

Synthetic Products Enterprises Limited
Financial Statements
For the period ended 31 March 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Almas Hyder
Chairman/Non-Executive Director

Mr. Zia Hyder Naqi
Chief Executive Officer/ Executive Director

Dr. S. M. Naqi
Non-Executive Director

Mr. Haroon Sharif
Independent Non-Executive Director

Mr. Khawar Anwar Khawaja
Independent Non-Executive Director

Mr. Muhammad Tabassum Munir
Independent Non-Executive Director

Mr. Raza Haider Naqi
Non-Executive Director

Dr. Nighat Arshad
Non-Executive Director

Mr. Sheikh Naseer Hyder
Non-Executive Director

Mr. Abid Saleem Khan
Chief Operating Officer/ Executive Director

CHIEF FINANCIAL OFFICER

Mr. Khalil Ahmad Hashmi, FCA

COMPANY SECRETARY

Muhammad Kamran Farooq, ACMA

AUDIT COMMITTEE

Mr. Haroon Sharif
Committee Chairman

Mr. Almas Hyder
Member

Dr. S. M. Naqi
Member

Mr. Muhammad Tabassum Munir
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. Nighat Arshad
Member

Mr. Abid Saleem Khan
Member

FINANCE COMMITTEE

Mr. Almas Hyder
Committee Chairman

Mr. Haroon Sharif
Member

Mr. Zia Hyder Naqi
Member

Mr. Muhammad Tabassum Munir
Member

Mr. Sheikh Naseer Hyder
Member

Mr. Abid Saleem Khan
Member

REGISTERED OFFICE

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

Ph: 042-111-005-005

Fax: 042-35118507

FACTORY

Pandoki Plant

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

RYK Plant

Plot # 41 Rahim Yar Khan Industrial Estate KLP Road
Rahim Yar Khan

SHARE REGISTRAR

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

STATUTORY AUDITOR

KPMG Taseer Hadi and Co.
Chartered Accountants

HEAD OF INTERNAL AUDIT

Mr. Abu Bakar, ACA

TAX CONSULTANT

PWC A.F. Ferguson
Chartered Accountants

LEGAL ADVISORS

Cornelius Lane and Mufti
Advocates & Solicitors

BANKERS

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

WEBSITE



www.spelgroup.com

STOCK SYMBOL

SPEL

SYNTHETIC PRODUCTS ENTERPRISES LIMITED

Directors' Review of the Condensed Interim Financial Information

*For the Nine Months & Quarter ended 31 March 2021***Dear Shareholders,**

The Directors of Synthetic Products Enterprises Limited are pleased to present your Company's reviewed condensed interim financial information for the nine months & quarter ended 31 March 2021 along with the Directors' review thereon.

Financial Analysis

	Nine Months Ended		Quarter Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2021	2020	2021	2020
	PKR	PKR	PKR	PKR
	Millions	Millions	Millions	Millions
Sales – net	2,872.22	2,441.17	1,155.28	821.17
Cost of Sales	(2,259.58)	(2,001.33)	(899.42)	(654.12)
Gross Profit	612.64	439.83	255.85	167.05
Operating Profit	462.10	299.83	206.46	122.46
Profit after tax	305.75	201.59	144.23	84.33
EPS – Basic (PKR)	3.37	2.26	1.59	0.94

The revenue for the period under review stood at Rs. 2,872 Million registering growth over 17% as compared to same period of last year. The gross profit ratio and operating profit ratio improved to 21% and 16% respectively. Efficient utilization of resources and team efforts lead to achieve us a net profit increase of 51% from the comparative period.

Karachi Project

The activities on Karachi Project are executing as per the plan, the procurement of plant and machinery and the construction of building is in final stages. The commercial operations of the project is expected to start in ensuing quarter.

Outlook

Despite the uncertainties in the economy we are positive on the stability of our markets and inherent strengths and abilities of the Company's management to develop strategies to maintain the pattern of growth.

SPEL remain committed to supply quality products and to deliver on time to its customers as it is our promise of reliability.

Acknowledgement

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



Zia Hyder Naqi
Chief Executive Officer



Abid Saleem Khan
Director

Lahore
21 April 2021

Synthetic Products Enterprises Limited
Condensed Interim Statement of Financial Position
As at 31 March 2021

	Note	Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5	924,703,780	884,884,000
Share premium	6	432,604,193	347,391,050
Accumulated profit		1,521,021,385	1,303,751,649
Fair value reserve on investment		(1,834,344)	(2,486,683)
Surplus on revaluation of land		330,031,765	330,031,765
Shareholders' equity		3,206,526,779	2,863,571,781

LIABILITIES

Non-current liabilities

Long term loans - secured	7	259,072,848	275,419,567
Lease liabilities	8	6,236,675	7,101,936
Deferred income -Government grant	9	710,696	-
Deferred taxation		207,035,565	218,909,269
		473,055,784	501,430,772

Current liabilities

Trade and other payables	10	244,184,452	155,206,554
Unclaimed dividend		2,870,151	2,085,056
Short term borrowings	11	141,596,818	220,106,929
Current maturity of long term liabilities	12	205,974,983	124,344,511
Accrued mark up		7,837,364	5,873,819
		602,463,768	507,616,869
		4,282,046,331	3,872,619,422

Contingencies and commitments 13

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

ASSETS

Non-current assets

Property, plant and equipment			
- Operating fixed assets	14.1	2,122,036,720	2,177,776,341
- Capital work in progress	14.2	520,481,990	139,779,945
- Right of use assets	14.3	29,582,881	26,916,350
Intangibles		380,900	489,486
Investments	15	2,313,908	1,808,219
Long term deposits		14,806,217	10,820,959
		2,689,602,616	2,357,591,300

Current assets

Stores, spares and loose tools		45,895,442	30,214,137
Stock-in-trade	16	677,472,658	639,457,379
Trade debts - unsecured, considered good		626,311,268	509,334,671
Income tax - net		193,238,806	271,851,005
Advances, deposits, prepayments and other receivables		30,737,768	55,291,010
Cash and bank balances		18,787,773	8,879,920
		1,592,443,715	1,515,028,122
		4,282,046,331	3,872,619,422

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months and quarter ended 31 March 2021

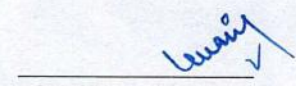
	<i>Note</i>	Nine months ended		Quarter ended	
		31 March 2021 Rupees	31 March 2020 Rupees	31 March 2021 Rupees	31 March 2020 Rupees
Sales - net	17	2,872,229,094	2,441,170,798	1,155,282,782	821,178,014
Cost of sales	18	(2,259,583,278)	(2,001,331,966)	(899,424,978)	(654,123,167)
Gross profit		612,645,816	439,838,832	255,857,804	167,054,847
Administrative expenses		(125,533,412)	(120,337,873)	(42,117,411)	(38,130,768)
Selling and distribution expenses		(25,012,214)	(19,667,545)	(7,278,524)	(6,456,702)
Operating profit		462,100,190	299,833,414	206,461,869	122,467,377
Other income		33,405,318	27,816,255	15,867,649	7,715,455
Other charges		(34,813,242)	(24,405,832)	(15,982,481)	(8,831,225)
Finance cost	19	(37,470,745)	(55,871,988)	(12,717,420)	(16,543,089)
Profit before taxation		423,221,521	247,371,849	193,629,617	104,808,518
Taxation		(117,463,387)	(45,776,561)	(49,390,806)	(20,474,025)
Profit after taxation		305,758,134	201,595,288	144,238,811	84,334,493
Earnings per share - basic and diluted	20	3.37	<i>Re-stated</i> 2.26	1.59	<i>Re-stated</i> 0.94

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Lahore


Chief Executive Officer


Director



Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months and quarter ended 31 March 2021


	Nine months ended		Quarter ended	
	31 March 2021 Rupees	31 March 2020 Rupees	31 March 2021 Rupees	31 March 2020 Rupees
Profit after taxation	305,758,134	201,595,288	144,238,811	84,334,493
<u>Other comprehensive income for the period</u>				
<i>Item that will not be recognized to profit or loss:</i>				
Fair value gain/(Loss) on investments at FVOCI - net of tax	652,339	37,221	(1,000,929)	(408,857)
Total comprehensive income for the period	306,410,473	201,632,509	143,237,882	83,925,636

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months and quarter ended 31 March 2021

	Issued subscribed and paid-up capital	Share Premium	Capital Reserve Surplus on revaluation of land	Fair value reserve on investment	Revenue Reserve Accumulated profit	Total
	----- Rupees -----					
Balance as at 30 June 2019 - audited	850,850,000	347,391,050	330,031,765	(3,162,588)	1,130,023,021	2,655,133,248
<u>Total comprehensive income</u>						
Profit for the nine months period ended 31 March 2020	-	-	-	-	201,595,288	201,595,288
Other comprehensive income for the nine months period ended 31 March 2020	-	-	-	37,221	-	37,221
	-	-	-	37,221	201,595,288	201,632,509
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2019 @ Rs. 0.6 per share	-	-	-	-	(51,051,000)	(51,051,000)
Bonus issue @ 4%	34,034,000	-	-	-	(34,034,000)	-
	34,034,000	-	-	-	(85,085,000)	(51,051,000)
Balance as at 31 March 2020 - un-audited	884,884,000	347,391,050	330,031,765	(3,125,367)	1,246,533,309	2,805,714,757
<u>Total comprehensive income</u>						
Profit for quarter ended 30 June 2020	-	-	-	-	57,218,342	57,218,342
Other comprehensive income for the quarter ended 30 June 2020	-	-	-	638,684	-	638,684
	-	-	-	638,684	57,218,342	57,857,026
Balance as at 30 June 2020 - audited	884,884,000	347,391,050	330,031,765	(2,486,683)	1,303,751,651	2,863,571,783
<u>Total comprehensive income</u>						
Profit for the nine months period ended 31 March 2021	-	-	-	-	305,758,134	305,758,134
Other comprehensive income for the nine months period ended 31 March 2021	-	-	-	652,339	-	652,339
	-	-	-	652,339	305,758,134	306,410,473
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2020 @ Re. 1 per share	-	-	-	-	(88,488,400)	(88,488,400)
Ordinary shares issued during the period (@ Rs. 32 each)	39,819,780	87,603,516	-	-	-	127,423,296
Transaction cost incurred for issuance of ordinary shares	-	(2,390,373)	-	-	-	(2,390,373)
	39,819,780	85,213,143	-	-	(88,488,400)	36,544,523
Balance as at 31 March 2021 - unaudited	924,703,780	432,604,193	330,031,765	(1,834,344)	1,521,021,385	3,206,526,779

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months ended 31 March 2021

	31 March 2021 Rupees	31 March 2020 Rupees
<i>Note</i>		
<u>Cash flows from operating activities</u>		
Profit before taxation	423,221,521	247,371,849
<i>Adjustments for non cash items:</i>		
Depreciation on property, plant and equipment	138,574,513	135,319,482
Amortization of intangibles	108,586	68,737
Finance cost	37,470,745	55,871,988
(Gain)/Loss on disposal of property, plant and equipment	(6,620,691)	5,142,602
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund	32,353,701	18,469,538
	201,886,854	214,872,347
Operating profit before working capital changes	625,108,375	462,244,196
<i>Decrease in current assets:</i>		
Stores, spares and loose tools	(15,681,305)	(20,759,152)
Stock-in-trade	(38,015,279)	22,383,410
Trade debts - unsecured, considered good	(116,976,597)	7,519,861
Advances, deposits, prepayments and other receivables	24,553,242	(27,863,716)
	(146,119,939)	(18,719,597)
<i>Increase/(Decrease) in current liabilities:</i>		
Trade and other payables	79,893,873	(8,841,244)
	(66,226,066)	(27,560,841)
Cash generated from operations	558,882,309	434,683,355
Workers' Profit Participation Fund & Workers Welfare Fund paid	(23,269,676)	(20,465,465)
Taxes paid	(50,578,242)	(51,071,864)
Long term deposits - net	(3,985,258)	851,400
Net cash generated from operating activities	481,049,133	363,997,426
<u>Cash flow from investing activities</u>		
Capital expenditure incurred	(471,954,317)	(214,881,190)
Intangibles acquired	-	(531,488)
Proceeds from disposal of property, plant and equipment	20,047,172	4,607,614
Net cash used in investing activities	(451,907,145)	(210,805,064)
<u>Cash flow from financing activities</u>		
Principal repayment of lease liability	(6,473,164)	(3,663,471)
Long term loan acquired	143,819,526	-
Diminishing musharika paid - net	(79,892,803)	(78,470,594)
Finance cost paid	(35,507,200)	(56,044,896)
Dividend paid	(87,703,305)	(50,696,658)
Net receipt against right issue	125,032,923	-
Short term borrowings - net	(21,557,069)	(9,758,354)
Net cash generated from/(used in) financing activities	37,718,907	(198,633,973)
Net increase/(decreased) in cash and cash equivalents	66,860,895	(45,441,611)
Cash and cash equivalents at beginning of the period	(111,507,298)	(146,969,043)
Cash and cash equivalents at end of the period	(44,646,403)	(192,410,654)

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

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

For the nine months ended 31 March 2021

1 Legal status and nature of business

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

- Sue-e-Asal Lalyani Road, Pandoki, Lahore
- Rahim Yar Khan Industrial Estate, Rahim Yar Khan, and
- Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore

2 Basis of preparation

2.1 Statement of compliance

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

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

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

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 31 March 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 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.

The comparative statement of financial position presented in these interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2020, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity has been extracted from the unaudited condensed interim financial statements for the nine months period ended 31 March 2020.

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

2.2 Functional and presentation currency

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

3 Judgments and estimates

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

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

4 Significant accounting policies

4.1 The accounting policies adopted for the preparation of the financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2020.

5 Issued, subscribed and paid-up capital

	Un-audited 31 March 2021	Audited 30 June 2020	Un-audited 31 March 2021	Audited 30 June 2020
Note	Number of shares		Rupees	Rupees
Ordinary shares of Rs. 10 each, fully paid in cash	23,773,918	19,791,940	237,739,180	197,919,400
Fully paid bonus shares of Rs. 10 each	61,031,460	61,031,460	610,314,600	610,314,600
Shares of Rs. 10 each, issued under scheme of amalgamation	7,665,000	7,665,000	76,650,000	76,650,000
5.1	<u>92,470,378</u>	<u>88,488,400</u>	<u>924,703,780</u>	<u>884,884,000</u>

5.1 Reconciliation of share capital

During the period company issued additional shares through right issue having face value of Rs. 10 each at a premium of Rs. 22 per share. Details are as follows:

	2020	
	Number of shares	Rupees
Balance as at 30 June 2020	88,488,400	884,884,000
Issuance during the period	3,981,978	39,819,780
Balance as at 31 Mar 2021	<u>92,470,378</u>	<u>924,703,780</u>

6 Share premium

		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
Reconciliation of share premium			
	<i>Note</i>		
Opening Balance		347,391,050	347,391,050
Issuance during the period	5.1	87,603,516	-
Transaction cost incurred		(2,390,373)	-
Closing Balance		<u>432,604,193</u>	<u>347,391,050</u>

7 Long term loans - secured

		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
7.1 Diminishing musharika - Islamic mode of financing:			
- United Bank Limited	7.1.1	56,804,009	86,786,097
- Bank Islami Pakistan Limited	7.1.2	31,875,000	51,000,000
- Habib Bank Limited	7.1.3	193,779,370	224,565,085
Less: Current maturity		(131,288,267)	(112,773,748)
		<u>151,170,112</u>	<u>249,577,434</u>
7.2 Loan under refinance Scheme - conventional loans			
- Habib Bank Limited	9	95,605,458	34,456,178
Less: Current maturity		(57,440,884)	(8,614,045)
		<u>38,164,574</u>	<u>25,842,133</u>
7.3 Long term loan - Conventional loans			
- MCB Bank Limited	7.3.1	33,074,000	-
Less: Current maturity		-	-
		<u>33,074,000</u>	<u>-</u>
7.4 Loan from customer			
- Loan from customer	7.4.1	48,885,550	-
Less: Current maturity		(12,221,388)	-
		<u>36,664,162</u>	<u>-</u>
		<u>259,072,848</u>	<u>275,419,567</u>

7.1.1 During the period / year, the Company has made repayments amounting to Rs.29.98 million (30 June 2020: Rs. 39.97 million).

7.1.2 During the period / year, the Company has made repayments amounting to Rs. 19.12 million (30 June 2020: Rs. 25.5 million).

7.1.3 During the period / year, the Company has made repayments amounting to Rs. 30.78 million (30 June 2020: Rs. 39.62 million).

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

7.4.1 During the period Company has obtained loan from Honda Atlas Cars (Pakistan) Limited for the purpose of capital expenditure. The loan is repayable in thirty six equal monthly installments starting from 30 June 2021 and carries mark up at three months KIBOR plus 1.25 %.

		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
8 Lease liabilities			
Lease liability	8.1	11,261,119	10,058,654
Less: Current maturity presented under current liabilities		(5,024,444)	(2,956,718)
		<u>6,236,675</u>	<u>7,101,936</u>

8.1 During the period / year, the Company has made repayments amounting to Rs. 6.47 million (30 June 2020: Rs. 2.67 million).

9 Deferred income - Government grant

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for the payment of salaries and wages at subsidized rate of 3% per annum. During the period Company has obtained further three tranches of the said loan against salaries for the month of July, August and September 2020. The principal amount of loan is payable in eight quarterly installments commencing from 1 January 2021 which is secured against first exclusive charge over fixed assets comprising of the machinery. On 22 September 2020 facility was extended up to Rs.114.88 million. The amount of government grant represents the benefit received by the Company as a result of utilization of this concessional facility.

		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
10 Trade and other payables			
Trade and other creditors		87,007,274	49,338,878
Accrued liabilities		80,388,531	57,319,970
Contract liabilities		21,174,020	8,379,038
Current portion of deferred income – government grants	9	3,694,855	-
Workers' profit participation fund		23,109,787	17,264,337
Workers' welfare fund		9,042,470	5,803,895
Withholding tax payable		3,860,097	900,525
Provident fund payable		1,801,334	1,609,744
Others		14,106,084	14,590,166
		<u>244,184,452</u>	<u>155,206,554</u>

11 Short term borrowings

Secured:

- Conventional Interest / mark-up based loans	11.1	72,863,591	128,460,772
- Islamic mode of financing	11.2	68,733,227	76,646,157
		<u>141,596,818</u>	<u>205,106,929</u>

Unsecured:

- Interest free financing		-	15,000,000
		<u>141,596,818</u>	<u>220,106,929</u>

Types of short term borrowings

11.1 Conventional loans

Short term running finance		44,995,591	77,992,772
Finance against trust receipts		27,868,000	50,468,000
		<u>72,863,591</u>	<u>128,460,772</u>

11.2 Islamic mode of financing

Murabaha and istisna		50,294,642	34,251,711
Running musharika		18,438,585	42,394,446
		<u>68,733,227</u>	<u>76,646,157</u>

12 Current maturity of long term liabilities

Long term loans - secured	7	200,950,539	121,387,793
Lease liabilities	8	5,024,444	2,956,718
		<u>205,974,983</u>	<u>124,344,511</u>

13 Contingencies and commitments

13.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2020, except the following:

- 13.1.1** The Additional Commissioner Inland Revenue issued an order dated 28 February 2018 against the Company in respect of Tax Year 2012 raising a demand of Rs. 1.32 million. The Commissioner Inland Revenue Appeals - I, Lahore has issued an order in favor of the Company against which the tax department has preferred an appeal before the Appellate Tribunal Inland Revenue on 29 December 2020, however, the appeal has not yet been fixed for hearing. The Company expects a favorable outcome of the appeals based on the advice of tax advisors.
- 13.1.2** The Deputy Commissioner Inland Revenue, Audit- 17, Zone - III, Large Taxpayers Unit, Lahore has concluded the audit proceedings in respect of the tax year 2015 through an order dated 30 September 2018 issued under section 122(1)/(5) of the Income Tax Ordinance, 2001 whereby, an aggregate income tax demand of Rs. 8.1 million has been raised against the Company. The Commissioner Inland Revenue Appeals has issued an order in favor of the Company against which the tax department has preferred an appeal before the Appellate Tribunal Inland Revenue on 07 December 2020, however, the appeal has not yet been fixed for hearing. The Company expects a favorable outcome of the appeals based on the advice of tax advisors.
- 13.1.3** The Additional Commissioner Inland Revenue has concluded the audit proceedings in respect of four tax years i.e. TY 2106, 2017, 2018 and 2019 through orders passed under section 122(5A) of the Income Tax Ordinance whereby an aggregate amount of Rs. 17.6 million has been reduced from the income tax refunds of the Company. The Company has filed appeals against the orders before the learned Commissioner Inland Revenue (Appeals) which has not yet been heard. The Company based on the advice of the tax advisors expects a favorable outcome of its appeals.

13.2 Commitments

- 13.2.1** Aggregate commitments for capital expenditure as at 31 March 2021 amounted to Rs. 26.70 million (30 June 2020: Rs. nil).

		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
	<i>Note</i>		
13.2.2 Commitments under irrevocable letters of credit for:			
- purchase of machinery		249,411,572	27,470,000
- purchase of raw material		406,069,384	157,755,066
		<u>655,480,956</u>	<u>185,225,066</u>

14 Property, plant and equipment

Operating fixed assets	14.1	2,122,036,720	2,177,776,341
Capital work in progress	14.2	520,481,990	139,779,945
Right of use assets	14.3	29,582,881	26,916,350
		<u>2,672,101,591</u>	<u>2,344,472,636</u>
14.1 Operating fixed assets			
Opening written down value		2,177,776,341	2,169,304,688
Add: Additions during the period / year (cost)	14.1.1	91,252,272	224,766,754
Add: Transfers during the period		-	(27,214,605)
Less: Disposals during the period / year at written down value		(10,510,755)	(8,879,926)
Less: Depreciation charge for the period / year		(136,481,138)	(180,200,570)
Closing written down value		<u>2,122,036,720</u>	<u>2,177,776,341</u>

		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
14.1.1 Additions during the period / year:			
Freehold Land		10,841,400	5,397,400
Buildings on freehold land		29,718,355	4,804,186
Plant and machinery		15,565,993	211,142,923
Office equipment		774,853	1,305,033
Tools and equipment		18,270,427	1,013,968
Computer equipment		793,090	149,000
Furniture and fittings		-	212,891
Vehicles		15,288,154	741,350
		<u>91,252,272</u>	<u>224,766,751</u>
14.2 Capital work in progress			
Balance at the beginning of the period / year		139,779,945	60,994,199
Add: Additions during the period / year		450,834,981	292,543,478
Less: Transfers to fixed assets during the period / year		(70,132,936)	(213,757,732)
		<u>520,481,990</u>	<u>139,779,945</u>
14.3 Right of use asset			
Opening written down value		26,916,350	-
Add: Impact of first time implementation of IFRS 16		-	28,289,979
Add: Additions during the period / year (cost)		7,675,632	2,076,000
Less: Disposals/Transferred during the period / year at written down value		(2,915,726)	(1,075,374)
Less: Depreciation charge for the period / year		(2,093,375)	(2,374,255)
Closing written down value		<u>29,582,881</u>	<u>26,916,350</u>
15 Investments	<i>Note</i>		
Investment classified as fair value through other comprehensive income	<i>15.1</i>	<u>2,313,908</u>	<u>1,808,219</u>
15.1	This represents 80,652 ordinary shares having face value of Rs. 10 each (30 June 2020: 80,652 ordinary shares) in Roshan Packages Limited.		
		Un-audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
16 Stock-in-trade			
Raw and packing material		470,992,577	444,304,283
Stock in transit		50,798,037	82,212,808
Work in process		48,264,394	39,664,866
Finished goods		107,417,650	73,275,422
		<u>677,472,658</u>	<u>639,457,379</u>

17 Sales - net

Local
Export

Less: Sales tax
Discounts

18 Cost of sales

Raw and packing materials consumed
Stores, spare parts and loose tools consumed
Salaries, wages and benefits
Security expenses
Electricity, fuel and water charges
Depreciation on property, plant and equipment
Repair and maintenance
Insurance
Oil and lubricants

Work in process:

- At beginning of the period
- At end of the period

Cost of goods manufactured

Finished goods:

- At beginning of the period
- At end of the period

Freight and forwarding

Cost of goods sold

19 Finance cost

Mark-up on:

- long term finance - *secured*
- lease liabilities
- short term borrowings - *secured*

Bank charges

20 Earnings per share - basic and diluted

20.1 Basic earnings per share

Profit for the period after taxation

Weighted average number of ordinary shares
in issue during the period

Earnings per share

20.1.1 The earnings per share has been calculated using weighted average number of shares which includes the effect of right shares issued during the period and prior year weighted number of shares have been restated accordingly.

20.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company.

21 Cash and cash equivalents

Short term running finance
Running musharika
Cash and bank balances

Nine months ended (Un-audited)	
31 March 2021 Rupees	31 March 2020 Rupees
3,392,076,729	2,903,403,537
16,419,814	12,432,305
3,408,496,543	2,915,835,842
(508,199,029)	(432,544,192)
(28,068,420)	(42,120,852)
2,872,229,094	2,441,170,798

1,666,846,660	1,406,264,726
9,279,848	7,185,409
203,030,726	177,857,176
6,066,879	6,692,269
208,779,025	190,753,637
124,689,359	121,873,090
36,706,792	26,112,029
5,317,529	4,633,448
3,046,558	1,765,132
2,263,763,376	1,943,136,915
39,664,866	88,456,508
(48,264,394)	(44,330,109)
2,255,163,848	1,987,263,314
73,275,422	58,733,269
(107,417,650)	(74,384,937)
2,221,021,620	1,971,611,646
38,561,658	29,720,320
2,259,583,278	2,001,331,966

29,977,248	35,338,083
469,066	606,265
5,890,519	19,076,976
1,133,912	850,663
37,470,745	55,871,988

Rupees	305,758,134	201,595,288
Number	90,636,387	89,373,284
Rupees	3.37	2.26

Re-stated

Nine months ended (Un-audited)	
31 March 2021 Rupees	31 March 2020 Rupees
(44,995,591)	(123,790,867)
(18,438,585)	(74,388,506)
18,787,773	5,768,719
(44,646,403)	(192,410,654)

22 Financial instruments - fair values

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

Nine months ended 31 March 2021 (Un-audited)						
Carrying Amount				Fair Value		
Investments at FVOCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
Financial assets measured at fair value						
Investment classified at FVOCI	2,313,908	-	2,313,908	2,313,908	-	-
<u>Financial assets at amortized cost</u>						
Cash and bank balances	-	18,787,773	18,787,773	-	-	-
Long term deposits	-	14,806,217	14,806,217	-	-	-
Trade debts - unsecured, considered good	-	626,311,268	626,311,268	-	-	-
Advances, deposits and other receivables	-	29,173,027	29,173,027	-	-	-
	-	689,078,285	689,078,285	-	-	-
<u>Financial liabilities measured at amortized cost</u>						
Long term loans- secured	-	460,023,387	460,023,387	-	-	-
Lease liabilities	-	11,261,119	11,261,119	-	-	-
Trade and other payables	-	101,113,358	101,113,358	-	-	-
Unclaimed dividend	-	2,870,151	2,870,151	-	-	-
Short term borrowing	-	141,596,818	141,596,818	-	-	-
Accrued mark up	-	7,837,364	7,837,364	-	-	-
	-	724,702,197	724,702,197	-	-	-

22.1

30 June 2020 (Audited)						
Carrying Amount				Fair Value		
Available for sale	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
			Rupees			

Note

Financial assets measured at fair value

Investment classified at FVOCI

1,808,219	-	-	1,808,219	1,808,219	-	-
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Financial assets at amortized cost

Cash and bank balances	-	8,879,920	-	8,879,920	-	-
Long term deposits	-	10,820,959	-	10,820,959	-	-
Trade debts - unsecured, considered good	-	509,334,671	-	509,334,671	-	-
Advances, deposits and other receivables	-	52,413,715	-	52,413,715	-	-
	-	581,449,265	-	581,449,265	-	-

Financial liabilities measured at amortized cost

Long term finances and diminishing musharika	-	-	396,807,360	396,807,360	-	-
Lease liabilities	-	-	10,058,654	10,058,654	-	-
Trade and other payables	-	-	63,929,044	63,929,044	-	-
Unclaimed dividend	-	-	2,085,056	2,085,056	-	-
Short term borrowing	-	-	205,106,929	205,106,929	-	-
Accrued mark up	-	-	5,873,819	5,873,819	-	-
	-	-	683,860,862	683,860,862	-	-

22.2

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

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

23 Transactions with related parties

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

				Nine months ended (Un-audited)	
				31 March 2021 Rupees	31 March 2020 Rupees
23.1	Related parties	Relationship	Transactions		
	Provident Fund Trust	Post employment benefit fund	Contribution	15,411,996	14,749,343
	Directors	Directors	Cash Dividend as shareholder	62,086,735	36,355,811
			Right shares	94,251,712	-
			Bonus shares as shareholder	-	24,237,160
		Directors other than key management personnel	Remuneration	16,030,534	14,313,094
		Non-Executive Directors	Meeting fee	1,250,000	1,175,000
		Non-Executive Directors	Purchase of Vehicle	2,850,000	-
	Key Management Personnel	Key Management Personnel	Remuneration	26,940,330	27,460,499
			Cash Dividend as shareholder	2,237	18,599
			Bonus shares as shareholder (Other than Directors)	-	12,390
			Right shares (Other than Directors)	1,297,184	-
				(Un-audited)	(Audited)
				31 March	30 June
				2021	2020
				Rupees	Rupees
23.2	Balances with related parties				
	Provident Fund Trust	Post employment benefit fund		1,801,334	1,609,744
23.3	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, full time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.				

24 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2020.

25 Impact of COVID-19 (CORONA VIRUS)

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Management based on its assessment has concluded that there are no material implications that adversely affect its businesses, results of operations and financial condition in future period. However, pursuant to relaxation announced by State Bank of Pakistan in view of this pandemic, the Company has availed a long term loan under SBP refinance scheme as disclosed in note 7.2.

26 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 21 April 2021.

27 General


Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سینٹھیک پراڈکٹس انٹرپرائزز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کی مالیاتی معلومات ڈائریکٹرز کے جائزے کے ساتھ پیش کر رہے ہیں۔

مالی تجزیہ

زیر جائزہ مدت کے دوران کمپنی کی مالی کارکردگی کا خلاصہ درج ذیل ہے۔

Quarter Ended 2020 مارچ 31 PKR in Millions	Quarter Ended 2021 مارچ 31 PKR in Millions	Nine Months Ended 2020 مارچ 31 PKR in Millions	Nine Months Ended 2021 مارچ 31 PKR in Millions	
821.17	1,155.28	2,441.17	2,872.22	سیلز
(654.12)	(899.42)	(2,001.33)	(2,259.58)	کاسٹ آف سیلز
167.05	255.85	439.83	612.64	خام منافع
122.46	206.46	299.83	462.10	آپریٹنگ منافع
84.33	144.23	201.59	305.75	خالص منافع
0.94	1.59	2.26	3.37	EPS (PKR)

زیر جائزہ مدت کے دوران کمپنی نے سیلز آمدن میں گزشتہ سال اسی مدت کے مقابلے میں 17 فیصد سے زیادہ اضافہ ریکارڈ کیا ہے۔ خام منافع کی شرح اور آپریٹنگ منافع کی شرح بہتر ہو کر بالترتیب 21 فیصد اور 16 فیصد ہو گئی ہے۔ وسائل کے منوثر استعمال اور ٹیم کی کاوشوں سے ہم نے خالص منافع میں 51 فیصد بہتری حاصل کی ہے۔

کراچی پراجیکٹ

کراچی پراجیکٹ بے سرگرمیاں پلان کے مطابق عمل پیرا ہیں۔ پلانٹ اینڈ مشینری کی خریداری اور بلڈنگ کی تعمیر کا کام آخری مراحل میں ہے۔ پراجیکٹ کے کمرشل آپریشنز آئندہ سہ ماہی میں شروع ہونے کی توقع ہے۔

مستقبل قریب کا جائزہ

معیشت میں غیر یقینی صورتحال کے ساتھ ساتھ ہم اپنی مارکیٹ کے استحکام اور کمپنی انتظامیہ کی صلاحیتوں پر بڑا اعتماد ہیں، جو کہ ترقی کے پیٹرن کو برقرار رکھنے کے لئے عمل پیرا ہیں۔ ہم اپنے گاہکوں کو معیار کی مصنوعات کی بروقت فراہمی کے لئے کوشاں ہیں جو کہ ہمارا قابل اعتماد ہونے کا ثبوت ہے۔

اعتراف

ہم کمپنی کی مصنوعات پر اعتماد کے لئے اپنے قابل قدر صارفین کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے ڈیلرز، سپلائرز، جنکریز، شیئر ہولڈرز اور مسلسل مدد فراہم کرنے کے لیے ملازمین سمیت دیگر تمام اسٹیک ہولڈرز کے شکرگزار ہیں۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

21 اپریل 2021