Pakistan Synthetics Limited

ANNUAL REPORT
2021

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Pakistan Synthetics Limited
COMPANY INFORMATION

BOARD OF DIRECTORS	MR. KHURSHID AKHTAR	CHAIRMAN-NON-EXECUTIVE
	MR. YAKOOB HAJI KARIM	CHIEF EXECUTIVE
	MR. NOMAN YAKOOB	EXECUTIVE
	MR. ABID UMER	NON- EXECUTIVE
	MR. MUBBASHIR AMIN	NON- EXECUTIVE
	MR. ALI KAMAL	INDEPENDENT
	MR. FARAZ YOUNUS BANDUKDA	INDEPENDENT
	MRS. SAEED FATIMA NAQVI	INDEPENDENT

AUDIT COMMITTEE	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. ABID UMER
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. NOMAN YAKOOB
CHIEF FINANCIAL OFFICER	MR. SHAHID YAQOOB
COMPANY SECRETARY	MR. MUHAMMAD IMRAN
BANKERS	DUBAI ISLAMIC BANK PAKISTAN LIMITED 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	MR. NABIL YAQOOB
REGISTRAR	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE
REGISTERED OFFICE	OFFICE # 1504, 15TH FLOOR, EMERALD TOWER, BLOCK 5, CLIFTON, KARACHI.
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
COMPANY PROFILE

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 (formerly they were listed on all Stock Exchanges of Pakistan) with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic and Crown Caps, PET Resin, PET Preform and BOPET Resin. The registered offfice of the Company is situated in Karachi.

Due to continuing depressed polyester staple fibre market situation, the Board had decided on April 20, 2015 to convert polyester staple fibre plant into PET Resin manufacturing plant by making necessary modifications and addition then to existing plant. PET Resin manufacturing facility has started its commercial production in October 2016.

The commencement of PET Resin manufacturing has enabled the Company to go further downstream in packaging industry and provide complete one window solution to beverage industry customers which has shown continuous growth over years. The Company is now poised to participate in growing needs of beverage consumption by playing an integral role by being a priority one-window supplier to multinational bottlers and local brand owners in Pakistan.

Pakistan Synthetics Limited
PRODUCT INFORMATION

Plastic and Crown Caps

The role of caps and closure is to seal and preserve the product inside each bottle. Pakistan Synthetics Limited (PSL) provides bottlers capping solutions that provide secure sealing, safe opening, consistent and consumer friendly removal torques, effective tamper evidence and application optimization. PSL understands how important excellent application performance and line efficiency are for bottlers. The caps by PSL reflect the bottler's individual brand identity; we have a wide range of colors and offer customized printing while fully maintaining product integrity and safety.

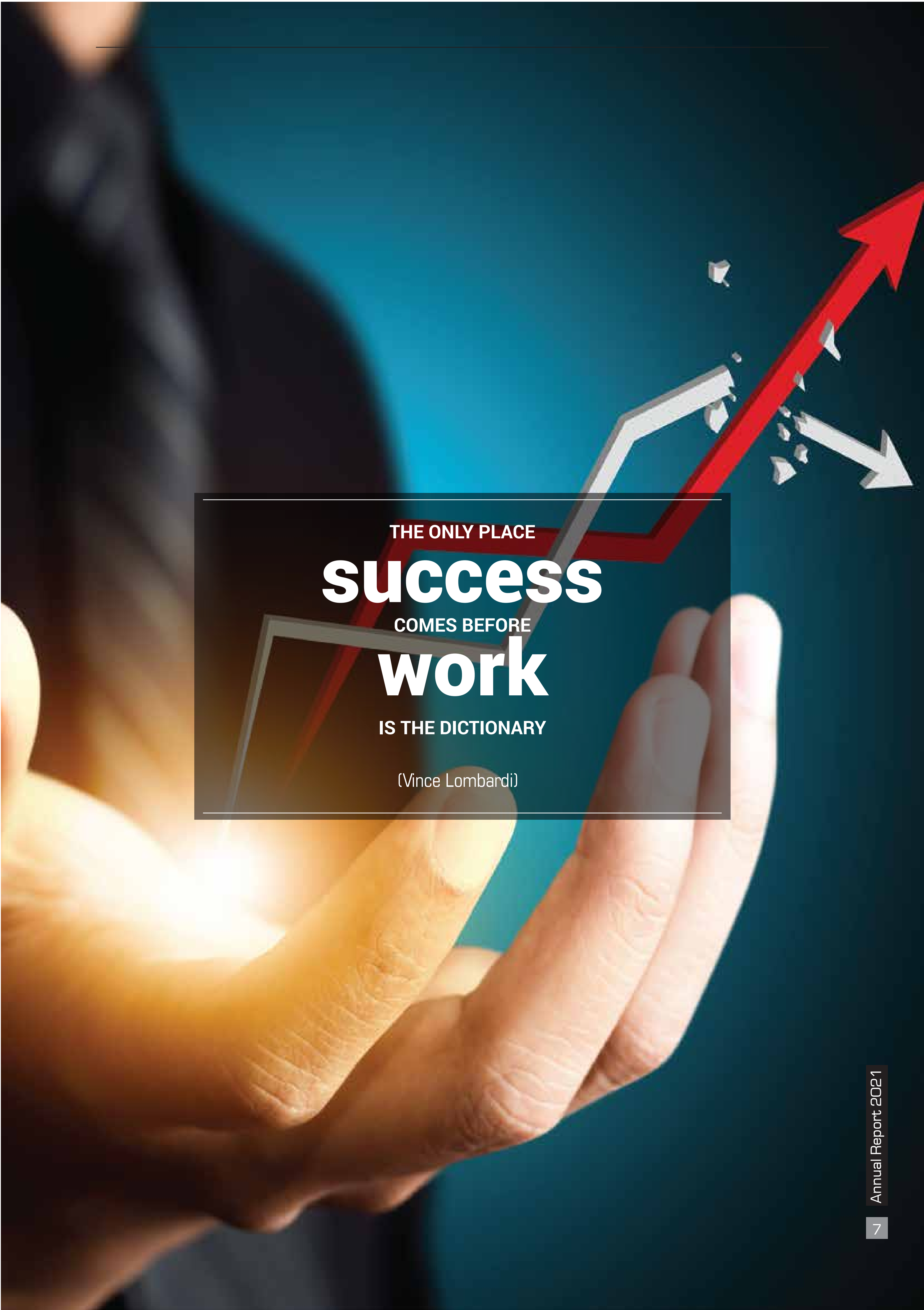
PET Resin and PET Preform

Polyethylene terephthalate (PET) is the most common thermoplastic polymer resin of the polyester family. Because PET is an excellent water and moisture barrier material, plastic bottles made from PET are used for soft drinks, still water, edible oil industry and pharmaceutical sector. The convenience attached with plastic packaging is paramount in increasing the consumption of PET in Pakistan.

Pakistan Synthetics Limited

PERFORMANCE OF THE COMPANY AT A GLANCE

	YEAR ENDED 30 JUNE									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
STATISTICAL SUMMARY	**Rupees in million**									
Gross sales	**8,547**	7,780	8,213	6,001	3,404	2,006	2,419	5,107	5,359	4,491
Profit / (loss) before taxation	**1,055**	(99)	(150)	37	(30)	96	(36)	70	66	40
Taxation	**307**	1	26	80	69	(4)	26	(20)	(23)	(22)
Profit / (loss) after taxation	**748**	(99)	(124)	117	39	92	(10)	50	43	18
Gross assets employed (including capital work-in-progress)	**5,705**	5,100	5,934	6,060	4,896	3,874	2,896	3,348	3,101	3,010
Paid-up capital	**841**	841	560	560	560	560	560	560	560	560
Shareholders' equity	**2,345**	1,602	1,196	1,336	1,222	1,240	1,149	1,167	1,118	1,072
EARNINGS AND PAY OUT	**Rs. per share of Rs. 10 each**									
Earnings/(loss) per share after taxation	**8.90**	(1.39)	(2.21)	2.09	0.69	1.63	(0.18)	0.89	0.77	0.33
Break-up value	**27.90**	19.06	21.34	23.86	21.82	22.12	20.50	20.82	19.94	19.13
Cash dividend	**2.50**	-	-	-	-	1.00	-	1.00	-	-
FINANCIAL RATIOS	**Ratios**									
Current Assets : Current Liabilities	**1.16:1**	0.94:1	0.78:1	1:1	0.99:1	1.01:1	1.15:1	1.20:1	1.28:1	1.31:1
Long-term Debts : Equity	**19:81**	18:82	31:69	30:70	26:74	26:74	19:81	17:83	20:80	27:73
PRODUCTION	**Quantity**									
PET Resin / Polyester Chips - Tons	**25,312**	24,499	25,121	25,782	20,952	-	-	-	-	-
Plastic and Crown Caps - Cartons	**543,820**	434,861	459,345	495,057	409,253	404,813	354,283	301,971	201,986	129,492
PET Preform - Octabins	**20,582**	12,360	5,986	1,771	-	-	-	-	-	-



THE ONLY PLACE
success
COMES BEFORE
work
IS THE DICTIONARY

(Vince Lombardi)

Pakistan Synthetics Limited
REVIEW REPORT BY THE CHAIRMAN

It gives me great pleasure to place before you the Annual Report of Pakistan Synthetics Limited for the year ended June 30, 2021.

Overall Business Performance

During the year under review, Gross Profit Margin of the Company has significantly increased from 7% to 20% on year to year basis. The Company earned net profit after tax of Rs. 748.366 million as compared to loss after tax of Rs. 99.043 million last year.
The key factors for this significant improvement in profit were favorable sales prices and lower input cost as compared to last year.

Overall Board Performance

The Company complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the Composition, procedures and meetings of Board of Directors and its committees. Code of Corporate Governance requires an annual evaluation of Board of Directors and its committees. The purpose of this evaluation is to bring improvement in the overall governance of the Company, efficiencies in Board process, enhancement of role of individual directors and sound support of Board Committees facilitating in discharging its responsibilities to achieve the objectives set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

In the end, I would like to commend my fellow directors for their commitment and the contribution they make to our strategic deliberations. On behalf of the Board, I would also like to thank every one of our stakeholders for their valuable contribution for the success of the Company.

Karachi
Date: September 6, 2021

KHURSHID AKHTAR
Chairman

Pakistan Synthetics Limited
DIRECTORS' REPORT

We are pleased to present before you the 36th Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2021.

OPERATING PERFORMANCE

During the year under review the Company produced 25,312 MT of Resin as against 24,499 MT of resin during the corresponding period last year and sold 17,829 MT of resin as against 23,679 MT of resin during the corresponding period last year. During the year, the Company produced 20,582 octabins of preform as against 12,360 octabins of preform during the corresponding period last year and sold 20,538 (2019: 13,231) octabins of preform during the year.

During the year under review, the Company produced 543,820 cartons of plastic and crown caps as against 434,861 cartons of last year and sold 528,805 cartons during the year as against 439,683 cartons of last year.

FINANCIAL RESULTS

During the year under review, the company's gross turnover increased to Rs. 8,539.43 million from Rs. 7,771.57 million during the corresponding last year.

Gross margin has increased from 7% to 20% as compared to the corresponding period. This was mainly due to favorable movement in imported raw material prices and with better topline performance has resulted in significant improvement. Other income increased due to exchange gain as a result of appreciation in the value of Pak Rupee for a sizable period during the year. Finance cost of the Company decreased from Rs. 389.303 million to Rs. 189.464 million as a result of decrease in discount rates. Rise in other expense mainly reflect impact of profitability related provisions. Accordingly, the Company earned net profit after tax for the period amounting to Rs. 748.366 million (2020: Loss of Rs. 99.043 million).

EARNING PER SHARE

The net profit per share, after providing for taxation, for the year ended June 30, 2021 was Rs. 8.9 (June 30, 2020: loss per share of Rs. 1.39).

DIVIDEND

The Board of Directors has recommended Cash Dividend at Rs. 2.5 per share i.e. 25% and to issue Bonus Shares in the proportion of 1 share for every 10 shares held i.e. 10% to the Shareholders of the Company.

PRINCIPAL RISKS AND UNCERTAINITIES

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices
- Adverse movement in industrial utilities pricing
- Adverse movement in policy rate of State Bank of Pakistan

Pakistan Synthetics Limited
DIRECTORS' REPORT

BUSINESS OVERVIEW AND FUTURE OUTLOOK

The COVID pandemic affected the global economy at various levels. During the rapidly evolving situation in wake of COVID pandemic outbreak, our top priority continues to be health of our employees and other stake holder. Business environment is likely to remain challenging owing to potential adverse implications of COVID pandemic on the economy which are quite diverse in nature. However, COVID Vaccine has started to be distributed throughout the country in order to curtail COVID implications and its related health issues. Further, the country has faced severe economic challenges in last one and half year which have affected all the business. However, the economic turbulence our country witnessed was being effectively addressed by the government. The local economy is being forecasted to grow in coming months. The Company has planned development of existing infrastructure. In order to be more competitive and grab more market share, certain balancing, modernizing and rehabilitation projects are underway.

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

Protection of the environment remains a critical component of Company's vision.
Water, waste and resource conservation; emissions management and regulatory compliance; are all essential areas of focus for us. We are committed to ensuring that our operations remain environment friendly. The Company has a dedicated and qualified staff to meet the statutory and regulatory compliances of Environment protection.

CORPORATE SOCIAL RESPONSIBILITY :

Covid-19 pandemic is a global health crisis and the greatest challenge in recent times. The Company adopted the best practices and guidelines given by global health institutions and the Government of Pakistan to ensure safe operations and protection of our employees.

Being a good Socially Responsible Corporate Citizen, Pakistan Synthetics Limited is committed to offer high quality food packaging products originating from company, conforming to the legal, statutory and regulatory requirement to enforce and assuring workers & consumer's safety during all pre-production, production and post-production processes.

WEBSITE

All our stakeholders and general public can visit the Company's website, www.pslpet.com, which has a designated section for investors containing relevant information.

SUBSEQUENT EVENT

The Directors report that no material change or commitment has taken place, other than those disclosed which has affected the financial position of the company from the end of the financial year up to the date of this report.

Pakistan Synthetics Limited
DIRECTORS' REPORT

FINANCIAL REPORTING FRAME WORK

As required under the Code of Corporate Governance, the Directors confirm compliance with the Corporate and Financial Reporting Frame Work for the following:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting and Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e) The system of internal control and other such procedures, which are in place, are sound in design and have been effectively implemented and monitored on an on going basis by the management. The process of review will continue and any weakness in control will be removed. The Board of Directors oversees the system of internal control.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) There has been no default on payment on any debt.

i) The Company has developed an efficient and effective Environment Management Plan to ensure that all necessary measures are identified and implemented in order to protect the environment and comply with the environmental legislation. The Plan has been approved from relevant authorities. Further, The Company has also provided appropriate training to employees of the Company to work on environment management plan whereby employees were trained to ensure safe handling, storage and transportation of hazardous chemicals and to follow other environmental requirements.

j) Key operating and financial data for the last ten years in summarized form is annexed.

k) Information about outstanding taxes and levies are given in the Notes to the Financial Statements.

Pakistan Synthetics Limited
DIRECTORS' REPORT

COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors as at June 30, 2021 is as under;

Independent Directors:	4
Other Non-Executive Directors:	2
Executive Directors:	2

The total number of directors is eight as per the following:

a.	Male:	Seven
b.	Female:	One

MEETING OF THE BOARD OF DIRECTORS

During the year, four (04) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

NAME OF DIRECTOR		NO OF MEETING ATTENDANCE
I.	Mr. Khurshid Akhtar - Independent	4
II.	Mr. Yakoob Haji Karim - Chief Executive	4
III.	Mr. Abid Umer - Non Executive	3
IV.	Mr. Noman Yakoob - Executive	4
V.	Mr. Ali Kamal - NIT - Independent	4
VI.	Mrs. Saeed Fatima Naqvi - Independent	2
VII.	Mr. Faraz Younus Bandukda - Independent	4
VIII.	Mr. Mubbashir Amin - Non Executive	4

Leave of absence was granted to Directors who could not attend the Board meetings.

MEETING OF THE AUDIT COMMITTEE

During the year, four (04) meetings of the Audit Committee were held. Attendance by each Director was as follows:-

NAME OF DIRECTOR		NO OF MEETING ATTENDANCE
I.	Mr. Ali Kamal-NIT	4
II.	Mr. Abid Umer	3
III.	Mr. Mubbashir Amin	4

MEETING OF THE HR AND REMUNERATION COMMITTEE

During the year, one (01) meeting of the HR and Remuneration Committee was held. Attendance by each Director was as follows:-

NAME OF DIRECTOR		NO OF MEETING ATTENDANCE
I.	Mr. Ali Kamal	1
II.	Mr. Noman Yakoob	1
III.	Mr. Mubbashir Amin	1

Pakistan Synthetics Limited
DIRECTORS' REPORT

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2021 is annexed.

AUDITORS

The present auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Directors endorsed recommendation of the Audit Committee for their re-appointment for the year ending 30 June, 2022.

ACKNOWLEDGEMENT

The Management would like to place on record its appreciation for dedication and hard work rendered by its employees and workers.

For and on behalf of the Board of Directors

YAKOOB HAJI KARIM	**NOMAN YAKOOB**
Chief Executive	**Director**

Karachi
Dated: September 6, 2021

پاکستان سینتیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

30 جون 2021 کو ختم ہونے والے سال کے لئے ہم 36 ویں سالانہ رپورٹ کمپنی کے آڈٹ کردہ مالی حسابات کے ساتھ پیش کرتے ہیں.

کارکردگی کا جائزہ

رواں مالی سال کے دوران کمپنی نے 25,312 میٹرک ٹن پیٹ ریزن کی پیداوارکی جو گزشتہ برس 24,999 میٹرک ٹن تھی۔ رواں مالی سال کے دوران کمپنی نے 17,829 میٹرک ٹن پیٹ ریزن فروخت کیےجو گزشتہ برس 23,679 میٹرک ٹن تھی۔ رواں مالی سال کے دوران کمپنی نے 20,582 اوکتبانس پری فوم کی پیداوار کی جو گزشتہ برس 12,360 اوکتبانس تھی ۔ رواں مالی سال کے دوران کمپنی نے20,538(13,231:2019) اوکتبانس فروخت کیے۔

رواں مالی سال کے دوران کمپنی نے543,820 کارٹون پلاسٹک اور کراون کیپ کی پیداوار کی جو گزشتہ برس434,861 کارٹون تھے۔ رواں مالی سال کے دوران کمپنی نے528,820 کارٹون فروخت کیےجو گزشتہ برس 439,683 کارٹون تھے۔

مالیاتی نتائج

رواں مالی سال کے دوران کمپنی کے مجموعی کاروبار میں اضافہ ہوا جو 8,539.43 ملین روپے رہا جو گزشتہ برس7,771.57 ملین تھا

گزشتہ برس کے مقابلے میں مجموعی مارجن 7 فیصد سے بڑھ کر 20 فیصد ہوگیا ھے۔ یہ بنیادی طور پر درآمد شدہ خام مال کی قیمتوں میں سازگار نقل و حرکت کی وجہ سے تھا اور بہتر ٹاپ لائن کارکردگی کے ساتھ نمایاں بہتری آئی ہے۔ سال کے دوران ایک بڑے عرصے کے لیے پاک روپے کی قدر میں اضافے کے نتیجے میں زر مبادلہ کے باعث دیگر آمدنی میں اضافہ ہوا۔ رعایتی شرحوں میں کمی کے سبب کمپنی کی مالیاتی لاگت 389.303 ملین روپے سے کم ہو کر 189.464 ملین روپے ہوگی۔ دوسرے اخراجات میں اضافہ بنیادی طور پر منافع سے متعلقہ دفعات کے اثرات کی عکاسی کرتا ھے۔اس سال کمپنی کا ٹیکس کے بعد خالص منافع 99.30 ملین روپے رہا جو گزشتہ سال99.043 ملین روپے خسارہ تھا۔

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرز رپورٹ

فی حصص آمدنی

30 جون 2021 کو ختم ہونے والے سال کے لئے، ٹیکس فراہم کرنے کے بعد، فی حصہ خالص آمدنی 8.9 روپے تھا (30 جون 2019: فی حصہ خالص نقصان1.39 روپے).

ڈیوڈینڈ

بورڈ آف ڈائریکٹرز نے2.5 فی شیئر یعنی 25 فیصد نقد منافع اور بونس شیئربشرح 1 شیئربرائے10 شیئریعنی10 فیصد کے اجرا کی سفارش کی ہے-

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو کچھ خطرات اور غیر یقینی صورتحال کا سامنا ہے. تاہم، ہم اہم خطرات کے طور پر مندرجہ ذیل پر غور کرتے ہیں:

غیر ملکی کرنسی کی شرح اور سامان کی قیمتوں میں منفی تحریک

صنعتی سہولیات کی قیمتوں کے تعین میں منفی تحریک

اسٹیٹ بینک آف پاکستان پالیسی کی شرح میں منفی تحریک

کاروباری جائزہ اور مستقبل کی صورت حال

کوویڈ وبائی مرض نے عالمی معیشت کو مختلف سطحوں پر متاثر کیا۔ کوویڈ وبائی امراض کے بعد تیزی سے بدلتی ہوئی صورتحال کے دوران ، ہماری اولین ترجیح ہمارے ملازمین اور دیگر سٹیک ہولڈرز کی صحت کو برقرار رکھنا ہے۔ ممکنہ طور پر معیشت پر کوویڈ وبائی امراض کے ممکنہ منفی اثرات کی وجہ سے کاروباری ماحول چیلنجنگ رہے گا۔ تاہم ، کوویڈ ویکسین کو ملک بھر میں تقسیم کرنا شروع کر دیا گیا ہے تاکہ کوویڈ کے اثرات اور اس سے متعلقہ صحت کے مسائل کو کم کیا جا سکے۔ مزید یہ کہ گزشتہ ڈیڑھ سال میں ملک کو شدید معاشی چیلنجوں کا سامنا کرنا پڑا جس نے تمام کاروبار کو متاثر کیا۔ تاہم ، ہمارے ملک نے جس معاشی بدحالی کا مشاہدہ کیا ، حکومت کی طرف سے اس کا مؤثر طریقے سے ازالہ کیا جا رہا ہے۔ مقامی معیشت کو آنے والے مہینوں میں ترقی کی پیش

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرز رپورٹ

گوئی کی جا رہی ہے۔ کمپنی نے موجودہ انفراسٹرکچر کی ترقی کا منصوبہ بنایا ہے۔ زیادہ مسابقتی ہونے اور زیادہ مارکیٹ شیئر حاصل کرنے کے لیے ، کچھ توازن ، جدید کاری اور بحالی کے منصوبے جاری ہیں۔

ماحولیات پر کمپنی کے کاروبار کا اثر

ماحولیات کا تحفظ کمپنی کے وژن کا ایک اہم جزو ہے۔ پانی ، فضلہ اور وسائل کا تحفظ اخراج کا انتظام اور ریگولیٹری تعمیل ہمارے لیے توجہ کے تمام ضروری شعبے ہیں۔ ہم اس بات کو یقینی بنانے کے لیے پرعزم ہیں کہ ہماری کارروائیاں ماحول دوست رہیں۔ ماحولیاتی تحفظ کے قانونی اور ریگولیٹری تعمیلات کو پورا کرنے کے لیے کمپنی کے پاس ایک سرشار اور اہل عملہ ہے۔

کارپوریٹ سماجی ذمہ داری

کوویڈ 19 وبائی بیماری ایک عالمی صحت کا بحران ہے اور حالیہ دنوں میں سب سے بڑا چیلنج ہے۔ کمپنی نے ہمارے ملازمین کے محفوظ آپریشن اور تحفظ کو یقینی بنانے کے لیے عالمی ادارہ صحت اور حکومت پاکستان کی طرف سے دی گئی بہترین طریقوں اور رہنما اصولوں کو اپنایا۔ایک اچھے سماجی طور پر ذمہ دار کارپوریٹ شہری ہونے کے ناطے ، پاکستان سنتھیٹکس لمیٹڈ کمپنی سے پیدا ہونے والی اعلی معیار کی فوڈ پیکیجنگ مصنوعات پیش کرنے کے لیے پرعزم ہے ، جو تمام پری پروڈکشن ، پروڈکشن اور پوسٹ پروڈکشن کے دوران کارکنوں اور صارفین کی حفاظت کو نافذ کرنے اور یقین دلانے کے لیے قانونی ، قانونی اور ریگولیٹری تقاضوں کے مطابق ہے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عام عوام کمپنی کی ویب سائٹ www.pstpet.com ملاحظہ کریں جس میں سرمایہ کاروں کے لئے نامزد کردہ سیکشن ہے جس میں متعلقہ معلومات شامل ہیں۔

مابعد واقعات

کمپنی کےمالیاتی سال کے اختتام اوراس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی پوزیشن کو متاثر کرنے والی ذمہ داریاں یا کوئ اھم تبدیلی نھیں ھوی۔

پاکستان سینتیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

کارپوریٹ گورننس

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹر مندرجہ زیل کارپوریٹ اور مالی رپورٹنگ فریم ورک کے ساتھ عمل کی تصدیق کرتے ہیں۔

کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں سے اس کے معاملات کی حالات،اس کے آپرشنز کے نتائج ،نقدی کا بہاو اور ایکویٹی میں تبدیلیوں کو ظاھر کرتے ھیں۔

کمپنی نے اکاؤنٹس کی مناسب کتابیں تیار کرلی ھیں

کمپنی کے مالیاتی گوشواروں کی تیاری میں مستقل طور پر درست شماریاتی پالیسیوں کا اطلاق کیا جاتا ھے اور شماریاتی تخمینے قابل فھم اور محتاط اندازوں پر مبنی ھیں۔

کمپنی کے مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات، کی پاسداری کی گی ھے۔

کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ھے اور موثر طور پر اس کا اطلاق اور مانیٹر کا گیا ھے بورڈ اس عمل کی نگرانی کرتا ھے۔

ایک چلتے کاروبار کے طور پر کمپنی کی جاری رہنے کی صلاہیت پر کوی قابل ذکر شکوک موجود نہیں ہیں۔

کارپوریٹ گورننس کے بہترین طریقوں سے قطی کوی انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتآیا گایا ہے۔

قرض کی ادائیگی پر کوی نادہندگی نہیں ھوی۔

کمپنی نے ماحول کو تحفظ فراہم کرنے اور ماحولیاتی قانون سازی کے مطابق عمل کرنے کے لئے تمام ضروری اقدامات کی شناخت اور لاگو کرنے کے لئے ایک مؤثر ماحولیات مینجمنٹ پلان تیار کیا ہے. منصوبہ متعلقہ حکام سے منظور کیا گیا ہے. اس کے علاوہ، کمپنی نے کمپنی کے ملازمین کو ماحولیاتی انتظام کی منصوبہ بندی پر کام کرنے کے لئے مناسب تربیت فراہم کی ہے جس کے تحت ملازمین کو خطرناک کیمیکلوں کے محفوظ ہینڈلنگ، اسٹوریج اور نقل و حمل کو یقینی بنانے اور دوسری ماحولیاتی ضروریات کو پورا کرنے کے لئے تربیت دی گئی ہے

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرزرپورٹ

- آخری دس سالوں کے آپریٹنگ اور مالیاتی اعداد و شمارکا خلاصہ رپورٹ میں موجود ہے
- بقایا ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی حسابات کے ساتھ منسلک نوٹس میں دی گئ ہے۔

بورڈ آف ڈائریکٹرز کی ترتیب

بورڈ آف ڈائریکٹرز کی ترتیب 30 جون 2021 میں یہ ہے

آزاد ڈائریکٹر	4
غیر انتظامی ڈائریکٹر	2
انتظامی ڈائریکٹر	2

مندرجہ ذیل کے مطابق ڈائریکٹر کی کل تعداد آٹھ ہے۔

(۱) مرد: سات
(۲) عورت: ایک۔

سال کے دوران منعقدہ بورڈ کے اجلاس

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کے گے ہیں جن میں ڈائریکٹرزکی حاضری مندرجہ زیل کے مطابق رہی:.

ڈائریکٹرز کے نام	حاضری	عہدہ
جناب خورشید اختر	4	آزاد
جناب یعقوب حاجی کریم	4	انتظامی
جناب عابد عمر	3	غیر انتظامی

ڈائریکٹرز رپورٹ

جناب نعمان یعقوب	4	انتظامی
جناب علی کمال	4	آزاد- این آی ٹی
جناب مبشر امین	4	غیر انتظامی
مسز سیدہ فاطمہ نقوی	2	آزاد
جناب فراز یونس بانڈوکڑا	4	آزاد

ان ڈائریکٹرز کو جو بورڈ کے اجلاس میں حاضر نہیں حوسکتے تھے غیر حاضری کی چھوٹ دی گی تھی۔

سال کے دوران منعقدہ آڈٹ کمیٹی کے اجلاس

اس سال آڈٹ کمیٹی کے چار اجلاس منعقد کے گے ہیں، جس میں ڈائریکٹرز کی حاضری مندرجہ زیل کے مطابق رہی:

ڈائریکٹرز کے نام	حاضری
جناب علی کمال - این آی ٹ	4
جناب عابد عمر	3
جناب مبشر امین	4

سال کے دوران منعقدہ انسانی وسائل اور ادائگیوں کی کمیٹی کے اجلاس

اس سال انسانی وسائل اور ادائگیوں کی کمیٹی کا ایک اجلاس منعقد کیا گیا، جس میں ڈائریکٹرز کی حاضری مندرجہ زیل کے مطابق رہی:

ڈائریکٹرز کے نام	حاضری
جناب علی کمال	1
جناب نعمان یعقوب	1
جناب مبشر امین	1

پاکستان سینتیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

غیر انتظامی ڈائریکٹرز کی مشاہرہ پالیسی

غیر انتظامی اور آزاد ڈائریکٹرز کی کمپنی کے بورڈ اور کمیٹی میٹنگوں میں شرکت کے لئے فیس بورڈ کی طرف سے وقتاً فوقتاً متعین کی جاتی ہے۔

حصہ داری کا نمونہ

30 جون 2021 پر حصہ داری کے نمونہ کا بیان موجود ہے۔

آڈیٹرز

موجودہ آڈیٹر،KPMG تاثیر ہادی & کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائراوراہل، نے دوبارہ اپنی تعیناتی کی پیشکش کی ھے۔ بورڈ آف ڈائریکٹرز،کمپنی کے لیے بطور آڈیٹر برائے سال مختتمہ 30 جون 2022 باہمی متفقہ فیس پر،ان کی دوبارہ تعیناتی کے لئے آڈٹ کمیٹی کی سفارش کو منظورکرتا ہے ۔

اعتراف

یہ بورڈ عملے کے تمام اراکین اور ورکرزکو بہترین کارکردگی اور محنت پر شکریہ ادا کرتا ہے۔

بورڈ کی جانب سے

جناب نعمان یعقوب	جناب یعقوب حاجی کریم
ڈائریکٹر	چیف ایگزیکٹیو

کراچی
تاریخ: 6 ستمبر 2021

Pakistan Synthetics Limited
MISSION STATEMENT

Our Mission

Our Mission is to be the most efficient manufacturer of high performance packaging requirements of Industry in Pakistan.

Our Vision

To be an End to End solution provider for our partners, instead of working in a vedor-supplier model whereby all needs of our customers is catered by Pakistan Synthetics Limited.

Pakistan Synthetics Limited
STATEMENT OF ETHICS AND BUSINESS PRACTICES

- PSL resolves to always place the company's interest first;

- PSL resolves to excel through resource management namely, human (professional & technical both), financial and other infrastructural facilities and to ensure reasonable return to all the stakeholders;

- PSL conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate culture;

- PSL expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;

- PSL resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality product at competitive prices;

- PSL resolves not to compromise on principles.

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2021

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

1. The total number of directors are eight as per the following details:
   a. Male: seven
   b. Female: one

2. The composition of the board is as follows:

Independent Directors:	four (including one female Director)
Executive Director:	two
Other Non-Executive Directors:	two

3. The Directors have confirmed that none of them is serving as a Director in 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 the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 [Act] and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the 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 Board had arranged Directors' Training program for the following:

Mr. Ali Kamal	Mr.Abid Umer
Mr. Noman Yakoob	Mr. Faraz Younus Bandukda

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2021

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board;

12. The board has formed following Committees as required under CCG, 2019 which comprises of members given below:

Name of Members	Audit Committee
1. Mr. Ali Kamal	Chairman of Committee
2. Mr. Abid Umer	Member
3. Mr. Mubbashir Amin	Member

Name of Members	Human Resource and Remuneration Committee
1. Mr. Ali Kamal	Chairman of Committee
2. Mr. Mubbashir Amin	Member
3. Mr. Noman Yakoob	Member

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

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

Name of Committee	Number of Meetings held during year from July 1, 2020 to June 30, 2021
Audit Committee	Four
Human Resource and Remuneration Committee	One

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

Pakistan Synthetics Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES [CODE OF CORPORATE GOVERNANCE] REGULATIONS, 2019
FOR THE YEAR ENDED JUNE 30, 2020

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 the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

YAKOOB HAJI KARIM	**NOMAN YAKOOB**
Chief Executive	**Director**

Karachi
Date: September 6, 2021

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Synthetics 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 **Pakistan Synthetics Limited** (the Company) for the year ended 30 June 2021 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 a part of our audit of the 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 2021.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi
Date: 13 September 2021

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Synthetics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan Synthetics Limited** (the Company), which comprise the statement of financial position as at 30 June 2021, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 2021 and of the profit and other comprehensive loss, 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 *Auditors' 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

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whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition**	
	Refer notes 3.9 and 22 to the financial statements. The Company is engaged in sales of different products namely Plastic caps, Crown Caps, PET and BoPET resin and Preform. The Company generates revenue from sale of goods to various customers. The Company generated revenue of Rs. 7,250.6 million which constitutes 42% revenue i.e. Rs. 3,025.9 million from the sales of PET and BoPET resin, 34% revenue i.e. Rs. 2,436.8 million from the sales of crown and plastic caps and remaining 24% from the sales of Preform. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and of the potential risk that revenue may not be recognized in the appropriate period.	Our audit procedures in relation to recognition of revenue, amongst others, included the following: • assessed the design, implementation and tested the operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition; • assessed the appropriateness of the Company's accounting policies for revenue recognition including its compliance with accounting and reporting standards as applicable in Pakistan; • critically assessed journals posted to revenue ledger to identify unusual or irregular items; and • tested on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.

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S. No.	Key audit matters	How the matters were addressed in our audit
2.	**Valuation of Trade Receivables**	
	Refer notes 3.2.1.5 and 11 to the financial statements As at 30 June 2021, the Company's gross trade receivables amounted to Rs. 1,267.6 million against which allowance for impairment loss amounting to Rs. 239.2 million has been recorded, based on loss allowance for expected credit loss (ECL) model. We identified valuation of trade receivables as a key audit matter as it involves significant management judgment in determining the expected credit loss allowance.	Our audit procedures in relation to valuation of trade receivables, amongst others, included the following: • obtained understanding of the management's basis for the determination of the allowance for impairment loss required at the year-end; • assessed, on sample basis, whether the trade receivables' ageing report was classified appropriately in different ageing brackets; • assessed the expect credit loss method used by the Company for determination of allowance for impairment loss against trade receivables as allowable under the accounting and reporting standards as applicable in Pakistan; • assessed the appropriateness of assumptions and estimates made by management on allowance for impairment loss against trade receivables by comparing, on a sample basis, historical cash collections, actual write offs and cash receipts from customers subsequent to the financial year end with the underlying documentation; and • assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 30 June 2021 but does not include the financial statements and our auditors' 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, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material

KPMG Taseer Hadi & Co.

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:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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 **Moneeza Usman Butt**.

Date: 13 September 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Synthetics Limited

Statement of Financial Position

AS AT 30 JUNE 2021

	Note	2021	2020
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**2,209,018**	2,062,270
Right-of-use asset	5.1	**42,020**	14,925
Long term loan to employees - secured	6	**1,419**	2,549
Long term deposits	7	**9,519**	10,038
Deferred taxation - net	8	**161,128**	34,061
		2,423,104	2,123,843
Current assets			
Stores and spares	9	**315,528**	275,397
Stock-in-trade	10	**1,670,712**	1,148,874
Trade receivables	11	**1,028,366**	876,612
Loans and advances	12	**75,033**	12,326
Short term deposits and prepayments	13	**8,883**	10,531
Short term investment	14	**548**	522
Other receivables		**2,032**	3,123
Taxation - net		**166,397**	630,594
Cash and bank balances	15	**14,167**	17,993
		3,281,666	2,975,972
TOTAL ASSETS		**5,704,770**	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	16	**840,600**	840,600
Reserves		**1,504,279**	761,653
		2,344,879	1,602,253
Non-current liabilities			
Long term finances - secured	17	**335,542**	271,140
Lease liability	5.3	**38,808**	12,186
Deferred Liabilties	18	**153,127**	36,096
		527,477	319,422
Current liabilities			
Trade and other payables	19	**1,607,319**	1,267,808
Accrued markup		**6,775**	24,539
Short term borrowings - secured	20	**989,919**	1,793,868
Current portion of lease liability	5.3	**7,685**	5,834
Unclaimed dividend		**4,219**	4,219
Current portion of long term finance		**216,497**	81,872
		2,832,414	3,178,140
TOTAL EQUITY AND LIABILITIES		**5,704,770**	5,099,815
Contingencies and commitments	21		

The annexed notes 1 to 38 form an integral part of these financial statements.

YAKOOB HAJI KARIM	**NOMAN YAKOOB**	**SHAHID YAQOOB**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

Pakistan Synthetics Limited

Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2021

	Note	**2021**	2020
		(Rupees in '000)	
Net sales	22	**7,250,594**	6,587,155
Cost of sales	23	**(5,798,751)**	(6,126,504)
Gross profit		**1,451,843**	460,651
Distribution and selling costs	24	**(125,882)**	(108,067)
Administrative and general expenses	25	**(76,419)**	(68,287)
Impairment reversal on trade receivables	11.1	**11,934**	-
Other operating expenses	26	**(79,966)**	(5,524)
		(270,333)	(181,878)
		1,181,510	278,773
Other income	27	**63,391**	11,221
Operating profit before finance costs		**1,244,901**	289,994
Finance costs	28	**(189,464)**	(389,303)
Profit / (loss) before taxation		**1,055,437**	(99,309)
Taxation	29	**(307,071)**	66
Profit / (loss) after taxation from continuing operations		**748,366**	(99,243)
Profit after taxation from discontinued operations		**-**	200
Profit / (loss) for the year		**748,366**	(99,043)
		(Rupees)	
Profit / (loss) per share - basic and diluted	30	**8.90**	(1.39)

The annexed notes 1 to 38 form an integral part of these financial statements.

YAKOOB HAJI KARIM	NOMAN YAKOOB	SHAHID YAQOOB
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited
Statement of Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	(Rupees in '000)	
Profit / (loss) for the year	**748,366**	(99,043)
Items that will not be reclassified to statement of profit or loss account		
Remeasurements of defined benefit liability	**(8,084)**	1,299
Related tax thereon	**2,344**	(377)
	(5,740)	922
Total comprehensive income / (loss) for the year	**742,626**	(98,121)

The annexed notes 1 to 38 form an integral part of these financial statements.

YAKOOB HAJI KARIM	NOMAN YAKOOB	SHAHID YAQOOB
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital reserve	Revenue reserve		Total reserves	
		Share premium	General reserve	Unappropriated profit		
	(Rupees in '000)					
Balance as at 30 June 2019	560,400	-	292,450	343,164	635,614	1,196,014
Transactions with owners of the Company - Contribution						
Issue of right share	280,200	224,160	-	-	224,160	504,360
Total comprehensive loss for the year ended 30 June 2020						
Loss for the year	-	-	-	(99,043)	(99,043)	(99,043)
Other comprehensive income	-	-	-	922	922	922
	-		-	(98,121)	(98,121)	(98,121)
Balance as at 30 June 2020	840,600	224,160	292,450	245,043	761,653	1,602,253
Total comprehensive income for the year ended 30 June 2021						
Profit for the year	-	-	-	**748,366**	**748,366**	**748,366**
Other comprehensive loss	-	-	-	**(5,740)**	**(5,740)**	**(5,740)**
	-	-	-	**742,626**	**742,626**	**742,626**
Balance as at 30 June 2021	840,600	224,160	292,450	**987,669**	**1,504,279**	**2,344,879**

The annexed notes 1 to 38 form an integral part of these financial statements.

YAKOOB HAJI KARIM
CHIEF EXECUTIVE

NOMAN YAKOOB
DIRECTOR

SHAHID YAQOOB
CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited
Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2021

	Note	**30 June 2021**	30 June 2020
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation - continued and discontinued operations		**1,055,437**	(99,000)
Adjustments for:			
Depreciation		**252,784**	239,291
Depreciation on right of use asset		**11,147**	-
Charge for staff gratuity		**9,855**	8,205
Amortization of intangible assets		**-**	421
Grant income		**(8,531)**	(31)
Unrealised exchange loss		**7,566**	6,250
Finance costs		**183,803**	386,561
Mark-up on lease liability		**4,619**	2,742
Unrealised gain on remeasurement of investment		**(26)**	(22)
Gain on derecognition of right of use asset		**(4,111)**	-
Reversal against slow moving and obsolete stock		**(607)**	-
Reversal against trade receivables - net		**(11,934)**	-
Profit on saving and deposit account		**(193)**	(1,047)
Net remeasurement gain on provision of GIDC		**(17,454)**	-
Gain on disposal of property, plant and equipment		**(3,469)**	(5,008)
		1,478,886	538,362
Changes in:			
Working capital	35	**(296,773)**	912,797
Long term deposit - net		**519**	(4,875)
Long term payables		**-**	(608,386)
Long term loan to employees - net		**76**	1,110
Cash generated from operations		**1,182,708**	839,008
Staff gratuity paid		**(7,266)**	(1,735)
Financial costs paid		**(193,036)**	(383,945)
Taxes refund received / (paid)		**30,193**	(37,119)
Net cash generated from operating activities		**1,012,599**	416,209
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(410,022)**	(127,905)
Proceeds from disposal of property, plant and equipment		**13,959**	5,008
Profit on saving accounts received		**193**	1,047
Net cash used in investing activities		**(395,870)**	(121,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from right issue		**-**	504,360
Payment of lease liabilities		**(10,277)**	(7,110)
Dividend paid		**-**	(4)
Long term loan obtained - net		**193,671**	(176,460)
Short term foreign currency loan and money market loan - net		**-**	(200,000)
Short term istisna and murabaha - net		**(572,936)**	(592,480)
Net cash used in financing activities		**(389,542)**	(471,694)
Net increase / (decrease) in cash and cash equivalents		**227,187**	(177,335)
Cash and cash equivalents at beginning of the year		**(326,746)**	(149,411)
Cash and cash equivalents at end of the year		**(99,559)**	(326,746)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	15	**14,167**	17,993
Running Finance and Running Musharka	20.1 & 20.3	**(113,726)**	(344,739)
		(99,559)	(326,746)

The annexed notes 1 to 38 form an integral part of these financial statements.

YAKOOB HAJI KARIM	NOMAN YAKOOB	SHAHID YAQOOB
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2021

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, Preform and BOPET Resin. The registered office of the Company is situated at office # 1504, 15th Floor, Emerald Tower, Block 5, Clifton, Karachi.

The manufacturing facility of the Company is situated at F-1,2,3, 13,14 & 15, Hub Industrial Trading Estate, District Lasbella, Balochistan and Plot No. A-5, N.W.I.Z, Port Qasim Authority, 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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act 2017.

Where provisions of and directives issued under the Companies Act 2017 differ from IFRS Standards or IFAS, 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 as stated otherwise.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of Estimates and Judgments

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

i) Employee benefits (refer note 3.1)
ii) Taxation (refer note 3.3)
iii) Property, plant and equipment (refer note 3.4)
iv) Intangible assets (refer note 3.5)
v) Stores and spares (refer note 3.6)
vi) Stock in trade (refer note 3.7)
vii) Impairment (refer note 3.2.1.7 and 3.8)
viii) Provisions (refer note 3.11)

2.5 Change in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective. There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting peri ods beginning on or after 1 July 2020. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are not 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 2021:

- Interest Rate Benchmark Reform Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an economically equivalent basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. 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 shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the IASB has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments and improvements does not have a material impact on the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all years presented in these financial statements.

3.1 Employee benefits

Defined benefit scheme

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognised immediately in statement of comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Interest cost and current service cost are recognised in statement of profit or loss. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for the permanent employees as per the service rules of the Company.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised 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.

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.

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.

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

Business model assessment

The Company's financial assets comprise of loans and receivables, the assessment of business model for other financial assets is made on a portfolio / asset basis. The information considered in making this assessment includes:

- the stated policies and objectives for the asset and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio / asset is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, "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 profit margin.

In assessing whether the contractual cash flows are SPPI, 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 the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-re course loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

On the basis of above assessment the Company determined that Held-to-collect business model is relevant for the Company as its financial assets comprise of only cash and cash equivalents and trade and other receivables. These financial assets are held to collect contractual cash flow.

3.2.1.2 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period the Company changes its business model for managing financial assets.

3.2.1.3 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

3.2.1.4 Subsequent measurement

Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

3.2.1.5 Trade receivables, loans and advances, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.2.1.6 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances held with banks and short term running finance availed by the Company, which are payable on demand and form an integral part of the Company's cash management.

3.2.1.7 Impairment

The Company recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

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 balance 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.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

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 two hundred and ten days. 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 amor tised 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.

3.2.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Company has transferred substantially all risks and rewards of ownership.

3.2.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (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 recognised in the statement of 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 recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss. Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.2.2.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in statement of profit or loss over the period of borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.2.2.2 Trade and other payables

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

3.2.3 Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting or when the derivative does not qualifies for hedge accounting are measured at fair value and all changes in its fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

3.2.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised using balance sheet method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred taxation on the amount of minimum tax paid for a period in excess of tax based on taxable income is accounted for in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan.

3.4 Property, plant and equipment

Operating assets

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and

(c) borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure (including normal repairs and maintenance)

Expenditures incurred to replace a significant component of an item of property, plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including normal repairs and maintenance) is recognised in the statement of profit or loss as an expense when it is incurred.

Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 4.1 to these financial statements.

Depreciation on additions to property, plant and equipment is charged from the quarter the asset is available for use up to the quarter prior to disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in the statement of profit or loss.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.5 Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation on additions to intangible assets is charged from the month in which an item is acquired or capitalised while no amortisation is charged for the month in which the item is disposed off.

3.6 Stores and spares

Stores and spares are valued at weighted average cost except for items in transit which are stated at cost. Provision for obsolete and slow moving stores and spares is determined based on management's estimate regarding their future usability.

3.7 Stock-in-trade

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the weighted average basis. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, except for cost of work in process which comprises of raw material cost only as conversion costs are not significant.

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

3.8 Impairment of non-financial assets

The carrying amounts of the Company's non financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

3.9 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognised when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of Plastic Caps, Crown Caps, PET Resin, BOPET Resin and Preform which generally include single performance obligation. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised.

Dividend income is recognized when the Company's right to receive the payment is established

Return on savings accounts and deposit accounts is recognized on time proportion basis, taking effect of the effective interest rate.

Management considers that revenue from its ordinary activities are shariah compliant.

3.10 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupees at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Pakistani Rupees at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss and presented with in other operating expenses.

3.11 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.12 Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from rest of the Company's business and which:

- represents a separate major line of business or geographical area of operations,

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs on disposal, abounding or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative statement of profit or loss is represented as if the operation had been discontinued from the start of the comparative year.

3.13 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognised on the Company's statement of financial position and payments made under Ijarah financing are recognised in the statement of profit or loss on a straight line basis over the term of the lease.

3.14 Dividend and appropriation

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognised in the period in which these are approved.

3.15 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.16 Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate applicable in the market for such leases.

The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying assets.

3.17 Operating segment

The financial statements are prepared on the basis of single reporting segment consistent with the information reviewed by the chief operating decision maker of the Company.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	**2021**	2020
		(Rupees in '000)	
Operating fixed assets	*4.1*	**2,123,102**	1,974,957
Capital work-in-progress	*4.2*	**85,916**	87,313
		2,209,018	2,062,270

Pakistan Synthetics Limited

4.1 Operating fixed assets

The following is a summary of the Company's operating fixed assets:

	2021								
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and Office Equipment	Computer accessories	Total
	(Rupees in '000)								
As at 1 July 2020									
Cost	28,118	498,194	4,819,886	52,693	56,620	1,976	17,279	6,114	5,480,880
Accumulated depreciation	(7,776)	(166,096)	(3,218,127)	(52,693)	(37,525)	(1,976)	(16,267)	(5,463)	(3,505,923)
Net book value	20,342	332,098	1,601,759	-	19,095	-	1,012	651	1,974,957
Additions	-	101,665	273,798	-	31,943	3,213	354	446	411,419
Disposal									
Cost	-	-	-	-	(15,089)	-	-	-	(15,089)
Accumulated depreciation	-	-	-	-	4,599	-	-	-	4,599
	-	-	-	-	(10,490)	-	-	-	(10,490)
Depreciation charge for the year	657	26,048	220,301	-	4,445	321	575	437	252,784
Closing net book value	19,685	407,715	1,655,256	-	36,103	2,892	791	660	2,123,102
As at 30 June 2021									
Cost	28,118	599,859	5,093,684	52,693	73,474	5,189	17,633	6,560	5,877,210
Accumulated depreciation	(8,433)	(192,144)	(3,438,428)	(52,693)	(37,371)	(2,297)	(16,842)	(5,900)	(3,754,108)
Net book value	19,685	407,715	1,655,256	-	36,103	2,892	791	660	2,123,102
Useful life (in years)	30 - 99	20	5 - 20	5	8	5	5 - 10	3	

	2020								
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Office Improvements	Furniture and office equipment	Computer accessories	Total
	(Rupees in '000)								
As at 1 July 2019									
Cost	28,118	456,061	4,753,355	52,693	59,313	1,976	17,279	5,652	5,374,447
Accumulated depreciation	(7,120)	(145,614)	(3,012,065)	(52,693)	(43,029)	(1,976)	(15,474)	(5,110)	(3,283,081)
Net book value	20,998	310,447	1,741,290	-	16,284	-	1,805	542	2,091,366
Additions	-	42,133	66,531	-	6,293	-	-	462	115,419
Disposal									
Cost	-	-	-	-	(8,986)	-	-	-	(8,986)
Accumulated depreciation	-	-	-	-	8,986	-	-	-	8,986
	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	656	20,482	206,062	-	3,482	-	793	353	231,828
Closing net book value	20,342	332,098	1,601,759	-	19,095	-	1,012	651	1,974,957
As at 30 June 2020									
Cost	28,118	498,194	4,819,886	52,693	56,620	1,976	17,279	6,114	5,480,880
Accumulated depreciation	(7,776)	(166,096)	(3,218,127)	(52,693)	(37,525)	(1,976)	(16,267)	(5,463)	(3,505,923)
Net book value	20,342	332,098	1,601,759	-	19,095	-	1,012	651	1,974,957
Useful life (in years)	30 - 99	20	5 - 20	5	8	5	5 - 10	3	

Pakistan Synthetics Limited

4.1.1 Depreciation for the year has been allocated as follows:

	Note	2021	2020
		(Rupees in '000)	
Cost of sales	23	**242,363**	222,555
Distribution and selling expenses	24	**2,605**	2,317
Administrative and general expenses	25	**7,816**	6,956
		252,784	231,828

4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total area
Leasehold Land (Hub plant)	F-1,2,3 & 13, 14 & 15, Hub Industrial Trading Estate District Lasbella, Balochistan	65,500 Sq. Meters
Leasehold Land (Port Qasim plant)	Plot No. A-5, N.W.I.Z., Port Qasim Authority, Karachi	20,234 Sq. Meters

4.1.3 The details of property, plant and equipment having net book value of Rs. 500,000 and above sold / disposed of during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Relationship with the purchaser
	---------- (Rupees in 000) ----------							
Vehicles	1,850	173	1,677	2,000	**323**	Negotiation	Muhammad Irfan	Third Party
Vehicles	2,012	1,258	754	1,000	**246**	Negotiation	Mubashir Amin	Ex-Employee
Vehicles	700	22	678	450	**(228)**	Negotiation	Habib ur Rehman	Employee
Vehicles	7,382	-	7,382	8,000	**618**	Negotiation	Auto Mall	Third Party

4.2 Capital work-in-progress

	2021	2020
	(Rupees in '000)	
Building on leasehold land	**3,920**	59,661
Plant and machinery	**43,989**	-
Advance against capital expenditure	**38,007**	27,652
	85,916	87,313

4.2.1 During the year the additions to capital work in progress and transfer to respective assets amounted to Rs. 174.47 million (2020: Rs. 98.34 million) and Rs. 175.86 million (2020: Rs. 85.85 million) respectively.

5 LEASES

5.1 Right-of-use assets

	2021	2020
	(Rupees in '000)	
Balance as at 1 July	**14,925**	22,388
Additions	**49,436**	-
Derecognition	**(11,194)**	-
Depreciation of right-of-use assets	**(11,147)**	(7,463)
Balance as at 30 June	**42,020**	14,925

5.2 This relates to rental agreement of head office and depreciation charge on right-of-use assets for the year has been allocated to as follows:

	2021	2020
	(Rupees in '000)	
Administrative and general expenses	**8,360**	5,597
Selling and distribution expenses	**2,787**	1,866
	11,147	7,463

5.3 Lease Liability

	2021	2020
Lease Liabilities at 1 July	**18,020**	18,948
Additions	**49,436**	-
Derecognition	**(15,305)**	-
Accretion of interest	**4,619**	2,741
Rental payments	**(10,277)**	(3,669)
Lease liabilities at 30 June	**46,493**	18,020
Current portion	**7,685**	5,834
Non current portion	**38,808**	12,186
	46,493	18,020

6. LONG TERM LOAN TO EMPLOYEES - *secured*

	Note	2021	2020
		(Rupees in '000)	
Due from employees		**4,838**	4,914
Less: Recoverable within one year	12	**(3,419)**	(2,365)
		1,419	2,549

6.1 These loans are interest free and granted to executives and employees of the Company in accordance with the Company's policy for purchase of cars, motor cycles and household appliances. The loans are recoverable in instalments over a period of 24 to 86 months. These are secured against staff retirement benefits of such employees.

7. LONG TERM DEPOSITS

	Note	2021	2020
		(Rupees in '000)	
Deposits - net			
- Utility deposits	7.1	**634**	624
- Security deposits		**8,885**	9,414
		9,519	10,038

7.1 These long term deposits are non-interest bearing.

8. DEFERRED TAXATION - NET

Deferred tax comprises of (deductible) / taxable temporary differences in respect of the following:

	2021	2020
	(Rupees in '000)	
Taxable temporary difference		
Accelerated tax depreciation	**197,537**	191,676
Deductible temporary differences		
Provision for staff gratuity	**(13,563)**	(10,468)
Net impact of right to use asset and lease liability	**(1,297)**	(898)
Provision for impairment loss against trade receivables, doubtful advances, slow moving and obsolete stock-in-trade, stores and spares, compensated absences and GIDC	**(82,991)**	(90,309)
Minimum tax asset for the tax year 2018, 2019 and 2020	**(252,479)**	-
Excess of ACT over normal tax	**(8,335)**	-
Un-used tax losses	-	(124,062)
	(358,665)	(225,737)
Balance as at 30 June	**(161,128)**	(34,061)

9. STORES AND SPARES

	2021	2020
Stores and spares		
- in hand	**354,009**	317,511
- in transit	**10,000**	6,367
	364,009	323,878
Provision for slow moving and obsolete items	**(48,481)**	(48,481)
	315,528	275,397

10. STOCK-IN-TRADE	Note	2021	2020
		(Rupees in '000)	
Raw and packing material			
- in hand		**361,732**	421,857
- in transit		**294,522**	194,363
		656,254	616,220
Work-in-process		**455,329**	109,072
Finished goods		**559,129**	424,189
Provision for slow moving and obsolete stock		**-**	(607)
		559,129	423,582
		1,670,712	1,148,874

11. TRADE RECEIVABLES

Trade receivables		**1,267,612**	1,127,792
less: Allowance for impairment loss against trade receivables	11.1	**(239,246)**	(251,180)
		1,028,366	876,612

11.1 Allowance for impairment loss against trade receivables

Balance as on 1 July	**251,180**	251,180
Net reversal for the year	**(11,934)**	-
Balance as on 30 June	**239,246**	251,180

12. LOANS AND ADVANCES

Loans - considered good			
Current maturity of long term loan to employees	6	**3,419**	2,365
Advances			
- employees against salary		**101**	317
- letters of credit fees and expenses		**565**	4,097
- suppliers - net		**70,948**	5,547
		71,614	9,961
		75,033	12,326

13. SHORT TERM DEPOSITS AND PREPAYMENTS

Short term deposits	**7,720**	9,816
Prepayment	**1,163**	715
	8,883	10,531

14. SHORT TERM INVESTMENT

	Note	2021	2020
		(Rupees in '000)	
At fair value through profit or loss	14.1	**548**	522

14.1 This represents investment in ABL Islamic Income Fund at a cost of Rs. 500,000 made at a price of Rs. 10.802 per unit.

15. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees in '000)	
With Islamic banks			
- current accounts		**11,640**	3,072
- saving accounts	15.1	**54**	446
With conventional banks			
- current accounts		**1,892**	13,383
		13,586	16,901
Cash in hand		**581**	1,092
		14,167	17,993

15.1 Rate of return on saving accounts at 5.5% (2020: 6.43% to 9%) per annum.

16. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
65,380,000	65,380,000	Ordinary shares of Rs. 10 each fully paid in cash	**653,800**	653,800
18,680,000	18,680,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**186,800**	186,800
84,060,000	84,060,000		**840,600**	840,600

17. LONG TERM FINANCE - secured

	Note	2021	2020
		(Rupees in '000)	
Islamic			
Long term finances utilised under diminishing musharka		**246,318**	316,587
Loan obtained under refinance scheme for payment of wages and salaries	17.6	**86,826**	33,655
Loans obtained under Islamic Temporary Economic Refinance Facility (ITERF)	17.7	**175,284**	-
Less: current portion of long term finances		**(206,061)**	(80,252)
		302,367	269,990
Deferred income - Government grant	17.8	**43,612**	2,770
Current portion of deferred income - Government grant		**(10,437)**	(1,620)
		33,175	1,150
		335,542	271,140

The Company has entered into Diminishing Musharka arrangements with following banks as under:

	Note	2021	2020
		(Rupees in '000)	
Meezan Bank Limited	17.1	**39,621**	66,035
Askari Bank Limited - Islamic Banking Services	17.2	**37,500**	56,250
MCB Islamic Bank Limited	17.3	**22,500**	45,000
Bank Al-Falah Limited - Islamic Banking Branch	17.4	**86,800**	86,800
Bank Al-Habib Limited - Islamic Banking Branch	17.5	**59,897**	62,502
		246,318	316,587

17.1 The Company entered into Diminishing Musharka arrangements with Meezan Bank Limited amounting to Rs. 97.70 million. These carry profit at the rate of 6 months KIBOR + 0.7% per annum and 6 months with a floor of 5% per annum and cap of 25% per annum and is payable on semi-annual basis. The tenure of facility is up to five years with grace period of 1 year from the date of drawdown. The principal is payable in 8 equal semi-annual instalments and last instalment is payable on 29 November 2022. The facility is secured against 1st exclusive charge over specific fixed asset of the Company with 25% margin to be covered through 1st pari-passu charge over general plant and machinery.

17.2 This represents Diminishing Musharka arrangement entered with Askari Bank Limited - Islamic Banking Services amounting to Rs. 150 million. The facility carries profit at the rate of 3 months KIBOR + 0.8% per annum with a floor of 4% and cap of 25%. The tenure of the facility is six years from the date of drawdown with grace period of 2 years. The principal is payable in 20 and 16 equal quarterly instalments and last instalment is payable on 27 November 2021. The facility is secured against 1st pari passu hypothecation charge amounting to Rs. 353 million with 15% margin over all present and future plant and machinery of the Company.

17.3 The Company has entered into Diminishing Musharka arrangement with MCB Islamic Bank Limited amounting to Rs. 200 million. This carry profit at the rate of 6 months KIBOR plus 0.5% per annum with a floor of 5% and cap of 20% per annum and is payable on quarterly basis in arrears. The tenure of facility is up to 4 years with grace period of 1 year from the date of drawdown and 1 year deferment allowed. The principal is payable in 8 equal quarterly instalments and last instalment is payable on 27 November 2021. This facility is secured against 1st pari passu charge with 25% margin over plant and machinery and Personal Guarantee of Sponsor Directors.

17.4 The Company has also entered into Diminishing Musharka arrangement with Bank Al-Falah Limited - Islamic Banking Branch amounting to Rs. 124 million. These carry profit at the rate of 6 months KIBOR plus 0.85% per annum with a floor of 5% and cap of 15% per annum. The tenure of facility is six years. The principal amount is payable in 10 equal semi-annual instalments and last instalment is payable on 5 July 2024. This facility is secured against 1st exclusive hypothecation charge of Rs. 125 million over imported plant and machinery financed through the facility along with pari passu hypothecation charge of Rs. 40 million over general plant and machinery of the company covering 25% margin requirement.

17.5 The Company has entered into Diminishing Musharka arrangements with Bank Al-Habib Limited - Islamic Banking Branch amounting to Rs. 62.502 million. This carry profit at the rate of 6 months KIBOR plus 1.50% per annum with a floor of 6% and cap of 20% per annum. The tenure of facility is three years with 2 year grace period. The principal amount is payable in 24 equal monthly instalments and last instalment is payable on 10 May 2023. This facility is secured against 1st exclusive hypothecation charge over imported plant and machinery financed through the facility.

17.6 Due to the effects of pandemic, State Bank of Pakistan (SBP) took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Company has obtained the said borrowing from two islamic bank at subsidized rate of 2.5% & 1.5% which are repayable in 8 quarterly installments under the SBP scheme. Government grant amounting Rs. 6.765 million has been further recorded during the year ended 30 June 2021 and Rs. 5.834 million has been amortized during the year. In accordance with the terms of the grant, the Company is prohibited to lay-off the employees atleast for three months from the period of the grant.

17.7 Company has obtained loan under SBP Islamic Temporary Economic Refinance Facility (ITERF) from various Islamic banks. SBP introduced this scheme to support the economy for purchase of plant and machinery at subsidized rate of borrowings.

During the year Company obtained Rs. 212.19 million (2020: nil) from various Islamic banks having grace period from 1 to 2 years at profit ranging from 3% to 4%. Government grant amounting Rs. 42.27 million has been recorded during the year ended 30 June 2021 and Rs. 2.68 million has been amortized during the year. The loan is secured against 1st pari passu charge over plant and machinery of the Company.

17.8 This represents deferred government grant on borrowings obtained under SBP ITERF scheme amounting to Rs. 39.59 million (2020: nil) and SBP salary and wages scheme amounting to Rs. 4.02 million (2020: 2.77 million) respectively.

18. DEFERRED LIABILTIES

		2021	2020
		(Rupees in '000)	
Staff retirement benefits	*18.1*	**46,769**	36,096
Provision against Gas Infrastruture Development Cess	*21.1.2*	**152,170**	-
Less: Current portion		**(45,812)**	-
		106,358	**-**
		153,127	36,096

18.1. Staff retirement benefits

18.1.1 Defined benefit gratuity scheme

Principal actuarial assumptions used in the actuarial valuation of the fund carried out under Projected Unit Credit Method as at 30 June 2021 are as follows:

	2021	2020
- Discount rate per annum - percentage	**10.25%**	9.25%
- Expected rate of increase in salary level per annum - percentage	**10.25%**	9.25%
- Normal retirement age - years	**60**	60
- Death rate - mortality table	**SLIC 2001-2005**	SLIC 2001-2005

The amounts recognised in balance sheet are as follows:	**2021**	2020
	(Rupees in '000)	
Present value of defined benefit obligation	**46,769**	36,096
	46,769	36,096
Movement in net defined benefit liability		
Opening balance	**36,096**	30,925
Charge for the year	**9,855**	8,205
Re-measurement: Actuarial (gain) / loss recognised in other comprehensive income	**8,084**	(1,299)
Benefits paid	**(7,266)**	(1,551)
Benefits payable	**-**	(184)
Closing balance	**46,769**	36,096

Amounts recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to statement of profit or loss and statement of comprehensive income:

Component of defined benefit costs recognised in statement of profit or loss

	2021	2020
	(Rupees in '000)	
Current service cost	**6,852**	5,087
Interest cost	**3,003**	3,118
	9,855	8,205
Component of defined benefit costs (re-measurement) recognised in statement of comprehensive income		
Re-measurements: Actuarial (gain) / loss on obligation		
- (Gain) / loss due to change in financial assumptions	**-**	-
- (Gain) / loss due to change in demographic assumptions	**-**	-
- (Gain) / loss due to change in experience adjustments	**8,084**	(1,299)
	8,084	(1,299)
Total defined benefit cost recognised in statement of profit or loss and statement of comprehensive income	**17,939**	6,906
Expected contribution in the following year	**13,289**	9,446
Expected benefit payments to retire in the following year	**2,100**	3,216
Re-measurements: Accumulated actuarial (gain)/ loss recognised in statement of comprehensive income	**8,084**	(1,299)
Weighted average duration of the defined benefit obligation (years)	**14.97**	14.99

Analysis of present value of defined benefit obligation

	2021	2020
Type of Members:		
- Management	**26,384**	27,110
- Non - management	**20,385**	8,986
	46,769	36,096
Vested / Non-Vested		
- Vested benefits	**31,413**	27,155
- Non - vested benefits	**15,356**	8,941
	46,769	36,096
Type of benefits		
- Accumulated benefit obligation	**19,330**	13,885
- Amount attributed to future salary increase	**27,439**	22,211
	46,769	36,096

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Note	2021	2020
		(Rupees in '000)	
Discount rate + 1%		**42,169**	32,540
Discount rate - 1%		**52,303**	40,367
Long term salary increase + 1%		**52,687**	40,663
Long term salary decrease - 1%		**41,777**	32,243

19. TRADE AND OTHER PAYABLES

	Note	2021	2020
Trade creditors including bills payable		**1,375,688**	971,256
Accrued expenses	*19.1*	**11,226**	3,112
Contract Liabilities	*19.2*	**7,703**	35,968
Workers' Profit Participation Fund	*19.3*	**68,150**	10,425
Current portion of Gas Infrastruture Development Cess	*18*	**45,812**	165,179
Workers' Welfare Fund		**21,540**	-
Due to employees	*19.4*	**16,842**	15,876
Sales tax payable		**51,684**	60,527
Short term compensated absences		**7,687**	4,240
Ijarah payable		**377**	571
Others		**610**	654
		1,607,319	1,267,808

19.1 This includes provision for Sindh Infrastructure Cess 8.99 million (2020: nil) which is disclosed in note 22.1.4.

19.2 Contract liabilities amounting to Rs 31.38 million as of the beginning of the year have been recognized as revenue for the year ended 30 June 2021.

19.3 Workers' Profit Participation Fund

	Note	2021	2020
		(Rupees in '000)	
Balance as at 1 July		**10,425**	8,949
Interest on funds utilised in the Company's business at 10% (2020: 16.5%) per annum	*28*	**1,042**	1,476
		11,467	10,425
Allocation for the year		**56,683**	-
Balance as at 30 June		**68,150**	10,425

19.4 This includes salary and gratuity payable to employees amounting to Rs. 16.842 million (2020: Rs. 15.265 million) and Rs. Nil million (2020: Rs. 0.184 million) respectively.

20. SHORT TERM BORROWINGS - secured	Note	2021	2020
		(Rupees in '000)	
Conventional			
Running finance under mark-up arrangement	20.1	**65,373**	344,739
Islamic			
Murabaha	20.2	**271,769**	141,180
Istisna		**604,424**	1,307,949
Running Musharaka	20.3	**48,353**	-
		989,919	1,793,868

20.1 The facility for running finance is for the purpose of meeting working capital requirements. The rate of mark-up is KIBOR plus 1.00% (2020: KIBOR plus 1.00%) per annum. The facility is renewable on the expiry of twelve months. The arrangement is secured against first pari-passu charge by way of registered hypothecation over Company's stock and trade debts. Total amount of facility available against above borrowings amounted to Rs. 808.92 million (2020: Rs. 610.96 million). Further, as at 30 June 2021, the unavailed facilities from the above borrowings amounted to Rs. 744.047 million (2020: Rs. 266.23 million).

20.2 The Company has a facility of Rs. 1,964.22 million (2020: Rs. 2,153.76 million) from Islamic banks for short term finance under Murabaha and Istisna financing arrangement. The rate of profit approved by the bank at time of disbursement, ranges from 6.86% to 13.70% (2020: 8.22% to 15.15%) per annum. These facilities can be availed either in Pakistani rupees or in USD and carry profits at the preferential rate as approved by the banks from time to time and is based on KIBOR.

20.3 The Company has a facility of Rs. 50 million (2020: Rs. nil) from Islamic bank for under Running Musharaka financing arrangement. The rate of profit approved by the bank at time of disbursement ranges from 8.4% to 8.53% (2020: nil) per annum. The arrangement is secured against joint pari-passu charge over stock and receivables with 25% margin.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 The facility for opening letter of guarantees from a banking company amounted to Rs. 150 million (2020: Rs. 119.242 million). Bank guarantees amounting to Rs. 136.514 million (2020: Rs. 119.242 million) have been issued in favour of Sui Southern Gas Company Limited and Collector of Customs for payment of gas bills and clearance of import consignment while submitting bank guarantee against excise duty and income tax to be deposited with national exchequer at import stage.

21.1.2 In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act, 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan (SCP). The SCP declared GIDC Act, 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law Gas Infrastructure Development Cess Act, 2015 (the Act) by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 200/MMBTU on captive power consumption and at Rs.100/MMBTU on industrial connection from the date of passing of that Act with retrospective application against which the Company had obtained a stay order from The Honourable High Court of Sindh (SHC). Accordingly, the Company started recognizing charge against GIDC from the date of passing of the Act.

In the current year, Supreme Court of Pakistan (SCP) vide its judgement dated 13 August 2020 dismissed all the previous appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC and decided the case against the industry. The Supreme Court has also held that "the provisions of Section 8 of the Act, which give retrospective effect to the charge and recovery of 'Cess' levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.". The Company, along with other parties filed a review petition along with other parties with the Supreme Court of Pakistan to seek relief of the pre-act cess payable imposed under the GIDC Act 2015. However, in November 2020, the Supreme Court of Pakistan has dismissed all the review petitions with a relief for payment of GIDC in 48 monthly installments and clarified that the remedy to seek relief granted under Section 8(2) of the GIDC Act, 2015 lies elsewhere and not in review petition. Therefore, the Company, along with other parties, have filed a petition in the High Court of Sindh (SHC) challenging the levy of GIDC Cess to the industrial gas connection in violation of section 8(2) of GIDC Cess Act, 2015 and the SHC has issued a stay order dated 24 December 2020 restraining any coercive action against the Company. Accordingly, management in consultation with its legal advisor has not recognized provision approximately amounting to Rs. 69.8 million (inclusive of sales tax) pertaining to period from 2011 to 2015 as it is confident that the Company has strong grounds of appeal in this respect.

Considering these events and developments in GIDC case, the Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. in 48 monthly instalment commencing from August 2020, as referred to in the aforementioned decision on the review petition by the SCP), the Company has remeasured its previously undiscounted provision at its present value using the risk free rate to incorporate the effect of time value of money arising from the expected settlement based on an instalment plan and has accordingly, recognized remeasurement gain amounting to Rs. 22.05 million. Further, as at 30 June 2021, current and non-current portion of GIDC provision has been separately disclosed in the statement of financial position.

21.1.3 During the year Sui Southern Gas Company Limited has increased rate of Natural Gas being supplied to industrial consumers. The said increase was challenged in the High Court of Sindh by the Company along with other industrial consumers. The court has passed interim order in favour of Company restraining Sui Southern Gas Company Limited from taking any coercive action against the Company for non-payment of gas bill at the increased Natural Gas Tariff. Furthermore, the Court directed SSGC to issue revised bill at the rate applicable before increased notification and advised the Company to pay the revised bill and deposit the cheque of balance amount to the Nazir High Court as guarantee. The Company has deposited cheques of Rs. 12.484 million including of sales tax of Rs. 1.814 million during the year to the Nazir High Court in this regard. The case is pending adjudication as at reporting date. In view of Company's legal counsel, the Company has strong and arguable case.

21.1.4 In 2017 Provincial Assembly of Sindh vide its Sindh Development and Maintenance of Infrastructure Cess Act, 2017 dated 12 April 2017 has levied infrastructure cess on the goods entering or leaving the Province from outside the country by air or sea.

However, during the year the Company has challenged the levy of infrastructure in the Honourable Supreme Court. The Court granted an interim relief whereby the Company was required to pay 50% of the cess amount and furnish bank guarantee for remaining 50%. The Company has furnished bank guarantee of Rs. 8.99 million to the Director, Excise & Taxation, Karachi upto the reporting date. However, as a matter of prudence, full cost has been charged in the statement of profit or loss.

21.1.5 For the year 2015, the Company engaged tax advisor to file appeal against order passed under section 122(1) on account of disallowance of expenses on different heads. The appeal was filed and has been heard by the Learned Commissioner Inland Revenue (Appeals-II), LTU, Karachi. Based on consultation with tax advisor, the management is confident of favorable outcome and is not likely to sustain any loss from the cases and has not recorded any provision in this regard.

21.1.6 Nine ex-workers of the Company have filed a case with National Industrial Reltions Commission at Quetta Bench bearing case no. 07(01)/2015-Q and 07(169)/2016-Q for recovery of their final settlement amount. The Company is contesting the case vigorously. Based on consultation with legal advisor, the management is confident of favourable outcome and is not likely to sustain any loss from the cases and has not recorded any provision in this regard.

21.2 Commitments

21.2.1 Letters of credit

The Company has facilities of Rs. 2,500 million (2020: Rs. 2,269 million) for opening letters of credit. At 30 June 2021, the open letters of credits for stock in trade, stores and spares and for capital commitment amounted to Rs. 516.581 million (2020: Rs. 340.232 million).

21.2.2 Ijarah financing

The Company has car ijarah facility from Askari Bank Limited amounting to Rs. 70 million (2020: Rs. 30 million) out of which Rs. 31.58 million (2020: 28.81 million) were utilized. The ownership of the cars are with Askari Bank Limited Islamic Banking Services during the tenor of the facility of each vehicle. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease.

	2021	2020
	(Rupees in '000)	
The total of future Ujrah payment under arrangement are as follows:		
Not later than one year	**3,154**	6,283
Later than one year and not later than five years	**7,912**	21,760
	11,066	28,043

22. NET SALES

	2021	2020
- Local sales	**8,539,433**	7,771,577
- Export sales	**7,271**	-
Gross sales	**8,546,704**	7,771,577
Less: Sales tax	**(1,296,110)**	(1,184,422)
	7,250,594	6,587,155

22.1 Disaggregation Of Revenue

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

	2021	2020
	(Rupees in '000)	
Primary geographical markets:		
Pakistan	**7,243,323**	6,587,155
Bangladesh	**2,736**	-
China	**4,535**	-
	7,250,594	6,587,155
Major Product Lines:		
Crowns and plastic caps	**2,436,794**	1,983,483
PET resin	**3,025,947**	3,596,725
Preform	**1,684,672**	985,239
Others	**103,181**	21,708
	7,250,594	6,587,155

23. COST OF SALES

	Note	2021	2020
		(Rupees in '000)	
Raw and packing material consumed			
- Opening stock		**616,220**	951,774
- Purchases		**5,186,832**	4,349,707
		5,803,052	5,301,481
- Closing stock		**(656,254)**	(616,220)
		5,146,798	4,685,261
Salaries, wages and other benefits	*23.1*	**277,751**	258,248
Fuel and power		**373,287**	388,568
Depreciation	*4.1.1*	**242,363**	222,555
Repairs and maintenance		**7,998**	5,868
Rent, rates and taxes		**26,618**	14,301
Stores and spares consumed		**131,465**	106,696
Reversal against slow moving and obsolete stock		**(607)**	(2,442)
Printing and stationary		**2,027**	1,490
Travelling and conveyance		**27,894**	25,358
Communication		**576**	503
Insurance		**24,536**	23,323
General expenses		**19,241**	12,691
		6,279,947	5,742,420
Opening stock of work-in-process		**109,072**	233,126
Closing stock of work-in-process		**(455,328)**	(109,072)
Cost of goods manufactured		**5,933,691**	5,866,474
Opening stock of finished goods		**424,189**	684,219
Closing stock of finished goods		**(559,129)**	(424,189)
		5,798,751	6,126,504

23.1 Salaries, wages and other benefits include Rs. 7.556 million (2020: Rs. 6.564 million) in respect of staff gratuity expense.

24. DISTRIBUTION AND SELLING COSTS

	Note	2021	2020
		(Rupees in '000)	
Salaries and other benefits	*24.1*	**11,806**	11,147
Depreciation	*4.1.1 & 5.1*	**5,392**	4,183
Outward freight and handling charges		**104,129**	89,243
Travelling and conveyance		**839**	690
Fuel and power		**324**	392
Repair and maintenance		**735**	85
Communication		**680**	334
Other expenses		**1,977**	1,993
		125,882	108,067

Pakistan Synthetics Limited

24.1 Salaries and other benefits include Rs. 0.551 million (2020: Rs. 0.410 million) in respect of staff gratuity expense.

25. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Salaries and other benefits	*25.1*	**35,511**	33,440
Rent, rates and taxes		**1,213**	-
Depreciation	*4.1.1 & 5.1*	**16,176**	12,553
Amortisation		**-**	421
Fuel and power		**971**	1,176
Travelling and conveyance		**2,518**	2,070
Communication		**2,039**	1,002
Printing, stationary and subscription fees		**6,478**	6,861
Provision against doubtful advances		**-**	-
Repair and maintenance		**2,205**	256
Ijarah Rental		**4,459**	4,115
Legal and professional charges		**2,350**	4,756
Other expenses		**2,499**	1,637
		76,419	68,287

25.1 Salaries and other benefits include Rs. 1.747 million (2020: Rs. 1.231 million) in respect of staff gratuity expense.

26. OTHER OPERATING EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Exchange loss - net		**-**	4,013
Workers' Profit Participation Fund		**56,683**	-
Workers' Welfare Fund		**21,540**	-
Auditors' remuneration	*26.1*	**1,743**	1,511
		79,966	5,524

26.1 Auditors' remuneration

	2021	2020
Audit fee	**900**	800
Half yearly review	**350**	250
Special certifications	**324**	311
Out of pocket expenses	**169**	150
	1,743	1,511

27. OTHER INCOME

	Note	2021	2020
Income from financial instrument - Islamic			
Profit on saving account		**193**	1,047
Unrealised gain on remeasurement of investment		**26**	22
Income from non-financial instrument			
Scrap sales		**-**	5,113
Gain on termination of lease		**4,111**	-
Gain on disposal of property, plant and equipment		**3,469**	5,008
Exchange gain		**29,607**	-
Grant income	*17.6 & 17.7*	**8,531**	31
Net remeasurement gain on provision of GIDC		**17,454**	-
		63,391	11,221

28. FINANCE COSTS	Note	2021	2020
		(Rupees in '000)	
Islamic			
Mark-up on:			
- long term finance		**38,671**	55,677
- short term murabaha		**9,877**	45,782
- short term istisna		**112,403**	204,727
Amortization of:			
- long term payables		**-**	2,976
- LC confirmation charges		**-**	3,109
		160,951	312,271
Conventional			
Mark-up on:			
- short term running finance		**17,579**	43,032
- short term import finances		**-**	8,229
		17,579	51,261
Interest on workers' profit participation fund	19.3	**1,042**	1,476
Interest expense on lease		**4,619**	2,742
Bank charges		**5,273**	21,553
		10,934	25,771
		189,464	389,303

29. TAXATION	2021	2020
Current	**278,231**	-
Deferred	**28,840**	(66)
	307,071	(66)

29.1 Relationship between income tax expense and accounting profit

	2021	2020
Accounting loss before taxation - continuing operation	**1,055,437**	(99,309)
Accounting profit before taxation - discontinued operation	**-**	200
	1,055,437	(99,109)
Tax at the applicable rate of 29% (2020: 29%)	**306,076**	(28,741)
Prior year charge	**-**	5
Tax effect of permanent difference	**995**	191
Effect of minimum tax and tax credits	**-**	27,636
Others	**-**	952
	307,071	43
Taxation - continuing operation	**307,071**	(66)
Taxation - discontinued operation	**-**	109
	307,071	43

30. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	2021	2020
Loss for the year after taxation - continuing operation	**748,366**	(99,243)
Profit for the year after taxation - discontinued operation	**-**	200
	748,366	(99,043)
	(Number of shares)	
Weighted average number of ordinary shares	**84,060,000**	71,489,604
	(Rupees)	
Earning / (Loss) per share - basic and diluted - continuing operation	**8.90**	(1.39)
Earnings / (Loss) per share - basic and diluted - discontinued operation	**-**	-
Net earning / (loss) per share - basic and diluted	**8.90**	(1.39)

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Chief Executive		Executive Directors		Executives		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	(Rupees in '000)							
Managerial remuneration	**6,000**	6,000	**4,800**	4,800	**40,327**	27,407	**51,127**	38,207
Gratuity	**-**	-	**-**	-	**1,848**	1,540	**1,848**	1,540
Leave encashment	**-**	-	**-**	-	**2,170**	1,067	**2,170**	1,067
Other allowances	**-**	-	**-**	-	**6,844**	3,241	**6,844**	3,241
	6,000	6,000	**4,800**	4,800	**51,189**	33,255	**61,989**	44,055
Number of persons	**1**	1	**1**	1	**13**	8	**15**	10

31.1 Two directors and most of the executives of the Company are provided with free use of Company maintained cars.

31.2 An aggregate amount of Rs. 925,000 (2020: Rs. 1,300,000) was paid to Directors during the year on account of meeting fees.

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. 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 are responsible for developing and monitoring the Company's risk management policies. 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. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

32.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meets its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Customers of Plastic caps, Crown caps, PET Resin, BoPET Resin and Preform are mostly food and beverages companies.

Exposure to credit risk

Credit risk of the Company arises principally from the trade receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	(Rupees in '000)	
Loan to employees	4,838	4,914
Long / short term deposits	17,239	19,854
Trade receivables	1,028,366	876,612
Other receivables	2,032	3,123
Bank balances	13,586	16,901
	1,066,061	921,404

Trade debts are shown net of allowance for impairment for expected credit loss. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The following table provides information about the exposure to credit risk for trade debts from individual customers as at June 30, 2021:

	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		(Rupees in '000)		
30-Jun-21				
Current (not past due)	*0.31%*	774,332	2,409	771,923
1 – 90 days past due	*0.03%*	231,378	67	231,311
90 – 150 days past due	*3.24%*	15,754	510	15,244
151-210- days past due	*31.27%*	14,387	4,499	9,888
211-270 days past due	*100%*	12,400	12,400	-
271-360 days past due	*100%*	4,121	4,121	-
More than 360 days past due	*100%*	215,240	215,240	-
		1,267,612	239,246	1,028,366

Weighted average loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that the impairment on trade debts past have been appropriately accounted for in these financial statements.

Bank balances are held with reputable banks with high quality credit ratings. At year end, the Company has bank balances with banks having credit ratings ranging from AA- to AAA.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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, without incurring unacceptable losses or risking damage to the Company's reputation, by having credit lines available as disclosed in note 20 to these financial statements. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2021			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**Two to five years**
		(Rupees in '000)		
Non-derivative financial liabilities				
Long term finance - secured	**508,428**	**(460,146)**	**(204,583)**	**(255,563)**
Trade and other payables	**1,465,775**	**(1,580,588)**	**(1,580,588)**	**-**
Short term borrowings - secured	**989,919**	**(989,419)**	**(989,419)**	**-**
Accrued mark-up	**6,775**	**(9,636)**	**(9,636)**	**-**
Lease Liabilities	**46,493**	**(56,956)**	**(11,799)**	**(45,156)**
	3,017,390	**(3,096,745)**	**(2,796,025)**	**(300,719)**

	2020			
	Carrying amount	Contractual cash flows	Up to one year	Two to five years
		(Rupees in '000)		
Non-derivative financial liabilities				
Long term finance - secured	350,242	(412,715)	(100,277)	(312,438)
Trade and other payables	993,996	(993,996)	(993,996)	-
Short term borrowings - secured	1,793,868	(1,793,868)	(1,793,868)	-
Accrued mark-up	24,539	(24,539)	(24,539)	-
Lease Liabilities	18,020	(21,002)	(7,820)	(13,181)
	3,180,665	(3,246,120)	(2,920,500)	(325,619)

All the financial liabilities of the company are unsecured , except as mentioned in note 17 and note 20 to these financial statements.

32.3 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. The Company is exposed to currency risk and interest rate risk only.

32.3.1 Currency risk

The Company is exposed to currency risk on foreign creditors that are denominated in a currency other than the respective functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2021		
	Rupees	**US Dollars**	**Euro**
		(Amount in '000)	
Foreign creditors	**(493,521)**	**(2,773)**	**(289)**
Gross balance sheet exposure	**(493,521)**	**(2,773)**	**(289)**

	2020		
	Rupees	US Dollars	Euro
		(Amount in '000)	
Foreign creditors	(367,077)	(2,016)	(149)
Gross balance sheet exposure	(367,077)	(2,016)	(149)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2021	2020	**2021**	2020
USD to PKR	**160.30**	158.25	**158.30**	168.05
Euro to PKR	**191.13**	175.06	**188.71**	188.61

Sensitivity analysis

A five percent depreciation of the rupee against the following currencies at 30 June would have decreased the equity and profit or loss by the after tax amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity and profit or loss	
	2021	2020
	(Amount in '000)	
USD	**(21,949)**	(16,939)
EURO	**(2,727)**	(1,405)
	(24,676)	(18,344)

A five percent appreciation of the rupees against the above currencies at 30 June would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant. The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

32.3.2 Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from long term finance and short term borrowings.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Interest rate		Carrying amount	
	2021	2020	**2021**	2020
	(Percentage)		**(Rupees in '000)**	
Variable rate instruments				
Bank balances	**5.5%**	6.43% - 9%	**54**	446
Variable rate instruments				
Long term finances	**1.5% - 14.35%**	2.5% - 15.02%	**(508,428)**	(350,242)
Short term borrowings	**6.8% - 14.70%**	8.22% - 15.15%	**(989,919)**	(1,793,868)
			(1,498,347)	(2,144,110)

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 interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit after tax for the year by Rs. 1.79 million (2020: Rs. 3.57 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

32.4 Fair value of financial instruments

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Pakistan Synthetics Limited

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	2021					
	Carrying amount			Fair value		
	Amortised cost	Amortised cost	Fair value through Profit or Loss	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Loan to employees	4,838	-	-	-	-	-
Long / short term deposits	17,239	-	-	-	-	-
Trade receivables	1,028,366	-	-	-	-	-
Other receivables	2,032	-	-	-	-	-
Cash and bank balances	14,167	-	-	-	-	-
Financial assets measured at fair value						
Short term investment	-	-	548	548	-	-
Financial liabilities not measured at fair value						
Long term finance - secured	-	508,428	-	-	-	-
Trade and other payables	-	1,465,775	-	-	-	-
Short term borrowings - secured	-	989,919	-	-	-	-
Accrued mark-up	-	6,775	-	-	-	-

	2020					
	Carrying amount			Fair value		
	Amortised cost	Amortised cost	Fair value through Profit or Loss	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Loan to employees	4,914	-	-	-	-	-
Long / short term deposits	19,854	-	-	-	-	-
Trade receivables	876,612	-	-	-	-	-
Other receivables	3,123	-	-	-	-	-
Cash and bank balances	17,993	-	-	-	-	-
Financial assets measured at fair value						
Short term investment	-	-	522	522	-	-
Financial liabilities not measured at fair value						
Long term finance - secured	-	350,242	-	-	-	-
Trade and other payables	-	993,996	-	-	-	-
Short term borrowings - secured	-	1,793,868	-	-	-	-
Accrued mark-up	-	24,539	-	-	-	-

The estimated fair value of all financial assets and liabilities is considered not significantly different from carrying values as the items are either short- term in nature or periodically repriced.

33. 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 related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2021	2020
	(Rupees in '000)	
Key management personnel compensation		
Managerial remunerations	**51,127**	38,207
Others	**10,862**	5,848

33.1 The following are the related parties of the Company and there has been no outstanding balances with related parties:

Name of the Related Party	Relationship
Amna Industries (Private) Limited	Associated Company due to common directorship
Petpak Films (Private) Limited	Associated Company due to common directorship
3M Industries (Private) Limited	Associated Company due to common directorship
Al-Hilal Shariah Advisors (Private) Limited	Associated Company due to common directorship
Al-Hilal Securities Advisors (Private) Limited	Associated Company due to common directorship
Akaz Brands (Private) Limited	Associated Company due to common directorship

33.2 No associated company owns any shares of the Company.

34. PLANT CAPACITY AND PRODUCTION

		2021	2020
Capacity available - Plastic and crown caps	*Cartons*	**558,570**	558,570
Actual production - Plastic and crown caps	*Cartons*	**543,820**	434,861
Capacity available - PET resin	*Metric tons*	**28,000**	28,000
Actual production - PET resin	*Metric tons*	**25,312**	24,499
Capacity available - PET preform	*Octabins*	**31,000**	31,000
Actual production - PET preform	*Octabins*	**20,582**	12,360

34.1 Since the production of Crown / Plastic Caps, PET Resin and PET Preform is purely demand driven therefore variance is mainly attributed to the reduced or increased demand.

35. WORKING CAPITAL CHANGES AND FINANCING ACTIVITIES

35.1 Working capital changes

	2021	2020
	(Rupees in '000)	
(Increase) / decrease in current assets:		
Stores and spares	**(40,131)**	(26,943)
Stock in trade	**(521,231)**	717,196
Trade debts	**(139,820)**	74,853
Loans and advances	**(61,653)**	431
Short term deposits and prepayments	**1,648**	(2,200)
Short term investment	**-**	(500)
Other receivables	**1,091**	(1,039)
	(760,096)	761,798
Increase in current liabilities:		
Trade and other payables	**463,323**	150,999
	(296,773)	912,797

35.2 **Reconciliation of movements of liabilities to cash flows arising from financing activities**

	Long term finance - secured	Short term borrowings - secured	Lease Liability	Unclaimed dividend	Total
		(Rupees in '000)			
Balance as at 1 July 2020	353,012	1,793,868	18,020	4,219	2,169,119
Changes from financing cash flows					
Proceed - net	193,671		-	-	193,671
Lease rentals paid			(10,277)		(10,277)
Amortization of Government grant	(8,531)				
Net payment from short term finance		(572,936)			(572,936)
Dividend paid	-	-	-	-	-
Total changes from financing activities	185,140	(572,936)	(10,277)	-	(389,542)
Other changes					
Interest expense	13,887	139,859	4,619	-	158,365
Additions to lease	-		49,436		
Deletions to lease	-		(15,305)		
Interest paid		(370,872)	-	-	(370,872)
	13,887	(231,013)	38,750	-	(212,507)
Balance as at 30 June 2021	552,039	989,919	46,493	4,219	1,567,070

36. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

37. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2021	2020
	(Number of employees)	
Average employees of the Company during the year	352	330
Total employees of the Company at year end	369	335

38. GENERAL

38.1 Events Occurring After Balance Sheet Date

The Board of Directors of the Company in their meeting held on 6 September 2021 has proposed a final cash dividend of Rs. 2.5 per share amounting to Rs. 210.15 million and bonus issue of 1 share for each 10 shares held amounting to book value of Rs. 84.06 million for the year ended 30 June 2021. The approval of the shareholders of the Company for the dividend and bonus issue shall be obtained at the upcoming Annual General Meeting for the year ended 30 June 2021. The financial statements for the year ended 30 June 2021, do not include the effect of the proposed final cash dividend and bonus issue which will be accounted for in the financial statements of the Company for the year ending 30 June 2022.

38.2 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation the effect of which is immaterial.

38.3 Authorisation for Issue

These financial statements were authorized for issuance by the Board of Directors of the Company on September 6, 2021.

YAKOOB HAJI KARIM	NOMAN YAKOOB	SHAHID YAQOOB
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

Pakistan Synthetics Limited
PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2021

Number Of Share Holders	Share Holding From	To	Total Shares Held
385	1	100	15,546
399	101	500	110,449
213	501	1000	167,513
254	1001	5000	613,738
42	5001	10000	327,566
16	10001	15000	207,950
5	15001	20000	82,750
10	20001	25000	225,500
2	25001	30000	55,500
1	30001	35000	32,000
1	35001	40000	38,500
4	40001	45000	175,400
2	45001	50000	100,000
1	50001	55000	53,500
1	65001	70000	67,450
1	75001	80000	79,000
1	85001	90000	88,000
1	95001	100000	100,000
1	100001	105000	103,500
1	145001	150000	146,250
1	170001	175000	174,760
1	240001	245000	242,848
1	760001	765000	762,000
1	1745001	1750000	1,747,500
1	1880001	1885000	1,880,591
1	2685001	2690000	2,686,674
1	6185001	6190000	6,188,796
1	6210001	6215000	6,210,126
1	6580001	6585000	6,584,435
1	7185001	7190000	7,185,936
1	13045001	13050000	13,049,327
1	16660001	16665000	16,660,989
1	17895001	17900000	17,895,906
1354			**84,060,000**

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2021

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,303	76,485,108	90.99%
2	JOINT STOCK COMPANIES	22	212,631	0.25%
3	INVESTMENT COMPANIES	6	10,101	0.01%
4	INSURANCE COMPANIES	3	1,881,951	2.24%
5	BANK	2	1,592	0.00%
6	MODARABA	3	1,100	0.00%
7	MUTUAL FUND	7	5,198,874	6.18%
8	OTHERS	8	268,643	0.32%
		1,354	**84,060,000**	**100.00%**

	NIT and ICP		
1	National Invesment (Unit) Trust		2,686,674
2	Investment Corporation of Pakistan		1,800
3	National Bank of Pakistan Trustee Dept.		300
4	National Bank of Pakistan Trustee Wing		100
			2,688,874
	Directors, CEO & their Spouses		
1	Mr. Yakoob Haji Karim - Director		16,660,989
2	Mrs. Shahida Yakoob Haji Karim		6,584,435
3	Mr. Noman Yakoob - Director		17,895,906
4	Mrs. Nida Noman Yakoob		7,185,936
5	Mr. Mubbashir Amin		500
6	Mr. Abid Umer - Director		500
7	Mr. Khurshid Akhtar		500
8	Mr. Ali Kamal		-
9	Mr. Faraz Younus Bandukda		750
10	Mrs. Saeed Fatima Naqvi		500
			48,330,016
	Executives		Nil
	Public Sector Companies & Corporation		
	State Life Insuracne Corp. of Pakistan		**1,880,591**
	Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies, Modarabas and Others		**481,355**
	Mutual Funds		
	CDC-Trustee AKD Opportunity Fund		762,000
	Golden Arrow Selected Stocks Fund Ltd.		1,747,500
	Asian Stock Funds Limited		500
			2,510,000
	Individuals		28,169,164
		Total	**84,060,000**
	Shareholders holding 10% or more		
	Mr. Noman Yakoob	21.21%	17,895,906
	Mr. Yakoob Haji Karim	19.75%	16,660,989
	Mr. Anis Yakoob	15.47%	13,049,327

Pakistan Synthetics Limited

Following trade in shares by Directors was made during the year:

Name	Date	Nature of transaction	No. of Shares
Mr. Yakoob Haji Karim	25/03/2021	Purchased	2,800,000
Mr. Noman Yakoob	25/03/2021	Purchased	6,449,553
Mr. Noman Yakoob	26/03/2021	Purchased	164,500
Mr. Yakoob Haji Karim	01/04/2021	Purchased	3,500
Mr. Yakoob Haji Karim	07/04/2021	Purchased	1,000
Mr. Yakoob Haji Karim	31/05/2021	Purchased	40,000
Mr. Yakoob Haji Karim	16/06/2021	Purchased	3,500
Mr. Yakoob Haji Karim	30/06/2021	Purchased	10,000

Pakistan Synthetics Limited
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Friday, October 22, 2021 at 3:00 p.m. through video-link connectivity from registered office of the Company to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 35th Annual General Meeting of the Company held on October 23, 2020.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with Directors' and Auditor's Report thereon for the year ended June 30, 2021.

3. To approve and declare Dividend in cash @ 25% i.e. Rs. 2.5 per ordinary share and by way of issue of fully paid bonus shares @10% in the proportion of one share for every ten shares held by the members as recommended by the Board of Directors of the Company.

4. To appoint Auditors of the Company and to fix their remuneration. The retiring auditors KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

SPECIAL BUSINESS

5. To consider and approve, subject to the approval of declaration above, capitalization of a sum of Rs. 84,060,000/- by way of issue of 8,406,000 bonus shares.

   Statement under section 134 of the Companies Act, 2017 in the above matter mentioned in the item no. 5 is annexed.

By the Order of the Board

Karachi
Dated: September 29, 2021

MUHAMMAD IMRAN
COMPANY SECRETARY

Pakistan Synthetics Limited
NOTICE OF ANNUAL GENERAL MEETING

1. **Closure of Share Transfer Books**

The Shares Transfer Books of the Company will remain closed from Friday, October 15, 2021 to Friday, October 22, 2021 (both days inclusive). Transfer received at the office of the Company's share registrar M/s F.D. Registrar Services (Private) Limited, 1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi, at the close of business on 14 October, 2021 will be treated in time to attend the Thirty Sixth Annual General Meeting of the Company, payment of Dividend and entitlement of Bonus shares, if approved by the shareholders.

2. **Attendance of AGM through Video-link**

As COVID-19 pandemic is continuing with emergence of new variants causing human to human transmission, therefore in order to protect the health and well-being of the shareholders, Company has decided to convene its AGM through video link facility, while honouring quorum provisions, as allowed by the Securities and Exchange Commission of Pakistan. The entitled shareholders whose name appear in the Books of the Company by the close of business on October 14, 2021 who are interested to attend AGM are hereby requested to get themselves registered by providing the following details at the earliest but not later than 48 hours before the time of AGM at the email id: info@fdregistrar.com and copy to headoffice@pslpet.com.

Name of Shareholders/ proxy holders	CNIC No.	Folio No./CDC Account No.	Mobile Number	Email Address

Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses to enable them to login. The Company will convene the meeting through "Zoom Cloud Meetings" which can be downloaded from Google Play Store. Shareholders are therefore requested to download the application ahead of the meeting. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smart phones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

The entitled shareholders (whose name appeared in the Books of the Company by the close of business on October 14, 2021) along with the details mentioned above may send their comments / suggestions for the proposed Agenda items at the above email address at least 48 hours before the meeting.

Pakistan Synthetics Limited
NOTICE OF ANNUAL GENERAL MEETING

3. **Electronic Notice of AGM**

The Company has been dispatching the Notice of AGM to all the members through post to their registered address. In addition, the Notice along with proxy form is available on the Company's website https://www.pslpet.com and has been sent to the PSX via the PUCARS system. In the event of any difficulty in accessing the Notice or the proxy form, members can contact the Company by email at headoffice@pslpet.com. The Company shall send a copy of the Notice and proxy form via email only to those members who place a request in writing and have provided their e-mail addresses to the Share Registrar of the Company.

4. **Participation in General Meeting**

- A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given either personally or by proxy or by attorney, and in case of a corporation by a representative duly authorized.
- The instrument of proxy, as per form attached, duly executed should be deposited at the Registered Office of the Company at least 48 hours before the time of the Thirty Sixth Annual General Meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

5. **Change of Address**

The Shareholders are requested to notify if there is any change in their addresses and the contact numbers immediately to our Share Registrar, M/s F.D. Registrar Services (Private) Limited.

6. **Submission of CNIC**

CNIC numbers of shareholders are mandatorily required for dividend distribution. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Share Registrar, M/s F.D. Registrar Services (Private) Limited. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated 05 July 2012 of SECP and therefore would be constrained under SECP order dated 13 July 2015 to withhold the payment of dividend of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.

Pakistan Synthetics Limited
NOTICE OF ANNUAL GENERAL MEETING

7. **Dividend**

In accordance with the provisions of Section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. All shareholders are requested to provide the details of their bank mandate specifying ; (i) title of account (ii) account number (iii) IBAN number (iv) bank name (v) branch name, code and address to the Company's Share Registrar, M/s F.D. Registrar Services (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned Participant / CDC.

The rates of deduction of income tax under section 150 of Income tax ordinance 2001, for payment of dividend to non - filer of income tax return is 30% and for filer of income tax return is 15%. Members are therefore advised to update their tax filer status latest by 14th October 2021.

8. **Transmission of Financial Statements and Notices through email**

Pursuant to Notification vide SRO 787(1)/2014 of 08 September 2014; SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail to headoffice@pslpet.com. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

9. **Uncollected Shares and unclaimed dividend**

Shareholders who have not yet collected their dividend / physical shares are advised to contact our Share Registrar immediately to collect / enquire about their unclaimed dividend or shares.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

ISSUE OF BONUS SHARES BY CAPITALIZATION OF RESERVES:

The Board of Directors in their meeting held on September 6, 2021 have recommended issue of Bonus shares @10% in the proportion of one share for every ten shares held by capitalization of a sum of Rs. 84,060,000/- out of share premium of the Company. The Directors are of the view that the Company's Financial position and its reserves justify the capitalization. The Directors are interested in this business only to the extent of their entitlement of Dividend and Bonus shares as shareholders and their relatives who are also shareholders of the Company.

Pakistan Synthetics Limited

FORM OF PROXY

THIRTY SIXTH ANNUAL GENERAL MEETING

I/We ____

of ____

being a member(s) of Pakistan Synthetics Limited holding ______________________

Ordinary Shares hereby appoint ______________________________________

of ______________________ or failing him/her ______________________

of ______________________ who is / are also member(s) of Pakistan Synthetics Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at Thirty Sixth Annual General Meeting of the Company to be held on 22 October 2021 and / or any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2021

Signed by the said ______________________________________

in the presence of 1. ______________________________________

2. ______________________________________

Please Quote Folio # /
Participant ID# & A/c#

Signature on Revenue Stamp of Appropriate value

The signature should agree with the specimen registered with the Company.

IMPORTANT

1. This Proxy Form, duly completed and signed must be received at the Registered Office of the Company at Office # 1504, 15th Floor, Emerald Tower, Clifton Block 5, Karachi. not less than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he himself is a member of the Company except that a corporation may appoint a person who is not a member.

3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

1. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.

2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

پاکستان سینتیٹاکس لمیٹڈ

مختارنامہ(پراکسی فارم)

میں/ہم ____________________

ساکن ____________________

بحیثیت رکن (ممبر) پاکستان سینتیٹاکس لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسمّیٰ /مسماۃ ____________________

ساکن ____________________

کو یا ان کی غیر حاضری میں مسمّیٰ /مسماۃ ____________________

ساکن ____________________

کو جو خود بھی پاکستان سینتیٹاکس لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) پاکستان سینتیٹاکس لمیٹڈ کے سالانہ اجلاس عام میں جو ۲۲ اکتوبر ۲۰۲ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ ____________ ۲۰۲۱ کو میرے/ ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

پتہ ____________________

گواہ نمبر ۲

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

پتہ ____________________

ہدایات:

۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

۲۔ ممبر (رکن) کے دستخط ،نمونہ شدہ دستخط/ اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔

۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

۴۔ مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

If undelivered please return to:

PAKISTAN SYNTHETICS LIMITED
Office # 1504, 15th Floor, Emerald Tower,
Block 5, Clifton, Karachi.