

## Pakistan Synthetics Limited COMPANY INFORMATION

**BOARD OF DIRECTORS** KHURSHID AKHTAR CHAIRMAN-NON-EXECUTIVE

YAKOOB HAJI KARIM CHIEF EXECUTIVE -EXECUTIVE

NOMAN YAKOOB EXECUTIVE

ABID UMER NON- EXECUTIVE MUBBASHIR AMIN NON- EXECUTIVE ALI KAMAL INDEPENDENT

FARAZ YOUNUS BANDUKDA INDEPENDENT SAEED FATIMA NAQVI INDEPENDENT

AUDIT COMMITTEE ALI KAMAL – CHAIRMAN

MUBBASHIR AMIN

ABID UMER

HUMAN RESOURCE AND ALI KAMAL – CHAIRMAN

REMUNERATION COMMITTEE MUBBASHIR AMIN

NOMAN YAKOOB

CHIEF FINANCIAL OFFICER SALEEM ADVANI

COMPANY SECRETARY SHAHID YAQOOB

BANKERS HABIB BANK LIMITED

HABIB METROPOLITAN BANK LIMITED

BANK AL HABIB LIMITED
ASKARI BANK LIMITED
MEEZAN BANK LIMITED
BANK OF PUNJAB LIMITED
BANK AL-FALAH LIMITED
BANK ISLAMI PAKISTAN LIMITED

AUDITORS KPMG TASEER HADI & CO.

CHARTERED ACCOUNTANTS

HEAD OF INTERNAL AUDIT NABIL YAQOOB

**REGISTRAR** F.D REGISTRAR SERVICES (PVT.) LTD.

OFF: # 1705 17TH FLOOR SAIMA TRADE TOWER-A

I.I. CHUNDRIGAR ROAD, KARACHI

LEGAL ADVISOR TASAWUR ALI HASHMI

ADVOCATE

REGISTERED OFFICE 3RD FLOOR, KARACH DOCK LABOUR BOARD

BUILDING, 58-WEST WHARF ROAD,

KARACHI-74000

**FACTORY** F-1, 2, 3, & 13, 14 & 15

HUB INDUSTRIAL TRADING ESTATE DISTRICT LASBELLA, BALOCHISTAN

PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY,

KARACHI

## Pakistan Synthetics Limited DIRECTORS' REVIEW

The Board of Directors is pleased to present unaudited financial statement for the quarter ended September 30, 2020 to the shareholders of the Company.

#### **OPERATING PERFORMANCE**

During the period under review the Company produced 6,393 Mt of Resin as against 5,392 MT of Resin during the corresponding period last year and sold 4,367 MT of Resin as against 5,247 MT of Resin during the corresponding period last year. During the period under review, the Company produced 4,975 octabins of preform as against 2,254 octabins produced during the corresponding period last year and sold 4,858 octabins during the period under review as against 2,568 octabins during the same period last year.

During the period under review the Company produced 158,202 cartons of plastic and crown caps as against 120,293 cartons during the corresponding period last year and sold 147,650 cartons as against 123,349 cartons during the corresponding period last year.

#### FINANCIAL RESULTS

During the period under review, the company's net turnover decreased to Rs. 1,590.09 million from Rs. 1,694.67 million during the corresponding period last year.

The Company posted profit before tax of Rs. 129.896 million as against profit before tax of Rs. 47.553 million in the corresponding period last year. The net profit after tax stood at Rs. 92.07 million as against net profit after tax of Rs. 33.725 million in the corresponding period last year. During the period under review, Finance cost decreased to Rs. 46.57 million from Rs. 102.220 million in the same period last year.

#### **FUTURE OUTLOOK**

The Federal and Provincial government in Pakistan has responded well to the pandemic and has taken all necessary measures to control impact of COVID-19. As a result of which active Covid-19 cases have reduced significantly in the country and almost all the restriction imposed by the Government are now eased. As the macro-economic situation has shown signs of improvement, business in Pakistan are also showing strong signs of recovery. Moreover, the Government also slashed the discount rate to 7% in order to stimulate the economic activity in view of reduction in growth rate due to outbreak of COVID-19. Considering the steps taken by the Government we are hopeful that in future economic slowdown currently facing the country would begin to reverse. Further, fluctuation in exchange rate seems now much under control.

### Pakistan Synthetics Limited DIRECTORS' REVIEW

The management is fully alive in this situation and exploring and availing all possible options available during current challenging period. Being a good corporate citizen, Company is fulfilling its obligations towards society in fighting this pandemic.

#### **ACKNOWLEDGEMENT**

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The management recognizes the relentless, dedicated services, loyalty and teamwork of all the employees and hope their continued dedication shall further consolidate the Company and keep its growth abreast to face future challenges.

NOMAN YAKOOB

DIRECTOR

For and on behalf of the Board of Directors

YAKOOB HAJI KARIM CHIEF EXECUTIVE

Date: October 24, 2020

Karachi

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

		30 September 2020	30 June 2020
		(Unaudited)	(Audited)
ASSETS		(Rupees	` ,
Non-current assets		(Rupees	III 000)
Property, plant and equipment	5	2,068,294	2,062,270
Right-of-use asset		13,059	14,925
Long term loan to employees - secured		2,866	2,549
Long term deposits and prepayments		10,048	10,038
Deferred taxation - net		35,676	34,061
Comment annuts		2,129,943	2,123,843
Current assets		311,934	275,397
Stores and spares Stock-in-trade	6	1,124,289	1,148,874
Trade receivables	7	756,656	876,612
Loans and advances	ľ	35,421	12,326
Short term deposits and prepayments		23,157	10,531
Short term investment		530	522
Other receivables		14,514	3,123
Taxation - net		518,082	630,594
Cash and bank balances		52,576	17,993
		2,837,159	2,975,972
TOTAL ASSETS		4,967,102	5,099,815
EQUITY AND LIABILITIES  Shareholders' equity  Authorised share capital of  140,000,000 (June 30, 2020: 140,000,000) ordinary shares of Rs.	10 each	1,400,000	1,400,000
Issued, subscribed and paid-up capital		840,600	840,600
Reserves		853,727 1,694,327	761,653 1,602,253
Non-current liabilities		1,034,321	1,002,233
Long term finances - secured		262,146	271,140
Lease liability		10,294	12,186
Staff retirement benefits		36,707	36,096
0 (11.1110)		309,147	319,422
Current liabilities		1,276,408	1,267,808
Trade and other payables Accrued markup		11,537	24,539
Short term borrowings - secured	8	1,500,409	1,793,868
Current portion of lease liability	O	1 1	
Unclaimed dividend		4,467	5,834
		4,219	4,219
Current portion of long term finance		166,588	81,872
TOTAL FOURTY AND LIABILITIES		2,963,628	3,178,140
TOTAL EQUITY AND LIABLITIES		4,967,102	5,099,815

**Contingencies and commitments** 

9

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

YAKOOB HAJI KARIM CHIEF EXECUTIVE NOMAN YAKOOB

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	Note	30 September 2020 (Rupees	30 September 2019 in '000)
Net sales	10	1,590,094	1,694,672
Cost of sales Gross profit		(1,355,119) 234,975	(1,534,699) 159,973
Distribution and selling costs Administration and general expenses Other operating expenses		(40,076) (17,658) (9,910) (67,644)	(23,566) (18,021) (3,525) (45,112) 114,861
Other income Operating profit before finance costs		10,468 177,799	34,912 149,773
Finance costs Profit before taxation Taxation Profit after taxation from continuing operations Profit after taxation from discontinued operations Profit for the period	11	(47,903) 129,896 (37,822) 92,074 - 92,074	(102,220) 47,553 (13,833) 33,720 5 33,725
		(Rup	ees)
Profit per share - basic and diluted	12	1.10	0.59

<sup>\*</sup>Profit per share for prior period is restated for effect of right issue.

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

YAKOOB HAJI KARIM CHIEF EXECUTIVE NOMAN YAKOOB DIRECTOR

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

YAKOOB HAJI KARIM CHIEF EXECUTIVE NOMAN YAKOOB DIRECTOR

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	Issued,		R	Reserves		Total
	subscribed and paid-up	Capital reserve	Reve	nue reserve	Total reserves	
	capital	Share premium	General reserve (Ru	Unappropriated profit pees in '000)		
Balance as at 30 June 2019	560,400	-	292,450	343,164	635,614	1,196,014
Total comprehensive income for the period ended 30 September 2019						
Profit for the period Other comprehensive income	-	-	-	33,725	33,725	33,725
Other comprehensive income	-	-	-	33,725	33,725	33,725
Balance as at 30 September 2019	560,400	-	292,450	376,889	669,339	1,229,739
Balance as at 30 June 2020	840,600	224,160	292,450	245,043	761,653	1,602,253
Total comprehensive Income for the period ended 30 September 2020						
Profit for the period	-	-	-	92,074	92,074	92,074
Other comprehensive income	-	-	-	92,074	92,074	92,074
Balance as at 30 September 2020	840,600	224,160	292,450	337,117	853,727	1,694,327

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

YAKOOB HAJI KARIM CHIEF EXECUTIVE NOMAN YAKOOB DIRECTOR

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

Note	30 September 2020	30 September 2019 s in '000)
	(Rupees	111 000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation - continued and discontinued operations	129,896	47,567
Adjustments for:		
Depreciation	60,686	57,565
Charge for staff gratuity	2,362	1,569
Amortization	-	105
Profit on disposal of property, plant and equipment	(569)	-
Finance costs	47,903	102,220
Mark-up on lease liability	525	-
Unrealised gain on remeasurement of investment	(8)	-
Grant Income	(938)	-
	239,857	209,026
Changes in:		(004.000)
Working capital 13	69,482	(201,683)
Long term loan to employees - net	(317)	430
Cash generated from operations	309,022	7,773
Staff gratuity paid	(1,751)	(63)
Financial charges paid	(60,905)	(109,440)
Taxes refund received / (paid)	73,075	(17,660)
Net cash generated from / (used in) operating activities	319,441	(119,389)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(67,275)	(36,589)
Proceeds from disposal of property, plant and equipment	3,000	-
Net cash used in investing activities	(64,275)	(36,589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(3,784)	-
Long term diminishing musharka - net	76,660	(73,959)
Short term istisna and murabaha - net	(175,568)	330,896
Net cash (used in) / generated from financing activities	(102,692)	256,937
Net increase in cash and cash equivalents	152,474	100,959
Cash and cash equivalents at beginning of the period	(326,746)	(149,411)
Cash and cash equivalents at end of the period	(174,272)	(48,452)
CASH AND CASH EQUIVALENTS COMPRISE		
Cash and bank balances	52,576	9,950
Running finance under mark-up arrangement	(226,848)	(58,402)
	(174,272)	(48,452)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

YAKOOB HAJI KARIM CHIEF EXECUTIVE NOMAN YAKOOB DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

#### 1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited ("the Company") was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps, Crown Caps, PET resin, PET Preform and BOPET resin. The registered office of the Company is situated at 3rd floor, K.D.L.B, building, 58, West Wharf, Karachi.

The manufacturing facility of the Company is situated at F-1,2,3 and 13,14 & 15, Hub Industrial Trading Estate, District Lasbella Balochistan and Plot No. A-5, N.W.I.Z, Port Qasim Authority, Karachi having sales offices located at Karachi.

#### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

These condensed interim financial statements of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

#### 2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except as stated otherwise.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

#### 2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2020.

#### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2020.

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2020.

5.	PROPERTY, PLANT AND EQUIPMENT	30 September	30 June
		2020	2020
		(Unaudited)	(Audited)
		(Rupees	in '000)
	Operating fixed assets	1,970,884	1,974,957
	Capital work in progress	97,410	87,313
		2,068,294	2,062,270

#### 5.1 Following are the additions to property, plant and equipment during the period:

	For the quarte	er ended
	30 Septe	mber
	2020	2019
	(Rupees i	n '000)
Additions / transfers from CWIP:		
Building on leasehold land	57,040	-
Plant and machinery	=	43,724
Furniture and equipment	136	67
Computer accessories	•	52
Capital work in progress	67,137	34,713
	124,313	78,556

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

		30 September 2020	30 June 2020
6.	STOCK IN TRADE	(Unaudited) (Rupees	(Audited) in '000)
	Raw and packing material		
	- in hand - in transit	322,663 84,967	421,857 194,363
		407,630	616,220
	Work-in-process	139,637	109,072
	Finished goods	577,629	424,189
	Provision for slow moving and obsolete stock	(607) 577,022	(607) 423,582
		1,124,289	1,148,874
7.	TRADE RECEIVABLES		
	Trade receivables	1,005,136	1,127,792
	Less: Allowance for impairment loss against trade receivables	(248,480) 756,656	(251,180) 876,612
8.	SHORT TERM BORROWINGS - SECURED		_
	<b>Conventional</b> Running finance under mark-up arrangement	226,848	344,739
	Islamic		
	Murabaha Istisna	134,266 1,139,295	141,180 1,307,949
		1,500,409	1,793,868

#### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

There are no changes in the status of contingencies as disclosed in the annual financial statements for the year ended 30 June 2020.

#### 9.2 Commitments

9.2.1 The Company has facilities of Rs. 2.269 million (30 June 2020: Rs. 2,269 million) for opening letters of credit. At 30 September 2020, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 235.12 million (30 June 2020: Rs. 340.232 million).

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

		Quarter e	ended
10.	NET SALES	30 Septe	mber
		2020	2019
		(Rupees i	n '000)
	Crowns and plastic caps	771,294	669,625
	PET resin	705,912	1,086,353
	Pre-form	382,900	244,897
	Raw material	6,278	1,720
	Export	2,735	-
	·	1,869,119	2,002,595
	Sales tax	(279,025)	(307,923)
	Net sales	1,590,094	1,694,672
11.	TAXATION		
	Current tax	39,437	25,429
	Deferred tax	(1,615)	(11,596)
		37,822	13,833

#### 12, EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. There is no dilutive effect on the basic earnings per share of the Company:

	Quarter ended	
	30 September	
	2020	2019
	(Rupees	in '000)
Profit for the period	92,074	33,725
Weighted average number of	(Numb	er)
ordinary shares	84,060,000	56,836,538
Formings per charal basis	(Rupees)	
Earnings per share - basic and diluted (2019 : restated)	1.10	0.59

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	30 Septer	mber
	2020	2019
	(Rupees i	n '000)
WORKING CAPITAL CHANGES		
Movement in working capital		
Stores and spares	(36,537)	(5,912)
Stock in trade	24,585	261,334
Trade debts	119,956	253,272
Loans and advances	(23,095)	(3,747)
Short term deposits and prepayments	(12,626)	(1,443)
Other receivables	(11,391)	(1,616)
Long term payables	•	(608,386)
Long-term deposits and prepayments - net	(10)	(709)
Trade and other payables	8,600	(94,476)
• •	69,482	(201,683)

#### 14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of entities over which the Company is able to exercise significant influence, entities with common directors, major shareholders, staff retirement benefits, directors and key management personnel. Transactions with related parties are entered into at commercial terms, as per the terms of employment and actuarial advice, as the case may be.

Details of transactions with and balances from / to related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

			Quarter ended		
			30 Septen	ptember	
14.1.	Related party transactions:		2020	2019	
			(Rupees in	'000)	
	Key management personnel compensa	n			
	Managerial remuneration	16.3	15,149	14,557	
	Others		2,458	1,495	

14.2. The directors and most of the executives of the Company are provided with free use of Company maintained cars.

#### 15. GENERAL

13

These condensed interim financial statements have been authorised for issue on October 24, 2020 by the Board of Directors of the Company.

YAKOOB HAJI KARIM CHIEF EXECUTIVE NOMAN YAKOOB DIRECTOR SALEEM ADVANI CHIEF FINANCIAL OFFICER

O. . - . . . . . . . . . . . .

Quarter ended

If undelivered please return to:

PAKISTAN SYNTHETICS LIMITED

Third Floor, Karachi Dock Labour Board Building,
58, West Wharf Road, Karachi-74000.