

	2024 Rupees	2023 Rupees
Customers	712,937,157	628,874,655
Banking companies and financial institutions	547,979,029	246,970,007
Others	54,002,627	13,907,780
	1,314,918,813	889,752,442

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 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:

	Rating		Rating agency	2024	2023
	Short term	Long term		Rupees	Rupees
Bank					
Bank Islami Pakistan Limited	A1	AA-	PACRA	42,151,845	10,355,135
Habib Bank Limited	A-1+	AAA	JCR-VIS	46,200,806	18,040,548
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	336,065	310,374
MCB Bank Limited	A1+	AAA	PACRA	1,440,362	7,584,184
Meezan Bank Limited	A-1+	AAA	JCR-VIS	-	-
National Bank of Pakistan	A1+	AAA	PACRA	100,159	100,159
United Bank Limited	A-1+	AAA	JCR-VIS	60,048,370	162,040
Askari Bank Limited	A1+	AA+	PACRA	10,008,141	-
				160,285,748	36,552,440
Short term investments - Term deposit receipts					
Allied Bank Limited	A1+	AAA	PACRA	-	76,445,960
Habib Bank Limited	A-1+	AAA	JCR-VIS	382,205,240	129,475,890
MCB Bank Limited	A1+	AAA	PACRA	5,488,041	4,495,717
				387,693,281	210,417,567
Margin deposits against letters of credit					
MCB Bank Limited	A1+	AAA	PACRA	8,489,473	-
				556,468,502	246,970,007

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 3.8. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2024 was determined as follows:

The aging of trade debts at the reporting date is:

	2024		2023	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	Rupees			
Not due	599,796,942	1,802,191	514,748,633	1,119,483
Past due 0 - 90 days	104,332,884	1,555,040	111,377,125	1,761,334
Past due 91 - 180 days	9,955,602	2,655,659	1,531,340	349,760
Past due 181 - 270 days	7,454,399	3,239,469	2,871,109	858,341
Past due 271 - 360 days	1,859,354	1,209,665	405,331	193,676
Past due 360 days	687,619	687,619	2,263,948	40,237
	724,086,800	11,149,643	633,197,486	4,322,831

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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.

	Note	2024					
		Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
Rupees							
Financial liabilities at amortized cost							
Long term finances	9	625,019,981	658,021,299	195,131,303	233,788,861	137,222,550	91,878,585
Lease liabilities	11	159,119,936	161,243,423	148,825,175	12,418,248	-	-
Trade and other payables	13	520,712,266	520,712,266	520,712,266	-	-	-
Unclaimed dividend		5,025,308	5,025,308	5,025,308	-	-	-
Short term borrowings	14	210,207,336	210,207,336	210,207,336	-	-	-
Accrued mark up	17	54,577,231	54,577,231	54,577,231	-	-	-
		1,574,662,058	1,609,786,863	1,134,478,619	246,207,109	137,222,550	91,878,585

	Note	2023					
		Carrying amount	Contractual cash flows	One year or less	One to three years	Three to five years	More than five years
Rupees							
Financial liabilities at amortized cost							
Long term finances	9	753,957,632	864,160,764	190,948,134	271,017,837	173,093,658	229,101,135
Lease liabilities	11	53,985,296	56,120,523	36,374,941	19,745,582	-	-
Trade and other payables	13	461,213,085	461,213,085	461,213,085	-	-	-
Unclaimed dividend		4,425,800	4,425,800	4,425,800	-	-	-
Short term borrowings	14	371,575,980	371,575,980	371,575,980	-	-	-
Accrued mark up	17	34,834,375	34,834,375	34,834,375	-	-	-
		1,679,992,168	1,792,330,527	1,099,372,315	290,763,419	173,093,658	229,101,135

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.

39.3.2 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 are 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:

	2024				Total Rupees
	YUAN	EURO	YEN	USD	
Assets					
Cash in hand	408	-	23,000	1,287	413,658
Bank balances	-	49,567	-	16,871	19,460,226
Trade debtors	-	215,126	-	-	64,081,733
Liabilities					
	-	-	2,027,853	524,170	149,384,697
Net Statement of financial position exposure	408	264,693	2,050,853	542,328	233,340,314
Off statement of financial position items					
- Outstanding letters of credit	243,700	-	3,251,630	1,427,867	412,375,910
Net exposure	244,108	264,693	5,302,483	1,970,195	645,716,224

	2023				Total Rupees
	YUAN	EURO	YEN	USD	
Assets					
Cash in Hand	3,808	200	-	1,871	750,950
Bank balances	-	22,968	-	12,478	10,781,716
Liabilities					
	-	-	837,600	808,901	233,506,227
Net Statement of financial position exposure	3,808	23,168	837,600	823,250	245,038,893
Off statement of financial position items					
- Outstanding letters of credit	(3,306,157)	-	(237,106)	(2,371,324)	(812,044,396)
Net exposure	(3,302,349)	23,168	600,494	(1,548,074)	(567,005,503)

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39.3.2.2 Exchange rates applied during the year

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

	YUAN		EURO		YEN		USD	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rupees							
Reporting date spot rate								
- buying	38.47	39.91	297.88	313.72	1.73	2.00	278.30	286.60
- selling	38.53	39.98	298.41	314.27	1.73	2.00	278.80	287.10
Average rate for the year	39.22	35.42	306.07	264.74	1.87	1.75	282.70	246.30

39.3.2.3 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the YUAN, 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.

	2024 Rupees	2023 Rupees
Effect on profit and loss		
YUAN	939,083	(13,179,675)
EURO	7,884,675	726,826
YEN	917,330	120,099
USD	54,830,527	(44,367,801)
	64,571,615	(56,700,551)

39.3.2.4 Currency risk management

Since the maximum amount exposed to currency risk is only 4.91% (2023: 6.37%) of the Company's financial assets, any adverse / favorable movement in functional currency with respect to YUAN, EURO, YEN and US Dollar 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.

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:

	2024		2023	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Non-derivative financial instruments				
Fixed rate instruments	387,693,281	498,081,978	210,417,567	572,907,214
Variable rate instruments	60,046,811	496,265,275	127,195	544,111,694

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	
	2024 Rupees	2023 Rupees
Increase of 100 basis points	(4,362,185)	(5,439,845)
Decrease of 100 basis points	4,362,185	5,439,845

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.

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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	Level 1	Level 2	Level 3
Rupees							
On-Balance sheet financial instruments							
30 June 2024							
Financial assets measured at fair value							
Investment classified at FVOCI	-	-	-	-	-	-	-
Financial assets at amortized cost							
Cash and bank balances	26	161,134,406	-	161,134,406	-	-	-
Deposits and other receivables	24	43,562,822	-	43,562,822	-	-	-
Long term deposits	21	10,439,805	-	10,439,805	-	-	-
Short term Investment	25	387,693,281	-	387,693,281	-	-	-
Trade debts - unsecured, considered good	23	712,937,157	-	712,937,157	-	-	-
	39.4.2	1,315,767,471	-	1,315,767,471	-	-	-
Financial liabilities measured at fair value							
	-	-	-	-	-	-	-
Financial liabilities measured at amortized cost							
Long term finances and diminishing musharika	9	-	625,019,981	625,019,981	-	-	-
Lease liabilities	11	-	159,119,936	159,119,936	-	-	-
Trade and other payables	13	-	520,712,266	520,712,266	-	-	-
Unclaimed dividend	-	-	5,025,308	5,025,308	-	-	-
Short term borrowing	14	-	210,207,336	210,207,336	-	-	-
Accrued mark up	17	-	54,577,231	54,577,231	-	-	-
	39.4.2	-	1,574,662,058	1,574,662,058	-	-	-

Note	Carrying Amount			Total	Fair Value		
	Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities		Level 1	Level 2	Level 3
Rupees							
On-Balance sheet financial instruments							
On 30 June 2023							
Financial assets measured at fair value							
Investment classified at FVOCI	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial assets at amortized cost							
Cash and bank balances	26	37,653,390	-	37,653,390	-	-	-
Deposits and other receivables	24	3,467,975	-	3,467,975	-	-	-
Long term deposits	21	10,439,805	-	10,439,805	-	-	-
Short term Investment	25	210,417,567	-	210,417,567	-	-	-
Trade debts - unsecured, considered good	23	628,874,655	-	628,874,655	-	-	-
	39.4.2	890,853,392	-	890,853,392	-	-	-
Financial liabilities measured at fair value							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term finances and diminishing musharika	9	-	753,957,632	753,957,632	-	-	-
Lease liabilities	11	-	53,985,296	53,985,296	-	-	-
Trade and other payables	13	-	461,213,085	461,213,085	-	-	-
Unclaimed dividend	-	-	4,425,800	4,425,800	-	-	-
Short term borrowing	14	-	371,575,980	371,575,980	-	-	-
Accrued mark up	17	-	34,834,375	34,834,375	-	-	-
	39.4.2	-	1,679,992,168	1,679,992,168	-	-	-

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 19.5. 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:

- i. 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
- ii. to provide an adequate return to shareholders.

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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	2024	2023
Total debt	Rupees	1,048,924,484	1,214,353,283
Total Equity	Rupees	5,122,389,111	4,635,838,912
Total capital employed	Rupees	6,171,313,595	5,850,192,195
Gearing	Percentage	17.00%	20.76%

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, treasury shares, 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 (2023: 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.

	2024									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Total
	Rupees									
Segment net sales	713,201,839	1,621,517,863	790,158,739	158,911,609	1,768,375,605	569,996,406	444,387,523	712,748,359	185,806,724	6,965,104,667
Segment cost of sales	(586,050,228)	(1,479,510,322)	(668,914,973)	(188,818,405)	(1,268,540,269)	(409,358,892)	(318,943,412)	(572,012,553)	(150,882,761)	(5,643,031,815)
Segment gross profit	127,151,611	142,007,541	121,243,766	(29,906,796)	499,835,336	160,637,514	125,444,111	140,735,806	34,923,963	1,322,072,852
Segment assets - plant and machinery	128,239,346	317,286,656	650,000,910	107,338,702	418,011,144	128,844,855	323,795,582	275,581,434	76,778,147	2,425,876,776
	2023									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Total
	Rupees									
Segment net sales	678,271,727	1,541,501,932	1,055,355,296	317,358,715	1,385,579,428	532,127,084	317,846,464	442,626,871	160,297,927	6,430,965,444
Segment cost of sales	(612,376,380)	(1,195,888,540)	(660,066,765)	(354,954,577)	(1,000,659,643)	(361,349,931)	(236,899,617)	(355,124,508)	(140,399,026)	(5,117,718,987)
Segment gross profit	65,895,347	345,613,392	395,288,531	(37,595,862)	384,919,785	170,777,153	80,946,847	87,502,363	19,898,901	1,313,246,457
Segment assets - plant and machinery	146,516,734	319,120,399	756,744,828	119,089,694	457,713,555	152,579,283	303,606,456	293,167,128	85,309,052	2,633,847,129

41.2.1 Sales to four customers (2023: four customers) represent approximately Rs. 3,930 million (2023: Rs. 3,576 million) of the Company's total net sales.

41.3 Reconciliations of information on reportable segments to IFRS measures

	2024 Rupees	2023 Rupees
41.3.1 Assets		
Total assets for reportable segments	2,425,876,776	2,633,847,129
Other unallocated amounts	4,877,524,313	4,214,818,936
Total assets	7,303,401,089	6,848,666,065

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:

	2024				
	Directors				
	Chairman	Chief Executive	Non-Executive / Independent	Executive	Executives
	Rupees				
Managerial remuneration	16,080,000	20,000,000	-	9,280,000	52,301,338
Utilities and house rent	7,920,000	10,000,000	-	4,640,000	25,760,360
Post employment benefits	-	-	-	912,000	3,984,270
Advisory fee	-	-	-	-	3,981,852
Meeting fees	-	-	2,995,000	-	-
Bonus and rewards	-	4,166,667	-	1,933,333	10,830,105
Others benefits	210,008	1,182,767	-	190,327	-
	24,210,008	35,349,434	2,995,000	16,955,660	96,857,925
Number of persons	1	1	6	1	20
	2023				
	Directors				
	Chairman	Chief Executive	Non-Executive / Independent	Executive	Executives
	Rupees				
Managerial remuneration	12,060,000	11,658,000	-	7,461,120	35,796,719
Utilities and house rent	5,940,000	5,742,000	-	3,674,880	17,631,220
Post employment benefits	-	-	-	742,400	2,929,704
Meeting fees	-	-	1,500,000	-	-
Bonus and rewards	-	2,416,570	-	3,402,666	11,839,196
Other benefits	499,566	719,432	-	189,092	-
	18,499,566	20,536,002	1,500,000	15,470,158	68,196,839
Number of persons	1	1	6	1	13

Notes to the Financial Statements

For the year ended 30 June 2024

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.

	Installed processing capacity		Actual processing	
	2024	2023	2024	2023
43. Plant capacity and actual production				
Small, medium and large				
Moulds making facility	60 to 70 molds	60 to 70 molds	15 Molds	43 molds
Injection molds facility	7,700 tons of plastic	6,500 tons plastic	1,600 tons plastic	1,800 tons plastic
Blow molding facility	5,600 tons of plastic	4,600 tons plastic	2,900 tons plastic	2,700 tons plastic
Extrusion	6,500 tons of plastic	6,500 tons plastic	4,800 tons plastic	4,600 tons plastic
Thermoforming	3,200 tons of plastic	3,100 tons plastic	2,400 tons plastic	2,300 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 2024									
	Liabilities									
	Issued, subscribed and paid-up capital	Share Premium	Treasury shares	Long term loan Islamic mode	Long term loan conventional	Lease liabilities	Short term borrowings	Unclaimed dividend	Accrued mark up	Total
	Rupees									
Balance as at 01 July 2023	998,680,080	358,627,893	(55,362,743)	45,172,234	708,785,398	53,985,296	371,575,980	4,425,800	34,834,375	2,520,724,313
Changes from financing activities										
Repurchase of treasury shares	-	-	(59,542,295)	-	-	-	-	-	-	(59,542,295)
Repayment of short term borrowings - net	-	-	-	-	-	-	(161,368,644)	-	-	(161,368,644)
Long term loan obtained - net	-	-	-	(102,515,433)	-	-	-	-	-	(102,515,433)
Diminishing Musharika paid - net	-	-	-	(26,422,218)	-	-	-	-	-	(26,422,218)
Repayment of finance lease liabilities	-	-	-	-	(55,490,363)	-	-	-	-	(55,490,363)
Mark-up paid on borrowings	-	-	-	-	-	-	-	(83,020,769)	(83,020,769)	(83,020,769)
Other adjustments	-	-	-	-	(25,474,300)	-	-	-	-	(25,474,300)
Dividend paid	-	-	-	-	-	-	(94,275,138)	-	-	(94,275,138)
Total changes from financing cash flows	-	-	(59,542,295)	(26,422,218)	(102,515,433)	(80,964,663)	(161,368,644)	(94,275,138)	(83,020,769)	(608,109,160)
Other liability related changes										
Additions in lease liabilities	-	-	-	-	186,099,303	-	-	-	-	186,099,303
Dividend declared	-	-	-	-	-	-	94,874,646	-	-	94,874,646
Amortization of deferred grant	-	-	-	-	-	-	-	(20,661,757)	(20,661,757)	(20,661,757)
Mark-up on borrowings	-	-	-	-	-	-	-	123,425,382	123,425,382	123,425,382
Total liability related other changes	-	-	-	-	186,099,303	-	94,874,646	102,763,625	383,737,574	666,674,548
Closing as at 30 June 2024	998,680,080	358,627,893	(114,905,038)	18,750,016	606,269,965	159,119,936	210,207,336	5,025,308	54,577,231	2,296,352,727

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

	30 June 2023									
	Liabilities									
	Issued, subscribed and paid-up capital	Share Premium	Treasury shares	Long term loan Islamic mode	Long term loan conventional	Lease liabilities	Short term borrowings	Unclaimed dividend	Accrued mark up	Total
	Rupees									
Balance as at 01 July 2022	998,680,080	358,627,893	-	119,514,760	769,683,671	21,820,752	286,379,626	4,113,241	32,285,053	2,591,105,076
Changes from financing activities										
Repurchase of treasury shares	-	-	(55,362,743)	-	-	-	-	-	-	(55,362,743)
Repayment of short term borrowings - net	-	-	-	-	-	-	85,196,354	-	-	85,196,354
Long term loan obtained - net	-	-	-	-	(60,898,273)	-	-	-	-	(60,898,273)
Diminishing Musharika paid - net	-	-	-	(74,342,526)	-	-	-	-	-	(74,342,526)
Repayment of finance lease liabilities	-	-	-	-	-	(16,735,492)	-	-	-	(16,735,492)
Mark-up paid on borrowings	-	-	-	-	-	-	-	(111,726,703)	(111,726,703)	(111,726,703)
Dividend paid	-	-	-	-	-	-	-	(49,371,445)	-	(49,371,445)
Total changes from financing cash flows	-	-	(55,362,743)	(74,342,526)	(60,898,273)	(16,735,492)	85,196,354	(49,371,445)	(111,726,703)	(283,240,828)
Other liability related changes										
Additions in lease liabilities	-	-	-	-	-	48,900,036	-	-	-	48,900,036
Dividend declared	-	-	-	-	-	-	-	49,684,004	-	49,684,004
Amortization of deferred grant	-	-	-	-	-	-	-	-	(19,701,746)	(19,701,746)
Mark-up on borrowings	-	-	-	-	-	-	-	-	133,977,771	133,977,771
Total liability related other changes	-	-	-	-	-	48,900,036	-	49,684,004	114,276,025	212,860,065
Balance as at 30 June 2023	998,680,080	358,627,893	(55,362,743)	45,172,234	708,785,398	53,985,296	371,575,980	4,425,800	34,834,375	2,520,724,313

46. Number of employees

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

	Number of Employees	
	2024	2023
Number of employees as at 30 June	539	550
Average number of employees during the year	539	580

46.1 The number of factory employees as at 30 June 2024 are 440 employees (June 2023: 520 employees).

47. Events after the reporting date

The Board of Directors of the Company in its meeting held on 15 August 2024 has proposed a final cash dividend of Rs. 0.80 per share, for the year ended 30 June 2024, for approval of the members in the Annual General Meeting to be held on 26 October 2024.

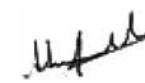
48. General

48.1 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 15 August 2024.

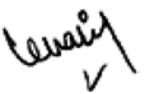
48.2 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

as on 30 June 2024

No. of Shareholders	Shareholdings		Shares Held	Percentage
	From	To		
259	1	100	5995	0.0030
232	101	500	68916	0.0345
98	501	1000	87295	0.0437
1077	1001	5000	1867751	0.9351
94	5001	10000	695672	0.3483
41	10001	15000	517685	0.2592
19	15001	20000	348827	0.1746
18	20001	25000	419375	0.2100
15	25001	30000	421844	0.2112
10	30001	35000	321534	0.1610
8	35001	40000	304285	0.1523
6	40001	45000	260508	0.1304
11	45001	50000	538796	0.2698
7	50001	55000	370520	0.1855
7	55001	60000	405788	0.2032
1	60001	65000	61500	0.0308
2	65001	70000	135300	0.0677
2	70001	75000	143914	0.0721
3	80001	85000	247816	0.1241
4	85001	90000	355040	0.1778
2	90001	95000	185500	0.0929
3	95001	100000	296832	0.1486
3	100001	105000	304246	0.1523
3	105001	110000	326008	0.1632
1	110001	115000	111500	0.0558
2	115001	120000	237720	0.1190
1	120001	125000	122500	0.0613
2	135001	140000	276798	0.1386
2	140001	145000	282000	0.1412
1	145001	150000	147000	0.0736
1	155001	160000	160000	0.0801
2	170001	175000	345969	0.1732
1	175001	180000	179900	0.0901
3	180001	185000	554164	0.2774
1	190001	195000	195000	0.0976
1	195001	200000	199000	0.0996
2	200001	205000	404360	0.2024
1	210001	215000	211000	0.1056
1	215001	220000	215814	0.1080
1	220001	225000	225000	0.1126
1	245001	250000	250000	0.1252
4	255001	260000	1029366	0.5154
1	280001	285000	283500	0.1419
1	295001	300000	300000	0.1502
1	330001	335000	334286	0.1674
2	345001	350000	698000	0.3495

No. of Shareholders	Shareholdings		Shares Held	Percentage
	From	To		
1	350001	355000	352995	0.1767
2	355001	360000	719640	0.3603
1	405001	410000	407000	0.2038
1	430001	435000	431000	0.2158
1	440001	445000	442052	0.2213
2	445001	450000	896500	0.4488
1	495001	500000	500000	0.2503
1	655001	660000	655474	0.3282
1	735001	740000	736794	0.3689
1	845001	850000	848500	0.4248
1	905001	910000	910000	0.4556
1	920001	925000	924470	0.4628
2	960001	965000	1926442	0.9645
1	975001	980000	977616	0.4895
1	1105001	1110000	1109718	0.5556
1	1180001	1185000	1181500	0.5915
1	1380001	1385000	1382834	0.6923
1	1595001	1600000	1599720	0.8009
1	1605001	1610000	1609200	0.8057
1	2155001	2160000	2157242	1.0800
1	3745001	3750000	3749417	1.8772
1	4070001	4075000	4070618	2.0380
1	4260001	4265000	4261500	2.1336
1	9985001	9990000	9986801	5.0000
2	30430001	30435000	60865917	30.4732
1	81575001	81580000	81579242	40.8435
1988			199736016	100.0000

Category of Shareholders

as on 30 June 2024

Sr. No.	Particulars	No. of Shares	Percentage
1.	Directors, CEO and their Spouses and minor Children		
	* Mr. Almas Hyder	85,328,659	42.721%
	* Mr. Zia Hyder Naqi	31,815,793	15.929%
	* Mr. Raza Haider Naqi	31,542,676	15.792%
	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	672	0.000%
	Dr. Syed Sohail Hussain Naqvi	3,080	0.002%
2.	Insurance Companies	5,200,500	2.6037%
3.	Modarabas and Mututal Funds	6,252,084	3.1302%
4.	General Public		
	a) Local	19,656,966	9.8415%
	b) Foreign	2,941,890	1.4729%
5.	Others	15,812,756	7.9168%
	Total	199,736,016	100.0000%

* Shareholders having more than 10% shareholding.

Notice of 42nd Annual General Meeting

Notice is hereby given that the 42nd Annual General Meeting of the shareholders of **Synthetic Products Enterprises Limited** (the "Company") will be held on Saturday 26 October 2024 at 11:00 AM at Jinnah Auditorium of Lahore Chamber of Commerce & Industries, Shahrah Aiwan-e-Tijarat, Lahore to transact the following business:

A) Ordinary Business:

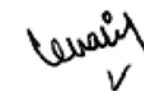
- To receive, consider and adopt the audited financial statements for the year ended 30 June 2024 together with Directors' and Auditors' Report thereon.
- To approve a final cash dividend for the year ended 30 June 2024 @ Rs. 0.8 per share i.e. 16%.
- To appoint auditors for the financial year 2024-25 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.
- To elect seven (7) Directors as fixed by the Board of Directors in accordance with Section 159 of the Companies Act, 2017 for a term of three (3) years commencing from the date of the AGM i.e., October 26, 2024. The names of retiring Directors are Mr. Almas Hyder, Mr. Zia Hyder, Mr. Raza Haider, Mr. Sheikh Naseer Hyder, Dr. Nighat Arshad, Mr. Haroon Sharif, Mr. Khawar Anwar Khawaja, Dr. Syed Sohail Hussain Naqvi and Mr. Abid Saleem Khan.

B) Any Other Business

- 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

05 October 2024
Lahore



Khalil Ahmad Hashmi (FCA)
Company Secretary

NOTES:

1. Closure of Share Transfer Books:

The share transfer books of the Company will remain closed from **20 October 2024 to 26 October 2024 (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 **19 October 2024** will be treated. Only those persons whose names appear in the Register of Members of the Company as on **19 October 2024** are entitled to attend, participate in and vote at the Annual General Meeting.

2. Participation in the AGM, via physical presence including through proxy:

Members whose names appear in the Register of Members as of **October 19, 2024**, are entitled to attend and vote at the AGM. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote for him / her.

An instrument of proxy applicable for the AGM is being provided with the Notice sent to the members. Proxy form may also be downloaded from the Company's website: <http://www.spelgroup.com>. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified true copy of such power or authority duly notarized must, to be valid, be deposited through email on corporate@spelgroup.com or by post at the registered address of the Company's, **127-S, Q.I.E. Township, Kot Lakhpat, Lahore** not less than forty-eight (48) hours before the time of AGM, excluding public holidays.

Members are requested to submit a copy of their Computerized National Identity Card (CNIC) at the registered address of the Company's, **127-S, Q.I.E. Township Kot Lakhpat, Lahore**.

If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

Notice of Annual General Meeting

3. Participation in the AGM through video-conferencing:

- a. To attend the AGM through video-conferencing facility, members are requested to register themselves by providing the following information through email at corporate@spelgroup.com at least forty-eight (48) hours before the AGM:
 - (i) Name of Member;
 - (ii) CNIC / NTN No.;
 - (iii) Folio No. / CDC IAS No.;
 - (iv) Cell No.; and
 - (v) Email Address.
- b. Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Company via email.
- c. Only those members will be accepted at the AGM via video-conferencing whose names match the details shared with the Company for registration (as mentioned in point 'a' above).
- d. The login facility will remain open from 10:30 a.m. till the end of AGM.

4. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Investor Account Holders:

CDC Investor Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

a. For attending the AGM:

- (i) In case of individuals, the investor account holder or sub-account holder and / or the person whose securities are in group account where registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or valid passport at the time of attending the AGM.
- (ii) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be produced at the time of the AGM.

b. For appointing Proxies:

- (i) In case of individuals, the investor account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Copies of CNIC or the valid passport of the beneficial owners and the proxy shall be furnished along with the proxy form.
- (iv) The proxy shall produce his original CNIC or original valid passport at the time of the AGM.
- (v) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Unclaimed shares and dividend:

As per the provision of section 244 of the Act, any shares issued, or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with SECP for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years were sent to Shareholders.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company in the given time, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

6. E-voting and Postal Ballot:

It is hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(1)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business (es) in the AGM, in accordance with the conditions mentioned in the aforesaid Regulations. The Company shall provide its members with the following options for voting:

a) PROCEDURE FOR E-VOTING:

- (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of 20 October 2024.
- (b) The web address, login details, will be communicated to members via email.
- (c) Identity of the members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from 22 October 2024 and shall close on 25 October 2024 (both days inclusive). Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

b) POSTAL BALLOT:

- (a) Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper will be available on the Company's website www.spelgroup.com to download.
- (b) The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address 127-S, Q.I.E., Township, Kot Lakhpat, Lahore, Pakistan or email at corporate@spelgroup.com one day before the Meeting on 25 October 2024 during working hours. The signature on the ballot paper shall match the signature on CNIC.

7. Availability of Audited Financial Statements on Company's Website:

In accordance with the Provision of Sections 223(6) and (7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2024 are available on the Company's website which can be accessed / downloaded from the following link and QR code: <https://www.spelgroup.com>



Notwithstanding the above, the Company will provide hard copies of the audited financial statements, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request.

8. Withholding tax on Dividend:

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the latest available Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all members are advised to ensure that their names appear in the latest available ATL on FBR's website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s THK Associates (Pvt.) Limited, Plot no. 32-C Jami Commercial Street 2, D.H.A. Phase VII, Karachi, Pakistan, of the Company by the first day of book closure.

According to the clarification from the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer / Non-Filer' status of the principal member as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal member and the joint holder(s) in respect of shares held by them to our Share Registrar / Transfer Agent, M/s THK Associates (Pvt.) Limited, Plot no. 32-C Jami Commercial Street 2, D.H.A. Phase VII, Karachi, Pakistan in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal member and the joint holder(s).

9. Submission of the CNIC / NTN details (Mandatory):

In accordance with the notifications / directives of the SECP vide SRO 779(1)/2011 dated August 18, 2011 and SRO 83(1)/2012 dated July 5, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s)

Notice of Annual General Meeting

and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC or NTN (in case of corporate entities) are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to the regulator till such time they provide the valid copy of their CNIC / NTN (as the case may be) as per law.

10. Provision of International Banking Account Number (IBAN Detail):

In accordance with the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No.421(I) 2018 dated March 19, 2021, it is mandatory for a listed Company to pay cash dividend to its members only through electronic mode directly into bank account designated by the entitled member. In this context, in order to receive dividends directly into their bank account, members having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company, THK Associates (Pvt.) Limited, Plot no. 32-C Jami Commercial Street 2, D.H.A. Phase VII, Karachi, Pakistan. Members having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker / participant / CDC Investor Account Services. In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to members.

11. Conversion of Physical Shares in to Book Entry Form (CDC-Account):

The SECP through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into book entry form.

Members having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with the CDC to convert their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Agenda Item Number 4 - Election of Directors

This Statement sets out the material facts pertaining to the Ordinary Business as described in the Notice of the AGM of the Company.

The term of office of the current directors of the Company will expire on October 26, 2024. In accordance with Section 159(1) of the Act, the Board of Directors have fixed the number of Directors to be elected at the AGM at seven (07) to hold the office of director for a period of three (3) years commencing from the date of the AGM.

Independent Directors shall be selected in accordance with the provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Accordingly, in compliance with the provisions of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, Election of Directors will be held separately for the following three categories:

Sr. No.	Categories	No. of Seats
1.	Female Director (may also be considered as an Independent Director if meets the criteria of independence set out under Section 166 of the Act).	01
2.	Independent Directors	03
3.	Other Directors	03

Any member intending to contest election of Directors may send his / her nomination for contesting the election in any of above-mentioned categories.

Any person who seeks to contest the election of the office of director, whether he / she is a retiring director or otherwise, shall submit to the Company Secretary at the Registered Office address 127-S, Q.I.E., Township, Kot Lakhpat, Lahore, Pakistan, not later than fourteen (14) days before the date of AGM, the following documents:

- Notice of his / her intention to offer himself / herself for the election of directors as per Section 159(3) of the Act, and consent to act as a director on Form 9 as prescribed under the Act, and the Companies Regulations, 2024. (Any person contesting the election of directors must be a Member of the Company at the time of filing his / her consent unless such person is representing a Member which is not a natural person).
- A signed declaration confirming that:
 - He / she is aware of his / her duties and powers under the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Rule Book of Pakistan Stock Exchange Limited, Memorandum and Articles of Association of the Company and other relevant laws and regulations.
 - He / she is not ineligible to become a director of a listed company under the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other applicable laws / regulations.
- A detailed profile along with his / her office address for placement on the Company's website as required under SRO 1196 (I)/2019 dated October 03, 2019.
- Detail of other directorships held.
- Copy of valid CNIC or Passport (in case of a foreign national) along with NTN and Folio Number / CDC Account or Sub Account number.
- The following additional documents are required to be submitted by the candidates intending to contest the election as an independent director:
 - Declaration of independence under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - Undertaking on non-judicial stamp paper that he / she meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

All the notices received for the category of Independent Director, shall be subject to due diligence by the Company as prescribed under Section 166 of the Act and 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The final list of candidates contesting the election will be circulated not later than seven (7) days before the date of the AGM in terms of Section 159(4) of the Act. The website of the Company will be updated with the required information and Directors' profile.

شیر ہولڈرز کو ڈائریکٹرز کی رپورٹ برائے مختتمہ سال 30 جون 2024ء

مختتم شیر ہولڈرز،

آپ کی کمپنی کے ڈائریکٹرز آپ کے سامنے 30 جون 2024 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی بیانات کے ساتھ اس کے آپریٹرز کے نتائج پر کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

کاروباری کارکردگی

اللہ تعالیٰ کے فضل سے، مالی سال 2023-24 کمپنی کے لیے ایک اور کامیاب سال تھا جس کی فروخت 6,965 ملین ہے جو کہ گزشتہ سال کے 6,431 ملین روپے کے مقابلے 8.31 فیصد زیادہ ہے۔

صلاحیت کو بڑھانے اور بہتر بنانے کے لیے، کمپنی نے آپریٹنگ کلسٹ انٹاؤن میں 280 ملین روپے سرمایہ کاری کی جو کہ گزشتہ سال 604 ملین روپے تھی۔ بہتر معیار، بروقت فراہمی اور بہتر کارکردگی کو یقینی بنانے کے لیے ٹیکنالوجی کی اپ گریڈیشن اور آٹومیشن پر بھی ایک قابل ذکر رقم خرچ کی گئی ہے۔

مالیاتی نتائج

زیر جائزہ اور گزشتہ سال کے لیے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

روپے ملین میں		
2023	2024	
6,430.96	6,965.10	آمدنی
1,313.25	1,322.07	مجموعی منافع
1,002.23	938.02	آپریٹنگ منافع
859.59	907.82	قبل از ٹیکس منافع
368.50	266.85	ٹیکس
491.10	640.97	بعد از ٹیکس منافع

مڈویڈ پینڈ اور تصرفات

روپے ملین میں		
2023	2024	
49.68	-	عبوری نقد منافع منقسمہ (2023:@5%)
94.87	151.80	حتمی نقد منافع منقسمہ 16% (2023:@10%)
144.55	151.80	کل منافع منقسمہ 16% @

فی شیر آمدنی

موجودہ اور پچھلے سال کی فی شیر آمدنی مندرجہ ذیل ہے:

روپے 3.36	بنیادی اور معتدل آمدن فی شیر 2024ء
روپے 2.47	بنیادی اور معتدل آمدن فی شیر 2023ء

زیر نظر سال کے دوران، ٹیکس چارج کو بنیادی طور پر کچھ ساڑھاڑ پشش رفتوں کی وجہ سے کم کیا گیا ہے۔ زیر نظر سال کے دوران، معزز لاہور ہائی کورٹ نے ٹیکس سال 2023 کے لیے سپر ٹیکس کی سابقہ درخواست کے حوالے سے کمپنی کے حق میں حکم جاری کیا۔ نتیجتاً، گزشتہ سال ریکارڈ کیے گئے سپر ٹیکس کی فراہمی کو جزوی طور پر تبدیل کر دیا گیا۔ جو موجودہ سال، 32.25 ملین روپے ہے۔ مزید برآں، سال کے دوران کمپنی کی برآمدات میں اضافہ ہوا ہے، جس کی وجہ سے ٹیکس سال 2024 کے لیے موثر ٹیکس کی شرح میں کمی واقع ہوئی ہے۔

کارپوریٹ سماجی ذمہ داری

SPEL کمیونٹی کی مدد کرنے پر یقین رکھتی ہے اور ہمارے CSR کے طور پر اپنا حصہ ڈالنے کی پالیسی رکھتی ہے۔ ہم پائیداری اور ماحولیاتی انتظام کے لیے اپنی ذمہ داریوں کو تسلیم کرتے ہیں۔ ہم اس بات کو یقینی بنانے کی کوشش کرتے ہیں کہ یہ ذمہ داریاں نہ صرف ہمارے ملازمین اور ہمارے پلائٹ سائٹس کے لیے ہماری وابستگی کو پورا کرتی ہیں، بلکہ ہمارے دروازے سے باہر دیگر اسٹیک ہولڈرز تک بھی پھیلتی ہیں، بشمول وہ کمیونٹی جن میں ہم کام کرتے ہیں۔

مالی سال کے دوران کی گئی کچھ دیگر CSR سرگرمیوں میں شامل ہیں:

- غیر منافع بخش تنظیموں کو عطیات
- تعلیمی اور سیکھنے کے مقاصد کے لیے عطیات
- ان ملازمین کے لیے مالی امداد جو اپنی تعلیم کو بڑھانا چاہتے ہیں۔

انسانی وسائل کی ترقی:

ہمیں اپنے ملازمین کے عزم اور لگن پر فخر ہے۔ کمپنی اپنے ملازمین کی قدر کرتی ہے اور ٹیم ورک، احترامات، کھلے مواصلات، مسلسل ترقی اور اہلکاروں کی تربیت کے کلچر کی حوصلہ افزائی کرتی ہے۔ زیر جائزہ مدت کے دوران، کمپنی نے اپنے ملازمین کی تربیت پر 4,749 (2023:5,658) گھنٹوں کی سرمایہ کاری کی ہے۔ کمپنی نے اپنے ملازمین کی مہارتوں، علم اور صلاحیتوں کو بہتر بنانے کے لیے اندرونی اور بیرونی دونوں وسائل کا استعمال کیا۔

ٹرینگز میں سپروائزری سکلز، فائر اینڈ سیفٹی، کائزن، 6S، کیو سی سی اور آرگنائزیشن کے مختلف محکموں اور یونٹس کے تکنیکی اور انتظامی ماڈیولز کے کورسز شامل تھے۔

بورڈ کی تشکیل

بورڈ کی تشکیل کمپنی کی مہارت، صلاحیت اور تنوع، کوڈ آف کارپوریٹ گورننس کے لیے کمپنی کی ضروریات کو پورا کرنے اور اس بات کو یقینی بنانے کے لیے کی گئی ہے کہ بورڈ ایک کالجیٹ باڈی کے طور پر کام کرے۔

کمپنی کے ڈائریکٹرز کی کل تعداد مندرجہ ذیل ہے:

مرد ڈائریکٹرز	08
خاتون ڈائریکٹرز	01

بورڈ کی تشکیل مندرجہ ذیل ہے:

آزاد نان ایگزیکٹو ڈائریکٹرز	03
دیگر نان ایگزیکٹو ڈائریکٹرز	04
ایگزیکٹو ڈائریکٹرز	02

نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کے لیے مشاہرہ کی پالیسی

بورڈ نے ڈائریکٹرز کو معاوضہ دینے کی پالیسی کی منظوری کی ہوئی ہے۔ پالیسی کے مطابق، آزاد ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز بورڈ یا اس کی کسی کمیٹی کے اجلاسوں میں شرکت کے لیے بورڈ کے وقتاً فوقتاً منظور کردہ پیمانے کے مطابق میٹنگ فیس کے حقدار ہوں گے۔ اگر کوئی نان ایگزیکٹو ڈائریکٹر اضافی خدمات انجام دیتا ہے تو پھر وہ ان خدمات کے بدلے اضافی معاوضے کا حقدار ہوگا۔ ڈائریکٹرز جو معاوضے کے اہل ہیں وہ کسی بھی قسم کی میٹنگ فیس وصول کرنے کے اہل نہیں ہوں گے۔

(مختار نامہ) 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. _____ CNIC # _____ or falling him, Mr. _____ CNIC # _____ as my / our proxy in my / our absence to attend and vote for me / us and on my/ our behalf at the **42nd Annual General Meeting** of the Company to be held on **October 26, 2024** and at any adjournment thereof.

Signed under my / our hand(s) this _____ day of _____ 2024.

میں / ہم _____ بحیثیت رکن سینتھینک پراڈکٹس انٹرنیشنل لمیٹڈ _____ شیرز کے مالک _____ کو جن _____ فولیو / سی ڈی سی اکاؤنٹ نمبر اپنی جگہ جناب _____ ہے، کو سینتھینک پراڈکٹس انٹرنیشنل لمیٹڈ کے بائیسویں غیر معمولی اجلاس عام میں جو کہ 26 اکتوبر 2024 کو بوقت 11:00 بجے منعقد ہو رہا ہے، یا اسکے ملتوی شدہ اجلاس میں شرکت اور میری / ہماری طرف سے حق راہے وہی استعمال کرنے کے لئے اپنا / ہمارا حق (پراکسی) مقرر کرتا / کرتے ہیں۔

مورخہ _____ 2024 کو میرے / ہمارے دستخط سے جاری ہوا۔

Signature of Proxy

پراکسی کے دستخط

Revenue Stamp

ریویو سٹمپ

Signature of Member

ممبر کے دستخط

Signed in the presence of witnesses:

دستخط _____

Name نام _____

Address ایڈریس _____

CNIC No. شناختی کارڈ نمبر _____

دستخط _____

Name نام _____

Address ایڈریس _____

CNIC No. شناختی کارڈ نمبر _____

In order to be effective, this form of proxy duly completed form along with power of attorney (if any) must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.

مکمل پر شدہ مختار نامہ کمپنی کے رجسٹرڈ آفس میں اجلاس سے کم از کم 48 گھنٹے قبل جمع کرانا ضروری ہے۔





www.speigroup.com



Synthetic Products Enterprises Limited

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