

# Pakistan Synthetics Limited

FIRST QUARTER REPORT  
SEPTEMBER 2022



<b>BOARD OF DIRECTORS</b>	MR. KHURSHID AKHTAR MR. YAKOOB HAJI KARIM MR. NOMAN YAKOOB MR. ABID UMER MR. MUBBASHIR AMIN MR. ALI KAMAL MR. FARAZ YOUNUS BANDUKDA MS. SADAF SHABBIR	CHAIRMAN - INDEPENDENT CHIEF EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE INDEPENDENT INDEPENDENT INDEPENDENT
<b>AUDIT COMMITTEE</b>	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. FARAZ YOUNUS BANDUKDA	
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	MR. FARAZ YOUNUS BANDUKDA MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	
<b>CHIEF FINANCIAL OFFICER</b>	MR. SHAHID YAQOOB	
<b>COMPANY SECRETARY</b>	MR. MUHAMMAD IMRAN	
<b>BANKERS</b>	ASKARI BANK LIMITED BANK AL HABIB LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED BANK ISLAMI PAKISTAN LIMITED DUBAI ISLAMIC BANK PAKISTAN LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED MEEZAN BANK LIMITED	
<b>AUDITORS</b>	BDO EBRAHIM & CO. CHARTERED ACCOUNTANTS	
<b>HEAD OF INTERNAL AUDIT</b>	MR. JAFFAR IQBAL	
<b>REGISTRAR</b>	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.	
<b>LEGAL ADVISOR</b>	TASAWUR ALI HASHMI ADVOCATE	
<b>REGISTERED OFFICE</b>	OFFICE # 1504, 15TH FLOOR, EMERALD TOWER, BLOCK 5, CLIFTON, KARACHI.	
<b>FACTORY</b>	F-1, 2, 3, & 13, 14 & 15 HUB INDUSTRIAL TRADING ESTATE DISTRICT LASBELLA, BALOCHISTAN.  PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI.	

# PAKISTAN SYNTHETICS LIMITED

## DIRECTORS' REVIEW

The Board of Directors is pleased to present unaudited financial statement for the quarter ended September 30, 2022 to the shareholders of the Company.

### OPERATING AND FINANCIAL PERFORMANCE

During the quarter under review, Company has achieved higher gross turnover of Rs. 3,699.62 million as compared to corresponding period's turnover of Rs. 2,697.55 million. Growth in sales is on account of rise in sales volume by 8.27%. The other growth is attributable to price increase which is reflected in the topline. Gross profit has increased from Rs. 603.851 million to Rs. 701.981 million. Variation in Administrative and general expenses is mainly on account of donation of Rs. 5.2 million for Flood relief activities besides inflation impact on other expenses. Distribution and selling cost increased due to higher fuel prices and increased in sales volume as compared to corresponding period last year. Rise in other expenses mainly due to exchange loss of Rs. 98.420 million. Higher utilization of short term borrowing facilities owing to increase in business volumes and rise in discount rates have resulted in increased Finance cost of the Company. After providing all the cost, the Company posted net profit after tax for the quarter amounting to Rs. 278.008 million (2021: 315.377 million). The profit is translated into earning per share of Rs. 3.01 (2021: Rs. 3.41).

### FUTURE OUTLOOK

Ongoing political instability has deteriorated the economic position of the Country. Uncertain international fuel and commodity prices have exerted pressure on foreign exchange reserves resulting in a significant depreciation of the Pak Rupee against the US Dollar. This along with recent fiscal/monetary measures by the regulators has resulted in massive inflationary pressure for the industry. Apart from that, post flood economic impacts have further aggravated the purchasing power of the common people for whom access to essentials even has become big challenge.

However, the Management is proactively managing situation against all the aforesaid challenges to maintain existing market share in the industry while also keeping the profit margins intact. To maintain and pursue further growth, investment in existing businesses has been made in order to cater customer wide-ranging product demand.

### ACKNOWLEDGEMENT

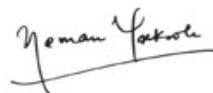
The Board expresses the hope that it's valued shareholders, Federal and Provincial Government functionaries, Banks, financial institutions and customers, shall continue to extend their cooperation, support and patronage as in the past.

The Board also expresses its appreciation for the valuable services, loyalty and laudable efforts continuously rendered by the executives, staff members and workers of the company and recognize that they are most valuable assets of the Company.

**For and on behalf of the Board of Directors**



**YAKOOB HAJI KARIM**  
**CHIEF EXECUTIVE**



**NOMAN YAKOOB**  
**DIRECTOR**

Date: 18 October 2022

Karachi

# PAKISTAN SYNTHETICS LIMITED

## Condensed Interim Statement of Financial Position

As at 30 September 2022

	Note	Unaudited 2022 September 30 (Rupees in '000)	Audited 2022 June 30
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,252,631	3,285,530
Right-of-use asset		29,661	32,133
Long term loan to employees		1,595	1,880
Long term deposits		8,705	8,705
		<u>3,292,592</u>	<u>3,328,248</u>
<b>Current assets</b>			
Stores and spares		294,954	340,896
Stock-in-trade	6	2,813,455	2,594,456
Trade debts	7	1,902,206	1,818,260
Loans and advances		68,233	318,507
Short term deposits and prepayments		6,672	8,815
Investments classified as at fair value through profit or loss (FVTPL)		5,386	5,889
Other receivables		37,240	91,113
Cash and bank balances		38,347	54,060
		<u>5,166,493</u>	<u>5,231,996</u>
<b>TOTAL ASSETS</b>		<u><b>8,459,085</b></u>	<u><b>8,560,244</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Authorised share capital of 140,000,000 (30 June 2022: 140,000,000) ordinary shares of Rs. 10 each		<u>1,400,000</u>	<u>1,400,000</u>
Issued, subscribed and paid-up capital		924,660	924,660
Reserves		<u>2,468,081</u>	<u>2,190,073</u>
		<u>3,392,741</u>	<u>3,114,733</u>
<b>Non-current liabilities</b>			
Long term borrowings		717,321	743,741
Lease liability		27,086	29,314
Deferred liabilities		137,664	129,761
Deferred income - government grant		113,063	115,618
Deferred tax liability - net		491	18,124
		<u>995,625</u>	<u>1,036,558</u>
<b>Current liabilities</b>			
Trade and other payables		2,986,835	2,971,234
Accrued markup		21,292	19,390
Short term borrowings	8	718,936	1,183,997
Current portion of lease liability		9,745	9,495
Unclaimed dividend		5,387	5,387
Taxation - net		165,800	51,522
Current portion of long term borrowings		131,348	139,107
Current portion of deferred income - government grant		31,376	28,821
		<u>4,070,719</u>	<u>4,408,953</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>8,459,085</b></u>	<u><b>8,560,244</b></u>

### Contingencies and commitments

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



**Yakooob Haji Karim**  
Chief Executive



**Noman Yakooob**  
Director



**Shahid Yaqoob**  
Chief Financial Officer

# PAKISTAN SYNTHETICS LIMITED

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

For the quarter ended 30 September 2022

	Note	2022 September 30, (Rupees in '000)	2021
Revenue from contracts with customers	10	3,699,619	2,697,547
Cost of sales		(2,997,638)	(2,093,696)
Gross profit		701,981	603,851
Administrative and general expenses		(32,742)	(21,899)
Distribution and selling costs		(76,004)	(42,634)
Other operating expenses		(127,856)	(70,290)
		(236,602)	(134,823)
Operating profit		465,379	469,028
Other income		1,629	6,886
Finance costs		(69,967)	(32,211)
<b>Profit before tax</b>		<b>397,041</b>	<b>443,703</b>
Taxation	11	(119,033)	(128,326)
<b>Profit after tax</b>		<b>278,008</b>	<b>315,377</b>
<b>(Rupees)</b>			
<b>Earnings per share - basic and diluted</b>	12	<b>3.01</b>	<b>3.41*</b>

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

\*Earnings per share is restated for the effect of bonus shares.



**Yakoob Haji Karim**  
Chief Executive



**Noman Yakoob**  
Director



**Shahid Yaqoob**  
Chief Financial Officer

# PAKISTAN SYNTHETICS LIMITED

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended 30 September 2022

	2022 September 30, (Rupees in '000)	2021
Profit for the period	278,008	315,377
Other comprehensive loss:		
<i>Items that will not be reclassified to statement of profit or loss</i>		
Remeasurement of post employment benefit obligations	-	-
Related tax effect	-	-
	-	-
<b>Total comprehensive income for the period</b>	<b>278,008</b>	<b>315,377</b>

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



Yakoob Haji Karim  
Chief Executive



Noman Yakoob  
Director



Shahid Yaqoob  
Chief Financial Officer

# PAKISTAN SYNTHETICS LIMITED

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

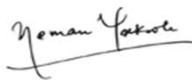
For the quarter ended 30 September 2022

	Issued, subscribed and paid-up capital	Capital reserve	Reserves		Total reserves	Total
		Share premium	General reserve	Unappropriated profit		
	----- (Rupees in '000) -----					
Balance as at 1 July 2020	840,600	224,160	292,450	987,669	1,504,279	2,344,879
<i>Total comprehensive income for the period ended 30 September 2021</i>						
Profit after tax	-	-	-	315,377	315,377	315,377
Other comprehensive loss - net of tax	-	-	-	-	-	-
	-	-	-	315,377	315,377	315,377
Balance as at 30 September 2021	840,600	224,160	292,450	1,303,046	1,819,656	2,660,256
Balance as at 1 July 2021	924,660	140,100	292,450	1,757,523	<b>2,190,073</b>	3,114,733
<i>Transactions with owners of the Company - Distribution</i>						
<i>Total comprehensive Income for the period ended 30 September 2022</i>						
Profit after tax	-	-	-	<b>278,008</b>	<b>278,008</b>	<b>278,008</b>
Other comprehensive loss - net of tax	-	-	-	-	-	-
	-	-	-	<b>278,008</b>	<b>278,008</b>	<b>278,008</b>
Balance as at 30 September 2022	<b>924,660</b>	<b>140,100</b>	<b>292,450</b>	<b>2,035,531</b>	<b>2,468,081</b>	<b>3,392,741</b>

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



Yakoob Haji Karim  
Chief Executive



Noman Yakoob  
Director



Shahid Yaqoob  
Chief Financial Officer

# PAKISTAN SYNTHETICS LIMITED

## Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended 30 September 2022

For the quarter ended 30 September 2022		September 30	
	Note	2022	2021
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		397,041	443,703
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment		95,725	72,692
Depreciation on right of use asset		2,472	-
Charge for staff gratuity		10,000	3,322
Gain on disposal of property, plant and equipment		(250)	(3,856)
Unrealised exchange loss		3,975	-
Finance costs		66,383	32,211
Interest expense on lease liability		1,029	1,102
Unrealised loss / (gain) on remeasurement of investment		504	(8)
Amortisation of deferred income - government grant		(2,555)	(3,278)
		574,324	545,888
Working capital changes	13	59,530	482,034
Long term deposit - net		-	(63)
Long term loan to employees - net		285	-
Cash generated from operations		634,139	1,027,859
Staff gratuity paid		(2,098)	(2,333)
Financial charges paid		(60,290)	(26,465)
Taxes paid		(22,392)	(21,623)
Net cash generated from operating activities		549,359	977,438
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(65,095)	(362,293)
Proceeds from disposal of property, plant and equipment		2,269	9,700
Net cash used in investing activities		(62,826)	(352,593)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability		(3,007)	(2,783)
Repayments of long term borrowings		(34,179)	-
Proceeds from long term borrowings		-	54,357
Short term murabaha, salam and istisna - net		(453,964)	(156,073)
Net cash generated from used in financing activities		(491,150)	(104,499)
Net (decrease) / increase in cash and cash equivalents		(4,617)	520,346
Cash and cash equivalents at beginning of the period		(171,178)	(99,559)
Cash and cash equivalents at end of the period		(175,795)	420,787
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash and bank balances		38,347	420,787
Running Finance and Running Musharakah	8	(214,142)	-
		(175,795)	420,787

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



**Yakoob Haji Karim**  
Chief Executive



**Noman Yakoob**  
Director



**Shahid Yaqoob**  
Chief Financial Officer



# PAKISTAN SYNTHETICS LIMITED

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

For the quarter ended September 30, 2022

### 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 no. 1504, 15th floor, Emerald Tower, Block 5, Clifton, Karachi.

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

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

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

#### 2.2 Basis of measurement

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

# PAKISTAN SYNTHETICS LIMITED

## 2.3 Functional and presentation currency

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2022.

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

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

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

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2022.

## 5. PROPERTY, PLANT AND EQUIPMENT

	<b>30 September 2022 (Unaudited)</b>	<b>30 June 2022 (Audited)</b>
	<b>(Rupees in '000)</b>	
Operating fixed assets	<b>3,083,509</b>	3,181,503
Capital work in progress	<b>169,122</b>	104,027
	<b>3,252,631</b>	<b>3,285,530</b>

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

	<b>For the quarter ended</b>	
	<b>30 September 2022</b>	<b>30 September 2021</b>
	<b>(Rupees in '000)</b>	
<i>Additions / transfers from CWIP:</i>		
Vehicles	-	7,627
Computer accessories	-	387
Capital work in progress	<b>65,095</b>	354,279
	<b>65,095</b>	<b>362,293</b>

# PAKISTAN SYNTHETICS LIMITED

	30 September 2022 (Unaudited) (Rupees in '000)	30 June 2022 (Audited)
<b>6. STOCK IN TRADE</b>		
Raw and packing material		
- in hand	1,311,615	1,204,123
- in transit	43,127	265,670
	<u>1,354,742</u>	<u>1,469,793</u>
Work-in-process	261,105	55,774
Finished goods	1,197,608	1,068,889
	<u>2,813,455</u>	<u>2,594,456</u>
<b>7. TRADE RECEIVABLES</b>		
Trade receivables	2,181,750	2,097,804
Less: Allowance for impairment loss against trade receivables	(279,544)	(279,544)
	<u>1,902,206</u>	<u>1,818,260</u>
<b>8. SHORT TERM BORROWINGS - SECURED</b>		
<i>Conventional</i>		
Running finance under mark-up arrangement	135,243	104,771
<i>Islamic</i>		
Murabaha	142,972	372,934
Istisna	361,822	585,824
Running Musharaka	78,899	120,468
	<u>718,936</u>	<u>1,183,997</u>
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>9.1 Contingencies</b>		
There are no changes in the status of contingencies as disclosed in the annual financial statements for the year ended 30 June 2022.		
<b>9.2 Commitments</b>		
<b>9.2.1</b>	The Company has facilities of Rs. 3,050 million (30 June 2022: Rs. 3,050 million) for opening letters of credit. At 30 September 2022, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 157.56 million (30 June 2022: Rs. 372.84 million).	

# PAKISTAN SYNTHETICS LIMITED

10. NET SALES	30 September 2022	30 September 2021
	(Unaudited)	
	(Rupees in '000)	
Gross sales	4,345,089	3,174,478
Less Sales tax	<u>(645,470)</u>	<u>(476,931)</u>
	<u><u>3,699,619</u></u>	<u><u>2,697,547</u></u>

11. TAXATION		
Current tax	136,666	140,331
Deferred tax	<u>(17,633)</u>	<u>(12,005)</u>
	<u><u>119,033</u></u>	<u><u>128,326</u></u>

## 12. EARNINGS PER SHARE

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

	Quarter ended 30 September 2022	30 September 2021
	----- (Rupees in '000) -----	
Profit for the period	<u>278,008</u>	<u>315,377</u>
	----- (Number) -----	
Weighted average number of ordinary shares	<u>92,466,000</u>	<u>92,466,000</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>3.01</u>	<u>3.41</u>

## 13. WORKING CAPITAL CHANGES

	Quarter ended 30 September 2022	30 September 2021
	----- (Rupees in '000) -----	
<i>Movement in working capital</i>		
Stores and spares	45,942	(308)
Stock in trade	(218,999)	127,022
Trade debts	(83,946)	(83,488)
Loans and advances	250,274	50,070
Short term deposits and prepayments	2,143	(4,238)
Other receivables	53,873	(5,000)
Short term investment	-	(76,556)
Long-term deposits and prepayments - net	-	832
Trade and other payables	<u>10,243</u>	<u>473,700</u>
	<u><u>59,530</u></u>	<u><u>482,034</u></u>

# PAKISTAN SYNTHETICS LIMITED

## 14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

14.1. Related party transactions:	Quarter ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
<i>Key management personnel compensation</i>		
Managerial remuneration	16,958	13,089
Others	2,244	2,535

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

## 15. GENERAL

These condensed interim financial statements have been authorised for issue on October 18, 2022 by the Board of Directors of the Company.



Yakoob Haji Karim  
Chief Executive



Noman Yakoob  
Director



Shahid Yaqoob  
Chief Financial Officer



If undelivered please return to:

**PAKISTAN SYNTHETICS LIMITED**

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