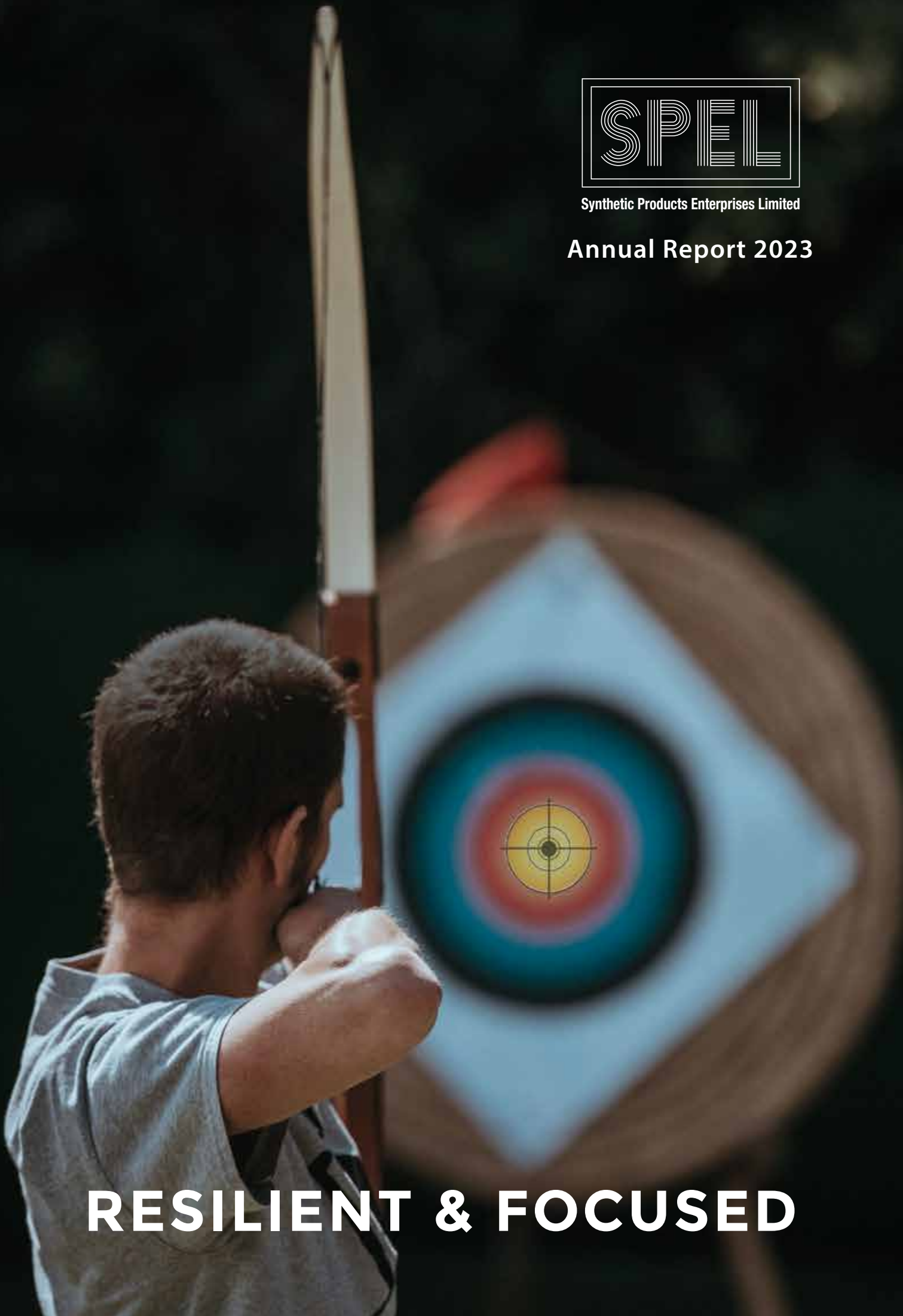




Synthetic Products Enterprises Limited

Annual Report 2023



RESILIENT & FOCUSED



COVER STORY

With over 41 years of experience and expertise, we have built a strong presence in manufacturing high-end products steered by our passion for the utmost excellence. We set out to provide our customers with superior products and unparalleled services through the latest technologies and skilled workforce. We are eager to develop innovative, sustainable and efficient solutions.



ABOUT **THIS REPORT**

We are pleased to present our Annual Report for the year ended June 30, 2023. The objective of this report is to provide all stakeholders with a transparent and balanced appraisal of the material events and challenges that the business faced during the year under review. This report should be read in conjunction with the full financial statements.

SCOPE AND **LIMITATION OF THIS REPORT**

This annual report is for the period from July 1, 2022 to June 30, 2023 and provides an account of the Company's operational, financial, social, economic and environmental performance as well as corporate governance.

ANNUAL **FINANCIAL STATEMENTS**

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

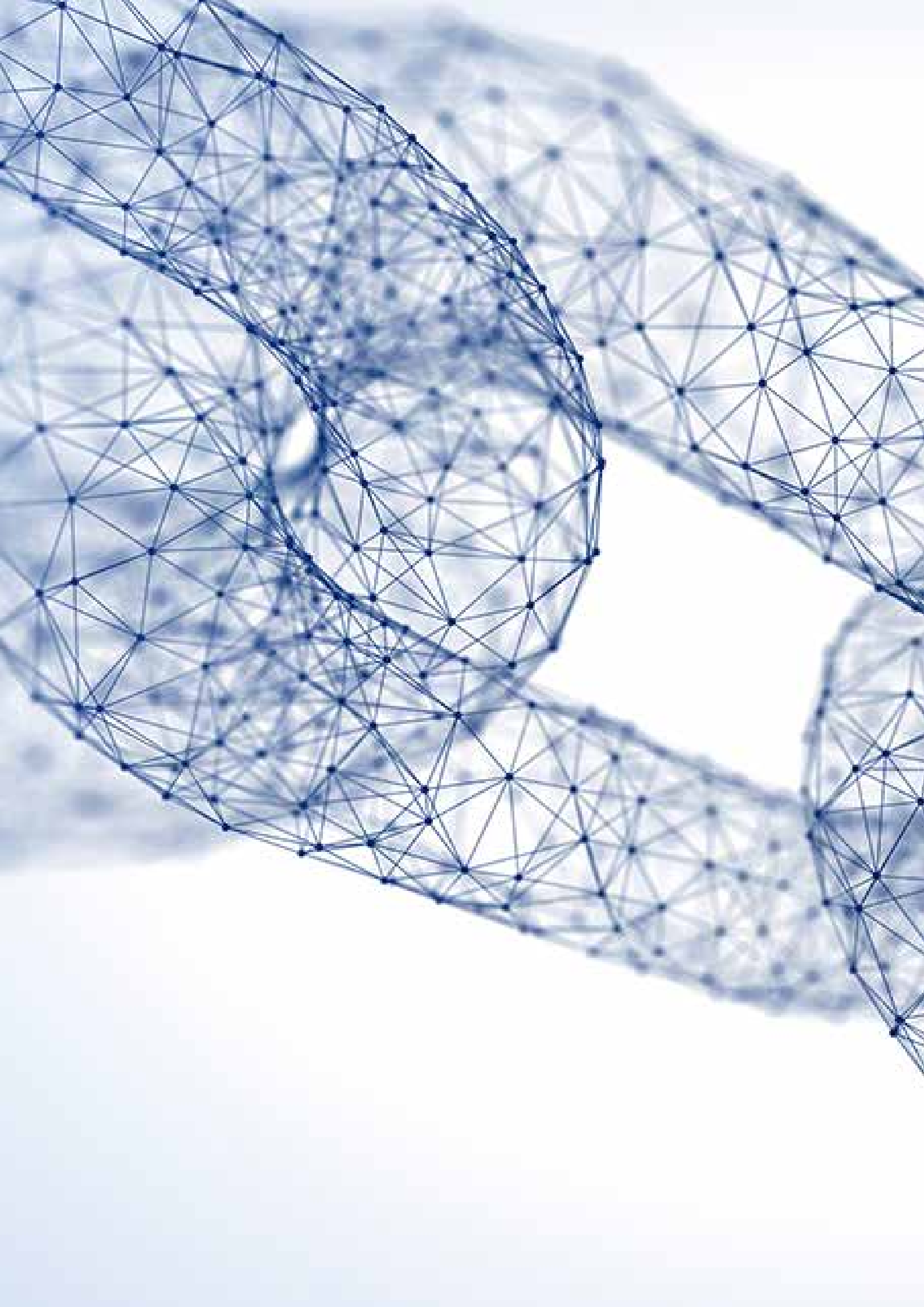
FORWARD-**LOOKING STATEMENTS**

This report contains certain 'forward-looking statements' which are related to the future. These statements include known and unknown risks and opportunities, uncertainties and important factors that could turn out to be materially different from current expectations following the publications of these results. These statements are as of the date of this document. The Company undertakes no obligation to update publicly or release any provisions pertaining to these forward-looking statements.

FEEDBACK

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





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Almas Hyder
Chairman/Non-Executive Director

Mr. Zia Hyder Naqi
Chief Executive Officer/Executive Director

Mr. Haroon Sharif
Independent Non-Executive Director

Mr. Khawar Anwar Khawaja
Independent Non-Executive Director

Dr. Syed Sohail Hussain Naqvi
Independent Non-Executive Director

Mr. Raza Haider Naqi
Non-Executive Director

Dr. Nighat Arshad
Non-Executive Director

Mr. Sheikh Naseer Hyder
Non-Executive Director

Mr. Abid Saleem Khan
Chief Operating Officer/ Executive Director

ADVISOR TO THE BOARD

Dr. Sheikh Muhammad Naqi

CFO & CO. SECRETARY

Mr. Khalil Ahmad Hashmi, FCA

AUDIT COMMITTEE

Mr. Haroon Sharif
Committee Chairman

Mr. Almas Hyder
Member

Mr. Khawar Anwar Khawaja
Member

Mr. Raza Haider Naqi
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Khawar Anwar Khawaja
Committee Chairman

Mr. Almas Hyder
Member

Mr. Zia Hyder Naqi
Member

Dr. Syed Sohail Hussain Naqvi
Member
Mr. Abid Saleem Khan
Member

FINANCE COMMITTEE

Mr. Almas Hyder
Committee Chairman

Mr. Haroon Sharif
Member

Mr. Zia Hyder Naqi
Member

Dr. Syed Sohail Hussain Naqvi
Member

Mr. Sheikh Naseer Hyder
Member

Mr. Abid Saleem Khan
Member

RISK MANAGEMENT COMMITTEE

Mr. Zia Hyder Naqi
Committee Chairman

Mr. Haroon Sharif
Member

Dr. Syed Sohail Hussain Naqvi
Member

Mr. Sheikh Naseer Hyder
Member

REGISTERED OFFICE

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

Ph: 042-111-005-005

Fax: 042-35118507

FACTORIES

Pandoki Plant

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

RYK Plant

41 - Rahim Yar Khan Industrial Estate,
KLP Road, Rahim Yar Khan.

Karachi Plant

12-A, Down Stream Industrial Unit,
Pakistan Steel, Karachi.

SHARE REGISTRAR

THK Associates (Pvt) Ltd

32-C Jami Commercial St# 2 DHA,
Phase VII, Karachi.

STATUTORY AUDITORS

KPMG Taseer Hadi and Co. Chartered
Accountants

HEAD OF INTERNAL AUDIT

Mr. Abu Bakar, FCA

TAX CONSULTANT

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

LEGAL ADVISORS

Cornelius Lane and Mufti Advocates &
Solicitors

BANKERS

Allied Bank Limited

Askari Bank Limited

Bank Islami Pakistan Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

United Bank Limited

WEBSITE

www.spelgroup.com

STOCK SYMBOL

SPEL

VISION

To become a premium player in the market by building a professional organization, having state-of-the-art technology and expanding product range. Become the most progressive and profitable company in the sector.



ORGANIZATIONAL OVERVIEW AND **EXTERNAL ENVIRONMENT**

A BRIEF ABOUT THE COMPANY

SPEL is one of the leading manufacturers of technology-intensive engineering and plastic products in Pakistan. Established initially as a partnership firm in 1978, SPEL transitioned to a private limited company in 1982. Building on its growth, the company became a public limited entity in 2008 and listed its shares on the Pakistan Stock Exchange in 2015.

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

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



BUSINESS LOCATIONS

SPEL operates through four locations along with its dealers' network within the country

SPEL operates with a workforce of approximately 580 persons out of which 520 employees are working in its factories.



CODE OF CONDUCT, CULTURE AND ETHICAL PRINCIPLES

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

The code is intended to set out principles relating to the behavior that should be observed in SPEL. This Code includes the following aspects:



CORE VALUES

The following are core values embedded within the culture of SPEL

Respect

Respect for customers, employees, and all stakeholders
Business is about human beings, who want to be treated well
CSR is one way to respect our society



Customer Satisfaction

On-time delivery
Quality
Quick response
Relationships
Service and support



Integrity

Building trust
Honoring commitments
Dependability
Staying within ethical and legal boundaries
Rewarding honesty



Ownership

Empowerment
Punctuality
Value time
Capability
Responsibility with authority
Delegation
Train people for growth and continuous improvement
Prepare leaders



Save Environment

Eliminate waste
Save energy, water, air and natural resources



PRINCIPAL BUSINESS ACTIVITIES

SPEL is a manufacturing company and has B2B (business-to-business) relations with most of its customers. It is principally engaged in the manufacturing and sale of plastic packaging for the food & FMCG industry, plastic parts for the automotive industry, and molds & dies. The products of SPEL can broadly be categorized into the following sectors:

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

FOOD PACKAGING

Packaging products for food items need to be safe for human health and such products should not release elements into food products. It is a wider concept that covers the processes involved in the production, processing and even storage of the packaging products.

To cater to the above objectives, SPEL has established clean-shop floors and the Company makes sure that the packaging for food industry meets all the requirements of its customers besides ensuring that food packaging is produced by following the international standards for food safety. In addition to ISO Certifications, SPEL is also compliant with the requirements of FSSC 22000 (Food Safety System Certification) as assessed and certified by an independent certification agency. The company has also obtained Halal Certificate for its food packaging products.

The major products for food industry include 19-liter water bottles, yogurt cups, ice-cream tubs, plastic glasses, disposable containers etc. and our customers in this sector include Nestle, Unilever, Pepsi, KFC, Baskin Robbins, Subway, Qarshi Industries, Sufi, Gourmet, Cakes & Bakes, Doce Foods, etc.







PERSONAL CARE PRODUCTS / FMCG PACKAGING

For the Personal Care Products / FMCG industry, packaging plays an integral role in grabbing the buyer's attention. SPEL's customers have a great need for world-class packaging for its products which builds customers' brand, provides protection to their product, enhances convenience for transportation and reflects good aesthetics.

In order to cater to the demands of its FMCG Customers, SPEL has installed state-of-the-art plant and machinery, developed GMPs and implemented all the required processes. Besides conforming to ISO 9001 standards, SPEL is also compliant with its customer's specific requirements e.g., it is compliant with Unilever's Responsible Sourcing Policy (URSP), Pakistan Tobacco Company's Supplier Quality Performance and Workplace Compliance Requirements.

The products for FMCG industry include shampoo bottles, packaging for detergents, caps for skincare products, etc. and the customers in this sector include Unilever, Colgate Palmolive, Pakistan Tobacco Company, etc.





AUTOMOBILE PARTS AND ACCESSORIES

The requirements of the Auto Industry are significantly different from the above two sectors as it requires durable, high precision and long-lasting products so that the components do not get reshaped or lose their color and remained functionally fit over a long period and the component get fit with other adjacent components of the vehicle.

SPEL, being a pioneer in the auto-parts industry understands these requirements and can serve these needs to the satisfaction of the customers. SPEL has implemented Toyota Production Systems for providing required quality within the required time frame.

Major customers of the company in the automotive sector include Indus Motors, Honda, Suzuki, Millat Tractors etc. The auto parts being supplied by the Company include door trims, door handles, garnishes, grills, steering wheels, etc.





OWNERSHIP STRUCTURE

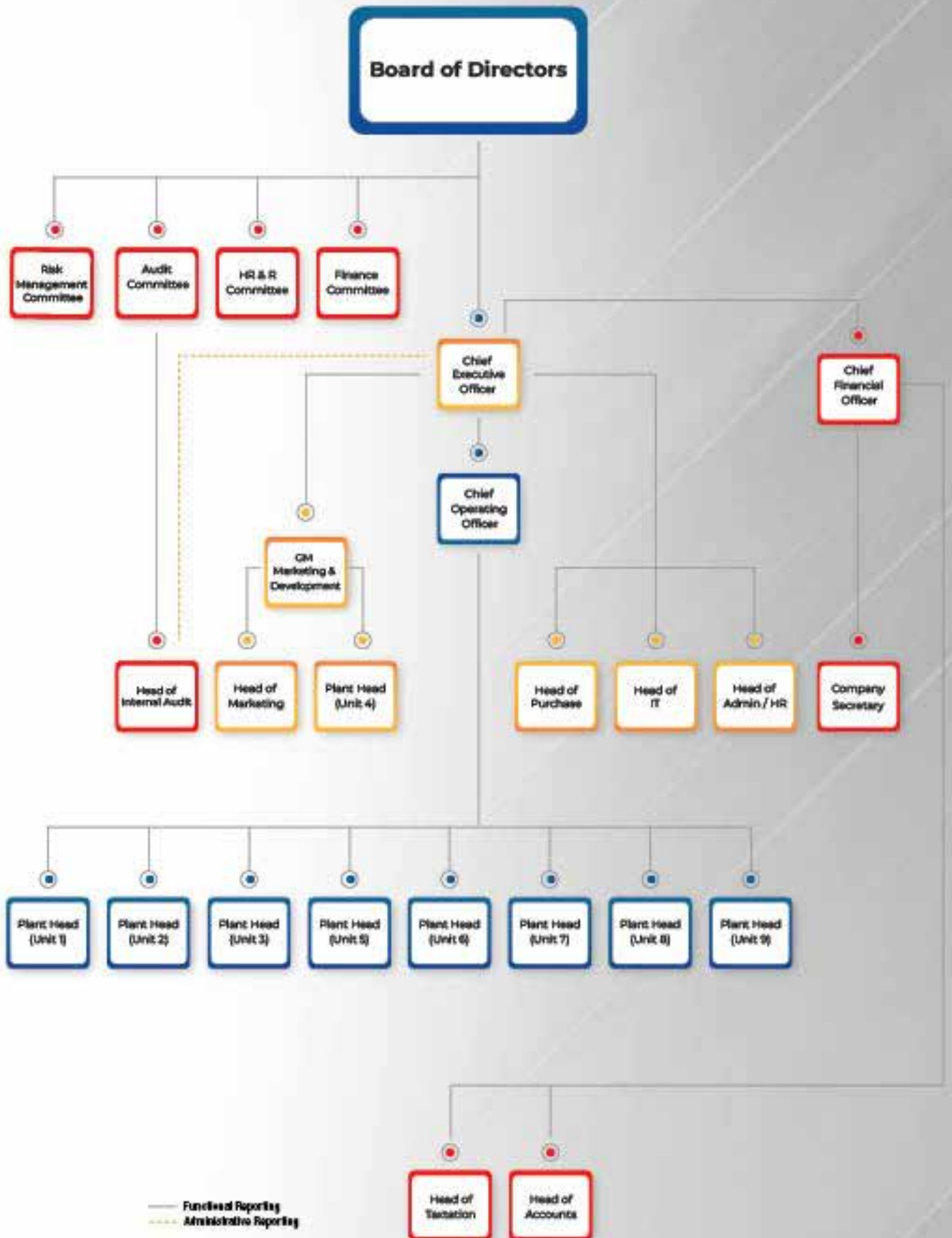
SPEL operates as a publicly-listed entity. Aside from our sponsors, who hold a majority of the shares, our shareholder base comprises a mix of general public investors and institutional stakeholders. Importantly, SPEL has not made strategic investments in any other businesses or companies. All of our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

Disclosure of Beneficial Ownership and Group Shareholding Relationships

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



ORGANIZATIONAL CHART



POSITION WITHIN THE VALUE CHAIN

RAW MATERIAL



Food
Personal Care
Automotive
Market

Customers



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

Conversion, Manufacturing & Printing



Final Products



SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT



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

Political

Government policies
Law and order

Economic

GDP growth rate
FOREX fluctuations
Borrowing rates
Limited tax net in Pakistan

Social

Population growth rate
Growing middle class
Per capita income

Technological

Energy-saving technologies
Efficient plant and machinery

Environmental

Safe drinking water awareness

Legal

Overall legal infrastructure

COMPANY'S RESPONSE TO ABOVE FACTORS

The Company keeps itself aware of all relevant external factors and aligns its strategies to take associated benefits or avoid associated risks of changes in these factors.

Key Performance Indicators

Sales Revenue (Rs. in million)

2023	6,431
2022	6,308

Gross Profit (Rs. in million)

2023	1,313
2022	1,245

Profit before Tax (Rs. in million)

2023	860
2022	852

Profit after Tax (Rs. in million)

2023	491
2022	539

Earnings per Share (Rupees)

2023	2.47
2022	2.70

Cash Dividend (Percentage) (interim & final)

2023	15
2022	10

Operating Profit (Rs. in million)

2023	1,002
2022	968

Total Assets (Rs. in million)

2023	6,849
2022	6,176

Shareholders' Equity (Rs. in million)

2023	4,636
2022	4,250

Current Ratio (Times)

2023	2.27
2022	2.52

Debt to Equity (Percentage)

2023	16
2022	19

Breakup Value per Share (Rupees)

2023	23.21
2022	21.28

Best Corporate Report Awards 2021

SPEL has been awarded the 4th position at the Best Corporate Report Awards held in September, 2022 by ICAP & ICMAP for its Annual Report 2021 in its category.



Top 25 Companies Awards 2020

SPEL has been awarded the Top 25 Companies Award for the year 2020 by Pakistan Stock Exchange in March 2022.



THE EFFECT OF SEASONALITY ON BUSINESS IN TERMS OF PRODUCTION AND SALES

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

This seasonal trend is largely influenced by consumer behavior in the food and personal care sectors. Typically, consumers in these industries demonstrate increased purchasing activity in the later half of the year, resulting in a corresponding boost in our sales. Consequently, we adjust our production schedules and inventory management strategies to align with these seasonal shifts, ensuring that we are adequately prepared to meet the elevated demand in the later quarters.

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

THE LEGISLATIVE AND REGULATORY ENVIRONMENT

The Company is registered in Pakistan and is listed on the Pakistan Stock Exchange, it has not established any foreign branch or foreign operations, therefore, the applicable corporate laws as enforced in Pakistan are applicable on SPEL.



THE LEGITIMATE NEEDS AND INTERESTS OF KEY STAKEHOLDERS AND **INDUSTRY TRENDS**



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

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

SWOT ANALYSIS

► **Strengths:**

- Close to the customer
- Quality and Reliability
- Ability to invest
- Good ranking in customer's database
- Diversified business segments

► **Opportunities:**

- Growth in demand
- New products
- New customers

► **Weaknesses:**

- Import policies

► **Threats:**

- Government policies
- Political Situation

Strengths Weaknesses Opportunities Threats



COMPETITIVE LANDSCAPE AND MARKET POSITIONING



THE POLITICAL ENVIRONMENT AND COMPANY'S STRATEGY

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

STRATEGIC FOCUS:

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

CONTINUOUS IMPROVEMENT:

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

RESOURCE OPTIMIZATION:

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

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

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

SIGNIFICANT CHANGES IN THE ORGANIZATION AND EXTERNAL ENVIRONMENT

There are no significant changes in the organization, however, the external environment has been affected due to changes in the political scenario and recent economic conditions.



History Of Major Events

- 1982 ● SFEL Converted to a Private Limited Company
- 1983 ● Supply of steering wheels started to Millat Tractors
- 1986 ● Supply of auto parts to Suzuki started
- 1989 ● SFEL Packaging established
- 1993 ● Supply of Auto parts to Toyota (IMC) started
- 1996 ● Supply of Auto parts to Honda (HACPL) started
- 2002 ● Major expansion took place and a new plant established Supply of yogurt cups to Nestle started
- 2005 ● Major expansion took place in tool manufacturing facility
- 2008 ● Diversification into water bottles for Nestle and crates for Coke
- 2009 ● ISO 14001 achieved
- 2010 ● Merger of group companies to a single entity
- 2012 ● Supply of Shampoo Bottles to Unilever started Activity Based Costing implemented in all manufacturing units
- 2015 ● Initial Public Offering
- 2017 ● Factory at Rahim Yar Khan established
- 2020 ● SFEL Won Top 25 Companies Award
- 2021 ● Factory at Karachi established
- 2022 ● Supply to Pakistan Tobacco Company started
- 2023 ● Share Buyback: A Liquidity Option for Shareholders

DETAILS OF SIGNIFICANT EVENTS OCCURRED DURING THE YEAR AND AFTER THE REPORTING PERIOD

Sep 2022

Annual accounts approved by the Board

Oct 2022

Annual General Meeting held

Nov 2022

Corporate briefing held

Feb 2023

Half-yearly accounts approved by the Board

Feb 2023

Corporate briefing held

Mar 2023

Share buyback approved by the shareholders

May 2023

Interim Dividend paid



STRATEGY AND RESOURCE ALLOCATION

STRATEGIC OBJECTIVES

At SPEL, we are committed to be a reliable supplier for our customers by meeting their expectations through innovation, continuous improvement and by utilizing the economic and human resources effectively.

In order to achieve the above objective SPEL has defined a road map in shape of Long, Medium- and Short-Term Objectives which are as follows:

Long Term Objective

SPEL aims to develop long-term sustainability of the organization by constantly upgrading its technologies, developing and training its employees and by following ethical and moral business values. The Company will continue to use resources efficiently to increase shareholders' value.

Medium-Term Objective

The Company is focused to be a market leader for quality products and growing continuously by adding products and customers to our portfolio.

Short Term Objectives

Our short-term objective is to further upgrade our management systems to manage growth and to manage businesses at multiple locations. .

STRATEGIES IN PLACE TO ACHIEVE OBJECTIVES

The objectives of the management are well aligned and synchronized with the overall strategic objectives of the Company. The following strategies were adopted by the management to achieve its objectives:

Objective	Strategies to achieve objectives
Reliability	Encouraging a culture of innovation and continuous improvement Providing high-quality products to customers Delivering products on time
Create value for shareholders	Optimally utilizing economics and human resources Earning the highest returns on investments Growing revenue
Ensure long term sustainability	Constantly upgrading technologies Developing and training employees Committed to the ethical business values

The results of these objectives are reflected in our increased profitability and controlled costs. These objectives are the same as the previous years.

Resources Allocation Plan to Implement the Strategies and Capital Structure

SPEL deploys its resources and relationships in the optimal way to implement its strategies. The Company has different types of resources and has categorized its resources into financial, manufactured, intellectual, human, social & relationship and natural capital.

Financial Capital

The Company has a policy to finance the capital expenditure necessary to achieve the strategic objectives through equity or long-term loans. The management continuously monitors its cash flows on daily basis and keeps in view its future needs. It re-aligns the financing facilities to optimize the company's operations constantly.

The Company observes a self-defined formula for sustainable growth which requires that the amount invested in expansion plans should approximate the amount of profits earned in the year, plus depreciation. This has greatly helped in managing a strong liquidity position.

Human Capital

Human capital is integral to achieving our strategic objectives, and we invest significantly in talent acquisition, development, and retention. Our approach to human capital is data-driven and performance-oriented, ensuring alignment with company goals and optimized outcomes. The management continually assesses the skill sets needed for our evolving business environment and adapts training programs to fill any gaps. This strategic focus on human capital has been pivotal in driving innovation, enhancing productivity, and maintaining a competitive edge.

Manufactured Capital

Manufactured capital includes building, equipment and infrastructure. The management has a deliberate focus to utilize its available manufacturing resources optimally to achieve the strategic objectives. The resources are allocated to different parts of business keeping in view their linkage with the objective. The unevenness, if any, created due to changing business environment, is balance-out by filling the gap in the relevant resource.

Intellectual Capital

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

Social and Relationship Capital

Social and relationship capital includes relationships within and between communities, groups of stakeholders and other networks, and the ability to enhance individual and collective well-being. SPEL gives equal importance to social and relationship capital and manages this capital by following the cultural norms of the areas in which it operates.

Natural Capitals

Natural capital includes all renewable and non-renewable environmental resources e.g., air, water, sunlight etc. We are constantly working to reduce and optimize the use of natural resources while having a great focus on environment conservation. SPEL is compliant with the requirement of ISO14001 – Environment Management System and is also a certified company.

Capabilities and resources which provide sustainable competitive advantage

SPEL manufacturing facilities and has trained human resources, in addition the sponsors of the company have in-depth knowledge,

experience and skills for managing a manufacturing business. SPEL has long-term business relations with blue chip companies who rely on SPEL and have confidence in Company's capabilities and these relations are reciprocal. All these factors contribute toward a sustainable competitive advantage for SPEL.

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

Value created by the Business

By doing its business, the company has created value for all its stake holders. Detailed information is given in another section of this report titled "Wealth Generated and Distributed."

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

The Effect of Technological Change

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

ESG Reporting & Challenges

SPEL recognizes the increasing importance of Environmental, Social, and Governance (ESG) considerations in today's business landscape. We are committed to transparent and comprehensive ESG reporting to meet stakeholder expectations and regulatory requirements. However, balancing short-term financial goals with long-term sustainability targets poses a unique set of challenges. We are actively developing frameworks to align our ESG objectives with our strategic goals, ensuring responsible corporate behavior.

Initiatives Taken by the Company in Promoting & Enabling Innovation

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

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

Resource Shortages

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



KEY PERFORMANCE INDICATORS (KPIs)

The comprehensive set of Key Performance Indicators outlined on page 20 serves as a robust framework for monitoring SPEL's financial health and operational efficiency. These indicators, ranging from Sales Revenue to Book Value of Share, have been carefully chosen for their enduring relevance and universal applicability in assessing financial performance. Looking ahead, we anticipate that these KPIs will continue to remain relevant.

THE COMPANY'S SUSTAINABILITY STRATEGY WITH OBJECTIVES

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

Environmental Sustainability

- Reduce Carbon Footprint
- Waste Management
- Energy Efficiency

Social Responsibility

- Employee Wellbeing
- Community Investment

Economic Sustainability

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

Each of these objectives is periodically reviewed and updated to ensure alignment with global sustainability standards and best practices. By putting these measurable objectives into action, we aim to achieve long-term sustainability that harmonizes with our financial and operational goals, thereby creating a lasting legacy for generations to come.



No defaults in any payment of any debts

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

Strategy to Overcome Liquidity Problems

SPEL operates as a consistently profitable organization, a factor that has substantially bolstered our liquidity position and enabled healthy cash flows. Management places a high emphasis on the judicious allocation of these financial resources, aligning fund deployment with both short-term needs and long-term strategic objectives.

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

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

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

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

We recognize the important role that government policies play in shaping the business landscape. A regulatory change has been reintroduced, particularly with respect to the use of single-use plastics.

The company may face potential challenges, including some decline in sales volume. While we are committed to environmental sustainability, we are also concerned about the immediate impact of these policies on our business. To that end, we are actively collaborating with industry peers and government bodies to restructure the law in a manner that achieves environmental objectives without negatively affecting our sales and overall performance.



RISKS AND OPPORTUNITIES

Key Risks Assessment

The Company assesses the principal risks facing the Company on a regular basis, including those that would threaten the company's operations, business model, future performance, relations with its customers, solvency and liquidity.

Key Risks	Sources	Likelihood	Mitigants
Liquidity Risk			
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.	External	Low	The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due under both normal and stressed conditions. The Company finances its operations through equity, long-term and short-term borrowings to maintain adequate working capital. With a view to maintain an appropriate mix between various sources of finance to minimize risks. The management aims to maintain flexibility in funding by keeping regular committed credit lines with reputed banks.
Credit Risk			
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	External	Moderate	To manage credit risk the Company maintains procedures covering the application for credit approvals and monitoring of exposures against credit limits. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.
Pricing Risk			
With new entrants in the market, there is a likelihood of price competition which might squeeze margins.	External	Moderate	The Company is constantly sourcing competitive suppliers, improving its technology, efficiency and productivity. Also, since SPEL has in-house capability to develop products with a fast turnaround time, that by itself obviates the possibilities of competition affecting SPEL. The Company has developed interdependence with its customers and is considered a strategic supplier.
Competition Risk			
Increasing entrants making their way into the plastic industry.	External	Moderate	SPEL's diversification of business activities and technical expertise make it adequately prepared to face these challenges.
Machine Breakdown Risk			
Machine breakdown due to electricity load shedding may affect the operational performance of the Company.	Internal	Moderate	Adequate electricity backup systems are in place to overcome the problem. Adequate spares are also kept in stock.
Human Resource Risk			
Increasing competition for skilled human resources may lead to higher turnover causing deterioration in service standards or increased payroll.	Internal	Moderate	The Company's HR practices include arranging training and developing programs for its employees; a conducive work environment and competitive packages. Constant efforts in improving and training tend to offset this risk.
Technological Risk			
Technological obsolescence	External	Moderate	The company has been constantly upgrading its technologies. In the present expansion plan, the Company acquired new generation technologies which are energy efficient, to stay ahead of the pack.
Regulatory Risk			
Imposition/enhancement of duties, taxes, levies and other conditions may adversely affect the operations.	External	Moderate	New levies go across the board, so we stay competitive.

OPPORTUNITIES:

Modern Technology: SPEL is using state-of-the-art modern technology which provides an opportunity to lead in the market for premium quality products.

In-House Mold Shop: The in-house design and mold shop is the strength that gives a competitive advantage through which SPEL produced most of its innovations. The design & mold shop was established soon after the inception of SPEL. It is now one of the biggest mold shops in Pakistan.

Long-Term Business Relationships: SPEL maintains long-term business relationships with its customers and trade partners. Most of the major customers are blue-chip companies and are working with us for many years.

Statements from the Board on Risk Tolerance and Risk Assessment

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

Risk Management Framework and Risk Management Methodology

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

Risk Management Policies and Limits

SPEL's risk management policies aim to:

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

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

Governance and Organizational Structure

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

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

Risk Appetite

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

Risk Reporting

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

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

Strategic Objectives, Strategies, and Plans

Liquidity Risk Mitigation

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

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

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

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

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

Credit Risk Management

Objective: Minimize defaults and maximize revenue from credit sales.

Strategy: Implement stringent credit evaluation processes.

Plan: Monthly credit risk assessment and review.

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

KPIs: Bad debt ratio, Accounts Receivable Turnover.

Pricing and Competition Risk Management

Objective: Maintain profitable margins while staying competitive.

Strategy: Leverage economies of scale and technology.

Plan: Periodic pricing reviews and market surveys.

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

KPIs: Gross Margin, Market Share.

Policies

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

Supply Chain Disruption Risks

Environmental Risks

Monitoring: Regular environmental audit.

Mitigation: Partner only with suppliers adhering to environmental standards.

Social Risks

Monitoring: Regular assessment of supplier labor practices.

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

Governance Risks

Monitoring: Regular governance and compliance audits for all suppliers.

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

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





SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

At SPEL, we believe that protecting the environment and investing in the welfare of society are imperative for sustainable development. SPEL supports the community by spending on health, education, community welfare and on social and national causes.

BOARD'S STATEMENT FOR ADOPTION OF BEST PRACTICES FOR CSR

The Board of Directors of SPEL believes in responsible business practices. In alignment with this belief, the company's approach to CSR has been detailed in the Directors' Report to demonstrate our focus on operating responsibly and sustainably while pursuing our opportunities judiciously.

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

The Board of Directors of SPEL acknowledges the increasing importance of Environmental, Social, and Governance (ESG) factors in business today. We recognize that sustainable business practices are not merely an obligation but an essential prerequisite for long-term success.

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

Our strategic objectives in this area include:

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

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

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

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

In the Chairman's Review Report, the Chairman provides a view on how sustainability is both a moral compass and a strategic lever for our organization. He explained the tangible benefits that sustainable practices have brought to our financial performance. Specifically, he highlights:

- A 10% reduction in energy costs through investments in renewable energy sources.
- Cost savings and a decrease in employee turnover as a result of employee wellness programs.
- Greater pricing stability and consistency in margins due to sustainable procurement practices.
- Overall operational resilience and performance enhanced by our commitment to sustainability.
- The Chairman describes our strategy as a "win-win," delivering not just financial returns but also making a positive impact on communities and ecosystems.

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

During the year Company has taken multiple initiatives and plans relating to the various aspects of sustainability and corporate social responsibility.

Environment-Related Obligations Applicable on the Company

SPEL is keenly aware of its obligations toward environmental sustainability. We believe in minimizing our environmental footprint and have made a series of targeted investments and policy changes to support this goal.

Renewable Energy: We have installed a 1.2MW solar power system to meet a portion of our energy needs sustainably.

Greener Environment: We've undertaken tree plantation drives to

contribute positively to the natural environment.

Water Purification: An RO plant has been installed to ensure that clean drinking water is available, thus reducing the consumption of bottled water and the waste associated with it.

International Standards: To ensure compliance with global benchmarks, we've secured the ISO 14000 certification.

Company Progress Towards ESG Initiatives During the Year

Energy Conservation: In light of Pakistan's ongoing energy crisis, we have converted to energy-efficient machinery and trained our employees on the importance of energy conservation. The replacement of standard light bulbs with LED lights and optimization of daylight usage via strategically-placed windows are some examples.

Community Investment: We have safeguarded the environment, created local employment opportunities, and are in compliance with tax obligations. Our philanthropic efforts range from donations to scholarship grants for needy students and contributions to charitable institutions for educational and welfare purposes.

Consumer Protection: Our FSSC 22000 and HALAL certifications reflect our commitment to providing safe and quality products.

National Contributions: We have made substantial contributions to the National Exchequer, amounting to Rs. 1,555 million in Income Tax and Sales Tax.

Company's Responsibility Towards the Staff, Health & Safety

Employee Welfare: We offer market-competitive salaries, annual bonuses, provident fund schemes, and leave encashment among other benefits, fostering an environment that encourages productivity and job satisfaction.

Inclusivity: In line with our social responsibility goals, we also offer employment opportunities to special persons, facilitating their integration into mainstream society.

Occupational Safety and Health: The company conducts regular fire safety drills and medical tests for employees, and we have achieved ISO certification for standard operating procedures to ensure both operational efficiency and safety.

Ethical Operations: Our use of SAP as a database management system underlines our commitment to transparent and ethical business operations.

CERTIFICATIONS ACQUIRED FOR BEST SUSTAINABILITY AND CSR PRACTICES AND MEMBERSHIP ENVIRONMENTAL GROUP

SPEL continuously strives for excellence in sustainability and corporate social responsibility. To validate and further our commitments, we have acquired important certifications and joined alliances that align with our values and objectives:

Certifications

ISO 14000 Certification: This globally recognized certification affirms our commitment to responsible environmental management. It outlines our comprehensive approach to minimizing our environmental impact and ensures that we are in compliance with relevant laws and regulations.

ISO 22000 Certification: Specializing in food safety, this certification assures that our food and beverage packaging operations adhere to international health and safety standards.

Memberships

CoRE (Collect and Recycle) Alliance: As a member of this esteemed alliance, we actively participate in responsible waste management and recycling initiatives. This membership not only contributes to environmental conservation but also aligns us with global best practices in sustainable waste management.

By acquiring these certifications and participating in these alliances, we are not only ensuring compliance with best practices but are also taking meaningful steps to make a positive impact on society and the environment.

PROFILE OF THE DIRECTORS



Mr. Almas Hyder
Chairman

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

Mr. Hyder Graduated from the University of Engineering & Technology Lahore and is a member of the Institute of Engineers Pakistan. He did his OPM Program from Harvard Business School.

He has served many public organizations at senior positions. To his credit are the 'Engineering Vision 2012 for Pakistan' and the establishment of TUSDEC (Technology up-gradation and Skill Development Company) where he was the Founder Chairman. He was also the first President of the Quaid-e-Azam Industrial Estate Board set up by the Government of Punjab to manage and upgrade the infrastructure of Kot Lakhpat Industrial Estate, Lahore. He has been the Chairman of the Engineering Development Board, Ministry of Industries and Production, till recently. He was also the President of Lahore Chamber of Commerce & Industry.

He has also held the following positions:

- Member of the Board of National Transmission and Dispatch Company Ltd. (NTDC)
- Member of the Board of Small and Medium Enterprise Development Authority (SMEDA)
- Director, Pakistan Industrial Development Corporation (PIDC).
- President, Pakistan Industrial Technical Assistance Centre (PITAC)
- Member of the Governing Body of Punjab Industrial Estates Development and Management Company (PIEDMC)
- Member of the Board of Technical Education & Vocational Training Authority (TEVTA)
- Member of Board, Punjab Vocational Training Council (PVTC).
- Vice President of Harvard Club of Pakistan.
- Member of the senate of UET Taxila University
- Member of the senate of PTUT University.



Mr. Zia Hyder Naqi
Chief Executive Officer

Mr. Zia Hyder Naqi completed his Mechanical Engineering from the University of Engineering & Technology in Lahore. He then went on to complete his MBA in Finance from the Institute of Management Sciences. He is a certified Project Management Professional, IT Expert, and has participated in numerous training programs in Japan, Germany and Canada. He has completed the Owner/President Management Program (OPM) from Harvard Business School, USA.

Mr. Zia Hyder Naqi had served as Senior Vice President of the Quaid-e-Azam Industrial Estate, Lahore and as a member of the Executive Committee of Lahore Chamber of Commerce and Industries. He is the founding member of the Collect and Recycle (CoRE) Alliance. The CoRE is the first ever packaging alliance in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection and recycling.

He has been associated with Synthetic Products Enterprises Limited for more than three decades. His current engagement(s) include:

Director, SPEL Technology Support (Private) Limited
Director, AJ Power (Private) Limited
Director, RT Power (Private) Limited
Director, MST Power (Private) Limited
President, Advisory Board of Rahim Yar Khan Industrial Estate

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



Mr. Haroon Sharif
Independent Director

Mr. Sharif is a well-known global expert of regional economic dynamics, international developments, economic diplomacy and financial markets. He served as the Minister of State and Chairman of Pakistan's Board of Investment in 2018-19. He remained Pakistan's Lead Representative for Industrial Cooperation in the Joint Cooperation Committee (JCC) of China-Pakistan Economic Corridor (CPEC). Pakistan's ranking on Ease of Doing Business Index improved by 28 places under his leadership. He is currently advising governments, multi-lateral organizations and private investors. He is also a Distinguished Fellow at the Institute of Development Studies at Sussex, UK, National Defence University and Pakistan Institute of Development Economics. As a visiting faculty, he regularly delivers lectures across the globe.

He also served as Senior Regional Advisor to the World Bank Group for promoting economic cooperation in South and Central Asia. He holds postgraduate qualifications from the London School of Economics and University of Hawaii. He regularly delivers key-note lectures at global forums, publishes research and articles and has won several prestigious fellowships and awards. He is a regular commentator on local and international media.



Mr. Khawar Anwar Khawaja
Independent Director

Mr. Khawar Anwar Khawaja holds a bachelor's degree in Mechanical Engineering. He is serving as the Chief Executive Officer of GOC Pak Ltd. (Grays of Cambridge (Pakistan) Limited.) He has also been President of the Sialkot Chamber of Commerce and Industry.

Mr. Khawaja also served as the CEO/Chairman of Sialkot International Airport, the only privately built international airport in Pakistan, for 5 years.

Mr. Khawar has traveled widely in connection with his business and has gained immense technical and marketing experience. He has demonstrated his abilities in funds & investment management. Under his effective management and leadership, Grays of Cambridge (Pakistan) Limited has won the top 25 companies award on the Karachi Stock Exchange multiple times.

His current engagement(s) include:

Director, Sialkot International Airport Limited
Director, Port Services (Private) Limited
Director, Anwar Khawaja Industries (Private) Limited



Dr. Syed Sohail Hussain Naqvi

Independent Director

Dr. S. Sohail H. Naqvi holds a doctorate degree in Electrical Engineering from Purdue University, USA. He has more than thirty years of visionary leadership in academia, industry and Government, achieving ambitious targets that have had a significant socio-economic impact on society. Proven highly successful record of establishing and leading institutions in Pakistan and Central Asia. Globally recognized by International Multilaterals and Pakistani public and private sector institutions for bringing about a paradigm change in the national system of higher education, spearheading significant and fundamental reform, implementing internationally benchmarked systems of quality, pioneering the development of an entrepreneurial ecosystem in universities and developing systems for alignment of university with the industry. A thought leader and innovator who has extensive international teaching, research and entrepreneurial experience in the US, Pakistan and Central Asia. Awarded Order of the 'Palme Académiques' with the rank of Chevalier, by the French Government, and the Sitara-e-Imtiaz by the Government of Pakistan for his services to higher education.

After completing his term as Founding Rector, University of Central Asia, Bishkek, Kyrgyz Republic, Dr Naqvi has returned to Pakistan and launched a new venture focusing on developing manpower for the IT Industry.



Mr. Raza Haider Naqi

Non-Executive Director

Mr. Raza Haider is a Chemical Engineer and has an MBA in Marketing. He began his career from manufacturing electronic security systems for both cars and homes. With over 30 years of experience, he has in-depth knowledge and experience in all fields of a business, especially he has a tremendous amount of insight into sales and marketing and he shares useful ideas for the Company. Currently, he is running a real estate business in Canada successfully.



Dr. Nighat Arshad
Non-Executive Director

Dr. Nighat Arshad is a certified Director. She has been Vice Chairman, Executive Board of the Asia Pacific Region Committee of the (WAGGGS) World Association of Girl Guides and Girl Scouts. She has served on the Executive Board for 6 years (2004-2010) and has traveled widely while gaining invaluable experience in training and management of the Asia Pacific Region Girl Guiding.

Presently she is also serving as the Vice Chair of Friends of Asia Pacific WAGGGS (FAPW) , which works for supporting the leadership development of Young leaders in Asia Pacific Region Girl Guiding .

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

She has strong academic records at all levels of education. She is a health service provider par excellence, practicing and teaching Homeopathy for over three decades. She also holds an MBA degree in Marketing.



Mr. Abid Saleem Khan
Chief Operating Officer / Executive Director

Mr. Abid Saleem Khan has an MBA from the Institute of Management Sciences. He is a graduate of Management Development Program from Lahore University of Management Sciences (LUMS). He has attended many training programs within & outside Pakistan. He has been working with SPEL for 26 years and has a good understanding of the automobile and FMCG industry and the Japanese systems of management.



Mr. Sheikh Naseer Hyder
Non-Executive Director

Mr. Naseer Hyder completed his undergraduate degree from Wilfrid Laurier University in Canada and completed his MBA from Cardiff University along with professional education and certifications from Georgia Institute of Technology, Harvard University and Massachusetts Institute of Technology.

Mr. Hyder is a young, dynamic and hardworking professional. During his tenure 2017-2019, he served SPEL as Director Supply Chain. His knowledge and skills coupled with his international exposure in the field of supply chain have greatly helped SPEL in improving its systems resulting in cost savings and better supply chain management.

He has also worked at senior positions in NYSE listed organizations in their American and Canadian operations.

ADVISOR TO THE BOARD



Dr. Sheikh Muhammad Naqi

Advisor to the Board

Dr. S. M. Naqi is a Chartered Engineer from London and has a Ph.D. in Business Administration from the US. He is a member of the Institute of Mechanical Engineers in London, European Institute of Production Management in the United Kingdom, Institute of Metallurgical Engineers in Pakistan, and the Institute of Electrical Engineers in Pakistan. He is also a visiting faculty member of the Institute of Business Administration at the Punjab University, UET Lahore and several other business schools.

Dr. Naqi has offered his expertise in many senior positions in Pakistan. He has been the Managing Director for Karachi Pipe Mills Limited, Pakistan Engineering Company Limited (PECO), and the Lahore Engineering Foundry Limited (LEFO). He has also served as the Chairman of Federal Light Engineering Corporation and the Management Association of Pakistan

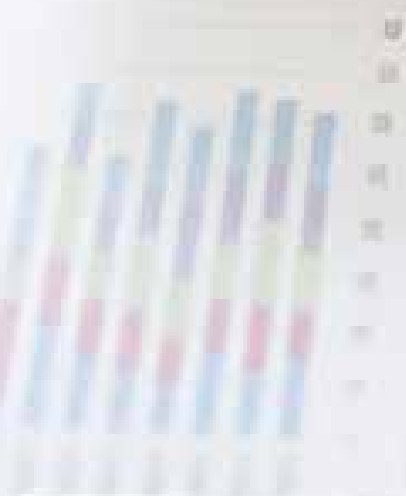
Dr. Naqi received a civil award (Tamgha-e-Quaide-Azam) from the President of Pakistan for his distinguished services towards the country. He has published several books. He is a known personality around Pakistan and is acknowledged for his excellence, hard work, commitment, and integrity.



Summary



Summary



Summary





GOVERNANCE

THE BOARD STRUCTURE AND ITS COMMITTEES

Composition of the Board

The composition of the Board has been established to ensure the company's need for expertise, capacity and diversity and to ensure that the Board functions well as a collegiate body. To comply with the best practices of Corporate Governance, the Company has three independent directors which are one-third of the total number of board members. The independent directors meet the criteria of

independence given in the law. The Company has two executive Directors including the Chief Executive Officer. One female director has been inducted into the board of directors to improve diversity on the Board. The Chairman of the Company is a non-executive Director.

The composition of the Board is as follows:

Name	Position	Status
Mr. Almas Hyder	Chairman	Non-Executive Director
Mr. Zia Hyder Naqi	CEO	Executive Director
Mr. Haroon Sharif	Director	Independent Non- Executive Director
Mr. Khawar Anwar Khawaja	Director	Independent Non- Executive Director
Dr. Syed Sohail Hussain Naqvi	Director	Independent Non- Executive Director
Dr. Nighat Arshad	Director	Non-Executive Director
Mr. Raza Haider Naqi	Director	Non-Executive Director
Mr. Sheikh Naseer Hyder	Director	Non-Executive Director
Mr. Abid Saleem Khan	Director	Executive Director

Justification of Independence of Independent Directors.

The independent Directors meet the criteria of independence as defined in the applicable laws.

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

The CEO is affiliated as Non-Executive Director at Collect and Recycle (CoRE) Alliance on a voluntarily basis. The CoRE is the first ever packaging alliance in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection and recycling.



ROLE OF CHAIRMAN

The position of Chairman is held by a Non-Executive Director who is not involved in the day-to-day operations of the Company.

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer ("CEO").

The Chairman acts as the communicator for Board decisions where appropriate. He is Responsible for:

Ensuring that the Board plays an effective role in fulfilling its responsibilities by providing equal opportunity to all Board members to express their ideas or concerns in a free environment and to contribute their professional input for the betterment of the Company.

Ensuring that the Board as a whole is sufficiently equipped with requisite skills, competence, knowledge, experience, philosophical perspective and diversity considered necessary for managing a successful Company.

Promoting highest moral, ethical and professional values and good governance throughout the Company.

Reviewing the performance of the Board and suggest training and development of the Board on an individual and collective basis.

Managing the conflicts of interests, if any.

Reviewing the strategic direction of the company regularly, and counseling and advising the Chief Executive Officer.

ROLE OF CEO

The CEO is the Head of the Company's management. This position is held by an Executive Director responsible for the overall operations and performance of the Company. He is primarily responsible:

To lead, in conjunction with the Board, the development of the Company's strategy.

To lead and oversee the implementation of the Company's long and short-term plans in accordance with its strategy.

To ensure the Company is appropriately organized and staffed as necessary to enable it to achieve the approved strategy.

To assess the principal risks of the Company and to ensure that these risks are being monitored and managed.

To ensure effective internal controls and management information systems are in place.

To ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically.



To ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business.
To act as a liaison between management and the Board.

To communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public.

To ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments.

To ensure the integrity of all public disclosure by the Company.

Keeping abreast of changes in the industry and suggesting improvements in the overall strategic plan including diversification, consolidation, mergers and acquisitions etc.

Developing an organizational culture of development, growth, innovation, efficiency and productivity, moral, ethical & professional values and good governance.

To request that special meetings of the Board be called when appropriate.

In concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting.

To sit on committees of the Board where appropriate as determined by the Board.

BOARD'S OPERATING STYLE

The Chairman sets the agenda of the meeting of the board and all matters critical for the success of the business were put before the Board for guidance and decision making. The Chairman ensures that reasonable time is available for discussion of the same and equal opportunity is provided to all members for asking questions and sharing their views and ideas. All strategic level decisions are taken by the Board and the CEO is given the powers to execute those decisions by using his expertise.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

The Board has put in place a mechanism for evaluating the Board's performance by the members of the Board themselves. Some significant matters included in the evaluation criteria are as follows:

- Business strategy
- Quality of Board meetings and discussion

- Internal Board relationships
- Competency and skills of Board members
- Reaction to events
- Attendance and contribution at meetings
- Communication
- Risk and control framework
- Composition
- Terms of reference
- Performance by Board Committees
- Management and administration of meetings
- Timeliness of information
- Training
- Succession planning

Evaluation forms are circulated to the members and each member is required to return duly filled forms. The responses are consolidated with identification of the weak areas and are discussed in the Board meeting to formulate a strategy for effecting improvement in the Board's performance.

FORMAL ORIENTATION FOR DIRECTORS

A formal orientation was conducted after the election of Directors to give them an understanding of the business, its operational structure and significant policies and procedures and about the responsibilities of directors.

DIRECTORS TRAINING PROGRAM

Currently, seven directors of the Company have either acquired the prescribed certification under the director training program offered by the institutes approved by SECP or are exempted based on their education and experience.

RELATED PARTIES

Approved Policy for Related Party Transactions

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

Details of All Related Parties Transactions

In line with our commitment to full disclosure and transparency, we maintain an up-to-date list of all transactions involving related parties. This list describes the nature of each transaction, the common directorship involved, and the percentage of shareholding of the related parties. Each of these transactions undergoes a two-tiered

review process, initially by the Audit Committee and subsequently receiving formal approval from our Board of Directors on a quarterly basis.

Contract or Arrangement Outside Ordinary Course of Business

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

Disclosure of Director’s Interest in Related Party Transactions

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

Management and Monitoring of Conflicts

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

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



SIGNIFICANT POLICIES

A) GOVERNANCE OF RISK AND INTERNAL CONTROL SYSTEM

The Company has a good governance structure for managing risks and has an inhouse internal audit function which has requisite skilled staff headed by a qualified Chartered Accountant who is directly reportable to the Board Audit Committee. The Board Audit Committee makes sure that its internal audit department has qualified and sufficient staff to ensure the soundness of the internal control system.

B) POLICY ON BOARD'S DIVERSITY

The Board of Directors of SPEL firmly believes that the diverse mix of gender, knowledge, expertise and skillsets of the members enhances the effectiveness of the Board.

The Board composition will meet the minimum requirement of the applicable laws.

The Board will have adequate female representation

The Board will have such directors who bring along themselves diverse skill sets pertaining to financial matters, legal, marketing, etc.

The Board of Directors believes in merit and does not discriminate on the basis of gender, religion or caste.

C) POLICY ON DISCLOSURE ON INTEREST BY THE DIRECTORS/OFFICERS

The Directors and Officers are required to disclose their interests, if any, in any transaction, contracts and arrangement with the Company as per requirements of law.

D) DIRECTORS' REMUNERATION POLICY

Objective

The objective of the policy is to provide a framework within which the remuneration of Directors will be determined.

Policy

It is policy of SPEL to remunerate its directors for performing their services for SPEL. For this purpose, the Directors have been categorized as follows:

- Independent Directors
- Non-Executive Directors
- Executive Directors

Independent Directors and Non-Executive Directors shall be entitled to a meeting fee for attending the meeting of the Board or any of its Committee as per the scale approved by the Board from time to time. However, the directors who are entitled to remuneration shall not be entitled to a meeting fee. If any Non-Executive Director performs extra services, then he/she shall be entitled to remuneration.

Executive Directors shall be entitled to remuneration for managing the organizational functions assigned to them.

As per Articles of Association of the Company, the Board is authorized to determine the remuneration of Directors. In order to keep transparency, the Board shall observe the following principles while determining the remuneration of any Director:

The remuneration package shall encourage value creation within the company.

The remuneration package shall be appropriate to attract and retain directors needed to govern the company successfully. Levels of remuneration shall not be at a level that could be perceived to compromise their independence.

The Board shall give due consideration to the recommendations of the HR & Remuneration Committee.

No Director shall participate in a part of the meeting in which his/her own remuneration is to be determined.

The details of the aggregate remuneration of executive and non-executive directors, including salary, meeting fee, benefits and performance-linked incentives etc. shall be disclosed separately in the Financial Statements of SPEL.

E) POLICY ON RETENTION OF EXTERNAL BOARD FEES BY EXECUTIVE DIRECTOR

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

F) POLICY FOR SECURITY CLEARANCE OF FOREIGN DIRECTORS

It is our policy to follow all security clearance processes for foreign director(s), if any. However, currently, SPEL does not have any foreign director on its Board.

G) BOARD MEETINGS HELD OUTSIDE PAKISTAN

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

H) HUMAN RESOURCE MANAGEMENT AND SUCCESSION PLAN

SPEL is committed to fostering an inclusive and dynamic work environment that encourages professional growth and development.

POLITICS



Integral to this commitment is our focus on Human Resource Management and Succession Planning. We believe that the most valuable asset of our organization is its people. Therefore, we continually invest in talent management initiatives, including leadership development programs, employee engagement surveys, and performance evaluations, to identify and prepare the next generation of leaders within the company. The succession plan is routinely reviewed and updated to ensure that it aligns with the company's long-term strategic goals and operational needs.

I) SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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

J) COMMUNICATION WITH STAKEHOLDERS

Communication with stakeholders is key area of concern for the Company. The policies related to communication, relationship, and meeting their legitimate needs and interest are covered in a separate section in this report titled "Stakeholders Relationships and Engagements"

K) INVESTORS' RELATIONSHIPS AND GRIEVANCE POLICY

It is policy of SPEL to:

Prohibit the selective disclosure of material, nonpublic information about the Company,

Set forth procedures designed to prevent such disclosure, and Provides for the broad, public distribution of material information regarding SPEL.

At all times SPEL will guard the Company's need for confidentiality about key business and operating strategies & SECP's directive on nonpublic earnings guidance.

Disclosure Process

SPEL will communicate its anticipated approach to disclosure in general and compliance with the SECP regulation by posting the Investor Relations policy on the website www.spelgroup.com

Communication Channels

The CEO or CFO or their nominee(s) will be the primary contacts who may communicate on behalf of the Company to analysts, securities market professionals, institutional investors, and major shareholders of the Company.

Quarterly Earnings Release & Analyst Briefing

SPEL will release earnings information quarterly as required by stock exchange soon after the accounts are reviewed by the Board of Directors at a date to be announced publicly and post the same on the Company Web site which may be followed by an Analyst briefing, date and venue to be posted on web site and communicated to the Stock Exchanges.

Analyst Earnings Models and Reports

SPEL will not share earnings projections and will not provide focused guidance to analysts in their efforts to develop earnings estimates.

Closed Period

SPEL expects to observe a "closed period," at time of finalizing quarterly/annual earnings during which the Company will not participate in any further one-on-one or group conversations that relate to the Company's financial performance or current business activities Presentations. Duration of this period to be posted on website.

Responding to Market Rumors

The Company has the policy to comply with all applicable legal requirements related to rumors in the marketplace. SPEL takes precautions to ensure that it does not become the source of any rumors.

** Investors' Relations section is also available on the Company's website. "<http://spelgroup.com/corporate>"

L) ENVIRONMENT, EMPLOYEE HEALTH, SAFETY AND PROTECTION

It is policy of SPEL to:

Place continuous and concerted efforts towards minimizing the impacts on the environment and use of energy and natural resources.

Reduce waste, emission to air, water and land; and to comply with all the applicable legal requirements.

Ensure adequate controls to prevent any adverse effect on the environment and to reduce or eliminate health and safety hazards.

Practice efficient energy management with resource conservation and promote recycling, reuse, reduction and replacement wherever possible.

Promote awareness, responsibility and commitment for the conservation of the global environment as well as health, safety and protection amongst all levels of employees.

Educate employees on the issues of health, safety and environment.

Work in the spirit of cooperation with the relevant authorities.

M) WHISTLE BLOWING POLICY

SPEL is committed to do business lawfully, ethically and with integrity.

SPEL encourages a culture to detect, identify and report any activity which is not in line with the Code of Ethics, Corporate Governance, Company's policies, or involves any misuse of Company's properties or any breach of law, etc. which may affect the reputation of the Company.

SPEL encourages whistle blower to raise the issue directly to Chief Executive Officer provided that:

The whistle blower has appropriate evidence(s) substantiating the genuineness of the fact;

The whistle blower understands that his act will add more value than the harm to the Company and he is doing this because of his loyalty with the Company; and

The whistle blower understands the seriousness of his action and is ready to assume his own responsibility.

SPEL shall provide reasonable protection to employee(s) who report the issue(s) as per this policy.

N) POLICY FOR SAFETY OF RECORDS

The Company pursues an effective policy for the safety of its records and to ensure that authentic, reliable and usable records are created, captured and stored to meet the needs of Company's business and statutory requirements.

The policy ensures that:

A complete and accurate record of the transactions of the Company is created, captured and stored physically and in soft form along with proper backup;

Records are to be maintained in conditions suitable for the length of time to cater for the Company's needs and statutory requirements;

Records and archives are protected against the risks of unauthorized access, damage caused by fire, natural calamities and physical deterioration.

The records will be available to the authorized persons within the constraints of security, confidentiality, privacy and archival access conditions;

Records are destroyed or disposed of in accordance with the disposal policies, procedures and guidelines of the Company.

O) COMPANY'S APPROACH TO MANAGING AND REPORTING POLICIES ON PROCUREMENT, WASTE, AND EMISSIONS

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

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

All policies are regularly reviewed and reported to the Board, who in turn communicate transparently about these topics with stakeholders through appropriate channels. This policy reflects SPEL's unwavering commitment to corporate social responsibility and environmental stewardship.

BUSINESS CONTINUITY / DISASTER RECOVERY PLAN

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

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

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

COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES

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

SALIENT FEATURES OF TERMS OF REFERENCE OF THE BOARD COMMITTEES

The composition of Board Committees and attendance are given in the Directors' Report, salient features of the Board Committees are as follows:

Salient Features of Terms of Reference of Audit Committee

Determination of appropriate measures to safeguard the Company's assets;

Review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on major judgmental areas;

- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations, other statutory and regulatory requirements; and
- significant related party transactions.

Review of preliminary announcements of results prior to publication;

Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

Review of management letter issued by external auditors and management's response thereto;

Ensuring coordination between the internal and external auditors of the listed company;

Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;

Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

Review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or any other external body;

Determination of compliance with relevant statutory requirements;

Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

Consideration of any other issue or matter as may be assigned by the Board of Directors.

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

The committee shall be responsible for:

Recommending human resource management policies to the board;

Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Salient Features of Terms of Reference of Finance Committee

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

Salient Features of Terms of Reference of Risk Management Committee

The terms of reference of this Committee include the following:

- monitoring and review of all material controls (financial, operational, compliance);
- risk mitigation measures are robust and integrity of financial information is ensured; and
- appropriate extent of disclosure of company's risk framework and internal control system in Directors report..

PRESENCE OF CHAIRMAN AUDIT COMMITTEE AT THE ANNUAL GENERAL MEETING

The Chairman of the Board Audit Committee had attended last Annual General Meeting of the Company to answer the questions on the audit committee's activities and matters within the scope of the Audit Committee's responsibilities.

The Chairman of the Board Audit Committee has also consented to attend the upcoming Annual General Meeting of the Company.

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

We are committed to achieving operational excellence and delivering robust performance to our stakeholders. As part of this commitment,

we have implemented SAP that integrates various functional domains within our organization. Below, we detail how our ERP system aligns with our business goals and objectives.

a) Integration of Core Business Processes

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

b) Management Support in Effective Implementation and Continuous Updation

Executive and middle management are fully supportive of the ERP implementation and its usage. Ongoing updates and continuous improvement are supported by a dedicated in-house team that liaises with the software provider.

c) User Training

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

d) Risk Management

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

- Data Integrity Checks
- Functional Uptime
- Usage Metrics

e) System Security and Access Control

Security is a top priority for our ERP system:

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

Access to Sensitive Data: Role-based access ensures only authorized personnel have access to sensitive information.

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

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

CHAIRMAN'S SIGNIFICANT COMMITMENTS

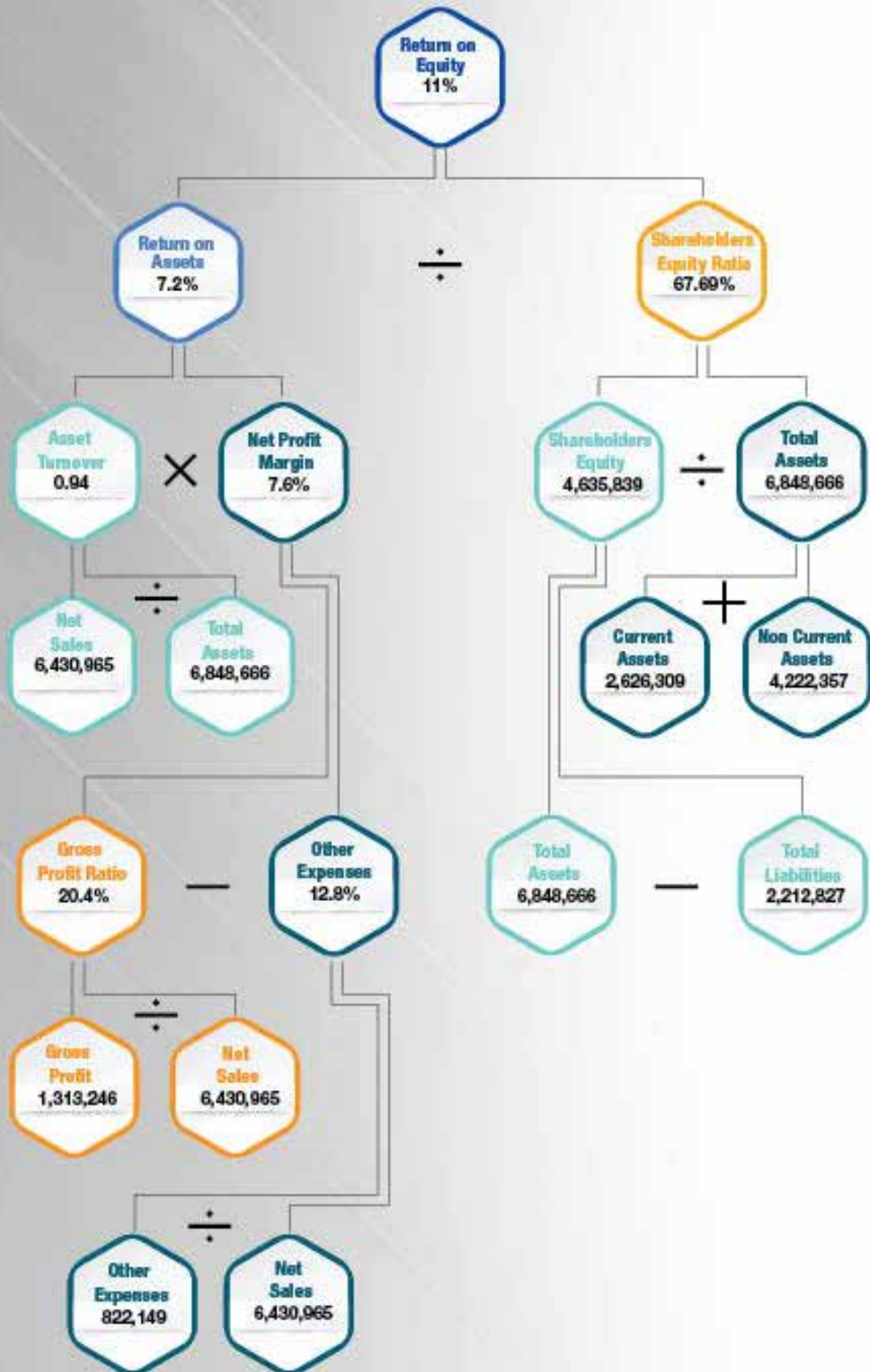
The Chairman of the Board is committed to provide leadership to the Board of Directors of the Company and to keep aligned the strategic direction of the company with best business practices. Further, the Chairman is committed to ensure that Board plays an effective role in managing the business while promoting the highest moral, ethical and professional values.

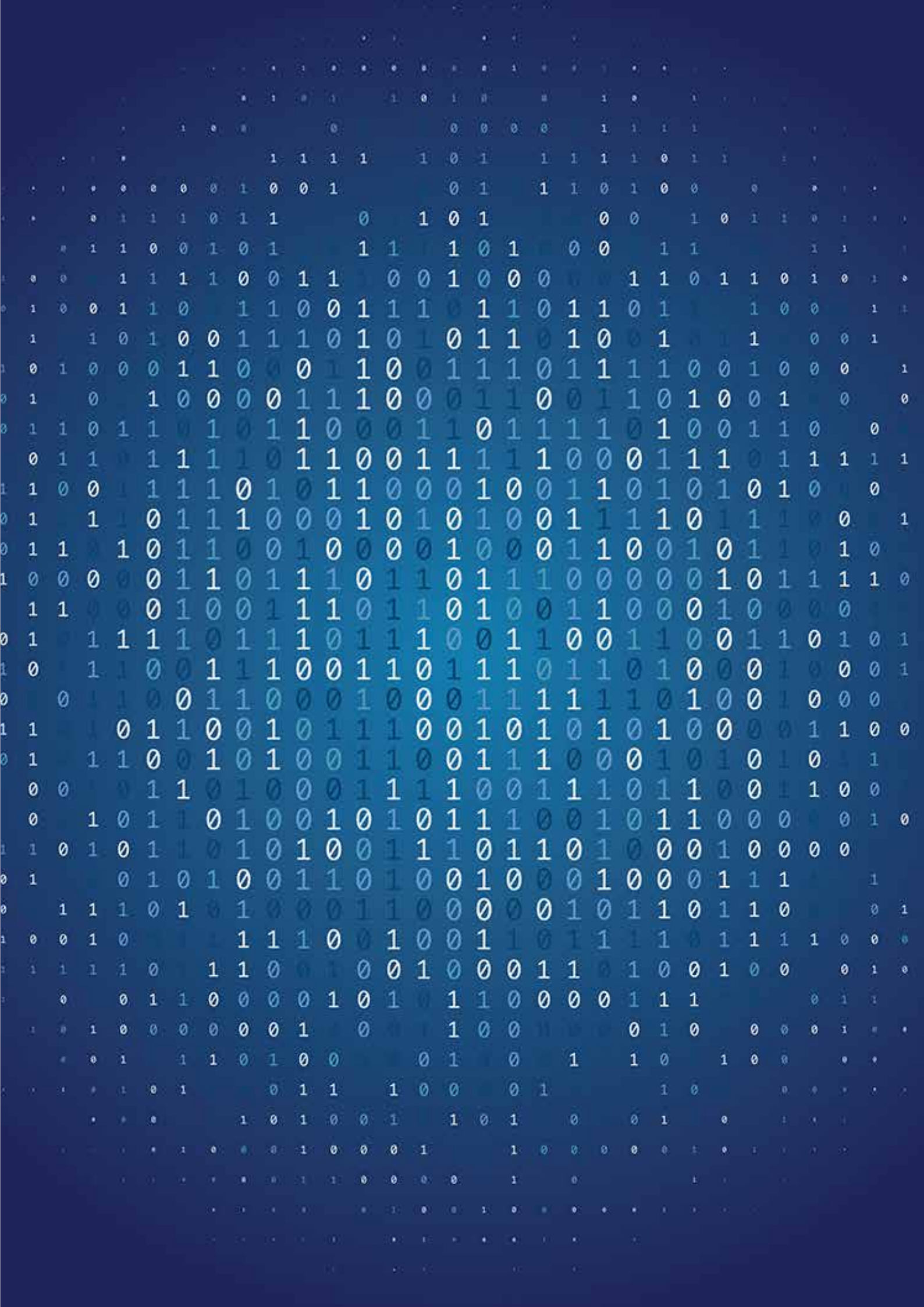
GOVERNMENT'S POLICIES RELATED TO COMPANY'S BUSINESS/ SECTOR

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

DUPONT ANALYSIS

As at 30 June 2023





ANALYSIS OF FINANCIAL INFORMATION

ANALYSIS OF FINANCIAL AND NON-FINANCIAL TARGETS

There is a well-organized structure by which the key performance indicators (KPIs) and relevant targets are set and monitored throughout the year through regular review meetings.

Financial targets are set for sales, costs, profitability, gearing, liquidity etc., while non-financial targets are set for production efficiencies, quality improvements, automation, 6S, health and safety, quality control circles, human resource development, growth/expansion etc.

The targets are translated into numbers in the form of a budget which is duly approved by the Board of Directors.

EXPLANATION OF CHANGES IN PERFORMANCE

In a year that posed numerous challenges on multiple fronts—from supply chain disruptions to market volatility—we are pleased to report that SPEL has remained steadfast in its financial performance. Our commitment to sustainability and responsible business practices has not only been ethically sound but also financially rewarding.

Despite the difficulties faced in the last fiscal year, we maintained consistent sales revenue and profitability. This speaks volumes about the resilience of our business model and the loyalty of our customers. Our prudent risk management strategies have equipped us to navigate the challenges effectively.

Key Highlights

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

Stable Profitability: Our profit margins remained stable, a testament to our cost-saving initiatives and sustainable procurement practices.

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

Taxation: The government has imposed a super tax on company profits at a rate of 10%, which has been applied retrospectively. This legislative move has had a considerable impact on our financials, specifically reducing our profit after tax.

METHODS AND ASSUMPTIONS USED IN COMPILING THE INDICATORS

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

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

These fundamental metrics serve as essential benchmarks for evaluating the Company's financial health. The Company's stock market price, meanwhile, serves as a barometer of its standing in the market. The Company consistently analyzes its cash flows with the goal of maintaining a positive trajectory. This positive trend is primarily a result of increased turnover, improved profit margins, and efficient management of working capital.

SEGMENT REVIEWS

The Company has different manufacturing units, the management of the Company reviews the internal management reports of each segment separately on a monthly basis for decision making about allocating resources to the segment and assessing its performance. The detail of each segment is available in notes to the financial statements

SHARE PRICE SENSITIVITY ANALYSIS

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

1. Demand Growth: An uptick in demand for our products can lead to improved profitability and earnings per share (EPS), ultimately boosting the share price.

2. Variable Cost Fluctuations: Any rise in variable costs can have a impact on gross margins. If these cost increases cannot be passed on to customers, it may lead to reduced profitability and EPS, negatively affecting our share price.

3. Raw Material Price Volatility: The cost of raw material plays a pivotal role in product costs. Fluctuations in raw material prices, especially when they cannot be transferred to customers, can impact profitability and, subsequently, the share price.

4. Fixed Cost Escalation: An increase in fixed costs can erode profitability, thereby affecting EPS and the share price negatively.

5. Change in Government Policies: Changes in government policies related to Food, Customer Care and Automotive sectors may affect the share price. A positive change would increase the share price and a negative change would reduce the share price.



SPEL Price movement 1st July 2022 to 27th June 2023

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL

Composition of Local vs Imported Material

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

Sensitivity Analysis Due to Foreign Currency Fluctuations

Sensitivity analysis due to foreign currency fluctuations is given below:

Potential Risks

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

Cash Flow Risks: Sudden forex spikes can also lead to cash flow issues, particularly if the change is unfavorable and immediate payment is required.

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

Mitigating Measures

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

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

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

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

Information on Dividends

The Company paid dividend to its shareholders keeping in view the profitability, cash position and future requirements.

Overdue Taxes and Duties

All taxes, levies and duties are paid on time and there are no overdue taxes and duties.

VIDEO PRESENTATION

A video presentation on the company's business performance of the year, the company business strategy to improve and views on future outlook is available at the Company's website (www.spelgroup.com)

COMMENTS ON FINANCIAL ANALYSIS

Profitability

The Company has been performing well over the last six years. The operating profit ratio has increased to 16% as compared to 15% in the previous year, however due to significantly higher interest costs and imposition of super tax the net profit ratio has decreased to 7.6% as compared to 8.5% in the previous year.

Liquidity

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

Activity / Turnover:

The Company maintains reasonable inventory and debtor turn-over ratios as per the industry practice. The Company strives to implement efficient and effective inventory management systems which are helping in maintaining the inventory turnover at optimum level. Most of the raw materials of the Company are imported; hence, the Company must maintain reasonable levels of stocks. The Company extends credit to its customers keeping in view the creditworthiness of the customer. The Company has strong relations with creditors to assure a smooth supply of goods and services for which the Company must keep creditors turnover at an attractive level.

Capital Structure

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

COMMENTS ON HORIZONTAL ANALYSIS

The Company has been performing well over the last six years. During the last six years, liquidity of the company has improved significantly, and the capital structure has also strengthened. A significant amount has been invested in property, plant and equipment to cater to the growing needs of the customers.

COMMENTS ON VERTICAL ANALYSIS

The gross profit ratio of the company has increased from 19.73% to 20.42% as compared to immediately preceding year. All other costs are stable. The tax charge has increased mainly due to imposition of Super Tax.

Financing Arrangements

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

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



IT GOVERNANCE AND CYBERSECURITY

The Board Responsibility Statement on Cyber Risks

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

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

Identification and Assessment

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

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

Monitoring and Reporting

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

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

Compliance and Regulation

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

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

Communication and Training

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

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

Review and Audit

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

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

Through these mandates, the internal audit department aims to provide a robust framework for identifying, managing, and mitigating cyber risks, thereby ensuring the integrity and security of the organization's

data and IT systems. This collaborative approach involving the Board, Audit Committee, and the internal audit department demonstrates a strong commitment to managing cyber risks effectively.

IT Governance and Cybersecurity Programs, Policies, and Procedures

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

Cybersecurity in Board's Risk Oversight Function

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

Board-Level Committee Oversight

Oversight of IT governance and cybersecurity matters is conducted by the Board Risk Management Committee, this committee has been mandated to ensure that the IT strategy aligns with the company's objectives and that effective controls safeguard its information assets.

Early Warning System

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

Independent Security Assessment

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

Contingency and Disaster Recovery Plan

SPEL has established a comprehensive Business Continuity and Disaster Recovery Plan. Critical IT equipment is housed in fireproof premises, and offsite data storage facilities have been arranged. Regular DRP drills are conducted to ensure organizational readiness.

Digital Transformation and Industry 4.0

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

Education and Training Efforts

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



FORWARD LOOKING STATEMENT

As we navigate through the fiscal year 2023-24, we are mindful of emerging challenges and opportunities both nationally and internationally, particularly in the context of record-high interest rates, elevated inflation, and the evolving economic landscape. While the easing of global supply chain disruptions may offer some respite to the world economy, the ongoing tightening of monetary policy by central bank is expected to constrict money supply. In such a landscape, we remain optimistic about our prospects, particularly because of our focus on efficient and sustainable resource and trust of our customers on our products, which we believe will position us well to navigate these challenges.

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

Performance of the Company Compared to the Forward-Looking Disclosures Made in the Previous Year

Disclosures	Current Status
Growth in Operating Profit	Growth achieved in operating profit
Growth in net profit	Growth in net profit could not be achieved due to unpredicted high interest rates and unexpected retrospective imposition of Super Tax
Investment in operating fixed assets	An amount of Rs 604 million invested in CAPEX
Training of staff	5,658 man-hours were invested on training of staff members

Status of the project as was disclosed in the forward-looking statement in the previous year

During last year the company, in its forward-looking statement, disclosed that it was geared to meet the needs of its customers and during the year under review the Company has fulfilled the needs of its customers to their satisfaction.

Sources of Information and Assumptions

SPEL puts all its efforts into gathering information and attempts to collect as much information as possible from internal and external sources while working on projections and forecasts. As the Company is working under B2B model, therefore, it gives due weightage to inputs received from its customers which, in turn, greatly helps in getting right information and developing realistic assumptions. If needed, the help of external consultants either formally or informally is also be taken, so that a realistic and appropriate image of the future is developed.



STAKEHOLDERS RELATIONSHIP AND **ENGAGEMENT**

STAKEHOLDERS ENGAGEMENT POLICY

Stakeholders' relationship is of significant importance for the company. Building "stakeholder's engagement", compliance with regulatory requirements and terms and conditions are one of the main business principles by which SPEL abides.

To bring an accurate understanding of the company's management policies and business activities to all its stakeholders, we strive to make full disclosure of all material information to all stakeholders by various announcements on our website, to the Stock Exchange, and other sources available to help investors to make informed decisions.

While increasing management transparency, the company aims to strengthen its relationships and trust with shareholders and investors. Our stakeholders include, but are not limited to, customers, employees, government, shareholders, suppliers, local communities and bankers.

STAKEHOLDERS ENGAGEMENT PROCESS

Stakeholder's views are of significant value for the Company. The company has a diverse range of stakeholders, including mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, high net worth individuals, housewives, professionals and individuals of varied requirements. The Company regularly interacts with all categories of shareholders, through corporate announcements and quarterly reports etc. The Chief Executive Officer and the Chief Financial Officer remain available to respond to any shareholder/investor's query in person or on the telephone. The Chief Executive Officer updates the non-executive members of the views of the major shareholders about the Company.

STEPS TAKEN TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND MEETINGS

The Company send notices of meetings to all shareholders and also publish the notice of the meeting in Urdu and English newspapers enabling them to schedule their participation and attend the meeting on an informed basis. Shareholders are given the option to attend the meeting either in person or by proxy or through video link subject to fulfillment of legal requirements.

INVESTOR RELATIONS SECTION ON COMPANY'S WEBSITE

The management of the Company is committed to provide equal and fair treatment to all investors/shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors' / shareholders' complaints.

The Company disseminates information to its investors and shareholders through various means, including its corporate website. The Company's website is updated regularly to provide detailed and latest Company information including business strategy, financial highlights, investor information, unclaimed history and other requisite information.

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, a specific 'investors' relations' section is also maintained for the purpose on the Company's website.

ISSUES RAISED IN LAST AGM

The 40th Annual General Meeting (AGM) started with a brief by the Chairman of the meeting about the Company's performance for the financial year 2021-22, the Audited Accounts of the Company were received, considered and adopted by the shareholders.

It was also decided to reappoint M/s KPMG Taseer Hadi & Co. Chartered Accountants, as external auditors of the company for the year ending June 30, 2023.

After deliberations and necessary discussions on all agenda items of the meeting was concluded, no issues were raised, and the meeting ended with a vote of thanks to the Chairman.

CORPORATE BRIEFINGS

SPEL releases earnings information and shareholders' entitlements at dates to be announced publicly and post the same on the Company's website which may be followed by an analysis briefing. The price-sensitive or material information is disclosed as per the requirements of law. General queries raised by the analysts are responded to without disclosing any inside information. During FY 2023 the Company has conducted two corporate briefings.

HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS

To facilitate the stakeholders to register their complaints conveniently, an online form is available on company's website. During the year the company has not received any complaint or grievances, however, certain requests for revalidation of dividend warrants and dispatch of physical reports were received which were addressed to the satisfaction of the shareholders.







STRIVING FOR EXCELLENCE IN **CORPORATE REPORTING**

SPEL intends to share all relevant information with its stakeholders and strive to give maximum information as may be useful for the users of the Annual Report for making their decisions related to the Company.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Board is committed to upholding full compliance with applicable financial accounting and reporting standards in Pakistan including the International Financial Reporting Standards in Pakistan issued by the International Accounting Standards Board (IASB). A statement to this effect has been made in the Directors' Report. It is our utmost effort to comply with all the requirements of the IFRSs. In case the requirements of IFRS differ from the local laws, SPEL has the policy to comply with the local laws. A detailed note has been given in the

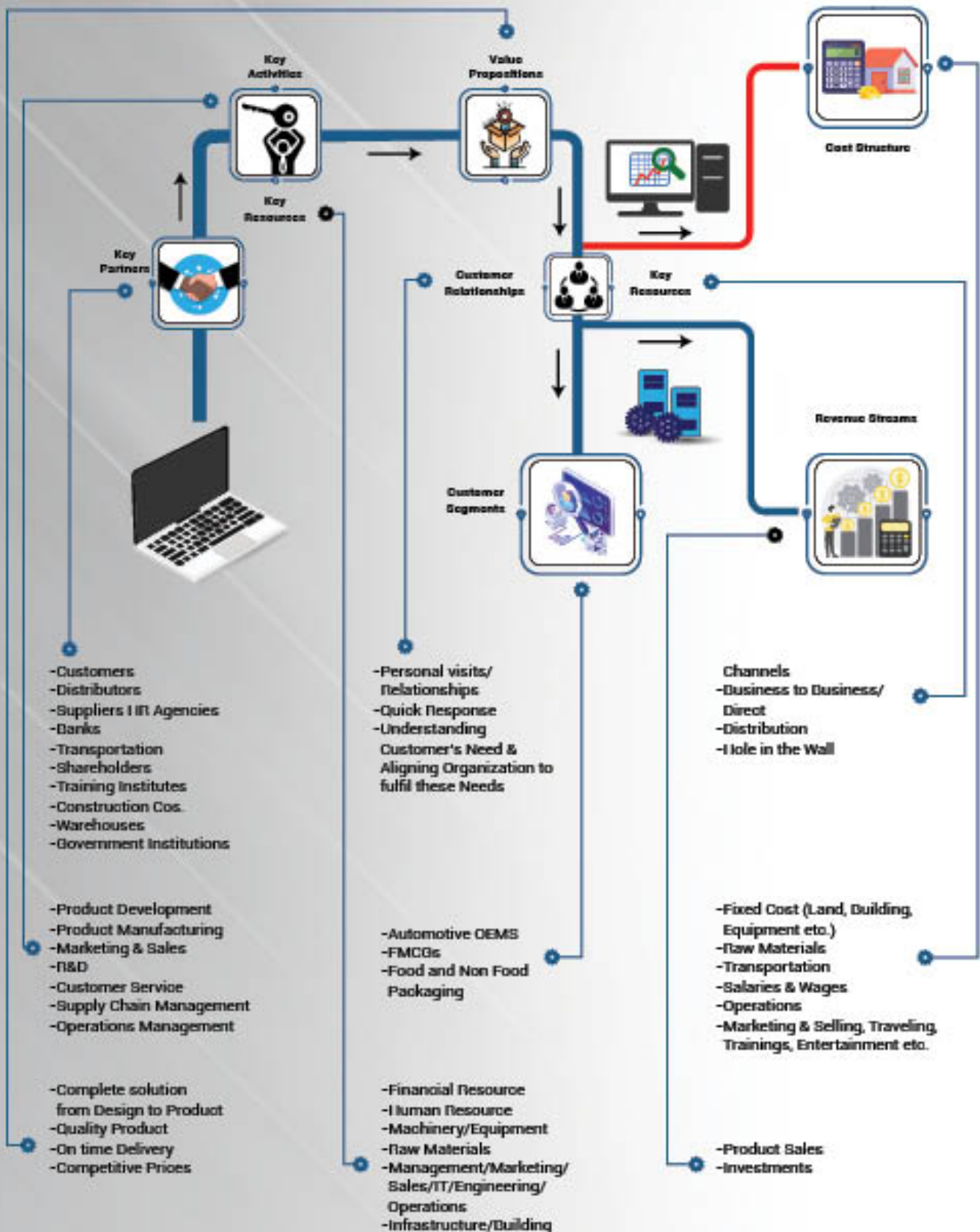
financial statements regarding compliance with the IFRSs.

ADOPTION AND STATEMENT OF ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

While preparing the annual report, SPEL, among others, use the Integrated Reporting Framework developed by the International Integrated Reporting Council as it greatly helps to promote a more cohesive and efficient approach to corporate reporting that draws on different reporting aspects and communicates the full range of factors that materially affect the ability of an organization to create value over time and support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term.



SPEL'S BUSINESS MODEL



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

During the year 2023, there has been a notable shift in the composition of our sales across different sectors. Specifically, sales to the Food and Personal Care products sector have seen a significant increase, rising to 78% of our total sales from 62% in the previous year, 2022. This change in sales mix indicates a growing focus and dependency on the Food and Personal Care products sector, while presumably decreasing our exposure to other sectors like Automobile Parts and Accessories.

Dear Shareholders,

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

Composition of the Committee

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

Role in Discharging Responsibilities

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

Approach to Risk Management and Internal Control

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

Role of Internal Audit

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

Staff and Management Reporting

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

External Audit Process and Auditor Independence

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

Recommendation of External Auditors

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

Annual Report

The Committee is of the view that management has issued a comprehensive Annual Report, which gives true and fair view, balanced and understandable information and provides in depth understanding to the shareholders to assess the Company's position and performance, business model and strategy.

Evaluation of Committee Performance

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

Whistle-Blowing Incidences

This year, no whistle-blowing incidents were reported to the Audit Committee.

In conclusion, the Audit Committee remains dedicated to upholding high standards of corporate governance, financial transparency, and accountability. We look forward to contributing to the sustained growth and success of the company in the upcoming fiscal year.

Sincerely,

-SD-

Date: 02 September 2023

Place: Lahore

Mr. Haroon Sharif
Chairman, Audit Committee

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

The past year was not without its trials. We navigated a challenging economic landscape, struggled with restriction on imports, managed amidst the severe depreciation of the Pak Rupees, coped with inflation, endured rising interest rates, and met the burden of super tax.

By investing in renewable energy sources, we've been able to reduce energy cost by 10% this past year alone.

I am pleased to report that our commitment to sustainability is not only our strategic lever. It has positively influenced our financial performance.

Our employee wellness programs, aimed at creating a sustainable work environment, has led to a decrease in employee turnover, saving costs related to hiring and training.

Furthermore, sustainable procurement practices have shielded us from price volatility in raw materials, leading to more consistent margins and our sustainable initiatives have led to a stronger, more resilient operational performance.

Our strategy of environmental and social responsibility has been a win-win, delivering measurable returns while making a positive impact on communities and ecosystems.

All strategies of the company revolve around the word "Reliability". Customers are looking for reliable people and reliable products. The customers have been happy with our performance which has led to good return. We fulfilled our promises to our customers.

With our experience, learnings, increased capacity and improved quality, SPEL is well prepared and well-positioned to serve its customers in the future also.

Over four decades, we've accumulated invaluable experience, honed our skills, and embraced fourth generation technologies. This has allowed us to deliver on our promise of reliability consistently.

Performance of the Board

Board's Commitment to Governance

The Board has diligently fulfilled its responsibilities, providing effective guidance on strategic and governance matters. It played a crucial role in monitoring management performance and assessing major risk areas. The Board was fully engaged in the strategic planning process and aligned with the Company's vision.

Corporate Governance Focus

Recognizing the importance of well-defined corporate governance processes, the Board is dedicated to upholding high standards to preserve and enhance stakeholder value. All board members, including independent directors, actively participated in the decision-making process.

Board Self-Evaluation

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

Committee Leadership

The Board Audit Committee is under the leadership of Mr. Haroon Sharif, while the Board Human Resource & Remuneration Committee is chaired by Mr. Khawar Anwar Khawaja. Both of these individuals are independent directors who bring a wealth of knowledge, skills, and experience to their respective roles, ensuring the effective performance of their functions.

Chairman's Note

As Chairman, I will continue to lead the Board, fostering a culture of open and constructive discussion on key matter and will ensure that the Board receives information and insights from management. I will be ensuring that management's decisions remain aligned to create value for you in the short, medium, and long term.

Acknowledgment of Stakeholder Contributions

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

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

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

Sincerely,



Almas Hyder

Chairman

Lahore: 02 September 2023

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2023



Dear Shareholders,

As we conclude another financial year, it is our privilege to present to you the Director's Report for the year 2022-2023. This has been a year marked by various challenges, yet our Company has demonstrated commendable resilience and agility, maintaining its course of stability and measured growth.

BUSINESS PERFORMANCE

We began the year facing a multitude of challenges that included a significant increase in the prices of raw materials, currency devaluation, higher interest rates, and political uncertainties. The landscape was further complicated by regulatory constraints such as import restrictions on raw materials and the imposition of Super Tax. Despite these hurdles, by the grace of Almighty, we succeeded in maintaining our sales, gross profit ratio, and operating profits.

Financially, we achieved another milestone this year with our sales reaching Rs. 6,431 million, which represents a modest yet important growth of 1.94% compared to last year's figures of Rs. 6,308 million. On the financial health front, our current ratio stands at 2.27, signalling the Company's strong liquidity position. Additionally, our approach to leveraging, in the times of high interest rates, is reflected in a low debt-to-equity ratio of 0.16.

While we managed to maintain our sales and profit ratios, it's worth mentioning that our net profit after tax was impacted due to higher interest costs and the retrospective imposition of Super Tax. Nevertheless, we navigated through these challenges with strategic agility, enabled in part by our prudent financial management.

To ensure future growth and to stay competitive, we invested Rs. 604 million in operating fixed assets. These investments primarily targeted increasing our production capacity and improving our operational capabilities. We also allocated a significant portion of our resources to technology upgradation and automation to guarantee better quality, timely deliveries, and operational efficiency.

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2023

Financial Results

The financial results of the Company for the year under review are as follows:

	2023	2022
	Rupees in Million	
Turnover	6,430.96	6,308.36
Gross profit	1,313.25	1,244.55
Operating profit	1,002.23	968.13
Finance cost	135.48	102.86
Profit before taxation	859.59	852.16
Taxation	368.50	313.24
Profit after tax	491.098	538.93

Dividends and Appropriations

Interim Cash Dividend	@ 5 %	(2022: 10%)	49.68	99.86
Final Cash Dividend	@ 10%	(2022: @Nil)	99.87	-
Total Dividend	@15%	(2022: @10%)	149.55	99.86

Earnings Per Share

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

Basic and diluted EPS – 2023	Rs. 2.47
Basic and diluted EPS – 2022	Rs. 2.70

The shareholders of the Company in their Extraordinary General Meeting held on 24 March 2023 have approved to buy back shares of the Company through Pakistan Stock Exchange Limited up to maximum of 9,986,801 shares constituting 5% of the issued and paid up ordinary shares of the face value of Rs. 5/- each and to hold these as Treasury Shares under Section 88 of the Companies Act, 2017 read with Listed Companies (Buy Back of Shares) Regulations, 2019. The purchase period has been started on 31 March 2023 and shall end on 20 September 2023 or till such date the purchase is complete, whichever is earlier. 5,000,000 ordinary shares have been purchased upto the 30 June 2023.

Total number of ordinary shares purchased are 6,474,500 as on 02 September 2023.

Corporate Social Responsibility

SPEL believes in supporting the community and has a policy to contribute as our CSR. We recognize our responsibilities to sustainability and environmental stewardship. We strive to make sure that these responsibilities not only address our commitment to our employees and our plant sites, but also extend beyond our gates to other stakeholders, including the communities in which we operate.

Some other CSR activities taken up during the fiscal year includes:

- Donations to non-profit organizations
- Donations for educational and learning purposes
- Financial assistance to employees who wished to enhance their education
- Donations for providing relief to flood affected persons.

Human Resource

We are proud of the commitment and dedication of our employees. The Company values its employees and encourages a culture of teamwork, innovations, open communication, continuous development and training of personnel. During the period under review, Company invested 5,658 (2022: 5,467) man hours on the training of its employees. The Company used both Internal and External resources to improve its employee's skills, knowledge, and abilities.

The trainings included courses on Fire & Safety, Food Safety, Industrial Disaster Management, Kaizen, 6S, QCC and Technical & Managerial modules of different departments & units of the organization.

Composition of the Board

The composition of the Board has been established to fulfil the company's need for expertise, capacity and diversity requirements of code of corporate governance and to ensure that the Board functions well as a collegiate body.

Total number of Directors of the Company is as follows:

Male Directors	08
Female Directors	01

The composition of the Board is as follows:

Independent Non-Executive Directors	03
Other Non-Executive Directors	04
Executive Directors	02

In addition to above, Dr. S. M. Naqi is also engaged with the Company as advisor to the Board. He has been an invaluable asset to our Board, serving as an advisor throughout the financial year 2022-2023. Participating actively in Board meetings, Dr. Naqi has consistently offered insights and guidance that have enriched our strategic planning and decision-making processes. Drawing on his extensive knowledge and experience in the field of management, he has been instrumental in helping the Board navigate through the challenges and opportunities that the Company has faced. We are deeply grateful for his ongoing support and the wisdom he brings to our organization.

Remuneration Policy for Non-Executive Directors and Independent Directors

The Board has approved a policy for remuneration to directors. As per the policy, Independent Directors and Non-Executive Directors shall be entitled to a meeting fee for attending the meetings of the Board or any of its Committees as per the scale approved by the Board from time to time. If any Non-Executive Director performs extra services, then he/she shall be entitled to remuneration. The directors who are entitled to remuneration shall not be entitled to receive any type of meeting fee.

Meetings of the Board and Attendance

During the year under review, four (04) Board meetings were held and attendance by each director is given below:

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

Board Audit Committee

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

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2023

Human Resource & Remuneration Committee

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

Name	Status
Mr. Khawar Anwar Khawaja	Committee Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Abid Saleem Khan	Member

Finance Committee

The composition of the Finance Committee is as follows:

Name	Status
Mr. Almas Hyder	Committee Chairman
Mr. Zia Hyder Naqi	Member
Mr. Haroon Sharif	Member
Dr. Syed Sohail Hussain Naqvi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Abid Saleem Khan	Member

Risk Management Committee

The composition of the Risk Management Committee is as follows:

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

Training by Directors

At the reporting date, seven (07) directors of the Company are certified under the Directors Training Program (DTP) as envisaged in the Listed Companies (Code of Corporate Governance) Regulations, 2019, one director is exempted from the requirement of DTP.

Performance Evaluation of the Board

The Board has put in place a mechanism for evaluating the performance of the Board and of its committees. During the year under review, a formal evaluation was carried by the individual members of the Board and collective results were discussed during a Board Meeting with emphasis on areas of improvement. Overall the performance was found to be satisfactory.

Some significant matters included in the evaluation criteria are as follows:

- Evaluation of Overall Board
- Evaluation of Board Committees
- Evaluation of skills of all members
- Business Strategy
- Succession Planning

Investor Relations and Grievances

The company places significant importance on its relations with investors and has established a grievance reporting mechanism which seeks to resolve any complaints or unattended issues. To ensure that the stakeholders can register their complaints conveniently, an online form is also available on company's website. During the year, the Company has not received any complaint or grievances, however, certain requests for revalidation of dividend warrants and despatch of physical reports were received which were addressed to the satisfaction of the shareholders.

Pattern of Shareholding

The pattern of shareholding is annexed to this report.

Corporate and Financial Reporting Framework

The company is in compliance with the requirements of the Corporate and Financial Reporting Framework as enumerated in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and we confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure(s) therefrom, if any, has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- Key operating and financial data for the last six years is annexed.
- Information about taxes and levies is given in notes to the Financial Statements.
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.
- There is no material risks and uncertainties specific to our Company except political and economic risks.
- There is no material impact of our business on the environment.
- The aggregate amount of remuneration paid to the directors is available in note no. 43 to the notes to the financial statements.
- The Company operates a contributory Provident Fund Scheme for all its eligible employees. The relevant information has been mentioned in notes to the Financial Statements.
- The Board has reviewed and decided that any employee of SPEL having monthly gross salary of Rs. 500,000 or more above should be considered as "Executive" for the purposes of reporting transaction(s) in the shares of the Company as required by Rule 5.6.4 of the PSX Rule Book.
- There have been no material changes since 30 June 2023 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Significant Plans and Decisions

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

We recognize the important role that government policies play in shaping the business landscape. A regulatory change has been reintroduced, particularly with respect to the use of single-use plastics.

The company may face potential challenges, including some decline in sales volume. While we are committed to environmental sustainability, we are also concerned about the immediate impact of these policies on our business. To that end, we are actively collaborating with industry peers and government bodies to restructure the law in a manner that achieves environmental objectives without negatively affecting our sales and overall performance.

DIRECTORS' REPORT TO THE SHAREHOLDERS

To The Shareholders

For the year ended 30 June 2023

Strategic Objectives on ESG and Sustainability Reporting

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

Business Continuity and Disaster Recovery

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

Cyber Risk Management and Enforcement

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

Financial Accounting and Reporting Standards Compliance

The Board is committed to upholding full compliance with applicable financial accounting and reporting standards in Pakistan, including the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). We recognize the critical importance of accurate and transparent financial reporting, and our dedication to adhering to these standards underscores our commitment to maintaining the highest levels of integrity and accountability.

Future outlook

With the current economic challenges and macro-economic situation, your Company considers that in short to medium term, the outlook of the industry will continue to remain challenging. In the long-term, the outlook on industry is positive, however we are also focusing on enhancing our exports. Demand from FMCG customers is steady. Auto industry is slowed down due to restrictions imposed on inputs and other market factors, hopefully the industry will recover in the near future.

SPEL's healthy financial position and cash generating ability is anticipated to further support the Company's Vision to improve operational efficiencies as well as to make new investments, which can bring in sales and further improvement in efficiencies that will enhance shareholders' value.


Acknowledgement

We are pleased to acknowledge that the relation with employees remained congenial throughout the year. The management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work without which this performance could not have been possible.

We would also like to appreciate our valuable customers for their continued support and reliance on our products. The support extended by financial institutions was a source of strength and we extend our gratitude to them also.



Chief Executive Officer



Director

Dated: 02 September 2023

Place: Lahore

Financial Summary		2023	2022	2021	2020	2019	2018
Balance Sheet							
Share capital	Rs. in 000	998,680	998,680	924,704	884,884	850,850	850,850
No of shares (closing)	No. in 000	199,736	199,736	92,470	88,488	85,085	85,085
Fixed assets	Rs. in 000	4,195,700	4,014,130	2,784,822	2,344,473	2,230,299	2,194,146
Total assets	Rs. in 000	6,848,666	6,176,166	4,532,441	3,872,619	3,725,600	3,490,539
Equity	Rs. in 000	4,635,839	4,250,205	3,361,164	2,863,572	2,655,133	2,499,747
Long term loans & leases	Rs. in 000	519,684	634,658	296,215	282,522	271,388	323,132
Current assets	Rs. in 000	2,626,309	2,140,209	1,729,801	1,515,028	1,426,999	1,281,467
Stocks	Rs. in 000	1,592,636	1,304,465	757,803	669,672	594,567	654,310
Debtors	Rs. in 000	628,875	605,194	593,929	509,335	487,003	325,902
Cash and bank Balances	Rs. in 000	37,653	100,258	67,999	8,880	42,021	17,419
Creditors	Rs. in 000	530,020	324,184	292,210	146,828	166,244	167,951
Current liabilities	Rs. in 000	1,155,558	848,628	655,190	507,617	591,034	480,881
Non-Current liabilities	Rs. in 000	1,057,269	1,077,333	516,087	501,431	479,433	509,911
Total liabilities	Rs. in 000	2,212,827	1,925,961	1,171,277	1,009,048	1,070,467	990,792
Short term finances	Rs. in 000	586,278	488,046	351,105	352,830	416,876	307,027
Working capital	Rs. in 000	1,627,264	1,536,773	1,010,027	1,001,965	889,645	785,371
Profit and Loss Account							
Sales	Rs. in 000	6,430,965	6,308,361	4,171,022	3,097,558	3,431,045	2,987,315
Cost of sales	Rs. in 000	5,117,719	5,063,811	3,272,352	2,524,615	2,857,843	2,373,059
Gross profit	Rs. in 000	1,313,246	1,244,550	898,670	572,943	573,202	614,256
Profit before taxation	Rs. in 000	859,594	852,164	638,835	322,005	288,088	370,647
Depreciation	Rs. in 000	319,604	273,380	190,088	182,201	186,447	158,711
Amortization	Rs. in 000	164	106	135	140	1,851	1,907
Financial cost	Rs. in 000	135,481	102,860	46,158	73,715	76,045	46,249
Profit after tax	Rs. in 000	491,098	538,925	460,233	258,814	241,186	344,272
EBIT	Rs. in 000	995,075	955,025	684,993	395,720	364,133	416,897
EBITDA	Rs. in 000	1,314,843	1,228,511	875,216	578,061	552,431	577,514
Cash Flow Statement							
Cash flow from operating activities	Rs. in 000	756,080	466,282	780,232	377,347	281,387	293,035
Cash flow from investing activities	Rs. in 000	(453,318)	(986,114)	(617,784)	(296,424)	(230,235)	(367,692)
Cash flow from financing activities	Rs. in 000	(398,981)	442,354	(82,603)	(45,461)	(131,968)	(15,017)
Opening cash & cash equivalents	Rs. in 000	56,066	133,543	(111,507)	(146,969)	(66,154)	23,521
Closing cash & cash equivalents	Rs. in 000	(40,152)	56,066	(31,663)	(111,507)	(146,969)	(66,154)
Free Cash flows	Rs. in 000	302,763	(519,831)	162,448	80,922	51,153	(74,658)

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

Significant Ratios		2023	2022	2021	2020	2019	2018
Profitability							
Gross profit ratio	%age	20%	20%	22%	18%	17%	21%
Net profit ratio	%age	8%	9%	11%	8%	7%	12%
EBIDTA margin to sales	%age	20%	19%	21%	19%	16%	19%
Operating leverage ratio	%age	33%	13%	27%	-9%	-12%	-28%
Return on equity	%age	11%	13%	14%	9%	9%	14%
Return on capital employed	%age	10%	13%	14%	9%	8%	13%
Shareholder's funds	Rs.	4,635,839	4,250,205	3,361,164	2,863,572	2,655,133	2,499,747
Return on shareholder's funds	%age	11%	13%	14%	9%	9%	14%
Liquidity / Leverage							
Current ratio	Times	2.27	2.52	2.64	2.98	2.41	2.66
Quick/Acid test ratio	Times	0.89	0.98	1.48	1.67	1.41	1.30
Cash to current liabilities	%age	3%	12%	10%	2%	7%	4%
Cash flow from operations to sales	%age	18%	11%	22%	17%	13%	14%
Cash flow to capital expenditures	Times	1.51	0.31	1.24	1.27	1.26	0.61
Cash flow coverage ratio	Times	1.05	0.58	1.53	0.93	0.74	0.76
Activity/Turnover Ratios							
Inventory turnover ratio	Times	3.53	4.91	4.58	3.99	4.58	4.31
No of days in inventory	Days	103	74	80	91	80	85
Debtor turnover ratio	Times	10.42	10.52	7.56	6.22	8.44	8.99
No of days in receivables	Days	35	35	48	59	43	41
Creditor turnover ratio	Times	11.98	16.43	14.91	16.13	17.10	14.27
No of days in payables	Days	30	22	24	23	21	26
Fixed assets turnover ratio	Times	1.53	1.57	1.50	1.32	1.54	1.36
Total assets turnover ratio	Times	0.94	1.02	0.92	0.80	0.92	0.86
Operating cycle	Days	108	87	103	127	102	100
Investment/Market Ratios							
Earning per share - Reported	Rs.	2.46	2.70	2.30	2.89	2.73	4.05
Price earnings ratio	Times	4.23	5.28	18.73	14.53	7.83	12.62
Price to book ratio	Times	0.45	0.67	1.19	1.30	0.68	1.74
Dividend yield ratio	%age	2.4%	3.5%	3.0%	2.4%	4.7%	2.0%
Dividend payout ratio	%age	10.2%	18.5%	56.5%	34.6%	36.6%	24.7%
Dividend cover ratio	Times	9.83	5.40	1.77	2.89	2.73	4.05
Dividend per share**	Rs.	0.25	0.50	1.30	1.00	1.00	1.00
Market value per share at the year/ period end*	Rs.	10.4	14.26	43.08	42	21.37	51.1
Breakup value per share (without land's revaluation surplus)	Rs.	19.07	17.14	32.78	28.63	27.33	25.50
Breakup value per share (with land's revaluation surplus)	Rs.	23.21	21.28	36.35	32.36	31.21	29.38
Free cash flows	Rs.	302,763	(519,831)	162,448	80,922	51,153	(74,658)
Capital Structure Ratios							
Financial leverage ratio	Times	0.24	0.26	0.19	0.22	0.26	0.25
Weighted average cost of debt	%age	12%	12%	7%	11%	12%	8%
Debt to equity ratio - book value	Times	0.16	0.19	0.15	0.14	0.14	0.15
Debt to equity ratio - market value	Times	0.35	0.28	0.13	0.11	0.21	0.09
Net assets per share	Times	23.21	21.28	36.35	32.36	31.21	29.38
Interest cover ratio	Times	7.34	9.28	14.84	5.37	4.79	9.01
Return to Shareholders							
R.O.E. before tax	%age	19%	20%	19%	11%	11%	15%
R.O.E. after tax	%age	11%	13%	14%	9%	9%	14%
EPS	Rs.	2.46	2.70	2.30	2.89	2.73	4.05
Solvency							
Debtors turnover	Times	10.42	10.52	7.56	6.22	8.44	8.99
Creditors turnover	Times	11.98	16.43	14.91	16.13	17.10	14.27
Other Information							
Sale growth rate	%age	2%	51%	35%	-10%	15%	11%
Non-Financial Ratios							
% of Plant Availability	%age	55%	62%	52%	55%	55%	55%
Production per Employee	Tons	20.73	20.06	17.88	21.97	20.61	20.58
Revenue per Employee	Rs.	11,088	9,661	7,382	5,957	6,149	5,297
Staff turnover ratio	%age	7%	-17%	-2%	6%	0%	-13%

* Source of information is Pakistan stocks exchange website.

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

CASH FLOW STATEMENT - DIRECT METHOD

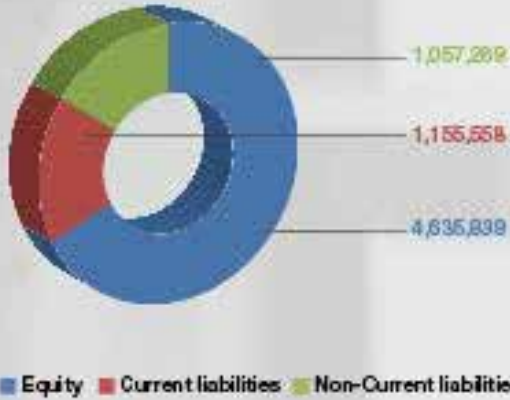


	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Cash receipts from customers		6,370,499,088	6,302,543,733
Cash paid to suppliers/ service providers and employees		(5,203,973,068)	(5,595,060,502)
Cash generated from operations		1,166,526,020	707,483,231
Worker's Profit Participation Fund Paid		(45,536,412)	(34,378,633)
Workers' Welfare Fund paid		(13,027,528)	
Mark up paid on Islamic mode of financing		(35,323,126)	(30,509,206)
Interest paid on conventional loans		(76,403,577)	(41,088,584)
Taxes paid		(233,962,188)	(129,939,063)
Long term deposits - net		(6,192,700)	(5,285,600)
		(410,445,531)	(241,201,086)
Cash generated from operating activities		756,080,489	466,282,145
Cash flows from investing activities			
Acquisition of property, plant and equipment		(489,015,055)	(994,036,876)
Acquisition of intangibles		-	(288,530)
Proceeds from disposal of long term investment		781,463	-
Proceeds from disposal of property, plant and equipment		34,915,735	8,211,857
Net cash used in investing activities		(453,317,857)	(986,113,549)
Cash flows from financing activities			
Principal repayment of lease liability		(16,735,492)	(8,738,580)
Repurchase of treasury shares		(55,362,743)	-
Long term loan received		-	590,328,956
Long term loan repaid		(44,333,854)	(58,586,772)
Diminishing musharika paid		(74,342,526)	(130,062,689)
Short term borrowings (repaid)/ received		(158,834,513)	194,273,185
Cash dividend paid		(49,371,445)	(144,860,107)
Net (used in)/ cash generated from financing activities		(398,980,573)	442,353,993
Net (decrease) in cash and cash equivalents		(96,217,941)	(77,477,411)
Cash and cash equivalents at beginning of the year		56,065,918	133,543,329
Cash and cash equivalents at end of the year		(40,152,023)	56,065,918

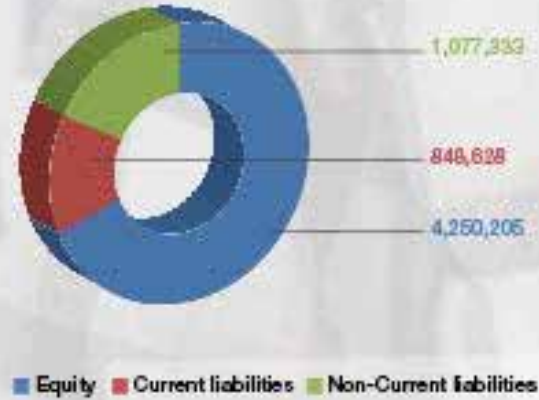


GRAPHIC PRESENTATION

2023 Equity And Liabilities (Rs. In 000)



2022 Equity And Liabilities (Rs. In 000)



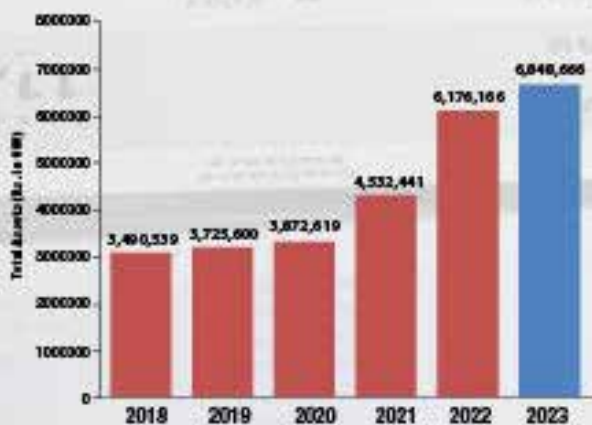
2023 (Rs. In 000)



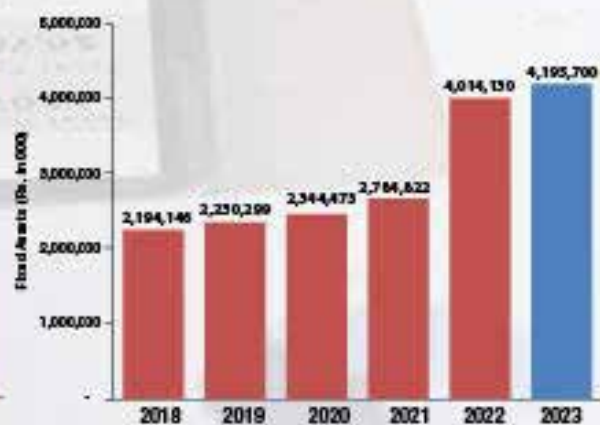
2022 (Rs. In 000)



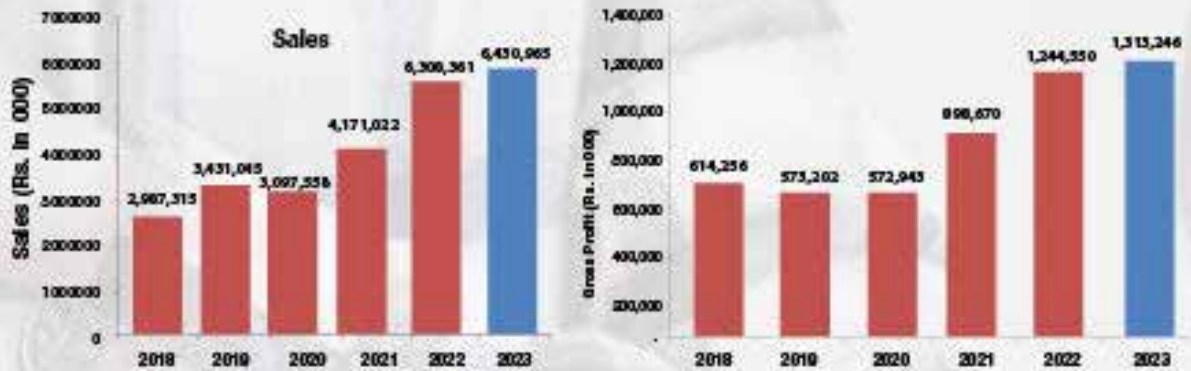
Total Assets (Rs. In 000)



Fixed Assets (Rs. In 000)



Gross Profit



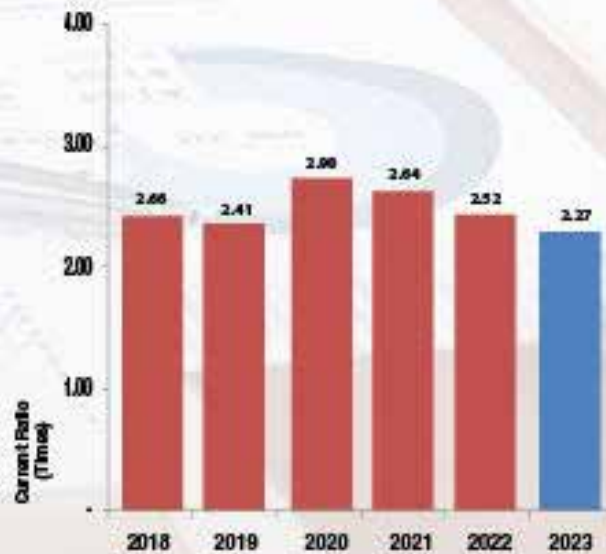
Profit After Tax



EPS



Current Ratio



Debt to Equity



HORIZONTAL FINANCIAL ANALYSIS

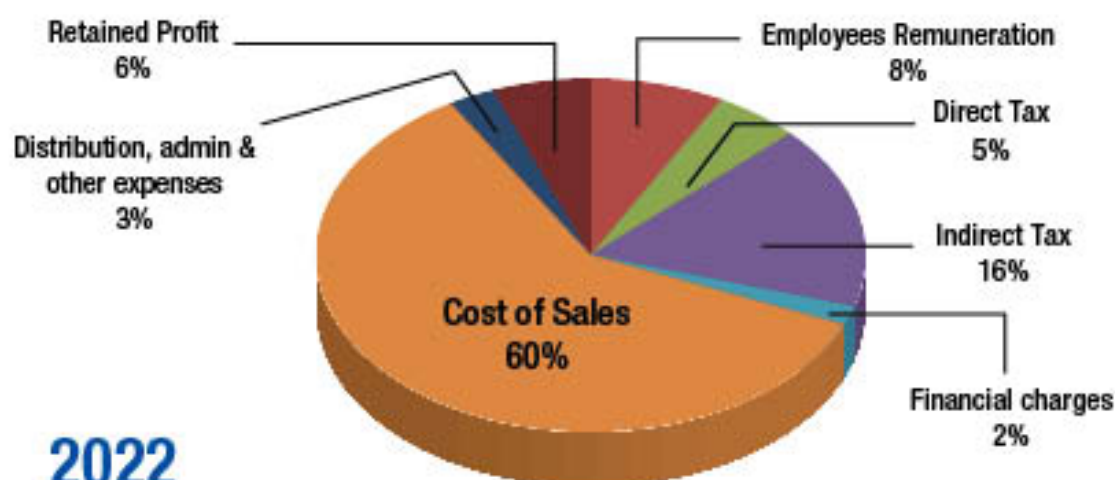
Nomenclature	2023		2022		2021		2020		2019		2018	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Equity and reserves	3,808,130	11.27	3,422,496	12.91	3,031,132	19.64	2,533,540	8.96	2,325,101	7.16	2,169,715	3.57
Surplus on revaluation of land	827,709	-	827,709	150.80	330,032	-	330,032	-	330,032	-	330,032	45.42
Long term loans	500,752	(19.48)	621,875	114.53	289,883	5.25	275,420	4.94	262,445	(15.59)	310,923	61.55
Non current liabilities	556,517	22.19	455,458	101.35	226,204	0.09	226,011	4.16	216,988	9.05	198,988	6.30
Total current liabilities	1,155,558	36.17	848,628	29.52	655,190	29.07	507,617	(14.11)	591,034	22.91	480,881	(5.82)
	6,848,666	10.89	6,176,166	36.27	4,532,441	17.04	3,872,619	3.95	3,725,600	6.73	3,490,539	8.67
Property plant and equipment	4,195,700	4.52	4,014,130	44.14	2,784,822	18.78	2,344,473	5.12	2,230,299	1.65	2,194,146	16.97
Long term investments	-	(100.00)	1,198	(54.89)	2,657	46.92	1,808	67.81	1,078	(43.09)	1,893	(70.05)
Non current assets - others	26,657	29.23	20,628	36.07	15,161	34.04	11,310	(83.18)	67,225	415.82	13,033	(22.25)
Stores spares and loose tools	64,227	31.88	48,701	(1.60)	49,495	63.81	30,214	17.65	25,681	(4.50)	26,891	31.47
Stock in trade	1,528,409	21.71	1,255,763	77.29	708,308	10.77	639,457	12.41	568,886	(9.33)	627,420	46.70
Trade debts	628,875	3.91	605,194	1.90	593,929	16.61	509,335	4.59	487,003	49.43	325,902	(3.88)
Income tax receivables	69,508	(21.43)	88,470	(46.81)	166,332	(38.81)	271,851	4.74	259,543	16.19	223,379	21.72
Short term investment	210,418	100.00	-	(100.00)	130,000	100.00	-	100.00	-	100.00	-	100.00
Advances, deposits, prepayments and other receivables	87,220	108.55	41,822	204.44	13,738	(75.15)	55,291	26.05	43,865	(27.45)	60,458	4.85
Cash and bank balances	37,653	(62.44)	100,258	47.44	67,999	665.77	8,880	(78.87)	42,021	141.24	17,419	(69.90)
	6,848,666	10.89	6,176,166	36.27	4,532,441	17.04	3,872,619	3.95	3,725,600	6.73	3,490,539	16.93
Nomenclature												
Sales - net	6,430,965	1.94	6,308,361	51.24	4,171,022	34.66	3,097,558	(9.72)	3,431,045	14.85	2,987,315	10.65
Cost of sales	5,117,719	1.06	5,063,811	54.75	3,272,352	29.62	2,524,615	(11.66)	2,857,843	20.43	2,373,059	19.62
Gross profit	1,313,246	5.52	1,244,550	38.49	898,670	56.85	572,943	(0.05)	573,202	(6.68)	614,256	(14.18)
Admin expenses	263,712	11.82	235,840	39.65	168,885	9.43	154,336	(6.78)	165,558	5.15	157,446	16.20
Selling and distribution expenses	47,301	16.56	40,580	20.97	33,546	30.71	25,663	19.76	21,429	14.09	18,782	(64.91)
Operating profit	1,002,233	3.52	968,130	39.05	696,240	77.19	392,944	1.74	386,215	(11.83)	438,028	(16.84)
Other charges	68,433	10.97	61,670	14.11	54,045	64.04	32,946	(9.19)	36,279	(6.58)	38,835	(12.87)
Finance cost	135,481	31.71	102,860	122.84	46,158	(37.36)	73,715	(3.06)	76,045	64.42	46,249	41.24
	798,319	(0.66)	803,600	34.82	596,037	108.20	286,283	4.52	273,890	(22.40)	352,944	(21.47)
Other income	61,275	26.17	48,565	13.47	42,798	19.81	35,722	151.60	14,198	(19.80)	17,703	21.89
Profit before tax	859,594	0.87	852,164	33.39	638,835	98.39	322,005	11.77	288,088	(22.27)	370,647	(20.11)
Taxation	368,497	17.64	313,239	75.38	178,602	182.64	63,191	34.73	46,902	77.83	26,375	(43.64)
Profit after tax	491,098	(8.87)	538,925	17.10	460,233	77.82	258,814	7.31	241,186	(29.94)	344,272	(17.47)

Nomenclature	2023		2022		2021		2020		2019		2018	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
Equity and reserves	3,808,130	55.60	3,422,496	55.41	3,031,132	66.88	2,533,540	65.42	2,325,101	62.41	2,169,715	62.16
Surplus on revaluation of land	827,709	12.09	827,709	13.40	330,032	7.28	330,032	8.52	330,032	8.86	330,032	9.46
Long term loans	500,752	7.31	621,875	10.07	289,883	6.40	275,420	7.11	262,445	7.04	310,923	8.91
Non current liabilities	556,517	8.13	455,458	7.37	226,204	4.99	226,011	5.84	216,988	5.82	198,988	5.70
Total current liabilities	1,155,558	16.87	848,628	13.74	655,190	14.46	507,617	13.11	591,034	15.86	480,881	13.78
	6,848,666	100.00	6,176,166	100.00	4,532,441	100.00	3,872,619	100.00	3,725,600	100.00	3,490,539	100.00
Property plant and equipment	4,195,700	61.26	4,014,130	64.99	2,784,822	61.44	2,344,473	60.54	2,230,299	59.86	2,194,146	62.86
Long Term Investments	-	-	1,198	0.02	2,657	0.06	1,808	0.05	57,732	1.55	1,893	0.05
Non current assets - Others	26,657	0.39	20,628	0.33	15,161	0.33	11,310	0.29	10,571	0.28	13,033	0.37
Stores spares and loose tools	64,227	0.94	48,701	0.79	49,495	1.09	30,214	0.78	25,681	0.69	26,891	0.77
Stock in trade	1,528,409	22.32	1,255,763	20.33	708,308	15.63	639,457	16.51	568,886	15.27	627,420	17.97
Trade debts	628,875	9.18	605,194	9.80	593,929	13.10	509,335	13.15	487,003	13.07	325,902	9.34
Income Tax Receivables	69,508	1.01	88,470	1.43	166,332	3.67	271,851	7.02	259,543	6.97	223,379	6.40
Short Term Investment	210,418	3.07	-	-	130,000	2.87	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables	87,220	1.27	41,822	0.68	13,738	0.30	55,291	1.43	43,865	1.18	60,458	1.73
Cash and Bank Balances	37,653	0.55	100,258	1.62	67,999	1.50	8,880	0.23	42,021	1.13	17,419	0.50
	6,848,666	100.00	6,176,166	100.00	4,532,441	100.00	3,872,619	100.00	3,725,600	100.00	3,490,539	100.00
Nomenclature												
Sales - net	6,430,965	100.00	6,308,361	100.00	4,171,022	100.00	3,097,558	100.00	3,431,045	100.00	2,987,315	100.00
Cost of sales	5,117,719	79.58	5,063,811	80.27	3,272,352	78.45	2,524,615	81.50	2,857,843	83.29	2,373,059	79.44
Gross profit	1,313,246	20.82	1,244,550	19.73	898,670	21.55	572,943	18.50	573,202	16.71	614,256	20.56
Admin expenses	263,712	4.10	235,840	3.74	168,885	4.05	154,336	4.98	165,558	4.83	157,446	5.27
Selling and distribution expenses	47,301	0.74	40,580	0.64	33,546	0.80	25,663	0.83	21,429	0.62	18,782	0.63
Operating profit	1,002,233	15.58	968,130	15.35	696,240	16.69	392,944	12.69	386,215	11.26	438,028	14.66
Other charges	68,433	1.06	61,670	0.98	54,045	1.30	32,946	1.06	36,279	1.06	38,835	1.30
Finance cost	135,481	2.11	102,860	1.63	46,158	1.11	73,715	2.38	76,045	2.22	46,249	1.55
	798,319	12.41	803,600	12.74	596,037	14.29	286,283	9.24	273,890	7.98	352,944	11.81
Other income	61,275	0.95	48,565	0.77	42,798	1.03	35,722	1.15	14,198	0.41	17,703	0.59
Profit before tax	859,594	13.37	852,164	13.51	638,835	15.32	322,005	10.40	288,088	8.40	370,647	12.41
Taxation	368,497	5.73	313,239	4.97	178,602	4.28	63,191	2.04	46,902	1.37	26,375	0.88
Profit after tax	491,098	7.84	538,925	8.54	460,233	11.03	258,814	8.36	241,186	7.03	344,272	11.52

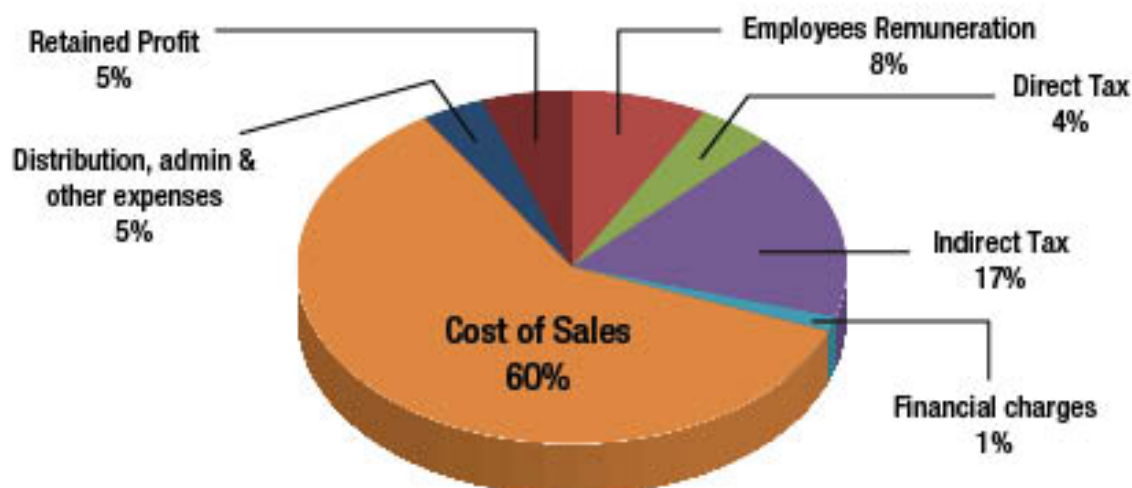
Statement of Value Added and its Distribution with Graphical Presentation:

	2023		2022	
	Rs. 000	%	Rs. 000	%
Total Revenue inclusive of sales tax	7,601,727	99.20%	7,420,417	99.35%
Other Income	61,275	0.80%	48,565	0.65%
	7,663,002	100.00%	7,468,982	100.00%
Wealth Distribiton				
Employees as remuneration	604,809	7.89%	599,198	8.02%
Government as direct taxes	386,039	5.04%	326,267	4.37%
Government as indirect taxes	1,283,307	16.75%	1,283,631	17.19%
Shareholders as dividends	49,934	0.65%	146,103	1.96%
Providers of financial capital as financial charges	135,481	1.77%	102,860	1.38%
Cost of Sales excluding employees' remuneration	4,598,991	60.02%	4,480,670	59.99%
Distribution, administration and other expenses	162,584	2.12%	136,325	1.83%
Society as donation	694	0.01%	1,105	0.01%
Retained within the business	441,164	5.76%	392,822	5.26%
	7,663,002	100.00%	7,468,982	100.00%

2023



2022





KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Synthetic Products Enterprises Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Synthetic Products Enterprises Limited** ("the Company") for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.


The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

Lahore

Date: 18 September 2023

UDIN: CR202310119AYmcCsx1U


KPMG Taseer Hadi & Co.
Chartered Accountants

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

Synthetic Products Enterprises Limited
Year Ended 30 June 2023

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

1. The total number of directors are nine as per the following:
 - a) Male: Eight
 - b) Female: One
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Haroon Sharif Mr. Khawar Anwar Khawaja Dr. Syed Sohail Hussain Naqvi
Non-Executive Directors	Mr. Almas Hyder Mr. Raza Haider Naqi Mr. Sheikh Naseer Hyder
Executive Directors	Mr. Zia Hyder Naqi Mr. Abid Saleem Khan
Female Director (Non Executive)	Dr. Nighat Arshad

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Currently seven directors of the Company have either attained the director training program (DTP) certification or are exempted from the requirement. The Company will arrange the DTP for the remaining directors in the coming years to ensure that 100% of the eligible Directors have attained the DTP certification.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations except that the same person is holding the position of Chief Financial Officer and Company Secretary. As the Code allows the Companies to either comply or explain the reason otherwise, therefore, the Company has adopted the explanation approach in this matter. The management is of the view that the Current Chief Financial Officer and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both roles. In addition, it is also a cost-effective measure.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:-

a) Audit Committee

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

COMPLIANCE

b) HR and Remuneration Committee

Name	Role
Mr. Khawar Anwar Khawaja	Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Dr. Syed Sohail Hussain Naqi	Member
Mr. Abid Saleem Khan	Member

c) Finance Committee

Name	Role
Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	Member
Mr. Haroon Sharif	Member
Dr. Syed Sohail Hussain Naqi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Abid Saleem Khan	Member

d) Risk Management Committee

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

Committee	Frequency
Audit Committee	Quarterly
HR and Remuneration Committee	Annually
Finance Committee	Annually
Risk management Committee	Annually

The matters requiring recommendation by the HR Committee were recommended/approved by Circulation instead of holding a meeting, as there was no significant agenda for the Committee during the year under review.

15. The Board has set up an effective internal audit function who is 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.
19. Explanations for non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been given in paragraphs 10 and 14.



Chairman / Director



Chief Executive Officer

Dated: 02 September 2023
Lahore

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Synthetic Products Enterprises Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Synthetic Products Enterprises Limited ("the Company"), which comprise the statement of financial position as at 30 June 2023, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matter.

Sr. No.	Key audit matter	How the matters were addressed in our audit
1.	<p>Revenue recognition</p> <p>Refer to notes 3.9 and 28 to the financial statements</p> <p>The Company recognized revenue of Rs. 6.4 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of relevant key internal controls over recording of revenue; • Assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial year end to determine whether the revenue had been recognized in the appropriate financial period; and • Scanning for any journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the Company's annual report for the year ended 30 June 2023 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





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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 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.

KPMG

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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.

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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore

Date: 18 September 2023

UDIN: AR202310119qwrSV0P9U


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital of Rs. 5 each (2022: Rs. 5 each)	5	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	5	998,680,080	998,680,080
Treasury shares	6	(55,362,743)	-
Share premium	7	358,627,893	358,627,893
Accumulated profit		2,506,184,337	2,068,318,014
Fair value reserve on investment		-	(3,130,185)
Surplus on revaluation of land	8	827,709,345	827,709,345
Shareholders' equity		4,635,838,912	4,250,205,147
LIABILITIES			
Non-current liabilities			
Long term loans - secured	9	500,752,181	621,875,264
Deferred grant	10	84,783,158	105,444,915
Lease liabilities	11	18,931,971	12,782,948
Deferred taxation	12	452,801,701	337,230,019
		1,057,269,011	1,077,333,146
Current liabilities			
Trade and other payables	13	530,019,851	324,184,344
Short term borrowings	14	371,575,980	286,379,626
Contract Liabilities	15	11,226,518	30,749,820
Current maturity of long term liabilities	16	203,475,618	170,916,056
Unclaimed dividend		4,425,800	4,113,241
Accrued mark up	17	34,834,375	32,285,053
		1,155,558,142	848,628,140
		6,848,666,065	6,176,166,433
Contingencies and commitments	18		

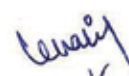
The annexed notes 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment			
- Operating fixed assets	19.1	4,026,511,265	3,759,428,716
- Capital work in progress	19.7	94,686,807	210,127,307
- Right of use assets	19.8	74,502,000	44,574,361
Intangible assets	20	372,553	536,557
Long term investments	21	-	1,198,491
Long term deposits	22	26,284,517	20,091,817
		4,222,357,142	4,035,957,249
Current assets			
Stores, spares and loose tools		64,226,737	48,701,294
Stock-in-trade	23	1,528,409,077	1,255,763,341
Trade debts - unsecured	24	628,874,655	605,194,117
Advance income tax - net of provision		69,507,738	88,470,411
Advances, deposits, prepayments and other receivables	25	87,219,759	41,821,990
Short term investments	26	210,417,567	-
Cash and bank balances	27	37,653,390	100,258,031
		2,626,308,923	2,140,209,184
		6,848,666,065	6,176,166,433

The annexed notes 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	28	6,430,965,444	6,308,360,779
Cost of sales	29	(5,117,718,987)	(5,063,810,532)
Gross profit		1,313,246,457	1,244,550,247
Administrative expenses	30	(263,712,146)	(235,840,374)
Selling and distribution expenses	31	(47,301,484)	(40,579,656)
Operating profit		1,002,232,827	968,130,217
Other income	32	61,275,166	48,564,612
Other charges	33	(68,433,167)	(61,670,210)
Finance cost	34	(135,480,743)	(102,860,322)
Profit before taxation		859,594,083	852,164,297
Taxation	35	(368,496,543)	(313,239,124)
Profit after taxation		491,097,540	538,925,173
		Rupees	Rupees
Earnings per share - basic and diluted	36	2.47	2.70

The annexed notes 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023



	2023 Rupees	2022 Rupees
Profit after taxation	491,097,540	538,925,173
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Fair value (loss)/ gain on investment classified as FVOCI	(417,028)	(1,458,187)
Revaluation of property, plant and equipment	-	497,677,580
Total comprehensive income for the year	490,680,512	1,035,144,566

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

Note	Issued, subscribed and paid-up capital	Capital reserve				Revenue reserve	
		Treasury share reserve	Share premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	Total
Rupees							
As at 30 June 2021	924,703,780	-	432,604,193	330,031,765	(1,671,998)	1,675,496,038	3,361,163,778
Total comprehensive income for the year							
Profit after taxation	-	-	-	-	-	538,925,173	538,925,173
Other comprehensive income for the year:							
Surplus on revaluation of land	19.1	-	-	497,677,580	-	-	497,677,580
Fair value (loss) on investment classified as FVOCI	21	-	-	-	(1,458,187)	-	(1,458,187)
		-	-	497,677,580	(1,458,187)	538,925,173	1,035,144,566
Transactions with owners of the Company							
Final cash dividend for the year ended							
30 June 2021 @ Rs. 0.50 per share	-	-	-	-	-	(46,235,189)	(46,235,189)
Bonus shares issued during the period	73,976,300	-	(73,976,300)	-	-	-	-
1st Interim cash dividend for the year ended 30 June 2022							
@ Rs. 0.25 per share	-	-	-	-	-	(49,934,004)	(49,934,004)
2nd Interim cash dividend for the year ended 30 June 2022							
@ Rs. 0.25 per share	-	-	-	-	-	(49,934,004)	(49,934,004)
	73,976,300	-	(73,976,300)	-	-	(146,103,197)	(146,103,197)
Balance as at 30 June 2022	998,680,080	-	358,627,893	827,709,345	(3,130,185)	2,068,318,014	4,250,205,147
Total comprehensive income for the year							
Profit after taxation	-	-	-	-	-	491,097,540	491,097,540
Other comprehensive income for the year:							
Fair value (loss) on investment classified as FVOCI	21	-	-	-	(417,028)	-	(417,028)
Loss of investment classified as FVOCI realized on disposal	21.1	-	-	-	-	(3,547,213)	(3,547,213)
		-	-	-	-	3,130,185	490,680,512
Transaction with owners of the Company							
Purchase of treasury shares	6	-	(55,362,743)	-	-	-	(55,362,743)
1st Interim cash dividend for the year ended 30 June 2023							
@ Rs. 0.25 per share	-	(55,362,743)	-	-	-	(49,684,004)	(105,046,747)
As at 30 June 2023	998,680,080	(55,362,743)	358,627,893	827,709,345	-	2,506,184,337	4,635,838,912

The annexed notes 1 to 49 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023



	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Cash generated from operations	37	1,166,526,020	707,483,231
Workers' Profit Participation Fund paid	13.1	(45,536,412)	(34,378,633)
Workers' Welfare Fund paid	13.2	(13,027,528)	-
Mark up paid on Islamic mode of financing		(35,323,126)	(30,509,206)
Interest paid on conventional loans		(76,403,577)	(41,088,584)
Taxes paid		(233,962,188)	(129,939,063)
Long term deposits - net		(6,192,700)	(5,285,600)
Net cash generated from operating activities		756,080,489	466,282,145
Cash flows from investing activities			
Acquisition of property, plant and equipment		(489,015,055)	(994,036,876)
Acquisition of intangibles		-	(288,530)
Proceeds from disposal of long term investment	21.1	781,463	-
Proceeds from disposal of property, plant and equipment	19.6 & 19.8.1	34,915,735	8,211,857
Net cash used in investing activities		(453,317,857)	(986,113,549)
Cash flows from financing activities			
Principal repayment of lease liability		(16,735,492)	(8,738,580)
Repurchase of treasury shares		(55,362,743)	-
Long term loan received		-	590,328,956
Long term loan repaid		(44,333,854)	(58,586,772)
Diminishing musharika paid		(74,342,526)	(130,062,689)
Short term borrowings (repaid)/ received		(158,834,513)	194,273,185
Cash dividend paid		(49,371,445)	(144,860,107)
Net (used in)/ cash generated from financing activities		(398,980,573)	442,353,993
Net (decrease) in cash and cash equivalents		(96,217,941)	(77,477,411)
Cash and cash equivalents at beginning of the year		56,065,918	133,543,329
Cash and cash equivalents at end of the year	38	(40,152,023)	56,065,918

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Corporate and general information

1.1 Legal status and nature of business

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

- Sue-e-Asal Lalyani Link Road, Pandoki
- Rahim Yar Khan Industrial Estate, Rahim Yar Khan
- Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore, and
- Pakistan Steel Industrial Estate ,Bin Qasim, Karachi

2. Basis of preparation

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

- translation of foreign currency at spot / average rate;
- land at revalued amount as referred in note 3.1; and
- certain financial instruments at fair value through other comprehensive income as referred in note 3.7.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 19.1.

2.3.2 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

2.3.3 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.4 Expected credit loss / loss allowances against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Company's functional and presentation currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

3 Summary of Significant Accounting Policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, with the exception of freehold land, which is measured at revalued amount less accumulated impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.11.

The Company recognizes depreciation by applying reducing balance method, over the useful life of each item of property, plant and equipment, except freehold land, using rates specified in note 19.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the date at which the asset becomes available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Costs incurred subsequently on renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

The gain or loss on disposal or retirement of an asset is represented by the difference between the sale proceeds and the carrying amount of the asset. Net gain or loss on disposal of assets is presented in other income or other charges.

Land is recognized at revalued amount based on valuation by external independent valuer. Revaluation surplus is credited to other reserves (capital reserves) in shareholders' equity and presented as separate line item in statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Revaluation of land measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amount in proportion to the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as 'Surplus on revaluation on land', except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of land relating to a previous revaluation of that asset.

Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit. All transfers to / from revaluation surplus on property, plant and machinery account are net of applicable deferred income tax. Further, the revaluation surplus on land shall be utilized in accordance with IAS 16 - Property, plant and equipment.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. Cost includes the expenditures on material, labour, appropriate directly attributable overheads and includes borrowing cost in respect of qualifying assets. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

3.2 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases vehicles and properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The lease hold land classified as right-of-use asset is depreciated using the straight line method over the lease term. Leased vehicles classified as right of use asset are depreciated using reducing balance method over shorter of lease term or useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

3.3 Intangibles

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit or loss on a straight-line basis at the rate of specified in note 20 of the financial statements. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

3.4 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. The Company reviews the carrying amount of stores and spares on a regular basis and creates provision for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. Impairment is also recognized for slow moving items.

3.5 Stock in trade

Stock in trade is valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

– Raw materials	Moving average
– Packing materials	Moving average
– Work in process	Average manufacturing cost
– Finished goods	Average manufacturing cost
– Stock in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

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

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

3.6 Employee benefits

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 10% of basic salary. The Company's contribution is charged to profit or loss.

3.7 Financial instruments

3.7.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.7.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss account.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, term deposit receipts, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

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Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss account.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss account.

Financial liabilities comprise trade and other payables, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend and short term borrowings.

3.7.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.7.4 Trade Debts, deposits and other receivables

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

3.7.5 Trade and other payables

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

3.7.6 Investments

Investment in Listed securities are classified at fair value through other comprehensive income and is initially measured at fair value and is subsequently measured at fair value determined using the market value of securities at each reporting date. Net gains and losses are recognized in the statement of other comprehensive income.

3.7.7 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.7.8 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use

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and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.8 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.9 Revenue recognition

Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and after deduction of any trade discounts. Specific revenue and other income recognition policies are as follows:

3.9.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which in case of local sales is when the goods are dispatched to the customers, for customer having "ex-factory" terms of delivery and when goods are delivered to the customers, for customers having "delivery" term of delivery on the basis of current agreements. Further in case of export sale, revenue is recorded upon transfer of control to customer, majorly at 'Ex-works'.

3.9.2 Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

3.9.3 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.10 Deferred grant

The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented under the heading 'other income' in the statement of profit or loss.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.12 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, or equity, in which case it is recognized in other comprehensive income, or equity, as the case may be.

Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Earnings per share (EPS)

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.15 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

3.16 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, in the Company's financial statements in the year in which the dividends are approved.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Treasury shares

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

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of the business separately for the purpose of making decisions regarding resource allocation and performance

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assessment. All operating segments operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The business of the Company has nine reportable operating segments i.e. Unit 1, Unit 2, Unit 3, Unit 4, Unit 5, Unit 6, Unit 7, Unit 8 and Unit 9.

Segment results that are reported for review and performance evaluation include segment net sales and cost of sales. Segment assets represent the carrying amount of plant and machinery held within individual segment.

4 New or Amendments / Interpretations to Existing Standards, Interpretations

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2023 and are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

4.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred wide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board 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 Board 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) 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 an entity 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, with earlier application permitted, 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) 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 recognize 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 recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized 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.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

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

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:
 - Once tax law is enacted but before top-up tax is effective:

disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.
 - After top-up tax is effective: disclose current tax expense related to top-up tax.

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

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5 Share capital

5.1 Authorized share capital

	2023 (Number of shares)	2022	2023 Rupees	2022 Rupees
Ordinary shares of Rs. 5 each (2022: Rs. 5 each)	300,000,000	300,000,000	1,500,000,000	1,500,000,000

5.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each (2022: Rs. 5 each), fully paid in cash	47,547,836	47,547,836	237,739,180	237,739,180
Fully paid bonus shares of Rs. 5 each (2022: Rs. 5 each)	136,858,180	136,858,180	684,290,900	684,290,900
Shares of Rs. 5 each (30 June 2022: Rs. 5 each), issued under scheme of amalgamation	15,330,000	15,330,000	76,650,000	76,650,000
	199,736,016	199,736,016	998,680,080	998,680,080

5.2.1 Reconciliation of share capital

Balance as at 1 July	199,736,016	92,470,378	998,680,080	924,703,780
Issue of bonus shares	-	7,397,630	-	73,976,300
Sub division of shares	-	99,868,008	-	-
Balance as at 30 June	199,736,016	199,736,016	998,680,080	998,680,080

5.3 Directors hold 132,299,822 (30 June 2022: 132,299,822) ordinary shares of Rs. 5 each (30 June 2022: Rs. 5 each) of the Company.

6 Treasury shares

The reserve comprises 5,000,000 (2022: nil) ordinary shares of the Company, repurchased and held as treasury shares.

The shareholders of the Company in their Extraordinary General Meeting held on 24 March 2023 have approved to buy back shares of the Company through Pakistan Stock Exchange Limited up to maximum of 9,986,801 shares constituting 5% of the issued and paid up ordinary shares of the face value of Rs. 5/- each and to held these as Treasury Shares under Section 88 of the Companies Act, 2017 read with Listed Companies (Buy Back of Shares) Regulations, 2019. The purchase period has been started on 31 March 2023 and shall end on 20 September 2023 or till such date the purchase is complete, whichever is earlier. 5,000,000 ordinary shares have been purchased upto the reporting date.

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

7 Share premium

	2023 Rupees	2022 Rupees
Reconciliation of Share premium		
Opening Balance	358,627,893	432,604,193
Bonus shares issued during the year	-	(73,976,300)
Closing Balance	358,627,893	358,627,893

8 Surplus on revaluation of land

The freehold land of the Company was revalued by independent valuers in years 2014, 2018 and 2022. The latest revaluation was conducted by M/s Hamid Mukhtar & Co. (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) as at 30 June 2022, that resulted in a further surplus of Rs. 497.68 million. These revaluations had resulted in a cumulative surplus of Rs. 827.71 million, which has been included in the carrying values of free hold land and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for freehold land is as follows:

Freehold Land:

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. The most significant input into this valuation approach was price per kanal/ acre for land.

9 Long term loans - secured

Type of loans

	Note	2023 Rupees	2022 Rupees
9.1 Islamic mode of financing - Diminishing Musharika			
- United Bank Limited	9.1.1	-	8,294,910
- Habib Bank Limited	9.1.2	45,172,234	111,219,850
Less: Current maturity	16	(26,066,654)	(74,342,549)
		19,105,580	45,172,211
9.2 Conventional loans			
- Habib Bank Limited - Salary Refinance	9.2.1	-	28,720,441
- MCB Bank Limited - For renewable energy	9.2.2	103,361,555	108,854,111
- MCB and Allied Bank Limited - TERF	9.2.3	415,560,363	425,681,220
- Habib Bank Limited - Demand Finance	9.2.4	104,000,000	104,000,000
- Loan from customer	9.2.5	85,863,480	102,427,899
- Less: Impact of government grant	9.2.6	(105,444,915)	(125,146,661)
- Less: Current maturity	16	(121,693,882)	(67,833,957)
		481,646,601	576,703,053
		500,752,181	621,875,264

9.1.1 The facility amounting to Rs. 200 million (2022: Rs. 200 million) had been obtained from United Bank Limited, Islamic Banking Branch ("UBL Ameen") to finance the acquisition of machinery and equipment. As per the terms of the Diminishing Musharika Agreement (DMA), musharika units are repayable in sixty monthly instalments. As per agreement, profit payment started from the month of disbursement and principal payment started to redeem from 13th month from the date of disbursement in arrears. The finance carried mark-up at six months KIBOR plus a spread of 1% (2022: six months KIBOR plus a spread of 1%) per annum, payable monthly. The facility was secured in favour of UBL Ameen by way of specific charge over the diminishing musharika assets.

9.1.2 The facility amounting to Rs. 280 million (2022: Rs. 280 million) has been obtained from Habib Bank Limited to finance the import of machinery and equipment. As per the terms of the DMA, musharika units are repayable in forty-eight monthly instalments. As per agreement, profit payment starts from the month of disbursement and principal payment starts to redeem from 13th month from the date of disbursement in arrears. The facility carries mark-up at three months KIBOR plus spread of 0.90% (2022: three months KIBOR plus a spread of 0.90%) per annum, payable monthly. The facility is secured in favour of HBL by way of specific charge over the diminishing musharika assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

9.2.1 This represented long term financing facility availed from Habib Bank Limited under State Bank of Pakistan's (SBP) refinance scheme for payment of wages and salaries to the workers and employees of business concerns ("Refinance Scheme"). Under this scheme, the company agreed and declared that no employee or worker has been laid off since 01 April 2020 nor will any such employee be dismissed for the period of the loan. The facility amounted to Rs. 114.88 million (2022: Rs. 114.88 million). The financing was secured against first exclusive charge over fixed assets comprising of the machinery which includes 'Injection Blow Molding Machine'. It carried mark-up at the rate of 3% per annum, payable on quarterly basis. The principal amount was repayable in 8 equal quarterly instalments starting from 01 January 2021 after a grace period of six months. The difference between the fair values and net disbursement amounts was recognized as deferred grant.

9.2.2 This represents long term financing facility availed from MCB Bank Limited for financing new Solar power project to enhance its existing capacity to 1.2MW. The total available limit under this facility amounts to Rs. 110 million (2022: Rs. 110 million). The facility is secured against first exclusive charge of Rs. 147 million over Solar machinery imported through MCB, Blow molding machine Parker EBM -05 (FA-03644) and Blow molding machine Parker EBM -06 (FA-03644-1).

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

9.2.3 This represents Syndicated Temporary Economic Refinance Facility ("TERF") offered by MCB Bank limited ("MCB") and Allied Bank limited ("ABL") for setting up a new manufacturing plant in Karachi and for Balancing, Modernization and Replacement ("BMR") of existing plant and machinery ("Project"). The total financing available limit amounts to Rs. 500 million (2022: Rs. 500 million) equally split between both financial institutions. Total amount availed under this facility was Rs. 429 million, comprising of Rs. 181 million from MCB and Rs. 248 million from ABL. The complete loan has been converted to SBP - TERF facility after approvals of State Bank of Pakistan, except for Rs. 9 million, which was not converted, and has been repaid by the company during the year. The financing is secured against exclusive hypothecation charge over specific fixed assets (excluding land & building) of the Company with 25% margin. The demand finance carried mark-up at the rate of 3 months KIBOR + 0.5% p.a. (2022: 3 months KIBOR + 0.5% p.a.) payable on quarterly basis. The principal amount is repayable in 32 equal quarterly instalments, commencing from the end of the 27th month from the date of first drawdown. The tenor of facility is 10 years, inclusive of grace period of 2 years commencing from the date of first drawdown. After conversion to SBP - TERF facility after approvals of State Bank of Pakistan applicable mark-up rate is SBP rate i.e. 1 % plus bank spread of 1.05%. The difference between the fair values and net disbursement amounts is recognized as deferred grant.

9.2.4 The facility amounting to Rs. 104 million (2022: Rs. 104 million) has been obtained from Habib Bank Limited (HBL) to finance the import of machinery and equipment. Total financing available under the facility amounts to Rs. 300 million. The tenor of the facility is 5 years, including 1 year grace period. As per terms of the finance agreement the mark-up shall be paid from the month of disbursement and the principal shall be repaid in 16 equal quarterly instalments, commencing from the end of 15th month from date of disbursement. This facility carries mark-up at 3 months KIBOR plus spread of 1.00% per annum (2022: 3 months KIBOR plus spread of 1.00% per annum), payable quarterly basis. The facility is secured in favour of HBL by way of specific charge of Rs. 144 million over the hypothecated assets, including IMM-MARS III (MA1600), IMM-MARS III (MA3200), IMM-MARS III (MA10000), IMM-MARS III (MA5300), Plastic Injection Molding Machine (MA2500), Plastic Injection Molding Machine (MA3800), Plastic Injection Molding Machine (MA2500) and IMM Machine 530 ton.

9.2.5 This represents long term financing facility availed from customer Honda Atlas Cars Pakistan Limited (HACPL) in order to develop tooling (dies/molds) for products of HACPL and the Company is bound to use this amount only for development of tooling (dies/molds) and for parts for HACPL. The total facility available amounts to Rs. 108 million (2022 Rs. 108 million). After successful achievement of desired quality requirements the Company will payback the above mentioned amount along with interest rate of 3 months KIBOR + 1.25% (2022: 3 months KIBOR + 1.25%) in 36 equal monthly instalments from mass production. In case of failure of meeting desired quality requirements, Company will pay back the above mentioned amount in 12 equal instalments along with interest rate of 3 month KIBOR + 1.25%. KIBOR will reset at every calendar quarter however, the initial rate of KIBOR will be of the date of disbursement.

9.2.6 This represents deferred government grant on financing at discounted rates, obtained under schemes from the Government of Pakistan. Total deferred grant amounts to Rs. 105.4 million (2022: 125.1 million), comprising of Rs. 105.4 million (2022: Rs. 124.6 million) on loan under Temporary Economic Refinance Facility (TERF) and nil (2022: Rs. 0.5 million) on loan under State Bank of Pakistan's (SBP) refinance scheme for payment of wages and salaries to the workers and employees of business concerns.

	Note	2023 Rupees	2022 Rupees
10 Deferred grant			
Balance as at 01 July		125,146,661	3,221,601
Recognized during the year		-	134,847,932
Amortization during the year	32	(19,701,746)	(12,922,872)
Balance as at 30 June	9.2.6	105,444,915	125,146,661
Non - current portion		84,783,158	105,444,915
Current portion	16	20,661,757	19,701,746

11 Lease liabilities

Salient features of the leases are as follows:

	2023	2022
Discounting factor	12%	12%
Period of lease	12 to 60 months	12 to 36 months
Security deposits	0% to 60%	20% to 60%
Maturity range	2023 to 2026	2022 to 2025

The Company has entered into finance lease arrangements with one of its customer i.e. Pak Suzuki for lease of vehicles. The liabilities under this arrangement are payable in monthly instalments. Interest rates implicit in the leases are used as discounting factor to determine the present value of minimum lease payments. The Company's finance lease liability is interest / markup based.

All lease agreements carry purchase option at the end of lease term and the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid by the Company at inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by the lessee.

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

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

	2022		
	Total future minimum lease payments	Finance charges allocated to future periods	Principal
	-----Rupees-----		
Not later than one year	9,942,468	904,664	9,037,804
Later than one year and not later than five year	13,307,270	524,322	12,782,948
	23,249,738	1,428,986	21,820,752

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12 Deferred taxation

The liability for deferred taxation comprises temporary differences relating to:

	2023 Rupees	2022 Rupees
<i>Deferred tax liability arising on:</i>		
- accelerated tax depreciation	410,609,947	348,423,873
<i>Deferred tax asset arising on:</i>		
- finance lease transactions - net	(6,247,550)	(7,200,848)
- Effect of rate change	61,314,549	-
- Others	(12,875,245)	(3,993,006)
	452,801,701	337,230,019

12.1 Movement in deferred tax balances is as follows:

	2023 Rupees	2022 Rupees
As at 01 July	337,230,019	219,550,050
Recognized in profit or loss:		
- accelerated tax depreciation	62,186,074	107,130,075
- finance lease transactions - net	953,298	(4,412,862)
- Effect of rate change	61,314,549	30,343,328
- provisions and others	(8,882,239)	(15,380,572)
	115,571,682	117,679,969
	452,801,701	337,230,019

	Note	2023 Rupees	2022 Rupees
13 Trade and other payables			
Trade and other creditors		342,568,055	125,307,511
Accrued liabilities		79,997,009	94,491,845
Workers' Profit Participation Fund	13.1	46,165,096	45,536,412
Workers' Welfare Fund	13.2	17,486,798	12,971,590
Withholding tax payable		2,472,157	2,051,344
Sales tax payable		-	16,032,386
Provident fund payable		2,682,715	2,282,292
Others	13.3	38,648,021	25,510,964
		530,019,851	324,184,344

13.1 Workers' Profit Participation Fund

Balance as at July 01		45,536,412	34,274,835
Expense charged for the year	33	46,165,096	45,536,412
Interest expense		-	103,798
Payment during the year		(45,536,412)	(34,378,633)
Balance as at June 30		46,165,096	45,536,412

	Note	2023 Rupees	2022 Rupees
13.2 Workers' Welfare Fund			
Balance as at July 01		12,971,590	12,185,663
Expense charged for the year	33	17,542,736	13,027,528
Adjustment made during the year		-	(12,241,601)
Payment during the year		(13,027,528)	-
Balance as at June 30		17,486,798	12,971,590

13.3 This includes an amount of Rs. 33.45 million (2022: Rs. 20.71 million) representing deductions made from employees salary against the cars provided by the Company as per Company's policy.

	Note	2023 Rupees	2022 Rupees
14 Short term borrowings			
Secured:			
- Conventional Interest / mark-up based loans	14.1	193,637,902	128,955,699
- Islamic mode of financing	14.2	115,438,078	157,423,927
		309,075,980	286,379,626
Unsecured:			
- Interest free financing	14.4	62,500,000	-
		371,575,980	286,379,626
Types of short term borrowings			
14.1 Conventional Interest / mark-up based loans			
Short term running finance	14.1.1	172,784,902	42,743,699
Finance against trust receipts	14.1.2	20,853,000	86,212,000
		193,637,902	128,955,699
14.2 Islamic mode of financing			
Murabaha and Istisna	14.2.1	-	155,975,513
Running Musharika	14.2.2	115,438,078	1,448,414
		115,438,078	157,423,927

14.1.1 This represents short term facilities of running finance from commercial banks aggregating Rs. 400 million (2022: Rs.460 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.4% to 0.6% (2022: one month to three months KIBOR plus a spread of 0.5% to 0.6%) per annum.

14.1.2 This represents short term facilities of term loan from commercial banks aggregating Rs. 550 million (2022: Rs.570 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.4% to 0.5% (2022: one month to three months KIBOR plus a spread of 0.3% to 0.6%) per annum.

14.2.1 This represents short term facilities of murabaha and istisna aggregating Rs. 350 million (2022: Rs. 350 million). These carry mark-up rates ranging from one month to three months KIBOR plus a spread of 0.5% (2022: one month to three months KIBOR plus a spread of 0.5%) per annum.

14.2.2 This represents short term facilities of running musharika aggregating Rs. 450 million (2022: Rs. 300 million). These carry mark-up rate of one month to three months KIBOR plus a spread of 0.4% to 0.5% (2022: one month to three months KIBOR plus a spread of 0.5%) per annum.

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

14.4 This relates to interest free loan received from one of the Company's customer under the customer's vendor support program. The loan is repayable within twelve months from the reporting date.

	Note	2023 Rupees	2022 Rupees
15 Contract Liabilities			
Balance as at 1 July		30,749,820	25,216,514
Advance received during the year		11,226,518	30,749,820
Revenue recognized during the year	15.1	(30,749,820)	(25,216,514)
Balance as at 30 June		11,226,518	30,749,820

15.1 The contract liabilities primarily relates to the advances received from customers out of which Rs. 30.75 million (2022: Rs.25.22 million) pertains to the revenue recognized at point in time. Further, the Company has received advances amounting to Rs.11.23 million (2022: Rs.30.75 million).

	Note	2023 Rupees	2022 Rupees
16 Current maturity of long term liabilities			
Long term loans - secured	9	147,760,536	142,176,506
Deferred grant	10	20,661,757	19,701,746
Lease liabilities	11	35,053,325	9,037,804
		203,475,618	170,916,056

17 Accrued mark up			
Long term loans - secured			
-Conventional Interest / mark-up based loans		26,210,138	21,813,463
-Islamic mode of financing		108,545	-
Short term borrowings			
-Conventional Interest / mark-up based loans		3,671,581	5,216,962
-Islamic mode of financing		4,844,111	5,254,628
		34,834,375	32,285,053

18 Contingencies and commitments

18.1 Contingencies

There were no contingencies as at the reporting date.

18.2 Commitments

18.2.1 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 254.52 million (2022: Rs. 90.6 million).

	2023 Rupees	2022 Rupees
18.2.2 Commitments under irrevocable letters of credit for:		
- Purchase of machinery	244,266,699	28,057,200
- Purchase of raw material	310,118,522	575,694,452
	554,385,221	603,751,652

	Note	2023 Rupees	2022 Rupees
19 Property, plant and equipment			
Operating fixed assets	19.1	4,026,511,265	3,759,428,716
Capital work in progress	19.7	94,686,807	210,127,307
Right of use assets	19.8	74,502,000	44,574,361
		4,195,700,072	4,014,130,384

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

19.1 Operating fixed assets

2023												
Rupees												
Cost / Revalued amount				Accumulated depreciation								
As at 1 July 2022	Additions	Revaluation surplus for the year	Disposals	Transfers	As at 30 June 2023	Rate %	As at 1 July 2022	For the year	Disposals	Transfers	As at 30 June 2022	Net book value as at 30 June 2023
Owned												
Freehold land												
- cost	99,765,655	1,017,919	-	-	100,783,574	-	-	-	-	-	-	100,783,574
- revaluation	827,709,345	-	-	-	827,709,345	-	-	-	-	-	-	827,709,345
	927,475,000	1,017,919	-	-	928,492,919	-	-	-	-	-	-	928,492,919
Buildings on freehold land	299,132,941	23,340,288	-	-	322,473,209	10%	117,732,635	18,593,546	-	-	136,326,181	186,147,028
Buildings on leasehold land	201,545,684	112,500	-	-	201,658,184	10%	17,544,766	18,504,314	-	-	36,049,080	165,609,104
Plant and machinery	3,714,676,384	558,384,532	-	(68,275,236)	4,204,785,680	10%	1,354,993,278	258,253,897	(42,306,624)	-	1,570,940,551	2,633,847,129
Office equipment	17,453,058	889,431	-	(1,386,827)	16,955,662	10%	6,651,364	1,012,476	-	(411,548)	7,252,292	9,723,370
Tools and equipment	60,885,878	16,644,788	-	17,169,688	94,700,364	10%	10,125,942	5,853,608	-	10,931,174	26,910,724	67,789,640
Computer equipment	12,095,059	1,643,778	-	-	13,748,837	30%	7,634,202	1,626,077	-	-	9,260,279	4,482,558
Furniture and fittings	29,957,610	191,638	-	(15,802,871)	14,346,377	10%	14,123,770	1,769,696	-	(10,519,626)	5,373,840	8,972,537
Vehicles	44,966,355	2,230,700	-	(881,000)	46,216,055	20%	19,961,295	5,462,673	(652,893)	-	24,771,075	21,446,980
	5,308,195,969	604,455,554	-	(69,256,236)	5,843,395,287		1,548,767,252	311,076,287	(42,959,517)	-	1,816,684,022	4,026,511,265
2022												
Rupees												
Cost / Revalued amount				Accumulated depreciation								
As at 1 July 2021	Additions	Revaluation surplus for the year	Disposals	Transfers	As at 30 June 2022	Rate %	As at 1 July 2021	For the year	Disposals	Transfers	As at 30 June 2022	Net book value as at 30 June 2022
Owned												
Freehold land												
- cost	98,790,635	975,020	-	-	99,765,655	-	-	-	-	-	-	99,765,655
- revaluation	330,031,765	-	497,677,580	-	827,709,345	-	-	-	-	-	-	827,709,345
	428,822,400	975,020	497,677,580	-	927,475,000	-	-	-	-	-	-	927,475,000
Buildings on freehold land	287,267,514	11,865,427	-	-	299,132,941	10%	98,020,881	19,711,754	-	-	117,732,635	181,400,306
Buildings on leasehold land	111,715,534	89,832,150	-	-	201,545,684	10%	930,946	16,613,820	-	-	17,544,766	184,000,918
Plant and machinery	2,740,651,258	993,490,667	(19,463,541)	-	3,714,676,384	10%	1,148,329,413	219,309,112	(12,645,247)	-	1,354,993,278	2,359,685,106
Office equipment	15,246,135	2,206,923	-	-	17,453,058	10%	5,630,786	1,020,578	-	-	6,651,364	10,801,694
Tools and equipment	36,491,513	24,394,365	-	-	60,885,878	10%	6,141,660	3,984,282	-	-	10,125,942	50,759,936
Computer equipment	9,678,223	2,420,836	-	-	12,095,059	30%	6,565,488	1,068,714	-	-	7,634,202	4,464,857
Furniture and fittings	29,131,875	825,735	-	-	29,957,610	10%	12,416,287	1,707,483	-	-	14,123,770	15,833,840
Vehicles	40,442,199	7,419,060	(2,892,904)	-	44,966,355	20%	16,605,559	5,518,633	(2,163,097)	-	19,961,295	25,007,060
	3,689,444,651	1,133,430,183	497,677,580	(22,356,445)	5,308,195,969		1,294,641,020	269,934,576	(14,808,344)	-	1,548,767,252	3,759,428,716

19.2 Freehold land of the Company are located at Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore measuring 0.55 acres, Sue-e-Asal, Link Lalyani Road, Pandoki measuring 23.09 acres and Rahim Yar Khan Industrial Estate, Rahim Yar Khan measuring 8.58 acres. The leasehold land of the Company is located at Pakistan Steel Industrial Estate, Bin Qasim, Karachi measuring 4 acres.

The buildings on freehold and leasehold land and other immovable assets of the Company are constructed / located at above mentioned freehold and leasehold land as mentioned in note 19.8.2 to these financial statements respectively.

19.3 The depreciation charge for the year has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Cost of goods sold	29	276,170,126	239,351,772
Capital work in progress		3,110,763	2,689,346
Administrative expenses	30	15,897,699	13,446,729
Selling and distribution expenses	31	15,897,699	13,446,729
		311,076,287	268,934,576

19.4 As at 30 June 2023, the carrying value of freehold land would have been Rs. 100.78 million (2022: Rs. 99.77 million), had there been no revaluation.

19.5 As per the revaluation conducted as at 30 June 2022, the forced sale value of land is Rs. 778.35 million

19.6 Disposal of property, plant and equipment

Particulars	Cost (Note 19.1)	Accumulated depreciation (Note 19.1)	Written down value	Sale proceeds	Gain / (loss) (Note 33)	Mode of disposal	Relationship with the Company	Particulars of purchaser
Rupees								
Plant and machinery								
IMM FCS 1600 Ton M-01	28,112,330	16,347,467	11,764,863	10,098,570	(1,666,293)	Negotiation	Third party	Mr. Israr Khan
IMM FCS 850 Ton M-05	26,298,069	15,541,585	10,756,484	4,787,936	(5,968,548)	Negotiation	Third party	Mr. Ghulam Abbas
IMM FCS 520 Ton M-08	5,524,358	4,183,935	1,340,423	2,770,429	1,430,006	Negotiation	Third party	Mr. Ghulam Abbas
Mold for Tool box CG 125 (KOKA)	1,404,884	370,450	1,034,434	189,549	(844,885)	Negotiation	Third party	Mr. Ashiq
IMM FCS 180 Ton M-13	2,149,939	1,500,696	649,243	749,494	100,251	Negotiation	Third party	Mr. Ghulam Abbas
	63,489,580	37,944,133	25,545,447	18,595,978	(6,949,469)			
Various assets having net book value								
less than Rs. 500,000	5,766,656	5,015,384	751,272	1,668,757	917,485	Negotiation	Third party	Miscellaneous
2023	69,256,236	42,959,517	26,296,719	20,264,735	(6,031,984)			
2022	22,356,445	14,808,344	7,548,101	8,211,857	663,756			

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	2023				
	As at 1 July 2022	Additions	Reversals (Note 19.7.1)	Transfers	As at 30 June 2023 (Note 19.7.2)
19.7 Capital Work In Progress					
Capital Work In Progress -					
other than advances	149,791,899	481,965,179	(19,273,600)	(550,488,664)	61,994,814
Advances to supplier	60,335,408	22,534,897	-	(50,178,312)	32,691,993
	210,127,307	504,500,076	(19,273,600)	(600,666,976)	94,686,807
	2022				
	As at 1 July 2021	Additions	Reversals (Note 19.7.1)	Transfers	As at 30 June 2022 (Note 19.7.2)
Capital Work In Progress -					
other than advances	265,035,438	928,520,440	-	(1,043,763,979)	149,791,899
Advances to supplier	84,485,175	49,079,114	-	(73,228,881)	60,335,408
	349,520,613	977,599,554	-	(1,116,992,860)	210,127,307

19.7.1 The reversal is related to advance deposited for purchase of land in Rahim Yar Khan. The company withdrew from the transaction during the year, and the entire advance was refunded.

	Note	2023 Rupees	2022 Rupees
19.7.2 The breakup is as follows:			
Plant and machinery	19.7.3	61,888,694	141,359,699
Building		106,120	8,432,200
Advances to suppliers		32,691,993	60,335,408
		94,686,807	210,127,307

19.7.3 This includes borrowing cost amounting to Rs. 0.85 million (2022: 9.60 million) capitalized during the year at the rate ranging from 15.16% - 15.77% (2022: 8.70% - 13.2%).

19.8 Right of use assets

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

				2023		
				Accumulated depreciation		
				Lease hold land	Leased Vehicles	Total
				Rupees		
Opening as at 01 July 2022				4,571,320	7,927,054	12,498,374
Depreciation for the year	29			331,259	8,196,777	8,528,036
Matured during the year				-	(5,399,522)	(5,399,522)
Closing as at 30 June 2023				4,902,579	10,724,309	15,626,888
Net Book Value 30 June 2023				17,181,336	57,320,664	74,502,000

				2022		
				Cost		
				Lease hold land	Leased Vehicles	Total
				Rupees		
	Note					
Opening as at 01 July 2021				22,083,915	20,115,597	42,199,512
Additions during the year				-	20,945,590	20,945,590
Matured during the year				-	(6,072,367)	(6,072,367)
Closing as at 30 June 2022				22,083,915	34,988,820	57,072,735

				2022		
				Accumulated depreciation		
				Lease hold land	Leased Vehicles	Total
				Rupees		
Opening as at 01 July 2021				4,273,893	7,427,599	11,701,492
Depreciation for the year				297,427	4,148,080	4,445,507
Matured during the year				-	(3,648,625)	(3,648,625)
Closing as at 30 June 2022				4,571,320	7,927,054	12,498,374
Net Book Value 30 June 2022				17,512,595	27,061,766	44,574,361

19.8.1 Disposal of right of use assets

Particulars	Cost	Accumulated depreciation	Written down value	Adjustment against total deductions against salary	Gain	Mode of disposal	Relationship with the Company
Rupees							
Leased vehicles							
Suzuki WagonR (LEC-18-4309)	1,120,000	622,565	497,435	1,094,000	596,565	Company Policy	Employee
Suzuki WagonR (LEB-17-5820)	1,054,000	668,567	385,433	1,074,000	688,567	Company Policy	Employee
Suzuki WagonR (LEF-18-6653)	1,164,000	734,241	429,759	1,164,000	734,241	Company Policy	Employee
Cultus AGS (AEW-337)	2,039,000	440,131	1,598,869	1,975,000	376,131	Company Policy	Employee
Suzuki Mehran (LEA-18-3091)	762,000	509,633	252,367	795,000	542,633	Company Policy	Employee
Suzuki WagonR (LEA-17A-3143)	1,170,776	954,628	216,148	1,109,000	892,852	Company Policy	Employee
Suzuki Cultus (AJR-646)	2,244,000	478,720	1,765,280	2,244,000	478,720	Company Policy	Employee
Suzuki Cultus AGS (AKM-943)	2,478,300	528,704	1,949,596	2,422,000	472,404	Company Policy	Employee
Swift GL (ALU-602)	2,774,000	462,333	2,311,667	2,774,000	462,333	Company Policy	Employee
2023	14,806,076	5,399,522	9,406,554	14,651,000	5,244,446		
2022	6,072,367	3,648,625	2,423,742	4,889,000	2,465,258		

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For the year ended 30 June 2023

19.8.2 Leasehold land comprises of land which was obtained by the Company on lease and is being amortized over the term of 60 years. The title of land remains with the lessor at end of the lease term. The Company had constructed its Karachi production facility (Unit 8,9) on this land. Leasehold land is located at Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, measuring 4 acres.

	Note	2023 Rupees	2022 Rupees
20 Intangible assets			
Cost		10,915,816	10,915,816
Accumulated amortization		(10,543,263)	(10,379,259)
As at 30 June	20.1	372,553	536,557
20.1 Balance as at 01 July		536,557	354,325
Additions during the year		-	288,530
Amortization charge for the year	20.2	(164,004)	(106,298)
Balance as at 30 June		372,553	536,557
Amortization rate		20%	20%

20.2 As mentioned in note 30, amortization charge is included in administrative expenses.

21 Long term investments			
Investment classified as FVOCI	21.1	-	1,198,491
The breakup of cost and related fair value adjustment is as follows:			
Cost		-	5,531,860
Fair value adjustment		-	(4,333,369)
		-	1,198,491

21.1 This represents Nil (2022: 80,652) ordinary shares having face value of Rs. Nil (2022: Rs. 10) each in Roshan Packages Limited.

The shares were classified as FVTOCI in accordance with note 3.7.2 to these financial statements, and owing to fair value losses on the investment, the Company decided to dispose the investment. The fair value of the investment on the date of derecognition was Rs. 0.78 million and cumulative loss of Rs. 0.42 million was recognized on disposal.

		2023 Rupees	2022 Rupees
22 Long term deposits			
Utility companies and regulatory authorities		10,439,805	10,439,805
Others		15,844,712	9,652,012
		26,284,517	20,091,817
23 Stock-in-trade			
Raw and packing material		1,006,408,951	946,496,907
Stock in transit		205,578,012	48,225,954
Work in process		125,531,231	76,359,299
Finished goods		190,890,883	184,681,181
		1,528,409,077	1,255,763,341

23.1 The amount of stock-in-trade recognized as an expense during the year on account of adjustment to net realizable value (NRV) amounted to Rs. 17.22 million (2022: Rs. 2.72).

	Note	2023 Rupees	2022 Rupees
24 Trade debts - unsecured			
Considered good		628,874,655	605,194,117
Considered doubtful		4,322,831	3,624,734
		633,197,486	608,818,851
Less: Impairment loss allowance (ECL)	24.1	(4,322,831)	(3,624,734)
		628,874,655	605,194,117
24.1 Movement of impairment loss allowance			
Balance as at 01 July		3,624,734	8,756,245
Expected credit loss charge for the year	33	698,097	-
Reversal for expected credit loss	32	-	(5,131,511)
Balance as at 30 June		4,322,831	3,624,734
25 Advances, deposits, prepayments and other receivables			
Advances - unsecured, considered good:			
- Advances to suppliers for supplies and services		10,411,469	13,803,091
- Amounts paid against future shipments		28,983,355	17,739,825
Advances - secured, considered good:			
-Amounts due from employees		54,977	338,189
Prepaid insurance		12,537,208	9,834,673
Sales tax receivable		31,819,752	-
Other receivables		3,412,998	106,212
		87,219,759	41,821,990
26 Short term investments			
Treasury bills			
Allied Bank Limited	26.1	76,445,960	-
Habib Bank Limited	26.2	129,475,890	-
MCB Bank Limited	26.3	4,495,717	-
		210,417,567	-
26.1	These carry mark-up at rate ranging from 21.90% - 22.00% per annum (2022: Nil), having maturity of three months to twelve months ranging from 24 August 2023 to 30 May 2024.		
26.2	These carry mark-up at rate ranging from 21.80% - 21.97% per annum (2022: Nil), having maturity of three months to twelve months ranging from 25 July 2023 to 27 June 2024.		
26.3	These carry mark-up at rate of 22.37% per annum (2022: Nil), having maturity of twelve months, on 20 June 2024.		

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For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
27 Cash and bank balances			
Cash in hand		1,100,950	390,500
Cash at bank			
- Conventional banks	27.1	26,053,841	50,092,196
- Islamic banks	27.2	10,498,599	49,775,335
		36,552,440	99,867,531
		37,653,390	100,258,031
27.1 Conventional Banks			
- current accounts in local currency		15,258,766	40,520,305
- current accounts in foreign currency		10,781,716	5,181,470
- savings accounts in local currency	27.1.1	13,359	4,390,421
		26,053,841	50,092,196
27.2 Islamic Banks			
- current accounts in local currency		10,384,763	23,190,361
- savings accounts in local currency	27.2.1	113,836	26,584,974
		10,498,599	49,775,335

27.1.1 These carry return at 15.08% to 20.05% per annum (2022: 5.5% to 12.25% per annum).

27.2.1 These carry return at 5.0% to 8.0% per annum (2022: 2.5% to 5.2% per annum). This represents deposits placed under an arrangement permissible under Shariah.

	Note	2023 Rupees	2022 Rupees
28 Sales-net			
Local		7,650,423,999	7,432,313,558
Export		52,078,523	39,028,549
		7,702,502,522	7,471,342,107
Less: Sales tax		(1,170,761,658)	(1,112,056,168)
Discounts		(100,775,420)	(50,925,160)
	28.1	6,430,965,444	6,308,360,779
28.1 Disaggregation of Revenue			
28.1.1 Primary Products			
Automobile parts and accessories sector		1,439,935,792	2,410,401,626
Food and personal care products sector - packaging		4,991,029,652	3,897,959,153
		6,430,965,444	6,308,360,779

	Note	2023 Rupees	2022 Rupees
28.1.2 Primary Geographical Markets (Net Sales)			
Pakistan		6,378,886,921	6,269,332,229
Turkey		4,206,659	3,996,549
Belgium		3,633,688	6,198,902
France		8,518,057	4,899,416
Italy		11,968,327	13,974,412
United Kingdom		10,923,682	5,079,990
United States of America		12,828,110	4,879,281
Total		6,430,965,444	6,308,360,779

	Note	2023 Rupees	2022 Rupees
29 Cost of sales			
Raw and packing materials consumed		3,750,940,101	3,876,534,850
Stores, spares and loose tools consumed		17,604,820	21,765,810
Salaries, wages and benefits	29.1	391,790,424	398,680,379
Security guard expense		14,392,256	12,885,616
Electricity, fuel and water charges		534,490,039	405,001,558
Depreciation on property, plant and equipment	19.3	276,170,126	239,351,772
Depreciation on right of use asset	19.8	8,528,036	4,445,507
Repairs and maintenance		83,674,591	93,934,186
Insurance		10,365,641	9,597,401
Oil and lubricants		3,651,824	3,527,493
		5,091,607,858	5,065,724,572
<i>Work in process:</i>			
- At beginning of the year	23	76,359,299	57,528,624
- At end of the year	23	(125,531,231)	(76,359,299)
Cost of goods manufactured		5,042,435,926	5,046,893,897
<i>Finished goods</i>			
- At beginning of the year	23	184,681,181	137,763,695
- At end of the year	23	(190,890,883)	(184,681,181)
		5,036,226,224	4,999,976,411
Other cost of sale - Freight and forwarding		81,492,763	63,834,121
		5,117,718,987	5,063,810,532

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For the year ended 30 June 2023

29.1 Salaries, wages and benefits include Rs. 11.3 million (2022: Rs. 9.2 million) in respect of defined contribution plan.

	Note	2023 Rupees	2022 Rupees
30 Administrative expenses			
Salaries, wages and benefits	30.1	70,040,512	63,629,180
Directors' remuneration	43 & 30.2	54,505,726	51,842,294
Meeting fee	43.3	1,500,000	1,700,000
Traveling expenses		62,972,062	47,368,109
Legal and professional charges		2,087,000	2,507,621
Vehicle running expenses		14,580,003	11,951,333
Security guard expense		1,997,246	1,046,300
Insurance		3,429,897	2,928,085
Repairs and maintenance		4,127,353	4,898,431
Telephone and postage		5,875,729	5,936,747
Depreciation on property, plant and equipment	19.3	15,897,699	13,446,729
Amortization on intangibles	20.1	164,004	106,298
Printing and stationery		4,038,340	4,780,389
Staff training and development		950,163	750,518
Fee and subscription		13,962,059	16,460,351
Rent, rates and taxes		2,975,808	2,762,906
Entertainment		3,821,640	3,042,392
Miscellaneous expenses		786,905	682,691
		263,712,146	235,840,374

30.1 Salaries, wages and benefits include Rs. 2.65 million (2022: Rs. 2.45 million) in respect of defined contribution plan.

30.2 Director's remuneration includes Rs. 0.74 million (2022: Rs. 0.64 million) in respect of defined contribution plan opted by one of the executive directors.

	Note	2023 Rupees	2022 Rupees
31 Selling and distribution expenses			
Salaries and benefits	31.1	26,414,897	24,924,157
Depreciation on property, plant and equipment	19.3	15,897,699	13,446,729
Advertisement		4,129,125	837,923
Sales promotion expenses		859,763	1,370,847
		47,301,484	40,579,656

31.1 Salaries, wages and benefits include Rs. 1.29 million (2022: Rs. 1.12 million) in respect of defined contribution plan.

	Note	2023 Rupees	2022 Rupees
32 Other income			
Income from financial assets			
Profit on bank deposits		22,808,202	1,236,043
Amortization of deferred grant	10	19,701,746	12,922,872
Gain on foreign currency transactions- Net		360,625	11,069
Provision for doubtful debts reversed during the year	24.1	-	5,131,511
		42,870,573	19,301,495
Income from non-financial assets			
Scrap sales		16,108,051	24,712,086
Gain on disposal of property, plant and equipment	19.6 & 19.8.1	-	3,129,014
Other income		2,296,542	1,422,017
		18,404,593	29,263,117
		61,275,166	48,564,612
33 Other charges			
Workers' Profit Participation Fund	13.1	46,165,096	45,536,412
Workers' Welfare Fund	13.2	17,542,736	13,027,528
Loss on disposal of property, plant and equipment	19.6 & 19.8.1	787,538	-
Auditors' remuneration	33.1	2,600,000	2,001,000
Donations	33.2	639,700	1,105,270
Expected credit loss charge for the year	24.1	698,097	-
		68,433,167	61,670,210
33.1 Auditors' remuneration			
Statutory audit fee		1,700,000	1,260,000
Half yearly review		400,000	315,000
Certifications and others		300,000	300,000
Out of pocket expenses		200,000	126,000
		2,600,000	2,001,000
33.2 These include donations made to different organizations which does not exceed one million rupees. None of the directors or their spouses have any interest in donees.			
34 Finance cost			
<i>Mark-up on:</i>			
- long term finance - secured	34.1	89,383,163	60,354,536
- lease liabilities		1,037,807	793,157
- short term borrowings - secured	34.2	44,594,608	41,018,150
Bank charges		465,165	694,479
		135,480,743	102,860,322

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
34.1 Long term finance - secured			
- Conventional Interest / mark-up based loans		74,596,328	41,484,186
- Islamic mode of financing		14,786,835	18,870,350
		89,383,163	60,354,536
34.2 Short term borrowings - secured			
- Conventional Interest / mark-up based loans		24,360,289	25,908,327
- Islamic mode of financing		20,234,319	15,109,823
		44,594,608	41,018,150
35 Taxation			
<i>Current:</i>			
- for the year		252,924,862	195,559,155
<i>Deferred:</i>			
- for the year		115,571,681	117,679,969
		368,496,543	313,239,124
35.1 Relationship between tax expense and accounting profit			
Profit before taxation		859,594,083	852,164,297
Tax at 29%		249,282,284	247,127,646
Tax effect of:			
- Super tax under section 4C		71,992,288	26,108,756
- Effect of rate change		61,314,549	40,901,340
- Income under Final Tax Regime		520,785	(1,134,475)
- Tax credits		(25,864,052)	(19,838,086)
- Prior year tax		-	-
- Others		11,250,689	20,073,943
		368,496,543	313,239,124

35.1.1 The deferred tax amount does not effect cash flows of current year and it is an accounting adjustment in accordance with international financial Reporting Standards (IFRS).

36 Earning per share - basic and diluted

	Note	2023 Rupees	2022 Rupees
36.1 Basic earning per share			
Profit for the year after taxation	Rupees	491,097,540	538,925,173
Weighted average number of ordinary shares in issue during the year	Number	198,801,008	199,736,016
Earning per share	Rupees	2.47	2.70
36.2 Weighted average number of ordinary shares			
Outstanding number of shares		199,736,016	92,470,378
Add: Element of bonus Issue in number of shares		-	7,397,630
Add: Effect of shares split		-	99,868,008
Less: Effect of treasury shares	6	(935,008)	-
		198,801,008	199,736,016

36.3 There is no dilutive effect on the basic earnings per share as the Company has no commitment for such potentially issuable shares which has any dilutive effect.

	Note	2023 Rupees	2022 Rupees
37 Cash generated from operations			
Profit before taxation		859,594,083	852,164,297
<i>Adjustments for non-cash items:</i>			
Finance cost	34	135,015,578	102,165,843
Depreciation on property, plant and equipment	19.3	311,076,287	268,934,576
Depreciation on right of use assets	19.8	8,528,036	4,445,507
Amortization of intangibles	30	164,004	106,298
Amortization of deferred grant	32	(19,701,746)	(12,922,872)
Loss/ (gain) on disposal of property, plant and equipment	33 & 32	787,538	(3,129,014)
Expected credit loss charge/ (reversal) for the year	32 & 33	698,097	(5,131,509)
Net realisable value adjustment for the year	23.1	17,220,735	2,720,366
Provision for Workers' Profit Participation Fund	33	46,165,096	45,536,412
Provision for Workers' Welfare Fund	33	17,542,736	13,027,528
		517,496,361	415,753,135
Operating profit before working capital changes		1,377,090,444	1,267,917,432
<i>(Increase)/ decrease in current assets:</i>			
Stores, spares and loose tools		(15,525,443)	793,889
Stock-in-trade		(289,866,471)	(550,175,503)
Trade debts		(40,943,054)	(11,350,352)
Advances, deposits, prepayments and other receivables		(45,397,769)	(28,084,470)
		(391,732,737)	(588,816,436)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		200,691,615	22,848,929
Contract Liabilities		(19,523,302)	5,533,306
		1,166,526,020	707,483,231

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For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
38 Cash and cash equivalents			
Short term running finance	14	(172,784,902)	(42,743,699)
Running musharika	14	(115,438,078)	(1,448,414)
Cash and bank balances	27	37,653,390	100,258,031
Short term investments	26	210,417,567	-
		(40,152,023)	56,065,918

39 Related party transactions and balances

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

Name of parties	Relationship	Transactions	Note	2023 Rupees	2022 Rupees
a) Provident Fund Trust	Post employment benefit fund	Contribution		31,602,873	26,533,678
		Payable balance at year end		2,682,715	2,282,292
b) Directors	Directors	Cash dividend - as shareholders		37,609,977	104,627,126
		Bonus shares - as shareholders		-	52,839,570
	Directors - Other than key management personnel	Remuneration/Advisory Fee	43	27,913,041	27,353,931
	Non-Executive Directors	Meeting Fee	43.3	1,500,000	1,700,000
c) Key Management Personnel	Key Management Personnel	Remuneration	43	51,102,857	45,844,305
		Cash dividend - as shareholders		14,728	67,582
		Bonus shares - as shareholders		-	34,210

39.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, whole time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.

40 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

'The Company's audit committee oversees how management monitors compliance with the Company's risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

40.1 The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

40.1.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals and monitoring of exposures against credit limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

40.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2023 Rupees	2022 Rupees
Long term deposits	22	10,439,805	10,439,805
Trade debts	24	628,874,655	605,194,117
Deposits and other receivables	25	3,467,975	444,401
Short term Investments	26	210,417,567	-
Bank balances	27	36,552,440	99,867,531
		889,752,442	715,945,854

40.1.3 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2023 Rupees	2022 Rupees
Customers	628,874,655	605,194,117
Banking companies and financial institutions	246,970,007	99,867,531
Others	13,907,780	10,884,206
	889,752,442	715,945,854

40.1.4 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

40.1.4.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, short term investments and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Rating		Rating Agency	2023	2022
	Short term	Long term		Rupees	Rupees
Bank					
Bank Islami Pakistan Limited	A1	A+	PACRA	10,355,135	20,087,488
Habib Bank Limited	A-1+	AAA	JCR-VIS	18,040,548	27,598,666
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	310,374	1,016,309
MCB Bank Limited	A1+	AAA	PACRA	7,584,184	4,390,709
Meezan Bank Limited	A-1+	AAA	JCR-VIS	-	3,091,482
National Bank of Pakistan	A1+	AAA	PACRA	100,159	100,159
United Bank Limited	A-1+	AAA	JCR-VIS	162,040	26,620,494
Standard Chartered Pakistan	A1+	AAA	PACRA	-	16,962,224
				36,552,440	99,867,531
Short term investment - Term deposit receipts					
Allied Bank Limited	A1+	AAA	PACRA	76,445,960	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	129,475,890	-
MCB Bank Limited	A1+	AAA	PACRA	4,495,717	-
				210,417,567	-
				246,970,007	99,867,531

40.1.4.2 Counterparties without external credit ratings

These primarily include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 3.7. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2023 was determined as follows:

The aging of trade debts at the reporting date is:

	2023		2022	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	Rupees			
Not due	514,748,633	1,119,483	547,433,913	1,083,544
Past due 0 - 90 days	111,377,125	1,761,334	56,906,942	863,577
Past due 91 - 180 days	1,531,340	349,760	2,185,277	381,696
Past due 181 - 270 days	2,871,109	858,341	1,410,115	550,752
Past due 271 - 360 days	405,331	193,676	262,276	124,837
Past due 360 days	2,263,948	40,237	620,328	620,328
	633,197,486	4,322,831	608,818,851	3,624,734

40.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

40.2.1 Exposure to liquidity risk

40.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities of financial liabilities at the reporting date. The cash flows are undiscounted, and include estimated interest payments.

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

	Note	Carrying amount	Contractual cash flows	2022			
				One year or less	One to three years	Three to five years	More than five years
Rupees							
Financial liabilities at amortized cost							
Long term finances	9	889,198,431	1,079,832,319	199,841,640	351,811,020	225,373,418	302,806,241
Lease liabilities	11	21,820,752	23,249,738	9,942,468	13,307,270	-	-
Trade and other payables	13	245,310,320	245,310,320	245,310,320	-	-	-
Unclaimed dividend		4,113,241	4,113,241	4,113,241	-	-	-
Short term borrowings	14	286,379,626	286,379,626	286,379,626	-	-	-
Accrued mark up	17	32,285,053	32,285,053	32,285,053	-	-	-
		1,479,107,423	1,671,170,297	777,872,348	365,118,290	225,373,418	302,806,241

40.3 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.

40.3.1 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

40.3.1.1 Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities is as follows:

	2023 Rupees	2022 Rupees
Investment in equity securities	-	1,198,491

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For the year ended 30 June 2023

40.3.1.2 Sensitivity analysis

A 10.0% increase / (decrease) share prices at year end would have increased / (decreased) the Company's fair value gain on investment as follows:

	Equity	
	2023	2022
	(Rupees in thousand)	
Long term investment at fair value through other comprehensive income		
Effect of increase	-	119,849
Effect of decrease	-	(119,849)

40.3.2 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currency in which these transactions are primarily denominated is US dollars.

40.3.2.1 Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

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

	2022				Total (Rupees)
	YUAN	EURO	YEN	USD	
Assets					
Cash in hand	-	-	3,000	-	4,500
Bank balances	-	15,170	-	9,264	5,181,470
Liabilities					
	-	-	-	-	-
Net Statement of financial position exposure	-	15,170	3,000	9,264	5,185,970
Off statement of financial position items					
- Outstanding letters of credit	-	(1,138)	(5,849,116)	(2,836,478)	(593,392,157)
Net exposure	-	14,032	(5,846,116)	(2,827,214)	(588,206,187)

40.3.2.2 Exchange rates applied during the year

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

	YUAN		EURO		YEN		USD	
	2023	2022	2023	2022	2023	2022	2023	2022
	-----Rupees-----							
Reporting date spot rate								
- buying	39.91	30.85	313.72	215.23	2.00	1.50	286.60	205.50
- selling	39.98	30.93	314.27	215.75	2.00	1.51	287.10	206.00
Average rate for the year	35.42	27.81	264.74	201.95	1.75	1.47	246.30	181.90

40.3.2.3 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the YUAN, EURO, YEN and US Dollar would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2023 Rupees	2022 Rupees
Effect on profit and loss		
YUAN	(13,179,675)	-
EURO	726,826	302,740
YEN	120,099	(882,764)
USD	(44,367,801)	(58,240,608)
	(56,700,557)	(58,820,632)

40.3.2.4 Currency risk management

Since the maximum amount exposed to currency risk is only 6.73% (2022: 8.22%) of the Company's financial assets, any adverse / favorable movement in functional currency with respect to YUAN, EURO, YEN and US Dollar will not have any material impact on the operational results.

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40.3.3 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

40.3.3.1 Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2023		2022	
	Financial asset	Financial liability	Financial asset	Financial liability
	-----Rupees-----			
Non-derivative financial instruments				
Fixed rate instruments	210,417,567	572,907,214	-	585,076,524
Variable rate instruments	127,195	544,111,694	30,975,395	612,322,285

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

40.3.3.2 Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit	
	2023	2022
	-----Rupees-----	
Increase of 100 basis points	(5,439,845)	(5,813,469)
Decrease of 100 basis points	5,439,845	5,813,469

40.3.3.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short and long term borrowings of the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

40.4 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

40.4.1 Fair values of financial instruments

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

	Note	Carrying Amount			Total	Fair Value		
		Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities		Level 1	Level 2	Level 3
Rupees								
On-Balance sheet financial instruments								
30 June 2023								
Financial assets measured at fair value								
Investment classified at FVOCI		-	-	-	-	-	-	-
Financial assets at amortized cost								
Cash and bank balances	27	-	37,653,390	-	37,653,390	-	-	-
Deposits and other receivables	25	-	3,467,975	-	3,467,975	-	-	-
Long term deposits	22	-	10,439,805	-	10,439,805	-	-	-
Short term Investment	26	-	210,417,567	-	210,417,567	-	-	-
Trade debts - unsecured, considered good	24	-	628,874,655	-	628,874,655	-	-	-
	40.4.2	-	890,853,392	-	890,853,392	-	-	-
Financial liabilities measured at fair value								
Financial liabilities measured at amortized cost								
Long term finances and diminishing musharika	9	-	-	753,957,632	753,957,632	-	-	-
Lease Liabilities	11	-	-	53,985,296	53,985,296	-	-	-
Trade and other payables	13	-	-	461,213,085	461,213,085	-	-	-
Unclaimed dividend		-	-	4,425,800	4,425,800	-	-	-
Short term borrowing	14	-	-	371,575,980	371,575,980	-	-	-
Accrued mark up	17	-	-	34,834,375	34,834,375	-	-	-
	40.4.2	-	-	1,679,992,168	1,679,992,168	-	-	-

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For the year ended 30 June 2023

Note	Carrying Amount			Total	Fair Value		
	Investments - FVOCI	Financial assets at amortized cost	Other financial liabilities		Level 1	Level 2	Level 3
Rupees							
On-Balance sheet financial instruments							
On 30 June 2022							
Financial assets measured at fair value							
Investment classified at FVOCI	1,198,491	-	-	1,198,491	1,198,491	-	-
	1,198,491	-	-	1,198,491	1,198,491	-	-
Financial assets at amortized cost							
Cash and bank balances	27	-	100,258,031	-	100,258,031	-	-
Deposits and other receivables	25	-	444,401	-	444,401	-	-
Long term deposits	22	-	10,439,805	-	10,439,805	-	-
Short term Investment	26	-	-	-	-	-	-
Trade debts - unsecured, considered good	24	-	605,194,117	-	605,194,117	-	-
	40.4.2	-	716,336,354	-	716,336,354	-	-
Financial liabilities measured at fair value							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term finances and diminishing musharika	9	-	-	889,198,431	889,198,431	-	-
Lease Liabilities	11	-	-	21,820,752	21,820,752	-	-
Trade and other payables	13	-	-	245,310,320	245,310,320	-	-
Unclaimed dividend		-	-	4,113,241	4,113,241	-	-
Short term borrowing	14	-	-	286,379,626	286,379,626	-	-
Accrued mark up	17	-	-	32,285,053	32,285,053	-	-
	40.4.2	-	-	1,479,107,423	1,479,107,423	-	-

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

40.4.3 Land has been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market values as disclosed in note 19.5. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's land after performing inquiries in the vicinity of land and information obtained from estate dealers of the area. The effect of changes in the unobservable inputs used in the valuation can not be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

41 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2023	2022
Total debt	Rupees	1,214,353,283	1,229,683,862
Total Equity	Rupees	4,635,838,912	4,250,205,147
Total capital employed	Rupees	5,850,192,195	5,479,889,009
Gearing	Percentage	20.76%	22.44%

Total debt comprises of long term loans from banking companies and customer, accrued markup on borrowings, deferred grant, lease liabilities and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, treasury shares, share premium, accumulated profits, fair value reserve on investment and surplus on revaluation of fixed assets.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

42 Operating segments

42.1 Basis of segmentation

The Company has nine (2022: nine) manufacturing units, which are its reportable segments. These units offer more than one products, and are managed separately.

The Company's Chief Executive Officer reviews the internal management reports of each unit separately on a monthly basis for the purpose of decision making about allocating resources to the segment and assessing its performance.

42.2 Information about reportable segments

Information related to each reportable segments is set out below. Segment gross profit is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

	2023									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Total
	Rupees									
Segment net sales	678,271,727	1,541,501,932	1,055,355,296	317,358,715	1,385,579,428	532,127,084	317,846,464	442,626,871	160,297,927	6,430,965,444
Segment cost of sales	(612,376,380)	(1,195,888,540)	(860,066,765)	(354,954,577)	(1,000,659,643)	(361,349,931)	(236,899,617)	(355,124,508)	(140,399,026)	(5,117,718,987)
Segment gross profit	65,895,347	345,613,392	195,288,531	(37,595,862)	384,919,785	170,777,153	80,946,847	87,502,363	19,898,901	1,313,246,457
Segment assets - plant and machinery	146,516,734	319,120,399	756,744,828	119,089,694	457,713,555	152,579,283	303,606,456	293,167,128	85,309,052	2,633,847,129

	2022									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Total
	Rupees									
Segment net sales	749,993,864	1,390,100,273	1,982,173,984	177,970,000	822,298,560	389,272,814	308,552,297	376,878,863	111,120,124	6,308,360,779
Segment cost of sales	(666,789,777)	(1,055,061,429)	(1,592,235,965)	(217,058,835)	(618,584,707)	(263,025,611)	(230,980,822)	(322,124,149)	(97,949,237)	(5,063,810,532)
Segment gross profit	83,204,087	335,038,844	389,938,019	(39,088,835)	203,713,853	126,247,203	77,571,475	54,754,714	13,170,887	1,244,550,247
Segment assets - plant and machinery	151,492,075	229,561,745	788,662,750	124,571,821	366,123,022	183,092,213	105,302,193	322,383,735	88,495,552	2,359,685,106

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42.2.1 Sales to four customers (2022: three customers) represent approximately Rs. 3,576 million (2022: Rs. 3,239 million) of the Company's total net sales.

42.3 Reconciliations of information on reportable segments to IFRS measures

	2023	2022
	Rupees	
42.3.1 Assets		
Total assets for reportable segments	2,633,847,129	2,359,685,106
Other unallocated amounts	4,214,818,936	3,816,481,327
Total assets	6,848,666,065	6,176,166,433

43 Remuneration of chief executive, directors and executives

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

	2023				
	Directors				
	Chairman	Chief Executive	Non-Executive	Executive	Executives
	Rupees				
Managerial remuneration	12,060,000	11,658,000	-	7,461,120	35,796,719
Utilities and house rent	5,940,000	5,742,000	-	3,674,880	17,631,220
Post employment benefits	-	-	-	742,400	2,929,704
Advisory fee	-	-	-	-	-
Bonus and rewards	-	2,416,570	-	3,402,666	11,839,196
Others benefits	499,566	719,432	-	189,092	-
	18,499,566	20,536,002	-	15,470,158	68,196,839
Number of persons	1	1	-	1	13

	2022				
	Directors				
	Chairman	Chief Executive	Non-Executive	Executive	Executives
	Rupees				
Managerial remuneration	10,720,000	11,658,000	-	6,432,000	33,765,298
Utilities and house rent	5,280,000	5,742,000	-	3,168,000	16,630,669
Post employment benefits	-	-	-	640,000	2,502,943
Advisory fee	-	-	2,400,000	-	4,200,000
Bonus and rewards	-	-	-	2,933,333	10,430,141
Other benefits	334,540	526,325	1,806,058	202,038	-
	16,334,540	17,926,325	4,206,058	13,375,371	67,529,051
Number of persons	1	1	1	1	14

43.1 Executive means employees, other than the chief executive and directors, whose basic salary exceed twelve hundred thousand rupees in a financial year.

43.2 The Company also provides the chairman, chief executive and some of the directors and executives the Company's maintained cars and certain other benefits.

43.3 Meeting fee amounting to Rs. 1,500,000 (2022: Rs. 1,700,000) was paid to six (2022: seven directors) directors during the year.

	Installed processing capacity		Actual processing	
	2023	2022	2023	2022
44 Plant capacity and actual production				
Small, medium and large				
Moulds making facility	60 to 70 molds	60 to 70 molds	43 molds	30 molds
Injection moulds facility	6,500 tons plastic	7,100 tons plastic	1,800 tons plastic	2,900 tons plastic
Blow molding facility	4,600 tons plastic	4,600 tons plastic	2,700 tons plastic	2,700 tons plastic
Extrusion	6,500 tons plastic	6,500 tons plastic	4,600 tons plastic	5,000 tons plastic
Thermoforming	3,100 tons plastic	2,900 tons plastic	2,300 tons plastic	2,500 tons plastic

Actual capacity utilization is lower than installed capacity due to market demand fluctuations during the year.

45 Provident Fund related disclosure

The investments by the provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

46 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	30 June 2023							
	Liabilities							
	Issued, subscribed and paid-up capital	Share Premium	Long term loan Islamic mode	Long term loan conventional	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees							
Balance as at 01 July 2022	998,680,080	358,627,893	119,514,760	769,683,671	21,820,752	286,379,626	4,113,241	2,558,820,023
Changes from financing activities								
Repurchase of treasury shares	-	-	-	-	-	-	-	-
Repayment of short term borrowings - net	-	-	-	-	-	85,196,354	-	85,196,354
Long term loan obtained - net	-	-	-	(60,898,273)	-	-	-	(60,898,273)
Diminishing Musharika paid - net	-	-	(74,342,526)	-	-	-	-	(74,342,526)
Repayment of finance lease liabilities	-	-	-	-	(16,735,492)	-	-	(16,735,492)
Dividend paid	-	-	-	-	-	-	(49,371,445)	(49,371,445)
Total changes from financing cash flows	-	-	(74,342,526)	(60,898,273)	(16,735,492)	85,196,354	(49,371,445)	(116,151,382)
Other liability related changes								
Additions in lease liabilities	-	-	-	-	48,900,036	-	-	48,900,036
Dividend declared	-	-	-	-	-	-	49,684,004	49,684,004
Total liability related other changes	-	-	-	-	48,900,036	-	49,684,004	98,584,040
Closing as at 30 June 2023	998,680,080	358,627,893	45,172,234	708,785,398	53,985,296	371,575,980	4,425,800	2,541,252,681

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46.1 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	30 June 2022							
	Liabilities							
	Issued, subscribed and paid-up capital	Share Premium	Long term loan Islamic mode	Long term loan conventional	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees							
Balance as at 01 July 2021	924,703,780	432,604,193	249,577,449	250,864,359	9,613,742	112,370,444	2,870,151	1,982,604,118
Changes from financing activities								
Proceeds from issuance of ordinary shares net of transaction cost	73,976,300	(73,976,300)	-	-	-	-	-	-
Repayment of short term borrowings - net	-	-	-	-	-	174,009,182	-	174,009,182
Long term loan obtained - net	-	-	-	518,819,312	-	-	-	518,819,312
Diminishing Musharika paid - net	-	-	(130,062,689)	-	-	-	-	(130,062,689)
Repayment of finance lease liabilities	-	-	-	-	(8,738,580)	-	-	(8,738,580)
Dividend paid	-	-	-	-	-	-	(144,860,107)	(144,860,107)
Total changes from financing cash flows	73,976,300	(73,976,300)	(130,062,689)	518,819,312	(8,738,580)	174,009,182	(144,860,107)	409,167,118
Other liability related changes								
Additions in lease liabilities	-	-	-	-	20,945,590	-	-	20,945,590
Dividend declared	-	-	-	-	-	-	146,103,197	146,103,197
Total liability related other changes	-	-	-	-	20,945,590	-	146,103,197	167,048,787
Balance as at 30 June 2022	998,680,080	358,627,893	119,514,760	769,683,671	21,820,752	286,379,626	4,113,241	2,558,820,023

47 Number of employees

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

	Number of Employees	
	2023	2022
Number of employees as at 30 June	550	653
Average number of employees during the year	580	621

47.1 The number of factory employees as at 30 June 2023 are 520 employees (June 2022: 601 employees).

48 Events after the reporting date

48.1 As mentioned in note 6 to these financial statements, the Company has bought back 5,000,000 shares upto the reporting date of the financial statements, and 1,474,500 shares have been purchased till the date of authorization of financial statements.

48.2 The Board of Directors of the Company in its meeting held on 02 September 2023 has proposed a final cash dividend of Rs. 0.50 per share, for the year ended 30 June 2023, for approval of the members in the Annual General Meeting to be held on 14 October 2023.

49 General

49.1 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 02 September 2023.

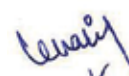
49.2 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

As at 30 June 2023



No. of Shareholders	Shareholdings		Shares held	Percentage
	From	To		
252	1	100	6122	0.0031
282	101	500	90521	0.0453
129	501	1000	119419	0.0598
1243	1001	5000	2235201	1.1191
133	5001	10000	1016562	0.509
66	10001	15000	798943	0.4
22	15001	20000	410482	0.2055
32	20001	25000	730246	0.3656
15	25001	30000	420064	0.2103
13	30001	35000	424634	0.2126
9	35001	40000	341676	0.1711
9	40001	45000	389680	0.1951
14	45001	50000	675360	0.3381
7	50001	55000	367600	0.184
11	55001	60000	633860	0.3173
4	60001	65000	248592	0.1245
6	65001	70000	410190	0.2054
2	70001	75000	140400	0.0703
2	75001	80000	160000	0.0801
3	80001	85000	245616	0.123
4	85001	90000	352440	0.1765
2	90001	95000	187000	0.0936
3	95001	100000	292332	0.1464
3	100001	105000	305004	0.1527
3	105001	110000	326834	0.1636
2	110001	115000	222500	0.1114
1	115001	120000	117720	0.0589
3	125001	130000	387520	0.194
2	130001	135000	265680	0.133
1	135001	140000	139920	0.0701
2	150001	155000	305780	0.1531
2	155001	160000	310650	0.1555
1	160001	165000	163240	0.0817
2	165001	170000	334083	0.1673
3	175001	180000	532400	0.2666
3	180001	185000	551482	0.2761
1	195001	200000	200000	0.1001
1	200001	205000	201960	0.1011
1	210001	215000	211680	0.106
1	215001	220000	215814	0.108
1	220001	225000	223000	0.1116
1	250001	255000	250190	0.1253
4	255001	260000	1029366	0.5154
1	295001	300000	295920	0.1482
1	300001	305000	302400	0.1514
1	305001	310000	308880	0.1546

Pattern of Shareholding

As at 30 June 2023

No. of Shareholders	Shareholdings		Shares held	Percentage
	From	To		
1	310001	315000	312000	0.1562
2	335001	340000	671960	0.3364
3	355001	360000	1074040	0.5377
1	365001	370000	367632	0.1841
1	400001	405000	401000	0.2008
1	440001	445000	442052	0.2213
2	495001	500000	1000000	0.5007
1	540001	545000	545000	0.2729
1	655001	660000	655474	0.3282
1	695001	700000	700000	0.3505
1	735001	740000	736794	0.3689
1	770001	775000	775000	0.388
1	800001	805000	802034	0.4015
1	890001	895000	892080	0.4466
1	920001	925000	924470	0.4628
1	960001	965000	963570	0.4824
1	975001	980000	977616	0.4895
1	1075001	1080000	1076100	0.5388
1	1095001	1100000	1096314	0.5489
1	1105001	1110000	1109718	0.5556
1	1380001	1385000	1382834	0.6923
1	1595001	1600000	1599720	0.8009
1	1605001	1610000	1609200	0.8057
1	1970001	1975000	1974117	0.9884
1	1990001	1995000	1990842	0.9967
1	2830001	2835000	2832478	1.4181
1	3730001	3735000	3730432	1.8677
1	4995001	5000000	5000000	2.5033
1	6065001	6070000	6069240	3.0386
1	11245001	11250000	11248250	5.6316
2	24660001	24665000	49320924	24.6931
1	79555001	79560000	79556162	39.8307
2341			199,736,016	100.000

Category Wise Shareholding

As at 30 June 2023



Sr. No.	Particulars	No. of Shares	Percentage
1	Directors, CEO and their Spouses and minor Children		
	* Mr. Almas Hyder	79,556,162	39.831%
	* Mr. Zia Hyder Naqi	26,043,296	13.039%
	* Mr. Raza Haider Naqi	25,770,180	12.902%
	Mr. Sheikh Naseer Hyder	926,470	0.464%
	Dr. Nighat Arshad	257,048	0.129%
	Mr. Abid Saleem Khan	1,080	0.001%
	Mr. Khawar Anwar Khawaja	1,334	0.001%
	Mr. Haroon Sharif	41,172	0.021%
	Dr. Syed Sohail Hussain Naqvi	3,080	0.002%
2	Associated Companies, Undertakings and Related Parties	17,840,086	8.932
3	Banks, DFI And NBFIs	165,150	0.083
5	Insurance Companies	1,304,545	0.653
6	Modarabas and Mutual Funds	5,229,043	2.618
7	General Public		
	a) Local	28,926,861	14.482
	b) Foreign	3,163,917	1.584
8	Others	10,506,592	5.260
	Total	199,736,016	100.000

* Shareholders having more than 10% shareholding.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF 41st ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the shareholders of Synthetic Products Enterprises Limited (the "Company") will be held on Saturday 14 October 2023 at 03:00 PM at Jinnah Auditorium of Lahore Chamber of Commerce & Industries, Shahrah Aiwane-Tijarat, Lahore to transact the following business:

A) Ordinary Business:

1. To receive, consider and adopt the audited financial statements for the year ended 30 June 2023 together with Directors' and Auditors' Report thereon.
2. To approve a final cash dividend for the year ended 30 June 2023 @ Rs. 0.5 per share i.e. 10%. This is in addition to interim dividend already paid @ Rs. 0.25 per share i.e. 5% as recommended by the Board of Directors.
3. To appoint auditors for the financial year 2023-24 and fix their remuneration. The Board has recommended, as suggested by the Board Audit Committee, the appointment of M/s KPMG Taseer Hadi and Co., Chartered Accountants. They are the retiring auditors and being eligible, have offered themselves for re-appointment.

B) Special Business:

4. To approve that annual financial statements of the company be circulated to its members via QR enabled code and weblink as per the requirements laid down by S.R.O. 389 (I)/ 2023 of the Securities and Exchange Commission of Pakistan.
5. To approve the increase in remuneration of Mr. Almas Hyder, Chairman of the Company and to pass the following resolutions, with or without modification(s), as Special Resolutions:

"Resolved that the remuneration of Mr. Almas Hyder, Chairman of the Company be increased to Rs. 24 million from Rs. 18 million per annum w.e.f. 1 July 2023."

"Further Resolved that in addition to above remuneration, he will be entitled to the perks and other benefits as already approved by the shareholders."

C) Any Other Business

6. To transact, with the permission of the Chairman, any other business which may be transacted at an Annual General Meeting.

By Order of the Board

23 September 2023
Lahore


Khalil Ahmad Hashmi (FCA)
Company Secretary

Notes:

1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from 08 October 2023 to 14 October 2023 (both days inclusive). Transfers received in order at the Shares Department of M/s THK Associates (Pvt.) Limited, Plot no. 32-C Jami Commercial Street 2, D.H.A. Phase VII, Karachi, Pakistan at the close of business on 07 October 2023 will be treated. Only those persons whose names appear in the Register of Members of the Company as on 07 October 2023 are entitled to attend, participate in and vote at the Annual General Meeting.

2. Proxies

A member entitled to attend and vote at the meeting is entitled to appoint any other person as his/her proxy to attend and vote. A member shall not be entitled to appoint more than one proxy to attend this meeting. Proxies, in order to be effective, must be received at the Registered Office of the Company, 127-S Quaid-e-Azam Industrial Estate Township Kot Lakhpat, Lahore duly stamped and signed not less than 48 hours before the time of the meeting. A proxy need not be a member of the Company. The proxy shall produce his/her original CNIC or passport at the time of the meeting.

3. Guidelines for Attendance

CDC account holders will have to follow the guidelines as laid down in Circular 1 dated 26 January 2000 for attending meetings and appointing proxies. The individual members entitled to attend this meeting must bring his/her original CNIC or passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC/passport. Representatives of corporate members should bring the Board Resolution / Power of Attorney.

4. Video Conference Facility

Pursuant to SECP's Circular No 10 dated 21 May 2014 read with section 132(2) & 134(1)(b) of the Companies Act 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit it to the registered address of the Company at least 10 days before the date of AGM.

I/We _____ of _____, being member(s) of Synthetic Products Enterprises Limited holder _____ Ordinary share(s) as per Register Folio No. _____ hereby opt for video conference facility at _____.

5. Video Link Facility

Pursuant to SECP's Circular No 5 and 25 of 2020 shareholders can attend the meeting through video link facility.

The shareholders who wish to attend the Annual General Meeting through video link are requested to get themselves registered by sending their particulars at the designated email address corporate@spelgroup.com, giving particulars as per below table on or before 13 October 2023.

Name of Shareholder	CNIC No./ NTN No.	CDC Participant ID/Folio No.	Cell No	Email address	Signature

The webinar link would be emailed to the registered shareholders/proxies who have provided all the requested information.

6. Polling on Special Businesses

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") as amended from time to time the company is providing the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of the Company are allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on **14 October 2023**, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

a) **PROCEDURE FOR E-VOTING :**

- (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of 07 October 2023.
- (b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of the e-voting service provider.
- (c) Identity of the members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from 10 October 2023 and shall close on 13 October 2023 (both days inclusive). Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently

b) **PROCEDURE FOR VOTING THROUGH POSTAL BALLOT:**

- (a) The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address 127-S, QIE, Township, Kot Lakhpat, Lahore, Pakistan or email at corporate@spelgroup.com one day before the Meeting on **13 October 2023** during working hours. The signature on the ballot paper shall match the signature on CNIC.
- (b) This postal ballot paper is also available for download from the website of the Company at www.spelgroup.com the members may also use the Ballot Paper as attached to this notice and published in newspapers.
- (c) Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

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

The Annual Audited Financial Statements of the Company for the year ended June 30, 2023, have been placed on the Company's website, which can be accessed/ downloaded from the following link and QR code: www.spelgroup.com

Annual Audited Financial Statements along with the reports and Notice of AGM are being sent to those members through email who have provided their email addresses. Physical copy of the Annual Report will be provided to the members on demand.



8. **Payment of Cash Dividend through Electronic Mode**

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their International Bank Account Number (IBAN No.) and CNIC details to the Company, are requested to provide the same on the Dividend Mandate Form available on Company's website at www.spelgroup.com. The shareholders of the Company in CDC are requested to provide the same to their Participants in CDC who maintain their accounts in CDC, and ensure that their IBAN details are updated. In case of unavailability of IBAN and valid CNIC, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

8. **General Notes**

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

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special businesses to be transacted at the 41st Annual General Meeting of the Company.

1. Circulation of Annual Audited Financial Statements through QR Enabled Code and weblink (Agenda Item 4)

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 389(I)/2013 dated March 21, 2023 has allowed the listed companies to circular the Annual Audited Financial Statements including Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Directors Report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink instead of circulation through CD/DVD/USB. This will enable the company to use the technological advancements and save the costs.

The company shall circulate the annual audited financial statements through email in case email address has been provided by the member to the company and the consent of member to receive the copies through email is not required.

The company shall send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, within one week, if a request has been made by the member on the standard request form available on the website of the company.

2. Increase in Remuneration of the Chairman (Agenda Item 5)

As per the Articles of Association of the Company, the Board of Directors has to determine the remuneration of Directors. However, as the majority of directors were interested in this agenda, therefore, the matter is being referred to the shareholders for approval as special resolution as per requirements of the law.

No director has any direct or indirect interest in the above-said business except to the extent of their shareholding or as mentioned below.

The detailed information as per regulation number 5(2) of the (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as follows:

(i)	Name of related party	Mr. Almas Hyder
(ii)	Names of the interested or concerned persons or directors	Mr. Almas Hyder Mr. Zia Hyder Naqi Mr. Raza Haider Naqi Dr. Nighat Arshad Mr. Sheikh Naseer Hyder
(iii)	Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party	The transaction is with a director and his siblings and lineal descendant are also directors in the Company.
(iv)	Amount of Transaction(s)	Rs. 24 million per annum plus perks and benefits
(v)	Timeframe or duration of the transactions of contracts or arrangements;	1-July-2023 to 27-October-2024
(vi)	Detail, description, terms and conditions	N/A
(vii)	Pricing policy	N/A

BALLOT PAPER FOR VOTING THROUGH POST

(For poll to be held at 15:00 on Saturday, 14 October 2023 at Jinnah Auditorium Lahore Chamber of Commerce & Industry Lahore). The duly filled-in ballot paper may be sent at Corporate@spelgroup.com

Name of shareholder/joint shareholders	
Registered Address	
Number of Shares held and folio number	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representation of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by picking tick (√) mark in the appropriate box below:

Sr. No	Name and Description of Resolutions	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	To approve that annual financial statements of the company be circulated to its members via QR enabled code and weblink as per the requirements laid down by S.R.O. 389 (I)/ 2023 of the Securities and Exchange Commission of Pakistan.		
2	To approve the increase in remuneration of Mr. Almas Hyder, Chairman of the Company and to pass the following resolutions, with or without modification(s), as Special Resolutions: <i>"Resolved that the remuneration of Mr. Almas Hyder, Chairman of the Company be increased to Rs. 24 million from Rs. 18 million per annum w.e.f. 1 July 2023."</i> <i>"Further Resolved that in addition to above remuneration, he will be entitled to the perks and other benefits as already approved by the shareholders."</i>		

Signature of Shareholder(s)

Place:

Date:

NOTES / PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

- Duly filled and signed original postal ballot should be sent to the Chairman at 127-S, Q.I.E. Township Kot Lakpat Lahore or a scanned copy of the original postal ballot to be emailed to: corporate@spelgroup.com.
- Copy of the CNIC/Passport should be enclosed with the postal ballot form.
- Postal Ballot forms should reach the Chairman of the meeting on or before 13 October 2023 during working hours. Any Postal Ballot received after this date, will not be considered for voting.
- Signature on Postal Ballot should match the signature on the CNIC/Passport.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, or overwritten ballot papers will be rejected.
- In the case of representation of body corporate and corporation, Postal Ballot must be accompanied by a copy of the CNIC of the authorized person, along with a duly attested copy of the Board resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In the case of foreign body corporate etc., all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
- Ballot paper has also been placed on the website of the Company www.spelgroup.com. Members may download the ballot paper form the website or use original/photocopy published in newspapers.

ہم اپنے قابل قدر صارفین کے مسلسل تعاون اور اپنی مصنوعات پر ریڈیٹس کے شکرگزار ہیں۔ ہمارے مالیاتی اداروں کی طرف سے سپورٹ میں اضافہ بھی ہمارے لئے حوصلہ افزاء ہے، اور ہم ان کے بھی شکرگزار ہیں۔

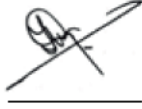
تعاون کر رہے ہیں تاکہ قانون کی اس طرح سے تنظیم نو کی جاسکے جو ہماری فروخت اور مجموعی کارکردگی کو منفی طور پر متاثر کیے بغیر ماحولیاتی مقاصد کو حاصل کرے۔

ESG پراسٹریٹجک مقاصد اور پائیدار پورٹنگ

ماحولیاتی، سماجی، اور گورننس (ESG) کے معاملات بھی ہمارے لئے بہت اہم ہیں جس میں ماحول کا خیال رکھنا، معاشرے میں شمولیت کو فروغ دینا، اور اچھی کارپوریٹ گورننس کو برقرار رکھنا شامل ہے۔۔۔ ESG اصولوں پر عمل کرتے ہوئے، ہمارا مقصد طویل مدتی فائدہ حاصل کرنا، اسٹیک ہولڈرز کے ساتھ اعتماد پیدا کرنا، اور اپنی تنظیم کی دیرپا ترقی کو یقینی بنانا ہے۔



ڈاکٹر ازیعز



چیف ایگزیکٹو آفیسر

کاروبار کا تسلسل اور ڈیزاسٹر ریکوری

مورخہ: 02 ستمبر 2023ء
مقام: لاہور

بورڈ نے کاروبار کے تسلسل اور ممکنہ تباہی کی بحالی کے منصوبوں کا بغور جائزہ لیا اور اسے مضبوط کیا۔ ان اقدامات کا مقصد ممکنہ مسائل کو کم کرنا اور اس بات کو یقینی بنانا ہے کہ غیر متوقع حالات میں بھی ہمارا کام آسانی سے چلتا رہے۔

سائبر رسک مینجمنٹ اینڈ انفورسمنٹ

سائبر خطرات کے بدلتے ہوئے منظر نامہ کو تسلیم کرتے ہوئے، بورڈ سائبر رسک مینجمنٹ کی حکمت عملیوں کا جائزہ لینے، نگرانی کرنے اور نافذ کرنے میں اپنے کردار سے آگاہ ہے۔ بورڈ نے انتظامی ٹیم کو حساس معلومات کی حفاظت اور ڈیٹا کی رازداری کو برقرار رکھنے کی ذمہ داری سونپی ہے۔ کسی بھی غیر متوقع عمل کی صورت میں، انتظامیہ کو اپنے اسٹیک ہولڈرز کے مفادات کے تحفظ کو یقینی بناتے ہوئے اور ہمارے ڈیجیٹل آپریشنز میں اعتماد کو برقرار رکھتے ہوئے فوری کارروائی کرنی چاہیے۔

مالیاتی اکاؤنٹنگ اور پورٹنگ کے معیارات کی تعمیل

بورڈ پاکستان میں قابل اطلاق مالیاتی اکاؤنٹنگ اور پورٹنگ کے معیارات کی مکمل تعمیل کرنے کے لیے پرعزم ہے، جس میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) کے جاری کردہ انٹرنیشنل فیئرفنل رپورٹنگ اسٹینڈرڈز (IFRSs) شامل ہیں۔ ہم مؤثر اور شفاف مالیاتی رپورٹنگ کی اہمیت کو تسلیم کرتے ہیں، اور ان معیار پر عمل کرنے کے لیے ہماری گن سالیٹ اور جو اب دستی اعلیٰ سطحوں کو برقرار رکھنے کے لیے ہمارے عزم کو واضح کرتی ہے۔

مستقبل کا نقطہ نظر

موجودہ معاشی مشکلات اور سیکورڈ اکنامک صورتحال کے ساتھ، آپ کی کمپنی کا خیال ہے کہ مختصر درمیانی مدت میں، صنعت کا نقطہ نظر بدستور چیلنجنگ رہے گا۔ طویل مدت میں، صنعت کا نقطہ نظر مثبت ہے، تاہم ہم اپنی برآمدات کو بڑھانے پر بھی توجہ دے رہے ہیں۔ FMCG صارفین کی طلب مستحکم ہے۔ خام مال کی درآمد اور مارکیٹ کے دیگر عوامل پر عائد پابندیوں کی وجہ سے آٹو انڈسٹری سٹریٹجی کا شکار ہے، امید ہے کہ مستقبل قریب میں انڈسٹری بحال ہو جائے گی۔

SPEL کی صحت مند مالی پوزیشن اور نقد رقم پیدا کرنے کی صلاحیت کمپنی کے وژن کی آپریشنل افادیت کو بہتر بنا سکتی ہے اس کے ساتھ ساتھ نئی سرمایہ کاری بھی کی جاسکتی ہے، جس سے فروخت اور منافع میں مزید بہتری لائی جاسکتی ہے جس سے شیئر ہولڈرز کی ویلیو میں اضافہ ہوگا۔

اتھنارٹھکر

ہمارا ملازمین کے ساتھ تعلق سال بھر میں خوشگوار رہا ہے۔ انتظامیہ تمام ملازمین کی مسلسل لگن، عزم اور محنت جس کے بغیر یہ کارکردگی ممکن نہیں ہو سکتی تھی کو تسلیم اور ان کی تعریف ریکارڈ کرتی ہے۔

رسک منجمنٹ کمیٹی

رسک منجمنٹ کمیٹی کی تشکیل مندرجہ ذیل ہے:

نام	عہدہ
جناب ضیاء حیدر نقی صاحب	کمیٹی چیئرمین
جناب ہارون شریف صاحب	رکن
ڈاکٹر سید سہیل حسین نقوی صاحب	رکن
جناب شیخ نصیر حیدر صاحب	رکن

ڈائریکٹرز کی ٹریننگ

اس رپورٹ کی تاریخ تک، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں مروجہ ڈائریکٹرز ٹریننگ پروگرام (DTP) کے تحت کمپنی کے سات (07 ڈائریکٹرز سرٹیفائیڈ ڈائریکٹرز ہیں جبکہ ایک ڈائریکٹر DTP سے مستثنیٰ ہیں۔

بورڈ کی کارکردگی کا تجزیہ

بورڈ نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لئے ایک طریقہ کار وضع کیا ہے۔ زبرد جائزہ سال کے دوران، بورڈ کے انفرادی ارکان کی طرف سے کئے گئے بورڈ کی کارکردگی کے جائزے کو بورڈ میٹنگ میں پیش کیا گیا اور یہ طے پایا کہ بورڈ کی کارکردگی تسلی بخش ہے۔

کارکردگی کے معیار میں شامل کچھ اہم امور مندرجہ ذیل ہیں:

- مجموعی بورڈ کا تجزیہ
- بورڈ کی کمیٹیوں کا تجزیہ
- تمام ارکان کی مہارتوں کا تجزیہ
- کاروباری حکمت عملی
- جانچنی کی منصوبہ بندی

سرمایہ کاری تعلقات اشکایات

کمپنی سرمایہ کاروں کے ساتھ اپنے تعلقات کو بہت زیادہ اہمیت دیتی ہے اور اس نے ایک مضبوط شکایت رپورٹنگ میکانزم قائم کیا ہے جس میں کسی بھی شکایات یا متعلقہ مسائل کو حل کرنے کی کوشش کی جاتی ہے۔ اس بات کا یقین کرنے کے لئے کہ اسٹیک ہولڈرز اپنی شکایاتوں کو آسانی سے درج کر سکیں، کمپنی کی ویب سائٹ پر ایک آن لائن فارم مہیا کیا گیا ہے۔ سال کے دوران کمپنی کو کوئی شکایت موصول نہیں ہوئی ہے، تاہم، ڈیویڈنڈ وارنٹس کی ری ویلیڈیشن اور مالی رپورٹس کی ترسیل کے لئے چند درخواستیں وصول ہوئیں جن پر شیئر ہولڈرز کا متعلقہ مسئلہ تسلی بخش طریقے سے حل کیا گیا۔

شیئر ہولڈنگ کا بیٹرن

شیئر ہولڈنگ کا بیٹرن رپورٹ ہذا کے ساتھ منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

آپ کی کمپنی، کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں درج شدہ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تمام ضروریات پر عمل پیرا ہے اور ہم اس بات کی تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کی گئی، فنانشل سٹیٹمنٹس، کمپنی کے موجودہ امور، اس کے آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلیوں کو صحیح طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- فنانشل سٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات کی بیروی کی گئی ہے، اور کسی بھی غیر مطابقت کو مناسب اور واضح طور پر بیان کیا گیا ہے۔
- انٹرنل کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے روادوں رهنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گزشتہ چھ سال کے لئے کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکس اور لیوی کے بارے میں معلومات فنانشل سٹیٹمنٹس کے نوٹ میں دی گئی ہیں۔
- کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے سلسلہ میں کسی بھی تاخیر سے ادائیگی یا ڈیفالٹ کا کوئی امکان نہیں ہے۔
- ہماری کمپنی کو سیاسی اور اقتصادی خطرات کے سوائے کوئی مادی خطرات اور مخصوص غیر یقینی کی صورت حال درپیش نہیں ہے۔
- ہمارے کاروبار کے ماحول پر کوئی اثرات نہیں ہیں۔
- ڈائریکٹرز کو ادائے جانے والے معاوضہ کی مجموعی رقم فنانشل سٹیٹمنٹس کے نوٹ 43 میں مذکور ہے۔
- کمپنی اپنے تمام اہل ملازمین کے لئے ایک کنٹری بیوٹری پراویڈنٹ فنڈ قائم چلاتی ہے۔ متعلقہ معلومات فنانشل سٹیٹمنٹس کے نوٹ میں مذکور ہیں۔
- بورڈ نے جائزہ لیا اور فیصلہ کیا ہے کہ SPEL کا کوئی بھی ملازم جس کی مہماندہ مجموعی تنخواہ 500,000 روپے یا اس سے زیادہ ہو، اسے PSX رول بک کے رول 5.6.4 کے قاعدہ کے مطابق کمپنی کے شیئرز میں رپورٹنگ ٹرانزیکشن کے مقاصد کے لئے "ایگزیکٹو" تصور کیا جانا چاہئے۔
- 30 جون 2023 سے اس رپورٹ کی تاریخ تک کوئی بڑی تبدیلیاں وقوع پذیر نہیں ہوئی ہیں اور کمپنی نے اس مدت کے دوران کوئی ایسا معاہدہ نہیں کیا، جس کے کمپنی کی مالی حیثیت پر بڑے اثرات مرتب ہوں۔

اہم منصوبے اور فیصلے

رپورٹنگ مدت کے دوران، بورڈ آف ڈائریکٹرز نے کمپنی کی ترقی اور استحکام کے لیے اہم اسٹریٹجک اقدامات پر غور اور ان پر عمل درآمد کیا۔ اس میں ہماری مصنوعات کو نئی مصنوعات میں پھیلانا، اور اہم سرمائے کے اخراجات کو منظور کرنا شامل ہے جو ہمارے طویل مدتی ڈرون کے مطابق ہیں۔ یہ اقدامات ہماری کاروباری برتری کو بڑھانے، پائیدار نمو کو فروغ دینے اور اسٹیک ہولڈرز کی ویلیو کو زیادہ سے زیادہ کرنے کے لیے کیے گئے تھے۔ اس پورے عمل کے دوران، بورڈ نے رسک منجمنٹ کے لیے اپنے عزم کو برقرار رکھا اور اس بات کو یقینی بنایا کہ کمپنی کی رسک ٹارگیٹس اچھی طرح سے متعین پالیسیوں کے ذریعے قائم ہو۔ مزید برآں، ہمارے کاروباری ماڈل، مستقبل کی کارکردگی، نیز اور لیویڈیٹی کو لاحق ممکنہ خطرات کو مد نظر رکھتے ہوئے، بنیادی خطرات کی تشخیص پر غور کیا گیا ہے۔

ہم اس اہم کردار کو تسلیم کرتے ہیں جو حکومتی پالیسیاں کاروباری منظر نامہ کی تشکیل میں ادا کرتی ہیں۔ خاص طور پر ایک مرتبہ پلاسٹک کے استعمال کے حوالے سے ایک ریگولیشنز تبدیلی کو متعارف کرایا گیا ہے۔ جس کی وجہ سے کمپنی کو ممکنہ مشکلات بشمول فروخت کے حجم میں کچھ کمی کا سامنا کرنا پڑ سکتا ہے۔ ہم ماحولیاتی پائیداری کے لیے پرعزم ہونے کے ساتھ ہم اپنے کاروبار پر ان پالیسیوں کے فوری اثرات کے بارے میں بھی غور فکر کر رہے ہیں۔ اس مقصد کے لیے، ہم صنعت کار اور حکومتی اداروں کے ساتھ فعال طور پر

☆ اپنی تعلیم میں اضافہ کرنے کے خواہش مند مستحق ملازمین کو مالی مدد فراہم کی ہے۔
☆ سیلاب سے متاثرہ افراد کو ریلیف فراہم کرنے کے لئے عطیات دیتا۔

مندرجہ ذیل ہے:

نام	عہدہ	اجلاسوں میں حاضری
جناب الماس حیدر صاحب	چیرمین / نان ایگزیکٹو ڈائریکٹر	4
جناب ضیاء حیدر لقی صاحب	سی ای او / ایگزیکٹو ڈائریکٹر	4
جناب ہارون شریف صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	4
جناب خاور انور خواجہ صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	4
ڈاکٹر سید سہیل حسین نقوی صاحب	آزاد نان ایگزیکٹو ڈائریکٹر	4
جناب رضا حیدر لقی صاحب	نان ایگزیکٹو ڈائریکٹر	4
ڈاکٹر گہمت ارشد صاحبہ	نان ایگزیکٹو ڈائریکٹر	4
جناب شیخ نصیر حیدر صاحب	نان ایگزیکٹو ڈائریکٹر	4
جناب عابد سلیم خان صاحب	ایگزیکٹو ڈائریکٹر	4

انسانی وسائل کی ترقی:

ہمیں اپنے ملازمین کے عزم اور لگن پر فخر ہے۔ کمپنی اپنے ملازمین کی، مسلسل ترقی اور انفرادی تربیت کی حوصلہ افزائی کرتی ہے۔ زیر جائزہ مدت کے دوران کمپنی نے ملازمین کی تربیت پر اس سال 5,658 (5,467:2022) گھنٹوں کی سرمایہ کاری کی ہے۔ کمپنی اپنے ملازمین کی مہارتوں، علم اور صلاحیتوں کو بہتر بنانے کے لئے اندرونی اور بیرونی دستیاب وسائل کو بروئے کار لاتی ہے۔

ٹرییننگو میں فائز اینڈ سیفٹی، فوڈ سیفٹی، انڈسٹریل ڈیزاسٹر مینجمنٹ، کازن، 6S، کیو سی اور آرگنائزیشن کے مختلف محکموں اور یونٹس کے ٹیکنیکل اینڈ نیچرل کورسز شامل ہیں۔

بورڈ کی تشکیل

بورڈ کی تشکیل مہارت، صلاحیت اور تنوع کو ڈ آف کارپوریٹ گورننس کی ریکوائرنمنٹس کو مد نظر رکھتے ہوئے کی گئی ہے تاکہ بورڈ کا لچھٹ باڈی کے طور پر کام کرتا ہے۔

بورڈ کی آڈٹ کمیٹی

زیر جائزہ سال کے دوران، بورڈ کی آڈٹ کمیٹی کے چار (04) اجلاس منعقد ہوئے اور ہر رکن کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	اجلاسوں میں شرکت
جناب ہارون شریف صاحب	کمیٹی چیرمین	4
جناب الماس حیدر صاحب	رکن	4
جناب خاور انور خواجہ صاحب	رکن	4
جناب رضا حیدر لقی صاحب	رکن	4

کمیٹی کے ڈائریکٹرز کی کل تعداد مندرجہ ذیل ہے:

مرد ڈائریکٹرز	08
خاتون ڈائریکٹرز	01
بورڈ کی تشکیل مندرجہ ذیل ہے:	
آزاد نان ایگزیکٹو ڈائریکٹر	03
دیگر نان ایگزیکٹو ڈائریکٹر	04
ایگزیکٹو ڈائریکٹر	02

ہیومن ریسورس اور ریزریشن کمیٹی

ہیومن ریسورس اور ریزریشن کمیٹی (ایچ آر کمیٹی) کی تشکیل مندرجہ ذیل ہے:

نام	عہدہ
جناب خاور انور خواجہ صاحب	کمیٹی چیرمین
جناب الماس حیدر صاحب	رکن
جناب ضیاء حیدر لقی صاحب	رکن
ڈاکٹر سید سہیل حسین نقوی صاحب	رکن
جناب عابد سلیم خان صاحب	رکن

مندرجہ بالا کے علاوہ، ڈاکٹر ایس ایم لقی بھی بورڈ کے ایڈوائزر کے طور پر کمیٹی کے ساتھ شملک ہیں۔ وہ مالی سال 2022-2023 کے دوران ایڈوائزر کے طور پر خدمات سرانجام دیتے ہوئے ہمارے بورڈ کے لیے ایک انمول اثاثر رہے ہیں۔ بورڈ کے اجلاس میں فعال طور پر حصہ لیتے ہوئے، ڈاکٹر لقی نے مسلسل بصیرت اور رہنمائی پیش کی ہے جنہوں نے ہماری حکمت عملی کی منصوبہ بندی اور فیصلہ سازی کے عمل کو تقویت بخشی ہے۔ مینجمنٹ کے شعبہ میں اپنے وسیع علم اور تجربے کی بنیاد پر، انہوں نے کمپنی کو درپیش مشکلات اور مواعقوں سے نکلنے میں بورڈ کی مدد کرنے میں اہم کردار ادا کیا ہے۔ ہم ان کی مسلسل حمایت اور تعاون کے لیے تہ دل سے شکر گزار ہیں۔

فنانس کمیٹی

فنانس کمیٹی کی تشکیل مندرجہ ذیل ہے:

نام	عہدہ
جناب الماس حیدر صاحب	کمیٹی چیرمین
جناب ضیاء حیدر لقی صاحب	رکن
جناب ہارون شریف صاحب	رکن
ڈاکٹر سید سہیل حسین نقوی صاحب	رکن
جناب شیخ نصیر حیدر صاحب	رکن
جناب عابد سلیم خان صاحب	رکن

نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کے لئے مشاہرہ کی پالیسی

بورڈ نے اپنے ڈائریکٹرز کے لئے معاوضہ کی ایک پالیسی منظور کی ہوئی ہے۔ پالیسی کے مطابق، آزاد ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز بورڈ کی طرف سے وقتاً فوقتاً منظور کردہ پیمانہ کے مطابق بورڈ یا کسی کمیٹی کے اجلاسوں میں شرکت کے لئے مینٹگ فیس وصول کرنے کے اہل ہوں گے۔ اگر کوئی نان ایگزیکٹو ڈائریکٹر اضافی خدمات سرانجام دیتا ہے، تو پھر وہ ان خدمات کے بدلے اضافی معاوضہ کا حقدار ہوگا۔ ڈائریکٹرز جو معاوضہ کے اہل ہیں وہ مینٹگ فیس وصول کرنے کے اہل نہیں ہوں گے۔

بورڈ کے اجلاس اور حاضری

زیر جائزہ سال کے دوران، بورڈ کے چار (04) اجلاس منعقد ہوئے ہیں جس میں ہر ڈائریکٹر کی حاضری

شیر ہولڈرز کو ڈائریکٹرز کی رپورٹ برائے اختتامہ سال 30 جون 2023ء

مختصر شیر ہولڈرز

ہم ایک اور مالی سال مکمل کر چکے ہیں، آپ کو سال 2022-2023 کے لیے ڈائریکٹرز کی رپورٹ پیش کرنا ہمارے لیے اعزاز کی بات ہے۔ اس سال آپ کی کمپنی نے اپنے استحکام اور نمو کو برقرار رکھتے ہوئے قابل تہنیت کام کر دگی کا مظاہرہ کیا ہے باوجود اس کے کہ کئی معاشی صورتحال کا فی مشکل تھی۔

کاروبار کی کارکردگی

ہم نے سال کا آغاز بہت سے معاشی مسائل کا سامنا کرتے ہوئے کیا جس میں خام مال کی قیمتوں میں نمایاں اضافہ، کرنی کی قدر میں کمی، سود کی زیادہ شرح اور سیاسی غیر یقینی صورتحال شامل تھی۔ ریگولیشن رکاوٹوں جیسا کہ خام مال پر درآمدی پابندیاں اور سپرائیکس کے نفاذ سے کاروبار کی منظر نامہ مزید پیچیدہ ہو گیا۔ ان رکاوٹوں کے باوجود، اللہ تعالیٰ کے فضل سے ہم اپنی فروخت، مجموعی منافع کے تناسب، اور آپریٹنگ منافع کو برقرار رکھنے میں کامیاب رہے۔

مالی طور پر، ہم نے اس سال ایک اور سنگ میل حاصل کیا اور ہماری فروخت 6,431 ملین روپے تک پہنچ گئی، جو کہ گزشتہ سال کے 6,308 ملین روپے کے مقابلے میں 1.94 فیصد کی معمولی لیکن اہم نمو کی نمائندگی کرتی ہے۔ مالیاتی صحت کے اعتبار سے، ہماری کرنٹ ریٹو 2.27 ہے، جو کمپنی کی مضبوط لیکویڈیٹی پوزیشن کو ظاہر کرتی ہے۔ مزید برآں، بلند شرح سود کے دور میں ہمارا موقف یہ ہے کہ کم از کم قرضہ لیا جائے۔ جو کہ ہماری قرضے اور اکیویٹی کی 0.16 کی ریٹو سے ظاہر بھی ہوتا ہے۔

ہم اپنی فروخت اور منافع کے تناسب کو برقرار رکھنے میں کامیاب رہے، یہ بات بھی قابل ذکر ہے کہ ہمارا بعد از ٹیکس خالص منافع سود کے زیادہ اخراجات اور سپرائیکس کے نفاذ کی وجہ سے متاثر ہوا بحرحال ہمارے مالیاتی نظم و نسق نے ہمیں اس قابل بنایا ہے کہ ہم ان مشکلات سے حکمت عملی کے ساتھ نمونہ آزا ہوئے۔

مستقبل کی ترقی کو یقینی بنانے اور مستحکم رہنے کے لیے، ہم نے آپریٹنگ گلڈ اسٹاٹوں میں 604 ملین روپے کی سرمایہ کاری کی۔ ان سرمایہ کاریوں کا مقصد بنیادی طور پر ہماری پیداواری صلاحیت میں اضافہ اور ہماری آپریٹنگ صلاحیتوں کو بہتر بنانا ہے۔ ہم نے اپنے وسائل کا ایک حصہ ٹیکنالوجی کی اپ گریڈیشن اور انویشن کے لیے بھی مختص کیا ہے تاکہ بہتر معیار، بروقت فراہمی، اور آپریٹنگ کارکردگی کو یقینی بنایا جاسکے۔

مالیاتی نتائج

زیر جائزہ اور پچھلے سال کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

روپے بلین میں		
2022	2023	
6,308.36	6,430.96	آمدنی
1,244.55	1,313.25	مجموعی منافع
968.13	1,002.23	آپریٹنگ منافع
102.86	135.48	فنانس لاگت
852.16	859.59	قبل از ٹیکس منافع
313.24	368.50	ٹیکس
538.93	491.098	بعد از ٹیکس منافع

ڈیویڈنڈ اور تصرفات

روپے بلین میں		
2022	2023	
99.86	49.68	عمدوری نقد منافع منقسمہ @5% (2022: @10%)
-	99.87	حتمی نقد منافع منقسمہ @10% (2022: @Nil)
99.86	149.55	کل منافع منقسمہ @15%

فی شیر آمدنی

موجودہ اور گزشتہ سال کے لئے فی شیر آمدنی مندرجہ ذیل ہیں:

بنیادی اور معتدل آمدن فی شیر 2023ء	2.47 روپے
بنیادی اور معتدل آمدن فی شیر 2022ء	2.70 روپے

کمپنی کے شیر ہولڈرز نے 24 مارچ 2023 کو منعقدہ اپنے غیر معمولی اجلاس عام میں پاکستان اسٹاک ایکسچینج لمیٹڈ کے ذریعے ہر ایک -51 روپے کی فیس ویلیو کے جاری شدہ اور پیڈ اپ کیپٹل کے 5% پر مشتمل کمپنی کے زیادہ سے زیادہ 9,986,801 حصص کی واپسی اور ان کو کمپنیز ایکٹ، 2017 کے سیکشن 88 اور سڈ کمپنیز (بائی بیک آف شیریز) ریگولیشنز، 2019 کے تحت ٹریڈری شیریز کے طور پر رکھنے کی منظوری دی ہے۔ خریداری کی مدت 31 مارچ 2023 سے شروع ہے اور 20 ستمبر 2023 یا اس تاریخ تک جب خریداری مکمل ہو جائے، جو بھی پہلے ختم ہو جائے گی۔ 30 جون 2023 تک 5,000,000 عام شیریز خریدے جا چکے ہیں۔ جبکہ رپورٹ بڈا جاری کرنے کی تاریخ تک خریدے گئے عام شیریز کی کل تعداد 6,474,500 ہے۔

سماجی فلاح بہبود

SPEL کیونٹی کی مدد کرنے میں یقین رکھتی ہے اور سماجی فلاح اور قومی مفاد کے بنیادی اقدامات میں شرکت کرنے کی پالیسی رکھتی ہے۔ ہم استحکام اور ماحولیاتی تحفظ کی اپنی ذمہ داریوں کو قبول کرتے ہیں۔ ہم یہ یقینی بنانے کے لئے کوشاں ہیں کہ یہ ذمہ داری نہ صرف ہمارے ملازمین اور ہمارے پلائس کی سائنس پر ادا ہوں، بلکہ ہمارے دیگر اسٹیک ہولڈرز، بشمول کمیونٹیوں جس میں ہم کام کرتے ہیں، وہاں تک بھی مکنہ حد تک پھیل جائیں۔

مالی سال کے دوران مندرجہ ذیل سرگرمیاں سرانجام دی گئی ہیں:

- ☆ غیر منافع بخش تنظیموں کو عطیات دینا۔
- ☆ تعلیمی اور کھیل کے مقاصد کے لئے عطیات دینا۔

Form of Proxy

Synthetic Products Enterprises Limited
127-S, Q.I.E. Township, Kot Lakhpat, Lahore.



I/We _____ of _____, being member(s) of Synthetic Products Enterprises Limited, holder of _____ Ordinary Share(s) as per Registered Folio/CDC Account No. _____ hereby appoint Mr. _____ Folio / CDC Account No. _____ of _____ or failing him, Mr. _____ Folio / CDC Account No. _____ of _____, as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 41st Annual General Meeting of the Company to be held on October 14, 2023 and at any adjournment thereof.

Signed under my / our hand(s) this _____ day of _____ 2023.

Signature of Proxy

Signature of Member
(Signature across Rs. 5
Revenue Stamp)

Signed in the presence of:

Signature of Witnesses _____

Signature of Witnesses _____

Name: _____

Name: _____

Address: _____

Address: _____

CNIC No. _____

CNIC No. _____

Important:

1. In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along with power of attorney, or other instruments (if any), must be deposited at the registered office of the company at 127-S Quaid-e-Azam Industrial Estate Kot Lakhpat, Lahore at least 48 hours before the time of the meeting.
2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid.
3. In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's computerized national identity card (CNIC) or passport, account and participant's ID numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, board of directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his / her original CNIC or passport at the time of meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
SYNTHETIC PRODUCTS ENTERPRISES LIMITED
127-S, Q.I.E. Township,
Kot Lakhpat, Lahore.

مختار نامہ (پراکسی فارم)

Synthetic Products Enterprises Limited
127-S, Q.I.E. Township, Kot Lakhpat, Lahore.



میں / ہم / مسماة _____
ساکن _____ ضلع _____
بحیثیت رکن (ممبر) سینٹھیک پراڈکٹس انٹرنیشنل لمیٹڈ مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں مسماة _____
ساکن _____

کو بطور میرا ہمارا مختار (پراکسی) سینٹھیک پراڈکٹس انٹرنیشنل لمیٹڈ کے سالانہ اجلاس عام میں جو مورخہ 14 اکتوبر 2023 کو بوقت 15:00 بجے منعقد ہو رہا ہے
یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے اور میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ 2023 کے میرے / ہمارے دستخط سے جاری ہوا۔

دستخط

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

گواہ نمبر 2

دستخط _____
نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____

گواہ نمبر 1

دستخط _____
نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____

ہدایات:

- 1۔ ممبر (رکن) کے دستخط، نمونہ دستخط شدہ / اندراج شدہ دستخط سے مماثلت ضروری ہے۔
- 2۔ 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 اداروں کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- 3۔ مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرار آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل جمع کرنا ضروری ہے۔

AFFIX
CORRECT
POSTAGE

The Company Secretary,
SYNTHETIC PRODUCTS ENTERPRISES LIMITED
127-S, Q.I.E. Township,
Kot Lakhpat, Lahore.





Synthetic Products Enterprises Limited

127-S QIE Township Kot Lakhpat Lahore.

Phone: 042 111 005 005 | Fax: 042 351 18507