PAKISTAN SYNTHETICS LIMITED
ANNUAL REPORT
2020

Quality is the best
BUSINESS PLAN.

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Pakistan Synthetics Limited
COMPANY INFORMATION

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

AUDIT COMMITTEE

ALI KAMAL – CHAIRMAN
MUBBASHIR AMIN
ABID UMER

HUMAN RESOURCE AND REMUNERATION COMMITTEE

ALI KAMAL – CHAIRMAN
MUBBASHIR AMIN
NOMAN YAKOOB

CHIEF FINANCIAL OFFICER

SALEEM ADVANI

COMPANY SECRETARY

SHAHID YAQOOB

BANKERS

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

AUDITORS

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

HEAD OF INTERNAL AUDIT

NABIL YAQOOB

REGISTRAR

F.D REGISTRAR SERVICES (PVT.) LTD.
OFF: # 1705 17TH FLOOR SAIMA TRADE TOWER-A
I.I. CHUNDRIGAR ROAD, KARACHI

LEGAL ADVISOR

TASAWUR ALI HASHMI
ADVOCATE

REGISTERED OFFICE

3RD FLOOR, KARACH DOCK LABOUR BOARD
BUILDING, 58-WEST WHARF ROAD,
KARACHI-74000

FACTORY

F-1, 2, 3, & 13, 14 & 15
HUB INDUSTRIAL TRADING ESTATE
DISTRICT LASBELLA, BALOCHISTAN

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

Pakistan Synthetics Limited
COMPANY PROFILE

The Company was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange (formerly they were listed on all Stock Exchanges of Pakistan) with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic and Crown Caps, PET Resin, PET Preform and BOPET Resin The registered office of the Company is situated in Karachi.

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

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

Pakistan Synthetics Limited
PRODUCT INFORMATION

Plastic and Crown Caps

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

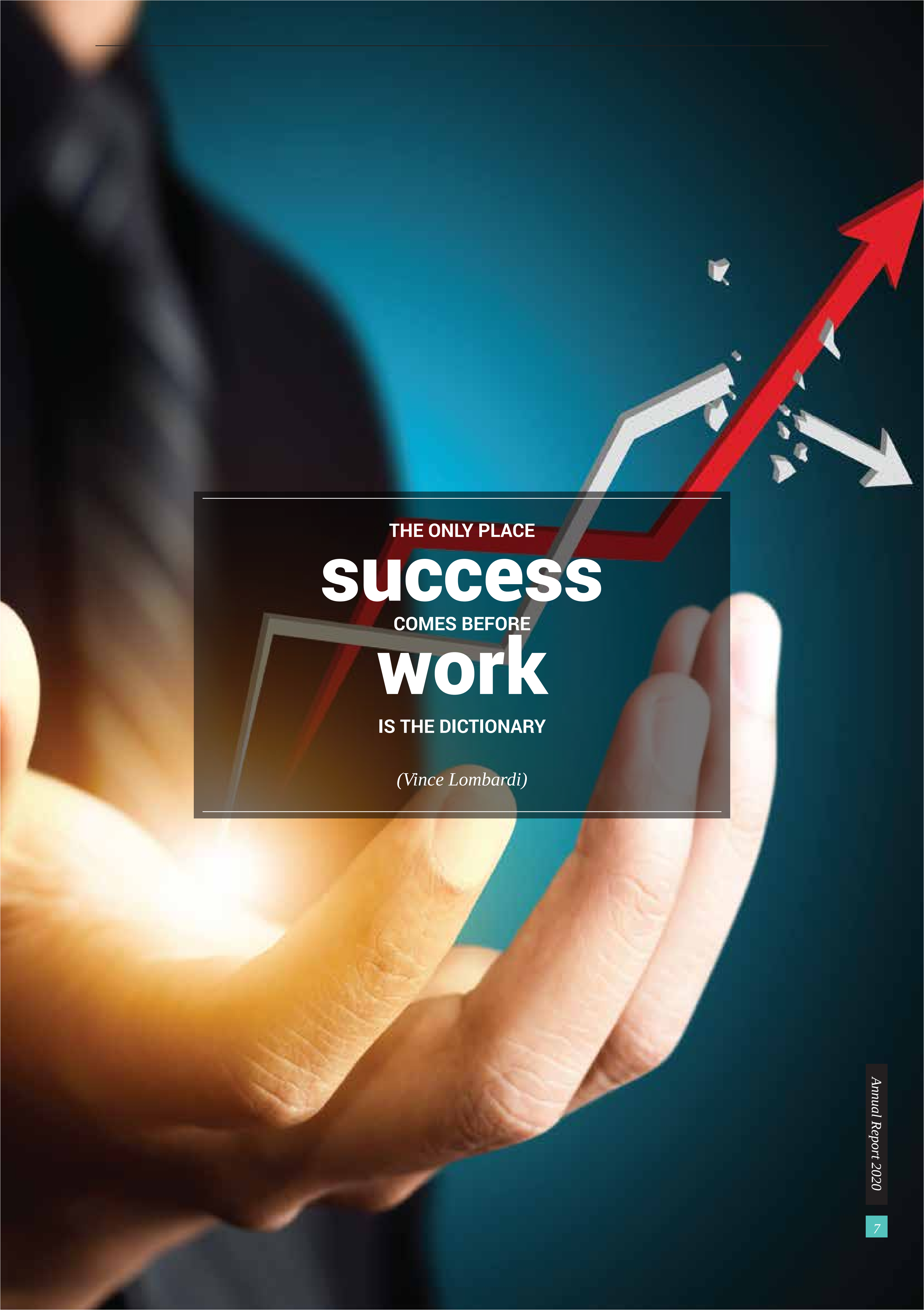
PET Resin and PET Preform

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

Pakistan Synthetics Limited

PERFORMANCE OF THE COMPANY AT A GLANCE

	YEAR ENDED 30 JUNE									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
STATISTICAL SUMMARY	**Rupees in million**									
Gross sales	7,780	8,213	6,001	3,404	2,006	2,419	5,107	5,359	4,491	4,234
Profit / (loss) before taxation	(99)	(150)	37	(30)	96	(36)	70	66	40	441
Taxation	—	26	80	69	(4)	26	(20)	(23)	(22)	(154)
Profit / (loss) after taxation	(99)	(124)	117	39	92	(10)	50	43	18	287
Gross assets employed (including capital work-in-progress)	5,100	5,934	6,060	4,896	3,874	2,896	3,348	3,101	3,010	2,644
Paid-up capital	841	560	560	560	560	560	560	560	560	560
Shareholders' equity	1,602	1,196	1,336	1,222	1,240	1,149	1,167	1,118	1,072	1,167
EARNINGS AND PAY OUT	**Rs. per share of Rs. 10 each**									
Earnings/(loss) per share after taxation	(1.39)	(2.21)	2.09	0.69	1.63	(0.18)	0.89	0.77	0.33	5.11
Break-up value	19.06	21.34	23.86	21.82	22.12	20.50	20.82	19.94	19.13	20.82
Cash dividend	—	—	—	—	1.00	—	1.00	—	—	2.00
FINANCIAL RATIOS	**Ratios**									
Current Assets : Current Liabilities	0.94:1	0.78:1	1:1	0.99:1	1.01:1	1.15:1	1.20:1	1.28:1	1.31:1	1.09:1
Long-term Debts : Equity	18:82	31:69	30:70	26:74	26:74	19:81	17:83	20:80	27:73	0:1
PRODUCTION	**Quantity**									
Polyester Staple Fibre - Tons	—	—	—	—	—	—	18,566	23,910	23,868	24,449
PET Resin / Polyester Chips - Tons	24,499	25,121	25,782	20,952	—	—	—	120	—	—
Plastic and Crown Caps - Cartons	434,861	459,345	495,057	409,253	404,813	354,283	301,971	201,986	129,492	3,785
PET Preform - Octabins	12,360	5,986	1,771	—	—	—	—	—	—	—


THE ONLY PLACE
success
COMES BEFORE
work
IS THE DICTIONARY
(Vince Lombardi)

Pakistan Synthetics Limited
Review Report by the Chairman

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Pakistan Synthetics Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non- executive and independent directors are equally involved in important decisions.

Karachi
Date: September 26, 2020

KHURSHID AKHTAR
Chairman

Pakistan Synthetics Limited
DIRECTORS' REPORT

We are pleased to present before you the 35th Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2020.

OPERATING PERFORMANCE

During the year under review the Company produced 24,499 MT of Resin as against 25,121 MT of Resin during the corresponding period last year and sold 23,679 MT of Resin as against 29,522 MT of Resin during the corresponding period last year. Further, last year, the Company had successfully commissioned PET preform manufacturing plant on 16 May 2018. During the year, the Company produced 12,360 octabins of preform as against 5,986 octabins of preform during the corresponding period last year and sold 13,231 (2019: 3,463) octabins of preform during the year.

During the year under review, the Company produced 434,861 cartons of plastic and crown caps as against 459,345 cartons of last year and sold 439,683 cartons during the year as against 442,594 cartons of last year.

FINANCIAL RESULTS

As the Company had converted its fibre manufacturing plant into PET resin manufacturing plant in 2016 by making necessary modifications in existing plant, the Company has presented fibre segment as discontinued operation. Summarized financial results of continuing and discontinued operations are as below:

Continuing operations

During the year under review, the company's gross turnover of continuing operations decreased to Rs. 7,771.57 million from Rs. 8,199.37 million during the corresponding last year.

The Company incurred loss before tax from continuing operations of Rs. 99.30 million as against loss before tax of Rs. 150.44 million in the last year. The net loss after tax stood from continuing operations at Rs. 99.24 million as against net loss after tax of Rs. 124.16 million in the last year.

Discontinued operations

During the year under review, the company's gross turnover of discontinued operations decreased to Rs. 8.73 million from Rs. 14.01 million during the corresponding last year.

The Company posted profit before tax from discontinued operations of Rs. 0.31 million as against profit before tax of Rs. 0.35 million in the last year. The net profit after tax from discontinued operations was Rs. 0.20 million as against net profit after tax of Rs. 0.26 million in the last year.

EARNING PER SHARE

The net loss per share, after providing for taxation, for the year ended June 30, 2020 was Rs. 1.39 (June 30, 2019: loss per share of Rs. 2.18).

DIVIDEND

Based on the current liquidity position of the Company, the Directors did not recommend any dividend for the year ended June 30, 2020.

Pakistan Synthetics Limited
DIRECTORS' REPORT

RIGHT ISSUE

During the year, the Company has issued 50 right shares for every 100 shares held i.e. 50% at a right price of Rs. 18 per share (including a premium of Rs. 8 per share). These shares were allotted on December 17, 2019.

PRINCIPAL RISKS AND UNCERTAINITIES

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

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

BUSINESS OVERVIEW AND FUTURE OUTLOOK

Financial Year 2020 proved to be yet another challenging year for your Company in particular and for global corporates in general. Amidst a global pandemic, International markets have witnessed steepest decline in PET Resin pricing where prices fall from USD 1000/MT in the beginning of financial year to around USD 650/MT in June 2020. Such steep decline has resulted in massive inventory loss thereby deteriorating gross profit margins. The Company has reacted proactively during the time of crisis and has taken necessary steps to minimize its impact. Going forward, the market is expected to slowly recover as global lockdowns ease resulting in renewed demand. However, international PET Resin prices may come under pressure from a possible second wave of the COVID-19.

On domestic front, the Federal and Provincial government in Pakistan responded well to the pandemic and has taken necessary measures to control impact of COVID-19. Further, State Bank of Pakistan has also responded well by curtailing policy rate to 7% to provide much needed breathing space to industry. With lock down easing and declining cases of COVID-19 in Pakistan, domestic demand is expected to recover. Hence, we remain optimistic for future.

WEBSITE

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

SUBSEQUENT EVENT

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

Pakistan Synthetics Limited
DIRECTORS' REPORT

FINANCIAL REPORTING FRAMEWORK

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

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

b) *The Company has maintained proper books of accounts.*

c) *Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment except for change in accounting policy due to adoption of IFRS 16 'Leases' as disclosed in Note 4 to the financial statements.*

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

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

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

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

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

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

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

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

Pakistan Synthetics Limited
DIRECTORS' REPORT

COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors as at June 30, 2020 is as under;

Independent Directors:	*3*
Other Non-Executive Directors:	*3*
Executive Directors:	*2*

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

a.	*Male:*	*Seven*
b.	*Female:*	*One*

MEETING OF THE BOARD OF DIRECTORS

During the year, six (06) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

	NAME OF DIRECTOR	*NO OF MEETING ATTENDANCE*
I.	*Mr. Anwar Haji Karim – Non Executive*	*6*
II.	*Mr. Yakoob Haji Karim – Executive*	*6*
III.	*Mr. Abid Umer – Non Executive*	*4*
IV.	*Mr. Sajid Haroon – Non Executive*	*5*
V.	*Mr. Noman Yakoob – Executive*	*6*
VI.	*Mr. Ali Kamal - NIT - Independent*	*6*
VII.	*Mr. Muhammad Ahmed Aslam - Non Executive*	*3*
VIII.	*Mrs. Saeed Fatima Naqvi – Independent*	*-*
IX.	*Mr. Faraz Younus Bandukda – Independent*	*5*

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

MEETING OF THE AUDIT COMMITTEE

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

	NAME OF DIRECTOR	*NO OF MEETING ATTENDANCE*
I.	*Mr. Ali Kamal-NIT*	*4*
II.	*Mr. Abid Umer*	*3*
III.	*Mr. Sajid Haroon*	*4*

MEETING OF THE HR AND REMUNERATION COMMITTEE

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

	NAME OF DIRECTOR	*NO OF MEETING ATTENDANCE*
I.	*Mr. Sajid Haroon*	*1*
II.	*Mr. Noman Yakoob*	*1*
III.	*Mr. Ali Kamal*	*1*

Pakistan Synthetics Limited
DIRECTORS' REPORT

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

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

APPOINTMENT OF CHAIRMAN

Subsequent to the year end, Mr. Anwar Haji Karim, Chairman, has resigned from his directorship. Mr. Khurshid Akhtar has been appointed as Chairman of the Company in place of Mr. Anwar Haji Karim.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2020 is annexed.

AUDITORS

The present auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Directors endorsed recommendation of the Audit Committee for their re-appointment for the year ending 30 June 2021.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

YAKOOB HAJI KARIM	*KHURSHID AKHTAR*
Chief Executive	*Chairman*

Karachi
Dated: September 26, 2020

پاکستان سینتھیٹکس لمیٹڈ
ڈائریکٹرز رپورٹ

30 جون 2020 کو ختم ہونے والے سال کے لئے ہم 35 ویں سالانہ رپورٹ کمپنی کے آڈٹ کردہ مالی حسابات کے ساتھ پیش کرتے ہیں.

کارکردگی کا جائزہ

رواں مالی سال کے دوران کمپنی نے 24,499 میٹرک ٹن پیٹ ریزن کی پیداوارکی جو گزشتہ برس 25,121 میٹرک ٹن تھی- رواں مالی سال کے دوران کمپنی نے 23,679 میٹرک ٹن پیٹ ریزن فروخت کیےجو گزشتہ برس 29,522 میٹرک ٹن تھی- کمپنی کےپیٹ پریفورم مینوفیکچرنگ پلانٹ نے 16 مئی 2018 کو پیداوار شروع کردی تھی - رواں مالی سال کے دوران کمپنی نے 12,360 اوکتبانس پری فوم کی پیداوار کی جو گزشتہ برس 5,986 اوکتبانس تھی - رواں مالی سال کے دوران کمپنی نے13,231(3,463:2019) اوکتبانس فروخت کیے-

رواں مالی سال کے دوران کمپنی نے434,861 کارٹون پلاسٹک اور کراون کیپ کی پیداوار کی جو گزشتہ برس495,345 کارٹون تھے- رواں مالی سال کے دوران کمپنی نے439,683 کارٹون فروخت کیےجو گزشتہ برس 442,594 کارٹون تھے-

مالیاتی نتائج

جیسا کہ کمپنی نے فایبر مینوفیکچرنگ پلانٹ کو تبدیل کر دیا ہے پیٹ ریزن مینوفیکچرنگ پلانٹ میں سال 2016 میں اس میں ضروری ترمیم کر کے-لہذا کمپنی نے فایبر مینوفیکچرنگ پلانٹ کو بند آپریشن کے طور پرپیش کیا ہے- جاری اور بند ہونے والے آپریشن کے خلاصہ مالیاتی نتائج ذیل میں ہیں .

جاری آپریشن

رواں مالی سال کے دوران کمپنی کے جاری آپریشن کا مجموعی کاروبار کم ہوکر 7,771.57 ملین روپے رہا جو گزشتہ برس8,199.37 ملین تھا-

اس سال کمپنی کا ٹیکس سے قبل خسارہ 99.30 ملین روپے رہا جو گزشتہ سال150.44 ملین روپے تھا- ٹیکس کے بعد خالص خسارہ مسلسل آپریشن سے99.24 ملین روپے رہا جو گزشتہ سال 124.16 ملین روپے تھا-

پاکستان سینتیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

بند ہونے والے آپریشن

رواں مالی سال کے دوران کمپنی کےبند ہونے والے آپریشن کا مجموعی کاروبار کم ہوکر 8.73 ملین روپے رہا جو گزشتہ برس14.10 ملین تھا۔

اس سال کمپنی کا ٹیکس سے قبل منافع 0.31 ملین روپے رہا جو گزشتہ سال 0.35 ملین تھا۔ ٹیکس کے بعد منافع بند ہونے والے آپریشن سے 0.20 ملین روپے رہا جو گزشتہ سال 0.26 ملین تھا۔

فی حصص آمدنی

30 جون 2020 کو ختم ہونے والے سال کے لئے، ٹیکس فراہم کرنے کے بعد، فی حصہ خالص نقصان 1.39 روپے تھا (30 جون 2019: فی حصہ خالص نقصان 2.18 روپے).

ڈیوڈینڈ

کمپنی کی موجودہ لیکویڈیٹیی پوزیشن کی بنیاد پر ڈائریکٹرز نے30 جون 2020 کو ختم ہونے والے سال کے لئے ڈیوڈینڈ تجویز نہیں کیا۔

رائٹ حصص

اس سال کےدوران کمپنی نے 50 رائٹ حصص ھر100 حصص کے لے 18 روپے فی حصص پر جاری کیے - (بشمول8 روپے پریمیم فی حصص) یہ حصص 17 دسمبر 2019 کو الاٹ کیے گئے تھے۔

بنیادی خطرات اور غیر یقینی صورتحال

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

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

صنعتی سہولیات کی قیمتوں کے تعین میں منفی تحریک

اسٹیٹ بینک آف پاکستان پالیسی کی شرح میں منفی تحریک

پاکستان سینتیٹاکس لمیٹڈ

ڈائریکٹرز رپورٹ

کاروباری جائزہ اور مستقبل کی صورت حال

مالی سال 2020 کوخاص طور آپ کی کمپنی اورعام طور پرعالمی کارپوریٹس کے لیے ایک اورمشکل سال کےطورپردیکھا۔ عالمی وبائی بیماری کے درمیان ، بین الاقوامی منڈیوں میں پیٹ ریزن کی قیمتوں میں انتہائی تیزی سے کمی دیکھنے میں آئی ہے جہاں مالی سال کے آغاز میں قیمتیں 1000 / MT سے جون 2020 میں 650 امریکی ڈالر / MT کے قریب ہیں۔ اس قدر تیزی سے گراوٹ کے نتیجے میں بڑے پیمانے پر انوینٹری نقصان ہوا جس کے نتیجے میں مجموعی منافع کا مارجن بگڑ گیا۔ کمپنی نے بحران کے وقت فعال رد عمل کا اظہار کیا ہے اور اس کے اثرات کو کم سے کم کرنے کے لئے ضروری اقدامات اٹھائے ہیں۔ مستقبل میں مارکیٹ کے آہستہ آہستہ صحت یاب ہونے کی توقع کی جارہی ہے کیونکہ عالمی سطح پر لاک ڈاون میں کمی کے نتیجے میں نئی طلب حاصل ہوگی ۔ تاہم ، پیٹ ریزن کی بین الاقوامی قیمت COVID-19 کی دوسری لہر کے دباؤ میں آسکتی ہیں۔

گھریلو محاذ پر پاکستان میں وفاقی اور صوبائی حکومت نے وبائی مرض سے نمٹنے کے لئے عمدہ ردعمل ظاہر کیا ہے اور COVID-19 کے اثرات پر قابو پانے کے لئے ضروری اقدامات اٹھائے ہیں۔ مزید یہ کہ اسٹیٹ بینک آف پاکستان نے بھی صنعتوں کو سمنبھالنے کے لئے پالیسی کی شرح کو 7٪ پر کم کرکے اچھا ردعمل ظاہر کیا ہے۔ پاکستان میں COVID-19 کے لاک ڈاؤن میں آسانی اور کمی واقعات کے بعد ، گھریلو مانگ کی بحالی متوقع ہے۔ لہذا ، ہم مستقبل کے لئے پر امید ھیں۔

ویب سائٹ

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

مابعد واقعات

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

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرز رپورٹ

کارپوریٹ گورننس

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

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں سے اس کے معاملات کی حالات،اس کے آپرشنز کے نتائج ،نقدی کا بہاو اور ایکویٹی میں تبدیلیوں کو ظاھر کرتے ھیں۔
- کمپنی نے اکاؤنٹس کی مناسب کتابیں تیار کرلی ھیں
- کمپنی کے مالیاتی گوشواروں کی تیاری میں مستقل طور پر درست شماریاتی پالیسیوں کا اطلاق کیا جاتا ھے اور شماریاتی تخمینے قابل فھم اور محتاط اندازوں پر مبنی ھیں۔ سوائے IFRS 16 لیز' اپنانے کی وجہ سے اکاؤنٹنگ پالیسی میں تبدیلی کے علاوہ ، جو مالیاتی گوشوارے میں نوٹ 4 میں انکشاف کیا گیا ھے
- کمپنی کے مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات، کی پاسداری کی گی ھے۔
- کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ھے اور موثر طور پر اس کا اطلاق اور مانیٹر کا گیا ھے بورڈ اس عمل کی نگرانی کرتا ھے۔
- ایک چلتے کاروبار کے طور پر کمپنی کی جاری رہنے کی صلاہیت پر کوی قابل ذکر شکوک موجود نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے قطی کوی انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتآیا گایا ہے۔
- قرض کی ادائیگی پر کوی نادہندگی نہیں ھوی۔
- کمپنی نے ماحول کو تحفظ فراہم کرنے اور ماحولیاتی قانون سازی کے مطابق عمل کرنے کے لئے تمام ضروری اقدامات کی شناخت اور لاگو کرنے کے لئے ایک مؤثر ماحولیات مینجمنٹ پلان تیار کیا ہے. منصوبہ متعلقہ حکام سے منظور کیا گیا ہے. اس کے علاوہ، کمپنی نے کمپنی کے ملازمین کو ماحولیاتی انتظام کی منصوبہ بندی پر کام کرنے کے لئے مناسب تربیت فراہم کی ہے جس کے تحت ملازمین کو خطرناک کیمیکلوں کے محفوظ ہینڈلنگ، اسٹوریج اور نقل و حمل کو یقینی بنانے اور دوسری ماحولیاتی ضروریات کو پورا کرنے کے لئے تربیت دی گئی ہے

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرز رپورٹ

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

بورڈ آف ڈائریکٹرز کی ترتیب

بورڈ آف ڈائریکٹرز کی ترتیب 30 جون 2020 میں یہ ہے

آزاد ڈائریکٹر	3
غیر انتظامی ڈائریکٹر	3
انتظامی ڈائریکٹر	2

مندرجہ ذیل کے مطابق ڈائریکٹر کی کل تعداد آٹھ ہے۔

(١) مرد: سات
(٢) عورت: ایک۔

سال کے دوران منعقدہ بورڈ کے اجلاس

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

ڈائریکٹرز کے نام	حاضری	عہدہ
جناب انور حاجی کریم	6	غیر انتظامی
جناب یعقوب حاجی کریم	6	انتظامی
جناب عابد عمر	4	غیر انتظامی

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرز رپورٹ

جناب ساجد ہارون	5	غیر انتظامی
جناب نعمان یعقوب	6	انتظامی
جناب علی کمال	6	آزاد- این آی ٹی
جناب محمد احمد اسلم	3	غیر انتظامی
مسز سیدہ فاطمہ نقوی	-	آزاد
جناب فراز یونس بانڈوکڑا	5	آزاد

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

سال کے دوران منعقدہ آڈٹ کمیٹی کے اجلاس

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

ڈائریکٹرز کے نام	حاضری
جناب علی کمال - این آی ٹ	4
جناب عابد عمر	3
جناب ساجد ہارون	4

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

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

ڈائریکٹرز کے نام	حاضری
جناب ساجد ہارون	1
جناب یعقوب حاجی کریم	1
جناب عابد عمر	1

پاکستان سینتیٹاکس لمیٹڈ
ڈائریکٹرز رپورٹ

غیر انتظامی ڈائریکٹرز کی مشاہرہ پالیسی

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

چیئرمین کی تقرری

مابعد سال جناب انور حاجی کریم ، چیئرمین ، نے اپنی ڈائریکٹر شپ سے استعفیٰ دے دیا۔ جناب انور حاجی کریم کی جگہ جناب خورشید اختر کو کمپنی کا چیئرمین مقرر کیا گیا ہے۔

حصہ داری کا نمونہ

30 جون 2020 پر حصہ داری کے نمونہ کا بیان موجود ہے۔

آڈیٹرز

موجودہ آڈیٹر،KPMG تاثیر ہادی & کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر اور اہل، نے دوبارہ اپنی تعیناتی کی پیشکش کی ھے۔ بورڈ آف ڈائریکٹرز،کمپنی کے لیے بطور آڈیٹر برائے سال مختتمہ 30 جون 2021 باہمی متفقہ فیس پر،ان کی دوبارہ تعیناتی کے لئے آڈٹ کمیٹی کی سفارش کو منظورکرتا ہے ۔

اعتراف

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

بورڈ کی جانب سے

جناب خورشید اختر
چیئرمین

جناب یعقوب حاجی کریم
چیف ایگزیکیٹیو

کراچی
تاریخ: 26 ستمبر 2020

Pakistan Synthetics Limited
MISSION STATEMENT

Our Mission.

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

Our Vision.

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

Pakistan Synthetics Limited
STATEMENT OF ETHICS AND BUSINESS PRACTICES

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

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

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

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

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

- *PSL resolves not to compromise on principles.*

Pakistan Synthetics Limited

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

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

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

2. *The composition of the board is as follows:*

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

3. *The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company;*

4. *The Company has prepared a 'Code of Conduct 'and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;*

5. *The 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;*

6. *All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ['Act'] and these Regulations;*

7. *The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;*

8. *The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;*

9. *The Board had arranged Directors' Training program for the following:*

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

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;*

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

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

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

Name of Members	***Audit Committee***
1. Mr. Ali Kamal	*Chairman of Committee*
2. Mr. Abid Umer	*Member*
3. Mr. Sajid Haroon	*Member*

Name of Members	***Human Resource and Remuneration Committee***
1. Mr. Ali Kamal	*Chairman of Committee*
2. Mr. Sajid Haroon	*Member*
3. Mr. Noman Yakoob	*Member*

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

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

Name of Committee	***Number of Meetings held during year from July 1, 2019 to June 30, 2020***
Audit Committee	*Four*
Human Resource and Remuneration Committee	*One*

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

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

Pakistan Synthetics Limited

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

17. *The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;*

18. *We confirm that all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;*

YAKOOB HAJI KARIM
Chief Executive

NOMAN YAKOOB
Director

Karachi
Date: September 26, 2020

KPMG

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Synthetics Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Pakistan Synthetics Limited** (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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 2020.

KPMG [signature]

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi
Date: 28 September 2020

KPMG

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

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Synthetics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan Synthetics Limited** (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss and other 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition**	
	Refer notes 5.9 and 26 to the financial statements. Revenue is recognized when control of the underlying product has been transferred to the customer. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures in relation to recognition of revenue, amongst others, included the following: • assessed the design, implementation and tested the operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition; • assessed the appropriateness of the Company's accounting policies for revenue recognition including its compliance with applicable accounting standards; • obtained an understanding of the nature of the revenue contracts entered and tested a sample of sales contracts to understand and assess appropriateness of management's application of applicable accounting standard's requirements; • obtained invoices and related documents, on sample basis for selected revenue transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the

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S. No.	Key audit matters	How the matters were addressed in our audit
		requirements of applicable accounting standard; and • tested on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.
2.	**Valuation of Trade Receivables**	
	Refer notes 5.2.1 and 14 to the financial statements As at 30 June 2020, the Company's gross trade receivables amounted to Rs. 1,127.792 million against which allowance for impairment loss amounting to Rs. 251.180 million has been recorded, based on loss allowance for expected credit loss (ECL) model. We identified valuation of trade receivables as a key audit matter as it involves significant management judgment in determining the expected credit loss allowance.	Our audit procedures in relation to valuation of trade receivables, amongst others, included the following: • obtained understanding of the management's basis for the determination of the allowance for impairment loss required at the year-end; • assessed, on sample basis, whether the trade receivables' ageing report was classified appropriately in different ageing brackets; • assessed the expect credit loss method used by the Company for recognition of allowance for impairment loss against trade receivables as allowable under applicable accounting standards; • assessed the appropriateness of assumptions and estimates made by management on allowance for

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S. No.	Key audit matters	How the matters were addressed in our audit
		impairment loss against trade receivables by comparing, on a sample basis, historical cash collections, actual write offs and cash receipts from customers subsequent to the financial year end with the underlying documentation; and • assessed the adequacy of adjustments and appropriateness of disclosures presented in the financial statements in accordance with the requirements of applicable accounting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 30 June 2020 but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in

KPMG Taseer Hadi & Co.

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.

The 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.

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- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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);

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Mahmood Hussain**.

KPMG T— u

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 28 September 2020

Karachi

Pakistan Synthetics Limited
Statement of Financial Position

AS AT 30 JUNE 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,062,270**	2,166,193
Right-of-use asset	7.1	**14,925**	-
Intangible assets	8	**-**	421
Long term loan to employees - secured	9	**2,549**	3,575
Long term deposits and prepayments	10	**10,038**	5,163
Deferred taxation - net	11	**34,061**	187,935
		2,123,843	2,363,287
Current assets			
Stores and spares	12	**275,397**	248,454
Stock-in-trade	13	**1,148,874**	1,866,070
Trade receivables	14	**876,612**	951,465
Loans and advances	15	**12,326**	12,841
Short term deposits and prepayments	16	**10,531**	8,331
Short term investment	17	**522**	-
Other receivables		**3,123**	2,084
Taxation - net	18	**630,594**	440,016
Cash and bank balances	19	**17,993**	41,270
		2,975,972	3,570,531
TOTAL ASSETS		**5,099,815**	5,933,818
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital of 140,000,000 (June 30, 2019: 70,000,000) ordinary shares of Rs. 10 each		**1,400,000**	700,000
Issued, subscribed and paid-up capital	20	**840,600**	560,400
Reserves		**761,653**	635,614
		1,602,253	1,196,014
Non-current liabilities			
Long term finances - secured	21	**271,140**	126,035
Lease liability	7.3	**12,186**	-
Staff retirement benefits	22	**36,096**	30,925
		319,422	156,960
Current liabilities			
Trade and other payables	23	**1,267,808**	1,110,554
Accrued markup		**24,539**	21,971
Short term borrowings - secured	24	**1,793,868**	2,432,290
Current portion of lease liability	7.3	**5,834**	-
Unclaimed dividend		**4,219**	4,223
Current portion of long term finance		**81,872**	403,420
Current portion of long term payable		**-**	608,386
		3,178,140	4,580,844
TOTAL EQUITY AND LIABLITIES		**5,099,815**	5,933,818
Contingencies and commitments	25		

The annexed notes 1 to 44 form an integral part of these financial statements.

YAKOOB HAJI KARIM	NOMAN YAKOOB	SALEEM ADVANI
Chief Executive	*Director*	*Chief Financial Officer*

Pakistan Synthetics Limited

Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		(Rupees in '000)	
Net sales	26	**6,587,155**	7,024,935
Cost of sales	27	**(6,126,504)**	(6,353,221)
Gross profit		**460,651**	671,714
Distribution and selling costs	28	**(108,067)**	(81,031)
Administration and general expenses	29	**(68,287)**	(58,911)
Impairment loss on trade receivables	14.1	**-**	(8,481)
Other operating expenses	30	**(5,524)**	(354,176)
		(181,878)	(502,599)
		278,773	169,115
Unrealised gain on remeasurement of investment		**22**	-
Other income	31	**11,199**	9,227
Operating profit before finance costs		**289,994**	178,342
Finance costs	32	**(389,303)**	(328,778)
Loss before taxation		**(99,309)**	(150,436)
Taxation	33	**66**	26,274
Loss after taxation from continuing operations		**(99,243)**	(124,162)
Profit after taxation from discontinued operations	34	**200**	261
Loss for the year		**(99,043)**	(123,901)
		(Rupees)	
Loss per share - basic and diluted	35	**(1.39)**	(2.18)*

*Loss per share for prior year is restated for effect of right issue

The annexed notes 1 to 44 form an integral part of these financial statements.

YAKOOB HAJI KARIM	*NOMAN YAKOOB*	*SALEEM ADVANI*
Chief Executive	*Director*	*Chief Financial Officer*

Pakistan Synthetics Limited

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		(Rupees in '000)	
Loss for the year		**(99,043)**	(123,901)
Other comprehensive income / (loss)			
Items that will never be reclassified to statement of profit or loss			
Recognition of actuarial gain / (loss) on defined benefit liability	22	**1,299**	(3,113)
Impact of deferred tax		**(377)**	903
		922	(2,210)
Total comprehensive loss for the year		**(98,121)**	(126,111)

The annexed notes 1 to 44 form an integral part of these financial statements.

YAKOOB HAJI KARIM	*NOMAN YAKOOB*	*SALEEM ADVANI*
Chief Executive	*Director*	*Chief Financial Officer*

Pakistan Synthetics Limited

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital reserve	Revenue reserve		Total reserves	
		Share premium	General reserve	Unappropriated profit		
	(Rupees in '000)					
Balances as at 1 July 2018	560,400	-	292,450	482,823	775,273	1,335,673
Adjustment on initial application of IFRS 9, net of tax	-	-	-	(13,548)	(13,548)	(13,548)
Adjusted balance as at 1 July 2018	560,400	-	292,450	469,275	761,725	1,322,125
Total comprehensive loss for the year ended 30 June 2019						
Loss for the year	-	-	-	(123,901)	(123,901)	(123,901)
Other comprehensive loss	-	-	-	(2,210)	(2,210)	(2,210)
	-		-	(126,111)	(126,111)	(126,111)
Balance as at 30 June 2019	560,400	-	292,450	343,164	635,614	1,196,014
Transactions with owners of the Company						
Issue of right share (note 20.1)	**280,200**	**224,160**	**-**	**-**	**224,160**	**504,360**
Total comprehensive loss for the year ended 30 June 2020						
Loss for the year	**-**	**-**	**-**	**(99,043)**	**(99,043)**	**(99,043)**
Other comprehensive income	**-**	**-**	**-**	**922**	**922**	**922**
	-	**-**	**-**	**(98,121)**	**(98,121)**	**(98,121)**
Balance as at 30 June 2020	**840,600**	**224,160**	**292,450**	**245,043**	**761,653**	**1,602,253**

The annexed notes 1 to 44 form an integral part of these financial statements.

YAKOOB HAJI KARIM	*NOMAN YAKOOB*	*SALEEM ADVANI*
Chief Executive	*Director*	*Chief Financial Officer*

Pakistan Synthetics Limited

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation - continued and discontinued operations		**(99,000)**	(150,084)
Adjustments for:			
Depreciation		**239,291**	230,087
Charge for staff gratuity		**8,205**	6,772
Amortization		**421**	421
Profit on disposal of property, plant and equipment		**(5,008)**	(1,496)
Profit on saving and deposit accounts		**(1,047)**	(8)
Unrealised exchange loss		**6,250**	188,011
Finance costs		**386,561**	324,150
Mark-up on lease liability		**2,742**	-
Unrealised gain on remeasurement of investments		**(22)**	-
Grant Income		**(31)**	-
Ijarah rental		**-**	339
Provision / (reversal) against slow moving and obsolete stock		**-**	(3,336)
Provision for doubtful advances		**-**	2,322
Allowance for impairement loss against trade receivables		**-**	8,481
		538,362	605,659
Changes in:			
Working capital	*40*	**912,797**	(315,675)
Long term deposit - net		**(4,875)**	(801)
Long term payables		**(608,386)**	(102,277)
Long term loan to employees - net	*9*	**1,110**	951
Cash generated from operations		**839,008**	187,857
Staff gratuity paid		**(1,735)**	(2,794)
Financial charges paid		**(383,945)**	(323,958)
Taxes paid		**(37,119)**	(49,018)
Net cash generated from / (used in) operating activities		**416,209**	(187,913)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure including intangible assets		**(127,905)**	(201,234)
Proceeds from disposal of property, plant and equipment		**5,008**	1,750
Profit on saving accounts received		**1,047**	8
Net cash used in investing activities		**(121,850)**	(199,476)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from right issue		**504,360**	-
Payment of lease liabilities		**(7,110)**	-
Long term diminishing musharka - net		**(176,460)**	(42,678)
Short term foreign currency loan and money market loan - net		**(200,000)**	(100,000)
Short term istisna and murabaha - net		**(592,480)**	758,731
Dividend paid		**(4)**	(12,624)
Net cash (used in) / generated from financing activities		**(471,694)**	603,429
Net (decrease) / increase in cash and cash equivalents		**(177,335)**	216,040
Cash and cash equivalents at beginning of the year		**(149,411)**	(365,451)
Cash and cash equivalents at end of the year		**(326,746)**	(149,411)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	*19*	**17,993**	41,270
Running finance under mark-up arrangement	*24*	**(344,739)**	(190,681)
		(326,746)	(149,411)

The annexed notes 1 to 44 form an integral part of these financial statements.

YAKOOB HAJI KARIM
Chief Executive

NOMAN YAKOOB
Director

SALEEM ADVANI
Chief Financial Officer

Pakistan Synthetics Limited
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2020

1. STATUS AND NATURE OF BUSINESS

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

Further, PET preform manufacturing plant of the Company commenced commercial production on 16 May, 2018.

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

2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). From March 2020 onwards till 30 June 2020 the Company was conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). Subsequent to year end the situation has gradually improved in Pakistan. The Company will continue to actively monitor the situation and may take further actions as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considers that there would be no significant impact that will adversely affect the Company's businesses, results of operations and financial condition in future period.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

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

i) *Employee benefits (refer note 5.1)*
ii) *Income taxes (refer note 5.3)*
iii) *Property, plant and equipment (refer note 5.4)*
iv) *Intangible assets (refer note 5.5)*
v) *Stores and spares (refer note 5.6)*
vi) *Stock in trade (refer note 5.7)*
vii) *Impairment (refer note 5.2.1.7 and 5.8)*
viii) *Provisions (refer note 5.11)*

3.5 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 2020:

- *Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.*

- *Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.*

- *On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The Companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.*

- *Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.*

- *Amendments to IFRS-16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modi fications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:*

- *the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;*

- *any reduction in lease payments affects only payments originally due on or before 30 June 2021; and*

- *there is no substantive change to the other terms and conditions of the lease.*

- *Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.*

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

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

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

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

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

- *IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.*

4. CHANGE IN ACCOUNTING POLICY

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective for annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

4.1 IFRS 16 'Leases'

International Accounting Standards Board (IASB) introduced IFRS 16 'Leases' which had a mandatory effective date for annual reporting periods beginning on or after 1 January 2019. By virtue of SRO 434(I)/2018, SECP made mandatory for all classes of companies to adopt IFRS 16 'Leases' for annual reporting periods beginning on or after 1 January 2019.

The Company has adopted IFRS 16 'Leases' from 1 July 2019. The impact of adoption of IFRS 16 and related accounting policies are disclosed in this note below. A number of other new standards are effective from 1 July 2019 but they do not have a significant effect on the Company and are therefore not stated in these financial statements.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for FY 2019 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the change in accounting policies are discussed below.

The Company has various lease agreements for head office, area offices and factory which were previously classified by the Company based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for all the leases - i.e. these leases are on statement of financial position.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liabilities are measured as the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 14.57%.

Lease liabilities include the net present value of the following lease payments:

- *Fixed payments (including in-substance fixed payments), less any lease incentives receivable;*
- *Variable lease payment that are based on an index or a rate;*
- *Amounts expected to be payable by the lessee under residual value guarantees;*
- *The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and*
- *Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- *The amount of the initial measurement of lease liability;*
- *Any lease payments made at or before the commencement date less any lease incentives received;*
- *Any initial direct costs, and*
- *Restoration costs.*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on straight-line basis over the lease term.

The impact of adoption of IFRS 16 on the statement of financial position as at 30 June 2020 is as follows:

	30 June 2020	1 July 2019
	(Rupees in '000)	
Right-of-use assets	**14,925**	22,388
Lease liability	**18,020**	18,948

5 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The Company has consistently applied the following accounting policies to all years presented in these financial statements, except if mentioned otherwise (refer note 4).

5.1 *Employee benefits*

Defined benefit scheme

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

Compensated absences

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

5.2 Financial instruments

5.2.1 Financial assets

5.2.1.1 Classification

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

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

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

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

- *it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and*

- *its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

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

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

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

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

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

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

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

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

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

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

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

5.2.1.2 Reclassifications

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

5.2.1.3 Initial recognition and measurement

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

5.2.1.4 Subsequent measurement

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

Equity Investments at FVOCI	*These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.*
Debt Investments at FVOCI	*These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.*

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

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

5.2.1.6 Cash and cash equivalents

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

5.2.1.7 Impairment

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

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

- *debt securities that are determined to have low credit risk at the reporting date; and*

- *other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.*

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

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

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

Loss allowances for financial assets measured at amortised 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.

5.2.1.8 Derecognition

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

5.2.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss. Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

5.2.2.1 Mark-up bearing borrowings and borrowing costs

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

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

5.2.2.2 Trade and other payables

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

5.2.3 *Derivative financial instruments*

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

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

5.2.4 *Offsetting of financial assets and financial liabilities*

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

5.3 *Taxation*

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

Current

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

Deferred

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

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

5.4 Property, plant and equipment

Operating assets

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

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

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

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

(c) borrowing costs, if any.

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

Subsequent expenditure (including normal repairs and maintenance)

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

Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 6.1 to these financial statements.

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

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

Gains and losses on disposal

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

Capital work in progress

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

5.5 Intangible assets

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

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

5.6 Stores and spares

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

5.7 Stock-in-trade

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

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

5.8 Impairment of non-financial assets

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

5.9 Revenue recognition

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

5.10 Foreign currency translation

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

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

5.11 Provisions

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

5.12 Discontinued operation

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

- *represents a separate major line of business or geographical area of operations,*
- *is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or*
- *is a subsidiary acquired exclusively with a view to resale.*

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

5.13 Asset held under Ijarah financing

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

5.14 Dividend and appropriation

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

5.15 Government grants

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

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

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

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

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

6. PROPERTY, PLANT AND EQUIPMENT

		2020	2019
		(Rupees in '000)	
Operating fixed assets	*6.1*	**1,974,957**	2,091,366
Capital work-in-progress	*6.2*	**87,313**	74,827
		2,062,270	2,166,193

6.1 *Operating fixed assets*

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

	2020							
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Furniture, Fixtures and Equipments	Computer accessories	Total
	(Rupees in '000)							
As at 1 July 2019								
Cost	28,118	456,061	4,753,355	52,693	59,313	19,255	5,652	5,374,447
Accumulated depreciation	(7,120)	(145,614)	(3,012,065)	(52,693)	(43,029)	(17,450)	(5,110)	(3,283,081)
Net book value	20,998	310,447	1,741,290	-	16,284	1,805	542	2,091,366
Additions	-	42,133	66,531	-	6,293	-	462	115,419
Disposal								
Cost	-	-	-	-	(8,986)	-	-	(8,986)
Accumulated depreciation	-	-	-	-	8,986	-	-	8,986
	-	-	-	-	-	-	-	-
Depreciation charge for the year	656	20,482	206,062	-	3,482	793	353	231,828
Closing net book value	20,342	332,098	1,601,759	-	19,095	1,012	651	1,974,957
As at 30 June 2020								
Cost	28,118	498,194	4,819,886	52,693	56,620	19,255	6,114	5,480,880
Accumulated depreciation	(7,776)	(166,096)	(3,218,127)	(52,693)	(37,525)	(18,243)	(5,463)	(3,505,923)
Net book value	20,342	332,098	1,601,759	-	19,095	1,012	651	1,974,957
Useful life (in years)	30 - 99	20	5 - 20	5	8	3 - 10	3	

	2019							
	Leasehold land	Building on leasehold land	Plant and machinery	Spare parts and stand-by equipment	Vehicles	Furniture, Fixtures and Equipments	Computer accessories	Total
	(Rupees in '000)							
As at 1 July 2018								
Cost	28,118	451,835	4,630,692	52,693	48,106	18,941	5,028	5,235,413
Accumulated depreciation	(6,462)	(126,185)	(2,809,228)	(51,294)	(40,665)	(16,569)	(4,702)	(3,055,105)
Net book value	21,656	325,650	1,821,464	1,399	7,441	2,372	326	2,180,308
Additions	-	4,226	122,663	-	13,572	314	624	141,399
Disposal								
Cost	-	-	-	-	(2,365)	-	-	(2,365)
Accumulated depreciation	-	-	-	-	2,111	-	-	2,111
	-	-	-	-	(254)	-	-	(254)
Depreciation charge for the year	658	19,429	202,837	1,399	4,475	881	408	230,087
Closing net book value	20,998	310,447	1,741,290	-	16,284	1,805	542	2,091,366
As at 30 June 2019								
Cost	28,118	456,061	4,753,355	52,693	59,313	19,255	5,652	5,374,447
Accumulated depreciation	(7,120)	(145,614)	(3,012,065)	(52,693)	(43,029)	(17,450)	(5,110)	(3,283,081)
Net book value	20,998	310,447	1,741,290	-	16,284	1,805	542	2,091,366
Useful life (in years)	30 - 99	20	5 - 20	5	8	3 - 10	3	

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

		2020	2019
		(Rupees in '000)	
Depreciation for the year	*6.1 & 7.1*	**239,291**	230,087
Continuing operations			
Cost of sales	*27*	**222,555**	220,884
Distribution and selling costs	*28*	**4,183**	2,301
Administration and general expenses	*29*	**12,553**	6,902
		239,291	230,087

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

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

6.2 Capital work-in-progress

	Cost			
	As at 1 July 2019	**Additions**	**Transfers**	**As at 30 June 2020**
	(Rupees in '000)			
Building on leasehold land	**25,122**	**68,935**	**(34,396)**	**59,661**
Plant and machinery	**41,967**	**1,757**	**(43,724)**	**-**
Advance against capital expenditure	**7,738**	**27,652**	**(7,738)**	**27,652**
	74,827	**98,344**	**(85,858)**	**87,313**

	Cost			
	As at 1 July 2018	Additions	Transfers	As at 30 June 2019
	(Rupees in '000)			
Building on leasehold land	728	28,620	(4,226)	25,122
Plant and machinery	14,264	41,967	(14,264)	41,967
Advance against capital expenditure	-	7,738	-	7,738
	14,992	78,325	(18,490)	74,827

7 LEASES

7.1 Right-of-use assets

	2020 (Rupees in '000) Head Office
Balance as at 1 July, 2019	-
Recognition of right-of-use assets on initial application of IFRS 16	22,388
Add: Additions during the year	-
Less: Disposal during the year	-
Depreciation charge for the year	(7,463)
Balance as at 30 June, 2020	**14,925**

The term of lease agreement is as follows:
Head office: 3 years

7.2 The depreciation charge on right of use assets for the year has been allocated as follows:

Administration and general expenses	**7,463**

7.3 Lease Liability

7.3.1 Maturity Analysis – Contractual discounted Cash Flows

	2020 (Rupees in '000)	2019
Payable within one year	**5,834**	**-**
Payable after one year but not later than 5 years	**12,186**	**-**
Payable after 5 years	**-**	**-**
	18,020	**-**

7.3.2 Lease liabilities included in the statement of financial position as at 30 June 2020

Current	**5,834**	**-**
Non-current	**12,186**	**-**
	18,020	**-**

7.3.3 Reconciliation of movement of lease liabilities to cash flow arising from financing activities

	(Rupees in '000)
Balance at 1 July 2019	18,948
Changes from financing cash flows	
Payment of lease liability	(3,670)
Total changes from financing cash flows	**(3,670)**
Other Changes	
Interest expense	2,742
As at 30 June 2020	**18,020**

7.3.4 This represents present value of lease liabilities discounted at the incremental borrowing rate of 14.57% of the Company against lease agreement of Head office premises.

8. INTANGIBLE ASSETS

	2020	2019
	(Rupees in '000)	
Computer Software		
Opening	**421**	842
Addition during the year	**-**	-
Amortization during the year	**(421)**	(421)
Closing as at 30 June	**-**	421

9. LONG TERM LOAN TO EMPLOYEES - *secured*

	2020	2019
Due from employees	**4,914**	6,024
Less: Recoverable within one year	**(2,365)**	(2,449)
	2,549	3,575

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

9.2 These also include loan to an employee Mr. Syed Mazhar Ali (Plant Manager) amounting Rs. 2.08 million for a period of 78 months repayable in equal monthly instalments. The loan is secured against staff retirement benefits of the employee.

10. LONG TERM DEPOSITS AND PREPAYMENTS

		2020	2019
		(Rupees in '000)	
Deposits			
- Utility deposits	*10.1*	**1,718**	1,718
- Security deposits	*10.1*	**9,414**	4,539
		11,132	6,257
Provision for doubtful deposits		**(1,094)**	(1,094)
		10,038	5,163
Islamic			
Long term prepayments		**-**	3,109
Less: current portion of long term prepayments		**-**	(3,109)
		-	-
		10,038	5,163

10.1 These long term deposits are non-interest bearing.

11. DEFERRED TAXATION - NET

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

	2020	2019
	(Rupees in '000)	
Taxable temporary difference		
Accelerated tax depreciation	**191,676**	190,141
Deductible temporary differences		
Provision for staff gratuity	**(10,468)**	(8,968)
Net impact of right to use asset and lease liability	**(898)**	-
Provision for impairment loss against trade receivables, doubtful advances, slow moving and obsolete stock-in-trade, stores and spares and doubtful deposits	**(90,309)**	(143,727)
Un-used tax losses and tax credits	**(124,062)**	(225,381)
	(225,737)	(378,076)
Balance as at 30 June	**(34,061)**	(187,935)

11.1 During the year, the Company reclassified minimum tax asset on turnover chargeable under section 113 of the Income Tax Ordinance, 2001 of Rs. 153.653 million pertaining to tax year 2018 and 2019 to taxation-net and minimum tax asset pertaining to tax year 2017 amounting to Rs 20.686 million has been written off during the year.

12. STORES AND SPARES

	2020	2019
	(Rupees in '000)	
Stores and spares		
- in hand	**317,511**	285,099
- in transit	**6,367**	11,836
	323,878	296,935
Provision for slow moving and obsolete items	**(48,481)**	(48,481)
	275,397	248,454

13. STOCK-IN-TRADE

	Note	2020	2019
		(Rupees in '000)	
Raw and packing material			
- in hand		**421,857**	585,776
- in transit		**194,363**	365,998
		616,220	951,774
Work-in-process		**109,072**	233,126
Finished goods		**424,189**	684,219
Provision for slow moving and obsolete stock		**(607)**	(3,049)
		423,582	681,170
		1,148,874	1,866,070

14. TRADE RECEIVABLES

	Note	2020	2019
Trade receivables		**1,127,792**	1,202,645
less: Allowance for impairment loss against trade receivables	*14.1*	**(251,180)**	(251,180)
		876,612	951,465

14.1 Allowance for impairment loss against trade receivables

	Note	2020	2019
Opening balance		**251,180**	223,618
Additional impairment recognised at 1 July 2018 on trade receivables as at 30 June 2019		**-**	19,081
Impairment loss on trade receivables during the year			
- Continued operations		**-**	8,481
- Discontinued operations		**-**	-
		251,180	251,180

15. LOANS AND ADVANCES

	Note	2020	2019
Loans - *considered good*			
Current maturity of long term loan due from employees	*9*	**2,365**	2,449
Advances - *considered good*			
- employees against salary		**317**	115
- letters of credit fees and expenses		**4,097**	899
- suppliers		**5,547**	9,378
		9,961	10,392
Advances - *considered doubtful*			
Advances to supplier		**3,795**	3,795
Provision for doubtful advances		**(3,795)**	(3,795)
		-	-
		12,326	12,841

16. SHORT TERM DEPOSITS AND PREPAYMENTS

	Note	2020	2019
Conventional			
Short term deposits		**10,531**	5,222
Islamic			
Current portion of long term prepayments	*10*	**-**	3,109
		10,531	8,331

17. SHORT TERM INVESTMENT

		2020	2019
		(Rupees in '000)	
At fair value through profit or loss	17.1	522	-

17.1 The Company made investments in ABL Islamic Income Fund during the year at a cost of Rs. 500,000, the unit price of which was Rs 10.802.

18. TAXATION - NET

18.1 This also includes minimum tax on turnover chargeable under section 113 of the Income Tax Ordinance, 2001 of Rs. 153.563 million. Minimum tax is paid where, the Company has suffered taxable losses or has insufficient taxable profits due to which actual tax liability is not sufficient to meet the minimum tax requirements as per the said section 113. The excess of minimum tax over actual tax chargeable (where actual tax is nil in case of taxable losses) is adjustable against taxable income of limited number of future years (refer Note 18.2). The Company has recognised the minimum tax paid in advance during the year as an asset because the management considers it probable that sufficient future taxable profits would be available against which this excess minimum tax can be utilised.

18.2 Excess of minimum turnover tax carried forward

	(Rupees in '000)	Expiry Tax Year
Recognised in 2018	65,671	2023
Recognised in 2019	87,892	2024

19. CASH AND BANK BALANCES

		2020	2019
		(Rupees in '000)	
With Islamic banks			
- current accounts		3,072	5,599
- saving accounts	19.1	446	90
With conventional banks			
- current accounts		13,383	35,231
		16,901	40,920
Cash in hand		1,092	350
		17,993	41,270

19.1 Rate of return on saving accounts range from 6.43% to 9% (2019: 3.85% to 6.43%) per annum.

20. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
65,380,000	37,360,000	Ordinary shares of Rs. 10 each fully paid in cash	653,800	373,600
18,680,000	18,680,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	186,800	186,800
84,060,000	56,040,000		840,600	560,400

20.1 During the year, Company issued 28,020,000 ordinary shares of Rs. 10 each at a premium of Rs. 8 each as right issue. These shares were alloted on December 17, 2019.

21. LONG TERM FINANCE - secured

	Note	2020	2019
		(Rupees in '000)	
Islamic			
Long term finances utilised under diminishing musharka		**316,587**	529,455
Loan obtained under refinance scheme for payment of wages and salaries	21.6	**33,655**	-
Less: current portion of long term finances		**(80,252)**	(403,420)
		269,990	126,035
Deferred income - government grant		**2,770**	-
Current portion of deferred income - government grant		**(1,620)**	-
		1,150	-
		271,140	126,035

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

	Note	2020	2019
Meezan Bank Limited	21.1	**66,035**	127,641
Askari Bank Limited - Islamic Banking Services	21.2	**56,250**	115,212
MCB Islamic Bank Limited	21.3	**45,000**	112,500
Bank Al-Falah Limited - Islamic Banking Branch	21.4	**86,800**	111,600
Bank Al-Habib Limited - Islamic Banking Branch	21.5	**62,502**	62,502
		316,587	529,455

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

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

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

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

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

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

The Company has obtained the said borrowing from commercial bank at subsidized rate in 2 tranches on 19 June 2020 and 29 June 2020 at 2.5% concessional interest rate which is repayable in December 2022 in 8 quarterly installments to commercial bank under the SBP scheme.

Government grant amounting to Rs. 2.80 million has been recorded during the year ended 30 June 2020 and Rs. 0.031 million has been amortised during the year. In accordance with the terms of the grant, the Company is prohibited to lay-off the employees atleast for three months from the period of the grant.

22. STAFF RETIREMENT BENEFITS

22.1 Defined benefit gratuity scheme

Principal actuarial assumptions used in the actuarial valuation of the fund carried out under Projected Unit Credit Method as at 30 June 2020 are as follows:

	2020	2019
- Discount rate per annum - percentage	**9.25%**	12.00%
- Expected rate of increase in salary level per annum - percentage	**9.25%**	12.00%
- Normal retirement age - years	**60**	60
- Death rate - mortality table	**SLIC 2001-2005**	SLIC 2001-2005

The amounts recognised in balance sheet are as follows:	**2020**	2019
	(Rupees in '000)	
Present value of defined benefit obligation	**36,096**	30,925
Fair value of plan assets	**-**	-
	36,096	30,925

Movement in net defined benefit liability

Opening balance	**30,925**	23,834
Charge for the year	**8,205**	6,772
Re-measurement: Actuarial (gain) / loss recognised in other comprehensive income	**(1,299)**	3,113
Benefits paid	**(1,551)**	(2,794)
Benefits payable	**(184)**	-
Closing balance	**36,096**	30,925

Amounts recognised in total comprehensive income

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

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

	2020	2019
	(Rupees in '000)	
Current service cost	**5,087**	4,528
Interest cost	**3,118**	2,244
	8,205	6,772
Component of defined benefit costs (re-measurement) recognised in statement of comprehensive income		
Re-measurements: Actuarial (gain) / loss on obligation		
- (Gain) / loss due to change in financial assumptions	**-**	-
- (Gain) / loss due to change in demographic assumptions	**-**	-
- (Gain) / loss due to change in experience adjustments	**(1,299)**	3,113
	(1,299)	3,113
Total defined benefit cost recognised in statement of profit or loss and statement of comprehensive income	**6,906**	9,885
Expected contribution in the following year	**9,446**	6,276
Expected benefit payments to retire in the following year	**3,216**	2,381
Re-measurements: Accumulated actuarial (gain)/ loss recognised in statement of comprehensive income	**(1,299)**	3,113
Weighted average duration of the defined benefit obligation (years)	**14.99**	12.48

Analysis of present value of defined benefit obligation

	2020	2019
Type of Members:		
- Management	**27,110**	23,133
- Non - management	**8,986**	7,792
	36,096	30,925
Vested / Non-Vested		
- Vested benefits	**27,155**	23,310
- Non - vested benefits	**8,941**	7,615
	36,096	30,925
Type of benefits		
- Accumulated benefit obligation	**13,885**	11,038
- Amount attributed to future salary increase	**22,211**	19,887
	36,096	30,925

Sensitivity analysis

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

	2020	2019
	(Rupees in '000)	
Discount rate + 1%	**32,540**	27,878
Discount rate - 1%	**40,367**	34,584
Long term salary increase + 1%	**40,663**	34,838
Long term salary decrease - 1%	**32,243**	27,624

23. TRADE AND OTHER PAYABLES

Trade creditors including bills payable		**971,256**	906,761
Accrued expenses		**1,399**	1,235
Advances from customers		**35,968**	30,408
Workers' profit participation fund	*23.1*	**10,425**	8,948
Insurance premium payable		**-**	2,084
Due to employees	*23.2*	**15,876**	8,580
Sales tax payable		**60,527**	20,493
Short term compensated absences		**4,240**	3,903
Provision for Government levies		**-**	1,000
Provision for gas infrastructure development cess	*25.1.2*	**166,892**	126,200
Ijarah Payable		**571**	339
Others		**654**	603
		1,267,808	1,110,554

23.1 Workers' profit participation fund

Balance as at 1 July		**8,949**	8,099
Interest on funds utilised in the Company's business at 16.5% (2019: 10.5%) per annum	*32*	**1,476**	850
		10,425	8,949
Allocation for the year		**-**	-
Balance as at 30 June		**10,425**	8,949

23.2 This includes salary and gratuity payable to employees amounting to Rs. 15.265 million (2019: Rs. 7.587 million) and Rs. 0.184 million (2019: Rs. 0.565 million) respectively.

24. SHORT TERM BORROWINGS - secured

	Note	2020	2019
		(Rupees in '000)	
Conventional			
Money market loan under mark-up arrangement		-	200,000
Running finance under mark-up arrangement	*24.1*	**344,739**	190,681
Islamic			
Murabaha	*24.3*	**141,180**	525,910
Istisna	*24.3*	**1,307,949**	1,515,699
		1,793,868	2,432,290

24.1 The facility for running finance available from an associated banking company is for the purpose of meeting working capital requirements. The rate of mark-up is KIBOR plus 1.00% (2019: KIBOR plus 1.00%) per annum. These facilities mature within twelve months and are renewable. The arrangement is secured against first pari-passu charge by way of registered hypothecation over Company's stock and trade debts.

24.2 Total amount of facility available against above borrowings amounted to Rs. 610.96 million (2019: Rs. 517.36 million). Further, as at 30 June 2020, the unavailed facilities from the above borrowings amounted to Rs. 266.23 million (2019: Rs. 126.68 million).

24.3 The Company has obtained facility of Rs. 2,153.76 million (2019: Rs. 2,020.95 million) from Islamic banks for short term finance under Murabaha and Istisna financing arrangement and has availed Rs. 136.916 million under Murabaha financing and Rs. 1,294.454 million under Istisna financing as at 30 June 2020 (2019: Rs. 514.974 million under Murabaha financing and Rs. 1,484.836 million under Istisna financing). The rate of profit approved by the bank at time of disbursement ranges from 8.22% to 15.15% (2019: 7.26% to 14.06%) per annum. These facilities can be availed either in Pakistani rupees or in USD and carries profit at the preferential rate as approved by the banks from time to time and is based on KIBOR.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 The facility for opening letter of guarantees from an associated banking company amounted to Rs. 119.242 million (2019: Rs. 119.242 million). Bank guarantees amounting to Rs. 119.242 million (2019: Rs. 119.242 million) have been issued in favour of Sui Southern Gas Company Limited and Collector of Customs for payment of gas bills and clearance of import consignment while submitting bank guarantee against advance income tax to be deposited with national exchequer at import stage.

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

During 2015, Government passed a new law "Gas Infrastructure Development Cess Act, 2015 by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 200/MMBTU on captive power consumption and at Rs.100/MMBTU on industrial connection from the date of passing of that Act. The Company has obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh. The Company is confident of favourable outcome and therefore has not recorded a provision of Rs. 60.39 million (2019: Rs. 60.39 million) in these financial statements. However, the Company has recognised charge against GID cess from the date (i.e. April 2015) of the passing of the Act.On 26 October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication.

On 12 August 2020, the Supreme Court of Pakistan issued its verdict and held that "the levy imposed under Gas Infrastructure Development Cess Act, 2015 is in accordance with the provisions of the Constitution". The Supreme Court has also held that "the provisions of Section 8 of the Act, which give retrospective effect to the charge and recovery of 'Cess' levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.". The company has filed a review petition along with other parties with the Supremen Court of Pakistan to seek relief of the pre-act cess payable imposed under the GIDC Act 2015. The management in consultation with its legal advisor is confident that the relief against pre-act cess would be granted in result of the review petition.

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

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

25.2 Commitments

25.2.1 Letters of credit

The Company has facilities of Rs. 2,269 million (2019: Rs. 2,362 million) for opening letters of credit including Rs. 800 million from an associated banking company (2019: Rs. 800 million). At 30 June 2020, the open letters of credits for stock in trade, stores and spares and for capital commitment amounted to Rs. 340.232 million (2019: Rs. 228.84 million) including Rs. 41.515 million from an associated banking company (2019: Rs. 74.39 million).

25.2.2 The facilities disclosed in notes 25.1.1 and 25.2.1 are secured against ranking charge by way of registered hypothecation over Company's stock and trade debts, export bills sent to collection, documents of title to goods consigned to the Company, Banker's acceptance and Accepted Draft.

25.2.3 Ijarah financing

The Company has car ijarah facility from the Askri Bank Limited amounting to Rs. 30 million (2019: 30 million) out of which Rs. 28.81 million (2019: Rs. 12.55 million) were utilised. The ownership of the cars are with Askari Bank Limited Islamic Banking Services during the tenor of the facility of each vehicle. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease.

	2020	2019
	(Rupees in '000)	
The total of future Ijarah payment under arrangement are as follows:		
Not later than one year	**6,283**	2,828
Later than one year and not later than five years	**21,760**	11,312
	28,043	14,140

26. NET SALES

	2020	2019
Local - Crowns and plastic caps	**2,333,366**	2,163,427
Local - PET resin	**4,258,310**	5,697,444
Preform	**1,153,935**	337,799
Others	**25,966**	702
	7,771,577	8,199,372
Sales tax	**(1,184,422)**	(1,174,437)
Net sales	**6,587,155**	7,024,935

27. COST OF SALES

		2020	2019
Raw and packing material consumed			
- Opening stock		**919,756**	798,823
- Purchases		**4,356,675**	5,104,863
		5,276,431	5,903,686
- Closing stock		**(591,170)**	(919,756)
		4,685,261	4,983,930
Salaries, wages and other benefits	*27.1*	**258,248**	233,823
Fuel and power		**388,568**	249,993
Depreciation	*6.1.1*	**222,555**	220,884
Repairs and maintenance		**5,868**	10,025
Rent, rates and taxes		**14,301**	12,545
Stores and spares consumed		**106,696**	99,111
Reversal against slow moving and obsolete stock		**(2,442)**	(3,336)
Printing and stationary		**1,490**	1,397
Travelling and conveyance		**25,358**	26,078
Communication		**503**	392
Insurance		**23,323**	19,162
General expenses		**12,691**	3,459
		5,742,420	5,857,463
Opening stock of work-in-process		**233,126**	66,918
Closing stock of work-in-process		**(109,072)**	(233,126)
Cost of goods manufactured		**5,866,474**	5,691,255
Opening stock of finished goods		**684,219**	1,346,185
Closing stock of finished goods		**(424,189)**	(684,219)
		6,126,504	6,353,221

27.1 Salaries, wages and other benefits include Rs. 6.564 million (2019: Rs. 5.42 million) in respect of staff gratuity expense.

28. DISTRIBUTION AND SELLING COSTS

		2020	2019
		(Rupees in '000)	
Salaries and other benefits	*28.1*	**11,147**	10,235
Depreciation	*6.1.1*	**4,183**	2,301
Outward freight and handling charges		**89,243**	66,625
Travelling and conveyance		**690**	749
Fuel and power		**392**	492
Repair and maintenance		**85**	70
Communication		**334**	174
Other expenses		**1,993**	385
		108,067	81,031

28.1 Salaries and other benefits include Rs. 0.41 million (2019: Rs. 0.34 million) in respect of staff gratuity expense.

29. ADMINISTRATION AND GENERAL EXPENSES

		2020	2019
Salaries and other benefits	*29.1*	**33,440**	31,805
Rent, rates and taxes		**-**	6,463
Depreciation	*6.1.1 & 7.1*	**12,553**	6,902
Amortisation		**421**	421
Fuel and power		**1,176**	1,474
Travelling and conveyance		**2,070**	2,248
Communication		**1,002**	521
Printing, stationary and subscription fees		**6,861**	2,641
Provision against doubtful advances		**-**	2,322
Repair and maintenance		**256**	211
Ijarah Rental		**4,115**	339
Legal and professional charges		**4,756**	2,410
Other expenses		**1,637**	1,154
		68,287	58,911

29.1 Salaries and other benefits include Rs. 1.231 million (2019: Rs. 1.10 million) in respect of staff gratuity expense.

30. OTHER OPERATING EXPENSES

		2020	2019
Exchange loss - net		**4,013**	352,876
Auditors' remuneration	*30.1*	**1,511**	1,300
		5,524	354,176

30.1 Auditors' remuneration

	2020	2019
Audit fee	**800**	650
Half yearly review	**250**	250
Special certifications	**311**	250
Out of pocket expenses	**150**	150
	1,511	1,300

			2020	2019
			(Rupees in '000)	
31.	**OTHER INCOME**			
	Income from financial assets - Islamic			
	Profit on saving accounts		**1,047**	8
	Income from non-financial assets			
	Scrap sales		**5,113**	7,723
	Gain on disposal of property, plant and equipment		**5,008**	1,496
	Grant income		**31**	-
			11,199	9,227
32.	**FINANCE COSTS**			
	Conventional			
	Mark-up on:			
	- short term running finance		**43,032**	71,498
	- short term import finances		**8,229**	265
			51,261	71,763
	Islamic			
	Mark-up on:			
	- long term finance		**55,629**	57,009
	- short term murabaha		**45,782**	20,854
	- short term istisna		**204,727**	124,114
	Amortization of:			
	- long term payables		**2,976**	21,723
	- LC confirmation charges		**3,109**	14,929
			312,223	238,629
	Conventional			
	Bank guarantee commission		**675**	1,043
	Inland bill discounting and documentation charges		**17,815**	12,908
	Interest on workers' profit participation fund	*23.1*	**1,476**	850
	Interest expense on lease		**2,742**	-
	Interest expense against refinance facility for payment of wages and salaries		**48**	-
	Bank charges		**3,063**	3,585
			25,819	18,386
			389,303	328,778
33.	**TAXATION**			
	Current tax		**-**	46,786
	Deferred		**(66)**	(73,060)
			(66)	(26,274)

33.1 Relationship between income tax expense and accounting profit

	2020	2019
	(Rupees in '000)	
Accounting loss before taxation - continuing operation	**(99,309)**	(150,436)
Accounting profit before taxation - discontinued operation	**200**	352
	(99,109)	(150,084)
Tax at the applicable rate of 29% (2019: 29%)	**(28,741)**	(43,524)
Prior year charge	**5**	-
Tax effect of permanent difference on land depreciation	**191**	191
Effect of minimum tax and tax credits	**27,636**	(6,133)
Effect of change in tax rate	**-**	23,282
Others	**952**	1
	43	(26,183)
Taxation - continuing operation	**(66)**	(26,274)
Taxation - discontinued operation	**109**	91
	43	(26,183)

34. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS

As per the Board of Directors (BOD) decision held in the BOD meeting on 20 April 2015, polyester staple fibre plant was converted into PET resin manufacturing plant by making necessary modifications in fibre plant. Accordingly, the fibre business was discontinued.

Results of discontinued operations

Net sales	*34.1*	**7,277**	13,685
Cost of sales	*34.2*	**(6,968)**	(13,333)
Gross profit before taxation		**309**	352
Taxation	*34.3*	**(109)**	(91)
Profit after taxation from discontinued operation		**200**	261

34.1 Net sales

Raw material	**8,733**	14,096
Sales tax	**(1,456)**	(411)
Net sales	**7,277**	13,685

34.2 Cost of sales

	2020	2019
	(Rupees in '000)	
Raw and packing materials consumed		
- Opening stock	**32,018**	45,351
- Closing stock	**(25,050)**	(32,018)
	6,968	13,333

34.3 Taxation

	2020	2019
Current year	**109**	91
	109	91

34.4 Cash flow statement - discontinued operation

	2020	2019
Net cash generated operating activities	**7,568**	13,685

34.5 As at 30 June 2020, stock in trade and trade receivables include balances of Rs. 25.049 million and Rs. 29.7 million (2019: Rs. 32.108 million and Rs. 29.9 million) respectively pertaining to discontinued operation.

Property, plant and equipment and stores and spares related to discontinued operation are stated at not less than their recoverable amounts. Stock-in-trade is stated at their net realisable values. Appropriate impairment has been recorded against doubtful trade receivables. All other assets are stated at their realisable values.

35. LOSS PER SHARE - BASIC AND DILUTED

	2020	2019
	(Rupees in '000)	
Loss for the year after taxation - continuing operation	**(99,243)**	(124,162)
Profit for the year after taxation - discontinued operation	**200**	261
	(99,043)	(123,901)
	(Number of shares)	
Weighted average number of ordinary shares	**71,489,604**	56,836,538

	Shares	Proration	Adjustment Factor	Weighted Average number of shares
Number of shares before right issue	56,040,000	0.46	1.01	**26,244,194**
Closing number of shares after right issue	84,060,000	0.54	1.00	**45,245,410**
				71,489,604

	2020	2019
	(Rupees)	
Loss per share - basic and diluted - continuing operation	**(1.39)**	(2.18)
Earnings / (Loss) per share - basic and diluted - discontinued operation	**0.00**	0.00
Net loss per share - basic and diluted	**(1.39)**	(2.18)

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	(Rupees in '000)									
Managerial remuneration	**6,000**	5,400	**4,800**	4,200	-	-	**45,988**	39,084	**56,788**	48,684
Gratuity	**-**	-	**-**	-	-	-	**1,540**	1,441	**1,540**	1,441
Leave encashment	**-**	-	**-**	-	-	-	**2,141**	1,399	**2,141**	1,399
Other allowances	**-**	-	**-**	-	-	-	**2,234**	2,157	**2,234**	2,157
Meeting fees	**150**	100	**150**	125	**1,000**	875	**-**	-	**1,300**	1,100
	6,150	5,500	**4,950**	4,325	**1,000**	875	**51,903**	44,081	**64,003**	54,781
Number of persons	**1**	1	**1**	1	**6**	8	**21**	23	**29**	33

36.1 Three directors and most of the executives of the Company are provided with free use of Company maintained cars.

36.2 An aggregate amount of Rs. 1,300,000 (2019: Rs.1,100,000) was paid to Directors during the year on account of meeting fees.

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors are responsible for developing and monitoring the Company„s risk management policies. The Company„s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company„s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

37.1 Credit risk

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

Exposure to credit risk

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

	2020	2019
	(Rupees in '000)	
Loan to employees	**4,914**	6,024
Long / short term deposits	**20,569**	10,385
Trade receivables	**1,127,792**	951,465
Other receivables	**3,123**	2,084
Bank balances	**16,901**	40,920
	1,173,299	1,010,878

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

37.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company„s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, by having credit lines available as disclosed in note 24 to these financial statements. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2020			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**Two to five years**
	------------------------------ (Rupees in '000) ------------------------------			
Non-derivative financial liabilities				
Long term finance - secured	**350,242**	**(412,715)**	**(100,277)**	**(312,438)**
Trade and other payables	**993,996**	**(993,996)**	**(993,996)**	**-**
Short term borrowings - secured	**1,793,868**	**(1,793,868)**	**(1,793,868)**	**-**
Accrued mark-up	**24,539**	**(24,539)**	**(24,539)**	**-**
	3,162,645	**(3,225,118)**	**(2,912,680)**	**(312,438)**

	2019			
	Carrying amount	Contractual cash flows	Up to one year	Two to five years
	-------------------------- (Rupees in '000) --------------------------			
Non-derivative financial liabilities				
Long term finance - secured	529,455	(624,480)	(482,785)	(141,695)
Long term payables - secured	608,386	(612,208)	(612,208)	-
Trade and other payables	923,505	(923,505)	(923,505)	-
Short term borrowings - secured	2,432,290	(2,454,255)	(2,454,255)	-
Accrued mark-up	21,971	(21,971)	(21,971)	-
	4,515,607	(4,636,419)	(4,494,724)	(141,695)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rate of mark-up have been disclosed in notes 21 and 24 to these financial statements.

37.3 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 optimising the return.

37.3.1 Currency risk

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

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

	2019		
	Rupees	US Dollars	Euro
		(Amount in '000)	
Long term payables	(608,386)	(3,826)	-
Foreign creditors	(803,024)	(4,540)	(419)
Gross balance sheet exposure	(1,411,410)	(8,366)	(419)

The following significant exchange rate has been applied:

	Average rate		**Reporting date rate**	
	2020	2019	**2020**	2019
USD to PKR	**158.25**	136.44	**168.05**	160.00
Euro to PKR	**175.06**	155.48	**188.61**	182.16

Sensitivity analysis

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

	Equity and profit or loss	
	2020	2019
USD	**(16,939)**	(47,519)
EURO	**(1,405)**	(2,710)
	(18,344)	(50,229)

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

37.3.2 Interest rate risk

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

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

	Interest rate		Carrying amount	
	2020	2019	**2020**	2019
	(Percentage)		**(Rupees in '000)**	
Variable rate instruments				
Bank balances	**6.43% - 9%**	3.85% - 6.43%	**446**	90
Variable rate instruments				
Long term finances	**2.5% - 15.02%**	6.81% - 13.69%	**(350,242)**	(529,455)
Long term payable	**-**	3.05% - 7.01%	**-**	(608,386)
Short term borrowings	**3.35% - 15.15%**	3.5% - 14.06%	**(1,793,868)**	(2,432,290)
			(2,144,110)	(3,570,131)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit after tax for the year by Rs. 28.571 million (2019: Rs. 25.348 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

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

37.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to other price risk.

37.4 Fair value of financial instruments

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

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

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

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

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

	2020					
	Carrying amount			Fair value		
	Amortised cost	Amortised cost	Fair value through Profit or Loss	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Loan to employees	4,914	-	-	-	-	-
Long / short term deposits	20,569	-	-	-	-	-
Trade receivables	1,127,792	-	-	-	-	-
Other receivables	3,123	-	-	-	-	-
Cash and bank balances	17,993	-	-	-	-	-
Short term investment	-	-	522	522	-	-
Financial liabilities not measured at fair value						
Long term finance - secured	-	350,242	-	-	-	-
Long term payables - secured	-	-	-	-	-	-
Trade and other payables	-	993,996	-	-	-	-
Short term borrowings - secured	-	1,793,868	-	-	-	-
Accrued mark-up	-	24,539	-	-	-	-

	2019					
	Carrying amount			Fair value		
	Amortised cost	Amortised cost	Fair value through Profit or Loss	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Loan to employees	6,024	-	-	-	-	-
Long / short term deposits	10,385	-	-	-	-	-
Trade receivables	951,465	-	-	-	-	-
Other receivables	2,084	-	-	-	-	-
Cash and bank balances	41,270	-	-	-	-	-
Financial liabilities not measured at fair value						
Long term finance - secured	-	529,455	-	-	-	-
Long term payables - secured	-	608,386	-	-	-	-
Trade and other payables	-	923,505	-	-	-	-
Short term borrowings - secured	-	2,432,290	-	-	-	-
Accrued mark-up	-	21,971	-	-	-	-

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

38. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2020	2019
	(Rupees in '000)	
Key management personnel compensation		
Managerial remunerations	**56,788**	32,723
Others	**7,215**	22,058

	2020	2019
	(Rupees in '000)	
Associated banking company		
Current bank account balance	**1,190**	1,716
Saving account balance	**446**	90
Long term finances	**62,502**	62,502
Short term murabaha	**-**	370,393
Short term istisna	**270,429**	355,276
Short term borrowings	**344,739**	390,681
Accrued mark-up	**17,423**	10,585
Bank collection charges paid	**756**	756
Bank guarantee commission	**675**	1,043
Mark up on long term finance	**8,487**	1,160
Interest income on bank deposits	**1,047**	8
Mark up on short term import finance under mark-up arrangement	**16,925**	265
Mark up on short term borrowings	**34,336**	71,498
Mark up on short term murabaha	**25,917**	7,382
Mark up on short term istisna	**4,143**	24,307
Mark up on inland bill discounting	**5,369**	747
Amna Industries (Private) Limited		
Purchase of generator	**-**	5,000

38.1 The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place:

Name of the Related Party	Relationship
Al-Karam Textile Mills (Private) Limited	Associated Company due to common directorship
Amna Industries (Private) Limited	Associated Company due to common directorship
Bank Al-Habib Limited	Associated Company due to common directorship
Sattar (Private) Limited	Associated Company due to common directorship
Iqbal Textile (Private) Limited	Associated Company due to common directorship
Dhabeji Salts (Private) Limited	Associated Company due to common directorship
Akaz Brands (Private) Limited	Associated Company due to common directorship

38.2 No associated company owns any shares of the Company.

38.3 There has been no outstanding balances with related parties except for Bank Al-Habib Limited which are disclosed above. These are settled in ordinary course of business.

39. PLANT CAPACITY AND PRODUCTION

		2020	2019
Capacity available - Plastic and crown caps	*Cartons*	**558,570**	558,570
Actual production - Plastic and crown caps	*Cartons*	**434,861**	459,345
Capacity available - PET resin	*Metric tons*	**28,000**	28,000
Actual production - PET resin	*Metric tons*	**24,499**	25,121
Capacity available - PET preform	*Octabins*	**31,000**	31,000
Actual production - PET preform	*Octabins*	**12,360**	5,986

39.1 Since the production of crown / plastic caps, PET resin and PET preform is purely demand driven therefore variance is mainly attributed to the reduced or increased demand.

40. WORKING CAPITAL CHANGES AND FINANCING ACTIVITIES

40.1 Working capital changes

	2020	2019
	(Rupees in '000)	
Decrease / (increase) in current assets:		
Stores and spares	**(26,943)**	(46,780)
Stock in trade	**717,196**	388,158
Trade debts	**74,853**	(334,060)
Loans and advances	**431**	1,876
Short term deposits and prepayments	**(2,200)**	14,013
Short term investment	**(500)**	-
Other receivables	**(1,039)**	105,099
	761,798	128,306
Increase / (decrease) in current liabilities:		
Trade and other payables	**150,999**	(443,981)
	912,797	(315,675)

40.2 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Long term finance - secured	Short term borrowings - secured	Accrued mark-up	Unclaimed dividend	Total
	--------------------------------	(Rupees in '000)	--------------------------------		
Balance as at 1 July 2019	529,455	2,432,290	21,971	4,223	2,987,939
Changes from financing cash flows					
(Repayments) / payments -net	(176,443)	(792,480)	-	-	(968,923)
Dividend paid	-	-	-	(4)	(4)
Total changes from financing activities	(176,443)	(792,480)	-	(4)	(968,927)
Other changes - interest cost					
Interest expense	-	-	386,513	-	386,513
Interest paid	-	-	(383,945)	-	(383,945)
Changes in running finance	-	154,058	-	-	154,058
	-	154,058	2,568	-	156,626
Balance as at 30 June 2020	353,012	1,793,868	24,539	4,219	2,175,638

41. CAPITAL RISK MANAGEMENT

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

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

42. INFORMATION ABOUT BUSINESS SEGMENTS

During the year, the management has reassessed the segment reporting process and concluded that discontinued business (refer note 34) is no more a segment because of no operation and not material to the business operation. Currently the Company deals in Plastic caps, Crown caps, PET Resin, BoPET Resin and Preform which is considered as single reportable segment as there is no process of reviewing and monitoring of operating activities, financial results, forecast / plan for the segment and no decision is made or allocation of resources by Chief Executive (key decision maker) for product wise. Further, there is no discrete information available specific to the segment nor the segment information presented to the Board of Directors and key decision makers. Therefore, disclosures of segment reporting has not been presented in these financial statements.

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

43. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2020	2019
	(Number of employees)	
Average employees of the Company during the year	**330**	317
Total employees of the Company at year end	**335**	325

44. GENERAL

44.1 Corresponding figures

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

Authorisation for Issue

44.2 These financial statements were authorized for issuance by the Board of Directors of the Company on September 26th, 2020.

YAKOOB HAJI KARIM	NOMAN YAKOOB	SALEEM ADVANI
Chief Executive	*Director*	*Chief Financial Officer*

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2020

NO. OF SHAREHOLDERS	SHAREHOLDING From		To	TOTAL SHARES HELD
389	1	–	100	15,699
414	101	–	500	116,769
223	501	–	1000	175,845
255	1001	–	5000	599,233
32	5001	–	10000	250,694
21	10001	–	15000	273,621
7	15001	–	20000	120,988
12	20001	–	25000	276,900
2	25001	–	30000	58,000
2	30001	–	35000	66,400
1	40001	–	45000	43,900
1	45001	–	50000	50,000
2	50001	–	55000	105,000
1	55001	–	60000	59,500
2	60001	–	65000	122,750
1	65001	–	70000	67,450
1	75001	–	80000	78,750
2	95001	–	100000	200,000
1	100001	–	105000	103,500
2	145001	–	150000	296,250
1	180001	–	185000	181,623
1	240001	–	245000	242,848
1	270001	–	275000	273,000
1	355001	–	360000	356,250
1	555001	–	560000	555,750
1	745001	–	750000	750,000
1	760001	–	765000	762,000
1	1745001	–	1750000	1,747,500
1	1880001	–	1885000	1,880,591
1	2459750	–	2459750	2,459,750
1	3085001	–	3090000	3,086,674
1	5394303	–	5394303	5,394,303
1	6188796	–	6188796	6,188,796
1	6210126	–	6210126	6,210,126
1	6584435	–	6584435	6,584,435
1	7185936	–	7185936	7,185,936
1	11281853	–	11281853	11,281,853
1	12024327	–	12024327	12,024,327
1	13812989	–	13812989	13,812,989
1390				**84,060,000**

Pakistan Synthetics Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2020

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,344	75,904,255	90.30%
2	JOINT STOCK COMPANIES	16	400,156	0.48%
4	INVESTMENT COMPANIES	8	17,001	0.02%
5	INSURANCE COMPANIES	3	1,881,951	2.24%
6	FOREIGN INVESTORS	4	1,452	0.00%
7	BANK	2	1,592	0.00%
8	MODARABA	2	600	0.00%
9	MUTUAL FUND	7	5,598,874	6.66%
10	OTHERS	4	254,119	0.30%
		1,390	**84,060,000**	**100.00%**

	NIT and ICP		
1	National Invesment (Unit) Trust		3,086,674
2	Investment Corporation of Pakistan		1,800
3	National Bank of Pakistan Trustee Dept.		300
4	National Bank of Pakistan Trustee Wing		100
			3,088,874
	Directors, CEO & their Spouses		
1	Mr. Yakoob Haji Karim		13,812,989
2	Mrs. Shahida Yakoob		6,584,435
3	Mr. Anwar Haji Karim		500
4	Mr. Sajid Haroon		500
5	Mr. Abid Umer		500
6	Mr. Noman Yakoob		11,281,853
7	Mrs. Nida Noman Yaqoob		7,185,936
8	Mrs. Saeed Fatima Naqvi		500
9	Mr. Faraz Younus Bandukda		750
			38,867,963
	Executives		Nil
	Public Sector Companies & Corporation		1,880,591
	State Life Insuracne Corp. of Pakistan		**1,880,591**
	Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies, Modarabas and Others		**676,180**
	Mutual Funds		
	CDC-Trustee AKD Opportunity Fund		762,000
	Golden Arrow Selected Stocks Fund Ltd.		1,747,500
	Asian Stock Funds Limited		500
			2,510,000
	Individuals		37,036,642
		Total	**84,060,000**
	Shareholders holding 5% or more		
	Mr. Anis Yaqoob	14.30%	12,024,327
	Mrs. Farah Haris Khanani	7.36%	6,188,796
	Mrs. Sana Rashid	7.39%	6,210,126
	Mrs. Noor Jehan Bano	6.42%	5,394,303
	Associated Companies, Undertakings & Related Parties		
	Sattar (Pvt) Limited		400

Pakistan Synthetics Limited

Following trade in shares by Directors, Executives and their spouses was made during the year;

Name	*Date*	*Nature of transaction*	*No. of shares*
Mr. Yakoob Haji Karim	*October 3, 2019*	*Gift received*	*2,144,890*
Mr. Yakoob Haji Karim	*June 23, 2020*	*Gift received*	*1,128,945*
Mr. Yakoob Haji Karim	*June 26, 2020*	*Gift received*	*277,800*
Mr. Anwer Haji Karim	*June 23, 2020*	*Gift Made*	*1,128,945*
Mr. Anwer Haji Karim	*October 26, 2019*	*Gift Made*	*144,890*
Mrs. Shahida Yakoob	*January 21, 2020*	*Purchased*	*1,591,664*
Mrs. Shahida Yakoob	*January 22, 2020*	*Purchased*	*1,400,000*
Mrs. Shahida Yakoob	*January 27, 2020*	*Purchased*	*2,171,000*
Mr. Noman Yakoob	*February 27, 2020*	*Purchased*	*2,615,005*
Mr. Noman Yakoob	*June 22, 2020*	*Purchased*	*3,644,040*
Mr. Noman Yakoob	*November 20, 2019*	*Right purchased*	*2,639,104*
Mr. Yakoob Haji Karim	*November 20, 2019*	*Right purchased*	*6,766,632*
Mr. Yakoob Haji Karim	*November 20, 2019*	*Right purchased*	*1,354,082*
Mrs. Shahida Yakoob	*November 20, 2019*	*Right purchased*	*473,923*
Mrs. Nida Noman	*January 30, 2020*	*Purchased*	*1,274,967*
Mrs. Nida Noman	*May 4, 2020*	*Purchased*	*1,518,255*
Mrs. Nida Noman	*May 7, 2020*	*Purchased*	*2,531,469*
Mrs. Nida Noman	*May 11, 2020*	*Purchased*	*1,861,245*
Mr. Abid Umer	*May 11, 2020*	*Sold*	*1,861,245*
Mr. Anwer Haji Karim	*June 26, 2020*	*Purchased*	*500*
Mrs. Zeenat Anwer	*January 22, 2020*	*Sold*	*734,441*
Mrs. Zeenat Anwer	*June 22, 2020*	*Sold*	*321,750*
Mr. Sajid Haroon	*May 7, 2020*	*Sold*	*2,531,469*
Mr. Sajid Haroon	*June 26, 2020*	*Purchased*	*500*
Mrs. Akila Sajid Haroon	*June 22, 2020*	*Sold*	*930,700*
Mr. Abid Umer	*June 22, 2020*	*Purchased*	*500*

Pakistan Synthetics Limited

NOTICE OF MEETING

Notice is hereby given that the Thirty Fifth Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Friday, October 23, 2020 at 3:30 p.m. at the registered office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi to transact the following business:

1. *To confirm the minutes of the Thirty Fourth Annual General Meeting of the Company held on October 23, 2019.*

2. *To receive, consider and adopt the Audited Financial Statements of the Company together with Directors and Auditors' Reports thereon for the year ended June 30, 2020.*

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

4. *To transact any other business with permission of the Chair.*

By the Order of the Board

Karachi
Dated: October 2, 2020

SHAHID YAQOOB
COMPANY SECRETARY

NOTES:-

- *The Shares Transfer Books of the Company will remain closed from Friday, 16 October 2020 to Friday, 23 October 2020 (both days inclusive). Transfer received at the office of the Company's share registrar M/s F.D. Registrar Services (Private) Limited, 1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi, at the close of business on 15 October 2020 will be treated in time to attend the Thirty Fifth Annual General Meeting of the Company.*

- *CDC members are requested to bring with them their CNIC along with Participant's ID numbers and their account numbers at the time of attending the meeting in order to facilitate identification of the respective members.*

- *In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.*

- *A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given either personally or by proxy or by attorney, and in case of a corporation by a representative duly authorized.*

- *The instrument of proxy, as per form attached, duly executed should be deposited at the Registered Office of the Company at least 48 hours before the time of the Thirty Fifth Annual General Meeting.*

Pakistan Synthetics Limited

NOTICE OF MEETING

- *The Shareholders are requested to notify the Company if there is any change in their addresses immediately.*

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

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

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

- *The Company shall provide its Member, with the option of e-voting or voting by postal ballot in accordance with the provisions of Companies (Postal Ballot) Regulations, 2018. Shareholders who wish to participate through e-voting are requested to provide not later than seven days from the date of Thirty Fifth Annual General Meeting, through a letter duly signed by them carrying name, Folio/CDC A/c. no., email address, contact number to the share registrar of the Company, M/s F.D. Registrar Services (Private) Limited.*

- *As per Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Thirty Fifth Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information to the Share Registrar, M/s. F.D. Registrar Services (Private) Limited.*

  I/We, being a member of Pakistan Synthetics Limited holder of _________ Ordinary shares as per register folio no./CDC A/c. no. __________ hereby opt for video conference facility at ___________ (Please insert name of the City)

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

Pakistan Synthetics Limited

FORM OF PROXY

THIRTY FIFTH ANNUAL GENERAL MEETING

I/We ____

of ____

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

Ordinary Shares hereby appoint ____

of ______________________________ or failing him/her ______________________________

of ________________________ who is / are also member(s) of Pakistan Synthetics Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at Thirty Fifth Annual General Meeting of the Company to be held on 23 October 2020 and / or any adjournment thereof.

As witness my/our hand/seal this ____________________ day of __________________________ 2020

Signed by the said ____

in the presence of 1. ____

2. ____

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

Signature on Revenue Stamp of Appropriate value

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

IMPORTANT

1. This Proxy Form, duly completed and signed must be received at the Registered Office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi. not less than 48 hours before the time of holding the meeting.

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

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

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

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

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

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

پاکستان سینتیٹاکس لمیٹڈ

مختارنامہ(پراکسی فارم)

میں/ہم ____________________

ساکن ____________________

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

ساکن ____________________

کو یا ان کی غیر حاضری میں مسمّٰی /مسماۃ ____________

ساکن ____________________

کو جو خود بھی پاکستان سینتیٹاکس لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ ہمارا مختار نامہ (پراکسی) پاکستان سینتیٹاکس لمیٹڈ کے سالانہ اجلاس عام میں جو۲۳ اکتوبر ۲۰۲۰ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری/ ہماری جگہ میری/ ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ ____________ ۲۰۲۰ کو میرے/ہمارے دستخط سے جاری ہوا۔

فولیونمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر۱

دستخط ____________

نام ____________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

پتہ ____________

گواہ نمبر۲

دستخط ____________

نام ____________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

پتہ ____________

ہدایات:

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

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

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

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

If undelivered please return to:

PAKISTAN SYNTHETICS LIMITED

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